

# **PUBLIC DISCLOSURE**

December 5, 2023

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

American Bank & Trust  
Certificate Number: 1117

6810 South Minnesota Avenue  
Sioux Falls, South Dakota 57108

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
Kansas City Regional Office

1100 Walnut Street, Suite 2100  
Kansas City, Missouri 64106

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, nor should it 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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## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and credit needs of its assessment areas.
- The institution originated a substantial majority of its home mortgage, small business, and small farm loans inside its assessment areas.
- The geographic distribution of home mortgage, small business, and small farm loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses and farms of different sizes.
- The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

**The Community Development Test is rated Satisfactory.**

- The institution's community development performance demonstrates adequate responsiveness to community development needs in its assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment areas.

## DESCRIPTION OF INSTITUTION

Leacko Bank Holding Company, Inc., a one-bank holding company located in Huron, South Dakota, wholly owns American Bank & Trust. American Bank & Trust received a Satisfactory rating at its previous FDIC Performance Evaluation dated January 19, 2021, based on Interagency Intermediate Small Institution Examination Procedures.

American Bank & Trust operates from its main office located in Sioux Falls, South Dakota, as well as from 17 full-service branches in South Dakota and Minnesota. Since the prior evaluation, the bank merged with Valley Exchange Bank, Lennox, South Dakota, on July 12, 2023, which added branches in Lennox and Tea, South Dakota. Additional information regarding office changes is presented at the assessment area level.

American Bank & Trust offers a variety of credit products, including commercial, agricultural, home mortgage, and consumer loans. In addition, the bank offers loan products through various government-sponsored programs and sells home mortgage loans to secondary market investors. Commercial and agricultural lending continues to be the institution's primary business focuses, followed by home mortgage lending. American Bank & Trust also offers a full line of traditional deposit products, including checking, savings, and certificates of deposit accounts. Alternative banking services include internet and mobile banking, bill payment, mobile check deposit, person-to-person transfers, electronic periodic statements, and twenty ATMs with six that are deposit taking.

As of September 30, 2023, American Bank & Trust reported total assets of \$1.6 billion; total loans of \$1.3 billion; and total deposits of \$1.5 billion. The following table illustrates the institution's loan portfolio; however, it does not include home mortgage loans originated by the bank and subsequently sold to secondary market investors.

<b>Loan Portfolio Distribution as of 9/30/2023</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	148,292	11.4
Secured by Farmland	115,577	8.9
Secured by 1-4 Family Residential Properties	97,849	7.5
Secured by Multifamily (5 or more) Residential Properties	67,546	5.2
Secured by Nonfarm Nonresidential Properties	308,746	23.7
<b>Total Real Estate Loans</b>	<b>738,010</b>	<b>56.6</b>
Commercial and Industrial Loans	234,126	18.0
Agricultural Production and Other Loans to Farmers	289,374	22.2
Consumer Loans	18,259	1.4
Obligations of State and Political Subdivisions in the U.S.	24,028	1.8
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>1,303,797</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet the credit needs of its assessment areas.

## **DESCRIPTION OF ASSESSMENT AREAS**

The CRA requires financial institutions to identify one or more assessment areas within which its CRA performance will be evaluated. American Bank & Trust operates in three assessment areas, two of which are in South Dakota (Nonmetropolitan South Dakota and Sioux Falls Metropolitan Statistical Area (MSA)), and one in Minnesota. The Minnesota assessment area is new since the previous evaluation. Refer to the rated areas and individual assessment areas for additional information.

## SCOPE OF EVALUATION

### General Information

This evaluation covers the period from the prior evaluation dated January 19, 2021, to the current evaluation dated December 5, 2023. Examiners used Interagency Intermediate Small Institution Examination Procedures to evaluate American Bank & Trust’s CRA performance, which includes the Lending and Community Development Tests. Refer to the Appendices for information on the procedures. This evaluation does not include any lending activity from affiliated entities.

Examiners used full-scope examination procedures to assess the bank’s performance in each assessment area. To assess the bank’s overall performance, examiners gave greater weight to the bank’s performance in South Dakota since this is where the majority of the bank’s lending, deposit, and branch activity occurs, which is depicted in the table below.

<b>Assessment Area Breakdown of Loans, Deposits, and Branches</b>						
<b>Assessment Area</b>	<b>Loans</b>		<b>Deposits</b>		<b>Branches</b>	
	<b>\$(000s)</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Nonmetropolitan SD	324,481	63.0	1,024,022	83.9	12	66.7
Sioux Falls MSA	171,877	33.4	191,567	15.7	5	27.8
<b>South Dakota Subtotal</b>	<b>496,358</b>	<b>96.4</b>	<b>1,215,589</b>	<b>99.6</b>	<b>17</b>	<b>94.4</b>
<b>Minnesota</b>	<b>18,492</b>	<b>3.6</b>	<b>4,603</b>	<b>0.4</b>	<b>1</b>	<b>5.6</b>
<b>Total</b>	<b>514,850</b>	<b>100.0</b>	<b>1,220,192</b>	<b>100.0</b>	<b>18</b>	<b>100.0</b>
<i>Source: 2021-2022 HMDA Reported, 2022 Small Business and Small Farm Loan Data; FDIC Summary of Deposits (6/30/2022); and Bank Data</i>						

### Activities Reviewed

American Bank & Trust’s primary lending focus is commercial lending, followed by agricultural and home mortgage lending. This conclusion considered the bank’s business strategy, volume of loans originated during the evaluation period, and data from Reports of Condition and Income. Bank records indicated that the lending focus and product mix remained consistent throughout the evaluation period. Therefore, this evaluation considered all home mortgage loans reported on the institution’s 2021 and 2022 Home Mortgage Disclosure Act (HMDA) Loan Application Registers. In addition, examiners analyzed small business and small farm loans originated, extended, renewed, or purchased, and subsequently paid off in 2022, as this data was readily available. These loans were considered representative of the bank’s lending during the entire evaluation period. The following table details the loan products reviewed.

<b>Loan Products Reviewed</b>					
<b>Loan Category</b>	<b>Universe</b>			<b>Reviewed</b>	
		<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Home Mortgage					
	2021	701	175,680	613	146,720
	2022	592	247,252	530	158,956
Small Business		719	115,283	141	26,727
Small Farm		818	109,133	86	13,026
<i>Source: 2021-2022 HMDA Reported Data and 2022 Small Business and Small Farm Bank Data</i>					

Examiners reviewed the entire universes of home mortgage, small business, and small farm loans to evaluate the Assessment Area Concentration criterion. To evaluate the Geographic Distribution criterion, examiners reviewed all loans originated within the assessment areas. To evaluate the Borrower Profile criterion, all home mortgage loans originated within the assessment areas were reviewed, and examiners reviewed a random sample of small business and small farm loans originated within the assessment areas. Small farm lending was not analyzed for the Geographic Distribution or Borrower Profile criteria in the Sioux Falls MSA Assessment Area because lending activity for this product was nominal.

