

COMMUNITY REINVESTMENT ACT NOTICE

Under the federal Community Reinvestment Act (CRA), the Federal Deposit Insurance Corporation (FDIC) evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations. The FDIC also takes this record into account when deciding on certain applications submitted by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the CRA, including, for example, information about our branches, such as their location and services provided at them; the public section of our most recent CRA Performance Evaluation, prepared by the FDIC; and comments received from the public relating to our performance in helping to meet community credit needs, as well as our responses to those comments. You may review this information today.

At least 30 days before the beginning of each quarter, the FDIC publishes a nationwide list of the banks that are scheduled for CRA examination in that quarter. This list is available from the Regional Director of the FDIC. The schedule of exams may be found at: (<https://www.fdic.gov/regulations/community/exam/index.html>). You may send written comments about our performance in helping to meet community credit needs to Grant Jex, CRA Officer, 1868 S 500 W Woods Cross, UT 84087 and FDIC Regional Director. You may also submit comments electronically through the FDIC's Web site at www.fdic.gov/regulations/cra. Your letter, together with any response by us, will be considered by the FDIC in evaluating our CRA performance and may be made public.

You may ask to look at any comments received by the FDIC Regional Director. You may also request from the FDIC Regional Director an announcement of our applications covered by the CRA filed with the FDIC.

Prime Alliance Bank

COMMUNITY REINVESTMENT ACT STRATEGIC PLAN 2022-2026

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SECTION I. INTRODUCTION

A. Prime Alliance Bank Profile

Prime Alliance Bank (“Prime” or “Bank”) began in 2004 as a State Chartered, FDIC insured bank. It operates one office in Woods Cross, Utah and is a full-service bank. It is a unique bank operating in various niche markets, the largest of which is leasing. While Prime is a depository-taking institution, and offers traditional consumer and business deposit offerings, it does not engage in consumer lending. The Bank is setup as a subchapter S corporation owned by a group of shareholders.

Prime has established relationships with independent leasing companies across the country and uses this network to purchase equipment leasing transactions. It also has an established network that provides SBA, real estate, and other business loan opportunities around the United States. In addition, it has two business development officers that market loan and deposit products in the state of Utah. With this business focus, loans or leases are typically for equipment (86.8%) and real estate (13.2%) per the 6/30/21 Bank’s Call Report

Loan Portfolio Prime Alliance Bank

Loan Category	\$ (000s)	%
Construction and Land Development	\$ 4,125	1.0%
Secured by Farmland	\$ -	0.0%
1-4 Family Residential	\$ 503	0.1%
Multi-family (5 or more) residential	\$ 2,074	0.5%
Commercial Real Estate	\$ 50,279	11.6%
Total Real Estate Loans	\$ 56,981	13.2%
Commercial and Industrial	\$ 226,245	52.4%
Agricultural	\$ -	0.0%
Consumer	\$ 4	0.0%
Lease financing receivables (net of unearned income)	\$ 148,624	34.4%
Less: Unearned Income	\$ -	0.0%
Total Loans	\$ 431,854	100.0%

Over 80% of Prime’s business comes through referrals or word of mouth. Prime has formed strategic partnerships with brokers, leasing companies, vendors, manufacturers, accountants, business consultants, and other banks.

The Community Reinvestment Act (“CRA”) requires the Bank to develop a plan that documents the extent of unmet credit needs in the community. Additionally, it must establish goals and methods by which the institution proposes to address those needs - consistent with its capacity and business mission, and the mechanism by which achievement of those goals can be measured, monitored, and adjusted, if needed.

This Community Reinvestment Act Strategic Plan is a logical progression in meeting the Bank's CRA requirements while giving the community a strong partner in meeting its needs. It is proposed that this new plan become effective for the period from January 1, 2022, through December 31, 2026 ("CRA Plan" or the "Plan").

Prime is classified as a small institution (with just over \$500 million in assets). The challenge has been to craft a CRA Plan that, despite a small staff size of 26 employees and limited consumer interface, has a material and measurable positive impact in the community and is consistent with both the letter and the spirit of CRA and its implementing regulations.

SECTION II. COMMITMENT TO CRA

A. Prime Alliance Bank Early CRA Efforts

As a federally insured depository institution, the Bank is subject to the Community Reinvestment Act (codified at 12 U.S.C. §§ 2901-2908 (2006) ("CRA")), which requires banks to identify and help meet the credit needs of its entire community, including low-to moderate-income ("LMI") individuals and geographies.

Prime was evaluated under the Small Bank examination procedures from inception in 2004 through 2012. From December 2012 through the present, the Bank has operated under a CRA strategic plan.

Its latest performance evaluation was dated December 2, 2019, in which the Bank was given an overall CRA rating of Satisfactory. The Bank's performance factors which contributed to a satisfactory rating included the Bank exceeding its goals for investments in 2014 and 2016 and the Bank's community development (CD) service hours exceeded goals for satisfactory performance in 2014, 2015, 2017, and 2018; and exceeded the threshold for outstanding performance in 2016.

In 2020, 74.5% by count of all loans and leases were originated to borrowers outside the Bank's defined Assessment Area. The Bank does not have the traditional branch office network that would allow it to extend traditional banking services to low-to-moderate income individuals in its defined assessment area.

With the product offering primarily outside the Bank's assessment area, the Bank continues to operate under a CRA strategic plan and submits this plan for consideration and approval by the FDIC. The Plan's measurable goals are based on lending and CD goals consistent with the size of the Bank and as identified by community needs in its assessment area. The Bank performed extensive research, needs assessment, community outreach, and corresponding analyses in conjunction with formulating this strategic plan on behalf of the Bank.

B. CRA Governance

The Bank’s CRA program and related elements are reviewed annually by the Board of Directors. Authority and responsibility for the administration of the CRA program is vested in the Board of Directors. The CRA Officer is appointed by the Board of Directors and has the responsibility for the day-to-day administration of the CRA program. The CRA Officer establishes, implements, and maintains CRA information systems and supporting documentation files. CRA qualified investments, grants and services are approved by Bank Management and the Board when required.

SECTION III. ASSESSMENT AREA

The Bank’s primary assessment area (“AA”) is defined as Davis, Salt Lake and Weber Counties. These counties comprise portions of two different Metropolitan Statistical Area (MSA) located within the State of Utah: The Ogden-Clearfield (OGC) MSA #36260 and the Salt Lake City, UT MSA #41620. These counties are contiguous, have similar economies, and are located within the Salt Lake City-Provo-Orem Combined Statistical Area (CSA). This AA meets the definition of Reg BB, in that the geographic location of assessment areas must consist generally of one or more contiguous political subdivisions, such as counties, cities, or towns that includes the Bank’s main office, its branches, and its deposit-taking ATMs and does not arbitrarily exclude any low- and moderate-income areas.

There are 316 Census Tracts in the AA, 13 are low-income, 83 moderate-income, 143 middle-income, 98 upper-income and 4 unknown census tracts.

The Bank has only one location at 1868 South 500 West, Woods Cross, UT 84087.

Prime will strive to fulfill its CRA responsibilities in its assessment areas outlined below.

Utah Counties Map:



SECTION IV: PUBLIC PARTICIPATION

The Bank has gone to significant lengths to assess needs and to seek public participation in development of this Strategic Plan. The FDIC regulations governing public participation fall into two categories: (A) the informal seeking of public participation in the development of the proposed strategic plan, and (B) the formal solicitation of public comment by publication in a newspaper of general circulation in the assessment area. The Bank intends to place an ad in the local newspaper for a 30-day public comment period to comply with this requirement. This section will be edited once the 30-day public comment period is complete to include any commentary from public comments.

A. Public Participation and Informal Suggestions

Prime has informally sought feedback from community partners and from public sources on the needs of the community in the Bank's assessment area. Below is a summary of its informal feedback and data from public sources identifying community needs.

Informal feedback from community partners: The Bank sought feedback from a local nonprofit housing organization focused on affordable housing, small business lending and revitalization and stabilization, which also provides a transit-oriented development loan fund and secondly from an affordable housing nonprofit organization. The following is the feedback of community needs and ways banks could partner in the Bank's assessment area:

- Affordable housing, both single-family and multifamily
 - Affordable financing
 - Homebuyer education and foreclosure counseling
 - Special needs housing
- Economic development
 - Finance small business and entrepreneurs
 - Create jobs for LMI households
 - Increase management capacity
- Transportation
 - Transportation oriented development (TOD)

The Bank also utilized information from Salt Lake County's consolidated plan for HUD and CDBG funding drafted in 2015. A summary of their plan identified housing design and affordability as the top need in Salt Lake County.

The Bank also reached out to Davis County to review their consolidated plan for HUD and CDBG funding. The focus of the plan is to benefit low- and moderate-income households in the County. The Plan identified the number of such households in the County and focuses the highest priority on those areas where there are the greatest numbers of such households. These priorities are:

- Affordable housing through down payment assistance, home repair and other programs supporting LMI individuals/families in the County.
- Public Services assisting County residents with food, homelessness, and other needs.
- Public facility improvements that allowed severely handicapped and elderly to access buildings and sidewalks in the community.

A review of five FDIC regulated bank's performance evaluations from 2019 – 2021 showed the most common needs along the Wasatch Front as first being affordable housing and the second is small business lending.

B. Formal Public Comment Process

The Bank will solicit formal public comment on its Strategic Plan by publishing notice in at least one newspaper of general circulation in the Bank's assessment areas, as required by 12 C.F.R. §345.27(d)(2). Proof of publication of request for public comment will be included in the Strategic Plan (Appendix B).

SECTION V. CRA PERFORMANCE CONTEXT

The FDIC applies the various CRA tests and standards in the context of seven factors collectively referred to as a bank's CRA "performance context." These seven factors are:

1. Demographic and economic data
2. Product Offerings and Business Strategy
3. Lending, Investment and Service Opportunities
4. Institutional Capacity and Constraints
5. Performance of Bank and Similarly Situated Lenders
6. Public File and Written Comments
7. Any information deemed relevant by the FDIC

The FDIC also considers whether to approve a proposed strategic plan within those same "performance context" factors (12 C.F.R. §345.21(b)). The elements of the Bank's CRA performance context is discussed throughout this document. A summary of the factors outlined in 12 C.F.R. §345.21(b)(1) – (7) follows:

A. Demographic and Other Relevant Data (12 C.F.R. §345.21(b)(1))

Demographic Data on Median Income Levels, Distribution of Household Income, Nature of Housing Stock, Housing Costs, and Other Relevant Data (12 C.F.R. §345.21(b)(1))

(1) Median income levels and distribution of income. The 2019 American Community Survey shows the MSA median family income (MFI) for Salt Lake County at \$74,865. The 2020 FFIEC Estimated Area Median Income for this same county is \$87,500.

