

COMMUNITY REINVESTMENT ACT

Public File



Community Reinvestment Act

Locations & Hours of Bank & Branches

MAIN OFFICE: Located in Census Tract 9602
Peoples Savings Bank
414 N Adams
Wellsburg, IA 50680

OFFICE HOURS: Monday -Friday 8:30 am to 4:00 pm
Saturday (Drive-Up Only) 8:30 am to 11:30 am

Geographies (Census Tracts)	Grundy County	9601; 9602; 9603; 9604
	Hardin County	4801
	Franklin County	3601
	Butler County	702; 704; 705
	Black Hawk County	26.03; 30.02

BRANCH OFFICE: Located in Census Tract 4801
Peoples Savings Bank- Cleves Office
33149 161st Street
Ackley, Iowa 50601

OFFICE HOURS: Monday -Thursday 8:30 am to 3:30 pm
Friday 8:30 am to 4:00 pm

Geographies (Census Tracts)	Grundy County	9601; 9602; 9603; 9604
	Hardin County	4801
	Franklin County	3601
	Butler County	702; 704; 705
	Black Hawk County	26.03; 30.02

BRANCH OFFICE: Located in Census Tract 9601
Peoples Savings Bank- Dike Office
233 West Dike Road
P.O. Box 577
Dike, Iowa 50624

OFFICE HOURS: Monday -Friday 8:30 am to 4:00 pm
Saturday (Drive-Up Only) 8:30 am to 11:30 am

Geographies (Census Tracts)	Grundy County	9601; 9602; 9603; 9604
	Hardin County	4801
	Franklin County	3601
	Butler County	702; 704; 705
	Black Hawk County	26.03; 30.02



PEOPLES
SAVINGS BANK

BANK FEES

Effective October 31, 2022

Account Monitoring	\$10.00	per week
ACH Origination	\$5.00	per setup
ATM/Debit Card	\$15.00	per card per year
Replacement ATM/Debit Card	\$15.00	per card
Cashier's Check	\$5.00	each
Personal Money Order	\$3.00	each
Check Printing Fee		fee depends on style of checks
Senior Citizens (62 and over)		one box of checks free upon request design
		design will be at our discretion
Dormant Account Fee	\$5.00	for six months of non-use
Duplicate 1099	\$5.00	each
Faxes	\$3.00	for first page/ \$1.00 for each additional page
Foreign Currency Ordering	\$10.00	per order
Garnishment and Levies	\$100.00	each
Lost Time Certificate	\$10.00	per certificate
Notary Fee (non-customer)	\$5.00	each document
NSF Paid Item(s) Fee*	\$30.00	per presentment per item with a maximum of \$240.00 per day
NSF Return Item(s) Fee*	\$35.00	per presentment per item with a maximum of \$240.00 per day
Photocopies	\$0.25	each
Account Research or Balancing	\$30.00	per hour - minimum of \$15.00
Special Statement Cutoff	\$2.50	per statement
Paper Statement with E-Statement**	\$2.00	each
**Fee applies if we are unable to deliver E-Statement for 2 months due to an inaccurate e-mail address		
Copy of Statement mailed to Second Address	\$2.00	each
Stop Payment	\$35.00	each
Automatic Transfer for Overdraft Protection	\$3.00	per day
Wire - Incoming	\$20.00	each
Wire - Outgoing	\$25.00	each
International Wire - Incoming	\$50.00	each
International Wire - Outgoing	\$50.00	each
Lamination		
\$0.50	each	

Lock Box Fees

3x5	\$20.00 per year	5x5	\$20.00 per year
3x10.5	\$25.00 per year	4x10.5	\$35.00 per year
5x10.5	\$45.00 per year	6x10.5	\$50.00 per year
10x10.5	\$75.00 per year		

Lock Box Replacement Key	\$25.00 per key
Drilling Open Lock Box Fee	\$350.00 per box

*** Be aware that an item may be presented multiple times which may result in multiple NSF fees for the same item. We do not monitor the number of times an item is presented for payment.**



The following deposit products or services of Peoples Savings Bank are available at all locations (unless noted):

Checking Accounts- *Ask an employee for a current Truth-in-Savings disclosure*

NOW Account: Interest-bearing Account- *Ask an employee for a current Truth-in-Savings disclosure*

HI-FI Account: Money Market- *Ask an employee for a current Truth-in-Savings disclosure*

Health Savings Account (HSA)- *Ask an employee for a current Truth-in-Savings disclosure*