HMDA aggregate lending, 2015 ACS, and 2020 Census data provided a standard of comparison for the home mortgage loans reviewed. Examiners placed more weight on the comparison to aggregate lending data since it is typically a better indicator of market conditions and loan demand. In addition, D&B data for 2022 provided a standard of comparison for the small business and small farm loans reviewed. While both number and dollar volume of loans are presented, examiners emphasized performance by number of loans because the number of loans is a better indicator of individuals, businesses, and farms served. Examiners did not identify any trends between the 2021 and 2022 HMDA data that materially affected conclusions; therefore, only 2022 HMDA data is presented for the Geographic Distribution and Borrower Profile criteria. For the Lending Test, each loan product received different weighting per assessment area. Details regarding product weighting are provided under the Scope of Evaluation for each rated area.

Community development lending, qualified investments, and community development services were considered from the prior evaluation dated January 19, 2021, through the current evaluation dated December 5, 2023. Furthermore, investments that were made before the prior evaluation, and that remain outstanding, are included at the current book values as prior period investments.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

American Bank & Trust demonstrated satisfactory performance under the Lending Test, which is consistent with the conclusions for both South Dakota and Minnesota.

### Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the institution’s size, financial condition, and credit needs of the assessment areas. As shown in the table below, American Bank & Trust’s net loan-to-deposit ratio averaged 81.3 percent over the past 11 calendar quarters. The bank’s ratio ranged from a low of 72.7 percent to a high of 90.2 percent. While slightly lower than the average loan-to-deposit ratio at the prior evaluation (88.6 percent), the bank’s average net loan-to-deposit ratio is similar to that of the comparable institutions over the past 11 calendar quarters. Furthermore, it has generally trended upward since the prior evaluation. Examiners selected the comparable institutions based on their asset size, branching structure, geographic location, and lending focus.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 9/30/2023 (\$000s)</b>	<b>Average Net Loan-to-Deposit Ratio (%)</b>
American State Bank, Sioux Center, Iowa	1,305,081	101.0
Reliabank Dakota, Estelline, South Dakota	798,267	64.1
<b>American Bank &amp; Trust, Sioux Falls, South Dakota</b>	<b>1,647,634</b>	<b>81.3</b>
Plains Commerce Bank, Sioux Falls, South Dakota	1,145,987	92.8
<i>Source: Reports of Condition and Income 3/31/2021 – 9/30/2023 Banks listed alphabetically by state then city.</i>		

### Assessment Area Concentration

As detailed in the table below, American Bank & Trust originated a substantial majority of its home mortgage, small business, and small farm loans inside its assessment areas.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>					<b>Dollar Amount of Loans \$(000s)</b>				
	<b>Inside</b>		<b>Outside</b>		<b>Total</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>\$(000s)</b>
Home Mortgage										
2021	613	87.4	88	12.6	701	146,720	83.5	28,959	16.5	175,680
2022	530	89.5	62	10.5	592	158,956	64.3	88,296	35.7	247,252
<b>Subtotal</b>	<b>1,143</b>	<b>88.4</b>	<b>150</b>	<b>11.6</b>	<b>1,293</b>	<b>305,676</b>	<b>72.3</b>	<b>117,255</b>	<b>27.7</b>	<b>422,932</b>
Small Business	630	87.6	89	12.4	719	101,302	87.9	13,981	12.1	115,283
Small Farm	739	90.3	79	9.7	818	100,795	92.4	8,338	7.6	109,133
<i>Source: 2021-2022 HMDA Reported Data and 2022 Small Business and Small Farm Loan Data</i>										

### Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. This conclusion is mainly based on the bank’s performance in South Dakota, which received the greatest weight. Overall, the bank’s geographic distribution performance reflects reasonable and excellent dispersion for South Dakota and Minnesota, respectively. Examiners focused on the percentage of loans in low- and moderate-income census tracts, as applicable. Detailed discussion

of the bank's performance under this criterion is included in the applicable State and assessment area sections of this evaluation.

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses and farms of different sizes, which is consistent with the bank's performance in both South Dakota and Minnesota. Examiners focused on the percentage of home mortgage loans to low- and moderate-income borrowers and the percentage of small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less, respectively. Detailed discussion of the bank's performance under this criterion is included in the applicable State and assessment area sections of this evaluation.

### **Response to Complaints**

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

## **COMMUNITY DEVELOPMENT TEST**

American Bank & Trust's performance under the Community Development Test is Satisfactory, which is consistent with the bank's performance in both South Dakota and Minnesota. The institution demonstrated adequate responsiveness to the community development needs of its assessment areas through community development loans, qualified investments, and community development services. Examiners considered the bank's capacity and the need and availability of such opportunities. Since the bank was responsive to the community development needs of its assessment areas, community development activities benefitting the broader statewide or regional areas were also considered in the analysis; however, these activities received less weight.

### **Community Development Loans**

American Bank & Trust originated 1,982 community development loans totaling approximately \$103.0 million during the evaluation period, which represents 6.3 percent of total assets and 8.0 percent of net loans as of September 30, 2023. Examiners compared the bank's level of community development lending to four comparable institutions. The comparable institutions' community development loans ranged from 1.3 percent to 6.9 percent of total assets and 1.6 percent to 11.3 of net loans. Further, at the previous examination, the bank originated 899 community development loans totaling \$72.9 million, which represented 6.8 percent of total assets and 9.2 percent of net loans.

The community development loans include 1,924 loans totaling approximately \$52.6 million originated under the Small Business Administration (SBA) Paycheck Protection Program (PPP), which was established in 2020 to provide relief to small businesses during the COVID-19 pandemic. When examiners exclude the SBA PPP loans from the analysis, the bank's performance represents 3.1 percent of total assets and 3.9 percent of net loans. When compared to the four comparable institutions, and excluding the SBA PPP loans, community development loans ranged from 1.3 percent to 4.0 percent of total assets and 1.6 percent to 6.8 percent of net loans.



Overall, the bank’s level of community development loans is comparable to these institutions. The following tables illustrate the bank's community development lending activity by assessment area and by year.

<b>Community Development Lending by Rated Area</b>										
<b>Rated Area</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
South Dakota	21	17,778	2	404	1,914	77,652	1	2,500	<b>1,938</b>	<b>98,334</b>
Minnesota	0	0	0	0	25	2,976	0	0	<b>25</b>	<b>2,976</b>
Regional Activities	0	0	0	0	19	1,682	0	0	<b>19</b>	<b>1,682</b>
<b>Total</b>	<b>21</b>	<b>17,778</b>	<b>2</b>	<b>404</b>	<b>1,958</b>	<b>82,310</b>	<b>1</b>	<b>2,500</b>	<b>1,982</b>	<b>102,992</b>

*Source: Bank Data*

<b>Community Development Lending by Year</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2021	6	1,565	0	0	1,930	57,636	0	0	<b>1,936</b>	<b>59,201</b>
2022	11	8,970	1	171	17	12,934	1	2,500	<b>30</b>	<b>24,576</b>
YTD 2023	4	7,243	1	233	11	11,740	0	0	<b>16</b>	<b>19,215</b>
<b>Total</b>	<b>21</b>	<b>17,778</b>	<b>2</b>	<b>404</b>	<b>1,958</b>	<b>82,310</b>	<b>1</b>	<b>2,500</b>	<b>1,982</b>	<b>102,992</b>

*Source: Bank Data*

The following point summarizes a notable example of the bank’s community development loans.

