



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 8:00 am to 3:30 pm
Friday 8:00 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 for six months of non-use
Dormant Account Fee	\$5.00	
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

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 Capture

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 | 2023, 2024, 2025

Branches Opened:

None

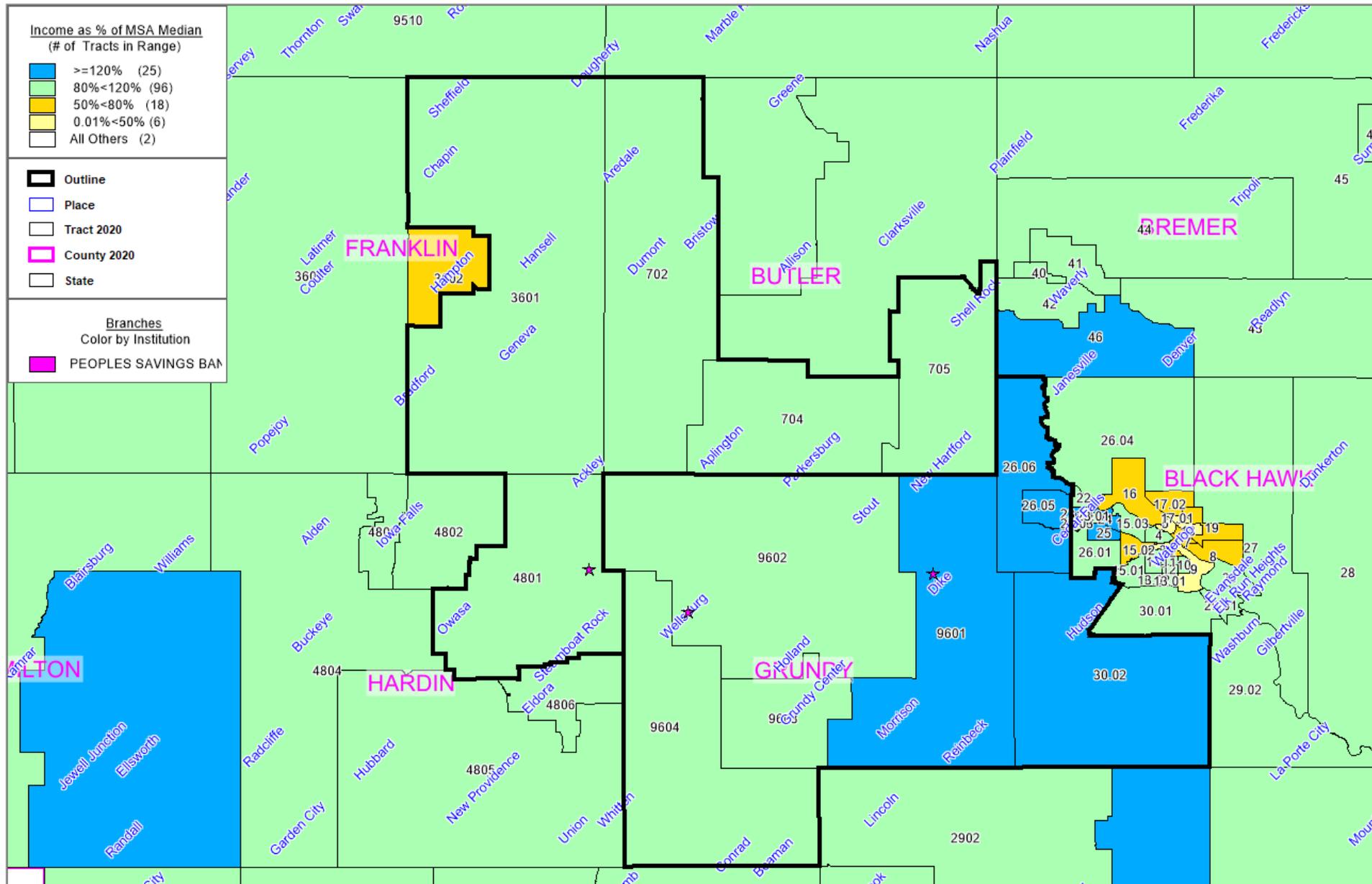
Branches Closed:

None

NONPUBLIC//FDIC BUSINESS

Peoples Savings Bank, Wellsburg, IA – #14868

CRA Assessment Areas and surrounding area. Map based on Income as % of MSA Median.