Savings Account- *Ask an employee for a current Truth-in-Savings disclosure*

Individual Retirement Accounts (IRAs) - *Ask an employee for a current Truth-in-Savings disclosure*

Certificates of Deposits (CDs) - *Ask an employee for a current Truth-in-Savings disclosure*

ATM Cards

VISA Credit Card

Credit Monitoring Services

Capture Online Banking

Mobile Banking

Transfer NOW (A2A) transfers

Night Depository

Bank by Mail

ACH Originations

Wire Transfers

Personal Money Orders

U.S. Savings Bonds Redemption

Notary Services

Foreign Currency Ordering

IntraFi: Optional Additional Deposit Insurance Coverage

Account Related Alerts available through Online Banking and Mobile Banking

Automatic Loan Payments/Automatic Funds Transfers

Laminating (Wellsburg office only)

Trust Services (Wellsburg office only)

ATM Machine (Wellsburg Lobby & Dike Drive-up)

Cash Advances (Wellsburg and Dike offices only)

Debit Cards/Digital Wallet

Merchant Services

Remote Deposit

Bill Pay

E-statements

Safe Deposit Boxes

Overdraft Protection

Direct Deposit

Telephone Transfers by calling a Branch

Cashier's Checks

Copies/ Fax Services

Card Hub – Debit Card Management

Mobile Deposit

Online Chat



The following loan products or services of Peoples Savings Bank are available at all locations (unless noted):

- Personal
- Auto
- Real Estate
 - Home Equity Line of Credit (HELOC)
 - Construction Loans
 - 1-4 Family Home
 - Multiple Dwelling Buildings (5+ families)
 - Commercial Real Estate
 - Farm Land
 - Home Improvement
- Farm Operating & Machinery
- Commercial Operating & Equipment
- Young Farmer Loans
- Business Loans
- SBA Guaranteed Loans
- FSA Guaranteed Loans
- Automatic Loan Payments
- Online Banking

Wellsburg Insurance Agency: (Located in Wellsburg, Iowa)

Investments
Insurance- Homeowner, Auto, Business & Crop

PSB Realty & Insurance: (Located in Dike Office)

Insurance- Homeowner & Auto



Community Reinvestment Act

Branches Opened & Closed | 2022, 2023, 2024

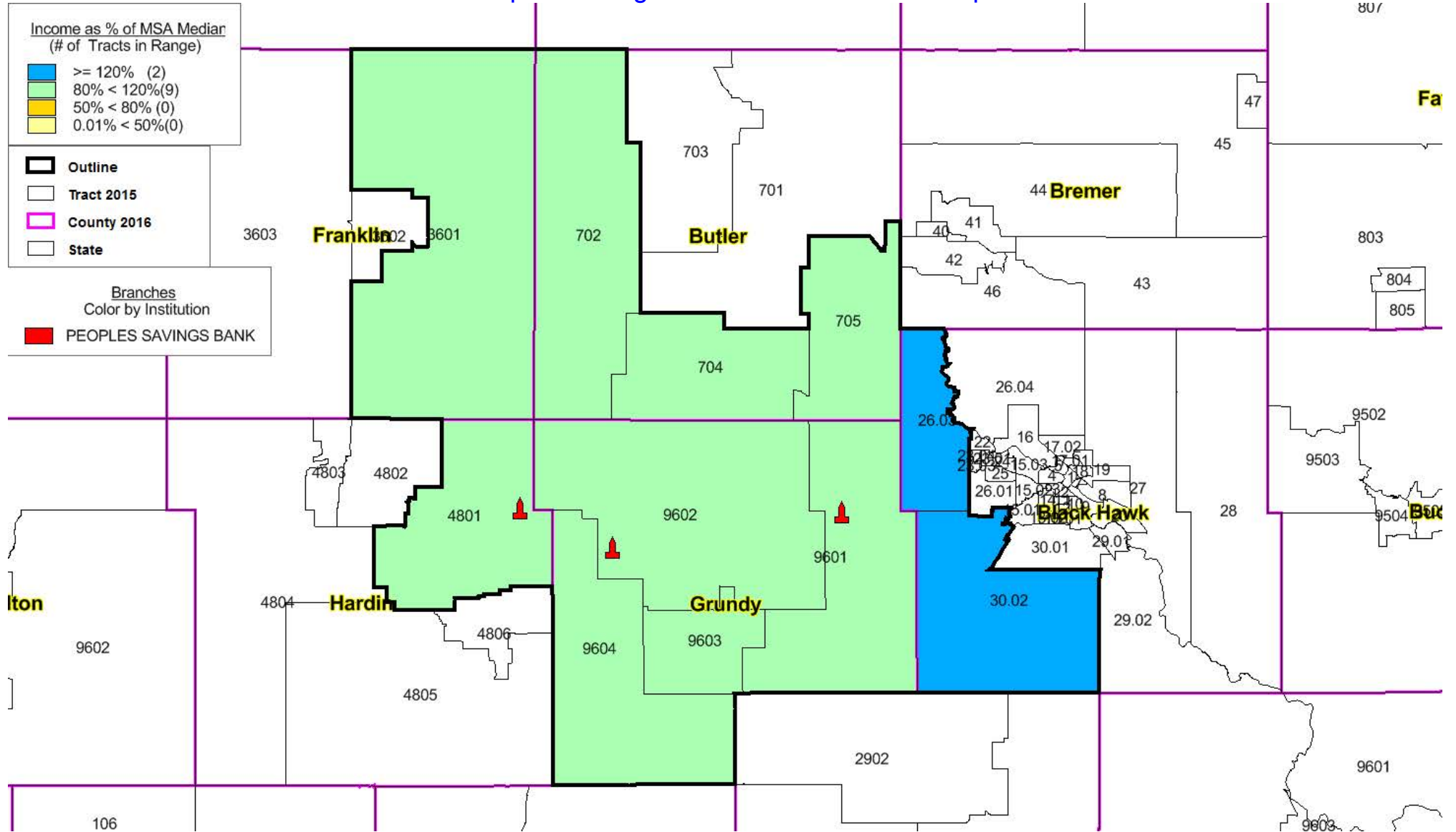
Branches Opened:

