



## **PUBLIC DISCLOSURE**

March 7, 2022

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

First National Bank  
Charter: 21793

141 East Main Street  
Oldham, South Dakota 57051

Office of the Comptroller of the Currency

Sioux Falls Field Office  
4900 South Minnesota Avenue, Suite 300  
Sioux Falls, South Dakota 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 major factors that support this rating include:

- The Lending Test rating is based on performance in the State of Minnesota, State of South Dakota, State of Illinois, and Davenport-Moline-Rock Island Multistate Metropolitan Statistical Area (MMSA).
- Weightings were determined through an analysis of branch locations, deposit share, loan origination volume, and low-and moderate-income (LMI) lending opportunities in the assessment areas (AAs) and collectively for each rating area. The State of Minnesota received the most weight as a majority of branches are located in the state and account for significant deposit and loan concentrations. The Davenport-Moline-Rock Island MMSA received the second most weight given a material loan concentration. The State of South Dakota and State of Illinois received the least weight due to lower deposit and loan concentrations.

In addition to the activities considered at the AA level, we considered the following activities for overall bank operations:

- The loan-to-deposit (LTD) ratio is reasonable considering the bank's size, financial condition, and credit needs of the identified AAs.
- Management originated a substantial majority of loans, 81 percent by number and 70 percent by dollar volume, inside the bank's AAs during the evaluation period.
- First National Bank (FNB or bank) offers traditional loan and deposit products and services available through various delivery channels to meet the needs of all customers, including small businesses, small farms, and LMI individuals. FNB's branch locations and ATM availability in rural, urban, and metropolitan markets provide many options for customers to conduct banking business. Additionally, FNB offers online and mobile banking to accommodate customers' banking needs. Personal deposit product offerings include checking accounts, health savings accounts, savings accounts, and certificates of deposit. Business and agricultural banking includes business checking, business savings, business account management, remote deposit capture, payment processing, and cash management. Personal loan products include residential home loans, consumer loans, and credit cards. FNB offers credit cards for use at various locations with benefits and rewards tailored to meet the credit needs of a wide range of applicants. Business and agriculture loans include term financing, operating lines of credit, and real estate loans. FNB works with the Small Business Administration (SBA), United States Department of Agriculture (USDA) Rural Development, and Farm Service Agency (FSA) to provide a variety of credit products to its customers.
- FNB actively participated in the Paycheck Protection Program (PPP) to meet the needs of small businesses and small farms within its AA who were impacted by the COVID-19 pandemic. FNB offered COVID-19 modifications to aid borrowers impacted by the pandemic.

## LTD Ratio

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

FNB’s average LTD ratio for the 12 quarters from January 1, 2018 to December 31, 2020 was 78 percent. The LTD ratio ranged from an average quarterly low of 67 percent as of September 30, 2020 to an average quarterly high of 87 percent as of September 30, 2018. Cyclicity in the agriculture market coupled with COVID-19 impacts provide for the identified LTD fluctuations.

Similarly situated banks were identified based on operations in FNB’s AA(s), asset size, loan portfolio composition, and proximity to FNB branch locations. We identified six similarly situated banks ranging from \$121 million to \$692 million in total assets as of December 31, 2020. The average LTD ratio of similarly situated banks during the evaluation period was 77 percent. The comparable banks’ average LTD ranged from an average quarterly low of 62 percent to an average quarterly high of 99 percent.

## Lending in AA

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

The bank originated and purchased 81 percent of its total loans 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. The findings from this analysis are factored into the overall analysis of the geographic distribution analysis at the bank level.

<b>Lending Inside and Outside of the AA</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Small Farm	52	88	7	12	59	9,149	86	1,481	14	10,630
Small Business	25	63	15	38	40	2,493	40	3,786	60	6,279
Consumer	35	88	5	13	40	592	86	94	14	686
<b>Total</b>	<b>112</b>	<b>81</b>	<b>27</b>	<b>19</b>	<b>139</b>	<b>12,234</b>	<b>70</b>	<b>5,361</b>	<b>30</b>	<b>17,595</b>

*Source: Loan Sample*

## Description of Institution

FNB is a multi-state community bank headquartered in Oldham, South Dakota. As of December 31, 2020, FNB had total assets of \$367 million. FNB merged with First American State Bank (FASB) on November 30, 2018, which was headquartered in Oldham, South Dakota. After the FASB merger, FNB’s charter was moved from Slayton, Minnesota to Oldham, South Dakota. The bank is owned by Fulda Bancorporation, Inc., a \$36 million one-bank holding company located in Britton, South Dakota.

FNB operates 12 locations and nine ATMs in Minnesota, South Dakota, Iowa, and Illinois. All ATMs are cash-dispensing and non-deposit taking. The bank operates seven locations in Minnesota, including Fulda, Slayton, Lakefield, Le Roy, Spring Valley, Hastings, and Minneapolis. The bank operates two locations in South Dakota, including Oldham and Ramona. The remaining three locations are in Davenport, Iowa and Moline and Cairo, Illinois.

Management designated six AAs across four states. AAs meet regulatory requirements and are established according to the Board-approved strategic plan, vision, and mission of the bank. The AAs include the Minnesota Non-MSA AA, Rochester MSA AA, Minneapolis MSA AA, South Dakota Non-MSA AA, Davenport-Moline-Rock Island MMSA AA, and Cape Girardeau MSA AA. The South Dakota, Iowa, and Illinois locations were established through the 2018 FASB merger and created the South Dakota Non-MSA AA, Davenport-Moline-Rock Island MMSA AA, and Cape Girardeau MSA AA. The Springfield, Minnesota branch was sold in April 2018, which was part of the Minnesota Non-MSA AA. The Cairo, Illinois branch was sold in December 2021, which was the Cape Girardeau MSA AA.

FNB offers traditional loan and deposit products and services to meet the needs of customers throughout the communities served. FNB offers credit cards to a nationwide market. The bank's primary business in rural South Dakota and Minnesota markets is agriculture and consumer loans while the primary business in metropolitan Minnesota, Iowa, and Illinois markets is commercial loans. As of December 31, 2020, the loan portfolio totaled \$259 million and represented 70 percent of total assets. Tier 1 capital totaled \$35 million. The loan portfolio composition included 44 percent commercial, 23 percent agriculture, 20 percent consumer, 11 percent mortgage, and 1 percent other loans.

