



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

October 8, 2012

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First National Bank South Dakota  
Charter Number 22764

332 Broadway Avenue  
Yankton, SD 57078-4330

Office of the Comptroller of the Currency

Midsized Bank Supervision  
Office of the Comptroller of the Currency  
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**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, and should not 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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## Overall CRA Rating

**Institution’s CRA Rating:** This institution is rated **Satisfactory**.

The following table indicates the performance level of **First National Bank South Dakota (FNB)** with respect to the Lending, Investment, and Service Tests:

Performance Levels	First National Bank South Dakota Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			<b>X</b>
High Satisfactory	<b>X</b>	<b>X</b>	
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- The volume of lending reflects excellent responsiveness to the credit needs of the communities it serves.
- The bank originated an adequate percentage of its loans within its defined assessment areas (AA).
- The distribution of home mortgage, small business and small farm loans by income level of the borrower all reflect good penetration.
- The bank’s use of flexible loan products had a positive impact on the bank’s performance under the lending test.
- The volume of community development lending was adequate and had a positive impact on the bank’s performance under the lending test.
- The bank was a leader in providing qualified community development services in the assessment area. FNB’s service delivery systems are readily accessible to all geographies and individuals of different income levels.
- The bank’s dollar volume of qualifying investments, grants, and donations demonstrates a significant level of qualified investments.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

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

**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 MA/assessment area.

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

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

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

Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**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.

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

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

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

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine

the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent 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 percent and less than 80 percent, in the case of a geography.

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

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**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 qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** 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, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders’ equity, perpetual preferred shareholders’ equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

## Description of Institution

First National Bank South Dakota (FNB) is a full service financial institution headquartered in Yankton, South Dakota. FNB is an intrastate bank with four banking offices including the main bank location in Yankton and branches in Huron, Mitchell, and Woonsocket, South Dakota. The bank also operated a branch in Sioux Falls, SD for a portion of the evaluation period. The branch was closed in July 2011.

FNB is a subsidiary of First National of Nebraska, Inc. (FNNI), a \$16 billion multibank holding company located in Omaha, Nebraska. In addition to FNB, FNNI owns four national banks and a state chartered bank with locations in Nebraska, Colorado, Illinois, Iowa, Kansas, Texas, and South Dakota. FNB has no subsidiaries, and the activities of other affiliated organizations did not impact FNB's CRA evaluation.

FNB offers a full range of credit products including real estate, agricultural, commercial, and consumer loans. The bank has five deposit-taking automated teller machines (ATMs) and three cash-dispensing ATMs dispersed within the assessment area. The bank is an intermediate small bank that opted to be examined as a large bank for CRA.

As of June 30, 2012, FNB had \$387 million in total assets and tier one capital of \$34 million. The bank's loan-to-deposit ratio was 51 percent and net loans represented 44 percent of total assets. By dollar amount, the loan portfolio consisted of the following types of credit: 26 percent commercial (including commercial real estate), 46 percent agricultural (including agricultural real estate), 5 percent consumer, and 8 percent residential real estate. The remaining 15 percent is a term secured note made to its affiliate, First National Bank of Omaha.

On June 23, 2010, FNB entered into a Formal Agreement with the Office of the Comptroller of the Currency that required the bank to change credit underwriting, administration, problem loan management, and concentration risk management practices. As a result, FNB's underwriting criteria became more restrictive, limiting the number and dollar volume of loans originated during the evaluation period. FNB received a "Satisfactory" rating at its previous CRA examination dated August 3, 2009.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for home mortgage loans, small loans to businesses, and small loans to farms was January 1, 2009 through December 31, 2011. Lending analysis conducted to analyze geographic distribution and borrower distribution were compared against 2000 Census demographic data. We based all market comparisons on 2010 peer data as 2011 peer data for home mortgage loans was not yet available for use. The evaluation period for community development loans, investments, and services was August 4, 2009 through October 8, 2012.

We did not include multifamily lending in our analysis as FNB's lending volume in this product was not significant. As of December 31, 2011, multifamily mortgage loans represented less than one percent of the bank's total loans.

