

PUBLIC DISCLOSURE

September 21, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Premier Bank
RSSD# 2687133

2625 North West Arterial
Dubuque, Iowa 52002

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, IL 60604-1413

NOTE: This document is an evaluation of this bank's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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BANK'S CRA RATING

Premier Bank is rated: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

Premier Bank is meeting the credit needs of its assessment area based on an analysis of lending and community development activities. The loan-to-deposit (LTD) ratio is reasonable given the bank's asset size, financial condition, and assessment area credit needs. A majority of loans are originated within the assessment area. The distribution of loans reflects reasonable dispersion throughout the assessment area and reasonable penetration among individuals of different income levels and businesses of different sizes. No Community Reinvestment Act (CRA) related complaints were received by Premier Bank or this Reserve Bank since the previous evaluation.

The bank's performance demonstrates adequate responsiveness to the community development needs of the assessment area through community development loans, donations, and services based on the needs of the community and the bank's capacity to meet those needs.

SCOPE OF EXAMINATION

Premier Bank's performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) Interagency CRA Procedures for Intermediate Small Banks (ISB). Performance was evaluated in the context of information about the institution and its assessment area, including the bank's asset size, financial condition, competition, and economic and demographic characteristics.

Premier Bank's assessment area consists of the Dubuque, Iowa Metropolitan Statistical Area (Dubuque MSA) #20220 in its entirety. The assessment area is unchanged from the previous examination and a full scope review was conducted. The review period for home mortgage loans reported under the Home Mortgage Disclosure Act (HMDA) includes data from January 1, 2017 to December 31, 2018, and the review period for small business loans was January 1, 2019 to December 31, 2019. Additionally, examiners reviewed qualified community development loans, investments, and services conducted from June 6, 2016 to September 21, 2020.

Performance in the assessment area was evaluated using intermediate-small bank examination procedures based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – A 16-quarter average loan-to-deposit ratio was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – The bank's HMDA-reportable loans originated from January 1, 2017 to December 31, 2018 and a sample of small business loans originated from

January 1, 2019 to December 31, 2019, were reviewed to determine the percentage of loans originated within the assessment area.

- ***Geographic Distribution of Lending in the Assessment Area*** – The bank’s HMDA-reportable loans originated within the assessment area from January 1, 2017 to December 31, 2018, and a sample of small business loans originated within the assessment area from January 1, 2019 to December 31, 2019, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as low- and moderate-income (LMI).
- ***Lending to Borrowers of Different Incomes and to Businesses of Different Sizes*** – The bank’s HMDA-reportable loans originated within the assessment area from January 1, 2017 to December 31, 2018, and a sample of small business loans originated within the assessment area from January 1, 2019 to December 31, 2019, were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses with different revenue sizes.
- ***Response to Substantiated Complaints*** – Complaints were reviewed to determine if any were related to the bank’s record of helping to meet community credit needs and its responses to any received complaints were evaluated for appropriateness. Neither Premier Bank nor this Reserve Bank received any CRA-related complaints since the previous examination.
- ***Community Development Activities*** – The bank’s responsiveness to community development needs through community development loans, qualified investments, and community development services, from June 6, 2016 to September 21, 2020 were reviewed considering the capacity, need, and availability of such opportunities within the assessment area.

In addition, two community representatives were contacted in connection with this examination to provide information regarding local economic and socio-economic conditions in the assessment area. The following types of organizations were contacted: affordable housing and economic development.

DESCRIPTION OF INSTITUTION

Premier Bank is a subsidiary of Premier Financial Corporation, a one-bank holding company in Dubuque, Iowa. Dubuque County is located approximately 200 miles northeast of Des Moines, Iowa and borders the Mississippi River and the states of Illinois and Wisconsin. The bank operates three full-service banking locations, all within the city of Dubuque, including a main office and two branch offices, each with their own automated teller machine (ATM). Operations in the assessment area’s low-income census tract include one branch location with a full-service ATM

and an additional separate full-service ATM. A cash-only ATM, located in a moderate-income census tract, was closed on December 17, 2019.

Premier Bank reported assets of \$347.9 million as of March 31, 2020, an increase of 22.5 percent since the previous evaluation. The bank continues to emphasize commercial and residential real estate lending, as they comprise 66.5 percent and 26.1 percent of all outstanding loans, respectively. Based on the June 30, 2019 FDIC Deposit Market Share Report, the bank ranks fourth out of eight FDIC-insured financial institutions operating within the assessment area with an 8.8 percent market share. The top three financial institutions with the largest market share in the area are Dubuque Bank and Trust Company (39.3 percent), MidWestOne Bank (28.4 percent), and Fidelity Bank & Trust (12.9 percent). Additionally, Premier Bank ranked seventh in terms of HMDA reportable lending in 2018 out of 117 entities reporting HMDA loans in the assessment area.

Standard credit and deposit products and services are offered at all locations. Retail deposit products include personal checking and savings products. Loan products consist of personal and residential real estate loans as well as commercial and agricultural loans.

Composition of Loan Portfolio as of March 31, 2020 (\$ are in 000s)		
Type	\$	%
Residential Real Estate	62,753	26.1
Commercial	159,617	66.5
Agriculture	14,193	5.9
Consumer	3,520	1.5
Other	33	0.0
Gross Loans	240,116	100.0
<i>Note Percentages may not total 100.0 percent due to rounding.</i>		

There are no known legal, financial, or other factors impeding the bank’s ability to help meet the credit needs in its communities.

The bank was rated Satisfactory under the CRA at its previous evaluation conducted on June 6, 2016.

DESCRIPTION OF ASSESSMENT AREA

Premier Bank’s assessment area consists of 26 census tracts, which covers the entirety of the Dubuque, Iowa MSA #20220. The bank’s assessment area is comprised of one low-income census tract, six moderate-income census tracts, 16 middle-income census tracts and three upper-income census tracts. The assessment area’s census tracts experienced minor changes due to the United

States Census Bureau’s American Community Survey of 2017 updates, as seen in the table below. Low-income census tracts decreased by one, while moderate-income census tracts increased by one. The middle-income census tracts have increased by two tracts, while the upper-income census tracts declined by two. There have been no other changes made to the assessment area since the Federal Reserve Bank’s performance evaluation dated June 6, 2016.

The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau’s American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level). The income data used to calculate geographic income designations changed between 2016 and 2017. Lending activity performed in 2017 and later are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2016 Designations (#)	2017 Designations (#)	Net Change (#)
Low	2	1	-1
Moderate	5	6	1
Middle	14	16	2
Upper	5	3	-2
Unknown	0	0	0
Total	26	26	0
<small>Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2006-2010 U.S. Census Bureau: Decennial Census: America Community Survey Data: 2011-2015</small>			

Additional 2019 assessment area demographic information is presented in the following table.

