



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

July 15, 2002

# **Community Reinvestment Act Performance Evaluation**

**First National Bank South Dakota  
Charter Number: 22764**

**332 Broadway  
Yankton, South Dakota 57078**

**Office of the Comptroller of the Currency**

**Central District  
One Financial Place  
440 South LaSalle Street, Suite 2700  
Chicago, Illinois 60605-1073**

**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			
High Satisfactory	X	X	X
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:

- Lending levels reflected an excellent responsiveness by FNB to the credit needs of the bank’s assessment areas (AAs).
- The bank’s distribution of loans by borrower income level was good.
- FNB originated a high volume of community development (CD) loans. Qualified CD loans totaled \$2 million.
- The bank’s volume of qualified investments was good. During the evaluation period, FNB made \$1 million in qualified investments.
- The bank’s service delivery systems were reasonably accessible to individuals of different income levels throughout the AAs.
- FNB was a leader in providing CD services.

## 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/AA.

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in nonmetropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**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.

**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 nonrelatives 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 household 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 or a block numbering area 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 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).

**Home Mortgage Loans:** such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

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

**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/AA.

**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 primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**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. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial 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 noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 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 offers a full range of credit products within its AAs including real estate, agricultural, commercial, and consumer loans.

For purposes of CRA evaluation, FNB is an intrastate bank with offices in South Dakota only. As of July 15, 2002, the bank's main office was located in Yankton, in southeastern South Dakota. In November 1999, FNB acquired Commercial Bank with offices in Mitchell, Huron, and Woonsocket, all in east-central South Dakota. None of the offices were located in a Metropolitan Statistical Area (MSA). The bank had nine automated teller machines (ATMs) disbursed throughout the AAs. FNB also operated a loan production office in Sioux Falls, SD. FNB had no subsidiaries.

First National of Nebraska, Inc. (FNNI) owns 100 percent of the bank stock. FNNI is a \$10 billion multibank holding company headquartered in Omaha, Nebraska. In addition to FNB, FNNI owns nine national banks and two state-chartered banks located primarily in Nebraska and adjacent states in the Midwest.

As of March 31, 2002, FNB had \$401 million in total assets and Tier 1 capital of \$27 million. The bank's loan-to-deposit ratio on that date was 84 percent and net loans represented 71 percent of total assets. By dollar amount, the loan portfolio consisted of the following types of credit: 22 percent agricultural (including agricultural real estate); 20 percent consumer; 18 percent commercial (including commercial real estate); 8 percent residential real estate; 3 percent other real estate; and 2 percent other. Credit card participations purchased from an affiliate bank comprised the remaining 27 percent of the bank's loan portfolio. FNB sold a significant volume of its home purchase and home mortgage refinance loans on the secondary market. The loan-to-deposit ratio and loan portfolio mix do not reflect these loans. During 1999, 2000, and 2001, the bank originated and sold 383 residential mortgage loans totaling \$35 million. There were no known legal, financial, or other impediments that hampered FNB's ability to help meet the credit needs of its AAs.

The bank previously attained a "Satisfactory" rating at the last CRA examination dated May 26, 1999.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for home mortgage loans, small loans to businesses, small loans to farms, community development loans, the investment test, and the service test was from January 1, 1999 to December 31, 2001.

While credit card loan participations comprised the largest portion of the bank's loan portfolio, we did not include these loans in our analysis of lending test performance. The participations represented a loan product offered nationwide by an affiliate bank. As a result, the vast majority of credit card borrowers were outside FNB's AAs. When analyzing lending activity, we took into consideration whether FNB purchased credit card loan participations to the detriment of borrowers within the AAs.

During the evaluation period, FNB had a CRA strategic plan approved by the OCC on April 22, 1999. The plan outlined specific lending, investment, and service goals for the Yankton office through April 5, 2001. The plan did not include goals for the Mitchell, Huron, or Woonsocket branches because the bank wrote the plan before purchasing these branches. For this evaluation, bank management elected to have the CRA performance of the entire bank evaluated under the lending, investment, and service tests instead of under the strategic plan.

## **Data Integrity**

We tested the accuracy of the bank's publicly filed information for small loans to businesses and farms as part of the CRA evaluation. We found errors regarding loan geocoding; however, we determined the level of errors did not prevent an accurate analysis of the bank's CRA performance. We did not require FNB to correct the business and farm loan data.

