



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

**PUBLIC DISCLOSURE**

June 14, 2012

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

Home Federal Bank  
Charter Number 700887

225 S. Main Avenue  
Sioux Falls, SD 57104

Office of the Comptroller of the Currency

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.

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## Overall CRA Rating

**Institution’s CRA Rating:** This institution is rated **Satisfactory**.

The following table indicates the performance level of Home Federal Bank with respect to the Lending, Investment, and Service Tests:

Performance Levels	Home Federal Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory			X
Needs to Improve		X	
Substantial Noncompliance			

\* The lending Test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- Home Federal’s level of lending in South Dakota is excellent and reflects excellent responsiveness to the credit needs of its assessment areas.
- The bank originated a majority of its loans within its designated assessment areas. Based on number, 86% of the banks home loans, consumer loans, small loans to businesses, and small loans to farms were originated or purchased inside the bank’s defined assessment areas.
- Service delivery systems are accessible to individuals of different income levels throughout the bank’s assessment areas.
- The geographic distribution of loans reflects adequate distribution among different income levels in the bank’s South Dakota assessment areas.
- The borrower distribution of loans reflects excellent distribution among individuals of different income levels and businesses of different sizes.
- Home Federal demonstrated poor performance in providing qualified community development investments and donations. The bank only made \$626 thousand in qualified community development investments and donations during the evaluation period.

## Definitions and Common Abbreviations

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

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

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development.

Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include 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 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 U.S. Census Bureau in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement, and refinancing, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine

the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

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

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in ‘loans to small farms’ as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders’ equity, perpetual preferred shareholders’ equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Description of Institution

Home Federal Bank (“Home Federal” or “bank”) is a full service financial institution headquartered in Sioux Falls, South Dakota. As of June 30, 2012, Home Federal had total assets of \$1.2 billion and tier one capital of \$113.8 million. Home Federal is a wholly owned subsidiary of HF Financial Corporation, which is also headquartered in Sioux Falls, South Dakota. HF Financial Corporation is the sole owner of other businesses including an investment services company and an equipment leasing company. The activities of these affiliates are not considered in this performance evaluation.

The bank operates 30 locations in 17 South Dakota communities. The bank has 18 branches located in the Sioux Falls MSA and 11 branches located in the nonmetropolitan areas of Eastern South Dakota. The bank also operates a branch in Dakota Dunes, SD, which is part of the Sioux City IA-NE-SD MSA. The bank operates 7 deposit-taking ATMs, including 6 in the Sioux Falls Metropolitan Statistical Area (MSA) and 1 in Marshall, MN.

The bank also operates 2 branches in Minnesota. The bank’s Marshall, MN branch is located in a grocery store and is heavily targeted toward retail banking operations and conducts little commercial activity. The bank’s Bloomington, MN branch is located in a commercial area and its strategic focus is commercial lending and deposits.

Home Federal offers a full range of credit products including commercial, residential real estate, agricultural, and consumer loans. The bank’s primary focus in the Sioux Falls AA is residential real estate and commercial lending. The primary focus in the non-MSA portions of SD is agricultural lending. The bank’s primary focus in the Marshall, MN branch is consumer loans and deposits and the primary focus in the Bloomington, MN branch is commercial lending.

The bank originates and purchases a large volume of residential real estate loans. The majority of these loans are intended for sale in the secondary market with the bank retaining servicing rights.

As of June 30, 2012, Home Federal’s loan portfolio consisted of 50% commercial, 16% residential real estate, 11% consumer, and 23% agricultural loans.

During the evaluation period, Home Federal relocated the Watertown, SD branch to a higher traffic area. The relocation was completed within a middle-income tract and allowed for expanded drive-up services. Home Federal also closed two branches during the evaluation period, one located in an upper-income area and one located in a middle-income area.

There are no legal, financial, or other impediments that prevent the bank from meeting the credit needs of its AA. Home Federal received an “Outstanding” rating under the prior Large Bank CRA Examination dated May 29, 2008.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for home mortgage loans, small loans to businesses, small loans to farms, and consumer loans is from January 1, 2008 to December 31, 2011. We based market comparisons on 2010 peer mortgage data and 2010 small business and small farm data. The evaluation period for community development loans, investments, and services is May 30, 2008 through June 14, 2012.

The CRA regulation also gives consideration to a bank's multi-family loans. We did not include an analysis of this loan product in the summary of the lending test because Home Federal made only 22 multi-family loans during the evaluation period. Consequently, the data is not meaningful.

We also did not include an analysis of small loans to business or small loans to farms in the State of Minnesota because of low lending volumes. During the evaluation period the bank made only three small loans to business and one small loan to a farm in Minnesota. The bank's branch operations in Minnesota are not conducive to this type of lending.

### Data Integrity

We tested the accuracy of the bank's publicly reported data for home mortgage loans, small loans to businesses, small loans to farms, and consumer loans during a separate examination. The loan data was found to be reliable for use in this CRA evaluation.

We also reviewed CD loans, investments, and services submitted by Home Federal to ensure they met the regulatory definition for community development. This evaluation considers only those loans, investments, and services that meet the definition and purpose of CD.

### Selection of Areas for Full-Scope Review

We selected two areas for full scope review in the South Dakota rating area. These AAs are the Sioux Falls MSA AA and the nonmetropolitan SD AA. We selected the Marshall MN AA for full scope review in the Minnesota rating area. Refer to the "Scope" section under each State Rating section for details regarding how the areas were selected.

### Ratings

The bank's overall rating is a blend of the state ratings. The South Dakota rating area received the most weight because the majority of the bank's activities are conducted in South Dakota. The state ratings are based primarily on those areas that received full scope reviews. Refer to the "Scope" section under each State Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

## **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 195.28(c), in determining a federal savings associations (FSA) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the FSA, or in any assessment area by an affiliate whose loans have been considered as part of the FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## State Rating

### State of South Dakota

<b>CRA Rating for South Dakota:</b>	Satisfactory
<b>The lending test is rated:</b>	High Satisfactory
<b>The investment test is rated:</b>	Needs to Improve
<b>The service test is rated:</b>	Low Satisfactory

The major factors that support this rating include:

- Home Federal's level of lending in South Dakota reflects excellent responsiveness to the credit needs of its AAs in South Dakota. During the evaluation period Home Federal originated 4,396 home mortgage loans totaling more than \$558 million.
- The bank originated a majority of its loans within its designated AAs. Based on number, 86% of the bank's home loans, consumer loans, small loans to businesses, and small loans to farms were originated or purchased inside the bank's defined AAs.
- The geographic distribution of loans reflects adequate distribution among different income levels.
- The borrower distribution of loans reflects excellent distribution among individuals of different income levels and businesses of different sizes.
- Home Federal demonstrated poor performance in providing qualified CD investments and donations in South Dakota. The bank only made \$626 thousand in qualified CD investments and donations that benefited the SD AAs during the evaluation period.
- Service delivery systems are accessible to individuals of different income levels throughout the bank's AAs.
- Bank representatives provide a low level of qualifying CD services in the nonmetropolitan SD AA and a very low level of qualifying CD services in the Sioux Falls MSA AA.

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

The bank has three AAs in South Dakota (SD). The first AA consists of the Sioux Falls MSA, excluding McCook County, SD. This results in the AA consisting of Minnehaha, Lincoln, and Turner counties in South Dakota. The second AA, known as the nonmetropolitan SD AA, consists of eight counties in Eastern South Dakota: Brookings, Brown, Codington, Davison, Hughes, Hutchinson, Moody, and Yankton. The third AA, known as the Dakota Dunes SD AA, consists of Union County, SD, which is part of the Sioux City IA-NE-SD MSA.

A majority of the bank's lending and deposit activity takes place in South Dakota. Home Federal operates 30 locations in 17 South Dakota communities. The bank has 18 branches located in the Sioux Falls MSA AA. Of these 18, 11 are in the city of Sioux Falls. Other locations include Brandon, Crooks, Dell Rapids, and Hartford in Minnehaha County, Canton and Lennox in Lincoln County, and Parker in

Turner County. The bank operates 6 deposit-taking ATMs in South Dakota, all in the Sioux Falls MSA AA.

Home Federal operates 11 branches located in the nonmetropolitan SD AA. The branches are widely dispersed throughout Eastern South Dakota. Branches are located in Aberdeen, Brookings, Colman, Freeman, Mitchell (2), Pierre, Watertown (2), and Yankton (2).

The bank also operates a branch in Dakota Dunes, SD, which is part of the Sioux City IA-NE-SD MSA. This branch is located in a gas station. Due to the location of the branch, lending and deposit volume is low. Due to the limited activities at the Dakota Dunes branch this AA will only receive a limited scope review.

### Sioux Falls MSA

The Sioux Falls MSA AA is the bank's primary operating location. Of the bank's deposits in South Dakota, 73% are attributed to branches located in the Sioux Falls MSA. Of the bank's loans originated or purchased during the evaluation period, 60% are attributed to branches located in the Sioux Falls MSA AA.

The bank's primary business focus in the Sioux Falls area is home loans and business loans. The bank also originates a significant volume of consumer loans. Branch locations outside the Sioux Falls city limits, including those in the Sioux Falls MSA and those in the nonmetropolitan SD AA, are more focused on agricultural lending. Home loans, business loans, and consumer loans have a lower strategic focus.

### Nonmetropolitan SD

Home Federal ranks 9<sup>th</sup> out of 46 institutions in the nonmetropolitan SD AA with 4.42% of the deposit market share. Wells Fargo Bank, N.A. is the market leader with more than 14% of market deposits. Despite ranking 9<sup>th</sup> for deposit market share in the nonmetropolitan SD AA, Home Federal ranked 4<sup>th</sup> (8.3%) in home purchase loans, 4<sup>th</sup> (6.4%) in home refinance loans, and 2<sup>nd</sup> (18%) in home improvement loans originated. The bank ranked 6<sup>th</sup> (4.7%) in small business loans and 4<sup>th</sup> (8.3%) in small farm loans originated.