**Assessment Area Demographics
Combined Demographics Report**

Assessment Area: 2019 Dubuque, IA MSA 20220								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	3.8	469	1.9	119	25.4	4,462	18.0
Moderate-income	6	23.1	3,966	16.0	697	17.6	4,755	19.2
Middle-income	16	61.5	16,295	65.7	989	6.1	6,013	24.2
Upper-income	3	11.5	4,084	16.5	132	3.2	9,584	38.6
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	26	100.0	24,814	100.0	1,937	7.8	24,814	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	1,648	206	0.8	12.5	1,244	75.5	198	12.0
Moderate-income	7,578	3,995	14.6	52.7	2,873	37.9	710	9.4
Middle-income	25,548	18,714	68.2	73.3	5,743	22.5	1,091	4.3
Upper-income	5,303	4,530	16.5	85.4	586	11.1	187	3.5
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	40,077	27,445	100.0	68.5	10,446	26.1	2,186	5.5
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	541	11.8	438	10.8	99	20.5	4	8.7
Moderate-income	798	17.4	723	17.8	72	14.9	3	6.5
Middle-income	2,721	59.2	2,433	59.8	256	52.9	32	69.6
Upper-income	539	11.7	475	11.7	57	11.8	7	15.2
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	4,599	100.0	4,069	100.0	484	100.0	46	100.0
	Percentage of Total Businesses:			88.5		10.5		1.0
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	4	0.9	4	1.0	0	0.0	0	0.0
Moderate-income	9	2.1	9	2.2	0	0.0	0	0.0
Middle-income	376	88.7	369	88.5	7	100.0	0	0.0
Upper-income	35	8.3	35	8.4	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	424	100.0	417	100.0	7	100.0	0	0.0
	Percentage of Total Farms:			98.3		1.7		0.0
2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Population Characteristics

The table below shows population trends for the assessment area and the State of Iowa over the timeframe from 2010 to 2015. The label “Assessment Area” used in all of the following tables refers to Dubuque County, Iowa. According to the US Census Bureau, the assessment area’s population has increased 2.4 percent since 2010, which is slightly greater growth than the state of Iowa population growth of 1.5 percent, for the same period. Per a community representative, this is attributed to a number of small businesses opening in Dubuque County, attracting new residents.

Population Change			
Area	2010 Population	2011-2015 Population	Percentage Change
Assessment Area	93,653	95,906	2.4
State of Iowa	3,046,355	3,093,526	1.5

*Source: 2010—U.S. Census Bureau: Decennial Census
2011-2015—U.S. Census Bureau: American Community Survey*

Income Characteristics

The table below presents the median family income for families living in the assessment area and the state of Iowa. According to the 2011-2015 American Community Survey, the assessment area’s median family income of \$68,157 is comparable to the median family income for the state of Iowa at \$67,466. Since the 2006-2010 timeframe, the assessment area median family income has increased 11.5 percent, slightly outpacing the state of Iowa median family income increase of 9.2 percent.

Median Family Income Change			
Area	2006-2010 Median Family Income (In 2010 Dollars)	2011-2015 Median Family Income (In 2015 Dollars)	Percentage Change
Assessment Area	61,138	68,157	11.5
State of Iowa	61,804	67,466	9.2

*Source: 2006-2010—U.S. Census Bureau: American Community Survey
2011-2015—U.S. Census Bureau: American Community Survey*

Housing Characteristics

The following table presents housing cost trends within the assessment area and the state of Iowa. Based on the 2011-2015 American Community Survey, the median housing value for the assessment area is \$149,400, and the median gross rent per month is \$696. In comparison, the median housing value for the state of Iowa is \$129,200, while the median gross monthly rent is \$697. The assessment area’s housing value has increased by 9.2 percent since 2010. Area

representatives explained that the cost of land is high with strict planning/zoning due to the geographic challenges of steep hills and the Mississippi River. Additionally, there is a shortage of building materials, driving costs of construction upward and limiting the number of homes built. Both community representatives expressed needs for affordable housing. Although the assessment area’s median family income, as shown in the previous table, has shown a larger percentage increase than the percentage increase in housing values, the median gross rent far out-paces the median family income with an increase of 19.2 percent. One representative stated that many financial institutions are focusing on turning low-income populations into homeowners by offering programs to educate residents on saving money and repairing their credit.

Housing Costs Change				
Area	2006-2010 Median Housing Value (\$)	2011-2015 Median Housing Value (\$)	2006-2010 Median Gross Rent (\$)	2011-2015 Median Gross Rent (\$)
Assessment Area	136,800	149,400	584	696
State of Iowa	119,200	129,200	617	697
<i>Source: 2006-2010—U.S. Census Bureau: American Community Survey 2011-2015—U.S. Census Bureau: American Community Survey</i>				

The housing affordability ratio allows for the comparison of housing affordability across geographic areas; a higher ratio generally suggests more affordable housing opportunities in the area. Based on the 2011-2015 American Community Survey data, the affordability ratio for the assessment area was 0.37, in comparison to 0.41 for the state of Iowa. This lower affordability ratio demonstrates that housing is less affordable in the assessment area than in the state of Iowa as a whole, further supporting the need for more affordable housing.

Employment Characteristics

The following table presents the unemployment trends for the assessment area and the state of Iowa from 2015 to 2018. In 2018, the unemployment rate for Dubuque County was 2.4 percent, which was comparable to the state of Iowa’s rate of 2.5 percent. Unemployment has declined from 2015 to 2018, which is consistent with national trends due to improving economic conditions during this timeframe.

Unemployment Rates (%)				
Area	2015	2016	2017	2018
Assessment Area	3.7	3.6	3.0	2.4
State of Iowa	3.8	3.7	3.1	2.5
<i>Source: Bureau of Labor Statistics: Local Area Unemployment Statistics (LAUS)</i>				

Bankruptcy Rates

In 2018, the bankruptcy filing rate for Dubuque County (per 1,000 in population) was 1.7 and has increased since 2015 when the filing rate was at a low of 1.4. The state of Iowa’s personal bankruptcy filing rate was lower at 1.4 per 1,000 in population, in 2018. The state of Iowa has remained steady from 2015 through 2018 while the assessment area has fluctuated and increased from 2015 through 2018.

Industry Characteristics

The largest employers within the assessment area are detailed below. Based on data provided by Infogroup, Omaha, Nebraska, the assessment area contains a diverse employment base but is heavily impacted by industries of manufacturing, technology, and healthcare. When the COVID-19 pandemic arrived, the hospitality industry took the largest hit due to lockdowns and stay-at-home orders. Manufacturing took a delayed hit. Manufacturing company orders have been reduced and their overseas supply chains have stopped providing raw materials. Some of the large companies that have made impacts on the community include IBM and Flexsteel. During 2020, IBM will be moving out of Dubuque County on November 2nd and Flexsteel has permanently closed its facility based on recent news reports and discussions with bank management; however, both companies were still operational in Dubuque County during the time period of this evaluation. IBM had about 1,200 employees at its peak, and Flexsteel had 400 to 500 employees. According to one community contact food processing company, Hormel Foods, and retailer, Duluth Trading Company, have experienced recent growth with approximately 600 employees each since the compilation of the data in the table below.

