



Office of the  
Comptroller of the Currency  
Washington, DC 20219

# INTERMEDIATE SMALL BANK

## PUBLIC DISCLOSURE

May 23, 2022

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank in Sioux Falls  
Charter Number: 3393

100 South Phillips Avenue  
Sioux Falls, SD 57104

Office of the Comptroller of the Currency

Omaha Field Office  
13710 FNB Parkway, Suite 110  
Omaha, NE 68154

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 **Outstanding**.

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

**The Community Development test is rated: Outstanding.**

The major factors that support this rating include:

- The Lending Test rating is based on performance in the State of South Dakota.
- The geographic distribution of home mortgage loans, small loans to businesses, and small loans to farms to geographies of different income levels reflects reasonable distribution of assessment area (AA) demographics.
- The borrower distribution of home mortgage loans, small loans to businesses, and small loans to farms loans to families, businesses, and farms of different income levels reflects reasonable distribution of AA demographics.
- The Community Development (CD) Test rating is based on performance in the State of South Dakota.
- CD activities demonstrate excellent responsiveness to AA needs and opportunities.

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

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and credit needs of the AAs.
- Management originated a substantial majority of loans inside the bank's AAs during the evaluation period.

### Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AAs, the bank's loan-to-deposit ratio is reasonable.

The First National Bank in Sioux Falls (FNBSF or bank) had an average quarterly loan-to-deposit ratio of 81 percent for the 12 quarters from March 31, 2019, to December 31, 2021. The ratio ranged from an average quarterly low of 70 percent to an average quarterly high of 90 percent.

FNBSF's average loan-to-deposit ratio compares similarly to the average loan-to-deposit ratio of six similarly situated banks operating within the bank's AAs. The banks had an average loan-to-deposit ratio of 83 percent for the 12 quarters from March 31, 2019, to December 31, 2021. The ratio ranged from an average quarterly low of 71 percent to an average quarterly high of 93 percent.

## Lending in Assessment Area

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

The bank originated and purchased 79 percent of its total loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank level, rather than the AA level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

Lending Inside and Outside of the AA										
Loan Category	Number of Loans				Total  #	Dollar Amount of Loans \$(000s)				Total  \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	1,482	88	200	12	1,682	390,038	86	61,265	14	451,303
Small Business	3,091	84	604	16	3,695	424,312	84	78,388	16	502,700
Small Farm	1,072	60	721	40	1,793	136,988	55	112,624	45	249,612
Total	5,645	79	1,525	21	7,170	951,338	79	252,277	21	1,203,615

## Description of Institution

FNBSF is a single-state financial institution headquartered in Sioux Falls, South Dakota. As of December 31, 2021, FNBSF had total assets of \$1.8 billion and tier 1 capital of \$188 million. FNBSF is a wholly owned subsidiary of Minnehaha Bانشares, Inc., a one-bank holding company located in Sioux Falls, South Dakota. As of December 31, 2021, Minnehaha Bانشares, Inc., had total assets of \$224 million. The holding company owns two non-bank subsidiaries that hold real estate. These affiliates do not have an impact on the bank's capacity for community reinvestment and are not considered when evaluating the bank's performance.

FNBSF operates 18 branches in Sioux Falls and its surrounding area. FNBSF operates its main office and 11 branches in Sioux Falls. Six of the Sioux Falls locations are microbranches located in retirement centers throughout the city. One traditional branch and one retirement center microbranch are located in Brandon. FNBSF also operates one traditional branch in each of the following towns: Baltic, Dell Rapids, Flandreau, and Harrisburg. No branches were opened or closed during the evaluation period, and no merger or acquisition activity occurred during the evaluation period.

