



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

December 22, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank
Charter Number 14252

191 N. Deadwood Street
Fort Pierre, SD 57532

Office of the Comptroller of the Currency

Sioux Falls Field Office
4900 South Minnesota Ave, Suite 300
Sioux Falls, SD 57108

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

TABLE OF CONTENTS

INSTITUTION'S CRA RATING	1
SCOPE OF EXAMINATION.....	1
DESCRIPTION OF INSTITUTION	1
SELECTION OF AREAS FOR FULL-SCOPE REVIEW.....	2
RATINGS	2
LOAN-TO-DEPOSIT RATIO	3
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	3
STATE RATING.....	4
STATE OF SOUTH DAKOTA.....	4
STATE RATING.....	11
STATE OF COLORADO.....	11
APPENDIX A: SCOPE OF EXAMINATION.....	16
APPENDIX B: SUMMARY OF STATE RATINGS.....	17

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

- The bank's loan-to-deposit ratio is reasonable given the bank's size and financial condition and the assessment area (AA) credit needs.
- A majority of the bank's loans by number (87 percent) and dollar volume (82 percent) are located within its AA.
- Borrower distribution is excellent for agricultural loans in South Dakota.
- The geographic distribution of commercial, agricultural, and consumer loans throughout South Dakota is reasonable.
- Community development lending volumes are satisfactory at 5percent of Tier 1 Capital.

Scope of Examination

First National Bank (FNB) was evaluated under the Intermediate Small Bank examination procedures, which include a Lending Test and a Community Development Test. The Lending Test evaluates the bank's record of meeting the credit needs of its AAs through its lending activities. The Community Development Test evaluates the bank's responsiveness to community development needs in its AAs through community development lending, qualified investments, and community development services.

This evaluation includes commercial, agricultural, and consumer loans originated or purchased from January 1, 2003 through September 30, 2008. We also considered community development loans, investments, and services for the same period. The volume of home purchase, improvement, and refinance loans was too low to result in a meaningful analysis.

Description of Institution

FNB is a \$588 million interstate commercial bank headquartered in Fort Pierre, SD. The bank has twelve branches in South Dakota that include Pierre (2), Fort Pierre, Huron, Lake Preston, Midland, Murdo, Lead, Sturgis, Newell, McLaughlin, and Rapid City. The bank's only Colorado branch is located in Centennial. The bank operates 12 automated teller machines (ATMs), 4 of which accept deposits. FNB is wholly owned by Capitol Bancorporation, Inc., a \$588 million, one-bank holding company headquartered in Britton, SD.

FNB is affiliated with two national banks, one in Fulda, MN and one in Davenport, IA. Each bank is wholly-owned by separate one-bank holding companies. FNB is also affiliated with a savings & loan headquartered in Beresford, SD and its one-institution holding company. There is one primary owner of FNB and all affiliates. This individual is also the primary owner of a credit card servicing company and a management company that provides management services to the banks and savings & loan. In addition, FNB is a one-third owner of a company that provides information technology services to the three national banks and one savings & loan institution.

Since the last CRA evaluation the bank purchased three branches, one in Huron, SD, one in Lake Preston, SD, and one in Centennial, CO. There were no mergers, new branch openings, or branch closings since the last CRA evaluation.

FNB's business focus is traditional community banking products. As of September 30, 2008, FNB's loan portfolio consisted of 52 percent commercial, 20 percent consumer, 16 percent agricultural, and 11 percent residential real estate loans. Net loans totaled 74 percent of average assets.

FNB received a "Satisfactory" rating at its November 5, 2003 CRA examination. There are no financial, legal, or other factors that impede the bank's ability to meet the credit needs of its AAs.

Competition is strong and includes local community banks and branches of larger regional and national institutions. Including FNB, there are 32 financial institutions serving the South Dakota AAs and 51 financial institutions serving the Colorado AA.