Largest Employers in the Assessment Area		
Company Name	Number of Employees	Industry
John Deere Dubuque Works	2,000	Power Plants
Mercyone Dubuque Medical Center	1,400	Hospitals
IBM	1,200	Computer Services
Unitypoint Health Finley Hospital	813	Hospitals
Mi-T-M Corporation	800	Manufacturers
Eagle Window & Door Manufacturing Inc	750	Windows
Hy-Vee	500	Grocers-Retail
Flexsteel Industries Inc	500	Furniture-Manufacturers
Diamond Jo Casino	500	Casinos
Walmart Supercenter	440	Department Stores
<i>Source: Infogroup®, Omaha, NE</i>		

Community Representatives

Two community representatives, whose organizations operate in the economic development and affordable housing sectors of Dubuque County, were contacted during the evaluation to better understand the credit needs of the assessment area. The economic development representative stated there is a shortage of information technology professionals, trained manufacturing workers, and entry level health care workers. The affordable housing representative stated that affordable housing has been constrained by the cost of land and the lack of appropriate paying jobs in Dubuque County. However, financial institutions are responsive to the low- and moderate-income individuals; they have programs in place to help residents save money and repair credit, which was an issue one community representative noted.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

Premier Bank’s performance relative to the lending test is rated Satisfactory. The bank is meeting the credit needs of its community based upon an analysis of its lending activities. The loan-to-deposit ratio is reasonable considering the characteristics of the bank, performance of competitors, and economic and demographic conditions. A majority of loans were originated within the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The borrower distribution reflects reasonable penetration among borrowers of different income levels and businesses of different revenue sizes.

Loan-to-Deposit Ratio

The bank’s loan-to-deposit (LTD) ratio is reasonable given its size, financial condition, competition and assessment area credit needs. The LTD ratio averages 91.4 percent over the 16-quarter period ending March 31, 2020. Since the previous evaluation, the LTD ratio has increased a nominal 0.2 percent. The LTD ratio from its primary competitors ranged from 92.8 percent to 77.1 percent. Premier Bank maintained a higher LTD ratio than two of its three local competitors. The table below compares the bank’s LTD ratio to that of its local competitors.

Comparative Loan-To-Deposit Ratios	
Institution	Loan-To-Deposit Ratio (%) 16- Quarter Average
Premier Bank	91.4
Competitors	
Dubuque Bank & Trust Company	77.1
Ohnward Bank & Trust Company	92.8
Fidelity Bank & Trust	85.8

Assessment Area Concentration

A majority of HMDA-reportable loans and small business loans were originated within the assessment area. More specifically, the bank extended 83.0 percent of loans by number and 80.2 percent by dollar volume inside the assessment area. The following table provides a breakdown by product of HMDA-reportable loans originated in the assessment area from January 1, 2018 through December 31, 2018 and a sample of small business loans originated in the assessment area from January 1, 2019 through December 31, 2019. A separate table for lending inside and outside the assessment area is included below to account for changes in HMDA-reportable loan categories beginning in 2018.

Lending Inside and Outside the Assessment Area – 2018-2019								
Loan Types	Inside				Outside			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Home Improvement	9	100.0	\$320	100.0	0	0.0	\$0	0
Home Purchase - Conventional	38	79.2	\$5,657	67.6	10	20.8	\$2,716	32.4
Multi-Family Housing	33	94.3	\$5,151	94.5	2	5.7	\$302	5.5
Other Purpose Closed-End	6	100.0	\$180	100.0	0	0.0	\$0	0.0
Refinancing	29	74.4	\$3,823	75.7	10	25.6	\$1,228	24.3
Total HMDA-related	115	83.9	\$15,131	78.1	22	16.1	\$4,246	21.9
Total Small Business-related	75	81.5	\$21,215	81.7	17	18.5	\$4,745	18.3
Total Loans	190	83.0	\$36,347	80.2	39	17.0	\$8,991	19.8
Note: Affiliate loans not included								

Additionally, the majority of 2017 HMDA-reportable loans were originated within the assessment area. More specifically, the bank extended 76.8 percent of loans by number and 81.7 percent by dollar volume inside the assessment area. The following table provides a breakdown by product of HMDA-reportable loans originated in the assessment area from January 1, 2017 through December 31, 2017.

Lending Inside and Outside the Assessment Area - 2017								
Loan Types	Inside				Outside			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Home Improvement	16	80.0	\$1,814	85.5	4	20.0	\$307	14.5
Home Purchase - Conventional	46	80.7	\$7,316	82.3	11	19.3	\$1,577	17.7
Multi-Family Housing	4	100.0	\$3,768	100.0	0	0.0	\$0	0.0
Refinancing	10	55.6	\$1,761	55.7	8	44.4	\$1,403	44.3
Total HMDA-related	76	76.8	\$14,659	81.7	23	23.2	\$3,287	18.3
Total Loans	76	76.8	\$14,659	81.7	23	23.2	\$3,287	18.3
Note: Affiliate loans not included								

Geographic Distribution of Loans

The geographic distribution of HMDA-reportable and small business loans reflects reasonable dispersion throughout the assessment area, including in the bank's low- and moderate-income census tracts. For this analysis, equal weighting was given to each product as lending volumes were comparable in 2018. A gap analysis was conducted to identify any clusters of low- or moderate-income census tracts with an absence of lending. The gap analysis revealed consistent lending in census tracts across the assessment area with no gaps, specifically showing consistent lending in the low-income census tract for each year in the evaluation period and lending in five of the six moderate-income census tracts over the evaluation period.

HMDA-Reportable Lending

The table below demonstrates an adequate geographic distribution compared to aggregate lenders and the percentage of owner-occupied units in 2018. Overall, the bank's 2018 lending performance compared favorably to aggregate lenders in both the low-income and moderate-income geographies. Additionally, the bank's performance both the in low- and moderate-income geographies exceeded the owner-occupied housing demographics for the low- and moderate-income.

Home purchase lending was the largest HMDA-reportable product in 2018 at 33.0 percent and was followed by multi-family housing and home refinance at 28.7 percent and 25.2 percent, respectively. Please note that due to low volume, home improvement and other-purpose closed end loans were no considered with the analysis of HMDA-reportable lending.

Home Purchase

The bank originated one home purchase loan in the low-income census tract during 2018, which was 2.6 percent of the bank's total home purchase loans. This outperformed the percent of owner-occupied units located in low-income census tract of 0.8 percent and the percent of lending from aggregate lenders in the low-income census tract of 1.4 percent. The bank's performance for home purchase lending in moderate-income census tracts of 13.2 percent was slightly below that of aggregate lenders of 13.5 percent below the percentage of owner-occupied units located in the assessment area of 14.6 percent.

