



PUBLIC DISCLOSURE

February 8, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank
Charter Number: 14252

307 Hustan Avenue
Fort Pierre, SD 57532

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 Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors that support this rating include:

- The Lending Test rating is based on a combination of the performance in the State of South Dakota and the State of Colorado. Performance in South Dakota is weighed more heavily because the state contains the largest portion of the bank's branches, loan volume, and deposit volume during the evaluation period.
- The Community Development (CD) Test rating is based on a combination of performance in the State of South Dakota and the State of Colorado. Performance is weighted the same as the Lending Test described above.
- The loan-to-deposit (LTD) is more than reasonable given the institution's size, financial condition, and the credit needs of the assessment areas (AAs).
- Management originated a majority of loans, 75 percent by number and 69 percent by dollar volume, inside the bank's AAs during the evaluation period.
- First National Bank (FNB or bank) offers a variety of retail banking products to all customers, including low-to-moderate (LMI) individuals. Products include checking accounts with no fees and no minimum balance, savings accounts with low balance requirements, and certificates of deposits.

Loan-to-Deposit Ratio

Considering FNB's size, financial condition, and credit needs of the AAs, the bank's LTD ratio is more than reasonable.

FNB's average LTD ratio for the 12 quarters during the January 1, 2017 to December 31, 2019, evaluation period is 100 percent. The ratio ranged from an average quarterly low of 94 percent to an average quarterly high of 107 percent.

The OCC compared FNB's LTD ratio to 10 similarly situated financial institutions operating in the same AAs with total assets between \$1 billion and \$2.3 billion. FNB's average LTD ratio is consistently greater than the peer group during the evaluation period. The comparable banks' average LTD during the evaluation period is 89 percent. The comparable banks' LTD ratio ranges from a low of 85 percent and a high of 97 percent.

Lending in AA

A majority of the bank's loans are inside its AAs.

The bank originated and purchased 75 percent of its total loans by number and 69 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.

Lending Inside and Outside of the AA										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	749	75	250	25	999	177,145	70	77,326	30	254,471
Small Business	44	73	16	27	60	27,163,469	65	14,621,651	35	41,785,120
Small Farm	17	85	3	15	20	1,633,267	84	313,610	16	1,946,610
Total	810	75	269	25	1079	205,940,735	69	92,261,261	31	298,201,997

*Source: Bank data, loan sample.
Due to rounding, totals may not equal 100.0%.*

Description of Institution

FNB is a \$1.4 billion bank headquartered in Fort Pierre, South Dakota. FNB operates in 17 branches and 15 ATMs across the states of South Dakota and Colorado. All of the ATMs are cash dispensers only. FNB operates in two South Dakota AAs and one Colorado AA. South Dakota branches are located in Fort Pierre, Huron (2), Lake Preston, Lead, McLaughlin, Midland, Murdo, Newell, Pierre (2), Rapid City, and Sturgis. The two Huron branches operate under the name Farmers & Merchants, Branch of First National Bank. South Dakota ATMs are located in Fort Pierre, Huron (2), Lake Preston, Lead, Murdo, Newell, Pierre (2), Rapid City, and Sturgis.

Colorado branches are located in Centennial, Fort Collins, Greeley, and Loveland. ATMs are located at each of the Colorado branches. FNB acquired the branches in Fort Collins, Greeley, and Loveland in the Advantage Bank acquisition in August 2019. These branches operate under the name First Advantage, Branch of First National Bank.

Capital Bancorporation, Inc, a one-bank holding company located in Britton, South Dakota, is the primary owner of FNB. Capital Bancorporation, Inc had total assets of \$304 million as of December 31, 2019. FNB is affiliated with a national bank headquartered in Oldham, South Dakota and a savings and loan institution headquartered in Beresford, South Dakota. Affiliate activities were not included in the scope of this examination. Each bank has a separate holding company and is a one-third owner of a company that provides information technology services to all affiliates.