- As mentioned previously, the bank originated 1,924 PPP loans totaling \$52.6 million; of which, 19 loans totaling approximately \$1.7 million were originated in the broader, regional area. The PPP loans, established by the Coronavirus Aid, Relief, and Economic Security Act, and implemented through the SBA, helped small businesses, and farms maintain their payroll and cover applicable overhead expenses during the COVID-19 pandemic. The bank’s PPP loans financed businesses and farms, and resulted in permanent job creation, retention, and/or improvement for low- and moderate-income individuals.

**Qualified Investments**

American Bank & Trust made 108 qualified investments totaling approximately \$5.4 million during the evaluation period, which represents 0.3 percent of total assets and 2.6 percent of total securities. At the previous evaluation, the bank had 56 qualified investments totaled \$4.8 million, which represented 0.4 percent of total assets and 2.9 percent of total securities. Comparable institutions maintained qualified investment ratios ranging from 0.3 percent to 2.6 percent of total assets and 0.9 percent to 12.9 percent of total securities. The bank’s level of qualified investments is comparable to these institutions. The following tables illustrate the bank’s qualified investment activity by assessment area and by year.

Qualified Investments by Rated Area										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
South Dakota	3	428	22	371	11	100	67	4,470	103	5,369
Minnesota	0	0	1	1	0	0	4	6	5	7
<b>Total</b>	<b>3</b>	<b>428</b>	<b>23</b>	<b>372</b>	<b>11</b>	<b>100</b>	<b>71</b>	<b>4,476</b>	<b>108</b>	<b>5,376</b>

Source: Bank Data

Qualified Investments by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	7	2,730	7	2,730
2021	0	0	0	0	0	0	4	1,115	4	1,115
2022	1	426	0	0	0	0	2	512	3	938
YTD 2023	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>1</b>	<b>426</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>4,357</b>	<b>14</b>	<b>4,783</b>
Qualified Grants & Donations	2	2	23	372	11	100	58	119	94	593
<b>Total</b>	<b>3</b>	<b>428</b>	<b>23</b>	<b>372</b>	<b>11</b>	<b>100</b>	<b>71</b>	<b>4,476</b>	<b>108</b>	<b>5,376</b>

Source: Bank Data

### Community Development Services

During the evaluation period, bank employees provided 104 instances of financial expertise or technical assistance to 35 community development-related organizations. This represents similar performance to the prior evaluation, at which time the bank provided 103 community development services. While not a direct comparison, comparable institutions provided between 25 and 118 instances of community development services. The following tables illustrate the bank's community development service activity by rated area and by year.

Community Development Services by Rated Area					
Rated Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
South Dakota	16	26	36	26	104
Minnesota	0	0	0	0	0
<b>Total</b>	<b>16</b>	<b>26</b>	<b>36</b>	<b>26</b>	<b>104</b>

Source: Bank Data

<b>Community Development Services by Year</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2021	5	6	13	8	<b>32</b>
2022	5	8	11	8	<b>32</b>
YTD 2023	6	12	12	10	<b>40</b>
<b>Total</b>	<b>16</b>	<b>26</b>	<b>36</b>	<b>26</b>	<b>104</b>
<i>Source: Bank Data</i>					

In addition to community development services, the institution offers alternative banking services that are readily accessible throughout the assessment areas, including to low- and moderate-income individuals. These services include internet and mobile banking, bill payment, mobile check deposit, person-to-person transfers, and electronic periodic statements. Lastly, five of the bank’s branches and eight of its ATMs (three deposit-taking) are located in low- or moderate-income census tracts based on 2020 Census data; further, seven branches and six ATMs (one deposit-taking) are currently located in distressed and/or underserved census tracts.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

The bank’s compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

## **SOUTH DAKOTA**

### **CRA RATING FOR SOUTH DAKOTA: SATISFACTORY**

**The Lending Test is rated: Satisfactory**

**The Community Development Test is rated: Satisfactory**

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN SOUTH DAKOTA**

American Bank & Trust maintains two assessment areas in South Dakota, including the Nonmetropolitan South Dakota Assessment Area and the Sioux Falls MSA Assessment Area. The bank operates 17 full-service offices in South Dakota. Details regarding the individual assessment areas are provided in subsequent sections.

### **SCOPE OF EVALUATION – SOUTH DAKOTA**

The Nonmetropolitan South Dakota Assessment Area received the most weight when arriving at the South Dakota State rating; whereas, the Sioux Falls MSA Assessment Area received less weight. Examiners placed greater weight on the Nonmetropolitan South Dakota Assessment Area since this is where the majority of the bank's lending, deposit, and branch activity occurs. As mentioned earlier, each loan product received different weighting per assessment area for the Lending Test. For the Nonmetropolitan South Dakota Assessment Area, small farm and small business lending received greater weight than home mortgage lending when drawing overall conclusions. For the Sioux Falls MSA Assessment Area, home mortgage lending received greater weight than small business lending. Refer to the overall Scope of Evaluation section for additional information.

### **CONCLUSIONS ON PERFORMANCE CRITERIA IN SOUTH DAKOTA**

#### **LENDING TEST**

American Bank & Trust demonstrated satisfactory performance under the Lending Test in South Dakota, which is supported by the bank's performance in all of the assessment areas.

#### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas, which is consistent with the bank's performance in all of the South Dakota assessment areas.

#### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses and farms of different sizes, which is consistent with the bank's performance in all of the South Dakota assessment areas.

## COMMUNITY DEVELOPMENT TEST

American Bank & Trust’s community development performance demonstrated adequate responsiveness to the community development needs in South Dakota through community development loans, qualified investments, and community development services. This performance is consistent with the bank’s performance in all of the South Dakota assessment areas.

### Community Development Loans

American Bank & Trust originated 1,938 community development loans totaling \$98.3 million in South Dakota during the evaluation period. Of these loans, 1,881 totaling \$49.6 million were SBA PPP loans, which promoted economic development in South Dakota. Therefore, excluding SBA PPP loans, the bank originated 57 community development loans totaling approximately \$48.7 million. The following tables illustrate the bank's community development lending activity by assessment area.