### Data Integrity

Prior to this CRA performance evaluation, we verified the accuracy of data available to the public in accordance with the HMDA and CRA regulations. This public data included home mortgage purchase, refinance, home improvement, and multifamily loans, and small loans to businesses and farms. We also verified the bank's reporting of community development loans, investments, and services. Based on the results of our review, we considered the data to be materially accurate.

### Selection of Areas for Full-Scope Review

The bank had two assessment areas at this examination. We performed a full-scope review of the Southeastern (SE) South Dakota Non-MSA assessment area for the full evaluation period. This area represents a majority of the bank's lending and deposit activities. We performed a limited-scope review of the Sioux Falls MSA assessment area. We were unable to perform a more detailed analysis in this AA as lending volumes were simply too small to be meaningful. The bank also closed their Sioux Falls branch on July 18, 2011 and no longer has a presence in the MSA. Refer to Appendixes A and B for more information.

### Ratings

The bank's overall rating is based primarily on the area that received a full-scope review.

When determining conclusions for the lending test, we weighted loan products to be reflective of FNB's loan volume by product type over the evaluation period. We weighted small loans to farms more heavily in our analysis of the SE South Dakota Non-MSA assessment area because they represented 67 percent of the total number of loans originated by FNB during the evaluation period. Small loans to businesses were the next largest loan volume product, accounting for 23 percent of total reported loans. Home mortgage loans, including home purchase, home mortgage refinance, and home improvement loans, accounted for 10 percent of reported loans. In the Sioux Falls assessment area, small loans to businesses were the largest volume loan type and accounted for 86 percent of the loans. In the Sioux Falls assessment area, small loans to farms accounted for 7 percent of the loans, and home mortgage loans accounted for 7 percent of total reported loans.

## **Other**

We conducted one community contact during this evaluation. We contacted the local office of a federal government agency that offers direct lending and government guarantee programs for agricultural loans. The contact stated the primary needs in the assessment area related to small business lending, especially start-up businesses. The contact stated that all lenders are active in offering assistance in meeting these credit needs.

## **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

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

Further, section 1025 of the Dodd–Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111- 203) assigns to the Consumer Financial Protection Bureau (CFPB) exclusive examination authority, and primary enforcement authority, to ensure compliance by banks and FSAs with Federal consumer financial laws, if the bank or FSA has more than \$10 billion in assets. The CFPB has not provided the OCC with any information about, or other evidence of, discriminatory or other illegal credit practices relative to this institution with respect to the Federal consumer financial laws.

## Conclusions with Respect to Performance Tests

### LENDING TEST

#### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "High Satisfactory." Based on a full-scope review, the bank's performance in the SE South Dakota Non-MSA assessment area is good.

#### Lending Activity

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's lending activity.

FNB's lending activity in the SE South Dakota Non-MSA assessment area reflects excellent responsiveness to assessment area credit needs. Over the evaluation period, FNB originated 1,279 small loans to farms totaling \$125 million, 438 small loans to businesses totaling \$51 million, 206 home mortgage loans totaling \$19 million, and 10 community development loans totaling \$788 thousand.

To analyze the lending activity of FNB, we compared the bank's deposit market share with its lending market share for each loan product. In comparing market share percentages, we considered the fact that the deposit market share analysis only included deposit-taking financial institutions with one or more offices in the assessment area. However, the lending market share calculations included lenders who did not have a deposit-taking facility in the assessment area, as well as some non-bank lenders. We did not expect FNB's deposit share and lending market share percentages to be equal in order for performance to be considered excellent. We also considered the fact that many small banks are not required and therefore do not report small farm and small business loans. If these institutions were to report data, FNB's market share would not be as significant.

Small loans to farms represent the majority of the bank's CRA lending activity at 67 percent of the CRA reportable loans by number and 64 percent by dollar volume. Based on FDIC deposit market share data as of June 30, 2012, there were 24 deposit-taking institutions with 55 offices in the SE South Dakota Non-MSA assessment area. FNB ranked third with 14 percent of the deposit market share. During 2010, the bank achieved a 53 percent market share by number of small loans to farms, ranking first out of 20 reporting lenders. By dollar volume of small loans to farms, the bank also ranked first, with a 51 percent market share.

Small loans to businesses represent 23 percent of the CRA reportable loans by number and 26 percent by dollar volume. FNB achieved a 13 percent market share by number of small business loans, ranking second out of 29 reporting lenders. By dollar volume of small business loans, the bank ranked first with a 34 percent market share.