Selection of Areas for Full-Scope Review

FNB has six AAs. Five of the AAs are located in South Dakota and one AA is located in Colorado. All AAs received a full-scope review.

Ratings

FNB's overall rating is a blend of the SD and CO state ratings. The SD rating was given the most weight because a majority of FNB's loans and deposits were originated in SD. Approximately 78 percent of the bank's deposits and 85 percent of the bank's loans are attributed to operations in SD. Refer to the "Scope" section under each state rating for details regarding how the areas were weighted in arriving at the overall state rating.

Conclusions with Respect to Performance Criteria

FNB's performance under the Lending Test is considered "Satisfactory." More weight was placed on FNB's performance in South Dakota because the majority of loans and deposits are generated in this state. FNB's loan-to-deposit ratio is reasonable and a majority of loans originated was inside the bank's designated AAs. The bank's

geographic distribution of loans is reasonable. Borrower distribution reflects overall reasonable penetration among borrowers of different income levels, businesses of different sizes, and farms of different sizes.

Loan-to-Deposit Ratio

FNB's net loan-to-deposit ratio is reasonable given the bank's size, financial condition, and AA credit needs. The bank's quarterly net loan-to-deposit ratio averaged 88.95 percent for the 23 quarters from March 31, 2003 through September 30, 2008. During this 23-quarter period, the ratio ranged from a quarterly low of 74.64 percent to a quarterly high of 102.14 percent.

The bank's net loan-to-deposit ratio is reasonable when compared with other community banks of similar size (total assets over \$400 million and less than \$800 million) in the AAs. First National Bank ranks fifth among ten similarly situated banks serving the AAs. The other nine banks had quarterly average net loan-to-deposit ratios averaging 77.32 percent and ranging from 23.36 percent to 99.42 percent over the 23 quarters from March 31, 2003 through September 30, 2008.

Lending in Assessment Area

FNB originates a majority of its loans to borrowers located within its defined AAs. We reviewed 1,451 commercial, 1,452 agricultural, and 1,543 consumer loans originated from January 1, 2006 to September 30, 2008; these are the bank's primary products in order of importance. Approximately 87 percent by number and 82 percent by dollar volume were made to borrowers within the bank's designated AAs. The following table shows primary product loans originated inside and outside the AAs by number and dollar volume:

Table 1 - Lending In and Out of the AAs										
Loan Type	Number of Loans					Dollars of Loans (000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial	1,269	87%	182	13%	1,451	329,538	81%	76,584	19%	406,122
Agricultural	1,268	87%	184	13%	1,452	112,268	83%	22,689	17%	134,957
Consumer	1,313	85%	230	15%	1,543	15,688	82%	3,367	18%	19,055
Totals	3,850	87%	596	13%	4,446	457,495	82%	102,639	18%	560,134

Source: Bank records verified by examiners

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

State Rating

State of South Dakota

CRA Rating for South Dakota: Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The primary factors supporting this rating are:

- The distribution of borrowers reflects excellent penetration among farms of different sizes and reasonable penetration among businesses of different sizes and individuals of different income levels.
- The geographic distribution of commercial, agricultural, and consumer loans throughout South Dakota is reasonable.
- FNB's community development activities, as a whole, demonstrate adequate responsiveness to the community development needs of its AA.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN SOUTH DAKOTA

The bank's primary market is in the state of South Dakota. Twelve of the bank's thirteen branches are located in South Dakota. In addition, 85 percent of the bank's loans and 78 percent of the bank's deposits are attributed to branches in South Dakota. The bank has five AAs in South Dakota. A brief description of each AA is below.

Central SD

The Central SD AA consists of Hughes, Stanley, Jones, and Haakon counties. Hughes and Stanley counties are located in the middle of South Dakota, with Jones County located directly south of Stanley County and Haakon County located directly west of Stanley County. The area consists of one moderate-, five middle-, and three upper-income census tracts. Stanley, Jones, and Haakon Counties contain only middle-income tracts but have been designated as distressed or underserved non-metropolitan middle-income tracts.