The bank was not required to collect and report data on home mortgage loans under the Home Mortgage Disclosure Act (HMDA). FNB did collect and maintain some data on home mortgage loans internally. We tested the accuracy of this data and found errors regarding loan geocoding. We determined the level of errors did not prevent an accurate analysis of the bank's CRA performance and used the bank's data for our evaluation.

We also reviewed CD loans, investments, and services submitted by FNB to ensure they met the regulatory definition for CD. We excluded from this evaluation some items submitted for consideration because they did not meet the definition or purpose of CD.

## **Selection of Areas for Full-Scope Review**

For this evaluation, we combined FNB's two AAs and performed a full-scope review of the combined areas. The AAs were geographically proximate in east-central and southeastern South Dakota. Only one county separated the two AAs. The AAs were in nonmetropolitan areas of the state and had similar performance contexts.

## **Ratings**

The bank's overall rating was based on a full-scope review FNB's performance in the combined AAs.

In determining conclusions for the lending test, we weighted loan products to be reflective of FNB's loan volume by product type during the evaluation period. Within the AAs, small loans to farms, small loans to businesses, and home purchase loans represented 52 percent, 26 percent, and 12 percent of the total number of originated loans, respectively. Home mortgage refinance loans, home improvement loans, and multi-family loans represented 7 percent, 3 percent and less than 1 percent of the total number of originated loans, respectively. We did not consider these loans products in this evaluation because their volumes were not significant in relation to FNB's overall lending activity.



## **Other**

We performed one community contact during the examination and reviewed two contacts completed in the AAs since the last CRA examination. Organizations contacted included government officials and nonprofit organizations focusing on providing affordable housing for low- to moderate-income (LMI) individuals, economic development, and small business assistance. Contacts noted economic conditions of the area were stable. They stated there were several financial institutions competing in the AAs and providing a good selection of banking products and services. One contact noted a need for rehabilitation of older rental housing. The other contacts stated they were not aware of any unmet credit needs in the AAs.

## **Fair Lending Review**

An analysis of the most recent public comments, consumer complaint information, small business lending data and small farm lending data was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in 1999.

## **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 its combined AAs 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. Table 1 Other Products was removed from appendix C as the bank chose not to provide optional data on other loan products.

FNB's lending activity in the AAs was excellent. The bank's volume of small loans to farms was the primary factor supporting this conclusion.

To analyze FNB's lending activity, we compared the bank's deposit market share with its lending market share for small loans to businesses and farms. In comparing the market share percentages, we took into consideration that deposit market share information included only deposit-taking financial institutions that had one or more branches located in the AAs. Lending market share information included lenders who did not have deposit-taking facilities in FNB's AAs, but reported one or more business or farm loan in the area in 2000. Deposit market share data included all deposit-taking financial institutions regardless of their size. Lending market share data included primarily larger banks. CRA reporting requirements for business and farm loans are limited to banks with total assets exceeding \$250 million or more, or banks of any size that were part of a holding company with total assets of \$1 billion or more. Due to the different populations of financial institutions included in the data, we did not expect FNB's deposit market share and lending market share percentages to match in order for performance to be considered good.

Based on FDIC deposit market share data as of June 30, 2001, there were 18 deposit-taking financial institutions with one or more banking offices in the bank's AAs. FNB was the largest of these institutions with a 28 percent deposit market share.

FNB originated an excellent volume of small loans to farms in the AAs. There were 18 lenders reporting one or more small farm loan in the AAs in 2000. FNB ranked first among these lenders with a 33 percent market share.

The bank's volume of small loans to businesses was adequate. There were 35 lenders reporting one or more small business loan in the AAs in 2000. FNB ranked second among these lenders with a 15 percent market share.

Similar comparisons were difficult to make for home mortgage loans because comprehensive market share data is not readily available in nonmetropolitan areas. Also, FNB was not required to collect and report data on home mortgage loans under the HMDA. To analyze home mortgage lending volume, we compared bank-generated reports on home mortgage loan volume to aggregate HMDA data from the bank's AAs for 2000.

Bank reports showed FNB originated a good volume of home purchase mortgage loans within its AAs. For 2000, FNB originated 115 home purchase loans. In comparison, aggregate HMDA data for 2000 showed the highest volume of home purchase loans originated by a financial institution within FNB's AAs was 194 loans. Competition was strong as HMDA data noted over 60 lenders reporting one or more first purchase loan in 2000.