None

Branches Closed:

None

Peoples Savings Bank Cert# 14868 AA Map





Community Reinvestment Act

Loan to Deposit Ratios

March 31, 2023	88.03%
June 30, 2023	84.61%
September 30, 2023	91.42%
December 31, 2023	91.89%



HOME MORTGAGE DISCLOSURE ACT NOTICE

HMDA data about our residential mortgage lending are available online for review. The data show geographic distribution of loans and applications; ethnicity, race, sex, age and income of applicants and borrowers; and information about loan approvals and denials. These data are available online at the Consumer Financial Protection Bureau's Web site (www.consumerfinance.gov/hmda). HMDA data for many other financial institutions are also available at this Web site.

PUBLIC DISCLOSURE

June 13, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Peoples Savings Bank
Certificate Number: 14868

414 North Adams Street
Wellsburg, Iowa 50680

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Kansas City Regional Office

1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106

This document is an evaluation of this institution'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 institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

Institution Rating	1
Scope of Evaluation	2
Description of Institution	3
Description of Assessment Areas	4
Conclusions on Performance Criteria	9
Discriminatory or Other Illegal Credit Practices Review	13
Glossary	14

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment areas (AAs), including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Peoples Savings Bank (PSB) satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's performance.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and AAs' credit needs.
- Overall, PSB made a majority of its small farm and small business loans in the AAs.
- The AAs do not contain any low- or moderate-income geographies. Therefore, examiners did not evaluate the geographic distribution of loans.
- The distribution of borrowers reflects an overall reasonable penetration of lending among farms and businesses of different revenue sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the CRA rating.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated August 2, 2012, to the current evaluation. Examiners used the Interagency Small Institution CRA Examination Procedures to evaluate PSB's CRA performance.

The following performance criteria were considered under the Lending Test:

- LTD ratio
- AA concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

The evaluation does not include any lending activity performed by affiliates.

Loan Products Reviewed

Agricultural loans, including loan secured by farmland, make up the largest loan category, representing 51.6 percent of total loans according to PSB's March 31, 2018, Consolidated Reports of Condition and Income (Call Report). Commercial loans, including commercial real estate loans, are the bank's second largest loan category, representing 37.0 percent of total loans. The remainder of the loan portfolio, which is comprised of home mortgage loans at 8.2 percent, consumer loans at 2.2 percent, construction and land development loans at 0.4 percent, and other loans at 0.6 percent, were not reviewed because they are not major product lines or a primary lending focus of the bank. The bank has experienced an increase of 54.0 percent in the loan portfolio since the previous evaluation. Most significantly, commercial loans increased 105.7 percent and agricultural loans increased 71.5 percent. Additionally, home mortgage loans decreased by 26.4 percent.

