



## **PUBLIC DISCLOSURE**

July 27, 2020

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

Black Hills Community Bank, National Association  
Charter Number: 24798

840 Mount Rushmore Road  
Rapid City, SD 57701

Office of the Comptroller of the Currency  
Sioux Falls Field Office  
4900 South 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.

**Table of Contents**

Overall CRA Rating..... 1  
Description of Institution..... 2  
Scope of the Evaluation..... 3  
Discriminatory or Other Illegal Credit Practices Review..... 3  
State Rating..... 5  
    State of South Dakota..... 5  
    Community Development..... 11  
Appendix A: Scope of Examination..... A-1  
Appendix B: Summary of MMSA and State Ratings..... B-1  
Appendix C: Definitions and Common Abbreviations..... C-1  
Appendix D: Tables of Performance Data..... D-1

## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **Outstanding**.

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

The major factors that support this rating include:

- The Lending Test rating is based on performance in the State of South Dakota. The bank's assessment areas (AAs) include the Rapid City Metropolitan Statistical Area (MSA) and the South Dakota Rural (Spearfish) Non-MSA. Performance in the Rapid City MSA was weighted more heavily in our analysis because this AA represents a majority of the bank's deposit volume as of June 30, 2019, and loan volume originated during the evaluation period.
- Performance under the Lending Test is good. The distribution of loans to businesses of different sizes and geographies of different income levels reflects reasonable distribution of AA demographics.
- Black Hills Community Bank, N.A.'s (BHCB) community development (CD) activity represents excellent responsiveness to AA needs and opportunities. CD activities during the evaluation period total \$6.1 million and represent 19 percent of tier one capital as of December 31, 2019.

In addition to the activities considered at the AA level, we considered the following activities at the bank-wide level:

- Management originated a substantial majority of loans, 80 percent by number and 78 percent by dollar volume, inside the bank's AAs during the evaluation period.
- The loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition, and the credit needs of the AAs.
- BHCB offers a variety of retail banking products and services available to all customers, including small businesses and low- and moderate-income (LMI) individuals, which include individual retirement accounts, certificates of deposit, savings accounts, and free checking accounts with no minimum balance requirements.

### Loan-to-Deposit Ratio

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

BHCB's average LTD for the 14 quarters from June 30, 2016, to December 31, 2019, was 94 percent. The ratio ranged from a quarterly high of 98 percent as of March 31, 2018, to a quarterly low of 88 percent as of September 30, 2019. We performed this analysis at the bank level as opposed to an AA level.

The bank's average LTD ratio is more than reasonable when compared to similarly-situated financial institutions operating in or near the bank's AAs. We used five similarly-situated financial institutions as

comparators in our analysis. The average comparator LTD ratio over the same 14 quarter period was 80 percent. The average LTD for comparator banks ranged from a quarterly high of 93 percent to a quarterly low of 57 percent.

### Lending in Assessment Areas

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

Management originated and purchased 80 percent by number and 78 percent by dollar volume of its total loans inside the bank’s AAs during the evaluation period. This analysis is performed at the bank level rather than at the AA level.

Lending Inside and Outside of the AA										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	32	80	8	20	40	5,282	78	1,502	22	6,784
Total	32	80	8	20	40	5,282	78	1,502	22	6,784

### Description of Institution

BHCB is a single-state financial institution headquartered in Rapid City, South Dakota. As of December 31, 2019, BHCB had total assets of \$300 million and tier one capital of \$32.7 million. The bank is owned by BHCB Holding Company, a \$33 million single-bank holding company headquartered in Rapid City, South Dakota. BHCB does not have any affiliates and did not merge with or acquire any institutions during the evaluation period.

The bank operates two full-service branches in Rapid City and Spearfish. In addition, BHCB manages two non-deposit taking automated teller machines (ATMs) within its AAs. The bank’s business strategy is focused on serving local communities by offering a wide variety of personal and commercial products and services. Management offers the same products and services at both bank branches. As of December 31, 2019, net loans totaled \$246.4 million and represented 82 percent of total assets. By dollar volume, the loan portfolio is comprised of the following credit types: 86 percent real estate loans, 12 percent commercial loans, and 1 percent agricultural loans.

For the purposes of the CRA, BHCB operates with one rating area and two AAs. The bank’s rating area is the State of South Dakota and the AAs are the Rapid City MSA and the Spearfish Non-MSA. The Rapid City MSA AA includes Pennington and Meade Counties and contains 28 census tracts, with one low- and six moderate-income census tracts. The Spearfish Non-MSA includes Lawrence County and contains five census tracts, with no LMI census tracts. Each AA complies with regulatory requirements and does not arbitrarily exclude any LMI census tracts.