## **Distribution of Loans by Income Level of the Geography**

A geographical analysis was not meaningful, as the SE South Dakota Non-MSA assessment area did not include any low- or moderate-income census tracts.

### ***Lending Gap Analysis***

We reviewed the bank's publicly reported data for home mortgage loans, small loans to businesses, and small loans to farms, to identify conspicuous gaps in the geographic distribution of these loans. No unexplained conspicuous gaps were identified.

### ***Inside/Outside Ratio***

An adequate percentage of FNB's loans were originated or purchased within its combined assessment areas. In total, 67 percent of the bank's HMDA and CRA reportable loans were originated or purchased within the bank's two assessment areas. FNB originated or purchased 87 percent of their HMDA reportable loans within the two assessment areas. Small business and small farm loans originated within the bank's combined assessment areas were 76 percent and 62 percent, respectively.

## **Distribution of Loans by Income Level of the Borrower**

The distribution of all reportable loans by income level of the borrower in the SE South Dakota Non-MSA assessment area reflects good penetration.

### ***Home Mortgage Loans***

Refer to Tables 8, 9, and 10 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The distribution of home mortgage loans by income level of the borrower reflects good penetration throughout the SE South Dakota Non-MSA assessment area.

In evaluating the borrower distribution of home mortgage loans, we considered the number of low- and moderate-income families in the assessment area. We also considered the number of households living below the poverty level and the barriers this may impose on home ownership. Based on the 2000 census data, there are 22 thousand families in the assessment area, with 17 percent considered low-income and 18 percent considered moderate-income. The percentage of total households living below the poverty level is 14 percent.

### **Home purchase**

The borrower income distribution of home purchase loans is excellent for the SE South Dakota Non-MSA assessment area. The percentage of home purchase loans to low-income borrowers is near to the percentage of low-income families in the assessment area. The percentage of home purchase loans to moderate-income borrowers significantly exceeds the percentage of moderate-income families in the assessment area. The bank's market share for low-income borrowers is near to its overall market share for home purchase loans. The bank's market share for moderate-income borrowers exceeds its overall market share for home purchase loans.

Home Improvement

The borrower income distribution of home improvement loans is excellent for the SE South Dakota Non-MSA assessment area. The percentage of home improvement loans to low-income borrowers is near to the percentage of low-income families in the assessment area. The percentage of home improvement loans to moderate-income borrowers exceeds the percentage of moderate-income families in the assessment area. The bank's market share for low-income borrowers significantly exceeds its overall market share for home improvement loans. The bank's market share for moderate-income borrowers exceeds its overall market share for home improvement loans.

Home Refinance

The borrower income distribution of home refinance loans is adequate for the SE South Dakota Non-MSA assessment area. The percentage of home refinance loans to low-income borrowers is somewhat lower than the percentage of low-income families in the assessment area. The percentage of home refinance loans to moderate-income borrowers is lower than the percentage of moderate-income families in the assessment area. The bank's market share for low-income borrowers significantly exceeds its overall market share for home mortgage refinance loans. The bank's market share for moderate-income borrowers is near to its overall market share for home mortgage refinance loans.

***Small Loans to Businesses***

Refer to Table 11 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The bank's borrower distribution of small loans to businesses reflects good penetration throughout the SE South Dakota Non-MSA assessment area.

FNB's distribution of small loans to small businesses (businesses with revenues of \$1 million or less) is good in the SE South Dakota Non-MSA assessment area. The percentage of small loans to small businesses is near to the percentage of small businesses in the assessment area. The bank's market share of loans to small businesses exceeds the bank's overall market share for small loans to businesses, regardless of revenue size. A majority of loans to businesses originated by FNB were in amounts of \$100 thousand or less. Loan size often loosely correlates to the size of the business.

***Small Loans to Farms***

Refer to Table 12 in the appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to farms.

The bank's borrower distribution of small loans to farms reflects good penetration throughout the SE South Dakota Non-MSA assessment area.

FNB's distribution of small loans to small farms (farms with revenues of \$1 million or less) is good in the SE South Dakota Non-MSA assessment area. The percentage of small loans to small farms is near to the percentage of small farms in the assessment area. The bank's market share of loans to small farms exceeds the bank's overall market share for small loans to farms, regardless of revenue size. A majority of loans to farms originated by FNB were in amounts of \$100 thousand or less. Loan size often loosely correlates to the size of the farm.