Community Reinvestment Act

Loan to Deposit Ratios

March 31, 2024	93.61%
June 30, 2024	96.82%
September 30, 2024	101.99%
December 31, 2024	99.55%



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 17, 2024

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
DESCRIPTION OF INSTITUTION.....	2
DESCRIPTION OF ASSESSMENT AREAS	3
SCOPE OF EVALUATION	3
CONCLUSIONS ON PERFORMANCE CRITERIA	5
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	6
WATERLOO-CEDAR FALLS METRO ASSESSMENT AREA – Full-Scope Review	6
NON-METRO ASSESSMENT AREA – Full-Scope Review.....	10
APPENDICES.....	15
SMALL BANK PERFORMANCE CRITERIA	15
GLOSSARY	16

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, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Peoples Savings Bank's (PSB) satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. The following points summarize the bank's CRA performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and the credit needs of the assessment areas.
- A majority of the small farm, small business, and home mortgage loans reviewed were located inside the assessment areas.
- A geographic distribution of loans analysis was not performed as the assessment areas do not have any low- or moderate-income census tracts.
- The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes and individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

DESCRIPTION OF INSTITUTION

PSB is headquartered in Wellsburg, Iowa, and is owned by two-bank holding company PSB Corporation, also in Wellsburg. PSB is affiliated with Denver Savings Bank of Denver, Iowa. PSB received a rating of “Satisfactory” at the previous FDIC CRA evaluation dated June 13, 2018, based on Interagency Small Institution Examination Procedures.

In addition to its main office in Wellsburg, the bank operates two full-service branches in Dike and Ackley, Iowa. PSB operates full-service automated teller machines at its Wellsburg and Dike locations. No branch openings or closures, and no merger or acquisition activities occurred since the previous evaluation.

PSB offers a variety of loan products, including agricultural, commercial, residential, and consumer loan products. The bank also assists with special financing alternatives through programs offered by the Iowa Finance Authority, the U.S. Department of Agriculture’s Farm Service Agency, and the Small Business Administration. These programs are generally designed to assist small farmers, small businesses, and other individuals that may not qualify for loans through conventional financing methods. Further, PSB participated in the Small Business Administration’s Paycheck Protection Program in 2020 and 2021. This program provided financial assistance to farms and businesses adversely affected by the Coronavirus pandemic. Additionally, the institution facilitates access to long-term, fixed-rate home mortgage loans through the secondary market, including Veterans Affairs, Rural Development, and first-time homebuyer programs. Although the bank offers all credit types, management continues to focus predominantly on agricultural lending.

In conjunction with an array of credit offerings, PSB offers a variety of deposit products, including checking, savings, health savings accounts, and time certificates. Alternative banking services include internet and mobile banking, mobile deposit, electronic statements, and debit cards. Customers also have the ability to open and fund deposit accounts online, as well as the ability to start an application for consumer residential real estate loans online.

Assets totaled approximately \$170.7 million as of March 31, 2024, representing an increase of 74.5 percent since the March 31, 2018, Consolidated Reports of Condition and Income (Call Reports). Total deposits equaled approximately \$138.2 million, representing a 75.6 percent increase, and total loans were approximately \$130.7 million, representing an 87.6 percent increase, during the same timeframe. Portfolio concentrations show a decrease in agricultural lending by 11.7 percent and an increase in residential real estate lending by 10.9 percent, since the last evaluation. Management stated the bank’s portfolio concentrations have shifted due to diversification strategies and lender capacities. PSB’s loan portfolio distribution is illustrated in the following table.