Of the bank's deposits in South Dakota, 26% are attributed to branches located in the nonmetropolitan SD AA. Of the bank's loans originated or purchased during the evaluation period, 39% are attributed to branches located in the nonmetropolitan SD AA.

Refer to the market profiles for the State of South Dakota in Appendix C for detailed demographics and other performance context information for AAs that received full scope reviews.

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

Examiners completed full scope reviews for the Sioux Falls MSA and nonmetropolitan SD AAs. These areas represent the majority of the bank's lending and deposit activities in South Dakota. Examiners completed a limited scope review in the Dakota Dunes SD AA because the branch represents a very small segment of the bank's operations in South Dakota. Only one percent of the bank's deposits are attributed to the Dakota Dunes SD AA. The ratings are based primarily on the results of the Sioux Falls MSA AA and the nonmetropolitan SD AA. Refer to Appendix A for more information.

During our review, we interviewed a community contact with a local housing agency that specializes in affordable housing. The contact stated pressing needs in the community were home ownership and financial literacy counseling, as well as construction and permanent financing for multi-family housing, including affordable housing.

## **LENDING TEST**

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

The bank's performance under the lending test in South Dakota is rated "High Satisfactory" based on full scope reviews, the bank's performance in the Sioux Falls MSA, and nonmetropolitan SD AAs is good.

#### **Lending Activity**

Refer to Tables 1 Lending Volume and 1 Other Products in the State of South Dakota section of Appendix D for the facts and data used to evaluate the bank's lending activity.

Lending activity in the South Dakota rating area is excellent. During the evaluation period Home Federal originated 4,396 home mortgage loans totaling more than \$558 million. The bank originated 1,250 small loans to businesses totaling almost \$145 million and 1,218 small loans to farms totaling more than \$96 million. In addition, the bank originated 8,330 consumer loans totaling more than \$250 million.

To analyze Home Federal's lending activity we compared the bank's deposit market share with its lending market share for home mortgage loans, small loans to businesses, and small loans to farms. In comparing the market share percentages, we took into consideration that deposit market share information includes only deposit-taking financial institutions that had one or more branches located in the AA. In regard to the lending market share, we considered lenders who do not have deposit-taking facilities in the bank's AA but reported one or more home mortgage loans and one or more small loans to businesses in the AAs in 2010.

#### **Sioux Falls MSA:**

The level of lending activity in the Sioux Falls MSA AA is excellent. Based on June 30, 2011 Federal Deposit Insurance Corporation (FDIC) deposit market share data, there were 35 deposit-taking financial institutions with one or more banking offices in the Sioux Falls MSA. Based on the dollar volume of deposits, Home Federal ranked 6<sup>th</sup> with 0.92% of the deposit market share. Wells Fargo Bank, N.A. is the market leader with more than 91% of deposits.

Peer home mortgage loan data for 2010 indicates Home Federal's market share is 6.6% and the bank ranked 4<sup>th</sup> among 87 lenders that reported home purchase loans. Home Federal's market share of home refinance loans is 5.2% and the bank ranks 5<sup>th</sup> among 112 lenders that reported home refinance loans. Home Federal's market share is 21.7% and the bank ranked 1<sup>st</sup> among 47 lenders that reported home improvement loans.

Peer small business loan data for 2010 indicates the bank ranked 8<sup>th</sup> among 46 lenders that reported small business loans with a market share of 4.7% based on number of loans. Peer small farm loan data for 2010 indicates the bank ranked second among 15 lenders that reported small farm loans with a market share of 20.9% based on number of loans.

#### Nonmetropolitan SD

The level of lending activity in the nonmetropolitan SD AA is excellent. Based on June 30, 2011 FDIC deposit market share data, there were 36 deposit-taking financial institutions with one or more banking offices in the nonmetropolitan SD AA. Based on dollar volume of deposits, Home Federal ranked 9<sup>th</sup> with 4.42% of the deposit market share. Wells Fargo Bank, N.A. is the market leader with more than 14% of market deposits.

Peer home mortgage loan data for 2010 indicates Home Federal's market share is 8.3% and the bank ranked 4<sup>th</sup> among 63 lenders that reported home purchase loans. Home Federal's market share of home refinance loans is 6.4% and the bank ranks 4<sup>th</sup> among 86 lenders that reported home refinance loans. Home Federal's market share is 18% and the bank ranked 2<sup>nd</sup> among 41 lenders that reported home improvement loans.

Peer small business loan data for 2010 indicates the bank ranked 6<sup>th</sup> among 36 lenders that reported small business loans with a market share of 4.7% based on number of loans. Peer small farm loan data for 2010 indicates the bank ranked 4<sup>th</sup> among 21 lenders that reported small farm loans with a market share of 8.3% based on number of loans.

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

The geographic distribution of loans reflects adequate distribution throughout the bank's SD AAs. More weight is placed on the geographic distribution within the Sioux Falls MSA given there were a larger number of loans made in this AA and this AA has more moderate-income geographies.

There are no low-income CTs located in either SD AA. Therefore, our evaluation of geographic distribution is based on lending within the nine moderate-income CTs in the SD AAs. Geographic distribution is given less weight in the overall lending test rating given the homogeneous nature of the AAs with no low-income areas and very few moderate-income areas in relation to total CTs in the AA.

#### Sioux Falls MSA:

The geographic distribution of loans in the Sioux Falls MSA AA reflects adequate distribution. The greatest weight was placed on the distribution of home loans and loans to small businesses given that the credit needs identified for the AA were single family home loans and business loans. Additionally, weight was given to consumer lending distribution because this category had the largest volume of loans originated or purchased.

#### Nonmetropolitan SD:

The geographic distribution of loans in the nonmetropolitan SD AA reflects good distribution. Weight was placed on the distribution of loans to small farms given Agricultural lending was identified as a credit need in the AA. Additionally, weight was given to consumer lending distribution because this category had the largest volume of loans originated or purchased.

### *Home Mortgage Loans*

Refer to Tables 2, 3, 4, and 5 in the State of South Dakota section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

Overall geographic distribution of home loans reflects adequate distribution throughout the SD AAs. More weight is placed on the geographic distribution within the Sioux Falls MSA because there are a larger number of home loans made in this AA and this AA has more moderate-income geographies.

#### Sioux Falls MSA:

The geographic distribution of home loans reflects adequate distribution throughout CTs of different income levels, including moderate-income CTs. There are no low-income CTs in this AA.

The bank has adequate geographic distribution among home purchase loans in the moderate-income CTs in this AA; the percentage of the bank's home purchase loans in moderate-income CTs is lower than the percentage of owner-occupied housing units in the moderate-income CTs. However, the bank's home purchase lending to moderate-income CTs exceeded aggregate HMDA lending for home purchases in the moderate-income CTs. The combination of this information indicates the aggregate percent of home purchase loans made in moderate-income CTs is lower relative to the percent of owner-occupied units in the moderate-income CTs in the AA, but the bank did a better job than their peers of home purchase lending within moderate-income CTs.

The bank has adequate geographic distribution among home refinance loans in the moderate-income CTs in this AA. The percentage of the bank's home refinance loans in moderate-income CTs is lower than the percentage of owner-occupied housing units in the moderate-income CTs. However, the bank's home refinancing lending to moderate-income CTs exceeded aggregate HMDA lending for home refinances in the moderate-income CTs. The combination of this information indicates the aggregate percent of home refinance loans made in moderate-income CTs is lower relative to the percent of owner-occupied units in the moderate-income CTs in the AA, but the bank did a better job than their peers of home refinance lending within moderate-income CTs.

Although the bank has good geographic distribution among home improvement loans in the moderate-income CTs in this AA, we did not give this as much weight since home refinance loans make up only 11 percent of home loans; the percentage of the bank's home improvement loans in moderate-income CTs is somewhat lower than the percentage of owner-occupied housing units in the moderate-income CTs. The bank's home improvement lending to moderate-income CTs exceeded aggregate HMDA lending for home improvements in the moderate-income CTs.

The bank did not make a sufficient volume of multi-family loans in the AA to enable a meaningful analysis of geographic distribution for this home loan product.

#### Nonmetropolitan South Dakota:

The geographic distribution of home loans reflects an excellent distribution throughout CTs of different income levels, including moderate-income CTs. There are no low-income CTs in this AA.

The bank has excellent geographic distribution among home purchase loans in the moderate-income CTs in this AA. The percentage of the bank's home purchase loans in moderate-income CTs exceeds the percentage of owner-occupied housing units in the moderate-income CTs. Additionally, the bank's

home purchase lending to moderate-income CTs exceeds aggregate HMDA lending for home purchases in the moderate-income CTs.

The bank has good geographic distribution among home refinance loans in the moderate-income CTs in this AA. The percentage of the bank's home refinance loans in moderate-income CTs is near the percentage of owner-occupied housing units in the moderate-income CTs. Additionally, the bank's home refinancing lending to moderate-income CTs exceeds aggregate HMDA lending for home refinances in the moderate-income CTs.

The bank has excellent geographic distribution among home improvement loans in the moderate-income CTs in this AA. The percentage of the bank's home improvement loans in moderate-income CTs exceeds the percentage of owner-occupied housing units in the moderate-income CTs. Additionally, the bank's home improvement lending to moderate-income CTs exceeds aggregate HMDA lending for home improvement in the moderate-income CTs.

The bank did not make a sufficient volume of multi-family loans in the AA to enable a meaningful analysis of geographic distribution for this home loan product.

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

Refer to Table 6 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 origination/purchase of small loans to businesses.

Overall geographic distribution of small loans to businesses reflects adequate distribution throughout the SD AAs. More weight is placed on the geographic distribution within the Sioux Falls MSA given there were a larger number of loans to small businesses originated or purchased in this AA and this AA has more moderate-income geographies.

#### **Sioux Falls MSA:**

The geographic distribution of small loans to businesses reflects adequate distribution throughout the AA. The percentage of the bank's loans to small businesses in moderate-income CTs was somewhat lower than the percentage of small businesses located in moderate-income CTs and somewhat lower than aggregate lending data.