## Community Development Lending

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development (CD) lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

Community development lending in the SE South Dakota Non-MSA assessment area was adequate and had a positive impact on Lending Test conclusions. FNB originated eight qualifying community development loans totaling \$750 thousand in the SE South Dakota Non-MSA assessment area. The bank also made two community development loans totaling \$37,500 that benefited a Native American tribe located in an area directly adjacent to the bank's assessment area. The combined total community development lending totaled \$787,500 and represents approximately 2.4 percent of tier one capital.

The following summarizes some of the bank's qualified community development loans:

- The bank originated five loans totaling \$535 thousand to three organizations whose primary focus is providing affordable housing to low- and moderate-income individuals and families. The organizations serve distressed or underserved middle-income geographies.
- FNB originated two loans totaling \$140 thousand to an organization that provides training and vocational opportunities to help create and retain jobs in Southeast South Dakota, including several distressed or underserved nonmetropolitan middle-income geographies.

## Product Innovation and Flexibility

FNB makes use of flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals and geographies, which has a positive impact on the lending test performance.

FNB participated in several loan programs sponsored by federal and state governments that primarily served low- and moderate-income home mortgage applicants during the evaluation period. The loan programs generally included reduced down payment requirements, lower interest rates, and more liberal underwriting criteria than conventional loans. FNB originated the following loans during the evaluation period:

- 58 United States Department of Agriculture (USDA) Rural Development loans totaling \$5.5 million
- 11 Federal Housing Authority (FHA) loans totaling \$1.2 million
- 9 Veterans Administration (VA) loans totaling \$1.4 million
- 7 South Dakota Housing Development Authority (SDHDA) loans totaling \$548 thousand
- 13 SDHDA Community Home Improvement Program (CHIP) loans totaling \$118 thousand

FNB also participated in several loan programs sponsored by the federal government that primarily served small businesses and small farm applicants during the evaluation period. The loan programs included government guarantees, lower interest rates, and interest subsidy programs. FNB originated the following loans during the evaluation period:

- 14 USDA Farm Service Agency (FSA) guaranteed loans totaling \$4.2 million

- 11 U.S. Small Business Administration (SBA) guaranteed loans totaling \$1.2 million
- 10 SBA America's Recovery Capital (ARC) loans totaling \$316 thousand

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on a limited-scope review, the bank's performance under the lending test in the Sioux Falls MSA assessment area is not inconsistent with the bank's overall "High Satisfactory" performance under the lending test. Refer to Tables 1 through 13 in appendix C for the facts and data that support these conclusions.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the investment test is rated "High Satisfactory." Based on the full-scope review of the SE South Dakota Non-MSA assessment area, the bank's performance is good.

Refer to Table 14 in appendix C for the facts and data used to evaluate the bank's level of qualified investments.

The bank's dollar volume of qualifying investments, grants, and donations demonstrates a significant level of qualified investments. This conclusion considers the limited investment opportunities within the SE South Dakota Non-MSA assessment area and the bank's responsiveness to address these needs. Qualified investments, grants, and donations totaled \$1.2 million during the evaluation period. Of this total, \$109 thousand is current period versus \$1.1 million prior period. Qualified investments, grants, and donations represent approximately 3.7 percent of tier one capital. Investments were not particularly innovative or complex.

Current period investments consisted of donations to organizations that provide community services to low- and moderate-income individuals and families, and that promote economic development. During the evaluation period, FNB made qualified donations or investments of \$109 thousand to 26 qualified organizations. FNB donated more than \$40 thousand to an organization that promotes economic development by providing expansion, relocation, and other assistance to small businesses in the Yankton area.

Prior period investments continue to have a positive impact on the bank's assessment area. FNB carried forward a \$668 thousand investment in the First National Nebraska Community Development Corporation (FNNCDC) from the prior evaluation period. FNNCDC lends to a number of community development related entities and is responsive to the qualified investment needs in the assessment area. FNB also carried forward a \$250 thousand investment in an equity fund that promotes affordable housing and economic development on a regional basis that includes the bank's assessment area, and a \$200 thousand investment in a community development financial institution (CDFI) revolving loan fund.