Loan Portfolio Distribution as of 3/31/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	643	0.5
Secured by Farmland	21,572	16.5
Secured by 1-4 Family Residential Properties	24,947	19.1
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	18,594	14.2
Total Real Estate Loans	65,756	50.3
Commercial and Industrial Loans	28,943	22.1
Agricultural Production and Other Loans to Farmers	30,645	23.4
Consumer Loans	5,013	3.8
Obligations of State and Political Subdivisions in the U.S.	339	0.3
Other Loans	28	0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(0)	(0.0)
Total Loans	130,724	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 assessment areas.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate CRA performance. PSB designated two assessment areas within the State of Iowa, which examiners will refer to as the Waterloo-Cedar Falls Metro Assessment Area and the Non-Metro Assessment Area. There have been no changes in the geographic boundaries of PSB’s assessment areas since the prior evaluation. Based on 2020 U.S. Census data, the combined assessment area is comprised of eight middle- and four upper-income census tracts. Refer to the individual assessment area sections for more details.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated June 13, 2018, to the current evaluation dated June 17, 2024. Examiners used Small Institution Examination Procedures to evaluate PSB’s CRA performance under the Lending Test. Refer to the Appendices for a description of this test.

Examiners conducted a full-scope review of each assessment area to evaluate performance, after considering factors such as branching structure, deposit volume, loan volume, market share, and reviews performed at previous CRA evaluations. The vast majority of PSB’s loans, deposits, and branches are in the Waterloo-Cedar Falls Metro Assessment Area; therefore, the bank’s performance in this assessment area received the most weight in the overall evaluation. The following table reflects the distribution of loans, deposits, and office locations by assessment area.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Waterloo-Cedar Falls Metro	150,159	82.6	126,761	92.1	2	66.7
Non-Metro	31,584	17.4	10,918	7.9	1	33.3
Total	181,743	100.0	137,679	100.0	3	100.0

Source: Bank Data; FDIC Summary of Deposits (6/30/2023)

Activities Reviewed

Examiners determined the bank’s major product lines to be agricultural, commercial, and home mortgage loans. This conclusion was based on the bank’s business strategy, loan portfolio distribution, and bank records regarding the number and dollar volume of loans originated or renewed during the evaluation period. Call Report information as of March 31, 2024, shows that agricultural loans, including loans secured by farmland, represent the largest loan category, equaling 39.9 percent of total loans. Commercial loans, including commercial real estate loans, represent the second largest loan category, equaling 36.3 percent of total loans. Residential real estate loans comprise 19.1 percent of total loans. Based on portfolio composition and management’s comments regarding the institution’s lending focus, small farm and small business lending performances were given equal and greater weight than home mortgage in this evaluation.

Examiners used the bank’s automated loan download to assemble the small farm and small business loan universes for the Lending Test, while the bank’s 2023 HMDA Loan Application Register was used for the home mortgage universe. The universe of loans reviewed included all small business, small farm, and home mortgage loans originated or renewed from January 1, 2023, through December 31, 2023. Management agreed that the loan activity reviewed is representative of the institution’s performance throughout the evaluation period.

For the Assessment Area Concentration performance criterion, examiners reviewed the entire universe of small farm, small business, and home mortgage loans. Specifically, examiners reviewed 145 small farm loans totaling approximately \$17.3 million, 195 small business loans totaling approximately \$17.6 million, and 99 home mortgage loans totaling approximately \$17.4 million. For the Borrower Profile criterion, examiners sampled loans extended to farms and businesses and reviewed all home mortgage loans made inside of the assessment areas. Specifically, 70 small farm loans totaling approximately \$8.4 million, 77 small business loans totaling approximately \$5.4 million, and 52 home mortgage loans totaling approximately \$6.3 million were reviewed.

For small farm and small business conclusions, 2023 D&B data provided a standard of comparison for the institution’s lending performance. When arriving at home mortgage conclusions, 2020 U.S. Census data provided a standard of comparison.

Examiners analyzed lending performance by both the number and dollar volume of loans; however, the performance by number of loans is emphasized, as it is generally a better indicator of the number of farms, businesses, and individuals served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

PSB demonstrated overall reasonable performance under the Lending Test. The bank's reasonable performance under the Loan-to-Deposit Ratio, Assessment Area Concentration, and Borrower Profile criteria primarily supports this conclusion. The following sections include a discussion of each performance criterion and support for the bank's overall rating.