FNB actively participated in the PPP by providing 452 PPP loans totaling \$18 million in 2020 in response to the COVID-19 pandemic. The bank provided COVID-19 modifications to provide relief to borrowers impacted by the pandemic.

FNB's credit card portfolio totaled \$49 million as of December 31, 2020, representing 13 percent of total assets. Given our analysis and conclusions are based on products offered to the bank's local markets and credit cards are offered on a nationwide scale, credit card lending was outside our scope.

FNB received a Satisfactory rating in the prior CRA evaluation dated January 14, 2019. There are no known legal, financial, or other factors impeding the bank's ability to meet the credit needs of its AA.

## **Scope of the Evaluation**

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

FNB has the following four rating areas for this evaluation: State of Minnesota, State of South Dakota, State of Illinois, Davenport-Moline-Rock Island MMSA. The State of Illinois rating is based on activity in the Cape Girardeau MSA AA. Management originated 12 loans in the Cape Girardeau MSA AA during the evaluation period, which is not enough loans for a meaningful Lending Test analysis. Therefore, the State of Illinois rating will be based on an LTD analysis for the Cape Girardeau MSA AA and the bank's overall lending inside the AA analysis. The Cairo, Illinois branch, which was the sole branch in the Cape Girardeau MSA AA, was sold in December 2021.

The Lending Test evaluation period is January 1, 2018 to December 31, 2020 for the Minnesota Non-MSA, Minneapolis MSA, and Rochester MSA AAs. Due to the Springfield, Minnesota branch sale in April 2018, which would only provide three months of data for the evaluation period, the associated counties of Brown, Redwood, and Cottonwood, Minnesota are not included in the Minnesota Non-MSA AA. Given the FASB merger in November 2018, the evaluation period is November 1, 2018 to December 31, 2020 for the South Dakota Non-MSA and Davenport-Moline-Rock Island MMSA AAs established through the merger.

FNB's primary loan products were determined through an analysis of the number and dollar volume of loans originated and purchased by branch during the evaluation period. FNB's primary loan products were determined to be agriculture, commercial, and consumer loans. Refer to Appendix A, Scope of Examination, for a list of primary products identified in each AA.

To evaluate lending performance, we selected random samples of 20 loans originated during the evaluation period for each primary loan product in each AA. To evaluate whether loans were originated to borrowers within the bank's AAs, we reviewed the initial sample of 20 loans for each primary product in each AA. To analyze borrower and geographic distribution within the AAs, we sampled additional small business loans in the Minneapolis MSA AA to reach 20 loans originated with proceeds distributed to borrowers located within the AA. The small farm borrower distribution analysis in the South Dakota Non-MSA AA was based on all 17 small farm loans originated with proceeds distributed within the AA during the evaluation period; the geographic distribution analysis in the South Dakota Non-MSA AA was not meaningful given there are no LMI census tracts (CTs) in the AA. We based lending performance conclusions on a larger random sample of 60 loans originated with proceeds distributed in the Rochester MSA AA consumer loan geographic distribution test and Davenport-Moline-Rock Island MMSA AA borrower and geographic loan distribution tests. Loan sample data was compared to 2015 American Community Survey (ACS) data and 2020 Dun & Bradstreet (D&B) data for analysis.

### **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, 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 and, where applicable, multistate ratings.

The State of Minnesota received the most weight in determining conclusions followed by the Davenport-Moline-Rock Island MMSA, State of South Dakota, and State of Illinois. Weightings were determined through an analysis of branch locations, deposit share, loan origination volume, and LMI lending opportunities in the AAs.

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.

# Multistate Metropolitan Statistical Area Rating

## Davenport-Moline-Rock Island MMSA

**CRA rating for the Davenport-Moline-Rock Island MMSA<sup>1</sup>:** Satisfactory.

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

The major factors that support this rating include:

- The distribution of commercial loans to businesses of different income levels reflects reasonable distribution of AA demographics.
- The distribution of commercial loans to borrowers in geographies of different income levels reflects excellent distribution of AA demographics.

## Description of Institution's Operations in Davenport-Moline-Rock Island MMSA

The Davenport-Moline-Rock Island MMSA AA includes Rock Island County in Illinois and Scott County in Iowa. FNB operates two branches and two ATMs in the AA. All ATMs are cash dispensing and non-deposit taking. The branches and ATMs are located in Moline, Illinois and Davenport, Iowa. The Moline and Davenport branches were acquired during the November 30, 2018 FASB acquisition. Appendix A provides a list of all bank-designated AAs.

The Davenport-Moline-Rock Island MMSA AA accounted for 11 percent of the bank's deposits as of June 30, 2020 and 10 percent of the bank's loans originated during the evaluation period. The primary lending product in the AA is commercial loans in the metropolitan area. Competition in the MMSA is strong and includes several large national, regional, and local community banks. As of June 30, 2020, there were 24 financial institutions with 99 offices in the AA. FNB accounted for less than 1 percent of total deposits and ranked twentieth in deposit market share in the Rock Island and Scott County market as of June 30, 2020.

The Davenport-Moline-Rock Island MMSA AA includes four low-income CTs, 26 moderate-income CTs, 43 middle-income CTs, and 14 upper-income CTs. Low-income CTs are concentrated around the city of Davenport with moderate-income CTs dispersed throughout the AA. According to 2015 ACS US Census data, the AA includes 128,100 households with 3,581 in low-income CTs, 27,871 in moderate-income CTs, 71,250 in middle-income CTs, and 25,398 in upper-income CTs. Twenty percent of families are low-income, 18 percent are moderate-income, 21 percent are middle-income, and 41 percent are upper-income. Thirteen percent of households in the AA live below the poverty line.

The AA includes 23,678 businesses, of which four percent are farming-related and 96 percent are non-farm. Primary industries include services, retail trade, finance/insurance/real estate, and construction accounting for 38 percent, 13 percent, 10 percent, and 7 percent, respectively. Businesses in the AA are typically smaller with 61 percent of businesses having 1-4 employees and 26 percent of businesses having 5-9 employees. Unemployment is moderate at 4.20 percent.