Table 1a reflects the distribution of family income for Salt Lake County as determined by the 2020 FFIEC Estimated Area Median Income. Table 1b provides a breakdown of census tract characteristics.

Table 1a – Median Family Income (MFI)—Salt Lake County

<u>Income Category</u>	<u>MFI Criteria</u>	<u>Income Threshold</u>
Low	< 50%	Up to \$43,750
Moderate	50% up to < 80%	\$43,751 to \$70,000
Middle	80% up to < 120%	\$70,001 to \$105,000
Upper	120% +	\$105,001 +

Table 1b –Salt Lake County Census Tract Characteristics

<u>Census Tract Income Level</u>	<u># of Tracts</u>	<u>% of Tracts</u>	<u>Population</u>	<u>% of Population</u>
Low	8	3.6%	36,202	3.2%
Moderate	53	23.8%	258,110	22.6%
Middle	93	41.7%	511,844	44.9%
Upper	65	29.1%	324,089	28.4%
Unknown	4	1.8%	9,706	0.9%
Total	223	100.00%	1,139,851	100.00%

Source: ffiec.gov

Median income levels and distribution of income for Davis County

The 2019 American Community Survey shows the MSA median family income (MFI) for Davis County at \$83,310. The 2020 FFIEC Estimated Area Median Income for this same county is \$85,300.

Table 2a reflects the distribution of family income for the Davis County as determined by the 2020 FFIEC Estimated Area Median Income. Table 2b provides a breakdown of census tract characteristics.

Table 2a – Median Family Income (MFI)—Davis County

<u>Income Category</u>	<u>MFI Criteria</u>	<u>Income Threshold</u>
Low	< 50%	Up to \$42,650
Moderate	50% up to < 80%	\$42,651*2 to \$68,240
Middle	80% up to < 120%	\$68,241 to \$102,360
Upper	120% +	\$102,361 +

Table 2b –Davis County Census Tract Characteristics

<u>Census Tract Income Level</u>	<u># of Tracts</u>	<u>% of Tracts</u>	<u>Population</u>	<u>% of Population</u>
Low	0	0%	0	0%
Moderate	10	18.5%	43,748	13.5%
Middle	22	40.7%	146,365	45.3%
Upper	22	40.7%	133,261	41.2%
Unknown	0	0%	0	0
Total	54	100.00%	323,374	100.00%

Source: ffiec.gov

Median income levels and distribution of income for Weber County

The 2019 American Community Survey shows the MSA median family income (MFI) for Weber County at \$67,244. The 2020 FFIEC Estimated Area Median Income for this same county is \$85,300.

Table 2a reflects the distribution of family income for the Weber County as determined by the 2020 FFIEC Estimated Area Median Income. Table 2b provides a breakdown of census tract characteristics.

Table 3a – Median Family Income (MFI)—Weber County

<u>Income Category</u>	<u>MFI Criteria</u>	<u>Income Threshold</u>
Low	< 50%	Up to \$42,650
Moderate	50% up to < 80%	\$42,651 to \$68,240
Middle	80% up to < 120%	\$68,241 to \$102,360
Upper	120% +	\$90,901 +

Table 3b –Weber County Census Tract Characteristics

<u>Census Tract Income Level</u>	<u># of Tracts</u>	<u>% of Tracts</u>	<u>Population</u>	<u>% of Population</u>
Low	5	4.2%	11,230	1.8%
Moderate	30	25.4%	131,880	20.8%
Middle	50	42.4%	282,770	44.6%
Upper	33	28.0%	207,719	32.8%
Unknown	0	0%	0	0
Total	118	100.00%	633,599	100.00%

Source: ffiec.gov

DEMOGRAPHICS

Davis, Salt Lake, and Weber Counties are in the northern part of the State of Utah, and are bordered by Morgan counties to the north, Summit and Wasatch counties to the east, Utah County to the south, and Tooele County to the west.

Davis County

Davis County, Utah has a population of 351,713 people with a median age of 31.4 and a median household income of \$84,358. Between 2017 and 2018 the population of Davis County, grew from 347,637 to 351,713, a 1.17% increase and its median household income grew from \$80,301 to \$84,358, a 5.05% increase. The poverty rate for Davis County is 5.55%

The population is 83.4% White, 7.9% Hispanic, and 2.3% two plus races. Zero percent of the people in Davis County speak a non-English language at home as their primary language and 98.3% are U.S. Citizens.¹

¹ <https://www.daviscountyutah.gov/ced/economic-development/business-development/demographics>

Salt Lake County

Salt Lake County, UT has a population of 1,150,000 people with a median age of 32.9 and a median household income of \$73,801. Between 2017 and 2018 the population of Salt Lake County, UT grew from 1,140,000 to 1,150,000, a 1.5% increase and its median household income grew from \$71,471 to \$73,801, a 3.26% increase. The poverty rate for Salt Lake County is 9.75%.

The population of Salt Lake County, UT is 70.4% White, 10.3% Hispanic, 6.67% Asian, and 2.68% two plus races. 22.2% of the people in Salt Lake County, UT speak a non-English language at home as their primary language, and 91.8% are U.S. citizens.²

Weber County

Weber County, UT has a population of 247,731 people with a median age of 32.5 and a median household income of \$64,636. Between 2017 and 2018 the population of Salt Lake County, UT grew from 244,101 to 247,731, a 1.49% increase and its median household income grew from \$62,036 to \$64,636, a 4.19% increase. The poverty rate for Weber County is 11.3%.

The population of Weber County, UT is 76.3% White, 12.7% Hispanic, 2.54% Asian, and 2.54% two plus races. 0% of the people in Weber County, UT speak a non-English language at home as their primary language, and 95.6% are U.S. Citizens.³

(2) Nature of housing stock and housing costs.

Since 2010, Utah has led the country in employment and demographic growth. This growth has produced exceptionally strong demand for housing, which in turn has put upward pressure on housing prices. A housing shortage has ensued, with the supply of new homes and existing “for sale” homes falling short of demand. While the impact of higher housing prices is widespread, affecting buyers, sellers, and renters in all income groups, those households below the median income and particularly low-income households are disproportionately hurt by higher housing prices. For these households, higher housing prices can lead to a severe housing cost burden — paying more than 50 percent of their income toward housing — a situation faced by one in eight households (120,000 households) in Utah. Market and demographic conditions are primarily responsible for driving-up housing prices, however, government policies at all levels can help to temper price increases and mitigate the impact of higher prices.⁴

Utah’s change in housing price index from first quarter 2015 to first quarter 2020 increased 53.0%. The United States average over this same period increased 33.4%. Utah’s housing price index increased more than 20% over the national average showing Utah as the fourth highest change in the housing price index in the Nation. Utah’s

² <https://datausa.io/profile/geo/salt-lake-county-ut/>

³ <https://datausa.io/profile/geo/weber-county-ut/>

⁴ <http://gardner.utah.edu/wp-content/uploads/May2018HousingReport.pdf>

neighboring states Idaho and Nevada came in first and third in the Nation respectively.⁵ Utah's third quarter 2020 shows an 8.4% growth of median home sales prices.⁶

Davis County

Using the ffiec.gov census reports which is based off the 2019 American Community Survey (ACS), Davis County, Utah had 108,847 housing units with 4,296 units 3.9% vacancy rate. Of the total housing units, 89.7% were in single family units. This number represents housing that hold less than 4-units and account for condominiums, townhouses, single-family homes, mobile homes, boats, RVs, and vans. Housing units that include 5+ units accounted for the remaining 10.3%. The median age of housing is 31.7years.

In the 2019- ACS, Davis County, Utah had 104,551 occupied housing units –80,518 (77.0 percent) owner occupied and 24,033 (22.9 percent) renters occupied.

The median property value in Davis County, UT is \$290,300, which is 1.33 times larger than the national average of \$217,500. Between 2018 and 2019 the ACS 1-Year Estimate shows the median property value increased from \$317,300 to \$341,400, a 7.6% increase.

Salt Lake County

Using the ffiec.gov census reports which is based off the 2019 American Community Survey (ACS), Salt Lake County, Utah had 374,820 housing units with 22,260 units or 5.9% vacancy rate. Of the total housing units, 78.7% were in single family units. This number represents housing units less than 4-units and account for condominiums, townhouses, single-family homes, mobile homes, boats, RVs, and vans. Housing units that include 5+ units accounted for the remaining 21.3%. The median age of housing is 33.3 years.

In the 2019 ACS, Salt Lake County, Utah had 374,820 occupied housing units – 251,555 (67.1 percent) owner-occupied and 123,265 (32.9 percent) renter-occupied.

The median property value in Salt Lake County, UT is \$305,700, which is 1.41 times larger than the national average of \$217,500. Between 2018 and 2019 the ACS 1-Year Estimate shows the median property value increased from \$336,500 to \$363,400, an 8.0% increase.

Weber County

Using the ffiec.gov census reports which is based off the 2019 American Community Survey (ACS), Weber County, Utah had 91,756 housing units with 8,124 units or 8.8% vacancy rate. Of the total housing units, 88.5% were in single family units. This number represents housing units less than 4-units and account for condominiums, townhouses,

⁵ <https://gardner.utah.edu/wp-content/uploads/Best-Practices-Dec2020.pdf?x71849>

⁶ <https://gardner.utah.edu/economics-and-public-policy/utah-economic-dashboard/>

single-family homes, mobile homes, boats, RVs, and vans. Housing units that include 5+ units accounted for the remaining 11.5%. The median age of housing is 33.1 years.

In the 2019 ACS, Weber County, Utah had 83,632 occupied housing units – 61,395 (73.4 percent) owner-occupied and 22,237 (26.6 percent) renter-occupied.

The median property value in Weber County, UT is \$220,600, which is 1.01 times larger than the national average of \$217,500. Between 2018 and 2019 the ACS 1-Year Estimate shows the median property value increased from \$245,500 to \$271,400, a 10.5% increase.

(3) Other relevant data, including assessment area's economic outlook.