The bank originated 63.2 percent of its home purchase loans in middle-income census tracts which is slightly less than aggregate lenders of 64.7 percent and the number of owner-occupied units located in the middle-income census tract of 68.2 percent. The bank originated 21.1 percent of its home purchase loans in upper-income census tracts which was slightly more than aggregate of 20.4 percent and higher than the number of owner-occupied units located in the upper-income census tracts of 16.5 percent.

Refinance

The bank originated two home refinance loans in low-income census tracts, which represented 6.9 percent of all 2018 refinance loans. This lending is supportive of homeowners in low-income census tracts as it outperformed both the aggregate of 1.9 percent and the percentage of owner-occupied units located in the low-income census tracts of 0.8 percent. Refinance loans originated in moderate-income census tracts represented 10.3 percent of all refinance loans. This performance was lower than the number of owner-occupied units in moderate-income tracts of 14.6 percent and that of aggregate lenders of 13.2 percent.

Refinance lending in the middle-income census tracts of 55.2 percent was below both the aggregate of 66.2 percent and the percentage of owner-occupied units located in middle-income census tracts of 68.2 percent. Lending in the upper-income tracts accounts for 27.6 percent of all refinance loans, which was well above that of the aggregate lenders and the percentage of owner-occupied units of 18.6 and 16.5 percent, respectively.

Multi-Family Loans

Multi-family originations in low-income census tracts represented 21.2 percent of all multi-family loans, which was above the aggregate of 16.1 percent and the percentage of multi-family units located in the low-income census tracts of 17.8 percent. The bank's multi-family HMDA-lending is particularly helpful to renters in these census tracts. Multi-family loans originated in moderate-income census tracts represented 27.3 percent of all multi-family loans which is comparable to the aggregate of 25.9 percent and the percentage of multi-family units of 25.6 percent. Multi-family lending originated in middle-income census tracts of 51.5 percent was comparable to the aggregate and the percentage of multi-family units located in middle-income census tracts of 50.9 percent and 51.9 percent, respectively. There was no multi-family lending in the upper-income tract.

The geographic distribution of 2017 HMDA-reportable loans in Appendix A did not disclose a similar performance when compared to 2018. The bank had a stronger performance in low- and moderate-income tracts in 2018 when compared to the 2017 HMDA -reportable loans. Multi-family loans greatly increased in 2018 showing a much better penetration in low- and moderate-income census tracts. The 2018 increase is subsequent to the bank's recent involvement with many multi-family and neighborhood renovation projects. One community representative noted there is a revitalization initiative that allows many area financial institutions to support the financing and rehabilitating of LMI geographies.

Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2018 Dubuque, IA MSA 20220								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2018						
		Count Bank		Agg %	Dollar Bank		Agg \$ %	
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	1	2.6	1.4	61	1.1	1.0	0.8
	Moderate	5	13.2	13.5	524	9.3	9.3	14.6
	Middle	24	63.2	64.7	3,629	64.1	63.9	68.2
	Upper	8	21.1	20.4	1,443	25.5	25.9	16.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		38	100.0	100.0	5,657	100.0	100.0
Refinance	Low	2	6.9	1.9	151	4.0	1.8	0.8
	Moderate	3	10.3	13.2	287	7.5	8.3	14.6
	Middle	16	55.2	66.2	2,349	61.4	67.9	68.2
	Upper	8	27.6	18.6	1,036	27.1	22.0	16.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		29	100.0	100.0	3,823	100.0	100.0
Home Improvement	Low	1	11.1	0.9	15	4.7	0.3	0.8
	Moderate	2	22.2	18.5	51	16.0	9.8	14.6
	Middle	4	44.4	52.8	191	59.5	62.5	68.2
	Upper	2	22.2	27.8	64	19.8	27.3	16.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		9	100.0	100.0	320	100.0	100.0
Multi-Family	Low	7	21.2	16.1	675	13.1	13.5	Multi-Family 17.8
	Moderate	9	27.3	25.9	1,754	34.1	13.8	25.6
	Middle	17	51.5	50.9	2,721	52.8	66.6	51.9
	Upper	0	0.0	7.1	0	0.0	6.2	4.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		33	100.0	100.0	5,151	100.0	100.0
Other Purpose LOC	Low	0	0.0	0.0	0	0.0	0.0	0.8
	Moderate	0	0.0	14.6	0	0.0	11.8	14.6
	Middle	0	0.0	68.4	0	0.0	69.2	68.2
	Upper	0	0.0	17.0	0	0.0	19.1	16.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Other Purpose Closed/Exempt	Low	0	0.0	0.0	0	0.0	0.0	0.8
	Moderate	1	16.7	14.3	6	3.1	20.0	14.6
	Middle	3	50.0	63.3	100	55.3	57.2	68.2
	Upper	2	33.3	22.4	75	41.6	22.8	16.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		6	100.0	100.0	180	100.0	100.0
Loan Purpose Not Applicable	Low	0	0.0	0.0	0	0.0	0.0	0.8
	Moderate	0	0.0	13.8	0	0.0	7.1	14.6
	Middle	0	0.0	70.7	0	0.0	71.3	68.2
	Upper	0	0.0	15.5	0	0.0	21.6	16.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
HMDA Totals	Low	11	9.6	1.9	903	6.0	1.9	0.8
	Moderate	20	17.4	14.1	2,622	17.3	9.5	14.6
	Middle	64	55.7	64.6	8,989	59.4	65.2	68.2
	Upper	20	17.4	19.4	2,617	17.3	23.4	16.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		115	100.0	100.0	15,131	100.0	100.0

Originations & Purchases

2016 FFIEC Census Data

Note: Percentages may not add to 100.0 percent due to rounding

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The following table presents small business loans by census tract income level in 2019. As the bank is not a CRA-reporter, no aggregate competitor information is available.

In 2019, the bank originated 5.3 percent of its total small business loans within low-income tracts, which is below the percentage of small businesses located in low-income census tracts of 11.8 percent. However, the bank originated 20.0 percent of its small business lending within moderate-income tracts, which compares favorably to the number of small businesses located within moderate-income tracts at 17.4 percent. A community representative from an economic development organization indicated that Premier Bank, along with a number of other financial institutions, actively participate in this organizations' programs to assist with the credit needs of small businesses in the assessment area.

Geographic Distribution of Small Business Loans						
Assessment Area: 2019 Dubuque, IA MSA 20220						
	Tract Income Levels	Bank & Demographic Comparison				
		2019		2019		Total Businesses
		Count Bank	Dollar Bank	Dollar Bank	%	
		#	%	\$ 000s	\$ %	%
Small Business	Low	4	5.3	875	4.1	11.8
	Moderate	15	20.0	4,542	21.4	17.4
	Middle	34	45.3	9,752	46.0	59.2
	Upper	22	29.3	6,046	28.5	11.7
	Unknown	0	0.0	0	0.0	0.0
	Total	75	100.0	21,215	100.0	100.0

2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

The borrower distribution of HMDA-reportable and small business loans reflects reasonable penetration among borrowers of different income levels and businesses of different sizes. Given that product volumes were comparable across small businesses and HMDA-reportable lending, each product received equal weighting for this analysis.