There are no legal, financial, or other factors impeding the bank’s ability to help meet the credit needs in its AAs during the evaluation period. BHCB received a Satisfactory rating at its prior CRA examination dated September 14, 2016.

## **Scope of the Evaluation**

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

We evaluated BHCN using small bank examination procedures, which are limited to the Lending Test. The Lending Test evaluates the bank's record of meeting the credit needs of its AAs through lending activities. We reviewed commercial loans in both the Rapid City MSA and the Spearfish Non-MSA AAs, as those were determined to be the bank's primary loan product when considering volume by number and dollar.

The evaluation period for the Lending Test is January 1, 2017, to December 31, 2019. Loans originated in 2017-2019 are compared to 2011-2015 American Community Survey (2015 ACS) data.

With an evaluation period end date of December 31, 2019, qualifying activities performed in response to the significant impact the coronavirus pandemic has had on economies across the United States are not addressed in this evaluation. Bank qualifying activities will be considered in the subsequent evaluation.

### **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 (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 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 BHCN, we weighted the bank's performance in the Rapid City MSA AA most heavily. The bank's operations in the Rapid City MSA AA represent 84 percent of total deposits as of June 30, 2019, and 75 percent of loan originations by dollar volume during the evaluation period.

The state rating is based on performance in all bank AAs. Refer to the "Scope" section under each state 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 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: Outstanding.**

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

The major factors that support this rating include:

- BHCB's LTD ratio is more than reasonable given the institution's size, financial condition, and the credit needs of its AAs.
- Management purchased and originated a substantial majority of loans, 80 percent by number and 78 percent by dollar volume, inside the bank's AAs.
- The borrower distribution of loans to businesses of different sizes reflects reasonable distribution of AA demographics.
- The geographic distribution of loans across census tracts of different income level reflects reasonable distribution of AA demographics.
- CD activities represent excellent responsiveness to AA needs and opportunities. CD activities during the evaluation period total \$6.1 million and represent 19 percent of tier one capital as of December 31, 2019.

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

BHCB operates two branches and two ATMs in South Dakota. The bank's operations are divided into two AAs, the Rapid City MSA and the Spearfish Non-MSA.

#### Rapid City MSA AA

The Rapid City MSA AA includes Pennington and Meade Counties, which includes the communities of Black Hawk, Box Elder, Hill City, Piedmont, Rapid City, and Sturgis. BHCB operates one full-service branch in the AA, which is located in downtown Rapid City. The bank operates one ATM in the AA, which is located at the Rapid City branch. Management's primary business focus is commercial and residential real estate loans. The Rapid City MSA AA includes 28 census tracts, of which one is low-income, six are moderate-income, 16 are middle-income, and five are upper-income.

BHCB had \$228.6 million in deposits inside the Rapid City MSA AA as of June 30, 2019. This represents 84 percent of the bank's total deposits. BHCB held an 8 percent deposit market share as of June 30, 2019. Competition is strong as 12 financial institutions operate 33 branches in the AA; BHCB ranks sixth in deposit market share. Three larger financial institutions account for 58 percent of the deposit market share. The AA includes 12,188 businesses, of which 10,247 businesses report annual revenues less than \$1 million. The Rapid City MSA AA has a population of 132,466, based on 2015 ACS data.

The Rapid City MSA AA’s primary product is business loans. Business loans account for 55 percent of originations by number and 71 percent by dollar during the evaluation period. The following chart provides a breakdown of loan originations in the Rapid City MSA AA.

<b>BHCB Loan Originations in the Rapid City MSA AA (1/1/17 - 12/31/19)</b>				
	Number	Percentage by Number	Dollar Volume (\$000s)	Percentage by Dollar Volume
Business Loans	690	55	248,456	71
Farm Loans	49	4	12,522	4
Home Loans	371	30	78,982	23
Consumer Loans	136	11	8,573	2
Total	1,246	100	348,533	100

We completed one community contact in the Rapid City MSA AA as part of this examination. We conducted a telephone interview with the director of a local community-based development organization promoting economic growth in the AA. The contact identifies a favorable economic environment in the AA with multiple business sectors experiencing growth. The AA also has multiple revitalization projects planned by community organizations. The contact identifies affordable housing as the AA’s biggest need but notes there are several current projects to address this issue. The contact does not note any negative perception towards financial institutions in the AA.

The following table provides information on the demographic composition of the Rapid City MSA AA during the evaluation period.