FNB addressed local credit needs before purchasing credit card participations. During the evaluation period, FNNI policy required all affiliate banks to first help meet credit needs of their local AAs. Then, FNNI made available credit card participations for affiliate banks to purchase with their excess liquidity. During the CRA evaluation period, FNB demonstrated their commitment to AA lending needs as loan volume other than credit cards grew \$144 million (an increase of 177 percent). Meanwhile, the volume of credit card participations FNB was contractually obligated to hold declined \$24 million (a decrease of 23 percent).

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

A geographic analysis of FNB's home mortgage loans, small loans to businesses, and small loans to farms was not meaningful as the bank's AAs did not include any low- or moderate-income geographies.

### **Lending Gap Analysis**

We reviewed maps and reports of FNB's home mortgage loans, small loans to businesses, and small loans to farms in the AAs to identify gaps in the geographic distribution of these loans. We did not identify any conspicuous gaps in lending. During the evaluation period, FNB originated one or more home mortgage, small business, or small farm loan in every census tract in the AAs.

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

An adequate percentage of FNB's reported loans were within its AAs. By number of reported loans, the bank originated 80 percent of home purchase loans, 72 percent of small loans to businesses, and 53 percent of small loans to farms within its AAs. For all loan products combined, FNB originated 60 percent of the number of reported loans within its AAs.

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

The bank's distribution of loans by borrower income level was good. Performance was excellent for home purchase loans and good for small loans to farms. Performance was adequate for small loans to businesses.

When evaluating the borrower distribution of the bank's home mortgage lending in the AAs, we took into consideration the significant percentage of families throughout the AAs living below the poverty level. According to the 1990 U.S. Census, 11 percent of families in FNB's AAs were below the poverty level and had less than \$13,000 per year in annual income. These families would have had a difficult time qualifying for residential mortgage loans due to their limited income.

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

Refer to Table 8 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 FNB's home purchase loans by borrower income level was excellent. Performance was especially strong for lending to moderate-income borrowers. FNB's percentage of home purchase loans to moderate-income borrowers was 1.5 times the percentage of families in the AAs that were moderate-income. The bank's percentage of home purchase loans to low-income borrowers was below the percentage of families in the AAs that were low-income. Performance was considered strong given the significant percentage of families in the AAs that were below the poverty level.

### ***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 and purchase of small loans to businesses.

The bank's distribution of loans to businesses of different sizes was adequate. FNB's percentage of reported loans to businesses with gross annual revenues of \$1 million or less was below the percentage of businesses in the AAs with revenues of \$1 million or less. Performance was stronger when looking at market share data. FNB's market share of loans to businesses with revenues of \$1 million or less was 17 percent. This exceeded the bank's overall market share of small loans to businesses, which was 15 percent.

Another indication of the bank's adequate performance was the percentage of loans originated in amounts of \$100,000 or less. Loan size often loosely correlates to the size of the business. During the evaluation period, FNB originated 82 percent of its reported loans to businesses in amounts of \$100,000 or less, regardless of 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.

FNB's distribution of loans to farms of different sizes was good. The bank's percentage of reported loans to farms with gross annual revenues of \$1 million or less was near to the percentage of farms in the AAs with revenues of \$1 million or less. Market share performance was also good. FNB's market share of loans to farms with revenues of \$1 million or less was 32 percent. This substantially met the bank's overall market share of small loans to farms, which was 33 percent.

Another indication of the bank's good performance was the percentage of loans originated in amounts of \$100,000 or less. During the evaluation period, FNB originated 90 percent of its reported loans to farms in amounts of \$100,000 or less, regardless of 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 lending. This table includes all CD loans, including multi-family loans that also qualify as CD loans.