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<sup>1</sup> This rating reflects performance within the MMSA. The statewide evaluations do not reflect performance in the parts of those states contained within the MMSA.

We completed one community contact within the Davenport-Moline-Rock Island MMSA AA. This contact described the Davenport-Moline-Rock Island MMSA as mostly middle class with a broad age range. The contact was not aware of any opportunities for bank involvement in community development or financing projects. The contact thought the banks do a good job of sponsoring local community events and schools.

<b>Table A – Demographic Information of the AA</b>						
<b>MMSA: Davenport-Moline-Rock Island #19340</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 (CT)	87	4.6	29.9	49.4	16.1	0.0
Population by Geography	317,155	2.8	23.1	54.3	19.8	0.0
Housing Units by Geography	138,591	3.3	22.7	54.8	19.3	0.0
Owner-Occupied Units by Geography	88,057	0.8	18.3	58.1	22.7	0.0
Occupied Rental Units by Geography	40,043	7.1	29.3	50.1	13.5	0.0
Vacant Units by Geography	10,491	9.0	33.8	44.2	12.9	0.0
Businesses by Geography	22,776	6.5	18.6	47.8	27.1	0.0
Farms by Geography	902	1.4	8.0	59.4	31.2	0.0
Family Distribution by Income Level	80,020	20.1	17.9	21.3	40.7	0.0
Household Distribution by Income Level	128,100	23.7	16.6	18.3	41.3	0.0
MFI MSA - 19340 Davenport-Moline-Rock Island, IA-IL MSA	\$66,600	Median Housing Value				\$136,605
<i>Source: 2015 ACS and 2020 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>		Median Gross Rent				\$718
		Families Below Poverty Level				9.7%

## **Scope of Evaluation in Davenport-Moline-Rock Island MMSA**

FNB operates in one AA within the Davenport-Moline-Rock Island MMSA. We completed a full-scope review of the Davenport-Moline-Rock Island MMSA AA. The primary product in the Davenport-Moline-Rock Island MMSA AA is commercial loans. The Davenport-Moline-Rock Island MMSA rating is based on the results of this review. Refer to Appendix A for more information.

## **LENDING TEST**

The bank’s performance under the Lending Test in the Davenport-Moline-Rock Island MMSA is rated Satisfactory.

Based on a full-scope review, the bank’s performance in the Davenport-Moline-Rock Island MMSA AA is reasonable.

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

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

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

Refer to Table Q in the “MMSA” 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 commercial loans to small businesses in the Davenport-Moline-Rock Island MMSA AA is excellent. Management originated 15 percent of loans to businesses located in low-income CTs during the evaluation period. Aggregate data indicates 6 percent of commercial loans were made to small businesses in low-income CTs during the evaluation period. Management originated 27 percent of loans to businesses located in moderate-income CTs during the evaluation period compared to the aggregate data of 22 percent of commercial loans. D&B data indicates 7 percent of businesses were located in low-income CTs and 19 percent of businesses were located in moderate-income CTs during the evaluation period.

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

The bank exhibits a reasonable distribution of loans to businesses of different sizes.

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

Refer to Table R in the “MMSA” 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 commercial loans to businesses of different income levels in the Davenport-Moline-Rock Island MMSA AA is reasonable. The distribution of commercial loans to small businesses of different income levels in the Davenport-Moline-Rock Island MMSA AA is based on an analysis of 60 commercial loans with proceeds distributed in the AA during the evaluation period. Management originated 60 percent of loans by number to businesses with gross annual revenue (GAR) of \$1 million or less. Aggregate data indicates 41 percent of commercial loans were made to small businesses during the evaluation period. D&B data indicates 82 percent of businesses reported GAR of \$1 million or less in the AA during the evaluation period.

### **Responses to Complaints**

Management did not receive any complaints related to FNB’s CRA performance in the Davenport-Moline-Rock Island MMSA during the evaluation period.

# State Rating

## State of Minnesota

**CRA rating for the State of Minnesota<sup>2</sup>:** Satisfactory

**The Lending Test is rated:** Satisfactory

The major factors that support this rating include:

- The distribution of commercial, agricultural, and consumer loans to businesses and individuals of different income levels reflects excellent distribution of AA demographics.
- The distribution of commercial, agricultural, and consumer loans to borrowers in geographies of different income levels reflects reasonable distribution of AA demographics.

## Description of Institution's Operations in Minnesota

FNB operates in three AAs in Minnesota: Minnesota Non-MSA AA, Rochester MSA AA, and Minneapolis MSA AA. Product and service offerings are consistent across the AAs.

### Minnesota Non-MSA AA

The Minnesota Non-MSA AA includes Murray, Nobles, Jackson, and Mower counties in Minnesota. FNB operates four branches and four ATMs in the AA. All ATMs are cash dispensing and non-deposit taking. The branches and ATMs are located in Fulda, Slayton, Lakefield, and Le Roy.

The Minnesota Non-MSA AA accounted for 53 percent of the bank's deposits as of June 30, 2020 and 62 percent of the bank's loans originated during the evaluation period. The primary lending product in the AA is agriculture loans given the bank's rural presence. Competition in the AA is moderate and limited primarily to local community banks in rural areas. As of June 30, 2020, there were 26 financial institutions with 45 offices in the AA. FNB accounted for nine percent of total deposits and ranked second in deposit market share in the Jackson, Mower, Murray, and Nobles County market as of June 30, 2020.

The Minnesota Non-MSA AA includes eight middle-income CTs and two upper-income CTs. According to 2015 ACS US Census data, the AA includes 12,066 households with 9,868 in middle-income CTs and 2,198 in upper-income CTs. Sixteen percent of families in the AA are low-income, 16 percent are moderate-income, 24 percent are middle-income, and 44 percent are upper-income. Nine percent of households in the AA live below the poverty line.

The AA includes 3,169 businesses, of which 26 percent are farming-related. Primary industries include agriculture/forestry/fishing and services accounting for 52 percent of industry concentrations.

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<sup>2</sup> This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the MMSA.

Businesses in the AA are smaller with 73 percent of businesses having 1- 4 employees and 20 percent of businesses having 5-9 employees. Unemployment was low and stable at 2.42 percent.