Community Development Lending by South Dakota Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Nonmetropolitan South Dakota	15	14,137	0	0	1,666	46,242	1	2,500	1,682	62,879
Sioux Falls MSA	6	3,642	2	404	154	25,270	0	0	162	29,315
Statewide Activities	0	0	0	0	94	6,140	0	0	94	6,140
<b>Total</b>	<b>21</b>	<b>17,778</b>	<b>2</b>	<b>404</b>	<b>1,914</b>	<b>77,652</b>	<b>1</b>	<b>2,500</b>	<b>1,938</b>	<b>98,334</b>

*Source: Bank Data*

### Qualified Investments

American Bank & Trust made 103 qualified investments totaling approximately \$5.4 million in South Dakota during the evaluation period. The following tables illustrate the bank’s qualified investment activity by assessment area.

Qualified Investments by South Dakota Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Nonmetropolitan South Dakota	0	0	7	308	1	50	67	4,470	75	4,828
Sioux Falls MSA	2	2	13	57	10	50	0	0	25	109
Statewide Activities	1	426	2	6	0	0	0	0	3	432
<b>Total</b>	<b>3</b>	<b>428</b>	<b>22</b>	<b>371</b>	<b>11</b>	<b>100</b>	<b>67</b>	<b>4,470</b>	<b>103</b>	<b>5,369</b>

*Source: Bank Data*

**Community Development Services**

During the evaluation period, employees provided 104 instances of financial expertise or technical assistance to 35 community development-related organizations in South Dakota. Further, four of the bank’s South Dakota branches and five of its ATMs (two deposit-taking) are located in low- or moderate-income census tracts based on 2020 Census data. Additionally, seven branches and six ATMs (one deposit-taking) are currently located in distressed and/or underserved census tracts. The following tables illustrate the bank’s community development service activity by rated area.

<b>Community Development Services by South Dakota Assessment Area</b>					
<b>Assessment Area</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
Nonmetropolitan South Dakota	10	10	13	26	<b>59</b>
Sioux Falls MSA	0	16	6	0	<b>22</b>
Statewide Activities	6	0	17	0	<b>23</b>
<b>Total</b>	<b>16</b>	<b>26</b>	<b>36</b>	<b>26</b>	<b>104</b>
<i>Source: Bank Data</i>					

**NONMETROPOLITAN SOUTH DAKOTA ASSESSMENT AREA – Full-Scope Review**

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN NONMETROPOLITAN SOUTH DAKOTA ASSESSMENT AREA**

The Nonmetropolitan South Dakota Assessment Area includes all of Aurora, Beadle, Brown, Buffalo, Clark, Codington, Davison, Day, Deuel, Douglas, Edmunds, Faulk, Grant, Hamlin, Hand, Hughes, Hyde, Jerauld, Kingsbury, McPherson, Miner, Sanborn, Spink, Stanley, and Sully counties in South Dakota. The bank had the following office changes during the review period: the Aberdeen branch opened on March 1, 2022 and was relocated to its current location on June 13, 2022; the Alpena branch closed on September 2, 2022; the former main office in Wessington Springs was maintained as a branch office; and a new Watertown branch was opened on July 19, 2023 with the former Watertown branch closing on August 11, 2023. Due to these changes, the assessment area boundaries changed during the review period to include Edmunds, Faulk, McPherson, and Sully counties. Lastly, the bank operates its Aberdeen, Carthage, De Smet, Huron, Iroquois, Mellette, Miller, Pierre, Stickney, Watertown, Wessington Springs, and Wolsey branches in this assessment area.

**Economic and Demographic Data**

Per 2022 D&B data, service industries represent the largest segment of area businesses at 27.5 percent, followed by non-classifiable establishments at 22.2 percent, and agriculture, forestry, and fishing industries at 13.3 percent. In addition, 62.2 percent of area businesses have four or fewer employees and 90.7 percent operate from a single location. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Nonmetropolitan South Dakota Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	61	0.0	13.1	73.8	13.1	0.0
Population by Geography	193,521	0.0	10.4	69.7	19.9	0.0
Housing Units by Geography	94,756	0.0	11.4	69.9	18.7	0.0
Owner-Occupied Units by Geography	56,968	0.0	7.4	70.8	21.7	0.0
Occupied Rental Units by Geography	24,566	0.0	18.6	65.9	15.5	0.0
Vacant Units by Geography	13,222	0.0	14.7	73.3	11.9	0.0
Businesses by Geography	25,472	0.0	15.1	66.3	18.5	0.0
Farms by Geography	3,912	0.0	4.3	79.3	16.4	0.0
Family Distribution by Income Level	50,857	17.9	17.6	22.9	41.6	0.0
Household Distribution by Income Level	81,534	21.2	16.4	18.4	43.9	0.0
Median Family Income Nonmetropolitan - SD	\$73,083	Median Housing Value				\$144,964
		Median Gross Rent				\$675
		Families Below Poverty Level				7.3%
<i>Source: 2020 U.S. Census and 2022 D&amp;B Data; Due to rounding, totals may not equal 100.0%</i> (*) The NA category consists of geographies that have not been assigned an income classification.						

Examiners used information from the FFIEC to analyze home mortgage loans under the Borrower Profile analysis. The following table illustrates the 2022 median family income ranges for nonmetropolitan South Dakota.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$81,200)	<\$40,600	\$40,600 to <\$64,960	\$64,960 to <\$97,440	≥\$97,440
<i>Source: FFIEC</i>				

### **Competition**

The Nonmetropolitan South Dakota Assessment Area has a moderate level of competition for financial services. Per 2022 FDIC Deposit Market Share data, 35 financial institutions operate 130 offices within the assessment area. Of these institutions, American Bank & Trust ranked second with 10.5 percent of the deposit market share. Further, there is a high level of demand and competition for home mortgage loans as 164 lenders reported 4,215 home mortgage loans in the assessment area in 2022, with American Bank & Trust ranking second with 7.2 percent of the market share by number.

Due to the asset size of the institution, American Bank & Trust is not required to report its small business and farm loan data, so the analysis of small business and farm loans does not include comparisons against aggregate data. However, the aggregate data is included in some instances to demonstrate the level of demand for these loans. The 2021 aggregate data, which is the most recent

year available, revealed that 79 lenders reported 5,826 small business loans, and 30 lenders reported 4,943 small farm loans.

### **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit needs of the area. This information helps determine what credit opportunities are available and whether local financial institutions are responsive to credit needs. For this evaluation, examiners reviewed an existing interview with a representative who promotes economic development throughout the area.

The contact stated the area economy is strong and incredibly diverse; as such, the area is largely unaffected by major hits to the economy than more urban areas. This diversity helped the area to weather the COVID-19 pandemic better than many other areas. The contact noted many residents began shopping local even more during the pandemic, which allowed for a resurgence of the main street in many communities. In addition, many private investors have helped the local economy by bringing in new restaurants and businesses.