The AA has a total population of 22,642 and 9,948 housing units. The 2000 median family income was \$39,438 and the Department of Housing and Urban Development (HUD) 2008 updated median family income was \$51,600. In addition to the bank's main office, there are four branches located in this AA. Six ATMs, including one that accepts deposits, are located in the AA.

The economy in the area is characterized as stable. The major employment sectors are government and retail trade and the major employer is the state of South Dakota. According to the Bureau of Labor Statistics, unemployment rates for October 2008 were 2.2 percent for Hughes, Jones, and Stanley counties and 2.1 percent for Haakon

County. This compares favorably to the national unemployment rate of 6.6 percent and the South Dakota unemployment rate of 3.2 percent.

East Central SD

The East Central SD AA consists of Beadle, Kingsbury, Sanborn, Jerauld, Hand, Spink, and Clark counties in South Dakota. The counties are located in the east central part of the state of South Dakota. The area consists of 17 middle-income census tracts, all of which have been designated as distressed or underserved non-metropolitan middle-income tracts.

The AA has a total population of 43,146 and 20,389 housing units. The 2000 median family income was \$39,438 and the HUD 2008 updated median family income was \$51,600. The bank operates two branches in the AA, one in Huron (Beadle County) and one in Lake Preston (Kingsbury County). The bank also operates four ATMs in the area, three in Huron and one in Lake Preston. Two of the Huron ATMs accept deposits.

The economy in the area is characterized as stable. Major employers in the area are a meat processing plant, local government, public schools, and Wal-Mart. According to the Bureau of Labor Statistics, the unemployment rate for October 2008 in the counties ranged from a low of 2.0 percent in Kingsbury County to a high of 3.4 percent in Clark County. This compares favorably to the national unemployment rate of 6.6 percent. Six of the seven counties have lower unemployment rates than the South Dakota unemployment rate of 3.2 percent.

Black Hills Non-MSA

The Black Hills Non-MSA AA consists of Butte and Lawrence counties in South Dakota. The counties are located on the western edge of the state of South Dakota. The area consists of seven middle-income census tracts. The two census tracts in Butte County are designated as distressed non-metropolitan middle-income tracts.

The AA has a total population of 30,896 and 14,486 housing units. The 2000 median family income was \$39,438 and the HUD 2008 updated median family income was \$51,600. The bank operates two branches in the AA, one in Newell (Butte County) and one in Lead (Lawrence County). The bank also operates one ATM in Butte County.

The economy in the area is characterized as stable. Major employers in the area are casino/hotels, Premier Bankcard, and local school districts. According to the Bureau of Labor Statistics, the unemployment rate for October 2008 was 2.6 percent for Butte County and 2.8 percent for Lawrence County. This compares favorably to the national unemployment rate of 6.6 percent and the South Dakota unemployment rate of 3.2 percent.

Rapid City

The Rapid City AA consists of Pennington and Meade counties in South Dakota. The counties are located on the western edge of the state of South Dakota and are a portion of the Rapid City MSA. The area consists of four upper-, twelve middle-, and nine moderate-income tracts. The area also has one census tract that does not have a designated income level.

The AA has a total population of 112,818 and 47,398 housing units. The 2000 median family income was \$43,702 and the HUD 2008 updated median family income was \$57,400. The bank operates two branches in the AA, one in Rapid City (Pennington County) and one in Sturgis (Meade County). There are no ATMs in this AA.

The economy in the area is characterized as stable. Major employers in the area include Ellsworth Air Force Base, the federal government, local schools, and Rapid City Regional Hospital. According to the Bureau of Labor Statistics, the unemployment rate for October 2008 was 3.0 percent for Meade County and 2.8 percent for Pennington County. This compares favorably to the national unemployment rate of 6.6 percent and the South Dakota unemployment rate of 3.2 percent.