The institution maintains one contiguous AA, described in more detail later in the evaluation. Because PSB has offices in the Waterloo-Cedar Falls, Iowa Metropolitan Statistical Area (MSA) and in the nonmetropolitan areas of Iowa, the analysis that follows will be presented and analyzed as two separate AAs, hereby referred to as the Waterloo-Cedar Falls MSA AA and the Non-MSA AA. Both AAs were evaluated using full-scope procedures and received equal weight in the overall analysis.

Bank records show that the loan portfolio primarily consists of agricultural and commercial loans during the evaluation period. Management acknowledged that the bank primarily focuses on agricultural and commercial loans but will originate in-house home mortgage loans to accommodate requests from agricultural and commercial borrowers. Based on the above, examiners concluded that the bank's primary product lines are small farm and small business loans, with both products receiving equal weight when drawing overall conclusions. As such, examiners reviewed a selection of small farm and small business loans originated from January 1, 2017, through December 31, 2017. However, due to the low volume of small business loans originated in 2017 in the Non-MSA AA, only small farm loans originated in 2017 from that AA

will be analyzed. The following table details the loan samples and universes from which they were selected.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Small Business	124	8,228	33	2,311
Small Farm				
Waterloo-Cedar Falls MSA AA	88	8,414	29	4,630
Non-MSA AA	69	6,784	27	2,640
Small Farm Total	157	15,198	56	7,270
<i>Source: Bank Records from 01/01/2017 through 12/31/2017</i>				

For CRA evaluation purposes, small farm loans and small business loans are defined using definitions in the Call Report. These definitions, as well as that for home mortgage loans, are detailed in the Glossary at the end of this document. Examiners obtained the data necessary for this evaluation from an automated loan download, individual customer loan files, and bank management.

Examiners reviewed the number and dollar volume of small farm and small business loans. While the number and dollar volume of loans are presented, examiners emphasized performance by number of loans, which is a better indicator of the number of farms and businesses served. Examiners utilized 2017 D&B farm and business demographic data for comparison purposes.

DESCRIPTION OF INSTITUTION

Background

PSB is a wholly-owned subsidiary of three-bank holding company PSB Corporation, Wellsburg, Iowa. The bank's affiliates include Denver Savings Bank, Denver, Iowa, and First State Bank, Sumner, Iowa. The institution received a Satisfactory rating at its previous FDIC CRA Performance Evaluation dated August 2, 2012, based on Interagency Small Institution Examination Procedures.

Operations

PSB operates from its main office in Wellsburg, Iowa. The bank also operates full-service branches in Ackley, Iowa (Cleves branch) and Dike, Iowa. PSB maintains a full-service automated teller machine (ATM) at the main office in Wellsburg and cash-dispensing ATMs at the Dike branch and the Fox Ridge Golf Course in Dike. The bank offers various loan products including commercial, agricultural, home mortgage, and consumer loans. The bank offers specialty loans through the Small Business Administration and Farm Services Agency, and offers Young Farmer loans. PSB also refers long-term home mortgage loans to the secondary market. The bank provides a variety of deposit-related products that include checking, savings, money market accounts, and certificates of deposit. Alternative banking services include internet

and mobile banking. PSB has not opened or closed any branches or engaged in any merger or acquisition activities since the prior CRA Evaluation.

Ability and Capacity

Assets totaled approximately \$98 million as of March 31, 2018, representing an increase of 5.1 percent since the March 31, 2012, Call Report. Total deposits equaled nearly \$79 million, demonstrating a 5.8 percent increase, and total loans were approximately \$70 million, representing an increase of 54.0 percent during the same period. Management indicated that the increases are attributed to normal growth over time in agricultural and commercial lending. The loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of 3/31/2018		
Loan Category	\$(000s)	%
Construction and Land Development	267	0.4
Secured by Farmland	17,777	25.5
1-4 Family Residential	5,732	8.2
Multi-family (5 or more) Residential	0	0.0
Commercial Real Estate	14,435	20.7
Total Real Estate Loans	38,211	54.8
Commercial and Industrial	11,332	16.3
Agricultural	18,176	26.1
Consumer	1,548	2.2
Other	414	0.6
Less: Unearned Income	(0)	(0.0)
Total Loans	69,681	100.0
<i>Source: Call Report</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet the credit needs of its AAs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. As mentioned previously, PSB's designated AAs consists of the Waterloo-Cedar Falls MSA AA, which includes all census tracts (CTs) of Grundy County (CTs 9601-9604) and the southwest CTs of Blackhawk County (CTs 26.03 and 30.02), and the Non-MSA AA, which includes the west, south, and southeast CTs of Butler County (CTs 702, 704, and 705), the eastern CT of Franklin County (CT 3601), and the northeast CT of Hardin County (CT 4801). The composition of the AAs has not changed since the 2012 evaluation. The geographies in the AAs have not experienced any changes between the 2010 U.S. Census and the 2015 American Community Survey (ACS) data. The following sections discuss demographic and economic information for the two AAs.