We completed one community contact within the Minnesota Non-MSA AA. This contact works primarily with individuals involved in the agriculture business; however, the individuals vary greatly in their socioeconomic backgrounds. While the contact was aware of individuals ranging from low-income to high-income, they were not aware of specific neighborhoods concentrated in LMI individuals. They stated borrowers have a wide variety of banking options, including brick-and-mortar institutions and online banking options and was not aware of any unfilled opportunities for financial institutions to provide additional support for the community.

### Rochester MSA AA

The Rochester MSA AA includes Fillmore County, Minnesota. FNB operates one branch and one ATM in the AA in Spring Valley, Minnesota. The ATM is cash dispensing and non-deposit taking.

The Rochester MSA AA accounted for six percent of the bank's deposits as of June 30, 2020 and nine percent of the bank's loans originated during the evaluation period. The primary lending products in the AA are agriculture and consumer loans. Competition in the AA is moderate and includes local community banks geographically dispersed among the various towns in the AA. As of June 30, 2020, there were 11 financial institutions with 16 offices in the AA. FNB accounted for six percent of total deposits and ranked last in deposit market share in the Fillmore County market as of June 30, 2020.

The Rochester MSA AA includes three moderate-income CTs and three middle-income CTs. Moderate-income CTs are concentrated in the southeast corner of the AA and includes the towns of Lanesboro, Preston, Harmony, and Canton. The city of Spring Valley is located in a middle-income CT. According to 2015 ACS US Census data, the AA includes 8,531 households of which 3,850 are located in moderate-income CTs and 4,681 are located in middle-income CTs. Twenty-five percent of families in the AA are low-income, 24 percent are moderate-income, 26 percent are middle-income, and 26 percent are upper-income. Twelve percent of households in the AA live below the poverty line.

The AA includes 2,099 businesses, of which 362 are farming-related and 1,737 are non-farm. Primary industries include services and agriculture/forestry/fishing accounting for 29 percent and 17 percent of all industries, respectively. Businesses in the AA are smaller with 70 percent of businesses having between 1-4 employees and 20 percent of businesses having between 5-9 employees. Unemployment is low and stable at 2.93 percent.

We completed one community contact in the Rochester MSA AA. The contact noted the largest employer in the area is a medical facility offering a variety of job opportunities. The contact stated credit needs are fairly met within the community. The foundation works with individuals from a variety of socioeconomic backgrounds to partner them with lenders and secure fair housing. The contact felt there is a good mix of services provided by the area's financial institutions and collaboration among large institutions working with smaller institutions to provide services to all income levels.

### Minneapolis MSA AA

The Minneapolis MSA AA includes Hennepin and Dakota Counties in Minnesota. FNB operates two branches and one ATM in the AA. The ATM is cash dispensing and non-deposit taking.

The Minneapolis MSA AA accounted for 15 percent of the bank's deposits as of June 30, 2020 and 17 percent of the bank's loans originated during the evaluation period. The primary lending product in the AA is commercial loans. Competition in the Minneapolis metro is strong and includes several large national, regional, and local community banks. As of June 30, 2020, there were 86 financial institutions with 364 offices in the AA. FNB accounted for less than one percent of total deposits and ranked sixtieth in deposit market share in the Hennepin and Dakota County market as of June 30, 2020.

The Minneapolis MSA AA includes three moderate-income CTs, 11 middle-income CTs, and nine upper-income CTs. FNB's Hastings and Plymouth branches are both located in moderate-income CTs. According to 2015 ACS US Census data, the AA includes 44,459 households with 5,251 in moderate-income CTs, 21,497 in middle-income CTs, and 17,711 in upper-income CTs. Sixteen percent of families are low-income, 15 percent are moderate-income, 20 percent are middle-income, and 49 percent are upper-income. Six percent of households in the AA live below the poverty line.

The AA includes 12,262 businesses, of which two percent are farming-related and 98 percent are non-farm. Primary industries include services, finance/insurance/real estate, and construction accounting for 39 percent, 11 percent, and six percent of industry concentrations. Businesses in the AA remain smaller with 60 percent of businesses employing 1-4 employees and 29 percent of businesses employing 5- 9 employees. Unemployment was moderate and stable at 3.34 percent.

We completed one community contact within the Minneapolis MSA AA. The contact stated the area is diverse across cultures, income levels, and backgrounds. The contact identified partnering with non-profits or providing opportunities for financial literacy as areas in which banks could improve their interaction with the community. The contact noted while small banks are rooted in the community, larger banks tend to be more disconnected.

## Minnesota Non-MSA AA

<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (CTs)	10	0.0	0.0	80.0	20.0	0.0
Population by Geography	29,273	0.0	0.0	80.4	19.6	0.0
Housing Units by Geography	13,909	0.0	0.0	82.1	17.9	0.0
Owner-Occupied Units by Geography	10,004	0.0	0.0	81.3	18.7	0.0
Occupied Rental Units by Geography	2,062	0.0	0.0	84.3	15.7	0.0
Vacant Units by Geography	1,843	0.0	0.0	84.1	15.9	0.0
Businesses by Geography	2,332	0.0	0.0	82.0	18.0	0.0
Farms by Geography	837	0.0	0.0	78.5	21.5	0.0
Family Distribution by Income Level	8,141	15.6	16.4	23.9	44.1	0.0
Household Distribution by Income Level	12,066	20.6	15.6	18.7	45.1	0.0
MFI Non-MSAs - MN		\$63,045	Median Housing Value			\$115,025
<i>Source: 2015 ACS and 2020 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>			Median Gross Rent			\$595
			Families Below Poverty Level			5.9%