HMDA-Reportable Lending

The borrower distribution of HMDA-reportable loans represents reasonable dispersion to borrowers of different income levels. Overall, the bank's lending to low- and moderate-income borrowers, as a percentage of the number of loans originated, is comparable to the aggregate of

peer lenders. Home purchase lending was the largest HMDA-reportable product at 33.0 percent and was followed by multi-family housing and home refinance at 28.7 percent, and 25.2 percent, respectively.

Home Purchase

The bank originated 10.5 percent of its total home purchase loans to low-income borrowers in 2018 which is slightly lower than the aggregate lenders of 12.3 percent and was below the assessment area demographics for low-income families 18.0 percent. Additionally, the bank originated 23.7 percent of its total home purchase loans to moderate-income borrowers in 2018. This is lower than the that reported of aggregate lenders of 27.2 percent, but higher than the assessment area demographics for moderate-income families of 19.2 percent. Middle-income borrowers received 15.8 percent of home purchase loans, which was also below that originated by aggregate lenders and the assessment area demographics of 23.5 and 24.2 percent, respectively. The bank's lending to upper-income borrowers was 31.6 percent and was above that of the aggregate lenders of 25.7 percent, but below the assessment area demographics of 38.6 percent.

Refinance

Home refinance loans originated to low-income borrowers represented 24.1 percent of all home refinance loans, which is well above that originated by aggregate lenders of 13.5 percent and above the assessment area demographics of 18.0 percent representing particularly strong bank performance. The bank originated 6.9 percent of home refinance loans to moderate-income borrowers, which is well below that originated by aggregate lenders of 23.3 percent and the assessment area demographic of 19.2 percent. While not as strong as the lending to low-income borrowers, the overall performance shows the bank is meeting the refinance needs of low- and moderate-income borrowers in the area. In addition, home refinance loans to middle-income borrowers represented 24.1 percent, which is comparable to the aggregate lenders' originations and the assessment area demographics. Home refinance loans to upper-income borrowers represent 20.7 percent, which is well below the aggregate lenders' originations and the assessment area demographics.

Multi-family

Multi-family originations to low-income borrowers represented 27.3 percent of all multi-family loans, which was well above the aggregate of 8.9 percent and the assessment area demographics of 18.0 percent, demonstrating critical attention to low-income multi-family property borrowers in the area. Multi-family loans to moderate-income census borrowers represented 6.1 percent of all multi-family loans which was above the aggregate of 1.8 percent, but well below the assessment area demographics of 19.2 percent which shows reasonable penetration. Multi-family lending to middle-income borrowers at 6.1 percent was above the aggregate, but well below the assessment area demographics. Multi-family lending to upper-income borrowers was 9.1 percent, which is

under the aggregate and well under the assessment area demographics. The bank originated 51.5 percent of multi-family loans to borrowers of unknown income levels; however, this is still well below the aggregate.

The bank's 2017 lending is generally comparable to 2018. The percentage of loan originations to low-income borrowers in 2017 was below that of 2018; however, the percentage of loan originations to moderate income borrower was slightly higher in 2017 when compared to 2018. The number of originations increased for both low- and moderate-income borrowers in 2018. Due to overall lower 2017 HMDA-lending volume, some product categories had volumes too low to draw individual conclusions. As a result, a meaningful analysis could not be performed for multi-family loans because there were no loans made to any borrowers of known incomes in 2017. Please see Appendix A for a more detailed representation of 2017 HMDA-reportable figures.

Borrower Distribution of HMDA Reportable Loans								
Assessment Area: 2018 Dubuque, IA MSA 20220								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2018						
		Count Bank		Agg	Dollar Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	4	10.5	12.3	476	8.4	7.7	18.0
	Moderate	9	23.7	27.2	843	14.9	21.2	19.2
	Middle	6	15.8	23.5	915	16.2	23.3	24.2
	Upper	12	31.6	25.7	2,613	46.2	35.5	38.6
	Unknown	7	18.4	11.3	809	14.3	12.3	0.0
	Total		38	100.0	100.0	5,657	100.0	100.0
Refinance	Low	7	24.1	13.5	826	21.6	7.4	18.0
	Moderate	2	6.9	23.3	134	3.5	17.7	19.2
	Middle	7	24.1	23.8	923	24.1	21.9	24.2
	Upper	6	20.7	31.7	864	22.6	41.7	38.6
	Unknown	7	24.1	7.7	1,076	28.1	11.3	0.0
	Total		29	100.0	100.0	3,823	100.0	100.0
Home Improvement	Low	2	22.2	11.1	30	9.4	7.1	18.0
	Moderate	1	11.1	22.2	26	8.0	13.9	19.2
	Middle	0	0.0	26.9	0	0.0	23.9	24.2
	Upper	2	22.2	32.4	64	19.8	40.9	38.6
	Unknown	4	44.4	7.4	201	62.8	14.1	0.0
	Total		9	100.0	100.0	320	100.0	100.0
Multi-Family	Low	9	27.3	8.9	1,181	22.9	5.7	18.0
	Moderate	2	6.1	1.8	207	4.0	0.7	19.2
	Middle	2	6.1	2.7	255	5.0	1.4	24.2
	Upper	3	9.1	12.5	210	4.1	4.1	38.6
	Unknown	17	51.5	74.1	3,297	64.0	88.0	0.0
	Total		33	100.0	100.0	5,151	100.0	100.0
Other Purpose LOC	Low	0	0.0	15.0	0	0.0	13.4	18.0
	Moderate	0	0.0	22.5	0	0.0	21.8	19.2
	Middle	0	0.0	28.1	0	0.0	25.9	24.2
	Upper	0	0.0	33.6	0	0.0	38.5	38.6
	Unknown	0	0.0	0.8	0	0.0	0.5	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Other Purpose Closed/Exempt	Low	2	33.3	14.3	24	13.3	4.0	18.0
	Moderate	1	16.7	10.2	40	22.2	3.7	19.2
	Middle	0	0.0	24.5	0	0.0	17.4	24.2
	Upper	3	50.0	46.9	116	64.5	73.8	38.6
	Unknown	0	0.0	4.1	0	0.0	1.1	0.0
	Total		6	100.0	100.0	180	100.0	100.0
Loan Purpose Not Applicable	Low	0	0.0	0.0	0	0.0	0.0	18.0
	Moderate	0	0.0	0.0	0	0.0	0.0	19.2
	Middle	0	0.0	0.0	0	0.0	0.0	24.2
	Upper	0	0.0	0.0	0	0.0	0.0	38.6
	Unknown	0	0.0	100.0	0	0.0	100.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
HMDA Totals	Low	24	20.9	12.5	2,537	16.8	7.4	18.0
	Moderate	15	13.0	23.9	1,250	8.3	18.3	19.2
	Middle	15	13.0	22.9	2,093	13.8	21.1	24.2
	Upper	26	22.6	27.6	3,867	25.6	34.9	38.6
	Unknown	35	30.4	13.1	5,384	35.6	18.3	0.0
	Total		115	100.0	100.0	15,131	100.0	100.0
Originations & Purchases								
2016 FFIEC Census Data								
Note: Percentages may not add to 100.0 percent due to rounding								