Waterloo-Cedar Falls MSA AA

Economic and Demographic Data

Based on the 2015 ACS data, the Waterloo-Cedar Falls MSA AA consists of four middle- and two upper-income CTs. PSB's main office and the Dike branch are located in middle-income CTs within Grundy County. The following table illustrates select demographic characteristics of the AA.

Demographic Information of the Waterloo-Cedar Falls MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs)	6	0.0	0.0	66.7	33.3	0.0
Population by Geography	26,993	0.0	0.0	46.0	54.0	0.0
Businesses by Geography	1,710	0.0	0.0	52.5	47.5	0.0
Farms by Geography	406	0.0	0.0	70.7	29.3	0.0
Family Distribution by Income Level	7,099	11.7	14.8	19.5	53.9	0.0
Household Distribution by Income Level	10,426	18.6	14.4	14.9	52.1	0.0
Median Family Income - Waterloo-Cedar Falls, Iowa MSA		\$65,749	Median Housing Value			\$178,621
			Median Gross Rent			\$677
			Families Below Poverty Level			3.8%
Source: 2015 ACS data and 2017 D&B Data Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

The analysis of small farm and small business loans under the Borrower Profile criterion compares the distribution of farms and businesses by gross annual revenue (GAR) level. According to 2017 D&B data, there were 406 farms in the AA. GARs for these farms are listed below.

- 98.3 percent have \$1 million or less.
- 1.2 percent has more than \$1 million.
- 0.5 percent have unknown revenues.

The 2012 Agricultural Census data shows that approximately 44 percent of all agricultural operations in the two counties that comprise this AA do not borrow, indicating that approximately 56 percent of agricultural operations in the AA have credit needs. The data also shows that 56 percent of the farmers are classified as full-time farmers, indicating that the remaining 44 percent likely have other sources of revenue.

A comparison of 2007 and 2012 Agricultural Census reports reveals that the number of farms decreased by 2.0 percent, and the average size of farms decreased by 7.0 percent in Black Hawk County. The number of farms decreased by 8.0 percent, and the average size of farms increased by 9.0 percent in Grundy County. During the same period, the State of Iowa reported a 5.0 percent decrease in the number of farms, and a 4.0 percent increase in the average size of farms.

According to 2017 D&B data, there were 1,710 businesses in the AA. GARs for these businesses are listed below.

- 83.9 percent have \$1 million or less.
- 4.4 percent have more than \$1 million.
- 11.7 percent have unknown revenues.

According to 2017 D&B data, service industries represent the largest portion of farm and business operations at 37.2 percent; followed by agriculture, forestry, and fishing service industries at 19.2 percent; and retail trade at 10.0 percent. In addition, 78.5 percent of AA farms and businesses have four or fewer employees, and 89.7 percent operate from a single location.

Average Unemployment Rates				
Area	2015	2016	2017	May 2018
	%	%	%	%
Black Hawk County	4.6	4.6	3.8	2.5
Grundy County	3.8	3.4	3.0	2.1
Iowa Average	3.8	3.6	3.1	2.2
National Average	5.3	4.9	4.4	3.6
<i>Source: Bureau of Labor Statistics</i>				

The AA's unemployment rate is relatively low, reflecting a healthy economy. As illustrated, the unemployment rates for the counties in the AA generally declined from 2015 to May 2018, similar to the State of Iowa and the nation as a whole. The unemployment rates of the AA counties are similar to the rate for Iowa and well below the national rate.

Competition

The AA is considered highly competitive in the market for financial services. The FDIC Deposit Market Share Report as of June 2017 reflects 18 FDIC-insured institutions operating from 50 locations within Black Hawk and Grundy counties. These institutions range from small community banks to larger financial institutions operating branch locations in the area. PSB ranks 12th with 2.4 percent of deposit market share.