<b>Table A – Demographic Information of the AA</b>						
<b>AA: Rapid City MSA AA</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 (Census Tracts)	28	3.6	21.4	57.1	17.9	0.0
Population by Geography	132,466	0.6	18.4	61.1	19.9	0.0
Housing Units by Geography	57,567	0.5	17.7	59.6	22.2	0.0
Owner-Occupied Units by Geography	35,541	0.1	12.8	61.9	25.2	0.0
Occupied Rental Units by Geography	16,722	1.4	28.8	59.2	10.6	0.0
Vacant Units by Geography	5,304	0.5	15.3	45.6	38.5	0.0
Businesses by Geography	12,188	0.5	20.4	60.1	19.1	0.0
Farms by Geography	552	0.2	6.0	77.7	16.1	0.0
Family Distribution by Income Level	34,107	19.5	18.7	22.4	39.3	0.0
Household Distribution by Income Level	52,263	21.5	17.7	19.7	41.0	0.0
Median Family Income MSA – 39660 Rapid City, SD MSA		\$63,471	Median Housing Value			\$167,503
			Median Gross Rent			\$774
			Families Below Poverty Level			8.3%

*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.*

Spearfish Non-MSA AA

The Spearfish Non-MSA AA includes Lawrence County, which includes the communities of Deadwood, Lead, and Spearfish. BHCN operates one full-service branch in the AA, which is located in downtown Spearfish. The bank has one ATM in the AA located at the Spearfish branch. Management’s primary business focus is commercial and residential real estate loans in the AA. The Spearfish Non-MSA AA includes five census tracts, of which four are middle-income and one is upper-income; the AA does not have any LMI census tracts.

BHCN has \$43.7 million in deposits in the Spearfish Non-MSA AA as of June 30, 2019. This represents 16 percent of the bank’s total deposits. BHCN held a 7 percent market share as of June 30, 2019. Competition is strong as six financial institutions operate 11 branches in the AA; BHCN ranks fifth in market share. Three larger financial institutions account for 75 percent of the deposit market share. The AA includes 2,782 businesses, of which 2,453 report revenues less than \$1 million. The Spearfish Non-MSA AA has a population of 24,645 based on 2015 ACS data.

The Spearfish Non-MSA AA’s primary product is business loans. Business loans account for 53 percent of originations by number and 58 percent by dollar during the evaluation period. The following chart provides a breakdown of loan originations in the Spearfish Non-MSA AA.

<b>BHCN Loan Originations in the Spearfish Non-MSA AA (1/1/17 - 12/31/2019)</b>				
	Number	Percentage by Number	Dollar Volume (\$000s)	Percentage by Dollar Volume
Business Loans	265	53	67,093	58
Farm Loans	17	3	6,848	6
Home Loans	169	34	39,857	34
Consumer Loans	48	10	2,470	2
Total	499	100	116,268	100

We completed one community contact in the Spearfish Non-MSA AA as part of this examination. We conducted a telephone interview with the director of a local organization that works with small businesses in the AA. The contact identifies good opportunities in Spearfish, South Dakota for financial institutions to assist individuals and small businesses as the area has experienced growth in recent years. The contact also notes growth in surrounding areas is having positive benefits on the AA. Employers in the healthcare and education sectors provide additional opportunities for growth in the AA. The contact noted a favorable perception of financial institutions in the AA and believes borrower needs are adequately met.

The following table provides information on the demographic composition of the Spearfish Non-MSA AA during the evaluation period.

<b>Table A – Demographic Information of the AA</b>						
<b>AA: Spearfish Non-MSA AA</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 (Census Tracts)	5	0.0	0.0	80.0	20.0	0.0
Population by Geography	24,645	0.0	0.0	74.8	25.2	0.0
Housing Units by Geography	13,183	0.0	0.0	76.7	23.3	0.0
Owner-Occupied Units by Geography	7,038	0.0	0.0	70.6	29.4	0.0
Occupied Rental Units by Geography	3,490	0.0	0.0	82.8	17.2	0.0
Vacant Units by Geography	2,655	0.0	0.0	84.7	15.3	0.0
Businesses by Geography	2,782	0.0	0.0	69.7	30.3	0.0
Farms by Geography	112	0.0	0.0	73.2	26.8	0.0
Family Distribution by Income Level	6,476	15.5	22.2	17.8	44.6	0.0
Household Distribution by Income Level	10,528	23.9	17.1	18.0	41.1	0.0
Median Family Income MSA – Non-MSAs - SD		\$60,845	Median Housing Value			\$176,628
			Median Gross Rent			\$662
			Families Below Poverty Level			7.2%
<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>						

### **Scope of Evaluation in South Dakota**

For purposes of this evaluation, bank dedicated AAs located in the same MSA are combined, analyzed, and presented as one AA. Similarly, bank delineated non-MSA AAs within the same state are combined, analyzed, and presented as one AA for purposes of this evaluation.