CD lending had a positive impact on lending test conclusions. This was based primarily on the bank's high volume of CD loans originated in and adjacent to the AAs. FNB originated 11 CD loans totaling \$846,000 within its AAs during the evaluation period. This dollar volume represented 3.1 percent of Tier 1 capital. In addition, the bank originated four CD loans totaling \$1.2 million in a county adjacent to the bank's AA. This dollar volume represented an additional 4.4 percent of Tier 1 capital. The complexity of several of the loans also received positive consideration. The following highlights a few of the bank's qualified CD loans:

- Infrastructure improvements of \$160,000 to an industrial park declared blighted by the City of Woonsocket. The improvements were part of a comprehensive plan to retain a significant employer of LMI persons. The employer occupied 19 buildings and had 170 employees. With a total county population of 2,800 persons, losing the company would have had a devastating effect on the Woonsocket area. Financing the project was complex as it involved a combination of direct loans, an industrial revenue bond, \$500,000 in Community Development Block Grants from the State of South Dakota, and \$1 million in Rural Economic Development Funds from the State of South Dakota for construction of a new 150,000 foot manufacturing building.

- Four loans totaling \$1.2 million to a tribal government in a county adjacent to the bank's AA. Loan funds were for tribal operating expenses and were primarily used to purchase store vouchers. Tribal members used the store vouchers to purchase school supplies and clothing for LMI children. The loans provided a direct benefit to the bank's AAs as the vast majority of vouchers were purchased from retail stores within FNB's AAs. Working with a nine-member tribal committee to approve the loans and special loan documents pertaining to sovereign immunity added complexity to these loans.

## **Product Innovation and Flexibility**

During the evaluation period, FNB participated in several flexible loan programs to help meet the credit needs of LMI borrowers in the AAs. The bank's participation in these programs received positive consideration in the analysis of lending test performance.

FNB actively participated in several housing loan programs sponsored by the federal government that primarily serve LMI applicants. These loan programs generally had reduced down payment requirements, lower interest rates, and more liberal underwriting criteria than conventional loans. During 1999, 2000 and 2001, the bank originated 31 loans totaling \$2 million under the Federal Housing Authority (FHA) loan programs and 14 loans totaling \$1 million under the Veteran's Administration (VA) loan programs.

The bank also participated in loan programs offered through the South Dakota Housing Development Authority (SDHDA). The SDHDA's First-Time Homebuyer Program provided loans at reduced interest rates for qualified LMI borrowers throughout South Dakota. The accompanying Mortgage Assistance Program (MAP) provided second-lien loans at below-market rates for down payment and closing cost assistance. During the evaluation period, FNB originated 91 SDHDA First-Time Homebuyer Program loans totaling \$5 million and 14 MAP loans totaling \$22,000.

FNB also participated in the SDHDA's Cooperative Home Improvement Program (CHIP). The CHIP loan program offered low-interest loans to LMI homeowners for improvement, repair, or additions to their homes. The loan program required no closing costs and no equity in the home. FNB originated 16 CHIP loans during the evaluation period totaling \$139,000.

## **INVESTMENT TEST**

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

The bank's performance under the investment test is rated "High Satisfactory." Based on a full-scope review, the bank's performance in its combined AAs 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 performance under the investment test was good. During the evaluation period, FNB made \$1.1 million in qualified investments. The bank took the initiative to help create investment opportunities in the AAs when none were available to purchase on the market. The bank's investments were responsive to identified needs in the AAs.

The bank's volume of qualified investments was good given the limited level of CD opportunities in the AAs. Investment opportunities available during the evaluation period consisted primarily of regional or statewide bond issuances, low-income housing tax credits, and contributions to organizations providing CD services within the AAs.

Qualified investments included:

- An equity investment of \$668,200 in a community development corporation (CDC) subsidiary of an affiliate bank. The CDC was formed to provide financing for projects to benefit LMI persons, LMI areas, and areas targeted for redevelopment by a government entity. The opportunity for FNB to invest in the CDC became available to the bank only a few months ago, and FNB invested shortly thereafter. FNB will have an active role in identifying and pursuing local CD projects based upon bank management's expertise and knowledge of AA needs. Due to the short time of FNB's investment, the CDC has not had the opportunity to invest in projects benefiting FNB's AAs.
- An equity equivalent investment of \$100,000 in a community development financial institution (CDFI) that provided funding and technical support to revolving loan funds throughout South Dakota to facilitate economic growth in rural areas. The CDFI operated as a financial intermediary by lending the funds it borrowed to revolving loan funds throughout the state. The revolving loan funds then loaned the funds to small businesses, farms, and nonprofit entities, including several serving FNB's AAs.
- Contributions of \$247,000 to numerous organizations providing a variety of services to the community. These included nonprofit developers of affordable housing for LMI, organizations promoting economic development by assisting small businesses and farms, and entities providing various community services to LMI, including emergency shelter, food, education, job training, day care, and medical assistance.