## Rochester MSA AA

Table A – Demographic Information of the AA							
AA: Rochester MSA #40340							
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #	
Geographies (CTs)	6	0.0	50.0	50.0	0.0	0.0	
Population by Geography	20,843	0.0	44.4	55.6	0.0	0.0	
Housing Units by Geography	9,813	0.0	47.0	53.0	0.0	0.0	
Owner-Occupied Units by Geography	6,682	0.0	45.6	54.4	0.0	0.0	
Occupied Rental Units by Geography	1,849	0.0	43.4	56.6	0.0	0.0	
Vacant Units by Geography	1,282	0.0	59.1	40.9	0.0	0.0	
Businesses by Geography	1,737	0.0	47.0	53.0	0.0	0.0	
Farms by Geography	362	0.0	56.9	43.1	0.0	0.0	
Family Distribution by Income Level	5,701	24.6	23.6	26.2	25.6	0.0	
Household Distribution by Income Level	8,531	31.0	19.2	19.9	29.9	0.0	
MFI MSA - 40340 Rochester, MN MSA		\$81,036	Median Housing Value			\$141,867	
<i>Source: 2015 ACS and 2020 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>					Median Gross Rent		\$594
					Families Below Poverty Level		7.4%

## Minneapolis MSA AA

Table A – Demographic Information of the AA							
AA: Minneapolis MSA #33460							
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #	
Geographies (CTs)	23	0.0	13.0	47.8	39.1	0.0	
Population by Geography	108,907	0.0	11.4	45.6	43.0	0.0	
Housing Units by Geography	46,468	0.0	11.7	48.5	39.7	0.0	
Owner-Occupied Units by Geography	32,256	0.0	8.5	46.0	45.5	0.0	
Occupied Rental Units by Geography	12,203	0.0	20.6	54.5	24.9	0.0	
Vacant Units by Geography	2,009	0.0	10.2	52.7	37.1	0.0	
Businesses by Geography	12,016	0.0	22.0	41.9	36.1	0.0	
Farms by Geography	246	0.0	11.4	37.8	50.8	0.0	
Family Distribution by Income Level	29,589	15.7	15.4	20.0	48.9	0.0	
Household Distribution by Income Level	44,459	18.6	15.1	18.1	48.2	0.0	
MFI MSA - 33460 Minneapolis-St. Paul-Bloomington, MN-WI MSA		\$84,589	Median Housing Value			\$264,693	
<i>Source: 2015 ACS and 2020 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>					Median Gross Rent		\$1,088
					Families Below Poverty Level		4.5%

## **Scope of Evaluation in Minnesota**

FNB operates in three AAs in Minnesota. We completed full-scope reviews of the Minnesota Non-MSA and Minneapolis MSA AAs. We completed a limited-scope review of the Rochester MSA AA. The State of Minnesota rating is weighted most heavily on the Minnesota Non-MSA, which accounted for 62 percent of the State of Minnesota's allocation of total loans originated throughout all AAs during the evaluation period. The Rochester MSA and Minneapolis MSA AAs were weighted equally considering scope, branches, deposits, and loans originated in the AA for the state. Refer to Appendix A for more information.

## **LENDING TEST**

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

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

Based on full-scope reviews, the bank's performance in the Minnesota Non-MSA and Minneapolis MSA AAs is reasonable.

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

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

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

Refer to Table Q in the state of Minnesota 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 commercial loans to small businesses in the Minneapolis MSA AA is excellent. Management originated 35 percent of loans to businesses located in moderate-income CTs during the evaluation period. Aggregate data indicates 24 percent of commercial loans were made to small businesses in moderate-income CTs during the evaluation period. D&B data indicates 22 percent of businesses were located in moderate-income CTs during the evaluation period.

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

Refer to Table S in the state of Minnesota 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 analysis was not completed for the Minnesota Non-MSA AA as the analysis did not provide meaningful results given there are no LMI CTs in the AA. Agriculture loans were the primary product for the Minnesota Non-MSA AA.

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

The bank exhibits an excellent distribution of loans to businesses and farms of different sizes.

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

Refer to Table R in the state of Minnesota 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 commercial loans to businesses of different income levels in the Minneapolis MSA AA is reasonable. Management originated 55 percent of loans by number to businesses with GAR of \$1 million or less. Aggregate data indicates 50 percent of commercial loans were made to small businesses during the evaluation period. D&B data indicates 86 percent of businesses reported GAR of \$1 million or less in the AA during the evaluation period.

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

Refer to Table T in the state of Minnesota 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 agriculture loans to farms of different income levels in the Minnesota Non-MSA AA is excellent. Management originated 95 percent of loans by number to farms with GAR of \$1 million or less during the evaluation period. Aggregate data indicates 48 percent of farm loans were made to small farms during the evaluation period. D&B data indicates 98 percent of farms reported GAR of \$1 million or less in the AA during the evaluation period.

### **Responses to Complaints**

Management did not receive any complaints related to FNB's CRA performance in the State of Minnesota during the evaluation period.

### **Conclusions for Areas Receiving a Limited-Scope Review**

Based on a limited-scope review, the bank's performance under the Lending Test in the Rochester MSA AA is consistent with the bank's overall performance under the Lending Test in the full-scope areas.

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

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

The distribution of farm loans to borrowers in LMI CTs in the Rochester MSA AA reflects reasonable distribution of AA demographics. Management originated 50 percent of farm loans to moderate-income CTs during the evaluation period. Aggregate data indicates 52 percent of farm loans were made to small farms located in moderate-income CTs during the evaluation period. D&B data indicates 57 percent of farms were located in moderate-income CTs during the evaluation period.

#### ***Consumer Loans***

The distribution of consumer loans to individuals in LMI CTs in the Rochester MSA AA reflects poor distribution of AA demographics. The opportunity to provide consumer loans to individuals in moderate-income CTs in the AA is limited as the moderate-income CTs are concentrated in rural areas with greater agriculture loan demand. Consumer loans are primarily distributed in and around the city of Spring Valley, which is where the bank's branch is located and is a middle-income tract. Management

originated seven percent of consumer loans to moderate-income tracts during the evaluation period. 2015 ACS Census data indicates 45 percent of households in the AA live in moderate-income CTs.

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

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

The distribution of agriculture loans to farms of different income levels in the Rochester MSA AA is reasonable. Management originated 65 percent of loans by number to farms with GAR of \$1 million or less during the evaluation period. Loans to borrowers with GAR over \$1 million were concentrated in two large borrowers with multiple loans in our sample. Aggregate data indicates 74 percent of farm loans were made to small farms during the evaluation period. D&B data indicates 99 percent of farms reported GAR of \$1 million or less in the AA during the evaluation period.