## **Conclusions for Area Receiving Limited-Scope Reviews**

Based on a limited-scope review, the bank's performance under the investment test in the Sioux Falls MSA assessment area is not inconsistent with the bank's overall "High Satisfactory" performance under the investment test. All of the bank's prior period investments benefit both the SE South Dakota Non-MSA and Sioux Falls MSA assessment areas. Refer to Table 14 in appendix C for the facts and data that support these conclusions.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Service Test is rated "Outstanding." Based on the full-scope review of the SE South Dakota Non-MSA assessment area, the bank's performance is excellent.

### **Retail Banking Services**

Refer to Table 15 in appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

FNB's service delivery systems are readily accessible to all geographies and individuals of different income levels in the SE South Dakota Non-MSA assessment area. All four of the bank's branches in the SE South Dakota Non-MSA assessment area are located in middle-income census tracts. The assessment area has no low- or moderate-income census tracts. One of the bank's branches is located in a distressed and underserved area. Another branch is located in a distressed area.

The bank operates five deposit-taking ATMs in the SE South Dakota Non-MSA assessment area. Four of the ATMs are located in middle-income census tracts and one is located in an upper-income census tract. One of the ATMs is located in distressed middle-income geography.

The bank also operates three ATMs that only dispense cash and do not accept deposits. These ATMs are all located in middle-income census tracts.

FNB's record of opening and closing branches and ATMs did not adversely affect the accessibility of its delivery systems to low- or moderate-income individuals. The bank did not open or close any branches or ATMs in the SE South Dakota Non-MSA assessment area during the evaluation period.

The bank's hours and services offered throughout the SE South Dakota Non-MSA assessment area were good. Hours and services did not vary in a way that inconvenienced low- or moderate-income individuals in the assessment area. Office hours varied slightly between the bank's four locations based on customer needs. All branch locations offered drive-up services, with some drive-ups open extended hours. Three of the four bank locations were also open for four hours on Saturday mornings.

FNB offered good alternative systems for delivering retail banking services to low- and moderate-income individuals and geographies. These alternative systems included the bank's ATM network, 24-hour telephone banking, Internet banking services, and banking by mail. No information was available regarding the effectiveness of these services in reaching low- and moderate-income individuals or

geographies. We did not place significant weight on these systems when drawing conclusions under the Service Test.

## **Community Development Services**

FNB is a leader in providing qualified community development services in the assessment area. In total, 26 bank officers and employees provided qualified services to 48 organizations serving the SE South Dakota Non-MSA assessment area. These organizations addressed assessment area needs for affordable housing, economic development, and social services to low- or moderate-income individuals. Bank employees served in leadership positions in many of these organizations, including executive officers, board members, and loan committee members. In these roles, they provided key financial services, such as planning, budgeting, fund raising, and loan review. The following examples illustrate some of the services provided:

- A bank officer provided assistance and financial advice for small farmers through an area agricultural advisory council. The council manages a program that provides guidance and counseling to farmers and ranchers regarding the analysis of financial considerations needed to manage their operations. The majority of individuals receiving benefits are considered small farmers.
- Three bank representatives were Board members or selection committee members for the local chapters of Habitat for Humanity, which provided affordable housing to low- and moderate-income individuals within the assessment area.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on a limited scope review, the bank's performance under the Service Test in the Sioux Falls MSA assessment area is weaker than the bank's overall "Outstanding" performance under the Service Test. No bank representatives provided qualified services in the Sioux Falls MSA assessment area during the evaluation period. However, the bank branch in Sioux Falls was closed during the evaluation period and the bank no longer has a presence in the Sioux Falls market. The poor performance in the Sioux Falls MSA assessment area did not have a significant impact on the bank's overall "Outstanding" performance under the Service Test.