In addition to its branch locations, FNBSF operates 15 deposit-taking automated teller machines (ATMs) in its AAs. Eleven of the deposit-taking ATMs are located in Sioux Falls and one is located in each of the following towns: Brandon, Dell Rapids, Harrisburg, and Hartford. FNBSF also operates 19 cash-dispensing ATMs in its AAs. Fourteen of the cash-dispensing ATMs are located in Sioux Falls, two are located in Flandreau, and one is located in each of the following towns: Baltic, Brandon, and Colman. The bank also offers a variety of alternative banking services. Alternative banking services for retail customers include online and mobile banking, bill pay, electronic statements and disclosures, online account transfers, person-to-person payments, and online account opening. Alternative banking services for business customers include online and mobile banking, bill pay, electronic statements and disclosures, remote deposit and mobile capture, and ACH origination services.

FNBSF offers traditional lending and deposit products and services. FNBSF offers agricultural, commercial, residential real estate, and consumer loans, with a primary business focus on commercial and agricultural lending. As it relates to the Community Reinvestment Act (CRA), management maintains an Inspiration Pool of loan funds, which was created to help lenders provide financing to start-up businesses, and an internal first-time homebuyer program known as FIRSTHome. Additionally, FNBSF also operates a wealth management department, an ATM network known as the Advantage ATM Network, and provides correspondent banking services to several smaller institutions in South Dakota and surrounding states. Net loans represent 62 percent of total assets as of December 31, 2021. By dollar volume, the loan portfolio comprises the following types of credit: 70 percent real estate loans, 16 percent commercial loans, 13 percent agricultural loans, and 1 percent individual loans.

For the purposes of CRA, FNBSF operates with one rating area and two AAs. FNBSF's rating area is the State of South Dakota. The bank's AAs include Lincoln and Minnehaha counties, which are part of the Sioux Falls Metropolitan Statistical Area (MSA), and Moody County. Moody County is not included in an MSA and is referred to as the South Dakota Non-MSA AA for the purposes of this evaluation.

There are no legal, financial, or other factors impeding FNBSF's ability to help meet the credit needs of its AAs during the evaluation period. FNBSF received an Outstanding rating at the prior CRA evaluation dated April 8, 2019.

## **Scope of the Evaluation**

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

The evaluation period for the Lending Test and CD Test was January 1, 2019, to December 31, 2021. We reviewed home mortgage, small business, and small farm loans reported by management for the Lending Test. We reviewed CD loans, investments, and services submitted by management for the CD Test.

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

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

### **Ratings**

The bank's overall rating is a blend of the state ratings, and where applicable, multistate ratings.

Given FNBSF is an intrastate institution, all weight was applied to the bank's performance in the State of South Dakota. When determining conclusions for the Lending Test, we weighted loan products to be reflective of FNBSF's loan volume by product type during the evaluation period. Small loans to businesses were weighted most heavily because they represent 55 percent of total loan originations by

number and 45 percent of total loan originations by dollar during the evaluation period. Home mortgage loans were weighted next highest and small loans to farms carried the least weight.

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

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

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

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

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

## State Rating

### State of South Dakota

**CRA rating for the State of South Dakota<sup>1</sup>:** Outstanding.

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

**The Community Development Test is rated:** Outstanding.

The major factors that support this rating include:

- The geographic distribution of home mortgage loans, small loans to businesses, and small loans to farms to geographies of different income levels reflects reasonable distribution of AA demographics.
- The borrower distribution of home mortgage loans, small loans to businesses, and small loans to farms to families, businesses, and farms of different income levels reflects reasonable distribution of AA demographics.
- CD activities demonstrate excellent responsiveness to AA needs and opportunities.

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

FNBSF is a single-state financial institution with operations in South Dakota. For the purposes of CRA, FNBSF operates with one rating area and two AAs. FNBSF's rating area is the State of South Dakota. The bank's AAs include Lincoln and Minnehaha counties, which are included in the Sioux Falls MSA, and Moody County. Moody County is not included in an MSA and is referred to as the South Dakota Non-MSA AA for the purposes of this evaluation.

