



## **PUBLIC DISCLOSURE**

September 13, 2021

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

First Dakota National Bank  
Charter Number: 2068

225 Cedar Street  
Yankton, SD 57078

Office of the Comptroller of the Currency

4900 S. Minnesota Avenue, Suite 300  
Sioux Falls, SD 57108

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, 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 Dakota National Bank (bank or FDNB) with respect to the Lending, Investment, and Service Tests:

Performance Levels	First Dakota National Bank 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 activity reflects good responsiveness to credit needs in the bank's assessment areas (AAs).
- FDNB exhibits adequate geographic distribution of loans in its AAs.
- FDNB exhibits good distribution of loans among individuals of different income levels and businesses of different sizes.
- FDNB made an adequate level of community development (CD) loans. Management originated 21 CD loans totaling \$16 million during the evaluation period. This represents 9 percent of tier one capital as of December 31, 2020.
- FDNB has a significant level of qualified CD investments. Management provided 190 investments and donations totaling \$15 million to qualified organizations in South Dakota during the evaluation period. This represents 8 percent of tier one capital as of December 31, 2020.
- The bank's service delivery systems are reasonably accessible to geographies and individuals of different income levels in its AAs.
- FDNB provides a relatively high level of CD services. Seventeen employees provided a total of 1,463 CD service hours to 14 organizations in South Dakota during the evaluation period.

In addition to the major factors included on the previous page, we also considered the following:

- Management originates and purchases a substantial majority of loans in the bank’s AAs. During the evaluation period, 86 percent of loans by number and 84 percent of loans by dollar were originated to borrowers located inside the bank’s AAs during the evaluation period.

## Lending in AA

A substantial majority of the bank’s loans are in in its AAs.

Management originated and purchased 86 percent of its total loans by number and 84 percent of its total loans by dollar inside the bank’s AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

<b>Lending Inside and Outside of the AA</b>										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	3,481	92	311	8	3,792	858,149	88	113,259	12	971,408
Small Business	4,075	89	490	11	4,565	531,944	86	86,393	14	618,337
Small Farm	2,516	76	803	24	3,319	354,473	72	136,720	28	491,193
<b>Total</b>	<b>10,072</b>	<b>86</b>	<b>1,604</b>	<b>14</b>	<b>11,676</b>	<b>1,744,566</b>	<b>84</b>	<b>336,372</b>	<b>16</b>	<b>2,080,938</b>

## Description of Institution

FDNB is a \$2.2 billion community bank headquartered in Yankton, South Dakota. FDNB is a wholly-owned subsidiary of First Dakota Financial Corporation (FDFC), a one-bank holding company also headquartered in Yankton, South Dakota. As of December 31, 2020, FDFC had total assets of \$206 million. FDFC owns two other subsidiaries, both of which were developed to issue and hold trust preferred securities. Management did not request consideration of affiliate activities during this evaluation.

FDNB is a single state institution with 18 branches in southeastern and central South Dakota. Two branches, including the main branch, are located in Yankton, four branches are located in Sioux Falls, and two branches are located in Mitchell. FDNB operates one branch in each of the following towns: Beresford, Chamberlain, Elk Point, Kimball, Oacoma, Parkston, Pierre, Salem, Vermillion, and Wagner. FDNB closed one branch and a deposit-taking automated teller machine (ATM) during the evaluation period. The bank no longer offers any deposit-taking ATMs. The bank did not merge with or acquire any institutions during the evaluation period.

In addition to the branch operations described above, FDNB operates four loan production offices (LPOs) in Nebraska and South Dakota. The Nebraska LPOs are located in Columbus, Hastings, and Ogallala. The South Dakota LPO is located in Watertown.

FDNB’s primary business strategy is consistent with the traditional community bank model. FDNB offers a full range of credit products within its AAs including agriculture, commercial, consumer, and

residential real estate loans. The bank operates a trust department, offers retail non-deposit products (including brokerage), sells and services long-term agriculture real estate loans, and services 1-4 family residential loans and student loans.

Total loans represent 72 percent of total assets as of December 31, 2020. By dollar volume, the loan portfolio is comprised of the following types of credit: 73 percent real estate loans, 17 percent commercial loans, 7 percent agricultural loans, and 3 percent individual and other loans. Tier one capital totals \$192 million as of December 31, 2020.

For purposes of the Community Reinvestment Act (CRA), FDNB operates with one rating area and three AAs. The rating area is the State of South Dakota. The bank's AAs encompass the South Dakota counties of Aurora, Bon Homme, Brule, Buffalo, Charles Mix, Clay, Davison, Douglas, Hanson, Hughes, Hutchinson, Hyde, Lincoln, Lyman, McCook, Minnehaha, Stanley, Sully, Turner, Union, and Yankton and partial Nebraska counties of Cedar and Knox. Lincoln, McCook, Minnehaha, and Turner counties are included in the Sioux Falls Metropolitan Statistical Area (MSA) AA. Aurora, Bon Homme, Brule, Buffalo, Charles Mix, Clay, Davison, Douglas, Hanson, Hughes, Hutchinson, Hyde, Lyman, Stanley, Sully, and Yankton and partial Nebraska counties of Cedar and Knox are included in the South Dakota Non-MSA. Union County is a standalone AA because it is part of the Sioux City Multistate MSA (MMSA). The AAs are legal and generally consist of complete political subdivisions. The South Dakota Non-MSA AA spans across state lines to encompass two census tracts (CTs) in Nebraska; however, the extension across state lines is not substantial and is reasonable given branch locations along the South Dakota/Nebraska border.

There are no known legal, financial, or other factors impeding FDNB's ability to help meet the credit needs in its AA during the evaluation period. FDNB received an Outstanding rating at the prior CRA evaluation dated October 30, 2017.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

The evaluation period for this evaluation is October 31, 2017 to December 31, 2020. We reviewed home mortgage, small business, and small farm loans reported by management during the evaluation period and all CD loans, investments, and services submitted by management as part of our evaluation.

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

In each state where the bank has an office, one or more AA(s) within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated AAs located within the same MSA, MMSA, or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the "Scope" section under each State Rating section for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

### **Ratings**

When determining overall conclusions, we weighted the bank's performance in the South Dakota Non-MSA and Sioux Falls MSA AAs most heavily. The South Dakota Non-MSA AA represents 61 percent

of the bank's branches, 61 percent of total deposits as of June 30, 2020, and 44 percent of total loans by dollar originated during the evaluation period. The Sioux Falls MSA AA represents 28 percent of the bank's branches, 36 percent of total deposits as of June 30, 2020, and 53 percent of total loans originated during the evaluation period.