The contact noted larger towns in the area, such as Aberdeen, are struggling with housing similar to other cities in South Dakota. The contact believes there is a significant shortage in single-family residences. Specifically, there are less new construction homes being built, as the costs are too high for many first-time buyers when you factor in the price of the home and the rising interest rates. The contact noted there is a significant amount of opportunities for institutions to be more involved in community lending, and that many local institutions are not fully serving the needs of the community. The contact further added that no negative things have been said about any of the local financial institutions; however, indicated there is more need in the community related to economic development than is currently being met by the local institutions.

### **Credit and Community Development Needs and Opportunities**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that agricultural and commercial lending represent the primary credit needs in the assessment area. The assessment area's community development needs primarily relate to affordable housing, economic development, and revitalization or stabilization; however, there is a significant level of competition for the available opportunities.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN NONMETROPOLITAN SOUTH DAKOTA ASSESSMENT AREA**

### **LENDING TEST**

American Bank & Trust demonstrated reasonable performance under the Lending Test in the Nonmetropolitan South Dakota Assessment Area, which is supported by the Geographic Distribution and Borrower Profile performance.



### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's reasonable small farm and small business lending performance supports this conclusion. While the bank's home mortgage lending was deemed excellent, it did not raise the overall conclusions in this area.

### ***Small Farm Loans***

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area when compared to D&B data. As illustrated in the table below, the institution's lending in moderate-income census tracts is slightly below, but within a reasonable range of D&B data.

<b>Geographic Distribution of Small Farm Loans</b>					
<b>Tract Income Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	0.0	0	0.0	0	0.0
Moderate	4.3	7	1.0	1,281	1.4
Middle	79.3	618	89.0	82,890	88.7
Upper	16.4	69	9.9	9,301	10.0
Not Available	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>694</b>	<b>100.0</b>	<b>93,472</b>	<b>100.0</b>

*Source: 2022 D&B Data; 2022 Small Farm Loan Data; Due to rounding, totals may not equal 100.0%*

### ***Small Business Loans***

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area when compared to D&B data. As illustrated in the table below, the institution's lending in moderate-income census tracts is below D&B data. However, the institution has only 4 of its 12 branches in this assessment area located in moderate-income census tracts, and of the 61 total census tracts in the assessment area only 8 are moderate-income. Given this information, the performance is reasonable.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	0.0	0	0.0	0	0.0
Moderate	15.1	30	7.1	7,598	12.4
Middle	66.3	298	70.3	37,973	62.1
Upper	18.5	96	22.6	15,566	25.5
Not Available	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>424</b>	<b>100.0</b>	<b>61,137</b>	<b>100.0</b>

*Source: 2022 D&B Data; 2022 Small Business Loan Data; Due to rounding, totals may not equal 100.0%*

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

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area when compared to aggregate data. As illustrated in the table below, the institution’s lending in moderate-income census tracts exceeds aggregate data.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	0.0	0.0	0	0.0	0	0.0
Moderate	7.5	8.4	41	13.6	8,384	9.6
Middle	70.8	68.3	195	64.6	52,399	59.9
Upper	21.7	23.3	66	21.9	26,665	30.5
Not Available	0.0	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>302</b>	<b>100.0</b>	<b>87,449</b>	<b>100.0</b>

*Source: 2020 U.S. Census; 2022 HMDA Reported Data; 2022 HMDA Aggregate Data; Due to rounding, totals may not equal 100.0%*

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among businesses and farms of different sizes and individuals of different income levels, which is consistent with the bank’s small farm, small business, and home mortgage lending performance.

### ***Small Farm Loans***

The distribution of small farm loans reflects reasonable penetration among farms of different sizes. As illustrated in the table below, the institution’s lending to farms with gross annual revenues of \$1 million or less lags D&B data. However, 2017 Ag Census data revealed that 46.3 percent of producers in the assessment area do not list farming as their primary occupation and 49.0 percent of farm operations did not report interest expense, indicating a lower opportunity for the institution to lend to smaller operations.

<b>Distribution of Small Farm Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	97.7	53	84.1	7,255	79.3
>\$1,000,000	1.7	10	15.9	1,896	20.7
Revenue Not Available	0.6	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>63</b>	<b>100.0</b>	<b>9,151</b>	<b>100.0</b>

*Source: 2022 D&B Data; 2022 Small Farm Loan Data*

### ***Small Business Loans***

The distribution of small business loans reflects reasonable penetration among businesses of different sizes. As illustrated in the table below, the institution’s lending to businesses with gross annual revenues of \$1 million or less slightly exceeds D&B data.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	84.2	52	86.7	6,260	67.0
>\$1,000,000	3.7	8	13.3	3,090	33.0
Revenue Not Available	12.1	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>60</b>	<b>100.0</b>	<b>9,350</b>	<b>100.0</b>

*Source: 2022 D&B Data; 2022 Small Business Loan Data*

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

The distribution of home mortgage loans reflects reasonable penetration among individuals of different income levels when compared to aggregate data. As illustrated in the table below, the institution's lending to low- and moderate-income borrowers is slightly below, but within a reasonable range of aggregate data.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	17.9	7.7	12	4.0	1,227	1.4
Moderate	17.6	21.6	57	18.9	8,074	9.2
Middle	22.9	21.9	50	16.6	9,832	11.2
Upper	41.6	28.8	78	25.8	22,547	25.8
Not Available	0.0	19.9	105	34.8	45,769	52.3
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>302</b>	<b>100.0</b>	<b>87,449</b>	<b>100.0</b>

*Source: 2020 U.S. Census; 2022 HMDA Reported Data; 2022 HMDA Aggregate Data; Due to rounding, totals may not equal 100.0%*

## **COMMUNITY DEVELOPMENT TEST**

American Bank & Trust's community development performance demonstrated adequate responsiveness to community development needs in its Nonmetropolitan South Dakota Assessment Area through community development loans, qualified investments, and community development services.

### **Community Development Loans**

American Bank & Trust originated 1,682 community development loans totaling approximately \$62.9 million in the assessment area during the evaluation period. Of these loans, 1,647 totaling approximately \$32.9 million were SBA PPP loans, which promoted economic development in the assessment area. Therefore, excluding SBA PPP loans, the bank originated 35 community development loans totaling \$30.0 million. Of those loans, 15 loans totaling \$14.1 million promoted affordable housing, 19 loans totaling approximately \$13.4 million promoted economic development; and one loan totaling \$2.5 million revitalized and stabilized a moderate-income geography.

### **Qualified Investments**

American Bank & Trust made 75 qualified investments totaling \$4.8 million in the assessment area during the evaluation period, including 7 prior period investments totaling \$2.7 million, 6 newly purchased investments totaling \$1.6 million, and 62 donations totaling \$471,000. This activity included 7 investments totaling \$308,000 to organizations that provide community services to low- and moderate-income individuals; one investment totaling \$50,000 that promoted economic development; and 67 investments totaling approximately \$4.5 million that provided revitalization or stabilization of the assessment area.