The Sioux Falls MSA AA serves as FNBSF's primary AA. Seventeen of the bank's 18 branches are located in the Sioux Falls MSA AA. Additionally, all of the bank's deposit-taking ATMs and 16 of the bank's 19 cash-dispensing ATMs are located in the Sioux Falls MSA AA. The AA is heavily banked by various large nationwide, regional, and community financial institutions. As of June 30, 2021, there were 33 institutions with 118 banking offices in the AA. Management gathered \$1.2 billion of deposits in the AA as of June 30, 2021, which represents 91 percent of total bank deposits. Two large banks with a nationwide footprint comprise 97.65 percent of total deposit market share in the AA. Thirty-one institutions split the remaining 2.35 percent of market share. FNBSF ranked fifth in deposit market share with a share of 0.19 percent, or third rank when excluding the two large nationwide banks.

The bank's primary business focus in the Sioux Falls MSA AA is commercial loans, agricultural loans, and fiduciary management services. During the evaluation period, management originated \$414 million small loans to businesses, \$379 million home mortgage loans, and \$97 million small loans to farms in the AA, which represents 94 percent of total loan originations by dollar.

The Sioux Falls MSA AA comprises 53 census tracts (CTs). There are no low-income CTs in the AA. Seventeen of the CTs, or 32 percent, are moderate-income. The population of the AA is 229 thousand

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

with 88 thousand households. The AA includes 29 thousand businesses, of which 96 percent are non-farm businesses and four percent are farm businesses. Sixty-one percent of businesses employ less than five individuals. There is ample quantity of CD opportunities in the AA; however, the highly banked environment causes competition for involvement in CD opportunities.

We referenced one community contact in the Sioux Falls MSA AA completed during the evaluation period. The contact is a vice president for a local CD foundation. The contact stated the city of Sioux Falls and its surrounding communities continue to grow with more job opportunities presented through business developments. The contact noted the inflated housing market brings affordable housing challenges for low- and moderate-income families. The contact stated local banks and financial service providers are meeting the needs of the community. The contact listed social justice, affordable housing, financial literacy, and transportation as the greatest needs and opportunities within the Sioux Falls MSA.

FNBSF operates one branch in the South Dakota Non-MSA AA. Additionally, three of the bank's 19 cash-dispensing ATMs are located in the South Dakota Non-MSA AA. As of June 30, 2021, there were three institutions with three banking offices in the AA. Management gathered \$125 million of deposits in the AA as of June 30, 2021, which represents nine percent of total bank deposits. FNBSF ranked first in deposit market share with a share of 54 percent. The bank's primary business focus in the AA is commercial loans and agricultural loans. During the evaluation period, management originated \$40 million small loans to farms, \$11 million home mortgage loans, and \$10 million small loans to businesses in the AA, which represents six percent of total loan originations by dollar.

The South Dakota Non-MSA AA comprises two CTs. There are no low- or moderate-income CTs in the AA. However, Moody County is considered an underserved middle-income nonmetropolitan area. The population of the AA is six thousand with three thousand households. The AA includes 718 businesses, of which 81 percent are non-farm businesses and 19 percent are farm businesses. Seventy-two percent of businesses employ less than five individuals. CD opportunities are limited given the rural nature of the AA.



Sioux Falls MSA AA

Table A – Demographic Information of the AA						
AA: Sioux Falls MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs)	53	0.0	32.1	45.3	22.6	0.0
Population by Geography	228,816	0.0	29.5	47.7	22.9	0.0
Housing Units by Geography	93,533	0.0	32.7	45.4	21.9	0.0
Owner-Occupied Units by Geography	58,782	0.0	21.5	51.8	26.7	0.0
Occupied Rental Units by Geography	29,395	0.0	53.2	33.8	13.0	0.0
Vacant Units by Geography	5,356	0.0	43.7	38.5	17.8	0.0
Businesses by Geography	28,117	0.0	37.0	34.9	28.2	0.0
Farms by Geography	1,288	0.0	11.2	59.8	29.0	0.0
Family Distribution by Income Level	57,695	18.8	17.9	24.4	38.9	0.0
Household Distribution by Income Level	88,177	21.9	18.1	18.8	41.2	0.0
Median Family Income MSA – 43620 Sioux Falls, SD MSA		\$72,948	Median Housing Value			\$160,629
			Median Gross Rent			\$725
			Families Below Poverty Level			7.2%
Source: 2015 ACS and 2021 D&B Data. Due to rounding, totals may not equal 100.0%. (* ) The NA category consists of geographies that have not been assigned an income classification.						