McLaughlin

The McLaughlin AA consists of Corson County, South Dakota. The county is located in north central South Dakota. The area consists of one middle-, one low-, and four moderate-income census tracts. The middle income census tract is a distressed and underserved non-metropolitan middle-income tract.

The AA has a total population of 4,181 and 1,536 housing units. The 2000 median family income was \$39,438 and the HUD 2008 updated median family income was \$51,600. The bank operates one branch and no ATMs in the AA.

The economy in the area is characterized as stable. The major employment sectors are local government, schools, and agriculture. According to the Bureau of Labor Statistics, the unemployment rate for October 2008 in Corson County was 4.2 percent, which is lower than the national unemployment rate of 6.6 percent but higher than the South Dakota unemployment rate of 3.2 percent.

SCOPE OF EVALUATION IN SOUTH DAKOTA

The Central AA was most heavily weighted in arriving at our conclusions regarding performance in South Dakota. However, all AAs received a full-scope review. The bank’s largest market share for loans (43 percent) and deposits (39 percent) is concentrated in this AA. The SD AAs were weighted in the following order based on the concentration of the bank’s loan and deposit activity for each:

Assessment Area	Deposits	Loans
Central	39%	43%
Rapid City	11%	22%
East Central	19%	13%
McLaughlin	3%	0%
Black Hills Non-MSA	6%	6%
SD Total	78%	85%
Colorado	22%	15%
CO Total	100%	100%

We did not identify any unmet credit needs in any of FNB’s AAs. We contacted individuals from local economic development and affordable housing organizations. Credit needs in the AA are typical of those in most small cities and rural communities and include small business, small farm, and affordable housing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN SOUTH DAKOTA

LENDING TEST

The bank’s performance under the Lending Test in South Dakota is rated “Satisfactory.” Borrower distribution reflects excellent penetration among farms of different sizes and reasonable penetration among businesses of different sizes and individuals of different income levels. The geographic distribution of commercial, agricultural, and consumer loans throughout South Dakota is reasonable.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

Overall, the distribution of borrowers reflects excellent penetration among farms of different sizes and reasonable penetration among businesses of different sizes and individuals of different income levels.

Agricultural lending activity for the Central, East Central, and McLaughlin AAs exceeds farm demographic data. Our sample included 20 agricultural loans each from the Central and East Central AAs and seven loans (100 percent of loans made during the assessment period) from the McLaughlin AA. All of the agricultural borrowers sampled had gross annual revenues of less than \$1 million, which exceeds AA demographics of 98 percent or 99 percent. We did not analyze agricultural loans originated in the Rapid City or Black Hills Non-MSA AAs due to minimal volume. The following table compares the bank’s agricultural lending activity by revenue size to farm demographics.

BORROWER DISTRIBUTION OF AGRICULTURAL LOANS									
Gross Annual Revenue (000s)	Central			East Central			McLaughlin		
	% of Dollar	% of Number	Farm Data	% of Dollar	% of Number	Farm Data	% of Dollar	% of Number	Farm Data
<\$100	22%	50%	98%	7%	30%	99%	23%	43%	99%
\$100-\$249	21%	30%		31%	40%		0%	0%	
\$250-\$499	29%	15%		12%	10%		26%	14%	
\$500-\$999	27%	5%		50%	20%		51%	43%	
>\$1,000	0%	0%	1%	0%	0%	1%	0%	0%	1%
Unknown	0%	0%	1%	0%	0%	0%	0%	0%	0%
Totals	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Bank records (verified by examiners) and U.S. Census Agricultural Census Data (2008)

Distribution of loans to businesses of various revenue sizes is reasonable. Our sample included 20 business loans from each of the Central, Rapid City, and Black Hills Non-MSA AAs. The number of loans to businesses with gross annual revenues of less than \$1 million for all AAs exceeds business demographic data. Lending by dollar volume to businesses with gross annual revenues of less than \$1 million for the Black Hills Non-MSA AA (98 percent) significantly exceeds business demographic data of 57 percent. Lending by dollar volume to businesses with gross annual revenues of less than \$1 million for the Central (30 percent) and Rapid City (45 percent) AAs is below business demographic data of 47 percent and 60 percent, respectively, but is reasonable given that the number of loans exceeds business demographics. We did not analyze commercial loans originated in the McLaughlin and East Central AAs due to minimal volume. The following table compares the bank's commercial lending activity by revenue size to business demographics.