#### **Nonmetropolitan SD:**

The geographic distribution of small loans to businesses reflects good distribution throughout the AA. The percentage of the bank's loans to small businesses in moderate-income CTs was near the percentage of small businesses located in moderate-income CTs and near aggregate lending data.

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

Refer to Table 7 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 origination/purchase of small loans to farms.

Overall geographic distribution of small loans to farms reflects adequate distribution throughout the SD AAs. More weight is placed on the geographic distribution within the Sioux Falls MSA given there were a larger number of loans to small farms originated or purchased in this AA and this AA has more moderate-income geographies.

Sioux Falls MSA:

The geographic distribution of small loans to farms reflects adequate distribution throughout the AA. The percentage of the bank's loans to small farms in moderate-income CTs was lower than the percentage of small farms located in moderate-income CTs and near the aggregate lending data. The bank does not have branches in moderate-income tracts in the rural areas of the Sioux Falls MSA, which limits its ability to lend to agricultural borrowers.

Nonmetropolitan SD:

The geographic distribution of small loans to farms reflects adequate distribution throughout the AA. While the bank did not originate any loans to small farms in the moderate-income CTs in this AA, this is considered adequate because less than one percent of small farms in this AA are located in moderate-income CTs. Therefore, opportunities for the bank to make small loans to farms in these CTs were very limited.

***Consumer Loans***

Refer to Table 13 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 consumer loan originations and purchases.

Overall geographic distribution of consumer loans reflects weak distribution throughout the SD AA. More weight is placed on the geographic distribution within the Sioux Falls MSA AA because the bank made more loans to consumers in this AA and there are more moderate-income geographies in this AA.

Sioux Falls MSA:

The geographic distribution of consumer loans reflects weak distribution throughout the AA. The percentage of the bank's loans to consumers in moderate-income CTs was lower than the percentage of households located in moderate-income CTs.

Nonmetropolitan SD:

The geographic distribution of consumer loans reflects adequate distribution throughout the AA. The percentage of the bank's loans to consumers in moderate-income CTs was somewhat lower than the percentage of households located in moderate-income CTs.

***Lending Gap Analysis***

We reviewed the bank's publicly reported data for home mortgage loans, small loans to businesses, small loans to farms, and consumer loans made in the bank's AA in order to identify conspicuous gaps in the geographic distribution of these loans. After considering the bank's lending volumes, competition in the AAs, and demographic factors, we did not identify any conspicuous gaps in lending.

***Lending Within the Assessment Area***

An analysis of Home Federal's concentration of lending within its AA revealed that a majority of the home mortgage loans, small loans to businesses, small loans to farms, and consumer loans were originated or purchased in the bank's AA. Based on number, 86% of the bank's home loans, consumer loans, small loans to businesses, and small loans to farms were originated or purchased inside the bank's defined AA. This positively impacted the overall lending test rating as 90% of home loans, 88% of

consumer loans, 86% of small loans to businesses, and 67% of small loans to farms were originated within the bank's AA. This analysis was performed based on the bank's total loans and is not based on performance in any individual rating area.

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

The borrower distribution of loans reflects excellent distribution among individuals of different income levels and businesses of different sizes throughout the bank's SD AAs. More weight is placed on the borrower distribution within the Sioux Falls MSA AA because there was a larger volume of loans originated in this AA.

#### Sioux Falls MSA:

The borrower distribution of loans in the Sioux Falls MSA AA reflects excellent distribution. The greatest weight was placed on the distribution of home loans and loans to small businesses given credit needs identified for the AA were single family home loans and business loans. Additionally, weight was given to consumer lending distribution because this category had the largest volume of loans originated or purchased.

#### Nonmetropolitan SD:

The borrower distribution of loans in the nonmetropolitan SD AA reflects good distribution. Weight was placed on the distribution of loans to small farms given agricultural loans was identified as a credit need in the AA. Additionally, weight was given to consumer lending distribution because this category had the largest volume of loans originated or purchased.

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

Refer to Tables 8, 9 and 10 in the State of South Dakota section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The distribution of home loans to borrowers reflects good distribution among borrowers of different income levels within the two SD AAs receiving full scope reviews. In both AAs, and all home loan product types, the bank had excellent distribution among moderate-income borrowers. We placed more weight on the distribution of home purchase and home refinance loans among low- and moderate-income borrowers because the bank originated/purchased a higher volume of these loans and there is more consumer demand for these loans given the economic environment. We also placed more weight on the borrower distribution within the Sioux Falls MSA AA because there was a larger number of home loans made in this AA and single family housing was identified as a credit need for this AA.

#### Sioux Falls MSA:

The distribution of home loans to borrowers reflects excellent distribution among borrowers of different income levels. The distribution among moderate-income borrowers in the AA is excellent for all three home products. The bank has excellent distribution of home purchase loans and good distribution of home refinance loans among low-income borrowers in the AA. Distribution of home improvement loans among low-income borrowers in the AA is weak. Home purchase lending was given more weight as it was identified as a credit need in the AA.

The bank originated/purchased 2,684 home loans during the evaluation period in this AA (1,456 home refinance, 937 home purchase, and 291 home improvement), including 1,077 loans to low- and moderate-income borrowers.

The bank has excellent distribution among both low- and moderate-income borrowers for home purchase loans. The percentage of the bank's home purchase loans to low- and moderate-income borrowers significantly exceeds the respective percentages of low- and moderate-income families in the AA. Additionally, the bank's lending to low-income borrowers significantly exceeded aggregate HMDA lending to low-income borrowers in the AA and the bank's lending to moderate-income borrowers exceeded aggregate HMDA lending to moderate-income borrowers in the AA for home purchase loans.

The bank has a good distribution among low- and moderate-income borrowers for home refinance loans. The bank has a good distribution among low-income borrowers with the percentage of the bank's loans to low-income borrowers near the percentage of low-income families in the AA. Additionally, the bank's lending to low-income borrowers significantly exceeded aggregate HMDA lending to low-income borrowers in the AA for home refinance loans. The bank has an excellent distribution among moderate-income borrowers with the percentage of the bank's loans to moderate-income borrowers exceeding the percentage of moderate-income families in the AA. The bank's lending to moderate-income borrowers exceeded aggregate HMDA lending to moderate-income borrowers in the AA for home refinance loans.

The bank has a good distribution among low- and moderate-income borrowers for home improvement loans. The bank has an excellent distribution to moderate-income borrowers with the percentage of the bank's home improvement loans to moderate-income borrowers significantly exceeding the percentage of moderate-income families in the AA. The bank's lending to moderate-income borrowers exceeded aggregate HMDA lending to moderate-income borrowers in the AA for home improvement loans. The bank has a weak distribution of home improvement loans to low-income borrowers as the percentage of the bank's loans to low-income families is somewhat lower than the percentage of low-income families in the AA. The bank's lending to low-income borrowers is somewhat lower than aggregate HMDA lending to low-income borrowers in the AA for home improvement loans.

Nonmetropolitan South Dakota:

The distribution of home loans to borrowers reflects good distribution among borrowers of different income levels. The bank has weak distribution among low-income borrowers and excellent distribution among moderate-income borrowers in all three home loan categories.

The bank originated/purchased 1,675 home loans during the evaluation period in this AA (818 home refinance, 644 home purchase, 201 home improvement, and 12 multi-family), including 407 loans to low- and moderate-income borrowers.

The bank has a good distribution among low- and moderate-income borrowers for home purchase loans. The bank has an excellent distribution of home purchase loans to moderate-income borrowers. The percentage of the bank's home purchase loans to moderate-income borrowers significantly exceeds the percentage of moderate-income families in the AA. The bank's home purchase lending to moderate-income borrowers was equal to aggregate HMDA lending to moderate-income borrowers in the AA. The bank has an adequate distribution among low-income borrowers in home purchase loans. The percentage of the bank's home loans to low-income borrowers is lower than the percentage of low-

income families in the AA. However, the bank's lending to low-income borrowers exceeded aggregate HMDA lending to low-income borrowers in the AA for home purchase loans. This combination of information indicates the aggregate percent of home purchase loans made to low-income borrowers in the AA is lower relative to the percent of low-income families in the AA, but the bank did a better job than their peers of lending for home purchases to low-income borrowers.

The bank has good distribution to low- and moderate-income borrowers for home refinance loans. The bank has good distribution among low-income borrowers in home refinance loans. The percentage of the bank's home refinance loans to low-income borrowers is lower than the percentage of low-income families in the AA. However, the bank's lending to low-income borrowers exceeded aggregate HMDA lending to low-income borrowers in the AA for home refinance loans. This combination of information indicates the aggregate percent of home refinance loans made to low-income borrowers in the AA is lower relative to the percent of low-income families in the AA, but the bank did a better job than their peers of lending for home refinances to low-income borrowers. Additionally, the bank has an excellent distribution among moderate-income borrowers in home refinance loans with the percentage of the bank's home refinance loans to moderate-income borrowers exceeding the percentage of moderate-income families in the AA. The bank's lending to moderate-income borrowers exceeded aggregate HMDA lending to moderate-income borrowers in the AA in home refinances.

The bank has a good distribution among low- and moderate-income borrowers for home improvement loans. The bank has an excellent distribution among moderate-income borrowers in home improvement loans with the percentage of the bank's home improvement loans to moderate-income borrowers exceeding the percentage of moderate-income families in the AA. The bank's lending to moderate-income borrowers exceeded aggregate HMDA lending to moderate-income borrowers in the AA in home improvements. The bank has an adequate distribution among low-income borrowers in home improvement loans. The percentage of the bank's home improvement loans to low-income borrowers is lower than the percentage of low-income families in the AA. However, the bank's lending to low-income borrowers exceeded aggregate HMDA lending to low-income borrowers in the AA for home improvement loans. This combination of information indicates the aggregate percent of home improvement loans made to low-income borrowers in the AA is lower relative to the percent of low-income families in the AA, but the bank did a better job than their peers of lending for home improvements to low-income borrowers.