FNB's business focus is traditional community banking products and credit cards. Products offered are consistent across all branch locations and include traditional deposit products and agriculture, commercial, consumer, and residential real estate lending. As of December 31, 2019, average gross loans totaled \$1.1 billion. FNB's loan portfolio consisted of 56 percent real estate loans (net 1-4 family),

17 percent credit card loans, 10 percent commercial and industrial loans, 11 percent 1-4 family residential loans, and 6 percent agricultural loans. Net loans represented 75 percent of average assets as of December 31, 2019, and tier one capital was \$242.2 million.

FNB received a Satisfactory rating during the last performance evaluation dated April 17, 2017. There are no known legal, financial, or other factors impeding the bank's ability to help meet its needs in its AAs.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We conducted a full-scope CRA evaluation to assess the bank's record of meeting the credit needs of its entire community, including low- and moderate- income (LMI) areas and individuals. We evaluated FNB using intermediate small bank examination procedures that includes the Lending Test and the CD Test. The evaluation period for the Lending Test was January 1, 2017 through December 31, 2019. The evaluation period for the CD Test was April 17, 2017 through December 31, 2019.

FNB operates in two AAs in South Dakota. We completed a full-scope review of the South Dakota Non- Metropolitan Statistical Area (MSA) AA and a limited scope review of the Rapid City MSA AA. The South Dakota Non-MSA AA includes 11 branches and 85 percent of South Dakota deposits. We reviewed commercial loans and agricultural loans as primary products in the South Dakota Non-MSA AA. The Rapid City MSA AA includes two branches and 15 percent of South Dakota deposits. We reviewed commercial loans and home mortgage loans as primary products in the Rapid City MSA AA.

We considered one AA in Colorado. We completed a full-scope review of the Denver MSA AA and reviewed commercial loans as the primary product for the AA. FNB acquired three branches in Colorado with the Advantage Bank acquisition in August 2019. We did not consider these branches or additional AAs associated with them during this examination because the acquisition happened in such close proximity to the end of the evaluation period.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated AAs located within the same MSA, multistate metropolitan statistical area (MMSA), or combined statistical area 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 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

The bank's overall rating is a blend of the state ratings.

When determining conclusions for FNB, we weighed the bank's performance in the State of South Dakota more heavily than the State of Colorado. The bank's operations in South Dakota represent

93 percent of branches evaluated, 75 percent of total deposits as of December 31, 2019, and 82 percent of total loan originations by dollar amount during the evaluation period.

The MMSA rating and state ratings are 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 CFR 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 (or any affiliate whose loans have been considered as part of the institution’s lending performance) 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: Satisfactory.

The CD Test is rated: Satisfactory.

The major factors that support this rating include:

- The distribution of loans to geographies of different income levels is excellent.
- The distribution of loans to small businesses, farms, and families of different income levels is reasonable.
- CD loans represent adequate responsiveness to AA needs and opportunities.

Description of Institution's Operations in South Dakota

FNB operates in two AAs in South Dakota: South Dakota Non-MSA AA and Rapid City MSA AA. Products and services offered are consistent across the AAs.

The South Dakota Non-MSA AA is mostly rural and includes large areas with low population density. The South Dakota Non-MSA AA includes Beadle, Butte, Clark, Corson, Haakon, Hand, Hughes, Jerauld, Jones, Kingsbury, Lawrence, Mellette, Perkins, Sanborn, Spink, Stanly, and Sully counties and 35 census tracts (CT). There are five moderate-income CTs and zero low-income CTs in the AA. Moderate-income CTs include all of Corson and Mellette counties and portions of Beadle and Spink counties. The South Dakota Non-MSA AA contains 85 percent of deposits and 75 percent of loans originated in South Dakota during the evaluation period. FNB operates 11 branches and nine ATMs in the AA. Competition in the AA is moderate with 23 other institutions operating 62 other branches. FNB was second in market share in the South Dakota Non-MSA AA with \$257 million in deposits inside the AA as of June 30, 2019. This represents 12.7 percent of market share in the AA.

The Rapid City MSA AA includes Pennington and Mead counties and 28 CTs. There are six moderate-income CTs and one low-income CT. The Rapid City MSA AA contains 15 percent of deposits and 25 percent of loans originated in South Dakota during the evaluation period. FNB operates two branches and two ATMs in the AA. Competition in the AA is moderate with 11 other institutions operating 31 other branches. FNB was ninth in market share in the Rapid City MSA with \$78 million in deposits inside the AA as of June 30, 2019. This represents 2.8 percent of market share in the AA.