We completed full-scope reviews of the Rapid City MSA and Spearfish Non-MSA AAs. The Rapid City MSA AA carries the most weight in overall ratings, as it represents 84 percent of deposit volume as of June 30, 2019, and 75 percent of loan volume by dollar originated during the evaluation period. Refer to the table in Appendix A for a list of all AAs under review.

### **LENDING TEST**

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

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

Based on full-scope reviews, the bank’s performance in the Rapid City MSA and Spearfish Non-MSA AAs is reasonable.

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

The bank exhibits reasonable geographic distribution of loans in the Rapid City MSA AA. We did not analyze the geographic distribution of loans in the Spearfish Non-MSA AA because the AA does not include any LMI census tracts in the 2017-2019 evaluation period. An analysis of this distribution would not provide meaningful results.

### ***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.

#### **Rapid City MSA AA**

The geographic distribution of small loans to businesses in the Rapid City MSA AA is reasonable. There was one low-income and 16 moderate-income census tracts in the Rapid City MSA AA during the evaluation period, based on 2015 ACS data. Management originated 18.3 percent of loans to small businesses, by number, to borrowers located in a moderate-income census tract, which is near 2015 ACS data and aggregate CRA data. The 2015 ACS data indicates 20.4 percent of businesses are located in a moderate-income geography and aggregate CRA data indicates 19.6 percent of small loans to businesses in the AA were originated to businesses located in a moderate-income census tract. Management did not originate any loans to borrowers in the AA's low-income census tract. 2015 ACS data indicates only 0.5 percent of business are located in a low-income geography and aggregate CRA data indicates 0.4 percent of small loans to businesses in the AA were originated to businesses located in the low-income census tract.

## **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 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.

#### **Rapid City MSA AA**

The distribution of loans to businesses of different sizes in the Rapid City MSA AA is reasonable. Small businesses are defined as those with gross annual revenues of \$1 million or less. BHCB originated 66.7 percent of loans to small businesses within the AA; this is less than 2015 ACS data but greater than aggregate CRA data. 2015 ACS data indicates 84.1 percent of businesses were considered small, while aggregate CRA data indicates 48.7 percent of business loans were originated to small businesses within the AA.

#### **Spearfish Non-MSA AA**

The distribution of loans to businesses of different sizes in the Spearfish Non-MSA AA is reasonable. BHCB originated 65 percent of loans to small businesses within the AA; this is less than 2015 ACS data but greater than aggregate CRA data. 2015 ACS data indicates 88.2 percent of business were considered

small, while aggregate CRA data indicates 58.3 percent of business loans were originated to small businesses within the AA.

**Responses to Complaints**

Management did not receive any complaints related to BHCB’s CRA performance in either the Rapid City MSA or Spearfish Non-MSA AAs during the evaluation period.

**COMMUNITY DEVELOPMENT**

Based on a full-scope review, the bank exhibits excellent responsiveness to CD needs in the State of South Dakota through CD loans considering the bank’s capacity and the need and availability of such opportunities for CD in the bank’s AAs. Performance related to CD activities had a positive effect on the bank’s rating in the State of South Dakota.

**Number and Amount of Community Development Loans**

Refer to the CD Loans table below for the facts 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.

<i>Community Development Loans</i>				
AA	Total			
	#	% of Total #	\$(000’s)	% of Total \$
Rapid City MSA	7	88	5,544	93
Spearfish Non-MSA	1	12	451	7

Management submitted documentation of CD lending for consideration of an Outstanding CRA rating. Management originated \$6.1 million, or 19 percent of tier-one capital as of December 31, 2019, in qualifying CD loans during the evaluation period. The substantial number of CD loans supports an overall Outstanding CRA rating.

BHCB originated a substantial level of CD loans in the Rapid City MSA AA during the evaluation period. CD loans in the Rapid City MSA AA represent 16.9 percent of tier one capital as of December 31, 2019. BHCB originated an adequate level of CD loans in the Spearfish Non-MSA AA during the evaluation period. The CD loan in the Spearfish Non-MSA AA represents 1.4 percent of tier one capital as of December 31, 2019. Four of the CD loans support affordable housing, two loans support economic development, and two loans were made to organizations providing services to LMI individuals.