**Scope of Evaluation in South Dakota**

We completed a full-scope review of the Sioux Falls MSA AA and a limited-scope review of the South Dakota Non-MSA AA. Full-scope areas were selected with consideration to the bank's activity and operations, availability of CD opportunities, length of time since each AA was previously evaluated using a full-scope review, and other factors. Refer to the table in Appendix A for a list of all AAs under review.

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

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

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

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

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

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

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

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

The geographic distribution of home mortgage loans to families in the Sioux Falls MSA AA is reasonable. FNBSF originated 13.9 percent of its home mortgage loans to families located in a moderate-income CT. 2015 American Community Survey (ACS) data indicates 21.5 percent of AA owner-occupied housing units are located in a moderate-income CT. Aggregate Home Mortgage Disclosure Act (HMDA) data indicates 12.0 percent of home mortgage loans in the AA were originated to families located in a moderate-income CT.

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

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

The geographic distribution of small loans to businesses in the Sioux Falls MSA AA is reasonable. FNBSF originated 34.6 percent of its small loans to businesses to borrowers located in a moderate-income CT. 2021 Dun & Bradstreet (D&B) data indicates 37.0 percent of AA businesses are located in a moderate-income CT. Aggregate CRA data indicates 33.1 percent of small loans to businesses in the AA were originated to businesses located in a moderate-income CT.

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

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

The geographic distribution of small loans to farms in the Sioux Falls MSA AA is very poor. FNBSF originated 0.3 percent of its small loans to farms to borrowers located in a moderate-income CT. 2021 D&B data indicates 11.2 percent of AA farms are located in a moderate-income CT. Aggregate CRA data indicates 2.6 percent of small loans to farms in the AA were originated to businesses located in a moderate-income CT.

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

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

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

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

The distribution of home mortgage loans to low- and moderate-income families in the Sioux Falls MSA AA is poor. FNBSF originated 5.3 percent of its home mortgage loans to low-income families. 2015 ACS data indicates 18.8 percent of AA families are low-income. Aggregate HMDA data indicates 7.6 percent of home mortgage loans in the AA were originated to low-income families. FNBSF originated 11.8 percent of its home mortgage loans to moderate-income families. The 2015 ACS data indicates 17.9 percent of AA families are moderate-income. Aggregate HMDA data indicates 19.5 percent of home mortgage loans in the AA were originated to moderate-income families.

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

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

The distribution of small loans to businesses with revenues of \$1 million or less in the Sioux Falls MSA AA is reasonable. FNBSF originated 62.3 percent of its small business loans to businesses with revenues of \$1 million or less. 2021 D&B data indicates 87.1 percent of AA businesses have revenues of \$1 million or less. Aggregate CRA data indicates 39.1 percent of small loans to businesses in the AA were originated to businesses with revenues of \$1 million or less.

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

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

The distribution of small loans to farms with revenues of \$1 million or less in the Sioux Falls MSA AA is reasonable. FNBSF originated 86.0 percent of its small farm loans to farms with revenues of \$1 million or less. 2021 D&B data indicates 98.1 percent of AA farms have revenues of \$1 million or less. Aggregate CRA data indicates 62.8 percent of small loans to farms in the AA were originated to farms with revenues of \$1 million or less.

### **Responses to Complaints**

There were no complaints related to FNBSF's CRA performance within the State of South Dakota during the evaluation period.