Loan-to-Deposit Ratio

PSB's net loan-to-deposit ratio is reasonable given the bank's size, financial condition, and credit needs of the assessment areas. The ratio, calculated from Call Report data, averaged 85.2 percent over the 24 calendar quarters from June 30, 2018, to March 31, 2024. The net loan-to-deposit ratio ranged from a high of 93.6 percent as of June 30, 2024, to a low of 73.9 percent as of March 31, 2022. The ratio has remained generally consistent during the review period as both loans and deposits have increased simultaneously.

Examiners compared the bank's average net loan-to-deposit ratio to three similarly-situated institutions to help evaluate PSB's performance. Examiners selected comparable institutions based on their size, geographic location, and lending focus. As shown in the following table, PSB's average net loan-to-deposit ratio compares reasonably to the similarly-situated institutions.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 3/31/2024 (\$000s)	Average Net Loan-to-Deposit Ratio (%)
Peoples Savings Bank, Wellsburg, Iowa	170,720	85.2
Cedar Valley Bank & Trust, La Porte City, Iowa	120,044	96.6
Farmers Savings Bank, Marshalltown, Iowa	145,882	71.7
Security State Bank, Radcliffe, Iowa	113,219	48.0
<i>Source: Call Reports 6/30/2018 - 3/31/2024</i>		

Assessment Area Concentration

PSB extended a majority of the small farm, small business, and home mortgage loans, by number volume, within the assessment areas. A majority of the loans outside of the assessment areas are located in neighboring counties. See the following table.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Farm	135	93.1	10	6.9	145	16,421	95.0	861	5.0	17,282
Small Business	133	68.2	62	31.8	195	10,137	57.4	7,508	42.6	17,645
Home Mortgage	52	52.5	47	47.5	99	6,342	36.4	11,091	63.6	17,433

*Source: 1/1/2023 - 12/31/2023 Bank Data; 2023 HMDA Reported Data.
Due to rounding, totals may not equal 100.0%.*

Geographic Distribution

The assessment areas do not include any low- and moderate-income geographies and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms and businesses of different revenue sizes and individuals of different income levels. The bank’s overall reasonable lending performance in each assessment area supports this conclusion. Examiners focused on the percentage, by number of loans, to farms and businesses generating gross annual revenues of \$1 million or less, and on the percentage, by number of loans, to low- and moderate-income borrowers. Refer to comments under each separately analyzed assessment area for a more details.

Response to Complaints

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the CRA rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any discriminatory or other illegal credit practices inconsistent with helping meet community credit needs.

WATERLOO-CEDAR FALLS METRO ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE WATERLOO-CEDAR FALLS METRO ASSESSMENT AREA

The Waterloo-Cedar Falls Metro Assessment Area is comprised of three census tracts in Black Hawk County (26.05, 26.06, and 30.02) and all of Grundy County (census tracts 9601 through 9604). This area is part of the Waterloo-Cedar Falls, Iowa Metropolitan Statistical Area.

Economic and Demographic Data

According to 2020 U.S. Census data, the assessment area is comprised of three middle- and four upper-income geographies. Since the 2015 American Community Survey used at the prior evaluation, one census tract split into two due to population growth in Black Hawk County, and census tract 9601 in Grundy County changed from a middle-income geography to an upper-income geography. The following table illustrates selected demographic characteristics of the Waterloo-Cedar Falls Metro Assessment Area.

Demographic Information of the Waterloo-Cedar Falls Metro Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	7	0.0	0.0	42.9	57.1	0.0
Population by Geography	28,058	0.0	0.0	28.0	72.0	0.0
Housing Units by Geography	11,694	0.0	0.0	30.2	69.8	0.0
Owner-Occupied Units by Geography	8,812	0.0	0.0	30.5	69.5	0.0
Occupied Rental Units by Geography	2,222	0.0	0.0	27.5	72.5	0.0
Vacant Units by Geography	660	0.0	0.0	35.8	64.2	0.0
Businesses by Geography	3,391	0.0	0.0	28.3	71.7	0.0
Farms by Geography	518	0.0	0.0	44.8	55.2	0.0
Family Distribution by Income Level	7,407	10.5	10.8	20.9	57.8	0.0
Household Distribution by Income Level	11,034	16.2	10.8	14.4	58.6	0.0
Median Family Income - Waterloo-Cedar Falls, Iowa Metropolitan Statistical Area		\$76,924	Median Housing Value			\$205,423
			Median Gross Rent			\$804
			Families Below Poverty Level			3.3%
<i>Source: 2020 U.S. Census and 2023 D&B Data. (*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0%.</i>						