When determining conclusions for the Lending Test, we weighted loan products to be reflective of FDNB's loan volume by product type during the evaluation period. Home mortgage loans were weighted the most heavily in the Lending Test analysis because they represent 35 percent of total loan originations by number and 49 percent of total loan originations by dollar during the evaluation period. Small loans to businesses were weighted the next highest and small loans to farms carried the least weight in the Lending Test analysis.

The rating is based on performance in all bank AAs. Refer to the "Scope" section under each State and MMSA Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## State Rating

### State of South Dakota

**CRA rating for the State of South Dakota:** Satisfactory

**The Lending Test is rated:** High Satisfactory

**The Investment Test is rated:** High Satisfactory

**The Service Test is rated:** High Satisfactory

The major factors that support this rating include:

- Lending activity reflects good responsiveness to credit needs in the bank's AAs.
- FDNB exhibits adequate geographic distribution of loans in its AAs.
- FDNB exhibits good distribution of loans among individuals of different income levels and businesses of different sizes.
- FDNB made an adequate level of CD loans. Management originated 21 CD loans totaling \$16 million during the evaluation period. This represents 9 percent of tier one capital as of December 31, 2020.
- FDNB has a significant level of qualified CD investments. Management provided 190 investments and donations totaling \$15 million to qualified organizations in South Dakota during the evaluation period. This represents 8 percent of tier one capital as of December 31, 2020.
- The bank's service delivery systems are reasonably accessible to geographies and individuals of different income levels in its AAs.
- FDNB provides a relatively high level of CD services. Seventeen employees provided a total of 1,463 CD service hours to 14 organizations in South Dakota during the evaluation period.

### Description of Institution's Operations in South Dakota

FDNB is an intrastate institution with operations in South Dakota. FDNB operates 18 branch locations in southeastern and central South Dakota. Two branches, including the main branch, are located in Yankton, four branches are located in Sioux Falls, and two branches are located in Mitchell. FDNB operates one branch in each of the following towns: Beresford, Chamberlain, Elk Point, Kimball, Oacoma, Parkston, Pierre, Salem, Vermillion, and Wagner. FDNB closed one branch and a deposit-taking ATM during the evaluation period. The bank no longer offers any deposit-taking ATMs. The bank did not merge with or acquire any institutions during the evaluation period. Business focus does not significantly vary across the bank's three AAs.

#### South Dakota Non-MSA AA

FDNB operates 11 branches in the South Dakota Non-MSA AA. Management gathered \$1.2 billion of deposits in the South Dakota Non-MSA AA as of June 30, 2020, which represents 61 percent of total bank deposits. During the evaluation period, management originated \$765 million of home mortgage

loans, small loans to businesses, and small loans to farms in the South Dakota Non-MSA AA, which represents 44 percent of total loan originations by dollar. Competition in the South Dakota Non-MSA AA is high and includes several large national, regional, and local community banks. As of June 30, 2020, there were 42 institutions with 101 banking offices located in the South Dakota Non-MSA AA. The bank places first for deposit market share at 18 percent market share within the South Dakota Non-MSA AA.

We conducted two community contacts in the South Dakota Non-MSA AA. The contacts were conducted in Yankton and Davison Counties, as these are two of the larger counties in the AA. The Yankton County contact was the Community and Economic Development Director for a city in the county. The contact stated the city continues to grow consistently and has a diverse employment base. The contact noted workforce and housing shortages as the greatest needs in the community. The contact did not identify any unmet credit needs in the community and perceived the banking community as strong. He explained all of the banks in the community are civic partners and support the community well.

The Davison County contact was the Chief Executive Officer for a local area development corporation. The corporation primarily serves businesses employing low-income individuals with housing needs and focuses on affordable workforce housing. The local housing market continues to be tight with homes selling quickly and minimal apartment vacancies. The contact stated the local area is well served by banks and financial institutions to meet the credit needs of the communities. The contact noted a new bank building being constructed in the city. The contact discussed opportunities and programs dedicated to low- and moderate-income individuals and families, including various apartment complexes, housing facilities, and the local food pantry.

#### Sioux Falls MSA AA

FDNB operates five branches in the Sioux Falls MSA AA. Management gathered \$641 million of deposits in the Sioux Falls MSA AA as of June 30, 2020, which represents 36 percent of total bank deposits. During the evaluation period, management originated \$928 million of home mortgage loans, small loans to businesses, and small loans to farms in the Sioux Falls MSA AA, which represents 53 percent of total loan originations by dollar. Competition in the Sioux Falls MSA AA is high and includes several large national, regional, and local community banks. As of June 30, 2020, there were 38 institutions with 142 banking offices located in the Sioux Falls MSA AA. The bank places eighth for deposit market share with 0.08 percent market share in the Sioux Falls MSA AA.

We referenced one community contact in the Sioux Falls MSA AA. The contact was the Vice President of Community Investment for a city foundation in South Dakota. The contact stated the city and surrounding communities continue to grow with more job opportunities presented through business developments. The contact noted the inflated housing market brings affordable housing challenges for low- and moderate-income families. The contact stated local banks and financial service providers are meeting the needs of the community. The contact listed social justice, affordable housing, financial literacy, and transportation as the greatest needs and opportunities within the MSA.

#### Union County AA

FDNB operates two branches in the Union County AA. Management gathered \$52 million of deposits in the Union County AA as of June 30, 2020, which represents 3 percent of total bank deposits. During the evaluation period, management originated \$46 million of home mortgage loans, small loans to

businesses, and small loans to farms in the Union County AA, which represents 3 percent of total loan originations by dollar. Competition in the Union County AA is moderate and includes regional and local community banks. As of June 30, 2020, there were eight institutions with 11 banking offices located in the Union County AA. The bank places sixth for deposit market share with 8 percent market share in the Union County AA.

We referenced a recent community contact in Union County of the Sioux City MMSA. The contact was the City Administrator for a city in Union County. The contact stated the city has experienced growth due to rural flight from individuals and families moving from urban areas to suburbs. The contact noted primary economic needs as housing and childcare services. The contact noted the inflated housing market brings affordable housing challenges for low-and-moderate income families. With more families moving to suburbs, there is an increased demand for childcare. The contact stated local banks and financial service providers are meeting the needs of the community. The contact did not identify any unmet small business or small farm needs within the community.