**Extent to Which the Bank Provides Community Development Investments**

Management provided \$93 thousand in donations to six qualifying CD organizations during the evaluation period. These donations are a part of the bank’s Capital Campaign Contributions program. The program’s objective is to provide CD organizations in the Rapid City MSA and Spearfish Non-MSA AAs with donations over a multi-year period. Management’s donations primarily support organizations providing resources to LMI individuals and groups working towards providing affordable

housing in the bank's AAs. Additionally, the bank runs the 'Pass It On' program. The program provides employees with up to \$1 thousand to donate to a local charity or community group of their choice.

## 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 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>	1/1/2017 to 12/31/2019	
<b>Bank Products Reviewed:</b>	Small Business Loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Not Applicable		
<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>MMSA(s)</b>		
None	Not Applicable	Not Applicable
<b>State of South Dakota</b>		
Rapid City Non-MSA AA	Full-Scope	Includes Pennington and Meade Counties Includes the Rapid City branch Primary product is commercial loans
SD Rural (Spearfish) Non-MSA AA	Full-Scope	Includes Lawrence County Includes the Spearfish branch Primary product is commercial loans

## Appendix B: Summary of MMSA and State Ratings

---

<b>RATINGS: BLACK HILLS COMMUNITY BANK, N.A.</b>	
<b>Overall Bank:</b>	<b>Lending Test Rating:</b>
Black Hills Community Bank, N.A.	Satisfactory
<b>State:</b>	
South Dakota	Satisfactory

## 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. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances. Census tracts 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; 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 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 census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct business or have banking offices in a MSA 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 census tract 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 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 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 multistate MSAs, 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 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. Assessment Area 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. Assessment Area 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. Assessment Area 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. Assessment Area 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. Assessment Area 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. Assessment Area 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 U. Assessment Area 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. Assessment Area 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.

<b>Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues</b>												<b>2017-19</b>	
<b>Assessment Area:</b>	<b>Total Loans to Small Businesses</b>				<b>Businesses with Revenues &lt;= 1MM</b>			<b>Businesses with Revenues &gt; 1MM</b>		<b>Businesses with Revenues Not Available</b>			
	<b>#</b>	<b>\$</b>	<b>% of Total</b>	<b>Overall Market</b>	<b>% Businesses</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	<b>% Businesses</b>	<b>% Bank Loans</b>	<b>% Businesses</b>	<b>% Bank Loans</b>		
Rapid City MSA AA	60	9,439	75.0	2,544	84.1	66.7	48.7	5.4	25.0	10.5	6.7		
Spearfish Non-MSA AA	20	5,210	25.0	654	88.2	65.0	58.3	3.6	35.0	8.2	0.0		
<b>Total</b>	<b>80</b>	<b>14,649</b>	<b>100.0</b>	<b>3,198</b>	<b>84.8</b>	<b>67.5</b>	<b>50.7</b>	<b>5.1</b>	<b>28.8</b>	<b>10.1</b>	<b>3.8</b>		

*Source: 2019 D&B data; 1/1/2017 - 12/31/2019 bank data; 2018 CRA aggregate data. Due to rounding, totals may not equal 100.0%.*

<b>Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography</b>																			<b>2017-19</b>	
<b>Assessment Area:</b>	<b>Total Loans to Small Businesses</b>				<b>Low-Income Tracts</b>			<b>Moderate-Income Tracts</b>			<b>Middle-Income Tracts</b>			<b>Upper-Income Tracts</b>			<b>Not Available-Income Tracts</b>			
	<b>#</b>	<b>\$</b>	<b>% of Total</b>	<b>Overall Market</b>	<b>% Businesses</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	<b>% Businesses</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	<b>% Businesses</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	<b>% Businesses</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	<b>% Businesses</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	
Rapid City MSA AA	60	9,438	100.0	2,544	0.5	0.0	0.4	20.4	18.3	19.6	60.1	66.7	59.6	19.1	15.0	20.4	0.0	0.0	0.0	
<b>Total</b>	<b>60</b>	<b>9,438</b>	<b>100.0</b>	<b>2,544</b>	<b>0.5</b>	<b>0.0</b>	<b>0.4</b>	<b>20.4</b>	<b>18.3</b>	<b>19.6</b>	<b>60.1</b>	<b>66.7</b>	<b>59.6</b>	<b>19.1</b>	<b>15.0</b>	<b>20.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	

*Source: 2019 D&B data; 1/1/2017 - 12/31/2019 bank data; 2018 CRA aggregate data. Due to rounding, totals may not equal 100.0%.*