## Appendix A: Scope of Examination

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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”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): (01/01/09 to 12/31/11) Investment and Service Tests and CD Loans: (08/04/09 to 10/08/12)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
First National Bank South Dakota (FNB) Yankton, SD	<ul style="list-style-type: none"> <li>-- Home mortgage loans, including home purchase, home improvement, and home refinance</li> <li>-- Small loans to businesses</li> <li>-- Small loans to farms</li> <li>-- Community development loans.</li> <li>-- Community development investments.</li> <li>-- Community development services.</li> <li>-- Retail banking services.</li> </ul>	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
South Dakota SE South Dakota Non-MSA	Full-Scope	Consists of seven counties in Eastern South Dakota including Beadle, Bon Homme, Clay, Davison, Hutchinson, Sanborn, and Yankton
Sioux Falls, South Dakota MSA	Limited-Scope	Consists of Minnehaha and Lincoln counties in the Sioux Falls MSA

## Appendix B: Market Profiles for Full-Scope Areas

### SE South Dakota Non-MSA

Demographic Information for Full-Scope Area: SE South Dakota Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	23	0.00	0.00	91.30	8.70	0.00
Population by Geography	88,963	0.00	0.00	89.03	10.97	0.00
Owner-Occupied Housing by Geography	23,203	0.00	0.00	88.65	11.35	0.00
Businesses by Geography	7,286	0.00	0.00	91.46	8.54	0.00
Farms by Geography	1,564	0.00	0.00	96.93	3.07	0.00
Family Distribution by Income Level	22,238	17.16	17.53	24.27	41.04	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	7,714	0.00	0.00	90.71	9.29	0.00
Median Family Income	= \$39,438	Median Housing Value		= \$64,591		
HUD Adjusted Median Family Income for 2010	= \$53,800	Unemployment Rate		= 1.79%		
Households Below the Poverty Level	= 14%					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 U.S. Census, and 2010 HUD updated MFI.

The SE South Dakota Non-MSA assessment area consists of seven counties in South Dakota: Beadle, Bon Homme, Clay, Davison, Hutchinson, Sanborn, and Yankton. The assessment area complies with regulatory requirements and does not arbitrarily exclude any low- or moderate-income areas. The assessment area contains the bank's main office located in Yankton, South Dakota and also three branches, one each in Huron, Mitchell, and Woonsocket, South Dakota. The bank has five deposit-taking ATMs and three cash-dispensing ATMs dispersed within the assessment area.

The assessment area consists of 21 middle- and two upper-income census tracts. There are no low- or moderate-income census tracts. During the evaluation period, Beadle County (including the city of Huron) and Clay County (served by the Yankton office) were designated as distressed middle-income geographies. The counties of Bon Homme (served by the Yankton office) and Hutchinson (served by the Mitchell and Yankton offices) were designated as underserved middle-income geographies. In addition, Sanborn County (including the city of Woonsocket) was designated as both a distressed and underserved middle-income geography.

The bank's deposits in the SE South Dakota Non-MSA assessment area totaled approximately \$333 million as of June 30, 2012. This represents all of the bank's deposits. Based on FDIC deposit market share as of that date, this equated to a 14 percent deposit market share and ranked FNB as the third largest deposit-taking financial institution in the assessment area.

Competition in the assessment area was strong. Approximately 24 deposit-taking institutions operated 55 offices in the SE South Dakota Non-MSA assessment area as of June 30, 2012. Major competitors included First Dakota National Bank, CorTrust Bank, N.A., and Wells Fargo Bank, N.A. Credit unions, finance companies, and mortgage companies also competed for loan production throughout the assessment area.

Local economic conditions were good, especially when compared to national unemployment rates. August 2012 unemployment rates for the seven counties in the SE South Dakota Non-MSA assessment area ranged from a low of 3.1 percent to a high of 4.8 percent. Six of the seven counties were below the South Dakota unemployment rate of 4.5 percent for the same time period and all seven counties in the assessment area were below the national unemployment rate of 8.1 percent. Major employers in the assessment area are related to agriculture, hospitals, local schools, and large retailers.

According to the 2000 Census, the population living in the SE South Dakota Non-MSA assessment area is slightly under 89 thousand and the number of families is 22 thousand. The percentage of families by income level is 17 percent low-income, 18 percent moderate-income, 24 percent middle-income and 41 percent upper-income. In aggregate, 14 percent of the households had income below the poverty level as reported in the 2000 Census.