### South Dakota Non-MSA AA

Table A – Demographic Information of the AA						
AA: South Dakota Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs)	37	0.0	8.1	78.4	13.5	0.0
Population by Geography	131,155	0.0	5.1	80.5	14.4	0.0
Housing Units by Geography	58,203	0.0	4.0	81.5	14.5	0.0
Owner-Occupied Units by Geography	35,099	0.0	2.9	81.2	15.9	0.0
Occupied Rental Units by Geography	16,548	0.0	5.2	82.8	11.9	0.0
Vacant Units by Geography	6,556	0.0	6.6	80.2	13.1	0.0
Businesses by Geography	10,720	0.0	2.2	84.1	13.6	0.0
Farms by Geography	2,320	0.0	3.3	81.7	15.0	0.0
Family Distribution by Income Level	32,526	19.7	16.6	22.2	41.5	0.0
Household Distribution by Income Level	51,647	23.7	16.0	17.8	42.6	0.0
Median Family Income Non-MSAs - NE		\$61,457	Median Housing Value			\$116,997
Median Family Income Non-MSAs - SD		\$60,845	Median Gross Rent			\$586
			Families Below Poverty Level			9.1%

*Source: 2015 ACS Census and 2019 D&B Data. Due to rounding, totals may not equal 100.0*  
 (\*) The NA category consists of geographies that have not been assigned an income classification.

**Sioux Falls MSA AA**

<b>Table A – Demographic Information of the AA</b>						
<b>AA: Sioux Falls MSA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (CTs)	57	0.0	29.8	49.1	21.1	0.0
Population by Geography	242,731	0.0	27.8	50.7	21.5	0.0
Housing Units by Geography	100,015	0.0	30.6	48.9	20.5	0.0
Owner-Occupied Units by Geography	63,268	0.0	20.0	55.3	24.8	0.0
Occupied Rental Units by Geography	30,682	0.0	51.0	36.5	12.5	0.0
Vacant Units by Geography	6,065	0.0	38.6	45.7	15.7	0.0
Businesses by Geography	23,421	0.0	35.0	39.8	25.2	0.0
Farms by Geography	1,405	0.0	7.1	72.1	20.8	0.0
Family Distribution by Income Level	61,621	19.0	18.1	24.4	38.5	0.0
Household Distribution by Income Level	93,950	22.0	18.1	18.9	41.0	0.0
Median Family Income MSA - 43620 Sioux Falls, SD MSA		\$72,948	Median Housing Value			\$157,049
			Median Gross Rent			\$720
			Families Below Poverty Level			7.1%
<i>Source: 2015 ACS Census and 2019 D&amp;B Data. Due to rounding, totals may not equal 100.0.            (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

## Union County AA

Table A – Demographic Information of the AA						
AA: Union County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs)	3	0.0	0.0	66.7	33.3	0.0
Population by Geography	14,842	0.0	0.0	47.4	52.6	0.0
Housing Units by Geography	6,561	0.0	0.0	46.4	53.6	0.0
Owner-Occupied Units by Geography	4,432	0.0	0.0	48.7	51.3	0.0
Occupied Rental Units by Geography	1,507	0.0	0.0	37.2	62.8	0.0
Vacant Units by Geography	622	0.0	0.0	52.1	47.9	0.0
Businesses by Geography	1,696	0.0	0.0	33.5	66.5	0.0
Farms by Geography	180	0.0	0.0	70.6	29.4	0.0
Family Distribution by Income Level	3,897	8.9	15.3	19.9	55.9	0.0
Household Distribution by Income Level	5,939	15.7	14.2	16.7	53.3	0.0
Median Family Income MSA - 43580 Sioux City, IA-NE-SD MSA		\$59,402	Median Housing Value			\$174,699
			Median Gross Rent			\$734
			Families Below Poverty Level			3.0%

Source: 2015 ACS and 2019 D&B Data. Due to rounding, totals may not equal 100.0%  
 (\*) The NA category consists of geographies that have not been assigned an income classification.

## Scope of Evaluation in South Dakota

We completed full-scope reviews of the South Dakota Non-MSA AA, Sioux Falls MSA AA, and Union County AA. Full-scope areas were selected with consideration to the bank's activity, available opportunities in lending, investment, and service opportunities in the AAs, the length of time since each AA was previously examined using a full-scope review, and other factors. Refer to the table in appendix A for a list of all AAs under review.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN SOUTH DAKOTA

### LENDING TEST

The bank's performance under the Lending Test in South Dakota is rated High Satisfactory.

### Conclusions for Areas Receiving Full-Scope Reviews

Based on a full-scope review, the bank's performance in the South Dakota Non-MSA AA is adequate.

Based on a full-scope review, the bank's performance in the Sioux Falls MSA AA is adequate.

Based on a full-scope review, the bank's performance in the Union County AA is excellent.

## Lending Activity

Lending levels reflect good responsiveness to AA credit needs.

Number of Loans*							
AA	Home Mortgage	Small Business	Small Farm	Community Development	Total	% State Loans	% State Deposits
South Dakota Non-MSA	1,420	2,125	1,950	18	5,513	55	61
Sioux Falls MSA	1,961	1,753	499	3	4,216	42	36
Union County	100	169	74	0	343	3	3

\*The tables present the data for all AAs. The narrative below addresses performance in full-scope areas only.

Dollar Volume of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	% State Loans	% State Deposits
South Dakota Non-MSA	269,582	215,212	280,577	10,796	776,167	44	61
Sioux Falls MSA	571,529	292,909	63,798	5,634	933,870	53	36
Union County	17,038	19,918	9,272	0	46,228	3	3

\*The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

### South Dakota Non-MSA AA

Lending levels in the South Dakota Non-MSA AA reflect good responsiveness to AA credit needs. Management originated 1,420 home mortgage loans totaling \$270 million, 2,125 small loans to businesses totaling \$215 million, and 1,950 small loans to farms totaling \$281 million in the South Dakota Non-MSA AA during the evaluation period. Based on June 30, 2020, FDIC deposit market share data, there are 42 deposit-taking institutions with one or more banking offices in the South Dakota Non-MSA AA. Based on the dollar volume of deposits, FDNB ranks first with a total deposit market share of 18 percent.

FDNB's lending market share is good compared to its deposit market share in the South Dakota Non-MSA AA. Peer home mortgage loan data for 2020 indicates FDNB ranks first among 171 lenders that reported home mortgage loans with a market share of 15 percent based on number of loans and 16 percent based on dollar of loans. Peer small business loan data for 2019 indicates FDNB ranks first among 63 lenders that reported small business loans with a market share of 20 percent based on number of loans and 43 percent based on dollar of loans. Peer small farm loan data for 2019 indicates FDNB ranks first among 27 lenders that reported small farm loans with a market share of 35 percent based on number of loans and 50 percent based on dollar of loans.

### Sioux Falls MSA AA

Lending levels in the Sioux Falls MSA AA reflect excellent responsiveness to AA credit needs. Management originated 1,961 home mortgage loans totaling \$572 million, 1,753 small loans to businesses totaling \$293 million, and 499 small loans to farms totaling \$64 million in the Sioux Falls MSA AA during the evaluation period. Based on June 30, 2020, FDIC deposit market share data, there are 38 deposit-taking institutions with one or more banking offices in the Sioux Falls MSA AA. Based on the dollar volume of deposits, FDNB ranks eighth with a total deposit market share of 0.08 percent.