The bank did not make a sufficient volume of multi-family loans in the AA to enable a meaningful analysis of borrower distribution for this home loan product.

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

Refer to Table 11 in the State of South Dakota section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

Overall borrower distribution of small business loans to businesses reflects excellent distribution through the SD AAs.

#### **Sioux Falls MSA:**

The borrower distribution of small loans to businesses reflects excellent distribution throughout the AA. The percentage of the bank's loans to small businesses with revenues of \$1 million or less significantly exceeds the percentage of businesses in the AA that generate revenues of \$1 million or less.

Additionally, regardless of the size of the business, the volume of loans originated by loan size is as follows: 65% were less than \$100,000, 21% were at least \$100,000 but less than \$250,000, and 14% were at least \$250,000 but less than or equal to \$1 million.

Nonmetropolitan South Dakota:

The borrower distribution of small loans to businesses reflects excellent distribution throughout the AA. The percentage of the bank's loans to small businesses with revenues of \$1 million or less significantly exceeds the percentage of businesses in the AA that generate revenues of \$1 million or less. Additionally, regardless of the size of the business, the volume of loans originated by loan size is as follows: 77% were less than \$100,000, 15% were at least \$100,000 but less than \$250,000, and 8% were at least \$250,000 but less than or equal to \$1 million.

*Small Loans to Farms*

Refer to Table 12 in the State of South Dakota section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

Overall borrower distribution of small loans to farms reflects good distribution throughout the SD AAs.

Sioux Falls MSA:

The borrower distribution of small loans to farms reflects good distribution throughout the AA. The percentage of the bank's loans to small farms with revenues of \$1 million or less is equal to the percentage of farms in the AA that generate revenues of \$1 million or less.

Nonmetropolitan South Dakota:

The borrower distribution of small loans to farms reflects good distribution throughout the AA. The percentage of the bank's loans to small farms with revenues of \$1 million or less is near the percentage of farms in the AA that generate revenues of \$1 million or less.

*Consumer Loans*

Refer to Table 13 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.

Overall borrower distribution of consumer loans reflects excellent distribution throughout the SD AA. More weight is placed on the borrower distribution within the Sioux Falls MSA AA because Home Federal originated or purchased more loans to consumers in this AA.

Sioux Falls MSA:

The borrower distribution of consumer loans reflects excellent distribution among borrowers of different income levels. The distribution among low-income borrowers is good as the percentage of the bank's loans to low-income borrowers is near the percentage of low-income households in the AA. The distribution among moderate-income borrowers is excellent as the percentage of the bank's loans to moderate-income borrowers exceeds the percentage of moderate-income households in the AA.

Nonmetropolitan SD:

The borrower distribution of consumer loans reflects good distribution among borrowers of different income levels. The distribution among low-income borrowers is adequate as the percentage of the

bank's loans to low-income borrowers is less than the percentage of low-income households in the AA. The distribution among moderate-income borrowers is excellent as the percentage of the bank's loans to moderate-income borrowers exceeds the percentage of moderate-income households in the AA.

### **Community Development Lending**

Refer to Table 1 Lending Volume in the State of South Dakota section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

The bank's community development lending activities do not have a positive impact on the overall lending test conclusions. The bank originated one qualifying CD loan during the evaluation period totaling \$6.6 million. The loan provided funds to an organization that provides a community service targeted to low- and moderate-income individuals. The loan benefits the nonmetropolitan SD AA.

### **Product Innovation and Flexibility**

The bank participates in South Dakota Housing Development Authority lending programs and originated nearly \$67 million in first time home buyer loans during the evaluation period. The bank also originated \$884 thousand of Community Housing Improvement Project (CHIP) loans during the evaluation period. CHIP loans have no loan-to-value restrictions and are provided primarily to low- or moderate-income individuals following disasters such as floods.

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

Based on a limited-scope review, the bank's performance under the lending test in the Dakota Dunes SD AA is not inconsistent with the bank's overall "High Satisfactory" performance under the lending test in South Dakota. This took into consideration the limited lending volume in this AA and that there are no low- or moderate-income CTs in this AA. Refer to the Tables 1 through 11 and Table 14 in the State of South Dakota section of Appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

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

The bank's performance under the investment test in South Dakota is rated "Needs to Improve." Based on full scope reviews, the bank's performance in the Sioux Falls MSA AA is poor and in the nonmetropolitan SD AA the bank's performance is adequate.

Refer to Table 14 in the State of South Dakota section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

#### Sioux Falls MSA:

The bank's investment performance in the Sioux Falls MSA AA is poor. The bank made no qualifying investments during the evaluation period. The bank made qualifying donations of \$13,763 during the

evaluation period that benefited the Sioux Falls MSA AA. The majority of qualifying donations were made to an organization that provides affordable housing for low- and moderate-income individuals.

#### Nonmetropolitan SD:

The bank's investment performance in the nonmetropolitan SD AA is adequate. The bank made two qualified investments totaling approximately \$610 thousand during the evaluation period. The investments consist of school district bonds that finance education in underserved middle-income areas. The investments benefit the nonmetropolitan SD AA. The bank also made \$2 thousand of qualifying donations in the nonmetropolitan SD AA to an organization that provides affordable housing for low- and moderate-income individuals.

### **Conclusions for Area Receiving Limited-Scope Reviews**

Based on a limited-scope review, the bank's performance under the investment test in the Dakota Dunes SD AA is weaker than the bank's overall "needs to improve" performance under the investment test in South Dakota. The bank made no qualifying investments or donations that benefited the Dakota Dunes SD AA. However, the bank has only one small branch in this AA, which limits its ability to invest in community development investments. Also, the branch accounts for a very small portion of the bank's lending and deposit activities.

## **SERVICE TEST**

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

The bank's performance under the service test in South Dakota is rated "Low Satisfactory." Based on full scope reviews, the bank's performance in both the Sioux Falls MSA and nonmetropolitan SD AA is adequate. Examiners weighted Home Federal's retail banking services slightly more than CD services to arrive at the service test rating.

### **Retail Banking Services**

Refer to Table 15 in the State of South Dakota section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

#### Sioux Falls MSA:

Banking hours and services in the Sioux Falls MSA AA are excellent. The percentage of the bank's branches located in moderate-income areas in the Sioux Falls MSA AA is similar to the percentage of people that live in moderate-income areas. There are no low-income tracts in the Sioux Falls MSA AA. All of Home Federal's branches offer a full range of banking services and many offer extended hours.

The bank operates three branches in moderate-income areas in the Sioux Falls MSA AA. Two of the branches located in moderate-income areas are open extended hours including until 7pm Monday through Friday, Saturday from 9:00 am - 4:00 pm, and even Sunday from 10:00 am – 2:00 pm. The bank also has one branch in Parker, SD that is near a moderate-income CT. Two of the bank's six deposit-taking ATMs in the Sioux Falls MSA AA are located in moderate-income areas.

Service delivery systems are readily accessible to geographies and individuals of different income levels in the Sioux Falls MSA AA. Three of the bank's 18 branches in the Sioux Falls MSA AA, or 16.67%,

are located in moderate-income areas. This matches the percentage of the population that lives in moderate-income areas.

The bank did not open or close any branches in low- or moderate-income areas during the evaluation period.

Nonmetropolitan SD:

Banking hours and services in the nonmetropolitan SD AA are good. Although the bank does not operate a branch in the moderate-income CTs in the nonmetropolitan SD AA, the percentage of the population that lives in the moderate-income CTs is very low at less than 2%.

Several branches in the nonmetropolitan SD AA are open extended hours. Most branches are open Saturdays and three branches are open Sundays.

### **Community Development Services**

Bank representatives provide a low level of qualifying CD services in the nonmetropolitan SD AA and a very low level of qualifying CD services in the Sioux Falls MSA AA. Five bank employees provided qualifying CD services during the evaluation period in the nonmetropolitan SD AA, one of which also benefits the Sioux Falls MSA AA.

One employee serves on the board and numerous committees of an organization that provides funding and loan preparation review for small businesses seeking Small Business Administration and/or county funding. The employee provides assistance to applicants by helping with projections and loan documentation preparation. All businesses applying through the organization must make projections regarding the employment growth impact expected from the loan or funding. The organization primarily benefits the nonmetropolitan SD AA but also benefits the entire State of South Dakota, including the Sioux Falls MSA AA.

Two employees provide services to organizations that provide affordable housing in the nonmetropolitan SD AA. One employee provides services to an economic development corporation in an underserved middle-income area and one employee provides services to an organization that assists low- and moderate-income individuals obtain eye examinations and eyeglasses.

### **Conclusions for Area Receiving Limited-Scope Review**

Based on a limited-scope review, the bank's performance under the service test in the Dakota Dunes SD AA is not inconsistent with the bank's overall "Low Satisfactory" performance under the service test in South Dakota. Refer to Table 15 in the State of South Dakota section of Appendix D for the facts and data that support these conclusions.

## State Rating

### State of Minnesota

<b>CRA Rating for Minnesota:</b>	Satisfactory
<b>The lending test is rated:</b>	High Satisfactory
<b>The investment test is rated:</b>	Substantial Noncompliance
<b>The service test is rated:</b>	Low Satisfactory

The major factors that support this rating include:

- Lending activity in the Minnesota rating area is adequate. During the evaluation period, Home Federal originated 145 consumer loans totaling \$2.8 million and 38 home mortgage loans totaling \$4.4 million.
- The distribution of loans reflects an excellent distribution among individuals of different income levels.
- The bank made no qualifying investments or donations that benefited the Minnesota assessment area.
- Service delivery systems are accessible to individuals of different income levels.
- Bank representatives provided no community development services in the Minnesota assessment area.

### Description of Institution’s Operations in Minnesota

The bank has two AAs in Minnesota. The Marshall MN AA consists of Lyon County, MN. The Bloomington MN AA consists of Hennepin County, MN, which is situated in the Minneapolis MN MSA. The bank’s operations in Minnesota are limited with only two branches, one in each of the AA.

