



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

March 13, 2000

# **Community Reinvestment Act Performance Evaluation**

Wells Fargo Bank South Dakota, National Association  
Charter Number: 10592

101 North Phillips Avenue  
Sioux Falls, SD 57104

Office of the Comptroller of the Currency  
Large Bank Supervision  
250 E Street, SW, Mail Stop 6-1  
Washington, DC 20219-0001

**NOTE: 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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## General Information

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the CRA performance of **Wells Fargo Bank South Dakota, National Association**, prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **March 13, 2000**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. 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 by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Block Numbering Area (BNA)** - Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

**Census Tract (CT)** - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

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

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

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

**Geography** - A census tract or a block numbering area 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 (e.g., approved, denied, withdrawn).

**Home Mortgage Loans** - Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwellings loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

**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, branch distribution).

**Low-Income** - Income levels that are less than 50% of the median family income.

**Median Family Income (MFI)** - The median income determined by the United States Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income that is determined by the Department of Housing and Urban Development annually is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Statistical Area (MSA)** - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

**Middle-Income** - Income levels that are at least 80% and less than 120% of the MFI.

**Moderate-Income** - Income levels that are at least 50% and less than 80% of the MFI.

**Small Business Loans** - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

**Small Farm Loans** - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

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

**Upper-Income** - Income levels that are 120% or more of the MFI.

## Overall CRA Rating

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

The following table indicates the performance level of **Wells Fargo Bank South Dakota, National Association**, with respect to the Lending, Investment, and Service Tests:

Performance Levels	Wells Fargo Bank South Dakota, N. A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		
High Satisfactory		X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- An excellent level of home mortgage, small business, and small farm lending;
- A good distribution of home mortgage loans to geographies;
- An excellent distribution of home mortgage loans to borrowers of different income levels;
- A good geographic distribution of small loans to businesses and excellent geographic distribution of small loans to farms;
- An excellent borrower distribution of small loans to businesses and farms;
- A good level of qualified community development loans resulting in a positive impact on the full scope assessment areas;
- A good level of qualified community development investments in most of its assessment areas;
- A good distribution of retail services and a good level of community development services.

## Description of Institution

Wells Fargo Bank South Dakota, National Association (WFSD), an intrastate bank, is headquartered in Sioux Falls, South Dakota, and conducts business through a system of 53 branch offices in five assessment areas. WFSD was formerly known as Norwest Bank South Dakota, NA. Wells Fargo & Company changed the name of the bank in September 2000. In addition to the Sioux Falls MSA, WFSD has branch offices in the Rapid City MSA and in its Greater Rural South Dakota, Northern Black Hills, and Hot Springs Assessment Areas.

WFSD is a subsidiary of Wells Fargo & Company (WFC), San Francisco, California, a multi-bank holding company. WFC, which recently merged with Norwest Corporation (formerly headquartered in Minneapolis, Minnesota), has total assets in excess of \$200 billion and conducts business through nearly 3,000 offices and over 6,000 ATMs in 21 states.

As of December 31, 1999, WFSD had total assets of approximately \$5.5 billion, deposits of some \$2 billion and loans of approximately \$4.5 billion. Funding for this level of lending is provided from the financial market place and not from core deposits from the bank's local communities. Approximately 69% of the bank's loan portfolio consists of loans to individuals for household, family, and personal use, with the predominant portion comprised of credit card accounts. These accounts, generated throughout the Wells Fargo/Norwest banking system, are housed in WFSD. About 8% of the portfolio finances commercial/industrial purposes, and some 7% is for agricultural purposes. Approximately 15% of the portfolio is secured by real estate. WFSD has a Tier I capital base of \$405 million.

At the request of WFSD and in accordance with provisions of the CRA, this evaluation considers lending activities of the bank's affiliates, Wells Fargo Home Mortgage, Inc., Wells Fargo Funding, Inc., and Norwest Home Improvement, Inc.

WFSD is a full service bank offering a typical array of retail banking services and loan products. Its business strategy is in no way limited or specialized to any narrow field of endeavor. Through the bank's affiliate, Wells Fargo Home Mortgage, borrowers can obtain home purchase and refinance lending that is sometimes not available through other local commercial banks. There are no legal, financial, or other factors impeding the bank's ability to meet the credit needs of its assessment areas.

WFSD was rated "Outstanding" at the previous CRA performance evaluation dated December 20, 1996.

## **Scope of the Evaluation**

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

This evaluation included a review of the bank's home mortgage, small business, small farm, and community development lending; community development investments; and retail and community development services. Home mortgage, small business, and small farm lending was evaluated for the calendar years, 1997, 1998, and 1999. All other products and activities were evaluated for the period beginning at the date of the previous CRA public evaluation (November 19, 1996) and concluding March 13, 2000.

### **Data Integrity**

In association with this review, small business and small farm data submitted by the bank in compliance with requirements of the CRA and utilized for analysis were reviewed for accuracy utilizing a selected sample. The accuracy of home mortgage data was reviewed utilizing reports and working papers of the bank's internal auditors as well as a review of a sample of loan applications. These loan products were determined to be accurate and useful for analysis.