We completed two community contacts in the South Dakota Non-MSA AA during this examination. One contact was the Executive Director of an organization that aids existing and prospective businesses in the South Dakota Non-MSA AA and promotes economic growth. The second contact was a City Administrator in the South Dakota Non-MSA AA. The contacts did not identify unmet credit needs in the AA, but they did note the opportunity for further growth and development of moderate- or working-class housing. Both contacts noted the demand for housing outpaced the existing supply and construction efforts in the area. The contacts stated banks in the area have a positive perception in 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)	35	0.0	14.3	68.6	17.1	0.0
Population by Geography	110,129	0.0	11.3	66.9	21.8	0.0
Housing Units by Geography	53,652	0.0	9.7	70.1	20.3	0.0
Owner-Occupied Units by Geography	31,478	0.0	8.0	69.1	22.9	0.0
Occupied Rental Units by Geography	14,039	0.0	13.8	68.3	17.9	0.0
Vacant Units by Geography	8,135	0.0	8.9	76.7	14.4	0.0
Businesses by Geography	10,505	0.0	7.9	71.2	20.9	0.0
Farms by Geography	1,943	0.0	7.1	74.9	18.1	0.0
Family Distribution by Income Level	28,557	19.2	17.4	21.2	42.2	0.0
Household Distribution by Income Level	45,517	23.2	16.4	17.8	42.6	0.0
Median Family Income Non-MSAs - SD		\$60,845	Median Housing Value			\$123,399
			Median Gross Rent			\$580
			Families Below Poverty Level			9.6%
<i>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.</i>						

Rapid City 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)	35	0.0	14.3	68.6	17.1	0.0
Population by Geography	110,129	0.0	11.3	66.9	21.8	0.0
Housing Units by Geography	53,652	0.0	9.7	70.1	20.3	0.0
Owner-Occupied Units by Geography	31,478	0.0	8.0	69.1	22.9	0.0
Occupied Rental Units by Geography	14,039	0.0	13.8	68.3	17.9	0.0
Vacant Units by Geography	8,135	0.0	8.9	76.7	14.4	0.0
Businesses by Geography	10,505	0.0	7.9	71.2	20.9	0.0
Farms by Geography	1,943	0.0	7.1	74.9	18.1	0.0
Family Distribution by Income Level	28,557	19.2	17.4	21.2	42.2	0.0
Household Distribution by Income Level	45,517	23.2	16.4	17.8	42.6	0.0
Median Family Income Non-MSAs - SD		\$60,845	Median Housing Value			\$123,399
			Median Gross Rent			\$580
			Families Below Poverty Level			9.6%
<i>Source: 2015 ACS and 2019 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Scope of Evaluation in South Dakota

FNB operates in two AAs in South Dakota. We completed a full-scope review of the South Dakota Non-MSA AA and a limited scope review of the Rapid City MSA AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN SOUTH DAKOTA**LENDING TEST**

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

Conclusions for Area Receiving a Full-Scope Review

Based on full- and limited-scope reviews, the bank's lending performance in the State of South Dakota is reasonable.

Distribution of Loans by Income Level of the Geography

The bank exhibits excellent geographic distribution of loans in the state.

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 loans to small businesses in the South Dakota Non-MSA AA is excellent. There are no low-income CTs in the South Dakota Non-MSA AA. Management originated 10 percent of loans by number to small businesses located in moderate-income CTs during the evaluation period. Aggregate data shows 4 percent of loans were made to businesses located in moderate-income CTs and 2015 ACS data indicates 8 percent of businesses were located in moderate-income CTs.

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 loans to small farms in the South Dakota Non-MSA AA is reasonable. There are no low-income CTs in the South Dakota Non-MSA AA. Management originated 5 percent of loans to farms located in moderate-income CTs during the evaluation period. Aggregate data indicates 13 percent of bank loans were made to farms located in moderate-income CTs during the evaluation period. 2015 ACS data indicates 7 percent of farms are located in moderate-income CTs. FNB's loans to small farms in moderate-income CTs is lower than the aggregate and geographic comparator percentages, but still reasonable. Opportunities for lending to farms in moderate-income CTs is limited as the AA contains only five moderate-income CTs and competition is moderate.