Community Contact

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying the credit needs and economic conditions of the community. This information helps determine whether local financial institutions are responsive to community credit needs and provides context regarding available opportunities for area financial institutions. Examiners referenced one existing community contact conducted with a community development organization operating in Black Hawk and Grundy counties.

According to the community contact, the local economy is primarily dependent on agriculture. The agricultural sector has experienced a decline in commodity prices and land values after several years of higher markets; however, the overall economy has remained stable. The decline in commodity prices has created cash flow problems, increasing the demand for agricultural credit. Referring to the commercial sector, the contact indicated that "big box" stores have

restructured or left the area creating space for smaller commercial operations to expand, resulting in local employment opportunities. Discussing the housing market, the contact stated that there is a shortage of affordable housing. While new home construction assists in making older homes available, there are not enough affordable housing units on the market to meet demand. The contact indicated that the local institutions conscientious about their involvement and are actively addressing the credit needs of the local community

Considering information from the community contact, bank management, demographic and economic data, and Call Report data, examiners determined that small farm, small business, and home mortgage loans, including home equity and home improvement loans, represent primary credit needs in the Waterloo-Cedar Falls MSA AA. Opportunity exists for originating such loans in light of the decline in agricultural commodity prices, small business expansion, and the need for affordable housing in the area.

Non-MSA AA

Economic and Demographic Data

Based on the 2015 ACS data, the Non-MSA AA consists of five middle-income CTs. PSB's Cleves branch is located in Hardin County. The following table illustrates select demographic characteristics of the AA.

Demographic Information of the Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs)	5	0.0	0.0	100.0	0.0	0.0
Population by Geography	14,637	0.0	0.0	100.0	0.0	0.0
Farms by Geography	282	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	4,169	14.8	21.0	25.0	39.1	0.0
Household Distribution by Income Level	6,152	19.8	17.4	20.6	42.2	0.0
Median Family Income - Nonmetropolitan Iowa		\$61,934	Median Housing Value			\$103,061
			Median Gross Rent			\$566
			Families Below Poverty Level			6.0%
Source: 2015 ACS data and 2017 D&B Data Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

The analysis of small farm loans under the Borrower Profile criterion compares the distribution of farms by GAR level. According to 2017 D&B data, there were 282 farms in the AA. GARs for these farms are listed below.

- 99.3 percent have \$1 million or less.
- 0.4 percent has more than \$1 million.
- 0.3 percent have unknown revenues.

According to 2017 D&B data, the largest industries in the AA as a percentage of total industries are: services at 35.0 percent; agriculture, forestry, and fishing at 22.5 percent; and retail trade at 10.7 percent. In addition, 80.8 percent of area farms and businesses have 4 or fewer employees, and 89.2 percent operate from a single location.

The 2012 Agricultural Census data shows that approximately 43 percent of all agricultural operations in the counties within the AA do not borrow, thus no more than 57 percent of agricultural operations in the assessment area have credit needs. The data also shows that 53 percent of the farmers in the counties within the AA are classified as full-time farmers, indicating that the remaining 47 percent likely have other sources of revenue.

A comparison of 2007 and 2012 Agricultural Census reports reveals that the number of farms decreased by 10.0 percent, and the average size of farms increased by 7.0 percent in Butler County. The number of farms decreased by 8.0 percent, and the average size of farms increased by 5.0 percent in Franklin County. Additionally, the number of farms decreased by 13.0 percent, and the average size of farms increased by 13.0 percent in Hardin County. During the same period, the State of Iowa reported a 5.0 percent decrease in the number of farms, and a 4.0 percent increase in the average size of farms.

Average Unemployment Rates				
Area	2015	2016	2017	May 2018
	%	%	%	%
Butler County	4.4	4.3	3.6	2.2
Franklin County	3.4	3.5	2.8	1.8
Hardin County	4.0	3.9	3.2	2.4
Iowa Average	3.8	3.6	3.1	2.2
National Average	5.3	4.9	4.4	3.6
<i>Source: Bureau of Labor Statistics</i>				

The AA's unemployment rate is relatively low, reflecting a healthy economy. As illustrated, the unemployment rates for the counties in the AA generally declined from 2015 to May 2018, similar to the State of Iowa and the nation as a whole. The unemployment rates of the AA counties are similar to the rate for Iowa and well below the national rate.