#### Marshall MN AA

Home Federal operates one branch in the Marshall MN AA. The branch is located in a grocery store. The bank’s strategic focus in this branch is consumer lending and deposits. The grocery store location is not conducive to originating home or commercial loans.

#### Bloomington MN AA

Home Federal operates one branch in Bloomington, MN. The AA consists of Hennepin County, MN which is part of the Minneapolis MN MSA. The bank’s strategic focus for this branch is to originate small business loans. Bank employees routinely travel outside of the branch to generate business as the location of the branch is not well suited for small business owners to visit.

Refer to the market profiles for the State of Minnesota in Appendix C for detailed demographics and other performance context information for assessment areas that received full scope reviews.

## **Scope of Evaluation in Minnesota**

Examiners completed a full scope review in the Marshall MN AA. This area represents the majority of the bank's lending and deposit activities in Minnesota. Examiners completed a limited scope review in the Bloomington MN AA because the branch represents a very small portion of the bank's activities in Minnesota. Only three percent of the bank's deposits in Minnesota are attributed to the Bloomington MN branch. The ratings are based primarily on the Marshall MN AA. Refer to Appendix A for more information.

## **LENDING TEST**

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

The bank's performance under the lending test in Minnesota is rated "High Satisfactory." Based on a full scope review, the bank's performance in the Marshall MN AA is good.

### **Lending Activity**

Refer to Tables 1 Lending Volume and 1 Other Products in the State of Minnesota section of Appendix D for the facts and data used to evaluate the bank's lending activity.

Lending activity in the Minnesota assessment area is adequate. During the evaluation period, Home Federal originated 145 consumer loans totaling \$2.8 million and 38 home mortgage loans totaling \$4.4 million. The bank also originated a limited number of small business and small farm loans. This level of activity is adequate given the branch locations.

To analyze Home Federal's lending activity we compared the bank's deposit market share with its lending market share for home mortgage loans, small loans to businesses, and small loans to farms. In comparing the market share percentages, we took into consideration that deposit market share information includes only deposit-taking financial institutions that had one or more branches located in the AA. In regard to the lending market share, we considered lenders who do not have deposit-taking facilities in the bank's AA but reported one or more home mortgage loans and one or more small loans to businesses in the AAs.

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

Refer to Tables 2 through 7 and Table 13 in the State of Minnesota section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of home mortgage loans, small loans to businesses, small loans to farms, and consumer loans.

Analysis of geographic distribution in the Marshall MN AA is not applicable as there are no low- or moderate-income CTs in the AA.

### ***Lending Gap Analysis***

An analysis of lending gaps is not applicable as there are no low- or moderate-income CTs in the AA.

***Inside/Outside Ratio***

An analysis of Home Federal's concentration of lending within its AA revealed that a majority of home mortgage loans, small loans to businesses, small loans to farms, and consumer loans were originated or purchased in the bank's AA. Based on number, 86% of the banks home loans, consumer loans, small loans to businesses, and small loans to farms were originated or purchased inside the bank's defined AA. This positively impacted the overall lending test rating. Ninety percent of home loans, 88% of consumer loans, 86% of small loans to businesses, and 67% of small loans to farms were originated within the bank's AA. This analysis was performed based on the bank's total loans and is not based on performance in any individual rating area.

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

The distribution of loans reflects an excellent distribution among individuals of different income levels. The distribution of home refinance and consumer loans to borrowers reflects excellent distribution among borrowers of different income levels. Lending for other loan types was limited and did not enable meaningful analysis of borrower distribution.

***Home Mortgage Loans***

Refer to Tables 8, 9, and 10 in the State of Minnesota section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The distribution of home loans to borrowers reflects excellent distribution among borrowers of different income levels.

The bank originated/purchased 38 home loans during the evaluation period in this AA (26 home refinance, nine home purchase, and three home improvement), including 15 loans to low- and moderate-income borrowers.

The bank has an excellent distribution among low- and moderate-income borrowers for home refinance loans. The bank has an excellent distribution among moderate-income borrowers with the percentage of the bank's loans to moderate-income borrowers exceeding the percentage of moderate-income families in the AA. The bank has an adequate distribution among low-income borrowers with the percentage of the bank's loans to low-income borrowers somewhat lower than the percentage of low-income families in the AA. The bank's lending to both low- and moderate-income borrowers exceeds aggregate HMDA lending to the low- and moderate-income borrowers, respectively.

The bank did not make a sufficient volume of home purchase, home improvement, or multi-family loans in the AA to enable a meaningful analysis of borrower distribution for these home loan products. The bank only made nine home purchase loans which equated to less than five percent of the total number of loans made during the evaluation period in the Minnesota rating area. The bank only made three home improvement loans which equated to less than two percent of the total number of loans made during the evaluation period in the Minnesota rating area. The bank did not make any multi-family loans in the evaluation period in the Minnesota rating area.

***Small Loans to Businesses***

Refer to Table 11 in the State of Minnesota section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The bank only originated three small loans to businesses in the AA which is not a sufficient volume to enable a meaningful analysis of borrower distribution for this product. All three loans were originated to businesses with revenues of \$1 million or less. The three loans represent less than two percent of the total number of loans made during the evaluation period in the Minnesota rating area.

***Small Loans to Farms***

Refer to Table 12 in the State of Minnesota section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The bank only originated one small loan to a farm in the AA which is not a sufficient volume to enable a meaningful analysis of borrower distribution for this product. The loan represents less than one percent of the total number of loans made during the evaluation period in the Minnesota rating area.

***Consumer Loans***

Refer to Table 13 in the State of Minnesota 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 borrower distribution of consumer loans reflects excellent distribution among borrowers of different income levels. The distribution among low-income borrowers is good as the percentage of the bank's loans to low-income borrowers is near the percentage of low-income households in the AA. The distribution among moderate-income borrowers is excellent as the percentage of the bank's loans to moderate-income borrowers significantly exceeds the percentage of moderate-income households in the AA.

**Community Development Lending**

Refer to Table 1 Lending Volume in the State of Minnesota section of Appendix D for the facts and data used to evaluate the bank's level of CD lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

The bank's CD lending activities do not have a positive impact on the overall lending test conclusions. The bank did not originate any qualifying CD loans in the State of Minnesota rating area during the evaluation period.

**Product Innovation and Flexibility**

The bank's product innovation and flexibility are adequate. Loan officers routinely look for alternative loan products for applicants who are not qualified for the loan product they applied for. Underwriting

decisions are made locally, which can also increase flexibility. The bank did not present any specific products for consideration as innovative or flexible for the Minnesota rating area.

### **Conclusions for Area Receiving Limited-Scope Review**

Based on a limited-scope review, the bank's performance under the lending test in the Bloomington MN AA is weaker than the bank's overall "excellent" performance under the lending test in Minnesota. Refer to the Tables 1 through 13 in the State of Minnesota section of Appendix D for the facts and data that support these conclusions. The bank made no home mortgage, consumer, small business or small farm loans in the Bloomington MN AA during the evaluation period. The bank's strategy for this branch is to send loan officers outside the branch because it is not well suited for small business owners to visit. The combination of the branch location and branch strategy limit the bank's ability to lend within the AA.

## **INVESTMENT TEST**

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

The bank's performance under the investment test in Minnesota is rated "Substantial Noncompliance." Based on a full scope review, the bank's performance in the Marshall MN AA is very poor.

Refer to Table 14 in the State of Minnesota section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

The bank made no qualifying investments or donations that benefited the Marshall MN AA. However, the bank has only one small branch in this AA, which limits its ability to invest in community development investments. Also, the branch accounts for a very small portion of the bank's overall lending and deposit activities.

### **Conclusions for Area Receiving Limited-Scope Reviews**

Based on a limited-scope review, the bank's performance under the investment test in the Bloomington MN AA is not inconsistent with the bank's overall "Substantial Noncompliance" performance under the investment test in Minnesota.

## **SERVICE TEST**

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

The bank's performance under the service test in Minnesota is rated "Low Satisfactory." Based on a full scope review, the bank's performance in the Marshall MN AA is good. Examiners weighted the bank's retail banking services more than the CD services.

### **Retail Banking Services**

Refer to Table 15 in the State of Minnesota section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

The bank provides excellent availability of services in the Marshall MN AA. The bank has one branch in the Marshall MN AA. The branch is located in a grocery store and has extended hours. The branch is open 9:00am to 7:00pm Monday through Friday, 9:00am to 4:00pm on Saturday, and 10:00am to 2:00pm on Sunday. The branch offers stand up and sit down teller lines and also has a deposit-taking ATM. The branch offers a full range of banking services and products. Because the branch is located in a grocery store, it is primarily targeted to consumer deposit and lending products and services.

### **Community Development Services**

Home Federal representatives did not provide qualifying CD services that benefited the Marshall MN AA during the evaluation period.

### **Conclusions for Area Receiving Limited-Scope Review**

Based on a limited-scope review, the bank's performance under the service test in the Bloomington MN AA is not inconsistent with the bank's overall "High Satisfactory" performance under the service test in Minnesota. Refer to Table 15 in the State of Minnesota section of Appendix D for the facts and data that support these conclusions.

## 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 metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): (01/01/08 to 12/31/11) Investment and Service Tests and CD Loans: (05/30/08 to 06/14/12)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Home Federal Bank (Home Federal or Bank) Sioux Falls, South Dakota	-- Home mortgage loans, including home purchase, home improvement, and home refinance -- Small loans to businesses -- Small loans to farms -- Consumer loans -- Community development loans. -- Community development investments. -- Community development services. -- Retail banking services.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
South Dakota Sioux Falls SD MSA #43620	Full Scope	Consists of the Sioux Falls MSA less McCook County.
Nonmetropolitan SD AA	Full Scope	Consists of eight counties in Eastern South Dakota including Brookings, Brown, Codington, Davison, Hughes, Hutchinson, Moody, and Yankton.
Dakota Dunes SD AA	Minimum Scope	Consists of Union County, SD, which is part of the Sioux City IA-NE-SD Multistate MSA.
Minnesota Marshall MN AA	Full Scope	Consists of Lyon County, MN.
Bloomington MN AA	Minimum Scope	Consists of Hennepin County, MN which is part of the Minneapolis MN MSA #33460.