Overview of the Economy—The Utah economy remains healthy comparatively to the rest of the Nation. Utah's nonagricultural employment decreased by an estimated 14,800 jobs or 0.9% between September 2019 and September 2020. Nationally, jobs decreased 6.4% or 9.7 million jobs during this same time frame. Leisure and Hospitality have been the hardest hit job sectors. With employment by industry Utah experienced a decrease of 15.7% in the Leisure and Hospitality sector.⁷

Many economies were devastated by the COVID-19 pandemic, Utah's economy experienced less than 10% unemployment during the height of the pandemic. By the end of 2020 Utah's unemployment rate had dropped to 4.3% compared to the Nation's unemployment rate of 6.7%. Utah's job market fared better than any other state. Construction increased 5.4% and financial activity jobs increased 3.6%. Although Utah is still experiencing increased construction jobs, Utah's tourism was hit by a 32% decline in visitations due to the pandemic.⁸ The year over year quarterly Gross Domestic Product by State for the fourth quarter 2020 shows Utah increasing their GDP by 3.1% compared to the United States decrease of 1.2%.⁹

Outlook 2021—The public health crisis with the COVID-19 pandemic has been tragic, the impact on the Utah economy was much milder than initially expected. A strong recovery is forecast for 2021, with employment increasing by 58,000 jobs, which would be the largest single-year increase in employment in Utah's history.⁶

Davis County

The economy of Davis County employs 172,190 people according to the ACS 1-Year Estimates. Jobs are specialized in architecture and engineering; computer and mathematical; and business and financial operations occupations, which employ respectively 1.58; 1.33; and 1.18 times more people than what would be expected in a location of this size. The largest industries in Davis County are educational services, health care, and social assistance (38,983); retail trade (21,288); professional, scientific, and management, and administrative and waste management services (20,737); and

⁷ <https://gardner.utah.edu/wp-content/uploads/October-2020-Economic-Summary.pdf?x71849>

⁸ <https://gardner.utah.edu/wp-content/uploads/ERG2021-Highlights.pdf?x71849>

⁹ <https://gardner.utah.edu/economics-and-public-policy/utah-economic-dashboard/>

manufacturing (18,426).¹⁰ The highest paying industries are utilities (\$87,384); public administration (\$65,279); professional, scientific and tech services (\$64,364); finance and insurance (\$63,632); and mining, quarrying, oil, and gas extraction (62,395).¹¹

Salt Lake County

The economy of Salt Lake County employs 618,705 people according to the ACS 1-Year Estimates. Jobs are specialized in computer and mathematical; office and administrative support; and construction and extraction occupations which employ respectively 1.39; 1.27; and 1.17 times more people that what would be expected in a location of this size. The largest industries in the County are educational services, health care and social assistance (129,305); professional, scientific, management, administrative and waste management services (81,219); retail trade (66,400); and finance, insurance, real estate, rental and leasing (59,508).¹¹ The highest paying industries are mining, quarrying, oil, and gas extraction (\$85,149); agriculture, forestry, fishing, hunting, and mining (\$66,700); utilities (\$66,614); and professional, scientific, and technical services (\$66,481).¹²

Weber County

The economy of Weber County employs 133,583 people according to the ACS 1-Year Estimates. Jobs are specialized in production; installation, maintenance, and repair; and office and administrative support occupations which employ respectively 1.9; 1.26; and 1.23 times more people that what would be expected in a location of this size. The largest industries in the County are educational services, health care and social assistance (24,561); retail trade (17,578); and manufacturing (16,563).¹¹ The highest paying industries are utilities (\$57,427); mining, quarrying, oil, and gas extraction (\$57,095); real estate, rental, and leasing (\$55,994); and professional, scientific, and technical services (\$55,977).¹²

B. Product Offering and Business Strategy (12 C.F.R. §345.21(b)(3))

The Bank's product offering, and business strategy as determined from data provided by the Bank (12 C.F.R. §345.21(b)(3))

Commercial Loans

- Equipment leasing
- SBA equipment
- Commercial Real Estate purchase or refinance

¹⁰

https://data.census.gov/cedsci/table?q=0400000US49_0500000US49011,49035,49057&t=ACS DP1Y2019.DP03&hidePreview=true

¹¹

https://data.census.gov/cedsci/table?q=median%20earnings%20by%20industry&t=Income%20and%20Earnings&=0400000US49_0500000US49011,49035,49057&d=ACS%201-Year%20Estimates%20Detailed%20Tables&t=ACS DT1Y2019.B24031&hidePreview=true

- Working capital lines of credit
- Business acquisition
- Commercial term loan

Services

- Personal checking and saving accounts
- Business checking and saving accounts
- Money Market accounts
- Time Certificates of deposit
- Online banking
- Walk-up and drive-through services through single branch location

Business Strategy

Prime is engaged in the business of operating a state chartered commercial bank insured by the FDIC. The Bank provides diversified financial and related services. While it accepts deposits from both consumers and commercial businesses, it only lends to commercial entities. For its funding, the Bank also uses a combination of brokered, core and reciprocal deposits. The Bank was founded to primarily finance lease transactions, but also to do general commercial lending in areas such as lines of credit, SBA loans, real estate loans, construction loans and other general working capital types of lending arrangements.

Equipment leasing is done through various reputable leasing partners, in a wide range of industries, across the United States where leases are originated by them and then discounted or sold to the Bank. Equipment/collateral for these leases run the gamut from heavy equipment such as yellow iron and cranes, rolling stock, various types of machinery, to software and FF&E. Most of these transactions are originated outside the State of Utah.

The general commercial, construction, real estate, and SBA lending products are offered locally. However, the Bank works with companies that do real estate and SBA transactions in states outside of Utah which the Bank finances. The Bank actively seeks deposits from all commercial customers and strives to build its core deposit base.

The Bank continually looks to expand its leasing presence and reputation and to find strong partners in this area. Prime has developed considerable expertise in this product type. Additionally, the Bank is constantly looking for new product initiatives and ways to lend in a safe and sound manner and in ways that meaningfully benefit its customer base. These strategies will continue for the foreseeable future.

C. Lending, Investment and Service Opportunities (12 C.F.R. §345.21(b)(2))

Information regarding lending, investment, and service opportunities in the Bank's assessment area (12 C.F.R. §345.21(b)(2))

In reviewing the credit needs of the assessment area, and the limited consumer exposure of the Bank's overall lending strategy, the Bank has determined that there is one primary need for retail lending focused on small business lending. A secondary need is community development activities within the assessment area.

From a retail lending standpoint, the Bank will continue to offer lending and leasing products to small businesses. These include:

- Equipment leasing
- Equipment loans through SBA lending products
- Commercial real estate loans and refinance products.

From a community development perspective, the Bank may explore investing or originating the following types of community development loans and investments:

- Loans greater than \$1 million in Small Business Administration's 504 and 7(a) Certified Development Company Program
- Investments in state housing bonds that specifically support affordable housing or other community development areas
- Investments/loans that finance affordable units. There are many community development nonprofit organizations that assist in providing lending related to affordable housing. These include:
 - Rocky Mountain CRC, which provides consortium lending, primarily to provide permanent lending to low-income housing tax credit multifamily projects.
 - CDCU also provides financing for single family affordable housing in which banks may provide lines of credit to facilitate this type of lending.
 - Utah Center for Neighborhood Stabilization ("UCNS") offers a Transit Oriented Development ("TOD") fund for developers to purchase land, finance predevelopment expenses and to provide construction financing for affordable housing projects.
 - Opportunities to invest in tax credit financing is also available through several regional and national tax credit syndicators that provides affordable housing throughout Utah.
- Favorable debt financing for low-income housing tax credit ("LIHTC") projects, or participation in multi-investor syndicated LIHTC or Affordable Housing Preservation Funds.
- Purchase of qualified MBS, housing bonds, qualified municipal bonds, and agency paper that supports affordable housing and economic development throughout the Bank's assessment area.

Grant opportunities in the assessment area include but are not limited to the following:

- Down payment assistance through housing nonprofits includes NeighborWorks Salt Lake. Additional opportunities may exist with other housing organizations such as Community Development Corporation of Utah ("CDCU").

- Grants to agencies serving homeless and to provide to support operating expenses of shelters for the homeless through agencies such as Shelter the Homeless, The Road Home, Volunteers of America, Catholic Community Services, Lantern House, and the YWCA.
- Food assistance through food pantries including the Utah Food Bank and Catholic Community Services.
- Job skill training through applied technology centers within the Bank's assessment area.

Community development service opportunities may include but are not limited to:

- Homebuyer education through NeighborWorks Salt Lake, AAA Fair Credit Foundation, and CDCU as examples.
- Sponsor trainings to increase nonprofit capacity to build affordable housing, such as the annual Utah Housing Coalition conference or the annual Utah National Association of Housing and Redevelopment Officer ("NAHRO") conference.
- Small business training and loan programs through Utah Microenterprise Loan Fund, Utah Hispanic Chamber of Commerce, Pete Suazo Business Center, and various Small Business Development Centers located throughout the Bank's assessment area.
- Volunteer service to nonprofits, cities and counties that support economic development through revolving loan programs.
- Volunteer Income Tax Assistance (VITA) provided to LMI individuals throughout the Bank's assessment area.
- After-school, summer, and Pre-K educational services and childcare with organizations such as Utah Community Action's Head Start programs, the YMCA of Northern Utah, or Boys & Girls Club of Greater Salt Lake as examples.
- Financial education opportunities with various nonprofit and educational institutions.

D. Institutional Capacity and Constraints (12 C.F.R. §345.21(b)(4))

Institutional capacity and constraints, including the size and financial condition of the Bank, economic climate, safety and soundness limitations, and any other factors that significantly affect the Bank's ability to provide lending, investments, or services in its assessment area(s) (12 C.F.E. 345.21(b)(4)).

Bank assets total approximately \$500.0 million as of June 30, 2021, which included total loans of \$431.9 million and securities totaling \$64.5 million. The largest categories of loans by dollar volume include commercial and industrial loans (52.4 percent), lease financing receivables (34.4 percent) and commercial real estate (11.6 percent).

The Bank's assessment area is heavily competitive in the market for financial services. Per the FDIC Deposit Market Share data as of June 30, 2020, there were 53 financial institutions that operated 509 full-service branches within the State of Utah with \$714B in deposits. Prime was ranked 35th with a 0.07 percent deposit (\$477.7MM) market share. The market also includes other financial institutions including credit unions. Per

the National Credit Union Administration website, there are 60 credit unions located in Utah.