Competition

The AA is considered highly competitive in the market for financial services. The FDIC Deposit Market Share Report as of June 2017 reflects 15 FDIC-insured institutions operating from 33 locations within Butler, Franklin, and Hardin counties. These institutions range from small community banks to larger financial institutions operating branch locations in the area. PSB ranks 15th with 0.6 percent of deposit market share.

Community Contact

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying the credit needs and economic conditions of the community. This information helps determine whether local financial institutions are responsive to community credit needs and provides context regarding available opportunities for area financial institutions. Examiners

referenced one existing community contact conducted with a community development organization operating in the rural part of the AA.

The contact stated the overall economic conditions are stable; however, the agriculture section is in a slump, which affects all businesses that support the agricultural economy, such as machinery, equipment, and supplies. The contact stated that the population is getting older and there has been significant population loss, mostly young professionals. The older population is quite wealthy due to assets, such as farmland, but cash flows and revenues are tight. Agricultural operating lines are the primary credit needs. There has been an increase in applicants with weaker credit, which makes it harder to obtain credit. Even the USDA Farm Service Agency has seen a decrease in qualified applicants. According to the contact, banks are willing to lend, but the credit qualifications prevent many farmers from getting approved for credit. Additionally, most banks require a 20 percent personal capital injection (down payment), which makes it difficult for new farmers to obtain financing. The area is considered very competitive, and the contact heard there are more farmers shopping around for the most lucrative financing. While the contact could not identify any specific programs that financial institutions should be involved in, the contact recommended that financial institutions monitor the credit underwriting standards to ensure banks are meeting market demand. Overall, the representative had a positive perception of local financial institutions and indicated that credit needs are being met.

Considering the information from the community contact, bank management, and demographic and economic data, examiners determined that small farm loans are a primary credit need of the Non-MSA AA.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

PSB demonstrated reasonable performance under the Lending Test. The performance under AA Concentration and Borrower Profile primarily support this conclusion.

LTD Ratio

PSB's LTD ratio is reasonable given the institution's size, financial condition, and AAs credit needs. The bank's net LTD ratio, calculated from Call Report data, averaged 78.4 percent over the past 23 calendar quarters from September 30, 2012, to March 31, 2018. The ratio ranged from a low of 61.0 percent as of March 31, 2013, to a high of 97.2 percent as of September 30, 2017. As of March 31, 2018, PSB's net LTD ratio was 87.6 percent.

Examiners compared the bank's average net LTD ratio to four similarly-situated financial institutions to help evaluate its reasonableness. These institutions were considered similarly-situated due to similarities in business focus, resources, markets served, market conditions, and product mix. PSB's average net LTD is the highest in the group as reflected in the next table.

LTD Ratio Comparison		
Bank	Total Assets as of 03/31/18 \$(000s)	Average Net LTD Ratio (%)
Peoples Savings Bank, Wellsburg, Iowa	97,823	78.4
Cedar Valley Bank & Trust, La Porte City, Iowa	64,682	49.4
Farmers Savings Bank, Marshalltown, Iowa	103,623	65.2
Security State Bank, Radcliffe, Iowa	96,746	55.8
Security State Bank, Waverly, Iowa	82,857	58.5
Source: Call Reports 09/30/12 through 03/31/18		

Over the prior 23 quarter-ends, the bank's LTD ratio reveals a steadily increasing trend. Both assets and deposits have grown about 5 to 6 percent since the previous evaluation, but loans have increased approximately 50 percent during that time. As previously mentioned, management stated this increase is due to PSB's normal loan portfolio growth in agricultural and commercial lending.

AA Concentration

The bank made a majority of its small farm and small business loans, by number and dollar volume, within its AAs. These results reflect management's commitment to lend within the local communities. See the following table.

Lending Inside and Outside of the AAs										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	24	72.7	9	27.3	33	1,504	65.1	807	34.9	2,311
Small Farm	43	76.8	13	23.2	56	5,979	82.2	1,291	17.8	7,270
Source: Evaluation Period: 1/1/2017 - 12/31/2017 Bank Data Due to rounding, totals may not equal 100.0										

Geographic Distribution

The AAs do not contain any LMI geographies. Therefore, examiners did not evaluate the geographic distribution of loans as a review would not have resulted in meaningful conclusions.