## Appendix B: Summary of State Ratings

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<b>RATINGS HOME FEDERAL BANK</b>				
<b>Overall Bank:</b>	<b>Lending Test Rating*</b>	<b>Investment Test Rating</b>	<b>Service Test Rating</b>	<b>Overall Bank/State/Multistate Rating</b>
Home Federal Bank	High Satisfactory	Needs Improvement	Low Satisfactory	Satisfactory
State:				
South Dakota	High Satisfactory	Needs Improvement	Low Satisfactory	Satisfactory
Minnesota	High Satisfactory	Substantial Noncompliance	Low Satisfactory	Satisfactory

(\*) The lending test is weighted more heavily than the investment and service tests in the overall rating.

## Appendix C: Market Profiles for Full-Scope Areas

### State of South Dakota

### Sioux Falls MSA AA

Demographic Information for Full-Scope Area: Sioux Falls MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	37	0.00	18.92	67.57	13.51	0.00
Population by Geography	187,093	0.00	16.98	68.73	14.29	0.00
Owner-Occupied Housing by Geography	48,963	0.00	13.26	69.94	16.80	0.00
Businesses by Geography	25,100	0.00	17.12	72.06	10.82	0.00
Farms by Geography	1,885	0.00	17.98	76.82	5.20	0.00
Family Distribution by Income Level	48,663	15.29	19.59	28.64	36.48	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	16,971	0.00	23.75	68.64	7.61	0.00
Median Family Income = \$51,458						
HUD Adjusted Median Family Income for 2011 = \$67,900						
Households Below the Poverty Level = 7%						
			Median Housing Value = \$92,806			
			Unemployment Rate = 1.57%			

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 U.S. Census and 2011 HUD updated MFI.

The Sioux Falls MSA consists of Minnehaha, Lincoln, Turner, and McCook counties in Eastern South Dakota. The bank does not consider McCook County as part of its AA as it does not have a branch or ATM located in the county. The entire Sioux Falls MSA consists of 37 CTs. Five tracts are upper-income, 25 are middle-income, and 7 are moderate-income. No tracts are low-income. The bank operates 18 branches and 6 ATMs in the Sioux Falls MSA AA. The Sioux Falls MSA AA represents 72% of the bank's total deposits.

The Sioux Falls MSA is heavily banked with 34 banks operating 136 branches. Wells Fargo Bank, N.A. is the market leader with 91.29% of the deposit market share. Home Federal is ranked 6<sup>th</sup> in deposit market share with 0.92%.

Economic conditions in the Sioux Falls MSA were generally good during the reporting period, especially when compared to the national economic picture. According to the Bureau of Labor and Statistics, as of May 2012 the unemployment rate in the Sioux Falls MSA was 3.8%. This is slightly better than the 4.3% statewide unemployment rate and much better than the national 8.2% unemployment rate.

Major employers in the Sioux Falls MSA include two hospitals, a meat processing plant, and two large banks. The labor force totals more than 132 thousand people and nearly 11% are employed by the two large hospitals in Sioux Falls. The HUD updated median family income for 2011 is \$67,900 and the median housing value is \$92,806.

According to the 2000 Census, 7% of families live below the poverty level. The US Census conducts interim surveys to supplement the decennial census. The American Community Survey is one such survey. According to the 2010 American Community Survey, 7.1% of families in the Sioux Falls MSA continue to live below the poverty level.

We interviewed a community contact with a local housing agency that specializes in affordable housing. The contact stated pressing needs in the community are home ownership and financial literacy counseling, as well as construction and permanent financing for multi-family housing, including affordable housing.

## State of South Dakota

### Nonmetropolitan SD AA

Demographic Information for Full-Scope Area: Nonmetropolitan SD AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	38	0.00	5.26	60.53	34.21	0.00
Population by Geography	161,121	0.00	1.86	52.99	45.15	0.00
Owner-Occupied Housing by Geography	42,169	0.00	1.15	54.50	44.35	0.00
Businesses by Geography	19,620	0.00	3.97	55.06	40.97	0.00
Farms by Geography	2,490	0.00	0.52	74.98	24.50	0.00
Family Distribution by Income Level	41,166	13.79	15.06	24.32	46.83	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	11,876	0.00	2.64	58.46	38.90	0.00
Median Family Income = \$39,438						
HUD Adjusted Median Family Income for 2011 = \$55,600			Median Housing Value = \$74,530			
Households Below the Poverty Level = 12%			Unemployment Rate = 1.91%			

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 U.S. Census and 2011 HUD updated MFI.

The bank's nonmetropolitan SD AA consists of eight counties in eastern South Dakota: Brookings, Brown, Codington, Davison, Hughes, Hutchinson, Moody, and Yankton. The nonmetropolitan SD AA consists of 38 CTs. Thirteen tracts are upper-income, 23 are middle-income, and 2 are moderate-income. No tracts are low-income. The bank operates 11 branches in the AA and these branches represent 25% of the bank's total deposits.

The nonmetropolitan SD AA is heavily banked with 36 banks operating 103 branches. Wells Fargo Bank, N.A. leads the market with 14.13% of the deposit market share. Home Federal is ranked 9<sup>th</sup> in deposit market share with 4.42%.

Economic conditions in the nonmetropolitan areas of South Dakota were generally good during the reporting period, especially when compared to the national economic picture. According to the Bureau of Labor and Statistics, as of May 2012 the unemployment rate in the State of South Dakota 4.3% and the national unemployment rate was 8.2%. Unemployment rates as of May 2012 for the eight counties in the AA ranged from a low of 3.0% to a high of 4.5%.

Major employers for most of the counties in the AA relate to agriculture. The HUD updated median family income for 2011 is \$55,600 and the median housing value is \$74,530.

According to the 2000 Census, 12% of families live below the poverty level in South Dakota. According to the 2010 American Community Survey, 8.5% of families in South Dakota continue to live below the poverty level. This includes all counties in South Dakota.

**State of Minnesota**

**Marshall MN AA**

Demographic Information for Full-Scope Area: Marshall MN AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	7	0.00	0.00	85.71	14.29	0.00
Population by Geography	25,425	0.00	0.00	85.10	14.90	0.00
Owner-Occupied Housing by Geography	6,643	0.00	0.00	85.29	14.71	0.00
Businesses by Geography	2,835	0.00	0.00	83.07	16.93	0.00
Farms by Geography	528	0.00	0.00	96.59	3.41	0.00
Family Distribution by Income Level	6,343	16.11	15.89	27.12	40.88	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	2,030	0.00	0.00	88.18	11.82	0.00
Median Family Income = \$45,608		Median Housing Value = \$83,027				
HUD Adjusted Median Family Income for 2011 = \$59,200		Unemployment Rate = 2.84%				
Households Below the Poverty Level = 11%						

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 U.S. Census and 2011 HUD updated MFI.

The Marshall MN AA consists of Lyon County, MN. The area consists of seven CTs. Six of the CTs are middle-income and one is upper-income. Home Federal operates one branch and one deposit-taking ATM in this AA. This branch represents approximately 2% of the bank’s total deposits.

Banking competition in the Marshall MN AA is high for the relatively small market area. There are 10 banks operating 15 branches in Lyon County, MN. Wells Fargo Bank, N.A. leads the market with 20.95% of the deposit market share. Home Federal is ranked 9<sup>th</sup> with 2.53% of the deposit mark share.

Economic conditions in the area were good during the evaluation period, especially when compared to the national economic picture. According to the Bureau of Labor and Statistics, as of May 2012 the unemployment rate in Lyon County, MN was 3.9%. This is better than the 5.3% statewide unemployment rate and much better than the national 8.2% unemployment rate.

The major employer in Marshall, MN is The Schwann Food Company with over 2,000 employees. The next largest employer has just over 500 employees. The HUD updated median family income for 2011 was \$45,608 and the median housing value is \$83,027. According to the 2010 American Community Survey, 12.2% of families in Lyon County, MN live below the poverty level.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) Purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no CT is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. 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 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/AA. CD loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank, if applicable, over the evaluation period by MA/AA. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/AA. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income

geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/AA.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

## Tables of Performance Data

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### State of South Dakota

Table 1. Lending Volume

LENDING VOLUME												
Geography: SOUTH DAKOTA												
Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011												
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Sioux Falls MSA AA	39.12	1,675	199,345	513	46,477	497	48,200	0	0	2,685	294,022	73.30
Nonmetropolitan SD AA	60.36	2,694	355,729	732	95,017	717	47,853	1	6,600	4,144	505,199	25.70
<b>Limited Review:</b>												
Dakota Dunes SD <sub>AA</sub>	0.52	27	3,278	5	3,214	4	502	0	0	36	6,994	1.00

\* Loan Data as of December 31, 2011. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is May 30, 2008 to June 14, 2012.

\*\*\* Deposit Data as of June 30, 2011. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: SOUTH DAKOTA								Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
Sioux Falls MSA AA	37.03	3,085	82,859	0	0	1,079	44,631	1,128	12,787	0	0	585	23,428	73.30
Nonmetropolitan SD AA	62.38	5,196	165,826	0	0	2,219	104,099	1,669	17,941	0	0	814	39,558	25.70
<b>Limited Review:</b>														
Dakota Dunes, SD AA	0.59	49	1,359	0	0	17	798	15	156	0	0	12	394	1.00

\* Loan Data as of December 31, 2011. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is From January 1, 2008 to December 31, 2011.