FDNB's lending market share is excellent compared to its deposit market share in the Sioux Falls MSA AA. Peer home mortgage loan data for 2020 indicates FDNB ranks sixth among 216 lenders that reported home mortgage loans with a market share of 5 percent based on number of loans and 6 percent based on dollar of loans. Peer small business loan data for 2019 indicates FDNB ranks eighth among 73 lenders that reported small business loans with a market share of 6 percent based on number of loans and 17 percent based on dollar of loans. Peer small farm loan data for 2019 indicates FDNB ranks second among 25 lenders that reported small farm loans with a market share of 22 percent based on number of loans and 20 percent based on dollar of loans.

### Union County AA

Lending levels in the Union County AA reflect adequate responsiveness to AA credit needs. Management originated 100 home mortgage loans totaling \$17 million, 169 small loans to business totaling \$20 million, and 74 small loans to farms totaling \$9 million in the Union County AA during the evaluation period. Based on June 30, 2020, FDIC deposit market share data, there are eight deposit-taking institutions with one or more banking offices in the Union County AA. Based on the dollar volume of deposits, FDNB ranks sixth with a total deposit market share of 3 percent.

FDNB's lending market share is adequate compared to its deposit market share in the Union County AA. Peer home mortgage loan data for 2020 indicates FDNB ranks sixth among 97 lenders that reported home mortgage loans with a market share of 5 percent based on number of loans and 4 percent based on dollar of loans. Peer small business loan data for 2019 indicates FDNB ranks sixth among 34 lenders that reported small business loans with a market share of 7 percent based on number of loans and 24 percent based on dollar of loans. Peer small farm loan data for 2019 indicates FDNB ranks first among 13 lenders that reported small farm loans with a market share of 30 percent based on number of loans and 40 percent based on dollar of loans.

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

The bank exhibits an adequate geographic distribution of loans in its AAs.

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

Refer to Table O in the state of South Dakota section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans to CTs of different income levels is adequate.

### South Dakota Non-MSA AA

The geographic distribution of home mortgage loans in the South Dakota Non-MSA AA to CTs of different income levels is adequate. There are no low-income CTs in the South Dakota Non-MSA AA. FDNB originated 1 percent of its home mortgage loans to borrowers located in moderate-income CTs during the evaluation period. 2015 ACS data indicates 3 percent of owner-occupied housing units are located in moderate-income CTs. Aggregate HMDA data indicates 1 percent of home mortgage loans within the AA were originated to borrowers located in moderate-income CTs during the evaluation period.

Sioux Falls MSA AA

The geographic distribution of home mortgage loans in the Sioux Falls MSA AA to CTs of different income levels is adequate. There are no low-income CTs in the Sioux Falls MSA AA. FDNB originated 10 percent of its home mortgage loans to borrowers located in moderate-income CTs during the evaluation period. 2015 ACS data indicates 20 percent of owner-occupied housing units are located in moderate-income CTs. Aggregate HMDA data indicates 12 percent of home mortgage loans within the AA were originated to borrowers located in moderate-income CTs during the evaluation period.

Union County AA

There are no low- or moderate-income CTs in the Union County AA.

***Small Loans to Businesses***

Refer to Table Q in the state of South Dakota section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of small loans to businesses to CTs of different income levels is adequate.

South Dakota Non-MSA AA

The geographic distribution of small loans to businesses located in CTs of different income levels in the South Dakota Non-MSA AA is adequate. There are no low-income CTs in the South Dakota Non-MSA AA. FDNB originated 1 percent of small loans to businesses located in a moderate-income geography during the evaluation period. 2020 D&B data indicates 2 percent of businesses are located in a moderate-income geography. Aggregate CRA data indicates 1 percent of small loans to businesses were originated to businesses located in a moderate-income geography.

Sioux Falls MSA AA

The geographic distribution of small loans to businesses located in CTs of different income levels in the Sioux Falls MSA AA is good. There are no low-income CTs in the Sioux Falls MSA AA. FDNB originated 32 percent of small loans to businesses located in a moderate-income geography during the evaluation period. 2020 D&B data indicates 35 percent of businesses are located in a moderate-income geography. Aggregate CRA data indicates 34 percent of small loans to businesses were originated to businesses located in a moderate-income geography.

Union County AA

There are no low- or moderate-income CTs in the Union County AA.

***Small Loans to Farms***

Refer to Table S in the state of South Dakota section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to farms.

The geographic distribution of small loans to farms to CTs of different income levels is adequate.

South Dakota Non-MSA AA

The geographic distribution of small loans to farms located in CTs of different income levels in the South Dakota Non-MSA AA is excellent. There are no low-income CTs in the South Dakota Non-MSA AA. FDNB originated 4 percent of small loans to farms located in a moderate-income geography during the evaluation period. 2020 D&B data indicates 3 percent of farms are located in a moderate-income geography. Aggregate CRA data indicates 4 percent of small loans were originated to farms located in a moderate-income geography.

Sioux Falls MSA AA

The geographic distribution of small loans to farms located in CTs of different income levels in the Sioux Falls MSA AA is very poor. There are no low-income CTs in the Sioux Falls MSA AA. FDNB originated 0.2 percent of small loans to farms located in a moderate-income geography during the evaluation period. 2020 D&B data indicates 7 percent of farms are located in a moderate-income geography. Aggregate CRA data indicates 2 percent of small loans were originated to farms located in a moderate-income geography.

Union County AA

There are no low- or moderate-income CTs in the Union County AA.

***Lending Gap Analysis***

Data detailing FDNB's lending activity over the evaluation period for home mortgage loans, small loans to businesses, and small loans to farms did not reveal any conspicuous gaps in the bank's lending activity. FDNB originated at least one home mortgage loan, small loan to a business, or small loan to a farm in every CT in the South Dakota Non-MSA AA and Sioux Falls MSA AA during the evaluation period.

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

The bank exhibits a good distribution of loans among individuals of different income levels and business and farms of different sizes, given the product lines offered by the institution.

***Home Mortgage Loans***

Refer to Table P in the state of South Dakota section of appendix D 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 to borrowers of different income levels is good.

South Dakota Non-MSA AA

The distribution of home mortgages to low- and moderate-income families in the South Dakota Non-MSA AA is excellent. FDNB originated 6 percent of its home mortgage loans to low-income families during the evaluation period. 2015 ACS data indicates 20 percent of AA families are low-income.

Aggregate HMDA data indicates 4 percent of home mortgage loans within the AA were originated to low-income families during the evaluation period.