According to 2023 D&B data, service industries represent the largest portion of businesses and farms at 29.7 percent; followed by non-classifiable establishments at 20.4 percent; agriculture, forestry, and fishing at 13.3 percent; and finance, insurance, real estate at 12.0 percent. In addition, 69.4 percent of assessment area businesses and farms have four or fewer employees, and 93.9 percent operate from a single location.

Examiners used the 2023 FFIEC-estimated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories for the Waterloo-Cedar Falls Metropolitan Statistical Area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2023 (\$91,100)	<\$45,550	\$45,550 to <\$72,880	\$72,880 to <\$109,320	≥\$109,320
<i>Source: FFIEC</i>				

Competition

The Waterloo-Cedar Falls Metro Assessment Area is considered highly competitive in the market for financial services. According to Call Reports filed by financial institutions, ten banks operate from 11 offices within the Waterloo-Cedar Falls Metro Assessment Area. These institutions range from small community banks to larger financial institutions operating branch offices in the area. Of these institutions, PSB is ranked 3rd with 11.6 percent of the deposit market share.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in understanding economic conditions and identifying credit needs. This information helps to determine whether local financial institutions are responsive to community credit needs and provides context regarding available lending opportunities. Examiners referenced an interview with a representative of an economic development organization that serves the assessment area.

The contact stated that the local economy is driven by agriculture, has a low unemployment rate, and current economic conditions are stable. No major employers have ceased operations or had significant layoffs. Agricultural operating, equipment, and land costs are high, which make it hard for smaller farmers to be successful. Small business expansion and startups have been limited. Commercial and community employers are looking for people to move into the community to fill job openings. Most of the small towns and rural areas are bedroom communities. People commute to jobs in larger cities. Housing prices have been steadily rising, and affordable housing is in short supply. Most affordable homes are old and in disrepair; however, they are on the market for a very short time, and buyers need to act immediately. These factors make it difficult for people with fewer resources to own a home. The contact specifically mentioned agriculture and affordable housing as primary community credit needs. The contact stated that local banks are successfully meeting the credit needs of their communities.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small farm, small business, and home mortgage loans are primary credit needs of the Waterloo-Cedar Falls Metro Assessment Area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN WATERLOO-CEDAR FALLS METRO ASSESSMENT AREA

LENDING TEST

PSB demonstrated reasonable performance under the Lending Test in the Waterloo-Cedar Falls Metro Assessment Area. The results of the Borrower Profile analysis supports this conclusion. As previously mentioned, greater weight was given to overall conclusions derived from this assessment area.

Geographic Distribution

This assessment area does not include any low- or moderate-income geographies, and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

Borrower Profile

The distribution of borrowers reflects reasonable penetration of farms and businesses of different revenue sizes and individuals of different income levels, given assessment area demographics. Reasonable small farm and small business lending performance primarily supports this conclusion.

Small Farm Loans

The penetration of small farm loans among agricultural operations of different sizes is reasonable. The bank’s percentage of sampled loans to farms with gross annual revenues of \$1 million or less is lower than D&B data, but reasonable when considering additional data. Specifically, 2022 U.S. Census of Agriculture data reveals that 54.5 percent of farm producers in the counties that comprise the Waterloo-Cedar Falls Metro Assessment Area are small hobby farmers. These farmers list their principal occupation as “other than farming.” The same data also shows that 52.5 percent of farms reported not incurring any interest expense. These statistics demonstrate there are a significant proportion of operators with limited or no borrowing needs. PSB’s reasonable small farm lending performance is demonstrated in the following table.