The FDIC recognizes the level of competition in Salt Lake County. In the WEX Bank December 9, 2019, performance evaluation, the following was noted regarding competition: The AA is a highly competitive market for financial institutions. According to the June 30, 2019, FDIC Deposit Market Share data, 39 financial institutions operate 208 branches within the AA. Of these, WEX Bank ranked 16th, with 0.5 percent of the deposit market share. Large financial institutions operating main offices in the area include Ally Bank, Morgan Stanley Bank National Association, American Express National Bank, Synchrony Bank, and UBS Bank USA. Together, these 5 institutions make up 76.1 percent deposit market share in the AA. The AA is specifically competitive for WEX Bank, as several other industrial banks are also headquartered in Salt Lake City. Many of these industrial financial institutions follow Interagency Strategic Plan Examination Procedures, as well as limited purpose and wholesale designation procedures, resulting in an unusually high level of competition for the extension of CD investments and services within the AA.

The FDIC also noted in the Bank's last performance evaluation dated December 2, 2019, the highly competitive level within the State of Utah. "PAB is a nationwide lender, but within its AA competition for financial services is high. According to the FDIC's June 30, 2019, Summary of Deposits, there were 42 financial institutions operating 255 offices in Davis and Salt Lake Counties. In the AA, PAB has a 0.07 percent market share of \$554.4 billion in total deposits. Additionally, aggregate CRA lending data for 2017 shows 80 institutions who reported making 26,363 small business loans totaling \$933.8 million in the bank's AA. This data is not inclusive of all small business loans made, as some banks are not required to report the data. "

With Prime being a small bank in the Bank's assessment area, the opportunities to compete for small business loans and community development activities are limited. As such, the Bank will meet needs within the Bank's assessment area before considering activities on a statewide or regional basis. A statewide basis includes all areas within the State of Utah. Regional areas include the states of Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, and Wyoming.

The Bank has limited experience with existing bank staff to consider community development loans. The Bank is structured as a small financial institution and under the CRA examination procedures is evaluated under the lending test that does not consider community development activity. The ability of staff to originate community development loans is limited. Any consideration of community development loans will most likely be through third party participation or consortium lending products.

The Bank also recognizes additional business constraints. This plan is based on the Prime Alliance's health and the current banking environment. In the event of changes, the Bank may have difficulty in maintaining the levels of commitment outlined herein.

Some of the unforeseen changes that would affect the ability of the Bank to administer the plan as presented are:

1. Deterioration in the Bank's Ability to Lend. This could occur by such things as abruptly rising interest rates, economic slowdown both regionally and nationally, an increase in regulatory underwriting requirements, or an unfavorable business climate. In addition, the Bank may experience a constraint on capital that limits the ability to expand or maintain the lending function.
2. Deterioration in the Regional or National Economy. Any deterioration in the economy would result in the decrease in demand for the Bank's primary lending products.
3. Decreased Supply of Qualified CRA Investments. In the event, that there is a significant reduction in the supply of qualified CRA investments, the Bank would inherently have a difficult time in attaining the investment levels of the plan. Therefore, as mentioned previously, the Bank would seek to identify investments on a statewide basis.
4. Staff Reduction. If the Bank experiences a downturn in lending, there is a possibility of a reduction in staff. This would impede the ability to produce the service hours required under this plan.

E. Performance (12 C.F.R. §345.21(b)(5))

The Bank's past performance and the performance of similarly situated lenders (12 C.F.R. §345.21(b)(5))

1. Prime's Past CRA Performance.

The Bank operated under two different strategic plans over the last five years. The first CRA strategic plan was approved for a period of January 1, 2016, through December 31, 2018. Measurable goals for these years are:

- Lending test, geographical distribution of small business loans measured by dollar volume
- Community development test
 - Qualified investments measured by dollar volume
 - Qualified CRA donations by measured by dollar volume
 - CD service measured by hours

The Bank was approved to operate under a separate CRA strategic plan for the period of January 1, 2019, through December 31, 2021. Measurable goals for these years are:

- Assessment area concentration—Total small business loans originated in the assessment area divided by total small business loans originated nationwide
- Small business loan geographic distribution in the assessment area

- Small business loan borrower profile in the assessment area
- Community development test
 - New qualified investments as a percentage of annual average assets
 - Cumulative investments and CD loans as a percentage of annual average assets
 - Qualified CRA donations by measured by dollar volume
 - CD service measured by hours

Listed below are performance metrics for the last five years based on the most current measurable goals. This is done to provide consistency of the information shared and which also aligns to the goals of this plan being considered for approval. Some of the tables may have missing data as information wasn't always tracked in 2016-2018 for the new goals.

Small Business Lending AA Concentration			
Plan Year	Bank Established Goals		Bank Performance
	Satisfactory	Outstanding	Small Business Loans Inside AA in LMI CTs
2016	N/A ¹	N/A	60%
2017	N/A	N/A	29%
2018	N/A	N/A	69%
2019	10%	15%	18%
2020	10%	15%	12%

¹ No assessment area concentration goal in 2016-2018 plan. Bank performance percentage calculated for those years.

The Bank set a satisfactory goal of 10% for small business lending concentration in its assessment area divided by the total small business loans originated nationwide and a 15% goal for outstanding. The Bank exceeded the outstanding goal in 2019 and exceeded the satisfactory goal in 2020. Information is shared for calendar years 2016-2018.

Small Business Lending Geographic Distribution			
Plan Year	Bank Established Goals		Bank Performance
	Satisfactory	Outstanding	Small business loans in LMI census tracts
2016	260,000	310,000	404,056 (5.6%) ²
2017	287,000	340,000	2,330,445 (90%)
2018	315,000	367,500	878,000 (54.5%)
2019	10%	15%	20%
2020	10%	15%	25%

² 2016-2018 strategic plan measured in dollars. Bank performance reflects percentage to compare against 2019-2020 performance.

The Bank set a goal of 10% geographic distribution of small business loans originated in low- and moderate-income census tracts for a satisfactory rating and 15% for an outstanding rating. The Bank exceeded the outstanding threshold for both years. For the calendar years of 2016-2018, performance was inconsistent with various fluctuations for this goal.

Small Business Lending Borrower Profile			
Plan Year	Bank Established Goals		Bank Performance
	Satisfactory	Outstanding	Borrower Profile by Count of small business loans with revenues less than \$1MM
2016	N/A ³	N/A	66.70%
2017	N/A	N/A	70%
2018	N/A	N/A	n/a
2019	70%	75%	60%
2020	70%	75%	75%

³ No borrower profile goal in 2016-2018 plan. Bank performance reflects performance for years revenue gathered for small businesses

The Bank established a goal of 70% borrower profile for a satisfactory rating and 75% for an outstanding rating. Borrower profile is measured by the total number of small business loans with revenues less than \$1MM divided by the total number of small business loans in the Bank's assessment area. The Bank came up short in 2019 to the satisfactory threshold, however, in 2020, the Bank met the outstanding threshold. For prior years 2016-2017, performance was either just short or met the satisfactory goal. For 2018, there was insufficient data as the bank did not collect revenues for all borrowers in that year.

New Qualified Investments as a percentage of average assets			
Plan Year	Bank Established Goals		Bank Performance
	Satisfactory	Outstanding	
			New Investments annually divided by total assets at year-end
2016	N/A ⁴	N/A	n/a
2017	N/A	N/A	n/a
2018	N/A	N/A	n/a
2019	0.40%	0.60%	0.59%
2020	0.40%	0.60%	0.77%

⁴ No new investment goal in 2016-2018 plan. Information not available in bank records for new investment for these same years.

The Bank established new investment goals of 0.40% for a satisfactory rating and 0.60% for an outstanding rating. In 2019, the Bank met the satisfactory rating and nearly missed the outstanding threshold by one basis point. In 2020, the Bank exceeded the outstanding threshold. In 2016-2018, the Bank did not have a goal for new investments.

Cumulative Investments and CD Loans as a percentage of average assets			
Plan Year	Bank Established Goals		Bank Performance
	Satisfactory	Outstanding	Cumulative Investments and CD loans divided by total assets at year-end
2016	1.00%	2.00%	1.04%
2017	1.00%	2.00%	0.72%
2018	1.00%	2.00%	1.05%
2019	1.00%	1.50%	1.60%
2020	1.00%	1.50%	1.73%

New for this strategic plan was a new goal to measure cumulative investments and CD loans in the Bank's portfolio. A goal of 1.0% was established for a satisfactory rating and a 1.5% goal for an outstanding rating. The Bank had previously measured cumulative investments in the portfolio and performance is listed for calendar years 2016 – 2018. The Bank exceeded the outstanding threshold for both 2019 and 2020.

Qualified Donations			
Plan Year	Bank Established Goals		Bank Performance
	Satisfactory	Outstanding	CD Donations
2016	8,000	9,500	\$8,100
2017	9,000	11,000	\$9,000
2018	10,000	12,500	\$10,500
2019	\$11,000	\$14,000	\$14,613
2020	\$12,000	\$15,500	\$13,161

The Bank set a dollar amount that increases year over year for qualified donations. In 2019, the bank exceeded the outstanding threshold of \$14,000 and in 2020, the Bank exceed the satisfactory threshold. Prior history is provided for calendar years 2016 – 2018.

CD Services							
Plan Year		Bank Established Goals			Bank Performance		
	# of Employees Year End	Satisfactory	Average per employee	Outstanding	Average per employee	CD Service Hours	Average per employee
2016	19	60	3.2	100	5.3	147	7.736842105
2017	21	60	2.9	100	4.8	94	4.476190476
2018	27	60	2.2	100	3.7	93	3.444444444
2019	27	154	5.7	171	6.3	162	6
2020	28	109	3.9	127	4.5	125	4.464285714
Average/FTE for 5 Years			3.6		4.9		5.2

The Bank set a community development service goal measured in annual hours by Bank employees. The goals increased year over year based on the number of full-time employees projected for the Bank. In translating overall number of hours per plan year to number of hours per full-time employee (FTE), a satisfactory goal was 3.6 hours per FTE and for an outstanding goal, 4.9 hours per FTE. Actual performance shows 5.2 hours per FTE over a five-year period.