FDNB originated 20 percent of home mortgage loans to moderate-income families during the evaluation period. 2015 ACS data indicates 17 percent of AA families are moderate-income. Aggregate HMDA data indicates 16 percent of home mortgage loans within the AA were originated to moderate-income families during the evaluation period.

#### Sioux Falls MSA AA

The distribution of home mortgages to low- and moderate-income families in the Sioux Falls MSA AA is adequate. FDNB originated 7 percent of its home mortgage loans to low-income families during the evaluation period. 2015 ACS data indicates 19 percent of AA families are low-income. Aggregate HMDA data indicates 8 percent of home mortgage loans within the AA were originated to low-income families during the evaluation period.

FDNB originated 14 percent of home mortgage loans to moderate-income families during the evaluation period. 2015 ACS data indicates 18 percent of AA families are moderate-income. Aggregate HMDA data indicates 20 percent of home mortgage loans within the AA were originated to moderate-income families during the evaluation period.

#### Union County AA

The distribution of home mortgages to low- and moderate-income families in the Union County AA is excellent. FDNB originated 5 percent of its home mortgage loans to low-income families during the evaluation period. 2015 ACS data indicates 9 percent of AA families are low-income. Aggregate HMDA data indicates 2 percent of home mortgage loans within the AA were originated to low-income families during the evaluation period.

FDNB originated 13 percent of home mortgage loans to moderate-income families during the evaluation period. 2015 ACS data indicates 15 percent of AA families are moderate-income. Aggregate HMDA data indicates 7 percent of home mortgage loans within the AA were originated to moderate-income families during the evaluation period.

#### ***Small Loans to Businesses***

Refer to Table R in the state of South Dakota section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The distribution of small loans to businesses of different sizes is good.

#### South Dakota Non-MSA AA

The distribution of small loans to businesses with revenues of \$1 million or less in the South Dakota Non-MSA AA is good. FDNB originated 73 percent of its small business loans to businesses with revenues of \$1 million or less during the evaluation period. 2020 D&B data indicates 79 percent of AA businesses have revenues of \$1 million or less. Aggregate CRA data indicates 52 percent of small loans to businesses within the AA were originated to businesses with revenues of \$1 million or less during the evaluation period.

During the evaluation period, management originated 2,125 loans totaling \$215 million to small businesses in the South Dakota Non-MSA AA. Of the total loans, 1,571 loans totaling \$49 million were less than \$100 thousand, 323 loans totaling \$53 million were between \$100 thousand and \$250 thousand, and 231 loans totaling \$113 million were greater than \$250 thousand.

#### Sioux Falls MSA AA

The distribution of small loans to businesses with revenues of \$1 million or less in the Sioux Falls MSA AA is good. FDNB originated 69 percent of its small business loans to businesses with revenues of \$1 million or less during the evaluation period. 2020 D&B data indicates 86 percent of AA businesses have revenues of \$1 million or less. Aggregate CRA data indicates 48 percent of small loans to businesses within the AA were originated to businesses with revenues of \$1 million or less during the evaluation period.

During the evaluation period, management originated 1,753 loans totaling \$293 million to small businesses in the Sioux Falls MSA AA. Of the total loans, 1,084 loans totaling \$39 million were less than \$100 thousand, 297 loans totaling \$52 million were between \$100 thousand and \$250 thousand, and 372 loans totaling \$202 million were greater than \$250 thousand.

#### Union County AA

The distribution of small loans to businesses with revenues of \$1 million or less in the Union County AA is good. FDNB originated 74 percent of its small business loans to businesses with revenues of \$1 million or less during the evaluation period. 2020 D&B data indicates 85 percent of AA businesses have revenues of \$1 million or less. Aggregate CRA data indicates 50 percent of small loans to businesses within the AA were originated to businesses with revenues of \$1 million or less during the evaluation period.

During the evaluation period, management originated 169 loans totaling \$20 million to small businesses in the Union County AA. Of the total loans, 127 loans totaling \$4 million were less than \$100 thousand, 18 loans totaling \$3 million were between \$100 thousand and \$250 thousand, and 24 loans totaling \$14 million were greater than \$250 thousand.

#### ***Small Loans to Farms***

Refer to Table T in the state of South Dakota section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to farms.

The distribution of small loans to farms of different sizes is good.

#### South Dakota Non-MSA AA

The distribution of small loans to farms with revenues of \$1 million or less in the South Dakota Non-MSA AA is good. FDNB originated 87 percent of its small farm loans to farms with revenues of \$1 million or less during the evaluation period. 2020 D&B data indicates 98 percent of AA farms had revenues of \$1 million or less. Aggregate CRA data indicates 50 percent of small loans to farms within the AA were originated to farms with revenues of \$1 million or less during the evaluation period.

During the evaluation period, management originated 1,950 loans totaling \$281 million to farms in the South Dakota Non-MSA AA. Of the total loans, 1,050 loans totaling \$48 million were less than \$100 thousand, 546 loans totaling \$98 million were between \$100 thousand and \$250 thousand, and 354 loans totaling \$134 million were greater than \$250 thousand.

#### Sioux Falls MSA AA

The distribution of small loans to farms with revenues of \$1 million or less in the Sioux Falls MSA AA is good. FDNB originated 86 percent of its small farm loans to farms with revenues of \$1 million or less during the evaluation period. 2020 D&B data indicates 98 percent of AA farms had revenues of \$1 million or less. Aggregate CRA data indicates 72 percent of small loans to farms within the AA were originated to farms with revenues of \$1 million or less during the evaluation period.

During the evaluation period, management originated 499 loans totaling \$64 million to farms in the Sioux Falls MSA AA. Of the total loans, 307 loans totaling \$12 million were less than \$100 thousand, 106 loans totaling \$19 million were between \$100 thousand and \$250 thousand, and 86 loans totaling \$33 million were greater than \$250 thousand.

#### Union County AA

The distribution of small loans to farms with revenues of \$1 million or less in the Union County AA is excellent. FDNB originated 93 percent of its small farm loans to farms with revenues of \$1 million or less during the evaluation period. 2020 D&B data indicates 99 percent of AA farms had revenues of \$1 million or less. Aggregate CRA data indicates 42 percent of small loans to farms within the AA were originated to farms with revenues of \$1 million or less during the evaluation period.

During the evaluation period, management originated 74 loans totaling \$9 million to farms in the Union County AA. Of the total loans, 44 loans totaling \$1 million were less than \$100 thousand, 15 loans totaling \$3 million were between \$100 thousand and \$250 thousand, and 15 loans totaling \$5 million were greater than \$250 thousand.