Distribution of Loans by Income Level of the Borrower

The bank exhibits reasonable distribution of loans to individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the bank.

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 originations and purchases of small loans to businesses.

The distribution of loans to businesses of different sizes in the South Dakota Non-MSA AA is excellent. Management originated 75 percent of loans by number to businesses with gross annual revenue (GAR) of \$1 million or less. Aggregate data shows 53 percent of loans were made to small businesses during the assessment period. 2015 ACS data indicates 80 percent of businesses reported GAR less than \$1 million in the AA during the evaluation period.

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 loans to farms of different sizes in the South Dakota Non-MSA AA is reasonable. Management originated 85 percent of loans to farms with GAR less than \$1 million. Aggregate data shows 69 percent of loans during the evaluation period were made to small farms. 2015 ACS data indicates 98 percent of farms reported GAR less than \$1 million in the AA during the evaluation period.

Responses to Complaints

The bank and the OCC did not receive any complaints related to FNB's CRA performance in South Dakota during the evaluation period.

Conclusions for Area Receiving a Limited Scope Review

Based on a limited scope review, the bank's performance under the Lending Test in the Rapid City MSA AA is consistent with the bank's overall performance under the Lending Test in the full scope area. Geographic distribution of loans to CTs of different income levels and borrower distribution of loans to businesses of different sizes is consistent with performance in the South Dakota Non-MSA AA.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the CD Test in the State of South Dakota is rated Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on full-scope and limited scope reviews, the bank exhibits adequate responsiveness to CD needs in the state through CD loans, qualified investments, and CD services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for CD in the bank's AAs.

Number and Amount of CD Loans

The CD Loans Table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

CD Loans				
AA	Total			
	#	% of Total #	\$(000's)	% of Total \$
South Dakota Non-MSA	4	100	11,125	100
Rapid City MSA	0	0	0	0

Management provided an adequate level of CD loans to the South Dakota Non-MSA AA during the evaluation period. Management originated four loans totaling \$11.1 million. Two loans totaling \$923 thousand were small business loans that qualified for the Small Business Administration's 504 loan program and one loan totaling \$10 million was a small business loan that qualified for the United States Department of Agriculture's Business and Industry loan program. These three loans qualified for CD credit by meeting the definition of economic development by permanently creating jobs or by benefitting LMI individuals. Management also originated one loan totaling \$202 thousand to a local company that provides counseling and supports childhood development for LMI individuals.

Number and Amount of Qualified Investments

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	1	100	0	0	1	100	100	100	0	0
Rapid City MSA	0	0	0	0	0	0	0	0	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.

Management provided an adequate number of CD investments to the State of South Dakota during the evaluation period.

Management did not make any purchase or make any qualifying investments during the evaluation period; however, they continue to hold one qualifying bond totaling \$100 thousand as of December 31, 2019. The bond supports the operations of a qualified Community Development Financial Institution primarily benefitting low-income individuals in the statewide rural areas, including the bank's AA. Management did not make any qualifying donations during the evaluation period.

Extent to Which the Bank Provides CD Services

Management provided a poor number of CD services to the South Dakota Non-MSA AA during the evaluation period. One employee provided 36 qualified service hours to one organization that operates a shelter for battered women.

Conclusions for Area Receiving a Limited Scope Review

Based on a limited scope review, the bank's performance under the CD Test in the Rapid City MSA AA is weaker than the bank's overall performance under the CD Test in the full scope area.

Management did not originate any CD loans, make any qualifying investments or donations, or provide any qualified service hours in the Rapid City MSA AA during the evaluation period. The poor responsiveness in the Rapid City MSA AA negatively impacts the statewide rating.

State Rating

State of Colorado

CRA rating for the State of Colorado: Satisfactory.

The Lending Test is rated: Satisfactory.

The CD Test is rated: Substantial Noncompliance.

The major factors that support this rating include:

- The distribution of loans to geographies of different income levels is excellent.
- The distribution of loans to small businesses of different income levels is reasonable.
- CD loans represent very poor responsiveness to AA needs and opportunities.