### **Community Development Services**

During the evaluation period, employees provided 59 instances of financial expertise or technical assistance to 21 community development-related organizations in the assessment area. Of these services, 10 were to organizations that provide affordable housing; 10 were to organizations that provide community services to low- and moderate-income individuals; 13 were to organizations that promote economic development; and 26 were to organizations that provided revitalization or stabilization of the assessment area. Lastly, three of the bank's branches in this assessment area and four of its ATMs (one deposit-taking) are located in low- or moderate-income census tracts based on 2020 Census data; further, seven branches and six ATMs (one deposit-taking) are currently located in distressed and/or underserved census tracts.

## **SIoux FALLS MSA ASSESSMENT AREA – Full-Scope Review**

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN SIOUX FALLS MSA ASSESSMENT AREA**

This assessment area includes all of Lincoln, McCook, Minnehaha, and Turner counties in South Dakota, which comprises the Sioux Falls MSA. The assessment area boundaries are unchanged from the prior evaluation. Since the prior evaluation, the bank's main office relocated to the former Grand Prairie branch in Sioux Falls. Lastly, the bank operates its Lennox, Tea, and three Sioux Falls offices in the MSA.

### **Economic and Demographic Data**

Per 2022 D&B data, service industries represent the largest segment of area businesses at 29.5 percent, followed by non-classifiable establishments at 28.7 percent, and finance, insurance, and real estate industries at 12.9 percent. In addition, 58.5 percent of area businesses have four or fewer employees and 93.0 percent operate from a single location. The following table illustrates select demographic characteristics of the MSA.

Demographic Information of the Sioux Falls MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	64	3.1	25.0	51.6	18.8	1.6
Population by Geography	276,730	1.7	22.8	54.2	20.7	0.5
Housing Units by Geography	111,182	2.8	25.8	52.8	17.6	1.0
Owner-Occupied Units by Geography	69,174	1.0	19.1	56.9	23.0	0.0
Occupied Rental Units by Geography	35,356	6.1	35.5	46.0	9.2	3.1
Vacant Units by Geography	6,652	4.0	44.5	46.1	5.4	0.0
Businesses by Geography	36,684	9.4	24.1	43.0	20.8	2.6
Farms by Geography	1,831	2.2	13.8	65.9	17.8	0.3
Family Distribution by Income Level	66,662	18.6	18.1	25.0	38.3	0.0
Household Distribution by Income Level	104,530	22.5	16.9	19.6	41.0	0.0
Median Family Income MSA - 43620 Sioux Falls, SD MSA		\$84,874	Median Housing Value			\$203,781
			Median Gross Rent			\$826
			Families Below Poverty Level			5.3%

Source: 2020 U.S. Census and 2022 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.

The table below illustrates the 2022 FFIEC-estimated median family income levels for the Sioux Falls, South Dakota, MSA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$90,700)	<\$45,350	\$45,350 to <\$72,560	\$72,560 to <\$108,840	≥\$108,840

Source: FFIEC

### **Competition**

The Sioux Falls MSA Assessment Area is moderately competitive for financial services. Per 2022 FDIC Deposit Market Share data, 40 financial institutions operate 135 offices within the assessment area. Of these institutions, American Bank & Trust ranked 15th with 0.03 percent of the deposit market share. Further, there is a high level of demand and competition for home mortgage loans as 220 lenders reported 11,305 home mortgage loans in the assessment area in 2022, with American Bank & Trust ranking 18th with 1.7 percent of the market share by number. Finally, there is a high level of demand and competition for small business loans in the assessment area, as evidenced by the 2021 aggregate data, which revealed that 97 lenders reported 8,514 small business loans.

### **Credit and Community Development Needs and Opportunities**

Considering information from bank management and demographic and economic data, examiners determined that home mortgage and commercial lending represent the primary credit needs in the assessment area. The assessment area's community development needs primarily relate to

community services and economic development; however, there is a significant level of competition for the available opportunities.

## CONCLUSIONS ON PERFORMANCE CRITERIA IN SIOUX FALLS MSA ASSESSMENT AREA

### LENDING TEST

American Bank & Trust demonstrated reasonable performance under the Lending Test in the Sioux Falls MSA Assessment Area, which is supported by the Geographic Distribution and Borrower Profile performance.

#### Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion through the assessment area. The bank’s reasonable home mortgage lending performance supports this conclusion. While the small business lending performance was excellent, home mortgage lending carried more weight in forming overall conclusions.

#### *Home Mortgage Loans*

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area when compared to aggregate data. As illustrated in the table below, there is minimal opportunity to lend in the low-income census tracts of the assessment area. The institution’s lending in moderate-income census tracts is slightly below, but within a reasonable range of aggregate data.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	1.0	1.0	0	0.0	0	0.0
Moderate	19.1	16.7	30	15.8	7,876	12.0
Middle	56.9	59.0	108	56.8	36,411	55.7
Upper	23.0	23.4	52	27.4	21,101	32.3
Not Available	0.0	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>190</b>	<b>100.0</b>	<b>65,388</b>	<b>100.0</b>

Source: 2020 U.S. Census; 2022 HMDA Reported Data; 2022 HMDA Aggregate Data; Due to rounding, totals may not equal 100.0%

#### *Small Business Loans*

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area when compared to D&B data. As illustrated in the table below, the institution’s lending in low-income census tracts is below, but within a reasonable range of D&B data. Furthermore, the institution’s lending in moderate-income census exceeds D&B data. Overall, the performance is excellent.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	9.4	6	3.4	1,972	5.8
Moderate	24.1	69	39.2	6,888	20.1
Middle	43.0	58	33.0	13,426	39.2
Upper	20.8	41	23.3	10,507	30.7
Not Available	2.6	2	1.1	1,452	4.2
<b>Totals</b>	<b>100.0</b>	<b>176</b>	<b>100.0</b>	<b>34,245</b>	<b>100.0</b>

*Source: 2022 D&B Data; 2022 Small Business Loan Data; Due to rounding, totals may not equal 100.0%*

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes, which is consistent with the bank’s home mortgage and small business lending performance.