\*\*\* Deposit Data as of *June 30, 2011*. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: SOUTH DAKOTA		Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011	
MA/Assessment Area:	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
Sioux Falls MSA AA	493	4,178	1	50	
Nonmetropolitan SD AA	293	2,013	0	0	
<b>Limited Review:</b>					
Dakota Dunes, SD AA	5	11	0	0	

\*The evaluation period for Optional Product Line(s) is from January 1, 2008 to December 31, 2011.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: SOUTH DAKOTA				Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011								
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Sioux Falls MSA AA	937	58.86	0.00	0.00	13.26	7.79	69.94	74.39	16.80	17.82	0.00	7.10	74.73	18.17
Nonmetropolitan SD AA	644	40.45	0.00	0.00	1.15	1.24	54.50	45.81	44.35	52.95	0.00	0.92	45.30	53.78
<b>Limited Review:</b>														
Dakota Dunes, SD AA	11	0.69	0.00	0.00	0.00	0.00	55.23	45.45	44.77	54.55	0.00	0.00	33.85	66.15

\* Based on 2010 Peer Mortgage Data (USPR).

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 2000 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT												Geography: SOUTH DAKOTA		Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011			
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income *						
	#	% of Total*	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	Low	Mod	Mid	Upp			
<b>Full Review:</b>																	
Sioux Falls MSA AA	291	58.67	0.00	0.00	13.26	10.31	69.94	73.88	16.80	15.81	0.00	7.78	73.14	19.08			
Nonmetropolitan SD AA	201	40.52	0.00	0.00	1.15	2.99	54.50	48.76	44.35	48.25	0.00	1.20	45.60	53.20			
<b>Limited Review:</b>																	
Dakota Dunes, SD AA	4	0.81	0.00	0.00	0.00	0.00	55.23	50.00	44.77	50.00	0.00	0.00	50.94	49.06			

\* Based on 2010 Peer Mortgage Data (USPR).

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner-occupied housing units in a particular geography divided by number of owner-occupied housing units in the area based on 2000 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: SOUTH DAKOTA				Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011							
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income *			
	#	% of Total*	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Sioux Falls MSA AA	1,456	63.69	0.00	0.00	13.26	5.36	69.94	76.30	16.80	18.34	0.00	4.40	72.29	23.31
Nonmetropolitan SD AA	818	35.78	0.00	0.00	1.15	0.98	54.50	47.80	44.35	51.22	0.00	0.49	42.77	56.74
<b>Limited Review:</b>														
Dakota Dunes, SD AA	12	0.53	0.00	0.00	0.00	0.00	55.23	41.67	44.77	58.33	0.00	0.00	33.26	66.74

\* Based on 2010 Peer Mortgage Data (USPR).

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner-occupied housing units in a particular geography divided by number of owner-occupied housing units in the area based on 2000 Census information.

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY			Geography: SOUTH DAKOTA				Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011					Aggregate HMDA Lending (%) by Tract Income *			
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low	Mod	Mid	Upp	
	#	% of Total*	% of MF Units***	% Bank Loans	% MF Units***	% Bank Loans	% MF Units***	% Bank Loans	% MF Units***	% Bank Loans					
<b>Full Review:</b>															
Sioux Falls MSA AA	10	45.45	0.00	0.00	32.79	0.00	59.58	70.00	7.63	30.00	0.00	14.00	74.00	12.00	
Nonmetropolitan SD AA	12	54.55	0.00	0.00	4.46	0.00	39.22	33.33	56.32	66.67	0.00	2.27	34.09	63.64	
<b>Limited Review:</b>															
Dakota Dunes, SD AA	0	0.00	0.00	0.00	0.00	0.00	30.54	0.00	69.46	0.00	0.00	0.00	0.00	100.00	

\* Based on 2010 Peer Mortgage Data (USPR).

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 2000 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: SOUTH DAKOTA						Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011					
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income *			
	#	% of Total*	% of Businesses**	% Bank Loans	% of Businesses**	% Bank Loans	% of Businesses**	% Bank Loans	% of Businesses**	% Bank Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Sioux Falls MSA AA	732	58.56	0.00	0.00	17.12	13.66	72.06	77.19	10.82	9.15	0.00	16.26	73.66	10.08
Nonmetropolitan SD AA	513	41.04	0.00	0.00	3.97	3.32	55.06	52.24	40.97	44.44	0.00	5.78	48.40	45.82
<b>Limited Review:</b>														
Dakota Dunes, SD AA	5	0.40	0.00	0.00	0.00	0.00	44.58	40.00	55.42	60.00	0.00	0.00	29.79	70.21

\* Based on 2010 Peer Small Business Data: US and PR.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2011).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS												Geography: SOUTH DAKOTA		E valuation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011	
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income *				
	#	% of Total**	% of Farms***	% Bank Loans	% of Farms***	% Bank Loans	% of Farms***	% Bank Loans	% of Farms***	% Bank Loans	Low	Mod	Mid	Upp	
<b>Full Review:</b>															
Sioux Falls MSA AA	717	58.87	0.00	0.00	17.98	8.93	76.82	88.42	5.20	2.65	0.00	9.94	86.01	4.05	
Nonmetropolitan SD AA	497	40.80	0.00	0.00	0.52	0.00	74.98	76.06	24.50	23.94	0.00	0.50	79.46	20.04	
<b>Limited Review:</b>															
Dakota Dunes, SD AA	4	0.33	0.00	0.00	0.00	0.00	72.20	75.00	27.80	25.00	0.00	0.00	76.92	23.08	

\* Based on 2010 Peer Small Business Data: US and PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2017).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE			Geography: SOUTH DAKOTA				Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011				Aggregate Lending Data*			
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Low	Mod	Mid	Upp
	#	% of Total**	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****				
<b>Full Review:</b>														
Sioux Falls MSA AA	937	58.86	15.29	20.16	19.59	31.31	28.64	25.89	36.48	22.64	14.63	30.93	25.40	29.04
Nonmetropolitan SD AA	644	40.45	13.79	6.65	15.06	28.32	24.32	32.75	46.83	32.28	5.65	23.83	28.52	42.00
<b>Limited Review:</b>														
Dakota Dunes, SD AA	11	0.69	13.44	9.10	16.90	18.18	24.45	36.36	45.21	36.36	6.38	14.04	22.98	56.60

\* Based on 2010 Peer Mortgage Data (USPR).

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 1.6% of loans originated and purchased by bank.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: SOUTH DAKOTA				Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011					Aggregate Lending Data*			
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****					
<b>Full Review:</b>															
Sioux Falls MSA AA	291	58.67	15.29	8.77	19.59	24.56	28.64	34.74	36.48	31.93	10.70	20.30	32.84	36.16	
Nonmetropolitan SD AA	201	40.52	13.79	6.57	15.06	20.20	24.32	32.32	46.83	40.91	5.92	17.97	26.22	49.89	
<b>Limited Review:</b>															
Dakota Dunes, SD AA	4	0.81	13.44	0.00	16.90	0.00	24.45	50.00	45.21	50.00	11.32	13.21	33.96	41.51	

\* Based on 2010 Peer Mortgage Data (USPR)

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 1.8% of loans originated and purchased by bank.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: SOUTH DAKOTA						Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Sioux Falls MSA AA	1,456	63.69	15.29	11.27	19.59	22.95	28.64	30.51	36.48	35.27	6.57	19.13	29.12	45.18
Nonmetropolitan SD AA	818	35.78	13.79	4.87	15.06	15.36	24.32	28.84	46.83	50.93	2.95	11.69	22.12	63.24
<b>Limited Review:</b>														
Dakota Dunes, SD AA	12	0.53	13.44	8.33	16.90	8.33	24.45	25.00	45.21	58.34	4.05	9.87	16.46	69.62

\* Based on 2010 Peer Mortgage Data (USPR)

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 1.9% of loans originated and purchased by Bank.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: SOUTH DAKOTA			Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011	
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data *	
	#	% of Total**	% of Businesses* **	% Bank Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Sioux Falls MSA AA	732	58.56	67.49	89.34	64.35	21.31	14.34	4,596	2,381
Nonmetropolitan SD AA	513	41.04	69.13	94.93	77.19	15.40	7.41	2,927	1,543
<b>Limited Review:</b>									
Dakota Dunes, SD AA	5	0.40	66.99	40.00	0.00	0.00	100.00	207	81

\* Based on 2010 Peer Small Business Data: US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2011).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% of small loans to businesses originated and purchased by the Bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS					Geography: SOUTH DAKOTA		Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011		
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data *	
	#	% of Total**	% of Farms***	% Bank Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Sioux Falls MSA AA	717	58.87	98.83	98.88	81.18	14.78	4.04	770	655
Nonmetropolitan SD AA	497	40.80	98.35	93.56	73.84	16.10	10.06	1,412	1,050
<b>Limited Review:</b>									
Dakota Dunes, SD AA	4	0.33	99.55	100.00	50.00	50.00	0.00	39	28

\* Based on 2010 Peer Small Business Data: US and PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2011).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by Bank.

Table 13. Geographic and Borrower Distribution of Consumer Loans (Institution’s Option)

Geographic and Borrower Distribution: CONSUMER LOANS		Geography: SOUTH DAKOTA										Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011							
MA/Assessment Area:	Geographic Distribution										Borrower Distribution								
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		
	#	% of Total*	% of Hhlds**	% of Bank Loans	% of Hhlds**	% of Bank Loans	% of Hhlds**	% of Bank Loans	% of Hhlds**	% of Bank Loans	% of Hhlds**	% of Bank Loans	% of Hhlds**	% of Bank Loans	% of Hhlds**	% of Bank Loans	% of Hhlds**	% of Bank Loans	
<b>Full Review:</b>																			
Sioux Falls MSA AA	5,196	62.38	0.00	0.00	19.21	6.89	67.23	80.72	13.56	12.39	19.52	18.88	18.22	21.82	22.26	25.27	40.00	29.93	
Nonmetropolitan SD AA	3,085	37.03	0.00	0.00	2.29	1.23	52.78	54.39	44.93	44.38	19.96	10.96	15.41	20.36	18.37	24.93	46.26	41.20	
<b>Limited Review:</b>																			
Dakota Dunes, SD AA	49	0.59	0.00	0.00	0.00	0.00	54.47	32.65	45.53	67.35	13.86	10.20	12.55	24.49	16.07	16.33	57.52	46.94	

\* Consumer loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area.  
 \*\* Percentage of Households is based on the 2000 Census Information.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: SOUTH DAKOTA				Evaluation Period: MAY 30, 2008 TO JUNE 14, 2012			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Sioux Falls MSA AA	0	0	13	14	13	14	2.24	0	0
Nonmetropolitan SD AA	0	0	4	612	4	612	97.76	0	0
<b>Limited Review:</b>									
Dakota Dunes, SD AA	0	0	0	0	0	0	0	0	0

\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Geography: SOUTH DAKOTA																	
Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of Bank Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Sioux Falls SD AA	73.30	18	60.00	0.00	16.67	72.22	11.11	0	2	0	0	-1	-1	0.00	16.98	68.73	14.29
Nonmetropolitan SD AA	25.70	11	36.67	0.00	0.00	75.00	25.00	1	1	0	0	0	0	0.00	1.86	52.99	45.15
<b>Limited Review:</b>																	
Dakota Dunes, SD AA	1.00	1	3.33	0.00	0.00	0.00	100.0	0	0	0	0	0	0	0.00	0.00	53.85	46.15

## Tables of Performance Data

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### State of Minnesota

Table 1. Lending Volume

LENDING VOLUME		Geography: MINNESOTA						Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Marshall MN AA	100.00	38	4,440	3	915	1	500	0	0	42	5,855	96.81
<b>Limited Review:</b>												
Bloomington MN <sub>AA</sub>	0.00	0	0	0	0	0	0	0	0	0	0	3.19

\* Loan Data as of December 31, 2011. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is May 30, 2008 to June 14, 2012.