### **Community Development Lending**

The institution made an adequate level of CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

#### South Dakota Non-MSA AA

FDNB made an adequate level of CD loans in the South Dakota Non-MSA AA. Management originated 18 CD loans totaling \$11 million during the evaluation period. This represents 9 percent of allocated tier one capital as of December 31, 2020. Tier one capital was allocated based on the South Dakota Non-MSA AA deposit market share. CD loan originations exhibit adequate responsiveness to serve the credit needs of the AA. Seventeen CD loan originations support economic development of low- and moderate-income or middle-income distressed or underserved CTs within the AA. One CD loan origination supports revitalization or stabilization of essential community facilities offering dedicated low- and moderate-income programs within the AA.

Sioux Falls MSA AA

FDNB made an adequate level of CD loans in the Sioux Falls MSA AA. Management originated three CD loans totaling \$6 million during the evaluation period. This represents 8 percent of allocated tier one capital as of December 31, 2020. Tier one capital was allocated based on the Sioux Falls MSA AA deposit market share. CD loan originations exhibit adequate responsiveness to serve the credit needs of the AA. All three CD loan originations support economic development of low- and moderate- income or middle-income distressed or underserved CTs within the AA.

Union County AA

FDNB did not originate any CD loans in the Union County AA during the evaluation period. Opportunities for CD lending participation are limited in Union County with no low- or moderate-income CTs. The Union County AA community contact did not communicate any unmet credit needs or areas of significant distress.

**Product Innovation and Flexibility**

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. Management facilitated Small Business Administration 504 and 7(a) loans during the evaluation period. Opportunities exist for innovative and/or flexible loan programs through various small business, agriculture, and housing agencies.

**INVESTMENT TEST**

The bank's performance under the Investment Test in South Dakota is rated High Satisfactory.

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

Based on a full-scope review, the bank's performance in the South Dakota Non-MSA AA is adequate.

Based on a full-scope review, the bank's performance in the Sioux Falls MSA AA is excellent.

Based on a full-scope review, the bank's performance in the Union County AA is adequate.

The institution has a significant level of qualified CD investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.

The institution exhibits good responsiveness to credit and community economic development needs. The institution occasionally uses innovative and/or complex investments to support CD initiatives.

Qualified Investments										
AA	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
South Dakota Non-MSA	4	1,914	103	1,754	107	56	3,668	24	--	--
Sioux Falls MSA	4	1,940	48	8,010	52	27	9,950	66	--	--
Union County	0	0	0	0	0	0	0	0	--	--
State of South Dakota	3	1,017	28	551	31	16	1,568	10	--	--

\* 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.

### South Dakota Non-MSA AA

FDNB's investments and donations demonstrate good responsiveness to community needs and opportunities in the South Dakota Non-MSA AA. Investments and donations total \$4 million and represent 3 percent of allocated tier one capital as of December 31, 2020. Capital was allocated based on the bank's deposit share in the South Dakota Non-MSA AA.

Management received credit for eight investments totaling \$2.8 million, or 2 percent of allocated tier one capital as of December 31, 2020, in the South Dakota Non-MSA AA. Management purchased four investments totaling \$900 thousand during the evaluation period. Management also received credit for four investments purchased in a prior evaluation period with outstanding balances totaling \$2 million as of December 31, 2020. Investments in the South Dakota Non-MSA AA support affordable housing and revitalization or stabilization of distressed or underserved middle-income CTs. The various investments finance essential infrastructures, such as school districts, utilities, and courthouses, in the distressed or underserved CTs.

Management provided 99 donations totaling \$854 thousand to 21 qualified community organizations in the South Dakota Non-MSA AA. CD donations represent 1 percent of allocated tier one capital as of December 31, 2020. Seven donations totaling \$24 thousand support affordable housing. Eighty-two donations totaling \$467 thousand support community service for low- and moderate-income individuals or geographies. Ten donations totaling \$363 thousand support economic development of low- and moderate-income CTs, distressed or underserved middle-income CTs, small businesses, or small farms.

### Sioux Falls MSA AA

FDNB's investments and donations demonstrate excellent responsiveness to community needs and opportunities in the Sioux Falls MSA AA. Investments and donations total \$10 million and represent 14 percent of allocated tier one capital as of December 31, 2020. Capital was allocated based on the bank's deposit share in the Sioux Falls MSA AA.

Management received credit for 10 investments totaling \$10 million, or 14 percent of allocated tier one capital as of December 31, 2020, in the Sioux Falls MSA AA. Management purchased six investments totaling \$8 million during the evaluation period. Management also received credit for four investments purchased in a prior evaluation period with outstanding balances totaling \$2 million as of December 31, 2020. Management purchased seven mortgage-backed securities (MBSs) that are complex in nature with specific loan pools provided to low- and moderate-income individuals or geographies. The bank also purchased low income housing tax credits for affordable housing in Sioux Falls. All investments in the Sioux Falls MSA AA support affordable housing.

Management provided 42 donations totaling \$129 thousand to 12 qualified community organizations in the Sioux Falls MSA AA. CD donations represent 0.18 percent of allocated tier one capital as of December 31, 2020. Thirty-four donations totaling \$92 thousand were provided to community service agencies for low- and moderate-income individuals or geographies. Eight donations totaling \$38 thousand support economic development of low- and moderate-income CTs, distressed or underserved middle-income CTs, small businesses, or small farms.

### Union County AA

FDNB's investments and donations demonstrate adequate responsiveness to community needs and opportunities in the Union County AA. While management did not provide any investments or donations in the Union County AA during the evaluation period, limited opportunities exist. One MBS considered in the Sioux Falls MSA included a mortgage in the Union County AA but was considered in the Sioux Falls MSA AA given a majority of the mortgage pool was distributed in that AA. The Union County AA contains one upper income CT and two middle income CTs located around the Beresford and Elk Point, South Dakota area. Local school district statistics do not indicate a majority of students are low- and moderate-income.

### State of South Dakota

In addition to investments and donations made within the AAs, FDNB supported CD initiatives serving the statewide area during the evaluation period. Statewide investments and donations neutrally impacted FDNB's Investment Test conclusion.

Statewide investments and donations total \$2 million and represent 1 percent of tier one capital as of December 31, 2020. Management provided five investments totaling \$2 million during the evaluation period. Management purchased two investments totaling \$515 thousand during the evaluation period. Management also received credit for three investments purchased in a prior evaluation period with outstanding balances totaling \$1 million as of December 31, 2020. Statewide investments supported economic development and affordable housing through MBS offerings and non-profit organizations.

Management provided 26 donations totaling \$36 thousand during the evaluation period. Statewide donations support one qualified organization providing community service through financial education software programs utilized at 15 schools throughout South Dakota. A majority of the 15 schools utilizing the program educate over 50 percent low- and moderate-income students.

## **SERVICE TEST**

The bank's performance under the Service Test in South Dakota is rated High Satisfactory.