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

The distribution of home mortgage loans reflects reasonable penetration among individuals of different income levels when compared to aggregate data. As illustrated in the table below, the institution’s lending to low- and moderate-income borrowers is slightly below, but within a reasonable range of aggregate data.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	18.6	7.3	9	4.7	1,242	1.9
Moderate	18.1	20.1	34	17.9	7,315	11.2
Middle	25.0	23.1	37	19.5	10,172	15.6
Upper	38.3	34.5	78	41.1	31,789	48.6
Not Available	0.0	15.0	32	16.8	14,871	22.7
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>190</b>	<b>100.0</b>	<b>65,388</b>	<b>100.0</b>

*Source: 2020 U.S. Census; 2022 HMDA Reported Data; 2022 HMDA Aggregate Data*

### ***Small Business Loans***

The distribution of small business loans reflects reasonable penetration among businesses of different sizes. Although the bank’s performance lags the demographic data, there is significant competition for small business lending. Comparable institutions in the assessment area noted similar performance to the bank. Specifically, two comparable institutions were reviewed whose performance was assessed as reasonable. The two comparable institutions had 70.0 percent and 37.5 percent of small business loans originated to businesses with gross annual revenues of \$1 million or less. Finally, examiners compared the number of borrowers in each gross annual revenue level to the percentage of businesses in the assessment area. This analysis revealed that 23

borrowers or 62.2 percent of borrowers with gross annual revenues of \$1 million or less were given credit by the institution, which is slightly more comparable to D&B data.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	89.3	27	52.9	5,074	44.3
>\$1,000,000	3.2	24	47.1	6,383	55.7
Revenue Not Available	7.5	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>51</b>	<b>100.0</b>	<b>11,457</b>	<b>100.0</b>

*Source: 2022 D&B Data; 2022 Small Business Loan Data*

## **COMMUNITY DEVELOPMENT TEST**

American Bank & Trust’s community development performance demonstrated adequate responsiveness to community development needs in the Sioux Falls MSA Assessment Area through community development loans, qualified investments, and community development services.

### **Community Development Loans**

American Bank & Trust originated 162 community development loans totaling \$29.3 million in the assessment area during the evaluation period. Of these loans, 142 totaling \$13.0 million were SBA PPP loans, which promoted economic development in the assessment area. Therefore, excluding SBA PPP loans, the bank originated 20 community development loans totaling \$16.3 million. Of those loans, 6 loans totaling \$3.6 million promoted affordable housing; 2 loans totaling \$404,000 to organizations that provide community services to low- and moderate-income individuals, and 12 loans totaling \$12.3 million promoted economic development.

### **Qualified Investments**

American Bank & Trust made 25 qualified investments totaling \$109,000 in the assessment area during the evaluation period, which were all donations. Of the 25 donations, 2 totaling \$2,000 promoted affordable housing; 13 totaling \$57,000 were to organizations that provide community services to low- and moderate-income individuals; and 10 totaling \$50,000 promoted economic development.

### **Community Development Services**

During the evaluation period, employees provided 22 instances of financial expertise or technical assistance to 8 community development-related organizations in the assessment area. Of these services, 16 were to organizations that provide community services to low- and moderate-income individuals, and 6 were to organizations that promote economic development. Lastly, one of the bank’s branches in the MSA and one of its deposit-taking ATMs are located in low- or moderate-income census tracts based on 2020 Census data.



## MINNESOTA – Full-Scope Review

**CRA RATING FOR MINNESOTA: SATISFACTORY**

**The Lending Test is rated: Satisfactory**

**The Community Development Test is rated: Satisfactory**

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN MINNESOTA

The assessment area includes all of Cottonwood, Jackson, Lyon, Murray, Nobles, Pipestone, and Rock counties in Minnesota. This assessment area and rated area are new since the prior evaluation, which was attributed to the opening of the Worthington, Minnesota, branch on July 21, 2021. Additionally, this assessment area includes a portion of the Sioux Falls, SD-MN MSA due to Rock County being included to the MSA. However, this had little effect on the analysis as Rock County was added on July 21, 2023.

**Economic and Demographic Data**

Per 2022 D&B data, service industries represent the largest segment of area businesses at 28.4 percent, followed by agriculture, forestry, and fishing industries at 17.3 percent, and non-classifiable establishments at 15.5 percent. In addition, 66.3 percent of area businesses have four or fewer employees and 88.9 percent operate from a single location. The table below illustrates select demographic characteristics of the assessment area.

Demographic Information of the Minnesota Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	32	0.0	15.6	84.4	0.0	0.0
Population by Geography	96,372	0.0	18.4	81.6	0.0	0.0
Housing Units by Geography	43,911	0.0	16.5	83.5	0.0	0.0
Owner-Occupied Units by Geography	29,075	0.0	13.0	87.0	0.0	0.0
Occupied Rental Units by Geography	9,936	0.0	27.0	73.0	0.0	0.0
Vacant Units by Geography	4,900	0.0	16.1	83.9	0.0	0.0
Businesses by Geography	9,130	0.0	17.1	82.9	0.0	0.0
Farms by Geography	1,907	0.0	5.8	94.2	0.0	0.0
Family Distribution by Income Level	25,224	20.0	20.0	23.3	36.7	0.0
Household Distribution by Income Level	39,011	23.3	17.8	18.3	40.6	0.0
Median Family Income Nonmetropolitan - MN	\$74,737		Median Housing Value			\$135,588
			Median Gross Rent			\$685
			Families Below Poverty Level			7.6%

*Source: 2020 U.S. Census and 2022 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.*

The table below illustrates the 2022 FFIEC-estimated median family income levels for nonmetropolitan Minnesota.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>MN NA Median Family Income (99999)</b>				
2022 (\$83,600)	<\$41,800	\$41,800 to <\$66,880	\$66,880 to <\$100,320	≥\$100,320
<i>Source: FFIEC</i>				

### **Competition**

The assessment area has a moderate level of competition for financial services. Per 2022 FDIC Deposit Market Share data, 28 financial institutions operate 62 offices within the assessment area. Of these institutions, American Bank & Trust ranked last with 0.1 percent of the deposit market share. Further, there is a moderate level of demand and competition for home mortgage loans as 162 lenders reported 1,602 home mortgage loans in the assessment area in 2022, with American Bank & Trust ranking 12th with 2.4 percent of the market share by number. Finally, there is a moderate level of demand and competition for small business and farm loans in the assessment area, as evidenced by the 2021 aggregate data, which revealed that 59 lenders reported 1,725 small business loans, and 23 lenders reported 1,713 small farm loans.

### **Community Contact**

For this evaluation, examiners reviewed an existing interview with a representative who promotes economic development throughout the area. The contact stated that while there are job openings available locally, the largest obstacle for many employers is finding employees. The contact also stated that agricultural lending is the primary credit need, as many area businesses focus on agriculture. The contact indicated that the local housing stock is in short supply, especially affordable homes. According to the contact, local credit needs include general business banking, including small farm and small business loans. Lastly, financial institutions are meeting lending needs by making credit readily available.

### **Credit and Community Development Needs and Opportunities**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that agricultural, commercial, and home mortgage lending represent the primary credit needs in the assessment area. The assessment area’s community development needs primarily relate to economic development and revitalization or stabilization, and there is a moderate level of competition for the available opportunities.

## **SCOPE OF EVALUATION – MINNESOTA**

As mentioned previously, each loan product received different weighting per assessment area for the Lending Test. For the assessment area, home mortgage and small business lending received greater weight than small farm lending when drawing overall conclusions. Refer to the overall Scope of Evaluation section for additional information.