2. Performance of Similarly Situated Lenders.

The Bank has performed an extensive analysis of similarly situated lenders. Additional information regarding this analysis is contained in Appendix C.

The data from the peer analysis was used to confirm that the measurable goals for the Bank under this CRA strategic plan were aligned with similarly situated lender activity in the Bank's assessment area.

F. Public File and Written Comments (12 C.F.R. §345.21(b)(6))

The Bank's Public File and any Written Comments (12 C.F.R. §345.21(b)(6))

The Bank's public file is maintained in compliance with the requirements of 12 C.F.R. §345.43. The Bank's CRA Notice is prominently displayed in the Bank's lobby of its main office, as required by 12 C.F.R. § 345.44. To date, the Bank's public file contains no adverse comments from the public regarding the Bank's CRA performance.

SECTION VI. THE BANK'S CRA STRATEGIC PLAN AND MEASURABLE GOALS

A. Proposed Effective Date

The proposed effective date of the Strategic Plan is January 1, 2022.

B. Plan Term

The term of the Bank's Strategic Plan covers five years: January 1, 2022 – December 31, 2026. The Bank's Strategic Plan sets forth annual measurable goals for interim years under which the FDIC can evaluate the Bank's performance, as required by 12 C.F.R. §345.27(c)(1).

C. Measurable Goals

The FDIC's strategic plan regulations provide flexibility regarding a bank's measurable goals, both in how the goals are expressed and regarding the three performance categories.

12 C.F.R. §345.27(f)(ii). The Bank believes that the appropriate emphasis for its measurable goals fall into the two categories discussed below:

1. *Measurable goals for small business lending, by dollar, based on geographic distribution of loans.*
2. *Measurable goals for community development activity for qualified investments and a separate goal for community development services.*

A listing of measurable goals is outlined in Appendix A.

Election if Satisfactory Goals Not Substantially Met

Statements about the expected future activity of the Bank and all other statements in this Plan, other than historical facts, constitute forward-looking statements. These forward-looking statements are subject to risks and uncertainties that may change at any time, and therefore, actual results may differ materially from expectations by the Bank. Additionally, the Bank has identified business constraints that may affect performance under this Plan. However, if the Bank fails to substantially meet the goals of satisfactory under the CRA strategic plan test, the Bank desires to be measured under the applicable CRA examination procedures the Bank would fall under for the size of the Bank. The Bank is currently a small bank.

SECTION VII. REQUEST FOR APPROVAL OF STRATEGIC PLAN

A. Regulatory Criteria for Approval

The Bank respectfully submits that it has fulfilled all the regulatory requirements for strategic plans, including those governing development of the plan, public participation in the plan, and the plan's measurable goals. As established herein, the Bank's CRA performance context thoroughly supports the Bank's measurable goals. The Bank believes that FDIC approval of the Bank's Strategic Plan and its measurable goals as set forth in Appendix A is appropriate under the FDIC's criteria for evaluation of a strategic plan outlined in 12 C.F.R. § 345.27(g)(3)(i) – (iii):

- (3) *Criteria for evaluating plan.* The FDIC evaluates a plan's measurable goals using the following criteria, as appropriate:
 - (i) The extent and breadth of lending or lending-related activities, including, as appropriate, the distribution of small business loans among different geographies;

- (ii) The amount and innovativeness, complexity, and responsiveness of the bank's qualified investments; and
- (iii) The availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of the bank's community development services.

Based on the process of development of a strategic plan by analyzing the Bank's history, an analysis of similarly situated lenders, public input and data from the performance context, the Bank feels that its suggested goals meet the credit needs of the Bank's assessment area.

B. Request for Approval

For the reasons set forth above, the Bank respectfully requests FDIC approval of this CRA Strategic Plan.

SECTION VIII. CONTACT INFORMATION

Any questions or comments regarding this Strategic Plan may be addressed to the following:

Grant Jex
CRA Officer
1868 South 500 West
Woods Cross, Utah 84087

Phone: (801) 797-5221

APPENDICES

- A. Measurable Goals
- B. Proof of Publication of Request for Public Comment
- C. Analysis of Similarly Situated Lenders
- D. Bank Call Report (quarter ending 6/30/2018)

Appendix A: Measurable Goals

Prime Alliance Bank proposes the following for its annual measurable goals for its assessment area:

Institution: Prime Alliance Bank

Plan Period: January 1, 2022, to December 31, 2026

Primary Market Area: Davis, Salt Lake and Weber Counties, Utah

Lending Test:

Goal #1: Assessment area concentration, by count

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
Satisfactory Goal	10%	10%	10%	10%	10%
Outstanding Goal	15%	15%	15%	15%	15%

Goal #2: Geographical distribution, by count, low- and moderate-income census tracts

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Satisfactory Goal	10%	10%	10%	10%	10%
Outstanding Goal	15%	15%	15%	15%	15%

Goal #3: Borrower profile, by count

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Satisfactory Goal	50%	50%	50%	50%	50%
Outstanding Goal	75%	75%	75%	75%	75%

Community Development Test:

Goal #4: New annual investment and community development loans percentage, measured by dollars, based on average assets* of the Bank

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Satisfactory Goal	0.40%	0.40%	0.40%	0.40%	0.40%
Outstanding Goal	0.60%	0.60%	0.60%	0.60%	0.60%

Goal #5: Cumulative investments and community development loans, by dollars, based on average assets* of the Bank

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Satisfactory Goal	1.0%	1.0%	1.0%	1.0%	1.0%
Outstanding Goal	1.5%	1.5%	1.5%	1.5%	1.5%

Goal #6: Donations

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Satisfactory Goal	\$13,000	\$14,000	\$15,000	\$16,000	\$17,000
Outstanding Goal	\$17,000	\$18,500	\$20,000	\$21,500	\$23,000

Goal #7: Community development service hours **

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Satisfactory Goal	4.0 hours	4.0 hours	4.0 hours	4.0 hours	4.0 hours
Outstanding Goal	5.0 hours	5.0 hours	5.0 hours	5.0 hours	5.0 hours

* The Bank's average assets for any given plan year will be calculated using the average of the number of assets from line 9 of Schedule RC-K of the Bank's four call reports during the plan year.

** The Bank's Community Development Service hours will be based on the full-time employees reported on each of the Bank's four quarterly Call reports averaged annually for each plan year, during the Bank's plan year.

Discussion of Measurable Goals

The goal metrics have not changed from prior years except for goal #3, Borrower Profile by count and goal #7, Community Development Service Hours.

The change in the satisfactory goal for borrower profile was to be more in sync with data from the similarly situated lender analysis. Data from peers show a consistent performance of 50% by count measure for all peers. To be in line with industry standards for similarly sized bank and to meet expectations of the FDIC, all peers with a common regulator, the Bank is recommending a change in this satisfactory goal. The Bank recognizes that a stretch goal of 75% by count should remain in place for the outstanding goal measurement.

For the Community Development Service Hour goal, the Bank has opted to measure performance by average number of hours per employee rather than a set number of hours per year by the Bank as a whole. Due to the recent pandemic, employee counts have fluctuated and to meet a total service hour goal is difficult for the Bank to manage. In addition, in reviewing peer data from the similarly situated lender analysis, many of the Bank's peer measure number of hours per employee.

Past performance by the Bank shows that a satisfactory per FTE was 3.6 hours per FTE. For an outstanding rating, the average was 4.9 hours per FTE. Actual performance over the last five years shows that the Bank achieved 5.2 hours per FTE. In reviewing the performance of similarly situated lenders, the median for a satisfactory rating was 3.8 hours per FTE and 4.8 hours per FTE for an outstanding rating.

Appendix B: Proof of Publication of Request for Formal Public Comment

Salt Lake Tribune

90 S 400 W STE 700
SALT LAKE CITY, UT 84101-1431

The Salt Lake Tribune

PROOF OF PUBLICATION

CUSTOMER'S COPY

CUSTOMER NAME AND ADDRESS

PRIME ALLIANCE BANK, INC.
GRANT JEX
1868 S 500 W
WOODS CROSS, UT 84010

ACCOUNT NUMBER

9614

ACCOUNT NAME

PRIME ALLIANCE BANK, INC.

TELEPHONE

801-663-1233

ORDER #

SLT0014097

CUSTOMER REFERENCE NUMBER

CAPTION

NOTICE Prime Alliance Bank intends to file a Community Reinvestment Act ("CRA") Strategic Plan with the Federal Deposit Insurance Corporation ("FDIC").

TOTAL COST

\$216.20

NOTICE

Prime Alliance Bank intends to file a Community Reinvestment Act ("CRA") Strategic Plan with the Federal Deposit Insurance Corporation ("FDIC"). Prime Alliance Bank (the "Bank") is soliciting public comment regarding its proposed CRA Strategic plan. The proposed CRA Strategic Plan is available for public inspection at 1868 South 500 West, Woods Cross, UT 84087. To obtain a copy of the proposed CRA Strategic Plan at no charge to the requesting party, individuals may contact Mr. Grant Jex, CRA Officer, at 801-797-5221.

All written comments regarding the plan should be directed to Mr. Jax, Prime Alliance Bank, 1868 South 500 West, Woods Cross, UT 84087. Comments and suggestions will be accepted until November 1, 2021. The Bank will review all comments and incorporate suggestions into the plan at its discretion.
SLT0014097

AFFIDAVIT OF PUBLICATION

AS THE SALT LAKE TRIBUNE, INC. LEGAL BOOKER, I CERTIFY THAT THE ATTACHED ADVERTISEMENT OF NOTICE Prime Alliance Bank intends to file a Community Reinvestment Act ("CRA") Strategic Plan with the Federal Deposit Insurance Corporation ("FDIC"). FOR PRIME ALLIANCE BANK, INC. WAS PUBLISHED BY THE SALT LAKE TRIBUNE, INC., WEEKLY NEWSPAPER PRINTED IN THE ENGLISH LANGUAGE WITH GENERAL CIRCULATION IN UTAH, AND PUBLISHED IN SALT LAKE CITY, SALT LAKE COUNTY IN THE STATE OF UTAH. NOTICE IS ALSO POSTED ON UTAHLEGALS.COM ON THE SAME DAY AS THE FIRST NEWSPAPER PUBLICATION DATE AND REMAINS ON UTAHLEGALS.COM INDEFINITELY. COMPLIES WITH UTAH DIGITAL SIGNATURE ACT UTAH CODE 46-2-101; 46-3-104.