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

Based on a full-scope review, the bank's performance in the South Dakota Non-MSA AA is good

Based on a full-scope review, the bank's performance in the Sioux Falls MSA AA is good.

Based on a full-scope review, the bank's performance in the Union County AA is adequate.

## Retail Banking Services

Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the institution's AAs.

Distribution of Branch Delivery System											
AA	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of Bank Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
South Dakota Non-MSA	61	11	61	0	0	100	0	0	5	81	14
Sioux Falls MSA	36	5	28	0	40	20	40	0	28	51	21
Union County	3	2	11	0	0	100	0	0	0	47	53

### South Dakota Non-MSA AA

FDNB has no branches in moderate-income CTs within the South Dakota Non-MSA AA. There are only three moderate-income CTs in this AA serving 5 percent of the population. There are no low-income CTs in the South Dakota Non-MSA AA. FDNB offers alternate delivery systems including online banking and mobile banking that provide additional access to banking services.

### Sioux Falls MSA AA

FDNB's distribution of branches in moderate-income CTs within the Sioux Falls MSA was well above the population living in this area. The bank has two branches located in moderate-income tracts representing 40 percent of branches within the Sioux Falls MSA AA serving 28 percent of the moderate-income population in this AA. There are no low-income CTs in the Sioux Falls MSA AA. FDNB offers alternate delivery systems including online banking and mobile banking that provide additional access to banking services.

### Union County AA

There are no low- or moderate-income CTs in the Union County AA. FDNB operates two branches in middle-income CTs in the Union County AA. FDNB offers alternate delivery systems including online banking and mobile banking that provide additional access to banking services.

Distribution of Branch Openings/Closings						
AA	Branch Openings/Closings					
	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
South Dakota Non-MSA	0	1	0	0	0	-1
Sioux Falls MSA	0	0	0	0	0	0
Union County	0	0	0	0	0	0

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.

South Dakota Non-MSA AA

FDNB closed the Blunt, South Dakota branch in 2019. The branch was located in an upper-income CT which has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.

Sioux Falls MSA AA

FDNB did not open or close any branches in the Sioux Falls MSA AA during the evaluation period.

Union County AA

FDNB did not open or close any branches in the Union County AA during the evaluation period.

Services, including where appropriate, business hours, do not vary in a way that inconveniences, its AAs, particularly low- and moderate-income geographies and/or individuals. All branches are generally open Monday through Friday with a majority of branches open on Saturday. All branches offer the same products and services.

**CD Services**

The institution provides a relatively high level of CD services.

South Dakota Non-MSA AA

FDNB provided a relatively high level of CD services in the South Dakota Non-MSA AA. CD services focused on community service, economic development, and affordable housing. Thirteen bank employees provided a total of 1,330 hours of CD services to 10 different organizations during the evaluation period.

Examples of CD services in the AA include:

- Board member of an organization that provides affordable childcare to low- and moderate-income families.
- Board and finance committee member of an organization that aids low- and moderate-income individuals in obtaining affordable housing.
- Board member of an economic development organization focused on job creation and affordable housing for low- and moderate-income individuals.

Sioux Falls MSA AA

FDNB provided a relatively high level of CD services in the Sioux Falls MSA AA. CD services focused on community service, economic development, and affordable housing. Four bank employees provided a total of 133 hours of CD services to four different organizations during the evaluation period.

Examples of CD services in the AA include:

- One employee served as a Board member for an affordable housing organization.

- One employee served as a Board member for an economic development entity for start-up and development of businesses.
- One employee assisted in fundraising efforts for an organization that provides programs and service to low-income families and households.

Union County AA

FDNB provided few, if any, CD services in the Union County AA. Bank management did not provide any qualified CD services in the Union County AA for consideration during this evaluation.

## 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 MSAs and non-MSAs 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>	10/31/2017 to 12/31/2020	
<b>Bank Products Reviewed:</b>	Home mortgage, small business, small farm loans CD loans, qualified investments, CD services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>State of South Dakota</b>		
South Dakota Non-MSA AA	Full-scope	South Dakota: Counties of Aurora, Bon Homme, Brule, Buffalo, Charles Mix, Clay, Davison, Douglas, Hanson, Hughes, Hutchinson, Hyde, Lyman, Stanley, Sully, and Yankton Nebraska: Partial counties of Cedar and Knox
Sioux Falls MSA AA	Full-scope	Counties of Lincoln, McCook, Minnehaha, and Turner
Union County AA	Full-scope	Union county

## Appendix B: Summary of MMSA and State Ratings

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RATINGS: FIRST DAKOTA NATIONAL BANK				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
First Dakota National Bank	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
MMSA or State:				
State of South Dakota	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory

(\*) The Lending Test is weighted more heavily than the Investment and Service Tests in the overall rating.

## Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in 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. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending (Aggt.):** The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/AA.

**Census Tract (CT):** A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. CTs nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances. CTs ideally contain about 4,000 people and 1,600 housing units.

**Combined Statistical Area (CSA):** A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

**Community Development (CD):** 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including low- and moderate-income areas, 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, 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-Scope 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 CT 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 conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under §1003.2 of this title, and that is not an excluded transaction under §1003.3(c)(1) through (10) and (13) of this title.

**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-Scope 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:** Individual income that is less than 50 percent of the area median income.

**Low Income Geography:** A CT with a median family income that is less than 50 percent.

**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 state/AA.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) 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, and half below, a range of incomes.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an

employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

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

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

**MMSA (state):** Any MMSA or multistate combined statistical area, as defined by the Office of Management and Budget.

**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 CD.

**Rating Area:** A rated area is a state or MMSA. 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 MMSA, the institution will receive a rating for the MMSA.

**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) 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.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of 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 the same as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA reporting lenders in the MMSA/AA. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table O. AA Distribution of Home Mortgage Loans by Income Category of the Geography -** 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 aggregate peer data for the years the data is available.
- Table P. AA Distribution of Home Mortgage Loans by Income Category of the Borrower -** 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 MMSA/AA. The table also presents aggregate peer data for the years the data is available.
- Table Q. AA Distribution of Loans to Small Businesses by Income Category of the Geography -** The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were 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) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s AA.
- Table R. AA Distribution of Loans to Small Businesses by Gross Annual Revenue -** Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.
- Table S. AA Distribution of Loans to Farms by Income Category of the Geography -** 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. Because aggregate 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 T. AA Distribution of Loans to Farms by Gross Annual Revenues** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.