FNB demonstrated a good responsiveness to identified needs in the AAs. Of the \$247,000 in qualified grants and contributions, \$135,000 went to organizations whose activities focused on addressing the credit and community development needs of the AAs. The remaining \$111,000 went to organizations serving statewide or regional areas that included the bank's AAs.

## **SERVICE TEST**

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

The bank's performance under the service test is rated "High Satisfactory." Based on a full-scope review, the bank's performance in its combined AAs is good.

### **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.

The bank's service delivery systems were reasonably accessible to individuals of different income levels throughout its AAs. There were no LMI geographies in the AAs. FNB did not open any branches during the evaluation period. The bank closed one branch located in a middle-income geography in Huron, SD. This did not adversely affect the accessibility of the bank's delivery systems to LMI individuals because of the close proximity of another branch in Huron.

The bank's hours and services offered throughout the AAs were good. Hours and services did not vary in a way that inconvenienced the AAs, in particular LMI individuals. FNB supplemented its banking hours and services offered Monday through Friday with Saturday hours at all locations except Woonsocket. Office hours and services were generally comparable among all locations; however, the bank did not have lending personnel physically housed at the branch located in a grocery store in Mitchell. The lack of lenders did not place undue hardships on potential credit applicants because of the close proximity of another branch in Mitchell.

The bank's ATM network offered a reasonably effective alternative system for delivering retail banking services to LMI individuals. FNB operated nine ATMs throughout the AAs. By geography income level, 89 percent of the ATMs were in middle-income tracts and 11 percent were in upper-income tracts.

FNB offered other alternative delivery systems, including banking by telephone, Internet, and mail services. Telephone banking services were available 24 hours a day via a toll-free telephone number. This service allowed customers to access deposit and loan information, transfer funds, and obtain bank product and service information. Internet banking services were also available 24 hours a day. This service allowed customers to access account balances, download account transaction information, transfer funds between accounts, and pay bills. No information was available on the effectiveness of these services in reaching LMI individuals. We did not place significant weight on these systems when drawing conclusions under the service test.

## **Community Development Services**

FNB was a leader in providing CD services. This was based on the number of organizations to which FNB provided CD services, the responsiveness of the services to the needs of the community, and the leadership roles bank representatives assumed with these organizations.

In total, 35 bank officers and employees provided qualified services to 28 organizations serving the AAs. Organizations assisted were involved in a variety of CD activities including affordable housing, community services targeted to LMI individuals, and economic development activities targeted to small businesses and farms. Bank representatives often provided significant leadership to these organizations by serving as executive officers, board members, and members of finance, executive, and loan review committees. In these roles, FNB employees provided vital services including participating in planning, budgeting, fund raising, loan review, and other managerial and administrative decisions.

The following are examples of CD services FNB representatives provided in the AAs during the evaluation period:

- FNB provided significant ongoing assistance to the local chapters of Habitat for Humanity(Habitat). Bank officers served as directors, officers, and members of the Steering and Development Committees. In these roles, bank officers lent their expertise in evaluating loan and grant applications, reviewing credit bureau reports, and coordinating fund raising efforts. A bank employee served as a family sponsor, which involved working with a new Habitat family on financial and budgeting issues. Bank personnel prepared annual reports, marketing campaigns, newsletters, and brochures for the organizations. The bank also provided free office space and free use of office equipment to Habitat.
- During the evaluation, FNB sponsored and conducted over 20 seminars. Bank involvement included preparing and giving presentations, organizing and marketing the events, and providing financial support. The seminars were targeted to LMI individuals, small businesses, or small farms. Seminar topics included:
  - First-time homebuyer education for LMI families
  - Descriptions and benefits of various government lending programs
  - Financing options for developers of affordable housing
  - Successful marketing and risk management techniques for small farmers
  - Retirement and succession planning options for small farms and businesses
  - Fundamental banking skills such as checking account management, credit responsibility and budgeting, and basic banking services.