PUBLISHED ON 10/03/2021, 10/10/2021, 10/17/2021, 10/24/2021

DATE 10/25/2021

STATE OF UTAH
COUNTY OF SALT LAKE

SUBSCRIBED AND SWORN TO BEFORE ME ON THIS 25th DAY OF OCTOBER IN THE YEAR 2021

BY Jordyn Gallegos

SIGNATURE 




NOTARY PUBLIC SIGNATURE

Deseret News

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Account Details

Grant Jex

713 W 3450 S

Syracuse, UT 84075

801-663-1233

gjex@primealliance.bank

Prime Alliance Bank

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Schedule for ad number DN00138390

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Fri Oct 15, 2021

Deseret News Legals

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Fri Oct 22, 2021

Deseret News Legals

All Zones

Fri Oct 29, 2021

Deseret News Legals

All Zones

Legal Notice

Prime Alliance Bank intends to file a Community Reinvestment Act ("CRA") Strategic Plan with the Federal Deposit Insurance Corporation ("FDIC"). Prime Alliance Bank (the "Bank") is soliciting public comment regarding its proposed CRA Strategic plan. The proposed CRA Strategic Plan is available for public inspection at 1868 South 500 West, Woods Cross, UT 84087. To obtain a copy of the proposed CRA Strategic Plan at no charge to the requesting party, individuals may contact Mr. Grant Jex, CRA Officer, at 801-797-5221.

All written comments regarding the plan should be directed to Mr. Jex, Prime Alliance Bank, 1868 South 500 West, Woods Cross, UT 84087. Comments and suggestions will be accepted until November 1, 2021. The Bank will review all comments and incorporate suggestions into the plan at its discretion.

DN0000000

Appendix C: Analysis of Similarly Situated Lenders

The Bank has performed an extensive analysis of similarly situated lenders.

Prime Alliance Small Business Lending & CRA Peers					CRA Strategic Plan Goals Annualized for 2021 Comparison						
Bank	Stated Product Focus	Total Assets (\$000) Q4 2020	Estimated FTE in AA	AA Counties	Small Business Loans			Community Development			
					AA Concentration	Borrower Profile	Geographic Distribution	Loans	Investments	Donations	Service Hours per AA FTE
Prime Alliance	Equipment leasing, SBA/CRE/Business lending, deposit products	\$512,526	28	Davis, Salt Lake & Weber	10% of Nationwide	70% of AA	10% of AA	0.4% of ATA (1% Cumulative)		\$13,000	4.0
					15% of Nationwide	75% of AA	15% of AA	0.6% of ATA (1.5% Cumulative)		\$17,000	5.0
Celtic	Commercial, SBA & construction lending, renewable energy and equipment financing	\$4,279,192	205	Salt Lake	2.13% of Nationwide	50% of AA	25% of AA	0.4% of ATA (0.5% Cumulative)		\$75,000	3.5
					3.13% of Nationwide	70% of AA	35% of AA	0.6% of ATA (N/A Cumulative)		\$100,000	4.5
TAB Bank	Commercial banking, equipment financing, working capital, deposit products	\$961,441	268	Box Elder, Davis, Morgan, Salt Lake, Tooele & Weber	1.51% of Nationwide		95 loans	1.35% of ATA (1.95% Cumulative)			5.75
								1.85% of ATA (2.45% Cumulative)			6.25
Finwise	Consumer banking, construction/recreation/automotive/SBA financing through SLPs	\$312,582	68	Salt Lake	7 loans in AA	50% of AA	24.3% of AA	0.4% of ATA			4
					12 loans in AA	89% of AA	29.3% of AA	0.6% of ATA			5
Continental Bank	Equipment financing, SBA, real estate lines of credit, deposit products	\$275,424	36	Davis, Salt Lake, Tooele, Utah & Weber	1.0% of Nationwide	50% of AA	10% of AA	0.4% of ATA		\$11,000	3
					1.5% of Nationwide	55% of AA	20% of AA	0.6% of ATA		\$14,000	4
Peer selection criteria: 1) Similar product focus 2) Shared assessment area 3) Similar strategic plan goals 4) Similar asset size					Key: Satisfactory Goal Outstanding Goal ATA = Average Total Assets (Schedule RC-K of quarterly call reports) Cumulative = New Investments/Loans + Prior period investment/loan balances						

Assessment Area Concentration

All four peers have a smaller concentration of small business lending in their assessment area. This is most likely due to larger concentrations of business done nationwide.

Borrower Profile

Three of the four peers have a satisfactory goal of 50% while one peer does not have this as a goal. Outstanding goals vary among peers from 55% to 89%, most likely set based on past performance and stretch for individual organizations.

Geographic Distribution

Each of the peers had a different set of goals with one peer reporting number of loans vs. percentage of loans.

New Community Development Loans and Qualified Investments

Three peers had same percentages as the Bank while the other peer had significantly higher goals.

Cumulative CD Loans and Qualified Investments

Only two peers had cumulative CD Loans and Investment goals. The metrics from both were one being significantly lower and the next being significantly higher.

Donations

Donations for all peers with this goal were similar based off asset size of the bank

Community Development Services

CD Hours were measured by full-time equivalents for each peer institution. For a satisfactory goal, the average was 4.1 hours and a median of 3.8 hours. For an outstanding goal, the average was 4.9 hours and a median of 4.8 hours.

Appendix D: Prime Alliance Bank Call Report (quarter ending 09/30/2021)



Prime Call Report
9.30.21.PDF

NO PUBLIC COMMENTS HAVE BEEN RECEIVED

PUBLIC DISCLOSURE

May 27, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Prime Alliance Bank
Certificate Number: 57920

1868 South 500 West
Woods Cross, Utah 84010

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
San Francisco Regional Office

25 Jessie Street at Ecker Square, Suite 2300
San Francisco, California 94105

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.

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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 area (AA), including low- and moderate-income (LMI) neighborhoods, in a manner consistent with its resources and capabilities.

Prime Alliance Bank (PAB) operated under an FDIC-approved Community Reinvestment Act (CRA) Strategic Plan (Plan) during the evaluation period. The evaluation covers Plan years 2022, 2023, and 2024. PAB did not receive any complaints related to its CRA performance under the Plan years evaluated; therefore, this consideration did not affect the institution’s overall CRA rating. The following conclusions support the overall rating.

- PAB exceeded its “Outstanding” goals for small business loan originations in the AA in 2022 and 2023, and met its “Satisfactory” goal in 2024.
- PAB’s geographic distribution performance exceeded its “Outstanding” goals in all Plan years.
- PAB’s borrower profile performance met its “Satisfactory” goals in all Plan years.
- PAB exceeded its “Outstanding” goals for new community development (CD) loans and qualified investments in all Plan years.
- PAB exceeded its “Outstanding” goals for cumulative CD loans and qualified investments in all Plan years.
- PAB met its “Satisfactory” goals for CD donations in 2022 and 2024, but did not meet its “Satisfactory” goal in 2023.
- PAB met its “Satisfactory” goals for CD services in 2023 and 2024, but did not meet its “Satisfactory” goal in 2022.

DESCRIPTION OF INSTITUTION

PAB is a state-chartered commercial bank that operates from a single office headquartered in Woods Cross, Utah. The bank is not owned by a holding company and has no affiliates or subsidiaries that affected this evaluation. The bank does not have any additional branches, nor has it opened or closed any branches since the previous CRA Performance Evaluation. No merger or acquisition activity occurred since the prior evaluation. The bank received an “Outstanding” CRA Rating at the previous FDIC CRA Performance Evaluation dated October 24, 2022, based on Interagency Strategic Plan Examination Procedures.

PAB’s primary business model is providing financing to commercial and industrial borrowers, which includes nationwide equipment lease financing sourced through a network of brokers and commercial lenders. The bank does not offer any consumer lending products but offers both consumer and commercial deposit accounts. The bank’s alternative delivery systems include remote check deposit, mobile and online banking, and access to ATMs.

As of the March 31, 2025 Consolidated Reports of Condition and Income (Call Report), PAB reported total assets of \$886.7 million, total loans of \$710.6 million, and total deposits of \$804.3 million. The following table summarizes the bank’s loan portfolio distribution.

Loan Portfolio Distribution as of 3/31/2025		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	2,723	0.4
Secured by Farmland	-	-
Secured by 1-4 Family Residential Properties	-	-
Secured by Multifamily (5 or more) Residential Properties	619	0.1
Secured by Nonfarm Nonresidential Properties	43,954	6.2
Total Real Estate Loans	47,296	6.7
Commercial and Industrial Loans	436,415	61.4
Agricultural Production and Other Loans to Farmers	-	-
Consumer Loans	-	-
Obligations of State and Political Subdivisions in the U.S.	-	-
Other Loans	-	-
Lease Financing Receivable (net of unearned income)	226,930	31.9
Less: Unearned Income	-	-
Total Loans	710,641	100.0
<i>Source: Consolidated Reports of Condition and Income (Call Report); March 31, 2025</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet the AA’s credit and CD needs.

DESCRIPTION OF ASSESSMENT AREA

PAB designated a single AA consisting of three contiguous counties in Utah: Salt Lake, Davis, and Weber. Since the previous CRA evaluation, management added Weber County to the AA. Salt Lake County comprises a portion of the Salt Lake City MSA #41620; and Weber and Davis Counties comprise portions of the Ogden-Clearfield MSA #36260. These counties have similar economies and are located within the Salt Lake-Provo-Orem CSA. The AA meets regulatory requirements and does not arbitrarily exclude any LMI areas.

To establish the bank's performance context, examiners relied on bank records, public financial information, demographic data from the 2020 U.S. Census, 2024 D&B data, and other public sources, as well as information obtained from a community contact. Examiners evaluated PAB's CRA performance while considering the following context factors:

- Current economic environment;
- Demographic characteristics of the AA;
- CD needs and opportunities for lending, investments, and services;
- PAB's business strategies including products, services, and markets;
- The financial resources and constraints of PAB; and
- Information obtained through community contact.