### ***Consumer Loans***

The distribution of consumer loans to borrowers of different income levels in the Rochester MSA AA is excellent. Management originated 45 percent of loans by number to low-income borrowers and 30 percent of loans by number to moderate-income borrowers in the AA during the evaluation period. 2015 ACS Census data indicates 31 percent of households in the AA are low-income borrowers and 19 percent of households in the AA are moderate-income borrowers.

# State Rating

## State of South Dakota

**CRA rating for the State of South Dakota<sup>3</sup>:** Outstanding

**The Lending Test is rated:** Outstanding

The major factors that support this rating include:

- The distribution of agricultural and consumer loans to farms and individuals of different income levels reflects excellent distribution of AA demographics.
- The distribution analysis of agricultural and consumer loans to borrowers in geographies of different income was not completed for the South Dakota Non-MSA AA as the analysis did not provide meaningful results given there are no LMI CTs in the AA.

## Description of Institution's Operations in South Dakota

The South Dakota Non-MSA AA includes Kingsbury and Lake Counties in South Dakota. FNB operates two branches and no ATMs in this AA. The branches are located in Oldham and Ramona. The ATMs are cash dispensing and non-deposit taking.

The South Dakota Non-MSA AA accounted for seven percent of the bank's deposits as of June 30, 2020 and less than one percent of the bank's loans originated during the evaluation period. The primary lending products in the South Dakota Non-MSA AA are agriculture and consumer loans. Competition in the AA is considerable and primarily includes local community banks. As of June 30, 2020, there were nine financial institutions with 11 offices in the AA. FNB accounted for four percent of total deposits and was sixth in deposit market share in the Kingsbury and Lake County market as of June 30, 2020.

The South Dakota Non-MSA AA includes two middle-income CTs and one upper-income CT. According to 2015 ACS US Census data, the AA includes 3,222 households with 2,283 in middle-income CTs and 939 in upper-income CTs. Twelve percent of families in the AA are low-income, 16 percent are moderate-income, 26 percent are middle-income, and 47 percent are upper-income. Ten percent of households in the AA live below the poverty line.

The AA includes 900 businesses, of which 21 percent are farming-related and 79 percent are non-farm. Primary industries include services, agriculture/forestry/fishing, and retail trade accounting for 27 percent, 21 percent, and 9 percent of industry concentrations, respectively. Businesses in the AA are smaller with 71 percent of businesses employing 1-4 employees and 20 percent of businesses employing 5-9 employees. Unemployment was low and stable at 1.46 percent.

We completed one community contact within the South Dakota Non-MSA AA. The contact described the South Dakota Non-MSA AA labor force as mainly concentrated in agriculture, manufacturing, and healthcare, specifically citing 3M, Daktronics, and Sanford as significant employers. The contact noted

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<sup>3</sup> This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within a MMSA.

local banks could find several opportunities for participation with projects at the area colleges. The contact communicated that the banks are considered very active locally and provide robust capital and financing where needed.

**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)	3	0.0	0.0	66.7	33.3	0.0
Population by Geography	7,327	0.0	0.0	69.7	30.3	0.0
Housing Units by Geography	3,759	0.0	0.0	72.3	27.7	0.0
Owner-Occupied Units by Geography	2,577	0.0	0.0	68.2	31.8	0.0
Occupied Rental Units by Geography	645	0.0	0.0	81.6	18.4	0.0
Vacant Units by Geography	537	0.0	0.0	81.0	19.0	0.0
Businesses by Geography	712	0.0	0.0	75.6	24.4	0.0
Farms by Geography	189	0.0	0.0	61.4	38.6	0.0
Family Distribution by Income Level	2,168	11.5	16.0	25.6	46.9	0.0
Household Distribution by Income Level	3,222	18.1	12.9	18.4	50.7	0.0
MFI Non-MSAs - SD		\$60,845	Median Housing Value			\$112,997
<i>Source: 2015 ACS and 2020 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>			Median Gross Rent			\$490
			Families Below Poverty Level			5.3%

**Scope of Evaluation in South Dakota**

FNB operates in one AA within the State of South Dakota. We completed a full-scope review of the South Dakota Non-MSA AA. The primary products in the South Dakota Non-MSA AA are agriculture and consumer loans. The State of South Dakota rating is based on the results of this review. Refer to Appendix A for more information.

**LENDING TEST**

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

**Conclusions for Area Receiving a Full-Scope Review**

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

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

The geographic distribution analysis was not completed for the South Dakota Non-MSA AA as the analysis did not provide meaningful results given there are no LMI CTs in the AA.

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

The bank exhibits an excellent distribution of loans to farms of different sizes and individuals of different income levels.

### ***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 agriculture loans to farms of different income levels in the South Dakota Non-MSA AA is excellent. The borrower distribution analysis is based on 17 loans and includes all agriculture loans originated with proceeds distributed within the AA during the evaluation period. Management originated 100 percent of loans by number to farms with GAR of \$1 million or less during the evaluation period. Aggregate data indicates 46 percent of farm loans were made to small farms during the evaluation period. D&B data indicates 98 percent of farms reported GAR of \$1 million or less in the AA during the evaluation period.

### ***Consumer Loans***

Refer to Table V 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 consumer loan originations and purchases.

The distribution of consumer loans to borrowers of different income levels in the South Dakota Non-MSA AA is excellent. Management originated 30 percent of loans by number to low-income borrowers and 40 percent of loans by number to moderate-income borrowers in the AA during the evaluation period. 2015 ACS Census data indicates 18 percent of households in the AA are low-income borrowers and 13 percent of households in the AA are moderate-income borrowers.

## **Responses to Complaints**

Management did not receive any complaints related to FNB's CRA performance in the State of South Dakota AAs during the evaluation period.

## State Rating

### State of Illinois

#### CRA rating for the State of Illinois<sup>4</sup>: Needs to Improve

The major factors that support this rating include:

- Management did not originate enough loans in the State of Illinois to complete a meaningful analysis. Performance in the State of Illinois is based on the bank's LTD ratio in the AA within the State of Illinois and the overall in/out ratio.
- The LTD for the Cape Girardeau MSA AA is less than reasonable. The LTD for the AA is 0.60 percent based on loans originated in the AA as of December 31, 2020, and deposits in the AA as of June 30, 2020. The LTD for the other AAs for the same periods ranged from a low of 11 percent to a high of 148 percent.
- A substantial majority of the bank's loans are inside its AAs. The bank originated and purchased 81 percent of its total loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level.