## 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, Investment, and Service Tests: January 1, 1999 to December 31, 2001	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
First National Bank South Dakota (FNB) Yankton, South Dakota	Home purchase loans, small loans to businesses, small loans to farms, community development loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
NA – No affiliate products reviewed		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
FNB AAs	Full-Scope	Rural area consisting of the following South Dakota counties: Beadle, Bon Homme, Clay, Davison, Sanborn, Yankton

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

### First National Bank South Dakota Assessment Areas

Demographic Information for Full-Scope Area: FNB AAs						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	21	NA	NA	86%	14%	NA
Population by Geography	78,116	NA	NA	83%	17%	NA
Owner-Occupied Housing by Geography	18,893	NA	NA	82%	18%	NA
Businesses by Geography	3,816	NA	NA	86%	14%	NA
Farms by Geography	1,388	NA	NA	95%	5%	NA
Family Distribution by Income Level	19,501	16%	18%	25%	41%	NA
Distribution of Low- and Moderate-Income Families throughout AA Geographies	6,739	NA	NA	86%	14%	NA
Median Family Income	= \$25,547	Median Housing Value		= \$37,300		
HUD Adjusted Median Family Income for 2001	= \$43,400	Unemployment Rate (2001)		= 2.8%		
Households Below the Poverty Level	= 17%					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 2001 HUD updated MFI.

FNB's southern AA consisted of the contiguous counties of Bon Homme, Yankton, and Clay. Its northern AA consisted of the contiguous counties of Beadle, Sanborn, and Davison. While the two AAs were not contiguous to each other, they were geographically proximate and had similar performance contexts. The AAs were in nonmetropolitan areas of east-central and southeast South Dakota. The AAs met the requirements of the regulation and did not arbitrarily exclude any LMI geographies. The bank's head office, four branches, and nine ATMs were located within the AAs. FNB chose the six-county area as its AAs as this was where the majority of the bank's lending and banking services were available during the evaluation period.

The bank's deposits in the AAs totaled approximately \$348 million as of June 30, 2001. Based on FDIC deposit market share information as of that date, this ranked FNB as the largest deposit-taking financial institution in the AAs with a 28 percent market share. FNB was considerably larger than the second largest deposit-taking financial institution, which had \$214 million in deposits and a 17 percent market share. Two additional financial institutions reported deposits in excess of \$100 million and had market shares ranging from 12 percent to 17 percent.

FNB operated in a competitive environment. According to FDIC deposit market share data, there were 18 deposit-taking financial institutions operating in the bank's AAs as of June 30, 2001 with a combined 46 banking offices. Primary financial institution competitors included First Dakota National Bank, Wells Fargo Bank South Dakota, N.A., CorTrust Bank, N.A., Marquette Bank, N.A., and Community First National Bank. Several mortgage companies provided significant competition for home mortgage loans. Aggregate HMDA data noted 100 lenders reporting one or more mortgage loan in FNB's AAs in 2000. The actual number of lenders making mortgage loans in the AAs was considerably higher because rural banks (including FNB) were not required to report mortgage loans and were not included in the HMDA data.

The economy was generally stable during the evaluation period. The population of the area experienced a slight decline, which was similar to other areas of the state. Agriculture and related industries dominated the AAs; however, there was some employment diversification. Major employers in the AAs included the University of South Dakota; area hospitals and medical clinics; area public schools; Trail King Industries, a manufacturer of low-bed trailers; and Alcoa Extrusions, Inc., a manufacturer of aluminum products. The 2001 average unemployment rate for the AAs was 2.8 percent. This was below the national average of 4.8 percent.

Community contacts also noted economic conditions in the AAs were stable. There were fluctuations in employment levels when some businesses left the area; however, new businesses relocated to the area and absorbed the available workforce. Contacts mentioned there were a number of financial institutions located in the AAs. The level of competition between them was good and beneficial to the public. The financial institutions offered a good selection of banking products and services within the AAs. Local banks were active in numerous community projects, including efforts to attract new businesses to the area. One contact noted the need for rehabilitation of older rental housing. Other contacts were not aware of any unmet banking needs.

Limited opportunities existed to facilitate activities to address unmet credit and community development needs in the AAs. Qualified investment opportunities available during the evaluation period consisted of regional or statewide bond issuances, low-income housing tax credits, and contributions to organizations providing CD services within the AAs.

## 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: 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/AA. Tables without data are not included in this PE.