Economic and Demographic Data

Based on 2020 U.S. Census data, the AA consists of 375 census tracts (CTs): 7 low-, 79 moderate-, 182 middle-, and 103 upper-income CTs. There are 4 CTs with no income designation. The following table shows demographic data for PAB's AA for plan year 2024.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	375	1.87	21.07	48.53	27.41	1.07
Population by Geography	1,810,140	1.7	19.7	50.1	28.1	0.4
Housing Units by Geography	608,337	1.7	21.7	49.7	26.9	-
Owner-Occupied Units by Geography	405,768	0.6	15.9	51.4	13.7	-
Occupied Rental Units by Geography	169,895	4.0	25.1	41.1	29.6	0.1
Vacant Units by Geography	32,704	3.8	25.2	41.1	29.6	-
Businesses by Geography	296,804	1.75	14.9	47.3	35.3	0.8
Farms by Geography	5,287	1.3	15.7	47.7	35.1	0.2
Family Distribution by Income Level	413,141	1.2	18.6	51.0	29.3	-
Household Distribution by Income Level	575,633	1.7	21.5	50.2	26.6	-
Median Family Income FFIEC-Estimated Median Family Income for 2024		\$94,712 \$113,681	Median Housing Value Median Gross Rent Families Below Poverty Level			\$328,234 \$1,150 8.0%
<i>Source: 2020 US Census Data; 2024 D&B Data; FFIEC Estimated Median Family Income; (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to 2024 D&B data, 32.6 percent of non-farm businesses are service-related entities; 30.6 percent are non-classifiable establishments; 13.5 percent are involved with finance, insurance, and real estate; 7.4 percent are retail trade; and 5.7 percent are construction entities. According to the Utah Department of Workforces Services, the top three employees in Utah as of November 4, 2024, are Intermountain Health Care, the University of Utah, and the State of Utah. Each of the employers has a presence in the bank’s AA.

According to data obtained from the U.S. Bureau of Labor Statistics, unemployment rates for individual counties were below the national unemployment average. The following table depicts the unemployment rate for the review period in the bank’s AA in comparison with the state and national levels.

Unemployment Rates			
Area	2022	2023	2024
	%	%	%
Davis County	2.2	2.4	2.9
Salt Lake County	2.4	2.7	3.2
Weber County	2.4	2.7	3.2
Utah	2.4	2.7	3.2
National Average	3.6	3.4	4.0
<i>Source: U.S. Bureau of Labor Statistics</i>			

Competition

PAB is a nationwide lender, and its AA is a highly competitive market for financial products and services that includes several industrial banks and large national and regional financial institutions. According to the FDIC Deposit Market Share Report as of June 30, 2024, 54 financial institutions operate within the AA. Of these institutions, PAB ranked 28th with \$667.8 million in total deposits and holds less than 0.1 percent of the deposit market share. The four largest stakeholders in the deposit market for the AA consist of Morgan Stanley Bank, Ally Bank, American Express National Bank, and Goldman Sachs Bank. These competitors together hold approximately 65.5 percent of the AA's deposits. Additionally, many other financial institutions are examined using the Interagency Strategic Plan Examination Procedures. This results in an unusually high level of competition for the extension of CD investments and services within the AA.

Community Contact

As part of the evaluation process and to assist in identifying the credit and CD needs of the AA, examiners reviewed a recent community contact with an individual from an economic development organization that serves the bank's AA. The contact stated that while the local economy is strong and has been growing year over year, small business lending represents a primary credit need in the AA. The contact indicated that Small Business Administration financing has become more difficult for organizations to obtain a loan, as a result the local government has been more involved in providing financial assistance to small businesses. Additionally, the contact indicated a need for more affordable housing units due to individuals moving into the AA since the COVID-19 pandemic and a limited supply of existing affordable housing.

Credit and Community Development Needs and Opportunities

Considering the information from the community contact, bank management, and demographic and economic data, the examiners determined that affordable housing and small business lending represent the primary credit needs of the AA.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous FDIC CRA Performance Evaluation dated October 24, 2022, to the current evaluation dated May 27, 2025. Examiners evaluated the institution under Interagency Strategic Plan Examination Procedures pursuant to its FDIC-approved Plan. The Plan includes measurable satisfactory and outstanding goals within the AA for lending and CD activities for 2022, 2023, and 2024, upon which the examiners evaluated the bank's CRA performance.

Activities Reviewed

To evaluate the performance under the Plan, examiners evaluated PAB for the time period of January 1, 2022, through December 31, 2024, based on criteria established within the Plan. The Plan sets forth measurable goals in the following areas:

- AA concentration of small business loans;
- Geographic distribution of small business loans;
- Borrower profile for small business loans;
- New CD loans and qualified investments;
- New and cumulative CD loans and qualified investments;
- CD donations; and
- CD services.

For the purpose of evaluating the bank's goals for small business lending and CD activities under the Plan, management provided data on lending activities, CD loans, qualified investments, donations, and CD services for each year of the Plan.

CONCLUSIONS ON PERFORMANCE CRITERIA

The bank's CRA performance under the Plan reflects a satisfactory performance in helping to meet the credit needs of its designated AA in a manner consistent with the measurable established goals in the Plan during the evaluation period. Collectively, the bank met or exceeded a majority of the "Satisfactory" goals established in the approved Plan. For the CD donations' goal for 2023 and the CD service hours' goal for 2022, the bank failed to meet the minimum satisfactory goals established in the Plan. The following information relates to the goals established in the Plan compared to the bank's actual performance from January 1, 2022 to December 31, 2024.

Retail Lending

The bank met or exceeded the "Outstanding" goals for most of the Retail Lending goals established in the approved Plan. However, the borrower profile criterion demonstrates satisfactory performance for each Plan year.

Assessment Area Concentration

PAB exceeded its established goals for outstanding performance under the AA concentration for Plan years 2022 and 2023 and exceeded the satisfactory goal for Plan year 2024. Examiners determined that the bank's overall performance for this goal is "Outstanding" due to the bank exceeding the minimum established goals in two of the Plan years. The measurable goals for AA concentration consist of goals based on the percentage of the number of loans in the AA. The following table shows the bank's AA concentration performance.

Assessment Area Concentration for Small Business Loans			
Plan Year	Bank Established Goals (% by #)		Bank Performance (% by #)
	Satisfactory	Outstanding	
2022	10.0	15.0	16.7
2023	10.0	15.0	36.4
2024	10.0	15.0	11.1

Source: Bank Data and Plan

Geographic Distribution

The bank exceeded its established goals for “Outstanding” performance regarding the geographic distribution of small business loans within LMI CTs for all Plan years. The Plan utilized measurable goals based on the percentage of the number of loans. The following table shows the bank’s geographic distribution performance.

Geographic Distribution for Small Business Loans			
Plan Year	Bank Established Goals (% by #)		Bank Performance (% by #)
	Satisfactory	Outstanding	
2022	10.0	15.0	66.7
2023	10.0	15.0	50.0
2024	10.0	15.0	100.0

Source: Bank Data and Plan

Borrower Profile

The bank met or exceeded its established goals for “Satisfactory” performance regarding small business lending to businesses with gross annual revenues of \$1 million or less. The bank’s Plan utilized measurable goals based solely on the percentage of the number of loans. The following table summarizes the bank’s borrower profile performance in all Plan years.

Borrower Profile for Small Business Loans			
Plan Year	Bank Established Goals (% by #)		Bank Performance (% by #)
	Satisfactory	Outstanding	
2022	50.0	75.0	66.7
2023	50.0	75.0	50.0
2024	50.0	75.0	66.7

Source: Bank Data and Plan

Community Development Lending and Investments

PAB met or exceeded all of its “Outstanding” goals for new and cumulative CD loans and qualified investments in each Plan year. The Plan’s new and cumulative goals were based on the percentage of CD loan and investments made by dollar amount during each Plan year to the average total assets for each Plan year. The bank’s average total assets are calculated using line 9 of Schedule RC-K (quarterly averages) in the Call Report for the bank’s four quarters in that Plan year.

New Community Development Loans and Investments

Examiners evaluated 10 new CD loans and 12 new qualified investments for the review period. The level of new CD loans and qualified investments represents an increase in performance since the previous evaluation, as the bank had a total of \$10.8 million in new CD loans and qualified investments for 2019, 2020, and 2021, while the current evaluation period totaled \$15.1 million in new CD loans and qualified investments, representing a difference of \$4.3 million.

The table below reflects the bank’s Plan goals for new CD loans and qualified investments, and PAB’s performance regarding new CD loans and qualified investments for 2022, 2023, and 2024.

New Community Development Loans and Investments					
Plan Year	Bank Established Goals		Bank Performance		
	<i>Satisfactory (%)</i>	<i>Outstanding (%)</i>	Loans and Investments Total \$(000s)	Average Assets* \$(000s)	Actual Performance (%)
2022	0.4	0.6	5,705	587,253	1.0
2023	0.4	0.6	4,826	676,116	0.7
2024	0.4	0.6	4,557	768,702	0.6

*Source: Bank Data and Plan; * Bank's average assets for Plan year are from line 9 of Schedule RC-K of the bank's four Call Reports for plan year.*

- In 2022, the bank renewed a \$1.5 million line of credit, in which the organization provides financing for affordable housing. The line of credit will specifically be used for the purpose of making direct loans for low-income housing projects throughout Utah and its surrounding states.
- In 2024, the bank committed \$865,000 in a mortgage-backed security, in which the funds were used to develop an affordable housing complex that would provide 112 units in the AA, for residents earning no more than 60.0 percent of the area median income.

Cumulative Community Development Loans and Investments

The level of CD loans and qualified investments represents an increase in performance since the previous evaluation, as the bank had a total of \$24.2 million in CD loans and qualified investments for 2019, 2020, and 2021, while the current evaluation period totaled \$35.2 million in CD loans and qualified investments, representing a difference of \$11.0 million.

The following table reflects the bank’s Plan goals for cumulative CD loans and qualified investments, and PAB’s performance regarding cumulative CD loans and qualified investments for 2022, 2023, and 2024.

Cumulative Community Development Loans and Investments					
Plan Year	Bank Established Goals		Bank Performance		
	<i>Satisfactory (%)</i>	<i>Outstanding (%)</i>	Loans and Investments Total \$(000s)	Average Assets* \$(000s)	Actual Performance (%)
2022	1.0	1.5	9,483	587,253	1.6
2023	1.0	1.5	11,078	676,116	1.6
2024	1.0	1.5	14,702	768,702	1.9

*Source: Bank Data and Plan; * Bank’s average assets for Plan year are from line 9 of Schedule RC-K of the bank’s four Call Reports for plan year.*

Community Development Donations

Examiners determined that the bank’s overall performance for this goal is “Satisfactory” due to the bank exceeding the minimum established goals in two of the Plan years. PAB exceeded the minimum established satisfactory goals for CD donations in Plan years 2022 and 2024. However, in 2023, the bank failed to meet the minimum established satisfactory goal. The bank provided \$13,537 in qualified donations, while failing to meet the \$14,000 goal by \$463.