Small Business Loans

Small business lending reflects reasonable penetration among businesses of different revenue sizes. The bank originated 53.3 percent of its small business loans (41.9 percent by dollar amount) to businesses with annual revenues of \$1 million or less. As the institution is not subject to CRA-data reporting requirements, there is no aggregate competitor data available. For context, 88.5 percent of the small businesses within the assessment area reported revenues of \$1 million dollars or less. A majority of the bank’s small business loans were originated to businesses reporting revenues of \$1 million or less, with 20.0 percent of such loans originated in the amount of \$100,000 or less. Small dollar loans (defined as \$100,000 or less in small business lending) are viewed as the most impactful and beneficial loans to small businesses. Recent loan demand has been for loan amounts greater than \$100,000, resulting in the bank lending a combined 70.0 percent of loans to small businesses in amounts below the \$250,000 threshold. Although the bank’s performance is below the total businesses designated as small businesses within the assessment area, high competition within the metropolitan area provides challenges for the bank to be able to increase its small business lending.

Small Business Lending By Revenue & Loan Size							
Assessment Area: 2019 Dubuque, IA MSA 20220							
Product Type		Bank & Demographic Comparison					
		2019		2019		Total Businesses %	
Revenue	Loan Size	Count Bank	Dollar Bank				
		#	%	\$ 000s	\$ %		
Small Business	\$1 Million or Less	40	53.3	8,889	41.9	88.5	
		Over \$1 Million or Unknown	35	46.7	12,326		58.1
		Total	75	100.0	21,215		100.0
	\$100,000 or Less	10	13.3	713	3.4		
		\$100,001 - \$250,000	34	45.3	6,095		28.7
		\$250,001 - \$1 Million	31	41.3	14,407		67.9
		Total	75	100.0	21,215		100.0
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	8	20.0	543		6.1
		\$100,001 - \$250,000	20	50.0	3,341		37.6
		\$250,001 - \$1 Million	12	30.0	5,005		56.3
		Total	40	100.0	8,889		100.0

Originations & Purchases
2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Response to Complaints

The bank or this Reserve Bank has not received any CRA-related complaints since the previous examination.

COMMUNITY DEVELOPMENT TEST

Premier Bank's community development performance demonstrates adequate responsiveness to the community development needs of its assessment area through community development activities. Since the bank was not evaluated using the Community Development Test in the previous examination, no comparison data could be provided.

Lending

Premier Bank originated 36 community development loans totaling almost \$12.3 million during the review period. All but one of the 36 loans have a qualified purpose of revitalization and stabilization that benefit low- and moderate-income areas. One loan had a qualified purpose of economic development that benefited a small business. A majority of the loans focused on job retention in low- and moderate-income census tracts during the COVID-19 pandemic, which is particularly responsive to the current needs of the community. The remaining loans focused on the renovation or rehabilitation of properties in low- and moderate-income areas.

Investments

The bank made seven donations totaling \$37,526 during the review period. All donations were made to non-profit organizations. One donation was given to an organization focused on creating affordable housing in Dubuque County. The other six donations are categorized as community services for low- and moderate-income individuals. One of the community service donations was given to support the COVID-19 response at an area medical facility. Per discussions with community representatives, the donations surrounding the COVID-19 pandemic are considered responsive to the needs of the community.

Services

Senior management and staff accumulated 586 hours in qualified community development services through two different activities during the review period. The bank's long-term participation in a revitalization and stabilization program totals 510 hours during this exam period. The remaining 76 hours come from the bank's participation in an economic development program, which focuses on the rehabilitation of the lowest-income blocks to create affordable workforce housing, redeveloping and repurposing commercial assets, and improving infrastructure to support an environment where new and existing businesses can thrive. These efforts are particularly responsive since the service is restoring the community's blocks and attracting people with employment opportunities. The bank also operates a branch office and a full-service ATM in a low-income census tract and operates another branch office in a moderate-income census tract, which demonstrates the bank's availability of services to low- and moderate-income individuals.

The table below presents the bank’s community development activities during the evaluation period.

Summary of CD Activities, Review Period (June 6, 2016 – September 21, 2020)										
Type of Activity	Affordable Housing		Economic Development		Activities that Revitalize/Stabilize		Community Services		Totals	
	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours
Lending	0	0	1	\$24,300	35	\$12,243,014	0	0	36	\$12,267,314
Donations	1	\$1,000	0	0	0	0	6	\$36,526	7	\$37,526
Services	0	0	0	0	2	586 hours	0	0	2	586 hours