BORROWER DISTRIBUTION OF COMMERCIAL LOANS									
Gross Annual Revenue (000s)	Central			Rapid City			Black Hills Non-MSA		
	% of Dollar	% of Number	Business Data	% of Dollar	% of Number	Business Data	% of Dollar	% of Number	Business Data
<\$100	16%	35%	47%	11%	25%	60%	78%	60%	57%
\$100-\$249	2%	10%		12%	30%		7%	15%	
\$250-\$499	4%	10%		5%	10%		7%	5%	
\$500-\$999	8%	5%		17%	10%		5%	15%	
>\$1,000	70%	40%	3%	54%	25%	5%	0%	0%	3%
Unknown	0%	0%	50%	0%	0%	35%	2%	5%	40%
Totals	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Bank records (verified by examiners) and U.S. Census Business Demographic Data (2008)

Distribution of loans to borrowers of varying income levels is reasonable. Our sample of consumer loans included 60 loans from the Central AA, 65 from the East Central AA, and 20 from the Black Hills Non-MSA AA. Lending to low-income borrowers by both number and dollar volume exceeds community demographics for the Central and Black Hills Non-MSA AAs. Lending to moderate-income borrowers by number for all AAs is reasonable and meets community demographics. Lending by dollar volume to

moderate-income borrowers in all AAs is below community demographics but is reasonable given the volume of lending to low-income borrowers. Lending to low-income borrowers by both number and dollar volume in the East Central AA is below community demographics. We did not analyze consumer loans originated in the McLaughlin and Rapid City AAs due to minimal volume. The following table compares the bank's consumer lending activity by borrower income level to community demographics.

BORROWER DISTRIBUTION OF CONSUMER LOANS									
Borrower Income Level	Central			East Central			Black Hills Non-MSA		
	% of Dollar	% of Number	% of Households	% of Dollar	% of Number	% of Households	% of Dollar	% of Number	% of Households
Low	22%	27%	16%	10%	15%	23%	44%	40%	24%
Moderate	11%	15%	14%	15%	23%	18%	6%	25%	17%
Middle	22%	27%	18%	17%	23%	20%	44%	25%	20%
Upper	45%	31%	52%	53%	34%	39%	6%	10%	39%
Unknown	0%	0%	0%	5%	5%	0%	0%	0%	0%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Bank records (verified by examiners) and U.S. Census Data (2000)

Geographic Distribution of Loans

The geographic distribution of commercial, agricultural, and consumer loans throughout South Dakota is reasonable.

The geographic distribution of commercial loans in the Central and Rapid City AAs is reasonable. We sampled 20 commercial loans each from the Central and Rapid City AAs. In the Rapid City AA the bank's lending by dollar volume of commercial loans exceeds community demographics, although lending by number of commercial loans is somewhat below community demographics. The bank's lending by both number and dollar volume of commercial loans in the Central AA is reasonable and meets community demographics. Although the bank did not lend to businesses located in moderate income tracts in the Central AA, community demographics indicate only 11 of 3,018 businesses in the AA are located in the moderate-income tract. The following table compares the bank's commercial lending activity to business demographics.