Qualified Donations			
Plan Year	Bank Established Goals (by \$)		Bank Performance (by \$)
	Satisfactory	Outstanding	
2022	13,000	17,000	13,271
2023	14,000	18,500	13,537
2024	15,000	20,000	15,261

Source: Bank Data and Plan

The following are notable examples of the bank’s CD donations:

- During the review period, PAB provided annual donations of \$5,000 (totaling \$15,000) to an organization that provides financial assistance to LMI veterans.
- PAB provided \$3,500 in 2023 and \$6,000 in 2024 (totaling \$9,500) to an organization that provides clothing, gifts, and new school supplies during the holiday season to LMI children.
- In 2022, the bank provided a \$2,000 donation to a non-profit organization that provides services for homeless individuals within the AA.

Community Development Services

Examiners determined that the bank’s overall performance for this goal is “Satisfactory” due to the bank exceeding the minimum established goals in two of the Plan years. PAB exceeded its satisfactory goal for CD service hours in 2023 and 2024. However, the bank failed to meet the minimum established satisfactory goal in 2022.

The Plan’s goals were based on a specific number of service hours that bank employees must perform per Plan year divided by the bank’s average full-time employees reported on each of the bank’s four quarterly Call Reports for each Plan year. The table below summarizes PAB’s performance compared to the established goals by Plan year.

Community Development Service Hours			
Plan Year	Bank Established Goals (by hours)		Bank Performance (hours per FTE)
	Satisfactory	Outstanding	
2022	4	5	3.2
2023	4	5	4.2
2024	4	5	4.4

Source: Bank Data and Plan

The following is a notable example of the bank’s CD services.

- Bank employees teach financial literacy courses, primarily to schools in Davis County. A majority of the students’ families in the schools served are LMI and qualify for free or reduced lunch programs. The bank’s activities provide community services, in the form of financial education services, which are targeted toward LMI individuals.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank’s compliance with laws relating to discrimination and other illegal credit practices was reviewed. Examiners did not identify any discriminatory or other illegal credit practices; therefore, this consideration 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.

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 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.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

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.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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 (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.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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 Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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.

Prime Alliance Bank has one branch located at:

1868 S 500 W

Woods, Cross, UT 84087

801-296-2200

Lobby Hours:

8:30 a.m. – 5:00 p.m.

Prime Alliance Bank has not opened or closed any new branches. There has always been one branch location only.



Consumer Products:

- Interest & Non-Interest-Bearing Checking Accounts
 - No monthly maintenance fees or minimum balance requirements
 - No transaction limits
 - 24/7 online banking & mobile banking
 - Online BillPay
 - Mobile Deposit
 - EMV chips Visa® debit card included
 - Free access to thousands of MoneyPass® & Allpoint® ATMs nationwide
- Health Savings Accounts
- Savings Accounts
- Money Market Accounts
- Certificate of Deposits (CDs)
- Individual Retirement Accounts (IRAs)

Business Products:

- Interest & Non-Interest-Bearing Checking Accounts
 - No monthly maintenance fees or minimum balance requirements
 - No transaction limits
 - 24/7 online banking & mobile banking
 - Online BillPay
 - Remote Deposit
 - Positive Pay
 - ACH and Wire Capabilities
- Savings Accounts
- Money Market Accounts
- Certificate of Deposits (CDs)

Loan Products:

- Real Estate Loans
 - Types: Conventional Term Loans (also see SBA Loan)
 - Purpose: Used to purchase business property or to construct/acquire a commercial building
 - Maturity: 5-15 Years
 - Collateral: Secured by first trust deed on the parcel
 - Loan-to-Value: Up to 80%
 - Payment Terms: Monthly with principal and interest payments
- Small Business Loans (SBA)
 - Types:
 - Land Loans



- Real Estate Term Loans
 - Equipment Financing
 - Operating Capital
 - Purpose: Can be used for various types of financing from commercial construction, land and/or building purchase, equipment financing, or working capital
 - Maturity: 15-25 Years
 - Collateral: Depends on loan type
 - Loan-to-Value: Up to 90%
 - Payment Terms: Loan type determines the payment structure
- Commercial Lines of Credit
 - Types:
 - Revolving Line of Credit
 - One time draw-down Line of Credit
 - Purpose: Can be used for various types of financing from short-term equipment financing to working capital
 - Maturity: 1-3 Years
 - Collateral:
 - Unsecured
 - Accounts Receivable
 - Inventory
 - Savings & Securities
 - Equipment
 - Real Estate
 - Loan-to-Value: Varies by collateral types
 - Payment Terms: Monthly interest payments with a resting period
- Equipment Lease Financing
 - Types:
 - Tax Lease
 - Equipment Lease
 - Lease Line
 - Finance Lease
 - Purpose:
 - Used to finance equipment for your business without the burdens of ownership
 - Helps to positively impact your company's balance sheet
 - Maturity: 2-4 Years
 - Collateral: Secured by equipment
 - Loan-to-Value: Up to 100% on some transactions
 - Payment Terms: Varies with lease type

Fee Schedule

All Accounts:

- Return ACH Fee - \$2.50 per ACH
- Return Foreign Check Fee - \$30.00 per Check
- Stop Payment Fee - \$15.00 per Item
- Return Check Fee - \$10.00 per Check
- Excessive Withdrawal Fee - \$10.00 per Item
- Wire Transfer Fee (All Incoming) - \$10.00 per Wire
- Domestic Wire Transfer Fee (Outgoing) - \$15.00 per Wire
- International Wire Transfer Fee (Outgoing) - \$40.00 per Wire
- International Wire Investigation/Amendment - \$50.00 per Wire
- Research Hourly Fee - \$15.00 per Hour
- Copies of Statements - \$2.50 per Statement
- Foreign Currency Order - \$20.00 per Order
- Cashier's Check - N/A
- Replacement of Lost or Stolen Debit Card - N/A
- Non-Sufficient Funds Fee - N/A
- Dormant Account Fee - N/A

Business Accounts Only:

- Positive Pay – N/A
- Remote Deposit Software Access – N/A
- Remote Deposit Single-Feed Machine Rental - \$15.00 per Month
- Remote Deposit Multi-Feed Rental - \$30.00 per Month

SECTION III. ASSESSMENT AREA

The Bank's primary assessment area ("AA") is defined as Davis, Salt Lake and Weber Counties. These counties comprise portions of two different Metropolitan Statistical Area (MSA) located within the State of Utah: The Ogden-Clearfield (OGC) MSA #36260 and the Salt Lake City, UT MSA #41620. These counties are contiguous, have similar economies, and are located within the Salt Lake City-Provo-Orem Combined Statistical Area (CSA). This AA meets the definition of Reg BB, in that the geographic location of assessment areas must consist generally of one or more contiguous political subdivisions, such as counties, cities, or towns that includes the Bank's main office, its branches, and its deposit-taking ATMs and does not arbitrarily exclude any low- and moderate-income areas.

There are 316 Census Tracts in the AA, 13 are low-income, 83 moderate-income, 143 middle-income, 98 upper-income and 4 unknown census tracts.

The Bank has only one location at 1868 South 500 West, Woods Cross, UT 84087.

Prime will strive to fulfill its CRA responsibilities in its assessment areas outlined below.

Utah Counties Map:



Call Report Date	Net Loan to Deposits	Total Deposits	Net Loans	Total Assets
3/31/2017	99.84%	\$232,002	\$231,630	\$234,300
6/30/2017	97.69%	\$252,726	\$246,900	\$253,421
9/30/2017	98.93%	\$257,169	\$254,420	\$291,019
12/31/2017	100.01%	\$267,280	\$267,314	\$274,329
3/31/2018	99.29%	\$266,315	\$264,430	\$304,917
6/30/2018	99.18%	\$317,311	\$314,702	\$320,612
9/30/2018	99.54%	\$345,398	\$343,796	\$348,865
12/31/2018	95.67%	\$377,524	\$361,167	\$378,694
3/31/2019	97.16%	\$386,237	\$375,272	\$387,637
6/30/2019	98.55%	\$402,100	\$396,285	\$407,133
9/30/2019	95.00%	\$424,512	\$403,299	\$426,184
12/31/2019	95.69%	\$443,519	\$424,392	\$445,241
3/31/2020	93.51%	\$472,953	\$442,246	\$474,727
6/30/2020	89.06%	\$477,745	\$425,473	\$479,340
9/30/2020	88.42%	\$462,431	\$408,892	\$463,919
12/31/2020	92.10%	\$446,719	\$411,441	\$449,554
3/31/2021	88.25%	\$452,435	\$399,284	\$453,678
6/30/2021	97.03%	\$432,292	\$419,458	\$439,598
9/30/2021	96.73%	\$475,180	\$459,638	\$476,510
12/31/2021	96.89%	\$484,393	\$469,336	\$485,811
3/31/2022	92.64%	\$512,870	\$475,117	\$514,653
6/30/2022	94.53%	\$506,377	\$478,657	\$507,900
9/30/2022	92.09%	\$543,311	\$500,325	\$544,975
12/31/2022	89.67%	\$560,740	\$502,802	\$562,909
3/31/2023	88.64%	\$563,835	\$499,776	\$566,066
6/30/2023	88.96%	\$606,096	\$539,173	\$609,043
9/30/2023	88.26%	\$659,491	\$582,070	\$662,914
12/31/2023	85.02%	\$667,152	\$567,217	\$671,190
3/31/2024	85.73%	\$649,268	\$556,623	\$652,962
6/30/2024	86.63%	\$667,795	\$578,484	\$671,105
9/30/2024	82.18%	\$703,987	\$578,539	\$707,048
12/31/2024	84.22%	\$764,783	\$644,077	\$767,799
3/31/2025	85.15%	\$804,316	\$684,857	\$807,310
6/30/2025	86.80%	\$886,149	\$769,189	\$889,198
9/30/2025	86.58%	\$968,782	\$838,798	\$972,022
12/31/2025	85.08%	\$968,322	\$823,817	\$971,546
3/31/2026	92.78%	\$945,637	\$877,377	\$948,655