Fair Lending or Other Illegal Credit Practices Review

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

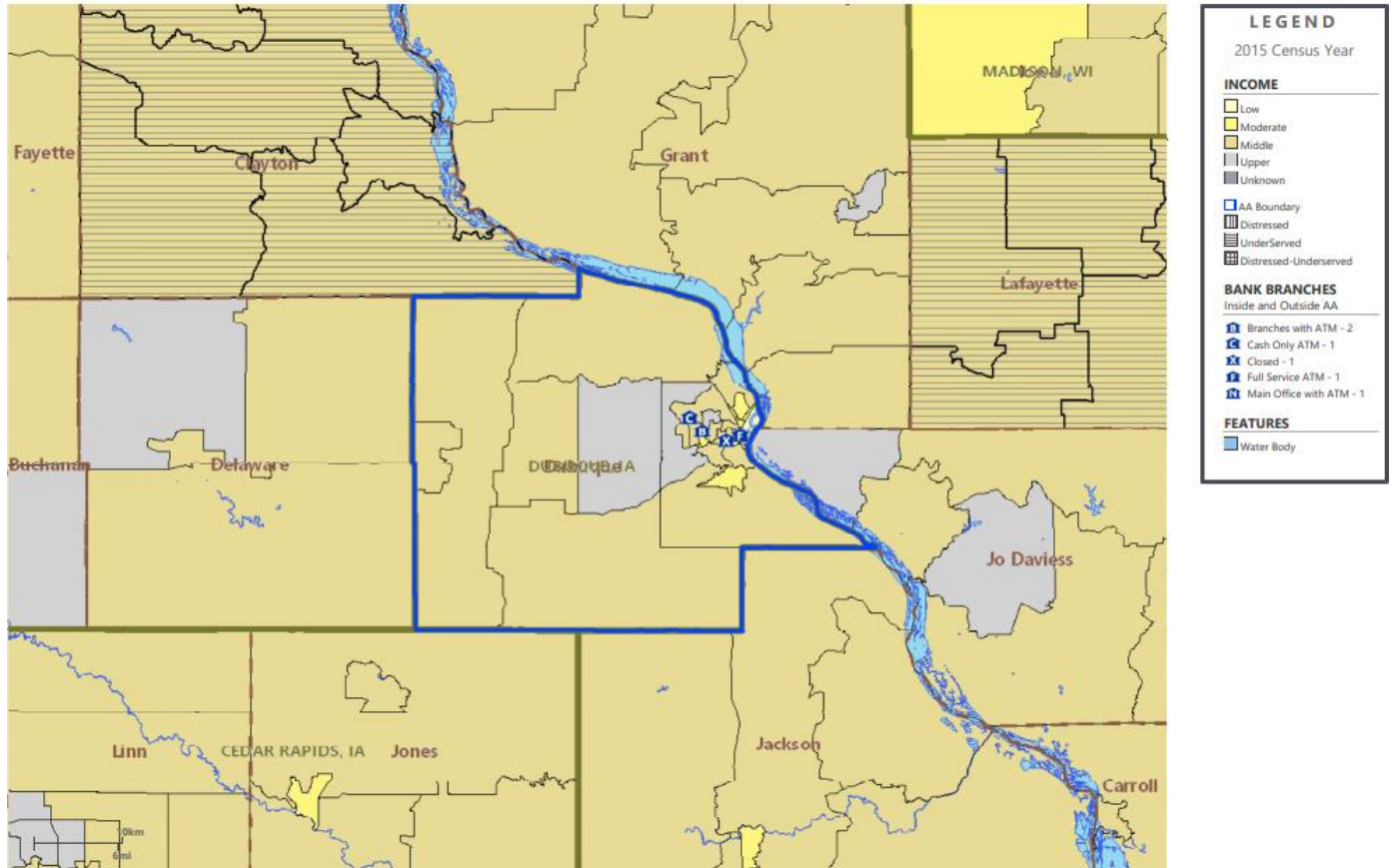
APPENDIX A – 2017 HMDA Lending Tables

Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2017 Dubuque, IA MSA 20220								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2017			2017			
		Count		Agg	Dollar		Agg	
		Bank	%	%	Bank	%	Agg	%
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	1	2.2	1.3	142	1.9	0.7	0.8
	Moderate	9	19.6	14.1	1,400	19.1	9.7	14.6
	Middle	30	65.2	64.9	4,746	64.9	64.7	68.2
	Upper	6	13.0	19.6	1,028	14.1	24.9	16.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		46	100.0	100.0	7,316	100.0	100.0
Refinance	Low	0	0.0	0.6	0	0.0	0.2	0.8
	Moderate	0	0.0	14.7	0	0.0	9.9	14.6
	Middle	7	70.0	65.8	1,437	81.6	68.0	68.2
	Upper	3	30.0	18.8	324	18.4	21.8	16.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		10	100.0	100.0	1,761	100.0	100.0
Home Improvement	Low	1	6.3	2.7	10	0.6	2.0	0.8
	Moderate	2	12.5	19.5	544	30.0	16.7	14.6
	Middle	8	50.0	61.9	1,181	65.1	64.4	68.2
	Upper	5	31.3	15.9	79	4.4	16.9	16.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		16	100.0	100.0	1,814	100.0	100.0
Multi-Family	Low	0	0.0	11.4	0	0.0	11.4	Multi-Family 17.8
	Moderate	2	50.0	42.9	3,103	82.4	54.9	25.6
	Middle	2	50.0	40.0	665	17.6	26.7	51.9
	Upper	0	0.0	5.7	0	0.0	7.1	4.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		4	100.0	100.0	3,768	100.0	100.0
HMDA Totals	Low	2	2.6	1.3	152	1.0	1.2	0.8
	Moderate	13	17.1	14.9	5,047	34.4	12.5	14.6
	Middle	47	61.8	64.8	8,029	54.8	63.6	68.2
	Upper	14	18.4	19.0	1,431	9.8	22.7	16.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		76	100.0	100.0	14,659	100.0	100.0
Originations & Purchases 2017 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Borrower Distribution of HMDA Reportable Loans								
Assessment Area: 2017 Dubuque, IA MSA 20220								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2017						
		Count		Agg	Dollar		Agg	
		Bank			Bank			
		#	%	%	\$(000s)	\$ %	\$ %	%
Home Purchase	Low	6	13.0	9.1	695	9.5	5.0	18.0
	Moderate	9	19.6	23.2	1,265	17.3	17.2	19.2
	Middle	9	19.6	23.4	839	11.5	21.6	24.2
	Upper	6	13.0	30.9	743	10.2	42.6	38.6
	Unknown	16	34.8	13.3	3,774	51.6	13.6	0.0
	Total	46	100.0	100.0	7,316	100.0	100.0	100.0
Refinance	Low	1	10.0	8.2	173	9.8	4.1	18.0
	Moderate	1	10.0	18.2	105	6.0	12.2	19.2
	Middle	2	20.0	22.9	296	16.8	20.8	24.2
	Upper	4	40.0	36.2	273	15.5	45.1	38.6
	Unknown	2	20.0	14.5	914	51.9	17.8	0.0
	Total	10	100.0	100.0	1,761	100.0	100.0	100.0
Home Improvement	Low	0	0.0	8.0	0	0.0	1.4	18.0
	Moderate	3	18.8	11.5	264	14.6	6.9	19.2
	Middle	2	12.5	15.9	109	6.0	10.7	24.2
	Upper	6	37.5	45.1	181	10.0	52.5	38.6
	Unknown	5	31.3	19.5	1,260	69.5	28.5	0.0
	Total	16	100.0	100.0	1,814	100.0	100.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	18.0
	Moderate	0	0.0	0.0	0	0.0	0.0	19.2
	Middle	0	0.0	0.0	0	0.0	0.0	24.2
	Upper	0	0.0	0.0	0	0.0	0.0	38.6
	Unknown	4	100.0	100.0	3,768	100.0	100.0	0.0
	Total	4	100.0	100.0	3,768	100.0	100.0	100.0
HMDA Totals	Low	7	9.2	8.6	868	5.9	4.3	18.0
	Moderate	13	17.1	20.8	1,634	11.1	14.4	19.2
	Middle	13	17.1	22.7	1,244	8.5	19.9	24.2
	Upper	16	21.1	32.8	1,197	8.2	41.2	38.6
	Unknown	27	35.5	15.0	9,716	66.3	20.1	0.0
	Total	76	100.0	100.0	14,659	100.0	100.0	100.0
Originations & Purchases								
2017 FFIEC Census Data								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Appendix B – Map of Assessment Area

Premier Bank 2687133
Dubuque, IA MSA 20220



APPENDIX C – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	HMDA-Reportable Loans: January 1, 2017 – December 31, 2018 Small Business Loans: January 1, 2019 – December 31, 2019 Community Development Activities: June 6, 2016 – September 21, 2020		
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
Premier Bank			HMDA-Reportable Loans Small Business Loans Community Development Activities
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None	N/A		N/A
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Dubuque, Iowa MSA #20220	Full scope	None	N/A

APPENDIX D – Glossary

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Affordability ratio: To determine housing affordability, the affordability ratio is calculated by dividing median household income by median housing value. This ratio allows the comparison of housing affordability across assessment areas and/or communities. An area with a high ratio generally has more affordable housing than an area with a low ratio.