### Description of Institution's Operations in Illinois

The Cape Girardeau MSA AA includes Alexander County in Illinois. FNB operates one branch and one ATM in the AA. The ATM is cash dispensing and non-deposit taking. The branch and ATM is located in Cairo. The Cairo branch was sold in December 2021.

The Cape Girardeau MSA AA accounted for 9 percent of the bank's deposits as of June 30, 2020, and less than 1 percent of the bank's loans originated during the evaluation period. Management originated 12 loans in the AA during the evaluation period, which is not enough loans to conduct a meaningful lending test analysis. Management originated commercial and consumer loans in the AA during the evaluation period. Competition in the AA is moderate and includes one other community bank serving small towns in the AA. As of June 30, 2020, there were two financial institutions with three offices in the AA. FNB accounted for 35 percent of total deposits and ranked second in deposit market share in the Alexander County market as of June 30, 2020.

The Cape Girardeau MSA AA includes one low-income CT and two moderate-income CTs. According to 2015 ACS US Census data, the AA includes 1,865 households with 656 in low-income CTs and 1,209 in moderate-income CTs. Thirty-nine percent of families in the AA are low-income, 23 percent are moderate-income, 22 percent are middle-income, and 17 percent are upper-income. Thirty-four percent of households in the AA live below the poverty line.

The AA includes 206 businesses, of which 93 percent are non-farm related. Primary industries include services and retail trade accounting for 39 percent and 14 percent of all industries, respectively.

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<sup>4</sup> This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within a MMSA.

Businesses in the AA are smaller with 67 percent of businesses having between 1-4 employees. Unemployment is moderate at 7.29 percent.

We completed one community contact within the AA. The contact described local community impacts from population loss and infrastructure. The contact discussed the proposed port authority and negligible potential community impacts. The contact stated community members have adequate access to financial services. The contact referenced the recent bank acquisition, which now leads to Cairo having one bank that continues to serve the needs of customers well. The contact stated if the Cairo population would grow, there could be additional banking and financial service needs; however, the population has been decreasing for the past several years. The contact was not aware of any unserved groups of people or community financial service needs.

## Cape Girardeau MSA AA

Table A – Demographic Information of the AA						
AA: Cape Girardeau MSA #16020						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs)	3	33.3	66.7	0.0	0.0	0.0
Population by Geography	4,972	34.9	65.1	0.0	0.0	0.0
Housing Units by Geography	2,888	33.0	67.0	0.0	0.0	0.0
Owner-Occupied Units by Geography	1,193	32.8	67.2	0.0	0.0	0.0
Occupied Rental Units by Geography	672	39.4	60.6	0.0	0.0	0.0
Vacant Units by Geography	1,023	29.1	70.9	0.0	0.0	0.0
Businesses by Geography	192	30.7	69.3	0.0	0.0	0.0
Farms by Geography	14	7.1	92.9	0.0	0.0	0.0
Family Distribution by Income Level	1,107	39.0	22.7	21.5	16.8	0.0
Household Distribution by Income Level	1,865	42.6	22.0	12.9	22.5	0.0
MFI MSA - 16020 Cape Girardeau, MO-IL MSA		\$56,012	Median Housing Value			\$44,762
<i>Source: 2015 ACS and 2020 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>			Median Gross Rent			\$331
			Families Below Poverty Level			30.4%

## Scope of Evaluation in Illinois

FNB operates in one AA within the State of Illinois. We completed a full-scope review of the Cape Girardeau MSA AA. The State of Illinois rating is based on the LTD analysis for the AA and the lending ratio of loans originated and distributed within the bank’s designated AAs. The Lending Test was not performed given management originated 12 loans in the AA during the evaluation period, which is not enough loans for a meaningful analysis. Refer to Appendix A for more information.

## 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>	1/1/2018 to 12/31/2020 – State of Minnesota 11/1/2018 to 12/31/2020 – Davenport-Moline-Rock Island MMSA, State of South Dakota, and State of Illinois	
<b>Bank Products Reviewed:</b>	Small business, small farm, and consumer loans.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Not applicable	Not Applicable	Not Applicable
<b>List of AAs and Type of Examination</b>		
<b>Rating and AAs</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>MMSA</b>		
Davenport-Moline-Rock Island MMSA AA	Full-Scope	Includes CTs in Rock Island County, Illinois and Scott County, Iowa. Evaluated as a MMSA given the bank has operations in both Iowa and Illinois. Primary product is commercial loans.
<b>States</b>		
<b>State of Minnesota</b>		
Minnesota Non-MSA AA	Full-Scope	Includes CTs in Murray, Nobles, Jackson, and Mower Counties. Primary product is agriculture loans.
Rochester MSA AA	Limited-Scope	Includes CTs in Fillmore County. Primary products are agriculture and consumer loans.
Minneapolis MSA AA	Full-Scope	Includes CTs in Hennepin and Dakota Counties. Primary product is commercial loans.
<b>State of South Dakota</b>		
South Dakota Non-MSA AA	Full-Scope	Includes CTs in Kingsbury and Lake Counties. Primary products are agriculture and consumer loans.
<b>State of Illinois</b>		
Cape Girardeau MSA AA	Full-Scope	Includes CTs in Alexander County. The State of Illinois rating was based on the LTD for the AA and the overall bank lending in the AA analysis given management originated only 12 loans in the Cape Girardeau MSA AA during the evaluation period, which is not enough loan activity to conduct a meaningful analysis.

## Appendix B: Summary of MMSA and State Ratings

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<b>Ratings: First National Bank</b>		
	<b>Lending Test Rating</b>	<b>Overall Bank/State/Multistate Rating</b>
<b>Overall Bank:</b>		
First National Bank	Satisfactory	Satisfactory
<b>MMSA or State:</b>		
Minnesota	Satisfactory	Satisfactory
South Dakota	Outstanding	Outstanding
Illinois	Needs to Improve	Needs to Improve
Davenport-Moline-Rock Island	Satisfactory	Satisfactory

## Appendix C: Definitions and Common Abbreviations

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

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

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

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

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

**Community Development (CD):** Affordable housing (including multifamily rental housing) for LMI individuals; community services targeted to LMI individuals; activities that promote economic development by financing businesses or farms that meet SBA 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 US 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 MFI 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 US 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 (OMB), 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 (MSA):** An area, defined by the OMB, 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

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### 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 FDIC and are available as of June 30<sup>th</sup> 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.