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

Based on a limited-scope review, the bank's performance under the Lending Test in the South Dakota Non-MSA AA is consistent with the bank's overall performance under the Lending Test in the full scope areas. Borrower distribution is consistent with performance in the Sioux Falls MSA AA. A geographic distribution analysis was not conducted for the South Dakota Non-MSA AA because there are no low- or moderate-income CTs in the AA.

## COMMUNITY DEVELOPMENT TEST

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

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

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

### Number and Amount of Community Development Loans

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

CD Loans				
AA	Total			
	#	% of Total #	\$(000's)	% of Total \$
Sioux Falls MSA	145	75	\$163,090	96
South Dakota Non-MSA	18	9	\$3,519	2
Statewide/Regional	30	16	\$2,426	1
<i>Due to rounding, totals may not equal 100.0%.</i>				

Management originated 145 qualified CD loans totaling \$163 million in the Sioux Falls MSA AA during the evaluation period. This represents 96 percent of allocated tier 1 capital as of December 31, 2021. Capital was allocated based on the bank's portion of deposits in the Sioux Falls MSA AA. Fifty-seven of the CD loans support economic development within the AA. Four loans were originated to revitalize a moderate-income CT and three loans were originated to an organization that provides services to underserved or low- and moderate-income individuals. Eighty-one loans totaling \$31 million were originated as part of the Paycheck Protection Program (PPP) by providing economic development or stabilization to small businesses in low- or moderate-income CTs or receiving consideration by being originated on or after October 1, 2020.

#### Statewide/Regional

Management originated 30 loans totaling \$2.4 million to borrowers located outside the bank's AA. All loans were originated as part of the PPP by providing economic development or stabilization to small businesses in low- or moderate-income CTs or receiving consideration based on origination dates on or after October 1, 2020.

## Number and Amount of Qualified Investments

Qualified Investments										
AA	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Sioux Falls MSA	1	1,001	191	14,244	192	79	15,244	87	--	--
South Dakota Non-MSA	0	0	2	3	2	1	3	<1	--	--
Statewide/Regional	6	2,151	42	69	48	20	2,220	13	--	--
Due to rounding, totals may not equal 100.0%.										

\* 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.

The Qualified Investment Table, shown above, sets forth the information and data used to evaluate the bank's level of qualified CD investments. This table includes all CD investments, including prior period investments that remain outstanding as of the end of the evaluation period.

Qualifying CD investments that benefit the Sioux Falls MSA AA total \$15.2 million and represent 8.93 percent of allocated tier 1 capital as of December 31, 2021. Capital was allocated based on the bank's portion of deposits in the Sioux Falls MSA AA.

Management purchased \$13.0 million CD investments that benefit the Sioux Falls MSA AA. Three of the CD investments were municipal bond purchases that provided essential community facilities that primarily serve low- and moderate individuals. One CD investment was a mortgage-backed security that supports affordable housing for low- and moderate-income borrowers in the AA. Management also received credit for one municipal bond totaling \$1 million that was purchased in a prior period and is still outstanding. The bond helped revitalize a moderate-income CT in the AA by providing permanent job creation.

Management made 187 donations totaling \$1.3 million to 46 qualified community organizations in the Sioux Falls MSA AA. A majority of the donations, 166 donations totaling \$927 thousand, support community services for low- and moderate-income individuals. Nine of the donations totaling \$20 thousand support affordable housing. Eight of the donations totaling \$53 thousand support projects that revitalize/stabilize low- or moderate-income geographies or designated disaster areas. Four of the donations totaling \$267 thousand support economic development.

### Statewide/Regional

Management made 42 donations totaling \$69 thousand to qualified CD organizations that served the bank's AAs and broader statewide and regional area during the evaluation period. Additionally, management also received credit for two equity partnerships and four mortgage-backed securities totaling \$2.2 million that were purchased in prior periods and are still outstanding.

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

## **Extent to Which the Bank Provides Community Development Services**

Ninety-eight bank employees provided 3,754 service hours to 29 qualified CD organizations benefitting the Sioux Falls MSA AA during the evaluation period. The majority of service hours were provided to CD organizations that provided services to low- or moderate-income individuals.