A local community member indicated that small business lending is a primary credit need in the assessment area. The contact also stated that all banks in the area are willing to lend and are active in offering assistance to small businesses.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products (OMITTED)** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For

borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume

LENDING VOLUME												
Geography: South Dakota												
Evaluation Period: January 01, 2009 TO December 31, 2011												
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
SE South Dakota Non-MSA	94.92	206	18,511	438	50,787	1,279	124,652	10	788	1,933	194,738	100.00
<b>Limited Review:</b>												
Sioux Falls MSA AA	5.08	7	626	89	14,852	7	537	1	75	104	16,090	0.00

\* Loan Data as of December 31, 2011. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is August 4, 2009 to October 8, 2012.

\*\*\* Deposit Data as of June 30, 2012. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: South Dakota					Evaluation Period: January 01, 2009 TO December 31, 2011					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
SE South Dakota Non-MSA	93	98.94	0.00	0.00	0.00	0.00	88.65	79.57	11.35	20.43	3.37	0.00	0.00	3.42	3.11	
<b>Limited Review:</b>																
Sioux Falls MSA AA	1	1.06	0.00	0.00	9.83	0.00	71.68	100.00	18.48	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2010 Peer Mortgage Data: (USPR)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: South Dakota						Evaluation Period: January 01, 2009 TO December 31, 2011							
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
SE South Dakota Non-MSA	52	98.11	0.00	0.00	0.00	0.00	88.65	84.62	11.35	15.38	8.23	0.00	0.00	9.23	3.57
<b>Limited Review:</b>															
Sioux Falls MSA AA	1	1.89	0.00	0.00	9.83	0.00	71.68	100.00	18.48	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2010 Peer Mortgage Data (USPR)

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 2000 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: South Dakota								Evaluation Period: January 01, 2009 TO December 31, 2011					
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
SE South Dakota Non-MSA	60	95.24	0.00	0.00	0.00	0.00	88.65	95.00	11.35	5.00	2.28	0.00	0.00	2.78	0.65
<b>Limited Review:</b>															
Sioux Falls MSA AA	3	4.76	0.00	0.00	9.83	0.00	71.68	66.67	18.48	33.33	0.01	0.00	0.00	0.02	0.00

\* Based on 2010 Peer Mortgage Data (USPR)

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 2000 Census information.

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: South Dakota					Evaluation Period: January 01, 2009 TO December 31, 2011					Market Share (%) by Geography*					
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies								
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
SE South Dakota Non-MSA	1	33.33	0.00	0.00	0.00	0.00	77.73	100.00	22.27	0.00	7.14	0.00	0.00	11.11	0.00		
<b>Limited Review:</b>																	
Sioux Falls MSA AA	2	66.67	0.00	0.00	32.66	50.00	59.58	50.00	7.76	0.00	4.00	0.00	14.29	2.70	0.00		

\* Based on 2010 Peer Mortgage Data (USPR)

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 2000 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: South Dakota						Evaluation Period: January 01, 2009 TO December 31, 2011						
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% of Businesses**	% BANK Loans	% of Businesses**	% BANK Loans	% of Businesses*	% BANK Loans	% of Businesses**	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
SE South Dakota Non-MSA	438	83.11	0.00	0.00	0.00	0.00	91.46	86.53	8.54	13.47	13.17	0.00	0.00	14.78	14.07
<b>Limited Review:</b>															
Sioux Falls MSA AA	89	16.89	0.00	0.00	17.53	12.36	72.42	71.91	10.05	15.73	0.79	0.00	1.09	0.75	1.15

\* Based on 2010 Peer Small Business Data: US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2010).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS		Geography: South Dakota								Evaluation Period: January 01, 2009 TO December 31, 2011					
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
SE South Dakota Non-MSA	1,279	99.46	0.00	0.00	0.00	0.00	96.93	95.31	3.07	4.69	52.77	0.00	0.00	53.23	52.00
<b>Limited Review:</b>															
Sioux Falls MSA AA	7	0.54	0.00	0.00	3.45	0.00	91.52	100.00	5.03	0.00	0.17	0.00	0.00	0.18	0.00