GEOGRAPHIC DISTRIBUTION OF COMMERCIAL LOANS						
Tract Income Level	Central			Rapid City		
	% of Dollar	% of Number	% of Businesses	% of Dollar	% of Number	% of Businesses
Low	0%	0%	0%	0%	0%	0%
Moderate	0%	0%	0%	46%	20%	34%
Middle	83%	65%	58%	48%	75%	51%
Upper	17%	35%	42%	6%	5%	15%
Total	100%	100%	100%	100%	100%	100%

Source: Bank records (verified by examiners) and U.S. Census Business Demographic Data (2008)

The geographic distribution of agricultural loans in the McLaughlin and Central AAs is reasonable. Our sample included 20 loans from the Central AA and 7 loans from the

McLaughlin AA. The bank's lending by both number and dollar volume of agricultural loans in the McLaughlin AA exceeds community demographics. Although the bank did not lend to farms located in the low-income tract in the McLaughlin AA, community demographics indicate only 1 of 77 farms in the AA is located in the low-income tract. The bank's lending by both number and dollar volume of agricultural loans in the Central AA is reasonable and meets community demographics. Although the bank did not lend to farms located in the moderate-income tract in the Central AA, community demographics indicate only 11 of 389 farms in the AA are located in the moderate-income tract. The following table compares the bank's agricultural lending activity to farm demographics.

GEOGRAPHIC DISTRIBUTION OF AGRICULTURAL LOANS						
Tract Income Level	Central			McLaughlin		
	% of Dollar	% of Number	% of Farms	% of Dollar	% of Number	% of Farms
Low	0%	0%	0%	0%	0%	1%
Moderate	0%	0%	3%	100%	100%	38%
Middle	79%	70%	61%	0%	0%	61%
Upper	21%	30%	36%	0%	0%	0%
Total	100%	100%	100%	100%	100%	100%

Source: Bank records (verified by examiners) and U.S. Agricultural Census Data (2008)

The geographic distribution of consumer loans in the Central AA is reasonable. Our sample included 20 consumer loans from the Central AA. The bank's lending by both number and dollar volume of consumer loans in the Central AA is reasonable and meets community demographics. Although the bank did not lend to consumers located in the moderate-income tract in the Central AA, community demographics indicate only 40 of 9,014 households are located in the moderate-income tract. The following table compares the bank's consumer lending activity to community demographics.

GEOGRAPHIC DISTRIBUTION OF CONSUMER LOANS			
Tract Income Level	Central		
	% of Dollar	% of Number	% of Households by tract income level
Low	0%	0%	0%
Moderate	0%	0%	0%
Middle	34%	50%	45%
Upper	66%	50%	55%
Total	100%	100%	100%

Source: Bank records (verified by examiners) and U.S. Census Data (2000)

Analysis of lending by geographic distribution is not meaningful for the remaining AAs. The East Central and Black Hills Non-MSA AAs contain only middle-income geographies.

Responses to Complaints

The bank has not received any CRA-related complaints since the last CRA examination.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test in South Dakota is rated "Satisfactory."

Number and Amount of Community Development Loans

FNB provided a reasonable level of community development lending. The bank originated three community development loans totaling \$4,785,000, or 5 percent of Tier 1 Capital. The loans were for economic development and affordable housing.

Number and Amount of Qualified Investments

FNB made two donations totaling \$10,000 to a qualified community development organization that provides affordable housing to low- and moderate-income individuals in the AA. There were no community development investments made during the evaluation period.

Extent to Which the Bank Provides Community Development Services

FNB provides an adequate level of community development services. FNB services approximately 36 affordable housing loans, a service that is highly responsive to the affordable housing needs of low-income individuals. Five bank officers provide financial expertise to organizations that facilitate affordable housing to low- and moderate-income individuals. One officer serves as the treasurer for an organization that revitalizes and stabilizes a distressed and underserved middle-income area. The bank's McLaughlin branch is located in a moderate-income area.