Many bank employees provided service hours to a specific organization for several years in the evaluation period and multiple bank representatives assumed leadership roles within CD organizations. The following are examples of some of the CD services provided to the Sioux Falls MSA AA during the evaluation period:

- An Executive Vice President and Director of Corporate Affairs served on the board for an organization committed to protect, support, and enhance the lives of children, women, and families, many of which are victims of domestic violence, abuse and neglect, or traumatic life events. Additionally, a Mortgage Banker organized an annual blanket project for children living in the organization's housing.
- The Chairman served as a board member and member of the development fundraising committee for an organization that provides daytime and overnight emergency shelter for the homeless and vulnerable. Additionally, 13 employees volunteered service hours by preparing and serving food for lunch programs or compiling hygiene packs for guests.
- A Wealth Advisory Manager served as a board member and volunteered for an organization dedicated to providing new hope for male adolescents who have experienced conflict in their lives. Additionally, a Retail Banking Manager volunteered and fundraised for the organization.
- Three employees served in various board and committee membership capacities for an organization committed to upgrading and enhancing the vitality of the downtown Sioux Falls area.
- Eleven employees assisted with the audit of campaign contributions for a local social service organization with a mission to respond to community needs.

### Statewide/Regional

Thirty-eight employees provided 722 service hours to six qualified CD organizations benefitting the bank's AAs and broader statewide and regional area during the evaluation period. The majority of service hours were provided to CD organizations that provide services to low- or moderate-income individuals.

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

Based on a limited-scope review, the bank's performance under the CD Test in the South Dakota Non-MSA AA is weaker than the bank's overall performance under the CD Test in the full-scope area. CD investments are disproportionately lower than performance in the Sioux Falls MSA AA. Additionally, management did not provide service hours to the South Dakota Non-MSA AA. We concluded the bank's weaker performance in the South Dakota Non-MSA AA does not negatively impact the overall conclusions given limited availability of CD opportunities in the South Dakota Non-MSA AA and with credit given to the bank's statewide CD activity, which in some instances supports the South Dakota Non-MSA AA along with broader statewide and regional areas.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed:</b>	01/01/2019 to 12/31/2021	
<b>Bank Products Reviewed:</b>	Home mortgage, small business, small farm CD loans, qualified investments, CD services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Not applicable	Not applicable	Not applicable
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>State of South Dakota</b>		
Sioux Falls MSA	Full-scope	Counties of Minnehaha and Lincoln
South Dakota Non-MSA	Limited-scope	Moody County

## Appendix B: Summary of MMSA and State Ratings

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RATINGS: THE FIRST NATIONAL BANK IN SIOUX FALLS			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
The First National Bank in Sioux Falls	Satisfactory	Outstanding	Outstanding
State:			
State of South Dakota	Satisfactory	Outstanding	Outstanding

(\*) The Lending Test and CD Test carry equal weight in the overall rating.



## Appendix C: Definitions and Common Abbreviations

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

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

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

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

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

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

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

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

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with

the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

**Full-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A CT delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct business or have banking offices in a MSA to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All MMSAs, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/AA. Deposit data are compiled by the Federal Deposit Insurance Corporation and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

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

- Table O. AA Distribution of Home Mortgage Loans by Income Category of the Geography -** Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. AA Distribution of Home Mortgage Loans by Income Category of the Borrower -** Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/AA. The table also presents aggregate peer data for the years the data is available.
- Table Q. AA Distribution of Loans to Small Businesses by Income Category of the Geography -** The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s AA.
- Table R. AA Distribution of Loans to Small Businesses by Gross Annual Revenue -** Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.
- Table S. AA Distribution of Loans to Farms by Income Category of the Geography -** The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size)

throughout those geographies. The table also presents aggregate peer data for the years the data is available. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's AA.

- Table T. AA Distribution of Loans to Farms by Gross Annual Revenues** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.
- Table U. AA Distribution of Consumer Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.
- Table V. AA Distribution of Consumer Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/AA.