\* Based on 2010 Peer Small Business Data: US and PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2010).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: South Dakota					Evaluation Period: January 01, 2009 TO December 31, 2011					Market Share*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total*	% Families***	% BANK Loans***	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
SE South Dakota Non-MSA	93	98.94	17.16	13.95	17.53	37.21	24.27	24.42	41.04	24.42	3.42	2.99	4.69	3.95	2.32	
<b>Limited Review:</b>																
Sioux Falls MSA AA	1	1.06	14.74	0.00	19.03	100.00	28.53	0.00	37.70	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2010 Peer Mortgage Data (USPR)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 7.4% of loans originated and purchased by Bank.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: South Dakota				Evaluation Period: January 01, 2009 TO December 31, 2011					Market Share*				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers						
	#	% of Total**	% Families***	% BANK Loans***	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
SE South Dakota Non-MSA	52	98.11	17.16	16.33	17.53	20.41	24.27	36.73	41.04	26.53	8.33	14.29	10.71	6.38	7.46
<b>Limited Review:</b>															
Sioux Falls MSA AA	1	1.89	14.74	0.00	19.03	0.00	28.53	0.00	37.70	100.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2010 Peer Mortgage Data (USPR)

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 5.7% of loans originated and purchased by Bank.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: South Dakota								Evaluation Period: January 01, 2009 TO December 31, 2011					
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans***	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
SE South Dakota Non-MSA	60	95.24	17.16	11.11	17.53	7.41	24.27	9.26	41.04	72.22	2.38	7.50	1.99	0.82	2.71
<b>Limited Review:</b>															
Sioux Falls MSA AA	3	4.76	14.74	0.00	19.03	0.00	28.53	33.33	37.70	66.67	0.01	0.00	0.00	0.00	0.03

\* Based on 2010 Peer Mortgage Data (USPR)

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 9.5% of loans originated and purchased by Bank.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES				Geography: South Dakota		Evaluation Period: January 01, 2009 TO December 31, 2011			
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share *	
	#	% of Total **	% of Businesses **	% BANK Loans ****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
SE South Dakota Non-MSA	438	83.11	77.52	73.06	71.92	18.49	9.59	13.17	17.91
<b>Limited Review:</b>									
Sioux Falls MSA AA	89	16.89	74.81	62.92	55.06	24.72	20.22	0.79	0.87

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\* Based on 2010 Peer Small Business Data: US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2010).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 2.85% of small loans to businesses originated and purchased by the Bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: South Dakota			Evaluation Period: January 01, 2009 TO December 31, 2011				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
SE South Dakota Non-MSA	1,279	99.46	98.79	84.75	69.98	20.88	9.15	52.77	57.21
<b>Limited Review:</b>									
Sioux Falls MSA AA	7	0.54	98.62	71.43	71.43	28.57	0.00	0.17	0.19

\* Based on 2010 Peer Small Business Data: US and PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2010).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 4.43% of small loans to farms originated and purchased by Bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: South Dakota				Evaluation Period: August 04, 2009 TO October 08, 2012			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
SE South Dakota Non-MSA	4	1,118	26	109	30	1,227	100.00	0	0
<b>Limited Review:</b>									
Sioux Falls MSA AA	0	0	0	0	0	0	0.00	0	0

\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: South Dakota <b>Evaluation Period:</b> January 01, 2009 TO December 31, 2011																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid*	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
SE South Dakota Non-MSA	100.00	4	100.00	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	0.00	89.03	10.97
<b>Limited Review:</b>																	
Sioux Falls MSA AA	0.00	0	0.00	0.00	0.00	0.00	0.00	0	1	0	0	-1	0	0.00	14.37	70.12	15.50

\* Two offices (50%) were located in census tracts designated as Distressed and/or Underserved.

Distribution of Branch and ATM Delivery System

DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM																	
Geography: South Dakota																	
Evaluation Period: January 01, 2009 TO December 31, 2011																	
MA/Assessment Area:	Deposits	Branches						ATMs						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Bank ATMs	% of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography			
				Low	Mod	Mid*	Upp			Low	Mod	Mid**	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
SE South Dakota Non-MSA	100.00	4	100.00	0.00	0.00	100.00	0.00	8	100.00	0	0	7	1	0.00	0.00	89.03	10.97
<b>Limited Review:</b>																	
Sioux Falls MSA AA	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0.00	0	0	0	0	0.00	14.37	70.12	15.50

\* Two offices (50%) were located in census tracts designated as Distressed and/or Underserved.

\*\* One ATM (13%) was located in a census tract designated as Distressed.