## CONCLUSIONS ON PERFORMANCE CRITERIA IN MINNESOTA

### LENDING TEST

American Bank & Trust demonstrated satisfactory performance under the Lending Test in Minnesota. The bank’s reasonable Borrower Profile performance supports this conclusion. While the bank had excellent Geographic Distribution performance, it did to raise the overall assessment of Lending Test performance.

#### **Geographic Distribution**

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. The bank’s excellent home mortgage and small business lending supports this conclusion. While the bank had and reasonable small farm lending performance, home mortgage and small business lending received more weight and drove overall conclusions.

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

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area when compared to aggregate data. As illustrated in the table below, the institution’s lending in moderate-income census tracts exceeds aggregate data.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	0.0	0.0	0	0.0	0	0.0
Moderate	13.0	12.7	11	28.9	1,319	21.6
Middle	87.0	87.3	27	71.1	4,801	78.5
Upper	0.0	0.0	0	0.0	0	0.0
Not Available	0.0	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>38</b>	<b>100.0</b>	<b>6,120</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census; 2022 HMDA Reported Data; 2022 HMDA Aggregate Data; Due to rounding, totals may not equal 100.0%</i>						

#### ***Small Business Loans***

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area when compared to D&B data. As illustrated in the table below, the institution’s lending in moderate-income census exceeds D&B data.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	0.0	0	0.0	0	0.0
Moderate	17.1	9	30.0	725	12.2
Middle	82.9	21	70.0	5,195	87.8
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>30</b>	<b>100.0</b>	<b>5,920</b>	<b>100.0</b>

*Source: 2022 D&B Data; 2022 Small Business Loan Data*

### ***Small Farm Loans***

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area when compared to D&B data. As illustrated in the table below, the institution's lending in moderate-income census tracts is slightly below, but within a reasonable range of D&B data.

<b>Geographic Distribution of Small Farm Loans</b>					
<b>Tract Income Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	0.0	0	0.0	0	0.0
Moderate	5.8	1	4.3	150	3.9
Middle	94.2	22	95.7	3,725	96.1
Upper	0.0	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>23</b>	<b>100.0</b>	<b>3,875</b>	<b>100.0</b>

*Source: 2022 D&B Data; 2022 Small Farm Loan Data*

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses and farms of different sizes. The bank's reasonable home mortgage, small business, and small farm lending performance support this conclusion.

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

The distribution of home mortgage loans reflects reasonable penetration among individuals of different income levels when compared to aggregate data. As illustrated in the table below, the institution's lending to low- and moderate-income borrowers is slightly below, but within a reasonable range of aggregate data.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	20.0	11.7	4	10.5	276	4.5
Moderate	20.0	25.0	7	18.4	684	11.2
Middle	23.3	22.5	12	31.6	1,740	28.4
Upper	36.7	22.7	14	36.8	3,276	53.5
Not Available	0.0	18.0	1	2.6	144	2.4
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>38</b>	<b>100.0</b>	<b>6,120</b>	<b>100.0</b>

*Source: 2020 U.S. Census; 2022 HMDA Reported Data; 2022 HMDA Aggregate Data; Due to rounding, totals may not equal 100.0%*

### ***Small Business Loans***

The distribution of small business loans reflects reasonable penetration among businesses of different sizes. As illustrated in the table below, the institution’s lending to businesses with gross annual revenues of \$1 million or less lags D&B data. Additionally, comparable institutions in the assessment area noted similar performance to the bank. Specifically, two comparable banks were reviewed that had been reasonable performance. The comparable banks had 70.0 and 45.4 percent of small businesses loans originated to businesses with gross annual revenues of \$1 million or less. Further, examiners compared the number of borrowers in each gross annual revenue level to the percentage of businesses in the assessment area. This analysis revealed that 14 borrowers or 66.7 percent of borrowers with gross annual revenues of \$1 million or less were given credit by the institution, which is slightly more comparable to D&B data.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	81.5	18	60.0	1,975	33.4
>\$1,000,000	4.4	12	40.0	3,945	66.6
Revenue Not Available	14.1	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>30</b>	<b>100.0</b>	<b>5,920</b>	<b>100.0</b>

*Source: 2022 D&B Data; 2022 Small Business Loan Data*

### ***Small Farm Loans***

The distribution of small farm loans reflects reasonable penetration among farms of different sizes. As illustrated in the table below, the institution’s lending to farms with gross annual revenues of \$1 million or less is slightly below, but within a reasonable range of D&B data.

<b>Distribution of Small Farm Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	97.7	21	91.3	3,325	85.8
>\$1,000,000	1.2	2	8.7	550	14.2
Revenue Not Available	1.1	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>23</b>	<b>100.0</b>	<b>3,875</b>	<b>100.0</b>
<i>Source: 2022 D&amp;B Data; 2022 Small Farm Loan Data</i>					

## **COMMUNITY DEVELOPMENT TEST**

American Bank & Trust’s community development performance demonstrated adequate responsiveness to the community development needs in Minnesota through community development loans, qualified investments, and community development services.

### **Community Development Loans**

American Bank & Trust originated 25 community development loans totaling approximately \$3.0 million in Minnesota during the evaluation period, of which 17 loans totaling approximately \$2.0 million directly benefited the assessment area. The remaining 8 loans totaling approximately \$1.0 million benefited the broader statewide area. Of the 25 community development loans, 24 totaling approximately \$1.3 million were SBA PPP loans, which promoted economic development in Minnesota. Therefore, excluding SBA PPP loans, the bank originated one community development loan totaling \$1.7 million that also promoted economic development in a moderate-income geography of the assessment area.

### **Qualified Investments**

American Bank & Trust made 5 qualified investments totaling \$7,000 during the evaluation period in Minnesota, which were all donations that directly benefited the assessment area. Of the 5 donations, one totaling \$1,000 was to an organization that provides a community service to low- and moderate-income individuals and 4 totaling \$6,000 provided revitalization or stabilization of the assessment area.

### **Community Development Services**

Employees did not provide any instances of financial expertise or technical assistance to community development organizations in the assessment area during the evaluation period. However, the bank’s sole branch in this assessment area and three of its ATMs (one deposit-taking) are located in low- or moderate-income census tracts based on 2020 Census data.

## APPENDICES

### INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

#### **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

#### **Community Development Test**

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

## SUMMARY OF RATINGS FOR RATED AREAS

<b>Rated Area</b>	<b>Lending Test Rating</b>	<b>Community Development Test Rating</b>	<b>Overall Rating for Rated Areas</b>
South Dakota	Satisfactory	Satisfactory	Satisfactory
Minnesota	Satisfactory	Satisfactory	Satisfactory



## GLOSSARY

**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 metropolitan area/assessment area.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Community Development Loan:** A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
  - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

**Community Development Service:** A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

**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.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

**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. Other family 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).

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that 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 applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited-scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, 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 a geography.

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

**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 metropolitan area/assessment area.

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities 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 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 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area** (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

**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 lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multistate 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 multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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

**Small Farm Loan:** 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.