## State of Minnesota

AA:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Minneapolis MSA	20	1,819	100.0	2,860	0.0	0.0	0.0	22.0	35.0	23.8	41.9	45.0	38.3	36.1	20.0	37.9
<b>Total</b>	<b>20</b>	<b>1,819</b>	<b>100.0</b>	<b>2,860</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>22.0</b>	<b>35.0</b>	<b>23.8</b>	<b>41.9</b>	<b>45.0</b>	<b>38.3</b>	<b>36.1</b>	<b>20.0</b>	<b>37.9</b>

*Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2019 CRA Aggregate Data.*

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
Minneapolis MSA	20	1,819	100.0	2,860	85.9	55.0	50.1	6.6	30.0	7.5	15.0
<b>Total</b>	<b>20</b>	<b>1,819</b>	<b>100.0</b>	<b>2,860</b>	<b>85.9</b>	<b>55.0</b>	<b>50.1</b>	<b>6.6</b>	<b>30.0</b>	<b>7.5</b>	<b>15.0</b>

*Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2019 CRA Aggregate Data.*

AA:	Total Loans to Farms				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts		
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate
Rochester MSA	20	3,813	100.0	254	0.0	0.0	0.0	56.9	50.0	52.0	43.1	50.0	48.0	0.0	0.0	0.0
<b>Total</b>	<b>20</b>	<b>3,813</b>	<b>100.0</b>	<b>254</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>56.9</b>	<b>50.0</b>	<b>52.0</b>	<b>43.1</b>	<b>50.0</b>	<b>48.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

*Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2019 CRA Aggregate Data.*

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
Minnesota Non-MSA	20	4,688	55.1	512	98.2	95.0	48.4	0.8	5.0	1.0	0.0
Rochester MSA	20	3,813	44.9	254	98.6	65.0	73.6	1.1	35.0	0.3	0.0
<b>Total</b>	<b>40</b>	<b>8,501</b>	<b>100.0</b>	<b>787</b>	<b>97.9</b>	<b>80.0</b>	<b>56.4</b>	<b>1.1</b>	<b>20.0</b>	<b>1.0</b>	<b>0.0</b>

*Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2019 CRA Aggregate Data.*

AA:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts	
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Rochester MSA	60	614	100.0	0.0	0.0	45.1	7.0	54.9	93.0	0.0	0.0
<b>Total</b>	<b>60</b>	<b>614</b>	<b>100.0</b>	<b>0.0</b>	<b>0.0</b>	<b>45.1</b>	<b>7.0</b>	<b>54.9</b>	<b>93.0</b>	<b>0.0</b>	<b>0.0</b>

*Source: 2015 ACS Census; 01/01/2018 - 12/31/2020 Bank Data.*

AA:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers	
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Rochester MSA	20	188	100.0	31.0	45.0	19.2	30.0	19.9	20.0	29.9	5.0	0.0	0.0
<b>Total</b>	<b>20</b>	<b>188</b>	<b>100.0</b>	<b>31.0</b>	<b>45.0</b>	<b>19.2</b>	<b>30.0</b>	<b>19.9</b>	<b>20.0</b>	<b>29.9</b>	<b>5.0</b>	<b>0.0</b>	<b>0.0</b>

*Source: 2015 ACS Census; 01/01/2018 - 12/31/2020 Bank Data.*

## Davenport-Moline-Rock Island MMSA

AA:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Davenport-Moline-Rock Island MSA	60	16,646	100.0	5,363	6.5	15.0	6.1	18.6	27.0	21.9	47.8	52.0	46.6	27.1	7.0	25.4
<b>Total</b>	<b>60</b>	<b>16,646</b>	<b>100.0</b>	<b>5,363</b>	<b>6.5</b>	<b>15.0</b>	<b>6.1</b>	<b>18.6</b>	<b>27.0</b>	<b>21.9</b>	<b>47.8</b>	<b>52.0</b>	<b>46.6</b>	<b>27.1</b>	<b>7.0</b>	<b>25.4</b>

*Source: 2020 D&B Data; 11/01/2018 - 12/31/2020 Bank Data; 2020 CRA Aggregate Data.*

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
Davenport-Moline-Rock Island MSA	60	16,646	100.0	5,363	82.2	60.0	41.2	5.3	28.0	12.6	12.0
<b>Total</b>	<b>60</b>	<b>16,646</b>	<b>100.0</b>	<b>5,363</b>	<b>82.2</b>	<b>60.0</b>	<b>41.2</b>	<b>5.3</b>	<b>28.0</b>	<b>12.6</b>	<b>12.0</b>

*Source: 2020 D&B Data; 11/01/2018 - 12/31/2020 Bank Data; 2020 CRA Aggregate Data.*

## State of South Dakota

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	17	1,509	100.0	179	97.9	100.0	46.4	2.1	0.0	0.0	0.0
<b>Total</b>	<b>17</b>	<b>1,509</b>	<b>100.0</b>	<b>179</b>	<b>97.9</b>	<b>100.0</b>	<b>46.4</b>	<b>2.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

*Source: 2020 D&B Data; 11/01/2018 - 12/31/2020 Bank Data; 2019 CRA Aggregate Data.*

AA:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers	
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
South Dakota Non-MSA	20	462	100.0	18.1	30.0	12.9	40.0	18.4	15.0	50.7	15.0	0.0	0.0
<b>Total</b>	<b>20</b>	<b>462</b>	<b>100.0</b>	<b>18.1</b>	<b>30.0</b>	<b>12.9</b>	<b>40.0</b>	<b>18.4</b>	<b>15.0</b>	<b>50.7</b>	<b>15.0</b>	<b>0.0</b>	<b>0.0</b>

*Source: 2015 ACS Census; 01/01/2018 - 12/31/2020 Bank Data.*