State Rating

State of Colorado

CRA Rating for Colorado: Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The primary factors supporting this rating are:

- The distribution of borrowers in Colorado reflects reasonable penetration among businesses of different sizes and individuals of different income levels.
- The geographic distribution of commercial and consumer loans in Colorado reflects reasonable dispersion throughout census tracts of different income levels.
- FNB's community development activities in Colorado, as a whole, demonstrate

adequate responsiveness to the community development needs of its AA.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN COLORADO

The bank's operations in Colorado are limited. Only one of the bank's thirteen branches is located in Colorado. In addition, 15 percent of the bank's loans and 22 percent of the bank's deposits are attributed to operations in Colorado. One of the bank's twelve ATMs is located in the Colorado AA. The ATM accepts deposits.

The bank's designated AA in Colorado consists of Arapahoe and Douglas counties. The counties are part of the Denver-Aurora MSA and are located to the south and east of downtown Denver. The area consists of three low-, 26 moderate-, 60 middle-, and 71 upper-income census tracts.

The AA has a total population of 663,733 and 260,168 housing units. The 2000 median family income was \$61,301 and the HUD 2008 updated median family income was \$71,800.

The major employment sectors are government and retail trade. According to the Bureau of Labor Statistics, the unemployment rate for the Denver-Aurora MSA for October 2008 was 5.6 percent. This compares favorably to the national unemployment rate of 6.6 percent and is comparable to the state of Colorado unemployment rate of 5.7 percent.

SCOPE OF EVALUATION IN COLORADO

The Colorado AA received a full-scope review because it is the only AA in the state of Colorado. The Colorado AA received less weight than the South Dakota AAs because only 15 percent of the bank's lending and 22 percent of the bank's deposits are attributed to the bank's operations in Colorado. We contacted an organization in the bank's AA that provides access to capital for business owners who are not considered bankable by traditional institutions. The organization identified small business lending as a credit need for the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN COLORADO

LENDING TEST

The bank's performance under the Lending Test in Colorado is rated "Satisfactory." The distribution of borrowers in Colorado reflects reasonable penetration among businesses of different sizes and individuals of different income levels. The geographic distribution of commercial and consumer loans in Colorado reflects reasonable dispersion throughout census tracts of different income levels.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

Overall, the distribution of borrowers reflects reasonable penetration among businesses of different sizes and individuals of different income levels.

Commercial lending activity for the Colorado AA meets business demographic data. We sampled 20 commercial loans from the Colorado AA. Lending to businesses with gross annual revenues of less than \$1 million for the Colorado AA is reasonable when compared to business demographic data. The following table compares the bank's commercial lending activity by revenue size to business demographics.

BORROWER DISTRIBUTION OF COMMERCIAL LOANS IN COLORADO			
Gross Annual Revenue	% of Dollar	% of Number	Business Data
< \$1 Million	47%	55%	64%
>= \$1 Million	49%	40%	4%
Unknown	4%	5%	32%
Totals	100%	100%	100%

Source: Bank records (verified by examiners) and U.S. Census Business Demographic Data (2008)

Consumer lending activity shows reasonable penetration to borrowers of varying income levels for the Colorado AA. We sampled 60 consumer loans from the Colorado AA. Lending by number of loans to low-income borrowers (27 percent) exceeds community demographics of 15 percent. Lending by dollar volume to low-income borrowers (13 percent) meets community demographics. Lending by both number and dollar volume to moderate-income borrowers is below community demographics but is reasonable given the volume of lending to low-income borrowers. The following table compares the bank's consumer lending activity by borrower income level to community demographics.

BORROWER DISTRIBUTION OF CONSUMER LOANS IN COLORADO			
Borrower Income Level	% of Dollar	% of Number	% of Households
Low	13%	27%	15%
Moderate	9%	13%	16%
Middle	23%	23%	20%
Upper	55%	37%	49%
Totals	100%	100%	100%

Source: Bank records (verified by examiners) and U.S. Census Data (2000)