Table O: AA Distribution of Home Mortgage Loans by Income Category of the Geography																			2019-2021
AA:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Sioux Falls MSA	1,313	335,588	96.5	22,482	0.0	0.0	0.0	21.5	13.9	12.0	51.8	44.3	49.4	26.7	41.7	38.6	0.0	0.0	0.0
South Dakota Non-MSA	48	8,990	3.5	230	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	1,361	344,578	100.0	22,712	0.0	0.0	0.0	20.8	13.4	11.8	53.4	46.3	50.0	25.8	40.3	38.2	0.0	0.0	0.0
Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data, 2020 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.																			

Table P: AA Distribution of Home Mortgage Loans by Income Category of the Borrower																			2019-2021
	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
AA:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Sioux Falls MSA	1,313	335,588	96.5	22,482	18.8	5.3	7.6	17.9	11.8	19.5	24.4	16.6	22.7	38.9	44.9	34.8	0.0	21.3	15.3
South Dakota Non-MSA	48	8,990	3.5	230	21.9	2.1	2.2	15.8	8.3	10.9	24.4	14.6	17.8	37.9	54.2	53.5	0.0	20.8	15.7
Total	1,361	344,578	100.0	22,712	18.9	5.2	7.5	17.8	11.7	19.5	24.4	16.5	22.7	38.9	45.3	35.0	0.0	21.3	15.3
Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data, 2020 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.																			

Table Q: AA Distribution of Loans to Small Businesses by Income Category of the Geography																			2019-2021	
AA:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	
Sioux Falls MSA	2,981	413,961	96.4	7,308	0.0	0.0	0.0	37.0	34.6	33.1	34.9	39.6	34.6	28.2	25.8	31.4	0.0	0.0	0.8	
South Dakota Non-MSA	110	10,351	3.6	182	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0	98.0	0.0	0.0	0.0	0.0	0.0	2.0	
Total	3,091	424,312	100.0	7,490	0.0	0.0	0.0	36.2	33.4	32.6	36.2	41.8	35.7	27.6	24.9	30.9	0.0	0.0	0.8	
Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data. Due to rounding, totals may not equal 100.0%.																				

Table R: AA Distribution of Loans to Small Businesses by Gross Annual Revenues											2019-2021
AA:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Sioux Falls MSA	2,981	413,961	96.4	7,308	87.1	62.3	39.1	4.1	30.8	8.8	6.9
South Dakota Non-MSA	110	10,351	3.6	182	83.7	70.9	43.4	4.3	16.4	12.0	12.7
Total	3,091	424,312	100.0	7,490	87.0	62.6	39.1	4.1	30.3	8.8	7.1
Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data. Due to rounding, totals may not equal 100.0%.											

Table S: AA Distribution of Loans to Farms by Income Category of the Geography																			2019-2021
AA:	Total Loans to Farms				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate
Sioux Falls MSA	716	96,905	67.6	570	0.0	0.0	0.0	11.2	0.3	2.6	59.8	76.0	74.2	29.0	23.7	23.0	0.0	0.0	0.3
South Dakota Non-MSA	356	40,083	33.2	260	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	1,072	136,988	100.0	830	0.0	0.0	0.0	10.1	0.2	1.8	63.6	84.0	82.1	26.3	15.9	16.0	0.0	0.0	0.2
Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data. Due to rounding, totals may not equal 100.0%.																			

Table T: AA Distribution of Loans to Farms by Gross Annual Revenues											2019-2021
AA:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans
Sioux Falls MSA	716	96,905	66.8	570	98.1	86.0	62.8	1.2	10.5	0.7	3.5
South Dakota Non-MSA	356	40,083	33.2	260	97.8	86.2	52.6	0.7	11.2	1.5	2.5
Total	1,072	136,988	100.0	830	98.1	86.1	59.7	1.1	10.7	0.8	3.2
Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data. Due to rounding, totals may not equal 100.0%.											