Description of Institution's Operations in Colorado

FNB operates in the Denver MSA AA in Colorado.

The Denver MSA AA includes Arapahoe, Denver, and Douglas counties and 352 CTs. There are 79 moderate-income CTs and 37 low-income CTs in the AA. FNB operates one branch and one cash-dispensing ATM in the AA. Competition in the AA is strong with 58 other institutions operating 392 other branches in the AA as of June 30, 2019. FNB was ranked 29th in total deposit market share with \$178.6 million or 0.27 percent of deposits in the AA. The Denver MSA contains 25 percent of FNB's deposits and 4 percent of loans originated by number during the evaluation period.

FNB's primary lending products in the Denver MSA AA are commercial loans. During the evaluation period, management originated 172 loans totaling \$163.9 million in the AA. This represents 4 percent of FNB's total loans during the evaluation period by number and 18 percent by dollar.

We completed one community contact in the Denver MSA AA during the examination. We spoke to the Vice President of an economic development organization based in Denver. The contact did not identify any unmet credit needs in the community and stated local banks and credit unions allow people to access funding for personal and business needs in a fair and safe manner. The contact noted local banks can participate in bond offerings to help the local community. Many local schools and municipal projects are funded through bond issuances. The contact noted financial institutions in the area are perceived positively.

Denver MSA AA

Table A – Demographic Information of the AA						
Assessment Area: Denver MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	352	10.5	22.4	29.3	37.2	0.6
Population by Geography	1,564,938	10.8	21.9	28.9	38.3	0.1
Housing Units by Geography	650,690	10.3	21.3	31.1	37.3	0.0
Owner-Occupied Units by Geography	367,230	6.0	16.8	29.3	48.0	0.0
Occupied Rental Units by Geography	249,279	16.2	27.6	33.6	22.6	0.0
Vacant Units by Geography	34,181	13.4	23.8	33.2	29.5	0.0
Businesses by Geography	226,321	7.2	15.2	29.8	47.4	0.4
Farms by Geography	3,803	10.2	16.7	27.6	44.8	0.8
Family Distribution by Income Level	371,989	21.9	16.4	19.1	42.7	0.0
Household Distribution by Income Level	616,509	24.5	16.0	17.4	42.1	0.0
Median Family Income MSA - 19740 Denver-Aurora-Lakewood, CO MSA		\$80,820	Median Housing Value			\$299,535
			Median Gross Rent			\$1,072
			Families Below Poverty Level			8.6%
<i>Source: 2015 ACS and 2019 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Scope of Evaluation in Colorado

FNB operates one AA in Colorado. We completed a full-scope review of the Denver MSA AA. The Denver MSA AA includes one branch and all Colorado deposits during the evaluation period. We did not include the branches, deposits, or AAs acquired with the Advantage Bank acquisition during this CRA examination.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN COLORADO**LENDING TEST**

The bank's performance under the Lending Test in Colorado is rated Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's lending performance in the state of Colorado is reasonable.

Distribution of Loans by Income Level of the Geography

The bank exhibits excellent geographic distribution of loans in the state.

Small Loans to Businesses

Refer to Table Q in the State of Colorado 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 loans to small businesses in the Denver MSA AA is excellent.

Management originated 10 percent of loans by number to businesses located in low-income CTs during the evaluation period. Aggregate data shows 8 percent of loans were made to businesses located in low-income CTs during the evaluation period. 2015 ACS data indicates 7 percent of businesses are located in low-income CTs. Management originated 30 percent of loans by number to businesses located in moderate-income CTs during the evaluation period. Aggregate data shows 16 percent of loans were made to businesses located in moderate-income CTs during the evaluation period. 2015 ACS data indicates 15 percent of businesses are located in moderate-income CTs.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a reasonable distribution of loans to businesses of different sizes, given the product lines offered by the bank.

Small Loans to Businesses

Refer to Table R in the State of Colorado 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 businesses.