Geographic Distribution of Loans

The geographic distribution of commercial and consumer loans in the Colorado AA reflects reasonable dispersion throughout census tracts of different income levels. The geographic distribution of business loans reflects reasonable penetration throughout census tracts of different income levels. Our sample included 60 commercial loans from the Colorado AA. The percentage of loans to businesses made in low-income geographies is reasonable and meets business demographics. The percentage of loans to businesses made in moderate-income geographies is lower than business

demographics. However, the bank's only branch in the AA is located in the southwest corner of the county, away from the majority of moderate-income tracts that are located in the northwest portion of the county. Of the 60 commercial loans reviewed, 49 were located within a 7-mile radius of the bank. Low-income tracts are located more than 12 miles from the bank and the majority of moderate-income tracts are located more than 9 miles from the bank. In addition, there are several other financial institutions serving the area that are located between the bank and the low- and moderate-income areas. The following table shows the bank's performance compared to the percentage of businesses in each census tract income level.

GEOGRAPHIC DISTRIBUTION OF COMMERCIAL LOANS IN COLORADO			
Tract Income Level	% of Dollar	% of Number	% of Businesses
Low	0%	2%	2%
Moderate	5%	5%	30%
Middle	13%	32%	13%
Upper	82%	61%	55%
Total	100%	100%	100%

Source: Bank records (verified by examiners) and U.S. Census Business Demographic Data (2008)

The geographic distribution of consumer loans reflects reasonable dispersion throughout census tracts of different income levels. Our sample included 60 consumer loans from the Colorado AA. The percentage of loans made to consumers in low- and moderate-income geographies is lower than the percentage of households located in those geographies. However, the bank's only branch in the AA is located in the southwest corner of the county, away from the majority of low- and moderate-income tracts that are located in the northwest portion of the county. Of the 60 consumer loans reviewed, 53 were located within a 7 mile radius of the bank. Low-income tracts are located more than 12 miles from the bank and the majority of moderate-income tracts are located more than 9 miles from the bank. In addition, there are several financial institutions serving the area that are located between the bank and the low- and moderate-income areas. The following table shows the bank's performance compared to the percentage of households in each census tract income level.

GEOGRAPHIC DISTRIBUTION OF CONSUMER LOANS IN COLORADO			
Tract Income Level	% of Dollar	% of Number	% of Businesses
Low	0%	0%	2%
Moderate	3%	8%	18%
Middle	12%	20%	39%
Upper	85%	72%	41%
Total	100%	100%	100%

Source: Bank records (verified by examiners) and U.S. Census Data (2000)

Responses to Complaints

The bank has not received any CRA-related complaints since the last CRA examination.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test in Colorado is rated "Satisfactory."

Number and Amount of Community Development Loans

The bank made a \$2.5 million loan to an organization that is highly responsive to the community service and economic development needs of low- and moderate-income individuals within the bank's Colorado AA. The loan represents 2 percent of Tier 1 Capital.

Number and Amount of Qualified Investments

FNB made one donation totaling \$3 thousand to a qualified community development organization that is highly responsive to the community service and economic development needs of low- and moderate-income individuals. There were no community development investments made during the evaluation period

Extent to Which the Bank Provides Community Development Services

One officer provides financial expertise to an organization that is highly responsive to the community service and economic development needs of low- and moderate-income individuals.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test: (01/01/06 to 09/30/08) Community Development Test: (01/01/06 to 09/30/08)	
Financial Institution	Products Reviewed	
First National Bank (FNB) Fort Pierre, SD	Commercial Loans Agricultural Loans Consumer Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A	N/A	N/A
List of AAs and Type of Examination		
Assessment Area	Type of Exam	Other Information
South Dakota: Central SD East Central SD Rapid City MSA Black Hills Non-MSA McLaughlin Colorado: Colorado AA	Full scope Full scope Full scope Full scope Full scope Full scope	N/A

Appendix B: Summary of State Ratings

Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State/Multistate Rating
First National Bank	Satisfactory	Satisfactory	Satisfactory
South Dakota	Satisfactory	Satisfactory	Satisfactory
Colorado	Satisfactory	Satisfactory	Satisfactory