Distribution of Small Farm Loans by Gross Annual Revenue Category Waterloo-Cedar Falls Metro Assessment Area					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	98.5	39	83.0	4,044	67.9
>\$1,000,000	1.0	8	17.0	1,916	32.1
Revenue Not Available	0.6	0	0.0	0	0.0
Total	100.0	47	100.0	5,960	100.0
<i>Source: 2023 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. Although lending to businesses with gross annual revenues of \$1 million or less is lower than D&B data, examiners considered other contextual information to arrive at an overall reasonable conclusion. The majority of the bank’s small business lending, by number, is to businesses generating gross annual revenues of \$1 million or less, evidencing an intent to serve businesses in this revenue category. Management reports that many loans to businesses generating over \$1 million in gross annual revenues were to long-standing customers that have grown over time. Additionally, five of the nine loans sampled that were originated to businesses with gross annual revenues greater than \$1 million were originated to the same borrower. This concentration of loans in the sample to a small number of borrowers can affect results. Lastly, PSB offers Small Business Administration loan products designed specifically to assist small businesses with gross annual revenues of \$1 million or less. See the following table.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Waterloo-Cedar Falls Metro Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	90.7	32	78.0	1,718	45.3
>\$1,000,000	2.3	9	22.0	2,073	54.7
Revenue Not Available	7.0	0	0.0	0	0.0
Total	100.0	41	100.0	3,791	100.0
<i>Source: 2023 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

Home Mortgage Loans

PSB’s performance in extending home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is excellent. PSB’s level of lending to low-income borrowers is lower than demographics but compares reasonably when considering that 3.3 percent of assessment area families are below the poverty level. Given the median housing value of the assessment area and industry-standard underwriting criteria, these families would likely experience difficulty qualifying for a home loan due to down payment and monthly payment requirements. PSB’s level of lending to moderate-income individuals significantly exceeds demographics. The percentage of loans originated to moderate-income borrowers exceeds the percentage of moderate-income families in the assessment area by 25.6 percent. The bank’s excellent home mortgage lending performance is demonstrated in the following table.

Distribution of Home Mortgage Loans by Borrower Income Level					
Waterloo-Cedar Falls Metro Assessment Area					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	10.5	3	9.1	187	3.9
Moderate	10.8	12	36.4	1,336	28.0
Middle	20.9	3	9.1	144	3.0
Upper	57.8	14	42.4	2,409	50.5
Not Available	0.0	1	3.0	695	14.6
Total	100.0	33	100.0	4,771	100.0
<i>Source: 2020 U.S. Census; 2023 HMDA Reported Data. Due to rounding, totals may not equal 100.0%.</i>					

NON-METRO ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE NON-METRO ASSESSMENT AREA

The Non-Metro Assessment Area is comprised of three census tracts in Butler County (702, 704, and 705), one census tract in Franklin County (3601), and one census track in Hardin County (4801). This area is located in a nonmetropolitan area of Iowa.

Economic and Demographic Data

According to 2020 U.S. Census data, the assessment area is comprised of five middle-income geographies. The geographies have not changed between the 2015 American Community Survey and the 2020 U.S. Census. The following table illustrates selected demographic characteristics of the Non-Metro Assessment Area.

Demographic Information of the Non-Metro Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	5	0.0	0.0	100.0	0.0	0.0
Population by Geography	14,324	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	6,792	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	4,724	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	1,318	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	750	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	1,662	0.0	0.0	100.0	0.0	0.0
Farms by Geography	322	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	3,969	17.9	19.1	25.1	37.8	0.0
Household Distribution by Income Level	6,042	21.8	15.9	21.0	41.3	0.0
Median Family Income – Nonmetropolitan Iowa		\$71,763	Median Housing Value			\$118,193
			Median Gross Rent			\$591
			Families Below Poverty Level			8.5%

Source: 2020 U.S. Census and 2023 D&B Data. () The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0%.*

According to 2023 D&B data, service industries represent the largest portion of businesses and farms at 26.3 percent; followed by non-classifiable establishments at 18.5 percent; agriculture, forestry, and fishing at 16.2 percent; and retail trade at 9.8 percent. In addition, 70.1 percent of assessment area businesses and farms have four or fewer employees, and 92.6 percent operate from a single location.