**Table O: AA Distribution of Home Mortgage Loans by Income Category of the Geography****2017-20**

AA:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
SD Non-MSA	1,420	269,582	40.8	4,053	0.0	0.0	0.0	2.9	0.5	0.9	81.2	86.1	73.0	15.9	13.5	26.1	0.0	0.0	0.0
Sioux Falls MSA	1,961	571,528	56.3	22,123	0.0	0.0	0.0	20.0	10.3	11.8	55.3	39.9	51.5	24.8	49.8	36.7	0.0	0.0	0.0
Union County	100	17,038	2.9	940	0.0	0.0	0.0	0.0	0.0	0.0	48.7	93.0	33.6	51.3	7.0	66.4	0.0	0.0	0.0
<b>Total</b>	<b>3,481</b>	<b>858,149</b>	<b>100.0</b>	<b>27,116</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>13.3</b>	<b>6.0</b>	<b>9.7</b>	<b>63.8</b>	<b>60.3</b>	<b>54.1</b>	<b>22.9</b>	<b>33.8</b>	<b>36.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Source: 2015 ACS Census; 10/31/2017 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.

**Table P: AA Distribution of Home Mortgage Loans by Income Category of the Borrower****2017-20**

AA:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
SD Non-MSA	1,420	269,582	40.8	4,053	19.7	5.7	3.9	16.6	20.3	15.7	22.2	22.9	19.0	41.5	44.6	39.1	0.0	6.5	22.3
Sioux Falls MSA	1,961	571,528	56.3	22,123	19.0	6.7	7.8	18.1	13.7	19.8	24.4	19.6	23.0	38.5	52.2	33.7	0.0	7.8	15.7
Union County	100	17,038	3.1	940	8.9	5.1	1.6	15.3	13.0	7.4	19.9	15.0	16.4	55.9	58.2	63.3	0.0	21.3	11.3
<b>Total</b>	<b>3,481</b>	<b>858,149</b>	<b>100.0</b>	<b>27,116</b>	<b>18.8</b>	<b>6.2</b>	<b>7.0</b>	<b>17.5</b>	<b>16.3</b>	<b>18.8</b>	<b>23.5</b>	<b>20.8</b>	<b>22.2</b>	<b>40.2</b>	<b>49.3</b>	<b>35.6</b>	<b>0.0</b>	<b>7.3</b>	<b>16.5</b>

Source: 2015 ACS Census; 10/31/2017 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.

**Table Q: AA Distribution of Loans to Small Businesses by Income Category of the Geography** **2017-20**

AA:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
SD Non-MSA	2,125	215,211	52.5	2,100	0.0	0.0	0.0	2.3	0.9	1.3	83.7	91.4	81.9	14.0	7.6	10.4	0.0	0.0	6.4
Sioux Falls MSA	1,753	292,909	43.3	5,903	0.0	0.0	0.0	34.6	32.4	34.4	39.4	38.2	36.2	26.0	29.4	26.3	0.0	0.0	3.2
Union County	169	19,918	4.2	333	0.0	0.0	0.0	0.0	0.0	0.0	32.9	78.7	28.4	67.1	21.3	66.7	0.0	0.0	4.9
<b>Total</b>	<b>4,047</b>	<b>528,038</b>	<b>100.0</b>	<b>8,336</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>23.3</b>	<b>14.5</b>	<b>25.1</b>	<b>52.4</b>	<b>67.8</b>	<b>46.7</b>	<b>24.4</b>	<b>17.6</b>	<b>24.1</b>	<b>0.0</b>	<b>0.0</b>	<b>4.0</b>

Source: 2020 D&B Data; 10/31/2017 - 12/31/2020 Bank Data; 2019 CRA Aggregate Data. Due to rounding, totals may not equal 100.0%.

**Table R: AA Distribution of Loans to Small Businesses by Gross Annual Revenues** **2017-20**

AA:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
SD Non-MSA	2,125	215,211	52.5	2,100	78.8	73.2	52.0	5.3	21.6	15.8	5.1
Sioux Falls MSA	1,753	292,909	43.3	5,903	85.5	69.3	48.1	4.9	28.8	9.6	2.0
Union County	169	19,918	4.2	333	84.5	74.0	50.0	5.9	24.3	9.6	1.8
<b>Total</b>	<b>4,047</b>	<b>528,038</b>	<b>100.0</b>	<b>8,336</b>	<b>83.5</b>	<b>71.5</b>	<b>49.1</b>	<b>5.1</b>	<b>24.8</b>	<b>11.5</b>	<b>3.6</b>

Source: 2020 D&B Data; 10/31/2017 - 12/31/2020 Bank Data; 2019 CRA Aggregate Data. Due to rounding, totals may not equal 100.0%.

<b>Table S: AA Distribution of Loans to Farms by Income Category of the Geography</b>																		<b>2017-20</b>	
AA:	Total Loans to Farms				Low-Income Tracts			Moderate- Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available- Income Tracts		
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate
SD Non-MSA	1,950	280,578	77.3	1,585	0.0	0.0	0.0	3.1	3.8	3.2	81.6	82.5	84.3	15.2	15.5	10.8	0.0	0.0	1.7
Sioux Falls MSA	499	63,798	19.8	811	0.0	0.0	0.0	7.2	0.2	2.1	71.0	86.2	78.5	21.8	11.8	19.3	0.0	0.0	0.2
Union County	74	9,273	2.9	76	0.0	0.0	0.0	0.0	0.0	0.0	66.7	104.2	77.4	33.3	50.0	22.6	0.0	0.0	0.0
<b>Total</b>	<b>2,523</b>	<b>353,648</b>	<b>100.0</b>	<b>2,472</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>4.5</b>	<b>3.0</b>	<b>2.7</b>	<b>77.0</b>	<b>84.8</b>	<b>82.1</b>	<b>18.5</b>	<b>15.6</b>	<b>14.1</b>	<b>0.0</b>	<b>0.0</b>	<b>1.1</b>

Source: 2020 D&B Data; 10/31/2017 - 12/31/2020 Bank Data; 2019 CRA Aggregate Data. Due to rounding, totals may not equal 100.0%.

<b>Table T: AA Distribution of Loans to Farms by Gross Annual Revenues</b>												<b>2017-20</b>	
AA:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available			
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans		
SD Non-MSA	1,950	280,578	77.3	1,585	97.7	87.2	50.4	1.6	12.5	0.7	0.3		
Sioux Falls MSA	499	63,798	19.8	811	97.7	85.8	72.2	1.4	14.0	0.9	0.2		
Union County	74	9,273	2.9	76	98.9	93.2	41.5	0.5	5.4	0.5	1.4		
<b>Total</b>	<b>2,523</b>	<b>353,648</b>	<b>100.0</b>	<b>2,472</b>	<b>97.8</b>	<b>87.1</b>	<b>57.7</b>	<b>1.5</b>	<b>12.6</b>	<b>0.8</b>	<b>0.3</b>		

Source: 2020 D&B Data; 10/31/2017 - 12/31/2020 Bank Data; 2019 CRA Aggregate Data. Due to rounding, totals may not equal 100.0%.