\*\*\* Deposit Data as of June 30, 2011. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: MINNESOTA								Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
Marshall MN AA	100.00	145	2,785	0	0	29	1,310	78	853	0	0	16	536	96.81
<b>Limited Review:</b>														
Bloomington MN <sub>AA</sub>	0.00	0	0	0	0	0	0	0	0	0	0	0	0	3.19

\* Loan Data as of December 31, 2011. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is From January 1, 2008 to December 31, 2011.

\*\*\* Deposit Data as of *June 30, 2011*. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: MINNESOTA		Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011	
MA/Assessment Area:	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
Marshall MN AA	22	86	0	0	0
<b>Limited Review:</b>					
Bloomington MN <sub>AA</sub>	0	0	0	0	0

\*The evaluation period for Optional Product Line(s) is from January 1, 2008 to December 31, 2011.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: MINNESOTA						Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Marshall MN AA	9	100.00	0.00	0.00	0.00	0.00	85.29	66.67	14.71	33.33	0.00	0.00	77.99	22.01
<b>Limited Review:</b>														
Bloomington MN AA	0	0.00	0.00	0.00	7.70	0.00	92.30	0.00	0.00	0.00	0.00	5.42	94.58	0.00

\* Based on 2010 Peer Mortgage Data (USPR).

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 2000 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: MINNESOTA						Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income *			
	#	% of Total*	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Marshall MN AA	3	100.00	0.00	0.00	0.00	0.00	85.29	100.00	14.71	0.00	0.00	0.00	85.19	14.81
<b>Limited Review:</b>														
Bloomington MN AA	0	0.00	0.00	0.00	7.70	0.00	92.30	0.00	0.00	0.00	0.00	2.63	97.37	0.00

\* Based on 2010 Peer Mortgage Data (USPR).

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner-occupied housing units in a particular geography divided by number of owner-occupied housing units in the area based on 2000 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: MINNESOTA						Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income *			
	#	% of Total*	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% Bank Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Marshall MN AA	26	100.00	0.00	0.00	0.00	0.00	85.29	69.23	14.71	30.77	0.00	0.00	80.58	19.42
<b>Limited Review:</b>														
Bloomington MN AA	0	0.00	0.00	0.00	7.70	0.00	92.30	0.00	0.00	0.00	0.00	6.78	93.22	0.00

\* Based on 2010 Peer Mortgage Data (USPR).

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner-occupied housing units in a particular geography divided by number of owner-occupied housing units in the area based on 2000 Census information.

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: MINNESOTA						Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income *			
	#	% of Total*	% of MF Units***	% Bank Loans	% MF Units***	% Bank Loans	% MF Units***	% Bank Loans	% MF Units***	% Bank Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Marshall MN AA	0	0.00	0.00	0.00	0.00	0.00	72.52	0.00	27.48	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>														
Bloomington MN AA	0	0.00	0.00	0.00	17.29	0.00	82.71	0.00	0.00	0.00	0.00	0.00	100.00	0.00

\* Based on 2010 Peer Mortgage Data (USPR).

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 2000 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: MINNESOTA				Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011			
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income *								
	#	% of Total*	% of Businesses**	% Bank Loans	% of Businesses**	% Bank Loans	% of Businesses**	% Bank Loans	% of Businesses**	% Bank Loans	Low	Mod	Mid	Upp					
<b>Full Review:</b>																			
Marshall MN AA	3	100.00	0.00	0.00	0.00	0.00	83.07	33.33	16.93	66.67	0.00	0.00	72.27	27.73					
<b>Limited Review:</b>																			
Bloomington MN AA	0	0.00	0.00	0.00	3.29	0.00	96.71	0.00	0.00	0.00	4.73	13.12	41.16	40.99					

\* Based on 2010 Peer Small Business Data: US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2017).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS		Geography: MINNESOTA								E valuation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income *			
	#	% of Total**	% of Farms***	% Bank Loans	% of Farms***	% Bank Loans	% of Farms***	% Bank Loans	% of Farms***	% Bank Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Marshall MN AA	1	100.00	0.00	0.00	0.00	0.00	96.59	100.00	3.41	0.00	0.00	0.00	97.45	2.55
<b>Limited Review:</b>														
Bloomington MN AA	0	0.00	0.00	0.00	5.56	0.00	94.44	0.00	0.00	0.00	8.70	13.04	34.78	43.48

\* Based on 2010 Peer Small Business Data: US and PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2011).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: MINNESOTA						Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Marshall MN AA	9	100.00	16.11	0.00	15.89	33.34	27.12	22.22	40.88	44.44	11.85	21.48	29.63	37.04
<b>Limited Review:</b>														
Bloomington MN AA	0	0.00	16.56	0.00	20.40	0.00	27.78	0.00	35.26	0.00	15.29	35.00	24.12	25.59

\* Based on 2010 Peer Mortgage Data (USPR)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by Bank.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: MINNESOTA				Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011					Aggregate Lending Data*			
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****					
<b>Full Review:</b>															
Marshall MN AA	3	100.00	16.11	33.34	15.89	33.33	27.12	0.00	40.88	33.33	11.12	18.53	18.53	51.82	
<b>Limited Review:</b>															
Bloomington MN AA	0	0.00	16.56	0.00	20.40	0.00	27.78	0.00	35.26	0.00	17.65	20.59	20.59	41.17	

\* Based on 2010 Peer Mortgage Data (USPR).

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by Bank.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: MINNESOTA						Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011					
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	% Families***	% Bank Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Marshall MN AA	26	100.00	16.11	11.54	15.89	26.92	27.12	23.08	40.88	38.46	5.32	16.22	28.46	50.00
<b>Limited Review:</b>														
Bloomington MN AA	0	0.00	16.56	0.00	20.40	0.00	27.78	0.00	35.26	0.00	12.11	22.10	26.72	39.07

\* Based on 2010 Peer Mortgage Data (USPR).

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by Bank.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: MINNESOTA			Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011	
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses* **	% Bank Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Marshall MN AA	3	100.00	67.16	100.00	33.33	0.00	66.67	402	198
<b>Limited Review:</b>									
Bloomington MN AA	0	0.00	61.94	0.00	0.00	0.00	0.00	27,447	12,767

\* Based on 2010 Peer Small Business Data: US and PR.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2011).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.0% of small loans to businesses originated and purchased by the Bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS				Geography: MINNESOTA			Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011		
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
	#	% of Total**	% of Farms***	% Bank Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Marshall MN AA	1	100.00	98.86	100.00	0.00	0.00	100.00	235	186
<b>Limited Review:</b>									
Bloomington MN AA	0	0.00	94.44	0.00	0.00	0.00	0.00	71	53

\* Based on 2010 Peer Small Business Data: US and PR.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2011).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by Bank.

Table 13. Geographic and Borrower Distribution of Consumer Loans (Institution’s Option)

Geographic and Borrower Distribution: CONSUMER LOANS		Geography: MINNESOTA										Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011							
MA/Assessment Area:	Geographic Distribution										Borrower Distribution								
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		
	#	% of Total*	% of Hhlds**	% of Bank Loans	% of Hhlds**	% of Bank Loans	% of Hhlds**	% of Bank Loans	% of Hhlds**	% of Bank Loans	% of Hhlds**	% of Bank Loans	% of Hhlds**	% of Bank Loans	% of Hhlds**	% of Bank Loans	% of Hhlds**	% of Bank Loans	
<b>Full Review:</b>																			
Marshall MN AA	145	100.00	0.00	0.00	0.00	0.00	83.51	76.55	16.49	23.45	22.65	21.38	15.78	23.45	19.75	22.76	41.82	31.03	
<b>Limited Review:</b>																			
Bloomington MN AA	0	0.00	0.00	0.00	13.66	0.00	86.34	0.00	0.00	0.00	26.72	0.00	20.27	0.00	19.88	0.00	33.13	0.00	

\* Consumer loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area.

\*\* Percentage of Households is based on the 2000 Census Information.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: MINNESOTA				Evaluation Period: MAY 30,2008 TO JUNE 14, 2012			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Marshall MN AA	0	0	0	0	0	0	0	0	0
<b>Limited Review:</b>									
Bloomington MN AA	0	0	0	0	0	0	0	0	0

\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Geography: MINNESOTA																	
Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of Bank Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Marshall MN AA	96.81	1	100.0	0.00	0.00	0.00	100.0	0	0	0	0	0	0	0.00	0.00	85.10	14.90
<b>Limited Review:</b>																	
Bloomington MN AA	3.19	1	100.0	0.00	0.00	100.0	0.00	0	0	0	0	0	0	0.00	14.00	86.00	0.00