Borrower Profile

Overall, the distribution of borrowers reflects reasonable penetration among farms and businesses of different revenue sizes. Examiners focused on the percentage, by number, of small farm and small business loans with GARs of \$1 million or less. The bank's reasonable performance in both AAs primarily supports this conclusion. Only loans originated inside the AAs were analyzed. However, small business loans made in the Non-MSA AA by offices located in the Waterloo-Cedar Falls MSA AA were excluded from the analysis as this loan product was not reviewed for the Non-MSA AA.

Waterloo-Cedar Falls MSA AA

PSB's performance in the Waterloo-Cedar Falls MSA AA under this criterion is considered reasonable. The bank's reasonable small farm and small business lending performance supports this conclusion.

Small Farm Loans

The distribution of small farm borrowers reflects reasonable penetration of loans to farms with GARs of \$1 million or less. The following table shows that 84.0 percent of the sampled small farm loans were originated to farms with GARs of \$1 million or less. Comparatively, D&B data reported that there were 98.3 percent of farms in the AA with GARs of \$1 million or less. While PSB's performance is lower than D&B data, this is considered reasonable for the following reasons. Examiners referenced 2012 Ag Census data, which shows 44 percent of farm operations in the counties that make up the AA have occupations other than farming. The Census data also shows that 44 percent of farmers pay no loan interest. This information suggests, and management concurred, that these may be hobby farms, having other primary sources of income or operates with little to no borrowing needs. Management also stated that Farm Credit Services has made the AA very competitive.

Distribution of Small Farm Loans by GAR Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	98.3	21	84.0	2,713	59.7
>1,000,000	1.2	4	16.0	1,830	40.3
Revenue Not Available	0.5	0	0.0	0	0.0
Total	100.0	25	100.0	4,543	100.0
<i>Source: 2017 D&B Data, 1/1/2017 - 12/31/2017 Bank Data. Due to rounding, totals may not equal 100.0</i>					

Small Business Loans

The distribution of small business borrowers reflects reasonable penetration of loans to businesses with GARs of \$1 million or less. The following table shows that 90.9 percent of the sampled small business loans were originated to businesses with GARs of \$1 million or less. This performance compares reasonably to D&B data, which reported 83.9 percent of small businesses fall into this revenue category.

Distribution of Small Business Loans by GAR Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	83.9	20	90.9	1,292	92.4
>1,000,000	4.4	2	9.1	106	7.6
Revenue Not Available	11.7	0	0.0	0	0.0
Total	100.0	22	100.0	1,398	100.0
Source: 2017 D&B Data, 1/1/2017 - 12/31/2017 Bank Data. Due to rounding, totals may not equal 100.0					

Non-MSA AA

The bank's performance in the Non-MSA AA under this criterion is considered reasonable. The bank's reasonable performance of small farm lending supports this conclusion. As mentioned previously, due to the low volume of small business loans originated in the Non-MSA AA during the sampled timeframe, only small farm loans were analyzed.

Small Farm Loans

The distribution of small farm borrowers reflects reasonable penetration of loans to farms with GARs of \$1 million or less. The following table shows that 88.9 of the sampled small farm loans were originated to farms with GARs of \$1 million or less. Comparatively, D&B data reported that there were 99.3 percent of farms in the AA with GARs of \$1 million or less. While PSB's performance is lower than D&B data, this is considered reasonable for the following reasons. Examiners referenced 2012 Ag Census data, which shows 47 percent of farm operations in the counties that make up the AA have occupations other than farming. The Census data also shows that 43 percent of farmers pay no loan interest. This information suggests, and management concurred, that these may be hobby farms, having other primary sources of income or operates with little to no borrowing needs. Management also stated that Farm Credit Services has made the AA very competitive.

Distribution of Small Farm Loans by GAR Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	99.3	16	88.9	1,297	90.3
>1,000,000	0.4	2	11.1	139	9.7
Revenue Not Available	0.3	0	0.0	0	0.0
Total	100.0	18	100.0	1,436	100.0
Source: 2017 D&B Data, 1/1/2017 - 12/31/2017 Bank Data. Due to rounding, totals may not equal 100.0					

Response to Complaints

As stated previously, the institution has not received any CRA-related complaints since the prior evaluation; therefore, this factor did not affect the rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this area of review did not affect the institution's overall CRA rating.

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Consumer Loan(s): 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: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

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. Other family 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).

Family Income: Includes the income of all members of a family that are age 15 and older.

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

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.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: 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 geography.

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 metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

Middle-Income: 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 and less than 120 percent in the case of a geography.

Moderate-Income: 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 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area: All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic

branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 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.

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.