The distribution of loans to businesses of different sizes in the Denver MSA AA is reasonable. Management originated 80 percent of loans by number to businesses with GAR of \$1 million or less. Aggregate data shows 52 percent of loans were made to small businesses during the assessment period. 2015 ACS data indicates 90 percent of businesses reported GAR less than \$1 million in the AA during the evaluation period.

Responses to Complaints

The bank and the OCC did not receive any complaints related to FNB's CRA performance in Colorado during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the CD Test in the State of Colorado is rated Substantial Noncompliance.

Based on a full-scope review, the bank exhibits very poor responsiveness to CD needs in the state through CD loans, qualified investments, and CD services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for CD in the bank's AAs.

Number and Amount of CD Loans

The CD Loans Table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

CD Loans				
AA	Total			
	#	% of Total #	\$(000's)	% of Total \$
Denver MSA AA	0	0	0	0

Management did not originate any CD loans in the Denver MSA AA during the evaluation period.

Number and Amount of Qualified Investments

Qualified Investments										
AA	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Denver MSA AA	0	0	0	0	0	0	0	0	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.

Management did not purchase any qualified CD investments or make any qualified CD donations in the Denver MSA AA during the evaluation period. There were no prior-period investments to consider.

Extent to Which the Bank Provides CD Services

CD services represent very poor responsiveness to the CD needs and opportunities in the AA. There were no qualified CD service hours completed in the Denver MSA AA during the evaluation period.

Appendix A: Scope of Examination

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

Time Period Reviewed:	1/1/2017 to 12/31/2019	
Bank Products Reviewed:	Home mortgage, small business, small farm. CD loans, qualified investments, CD services.	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Not Applicable	Not Applicable	Not Applicable
List of AA and Type of Examination		
Rating and AAs	Type of Examination	Other Information
State of South Dakota		
South Dakota Non-MSA AA	Full Scope	Includes Lawrence, Butte, Perkins, Corson, Haakon, Stanley, Jones, Mellette, Sully, Hughes, Hand, Spink, Beadle, Clark, Kingsbury, Jerauld, and Sanborn counties. Primary products are commercial and agriculture loans.
Rapid City AA	Limited Scope	Includes Meade and Pennington counties. Primary products are commercial loans and home mortgage loans.
State of Colorado		
Denver MSA AA	Full Scope	Includes Arapaho, Denver, and Douglas counties. Primary product is commercial loans.

Appendix B: Summary of MMSA and State Ratings

Ratings: First National Bank			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
First National Bank	Satisfactory	Satisfactory	Satisfactory
State:			
South Dakota	Satisfactory	Satisfactory	Satisfactory
Colorado	Satisfactory	Substantial Noncompliance	Satisfactory

(*) The Lending Test and CD Test carry equal weight 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/assessment area.

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 LMI individuals; community services targeted to LMI 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 GAR of \$1 million or less; or activities that revitalize or stabilize LMI 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 LMI 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 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

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.

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.

Rating Area: A rating area is a state or multi-state MSA. 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 MSA, the institution will receive a rating for the multi-state MSA.

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 1 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

Content of Standardized Tables

A separate set of tables is provided for each state. All MMSAs, 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 are treated 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 Federal Deposit Insurance Corporation and are available as of June 30th of each year. Tables without data are not included in this Performance Evaluation.

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 GAR -** 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. The table also presents aggregate peer data for the years the

data is available. 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 GAR** - 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 U. AA Distribution of Consumer 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 households in those geographies.
- Table V. AA Distribution of Consumer 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 households by income level in each MMSA/AA.

Table O: AA Distribution of Home Mortgage Loans by Income Category of the Geography																			2017-2019	
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	
Rapid City MSA	442	98,604	100	4,998	0.1	0.0	0.3	12.8	12.2	10.9	61.9	70.4	67.1	25.2	17.4	21.7	0.0	0.0	0.0	
Total	442	98,604	100	4,998	0.1	0.0	0.3	12.8	12.2	10.9	61.9	70.4	67.1	25.2	17.4	21.7	0.0	0.0	0.0	

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0%.

First National Bank (10000014252) excluded from Aggregate.