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/AA. Community development loans to statewide or regional entities or made outside the bank’s AA may receive positive CRA consideration. Refer to Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/AA column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/AA. 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 AA.
- 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 AA.
- 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/AA. 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/AA.
- 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 AA. See Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/AA column and record the corresponding numbers and amounts in the "Qualified Investments" column.
- 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 1, 1999 to December 31, 2001				
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>												
FNB AAs	100%	574	38,576	660	48,102	1,355	61,886	11	846	2,600	149,410	100%
Statewide/Regional (outside AAs)	NA	NA	NA	NA	NA	NA	NA	4	1,174	NA	NA	NA

\* Loan Data as of December 31, 2001. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is January 1, 1999 to December 31, 2001.

\*\*\* Deposit Data as of June 30, 2001. 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 1, 1999 to December 31, 2001					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	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>																
FNB AAs	317	100%	NA	NA	NA	NA	82%	85%	18%	15%	NA	NA	NA	NA	NA	

\* Based on 2000 Peer Mortgage Data: Midwest Region.

\*\* 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 1990 Census information.



**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT		Geography: SOUTH DAKOTA						Evaluation Period: January 1, 1999 to December 31, 2001							
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>*</sup>				
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
FNB AAs	68	100%	NA	NA	NA	NA	82%	90%	18%	10%	NA	NA	NA	NA	NA

<sup>\*</sup> Based on 2000 Peer Mortgage Data: Midwest Region.

<sup>\*\*</sup> 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.

<sup>\*\*\*</sup> 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 1990 Census information.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: SOUTH DAKOTA						Evaluation Period: January 1, 1999 to December 31, 2001							
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	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
FNB AAs	185	100%	NA	NA	NA	NA	82%	79%	18%	21%	NA	NA	NA	NA	NA

\* Based on 2000 Peer Mortgage Data: Midwest Region.

\*\* 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 1990 Census information.

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: SOUTH DAKOTA								Evaluation Period: January 1, 1999 to December 31, 2001					
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>															
FNB AAs	660	100%	NA	NA	NA	NA	86%	87%	14%	13%	15%	NA	NA	16%	12%

\* Based on 2000 Peer Small Business Data: US.

\*\* 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 (2001).

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS		Geography: SOUTH DAKOTA						Evaluation Period: January 1, 1999 to December 31, 2001							
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>															
FNB AAs	1355	100%	NA	NA	NA	NA	95%	94%	5%	6%	33%	NA	NA	33%	34%

\* Based on 2000 Peer Small Business Data: US.

\*\* 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 (2001).

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: SOUTH DAKOTA						Evaluation Period: January 1, 1999 to December 31, 2001							
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****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
FNB AAs	317	100%	16%	12%	18%	27%	25%	28%	41%	33%	NA	NA	NA	NA	NA

\* Based on 2000 Peer Mortgage Data: Midwest Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 7% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* 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.

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT			Geography: SOUTH DAKOTA						Evaluation Period: January 1, 1999 to December 31, 2001						
MA/Assessment Area:	Total Home Improvement 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****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
FNB AAs	68	100.00	16%	23%	18%	32%	25%	27%	41%	18%	NA	NA	NA	NA	NA

\* Based on 2000 Peer Mortgage Data: Midwest Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 3% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* 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.

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: SOUTH DAKOTA				Evaluation Period: January 1, 1999 to December 31, 2001									
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****	Over all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
FNB AAs	185	100%	16%	7%	18%	17%	25%	22%	41%	54%	NA	NA	NA	NA	NA	

\* Based on 2000 Peer Mortgage Data: Midwest Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 10% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* 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.

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: SOUTH DAKOTA		Evaluation Period: January 1, 1999 to December 31, 2001					
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>									
FNB AAs	660	100%	88%	76%	82%	11%	7%	15%	17%

\* Based on 2000 Peer Small Business Data: US.

\*\* 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 - 2001).

\*\*\*\* 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 10% 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 1, 1999 to December 31, 2001					
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>									
FNB AAs	1,355	100%	98%	92%	90%	8%	2%	33%	32%

\* Based on 2000 Peer Small Business Data: US.

\*\* 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 - 2001).

\*\*\*\* 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 5% of small loans to farms originated and purchased by Bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: SOUTH DAKOTA				Evaluation Period: January 1, 1999 to December 31, 2001			
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>									
FNB SD AAs	0	\$0	30	\$1,015	30	\$1,015	100%	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				Evaluation Period: January 1, 1999 to December 31, 2001			
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>																								
FNB AAs	100%	4	100%	NA	NA	80%	20%	0	1	NA	NA	-1	NA	NA	NA	83%	17%							