Aggregate lending: The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

American Community Survey Data (ACS): The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.¹

Area Median Income (AMI): AMI means –

1. The median family income for the MSA, if a person or geography is located in an MSA, or for the metropolitan division, if a person or geography is located in an MSA that has been subdivided into metropolitan divisions; or
2. The statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment area: Assessment area means a geographic area delineated in accordance with section 228.41

Automated teller machine (ATM): An automated teller machine means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed or money lent.

Bank: Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an

¹ Source: FFIEC press release dated October 19, 2011.

uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

Branch: Branch refers to a staffed banking facility approved as a branch, whether shared or unshared, including, for example, a mini-branch in a grocery store or a branch operated in conjunction with any other local business or nonprofit organization.

Census tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Combined Statistical Area (CSAs): Adjacent metropolitan statistical areas/metropolitan divisions (MSA/MDs) and micropolitan statistical areas may be combined into larger Combined Statistical Areas based on social and economic ties as well as commuting patterns. The ties used as the basis for CSAs are not as strong as the ties used to support MSA/MD and micropolitan statistical area designations; however, they do bind the larger area together and may be particularly useful for regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted on the basis of median income figures for MSA/MDs and the applicable state-wide non metropolitan median income figure.

Community Development: The financial supervisory agencies have adopted the following definition for community development:

1. Affordable housing, including for multi-family housing, for low- and moderate-income households;
2. Community services tailored to meet the needs of low- and moderate-income individuals;
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
4. Activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definitions of community development. Activities that revitalize or stabilize:

- 1) Low- or moderate-income geographies;
- 2) Designated disaster areas; or
- 3) Distressed or underserved nonmetropolitan middle-income geographies

designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:

- a. Rates of poverty, unemployment or population loss; or
- b. Population size, density and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density and dispersion if they help to meet essential community services including the needs of low- and moderate-income individuals.

Community Development Loan: A community development loan means a loan that:

- 1) Has as its primary purpose community development; and
- 2) Except in the case of a wholesale or limited purpose bank –
 - a. Has not been reported or collected by the bank or an affiliate for consideration in the bank’s assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family housing loan (as described in the regulation implementing the Home Mortgage Disclosure Act); and
 - b. Benefits the bank’s assessment area(s) or a broader statewide or regional area that includes the bank’s assessment area(s).

Community Development Service: A community development service means a service that:

- 1) Has as its primary purpose community development; and
- 2) Is related to the provision of financial services.

Consumer loan: A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories of loans: motor vehicle, credit card, other consumer secured loan, including a home improvement loan not secured by a dwelling, and other consumer unsecured loan, including a loan for home improvement not secured.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married couple family or other family, which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Fair market rent: Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to

permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

Full review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and amount of qualified investments) and qualitative factors (for example, innovativeness, complexity and responsiveness).

Geography: A census tract delineated by the U.S. Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act: The statute that requires certain mortgage lenders that do business or have banking offices in metropolitan statistical areas to file annual summary reports of their mortgage lending activity. The reports include data such as the race, gender and income of the applicant(s) and the disposition of the application(s) (for example, approved, denied, and withdrawn).

Home mortgage loans: Are defined in conformance with the definitions of home mortgage activity under the Home Mortgage Disclosure Act and include closed end mortgage loans secured by a dwelling and open-end lines of credit secured by a dwelling. This includes loans for home purchase, refinancing and loans for multi-family housing. It does not include loans for home improvement purposes that are not secured by a dwelling.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Income Level: Income level means:

- 1) Low-income – an individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a census tract;
- 2) Moderate-income – an individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a census tract;

- 3) Middle-income – an individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a census tract; and
- 4) Upper-income – an individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent in the case of a census tract.

Additional Guidance: .12(m) Income Level: The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level).

Limited-purpose bank: This term refers to a bank that offers only a narrow product line such as credit card or motor vehicle loans to a regional or broader market and for which a designation as a limited-purpose bank is in effect, in accordance with section 228.25(b).

Limited review: Performance under the Lending, Investment and Services test is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, amount of investments and branch office distribution).

Loan location: Under this definition, a loan is located as follows:

- 1) Consumer loan is located in the census tract where the borrower resides;
- 2) Home mortgage loan is located in the census tract where the property to which the loan relates is located;
- 3) Small business and small farm loan is located in the census tract where the main business facility or farm is located or where the loan proceeds have been applied as indicated by the borrower.

Loan product office (LPO): This term refers to a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area: A metropolitan statistical area (MSA) or a metropolitan division (MD) as

defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a single core population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area.

Multifamily: Refers to a residential structure that contains five or more units.

Nonmetropolitan area: This term refers to any area that is not located in a metropolitan statistical area or metropolitan division. Micropolitan statistical areas are included in the definition of a nonmetropolitan area; a micropolitan statistical area has an urban core population of at least 10,000 but less than 50,000.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: This term refers to any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: This term refers to a state or multistate metropolitan area. For institutions with domestic branch offices in one state only, the institution's CRA rating is the state's rating. If the institution maintains domestic branch offices in more than one state, the institution will receive a rating for each state in which those branch offices are located. If the institution maintains domestic branch offices in at least two states in a multistate metropolitan statistical area, the institution will receive a rating for the multistate metropolitan area.

Small Bank: This term refers to a bank that as of December 31 of either of the prior two calendar years, had assets of less than \$1.252 billion. Intermediate small bank means a small bank with assets of at least \$313 million as of December 31 of both of the prior two calendar years and less than \$1.252 billion as of December 31 of either of the prior two calendar years.

Annual Adjustment: The dollar figures in paragraph (u)(1) of this section shall be adjusted annually and published by the Board, based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for each 12-month period ending in November, with rounding to the nearest million.

Small Business Loan: This term refers to a loan that is included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. The loans have original amounts of \$1 million or less and are either secured nonfarm, nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: This term refers to a loan that is included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income. These loans have original amounts of \$500 thousand or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Wholesale Bank: This term refers to a bank that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with section 228.25(b).