Examiners used the 2023 FFIEC-estimated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories for nonmetropolitan Iowa.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2023 (\$86,300)	<\$43,150	\$43,150 to <\$69,040	\$69,040 to <\$103,560	≥\$103,560

Source: FFIEC

Competition

The Non-Metro Assessment Area is considered highly competitive in the market for financial services. According to Call Reports filed by financial institutions, nine banks operate from 12 offices within the counties that comprise the Non-Metro Assessment Area. These institutions range from small community banks to larger financial institutions operating branch offices in the area. Of these institutions, PSB is ranked 9th with 2.1 percent of the deposit market share.

Credit Needs

Considering information from bank management, and demographic and economic data, examiners determined that small farm, small business, and home mortgage loans are primary credit needs of the Non-Metro Assessment Area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NON-METRO ASSESSMENT AREA

LENDING TEST

PSB demonstrated reasonable performance under the Lending Test in the Non-Metro Assessment Area, supported by Borrower Profile performance. This assessment area received the least amount of weight due to the limited lending and deposit activity occurring in this area.

Geographic Distribution

This assessment area does not include any low- or moderate-income geographies, and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms and businesses of different revenue sizes and individuals of different income levels. PSB's reasonable lending performance in all three products supports this conclusion.

Small Farm Loans

The penetration of small farm loans among agricultural operations of different sizes is reasonable. The bank's percentage of sampled loans to farms with gross annual revenues of \$1 million or less is lower than D&B data, but reasonable when considering additional data. Specifically, 2022 U.S. Census of Agriculture data reveals that 55.5 percent of farm producers in the counties that comprise the Non-Metro Assessment Area are small hobby farmers. These farmers list their principal occupation as "other than farming." The same data also shows that 54.1 percent of farms reported not incurring any interest expense. These statistics demonstrate there are a significant proportion of operators with limited or no borrowing needs. PSB's reasonable small farm lending performance is demonstrated in the following table.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Non-Metro Assessment Area					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	99.4	21	91.3	1,840	75.4
>\$1,000,000	0.6	2	8.7	601	24.6
Revenue Not Available	0.0	0	0.0	0	0.0
Total	100.0	23	100.0	2,441	100.0
<i>Source: 2023 D&B Data; Bank Data.</i>					
<i>Due to rounding, totals may not equal 100.0%.</i>					

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. As shown in the following table, PSB’s lending to businesses with gross annual revenue of \$1 million or less is comparable with demographic data.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Non-Metro Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	88.6	30	83.3	1,124	69.1
>\$1,000,000	2.0	6	16.7	502	30.9
Revenue Not Available	9.4	0	0.0	0	0.0
Total	100.0	36	100.0	1,626	100.0
<i>Source: 2023 D&B Data; Bank Data.</i>					
<i>Due to rounding, totals may not equal 100.0%.</i>					

Home Mortgage Loans

PSB’s performance in extending home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable. PSB originates a relatively high percentage of home mortgage loans to individuals and other entities for investment purposes. Generally, these loans are extended to corporate entities that do not report income. The following table shows that 26.3 percent of home mortgage borrowers report income as Not Available. This high percentage skews the numbers when lending is compared to the percentage of assessment area families. As noted in the demographic table, 8.5 percent of assessment area families are below the poverty level. These individuals would most likely have difficulty making a down payment or meeting underwriting criteria to purchase a home. Lastly, PSB participates in several secondary market and government-guaranteed loan programs targeted to low- and moderate-income borrowers, as well as first-time homebuyers. The bank’s credit underwriting is not restrictive, and management is willing to extend credit to all qualified applicants.

Distribution of Home Mortgage Loans by Borrower Income Level					
Non-Metro Assessment Area					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	17.9	2	10.5	60	3.8
Moderate	19.1	3	15.8	105	6.7
Middle	25.1	6	31.6	693	44.1
Upper	37.8	3	15.8	470	29.9
Not Available	0.0	5	26.3	244	15.5
Total	100.0	19	100.0	1,572	100.0
<i>Source: 2020 U.S. Census; Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The institution's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

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.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

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 institution 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).

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 (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, 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 Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

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 (e.g, 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.

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 (also known as non-MSA): 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.