Table P: AA Distribution of Home Mortgage Loans by Income Category of the Borrower																			2017-2019	
: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	
Rapid City MSA	442	98,604	100	4,998	19.5	4.3	4.2	18.7	18.8	16.8	22.4	27.4	22.3	39.3	39.6	34.5	0.0	10.0	22.2	
Total	442	98,604	100	4,998	19.5	4.3	4.2	18.7	18.8	16.8	22.4	27.4	22.3	39.3	39.6	34.5	0.0	10.0	22.2	

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0%.

First National Bank (10000014252) excluded from Aggregate.

Table Q: AA Distribution of Loans to Small Businesses by Income Category of the Geography																			2017-2019
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
Rapid City MSA	20	12,542	84.3	2,718	0.5	15.0	0.5	20.4	10.0	17.0	60.1	65.0	59.6	19.1	10.0	19.6	0.0	0.0	3.3
South Dakota Non-MSA	20	2,332	15.7	2,132	0.0	0.0	0.0	7.9	10.0	4.4	71.2	60.0	69.7	20.9	30.0	19.4	0.0	0.0	6.5
Total	40	14,874	100.0	4,850	0.3	--	0.3	14.6	--	11.4	65.2	--	64.1	19.9	--	19.5	0.0	--	4.7

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2019 CRA Aggregate Data.
Due to rounding, totals may not equal 100.0%.

First National Bank (10000014252) excluded from Aggregate.

Table R: Assessment Area Distribution of Loans to Small Businesses by GAR												2017-2019
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	
Rapid City MSA	20	12,542	84.3	2,718	84.1	75.0	48.4	5.4	25.0	10.5	0.0	
South Dakota Non-MSA	20	2,332	15.7	2,132	79.5	75.0	52.5	4.7	25.0	15.8	0.0	
Total	40	14,874	100.0	4,850	82.0	75.0	50.3	5.1	25.0	13.0	0.0	

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2019 CRA Aggregate Data.
Due to rounding, totals may not equal 100.0%.

First National Bank (10000014252) excluded from Aggregate.

Table Q: AA Distribution of Loans to Small Businesses by Income Category of the Geography																			2017-2019	
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	
Denver MSA	20	20,122	100.0	55,611	7.2	10.0	8.2	15.2	30.0	15.7	29.8	35.0	28.4	47.4	25.0	46.4	0.4	0.0	1.4	
Total	20	20,122	100.0	55,611	7.2	10.0	8.2	15.2	30.0	15.7	29.8	35.0	28.4	47.4	25.0	46.4	0.4	0.0	1.4	

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2019 CRA Aggregate Data.
Due to rounding, totals may not equal 100.0%.

First National Bank (10000014252) excluded from Aggregate.

Table R: AA Distribution of Loans to Small Businesses by GAR													2017-2019	
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			
Denver MSA	20	20,122	100.0	55,611	89.8	80.0	51.8	3.7	20.0	6.5	0.0			
Total	20	20,122	100.0	55,611	89.8	80.0	51.8	3.7	20.0	6.5	0.0			

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2019 CRA Aggregate Data.
Due to rounding, totals may not equal 100.0%.

First National Bank (10000014252) excluded from Aggregate.

Table S: AA Distribution of Loans to Farms by Income Category of the Geography																			2017-2019	
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	
South Dakota Non-MSA	20	2,473	100.0	1,795	0.0	0.0	0.0	7.1	5.0	13.4	74.9	75.0	74.2	18.1	20.0	11.5	0.0	0.0	0.9	
Total	20	2,473	100.0	1,795	0.0	0.0	0.0	7.1	5.0	13.4	74.9	75.0	74.2	18.1	20.0	11.5	0.0	0.0	0.9	

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2019 CRA Aggregate Data.
Due to rounding, totals may not equal 100.0%
First National Bank (10000014252) excluded from Aggregate.

Table T: AA Distribution of Loans to Farms by GAR												2017-2019	
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		
South Dakota Non-MSA	20	2,473	100.0	1,795	98.1	85.0	68.5	1.3	15.0	0.6	0.0		
Total	20	2,473	100.0	1,795	98.1	85.0	68.5	1.3	15.0	0.6	0.0		

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2019 CRA Aggregate Data.
Due to rounding, totals may not equal 100.0%
First National Bank (10000014252) excluded from Aggregate.