Information presented to the examiners to support the bank's compliance with the Investment Test and with the community development portions of the Lending and Service Tests was reviewed carefully to ensure qualification under the definitions and requirements of the CRA.

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

WFSD has established five assessment areas (AAs). Three (Greater Rural South Dakota, Sioux Falls MSA, and Rapid City MSA) were selected for full-scope review. The other AAs received limited-scope reviews.

Greater Rural South Dakota is the largest of the bank's AAs in terms of deposits, with about 46% of the bank's total core deposits originating in this area. WFSD is also the largest financial institution in this area, holding about 19% of total deposits. Sioux Falls MSA, where WFSD is headquartered, provides nearly 30% of its total deposits. WFSD is the second largest insured depository in this AA, although the largest is Citibank South Dakota, NA, a specialized credit card bank that obtains its funding from outside the area. The Rapid City MSA provides about 15% of the bank's total deposit base and is located in the western part of the state.



## **Ratings**

The bank's overall rating is based on those areas that received full-scope reviews.

## **Other**

Community contacts with interested parties in several AAs of WFSD were reviewed. Identified needs included affordable housing and small business lending.

## **Fair Lending Review**

In conjunction with the CRA review, the OCC conducted a Fair Lending examination of WFSD. The examination utilized the OCC's Fair Lending examination procedures and focused upon home improvement and refinance loan applications underwritten by the bank's Consumer Retail Division. Examiners selected and analyzed a sample of applications submitted by Native American and White persons that were processed between July 1, 1999, and June 30, 2000. A sample of 39 loan applications was reviewed. The objective was to determine if WFSD provided consistent treatment to these applicants without regard to race, color or national origin. These factors (prohibited bases) can form the basis for illegal discrimination.

### Conclusions:

- The OCC found no evidence of disparate treatment applied on a prohibited basis; no violations of fair lending laws were cited.
- WFSD has a satisfactory process in place, including training, to help ensure ongoing compliance with fair lending laws.

## Conclusions with Respect to Performance Tests

### LENDING TEST

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

The bank's performance under the Lending Test is rated "Outstanding." Based on full-scope reviews, the bank's performance in the Greater Rural South Dakota AA is excellent, in the Rapid City MSA good, and in the Sioux Falls MSA excellent.

### LENDING ACTIVITY

*Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's lending activity.*

WFSD's lending activity reflects an excellent responsiveness toward helping to meet identified credit needs in its communities. The bank originated a substantial amount of credit for home mortgages, small business/farms, and CD purposes. During the evaluation period, WFSD made nearly 40 thousand loans of these types totaling \$2.5 billion. Home mortgage lending accounted for 57% of these totals, followed by 24% in farm loans, and 20% in business loans. Community development lending was significant and accounted for another \$21 million.

WFSD has a record of lending activity in its AAs that is commensurate overall with its collection of deposits in those AAs. In the Greater Rural South Dakota, Rapid City MSA, and Sioux Falls MSA AAs, WFSD generates 46%, 15%, and 27% of its deposits, respectively, and makes 50%, 11%, and 27% of its reportable loans, respectively. As well, in essentially each AA, WFSD is ranked #1 in lending volume for each of the above-mentioned loan products. In analyzing WFSD's Lending Test performance, greater weight was given to its performance with home mortgage lending versus its small business and small farm lending. In addition, home purchase lending was given more weight than home improvement and refinance lending. We employed this weighting methodology to be consistent with the identified credit needs within the bank's AAs.

Home purchase loans account for 37% of the home mortgage loans originated by WFSD. The 1998 aggregate HMDA data shows the bank is the number one volume lender for this product in its AAs. The bank made over 2.5 times more home purchase loans than its next competitor. The bank is also the number one lender in both moderate-income geographies and to LMI borrowers in the Sioux Falls MSA. The bank made 2.5 times more home purchase loans in moderate-income areas and to LMI borrowers than its next competitor. WFSD's market dominance in moderate-income CTs and to LMI borrowers was an overriding factor in assessing the bank's overall lending performance.

## **DISTRIBUTION OF LOANS BY INCOME LEVEL OF THE GEOGRAPHY**

Overall, WFSD's geographic distribution of the bank's loans is good. The geographic distribution of home mortgage loans is good in the Greater Rural South Dakota AA, adequate in the Rapid City MSA, and good in the Sioux Falls MSA. The bank's geographic distribution of small loans to businesses is good in the Greater Rural South Dakota AA and Rapid City MSA, and excellent in the Sioux Falls MSA. The bank's geographic distribution of small loans to farms is excellent in the Greater Rural South Dakota AA and Sioux Falls MSA, and adequate in the Rapid City MSA. We based our conclusions primarily upon the bank's lending distribution compared to area demographics. The demographic comparison was then supplemented by a market share analysis.

### **Home Mortgage Loans**

*Refer to Tables 2, 3, and 4 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.*

In analyzing the bank's geographic distribution it should be noted that there is only one low-income tract in all of the bank's AAs (in the Greater Rural South Dakota). Furthermore, less than 1% of the owner occupied housing is located here. Accordingly, conclusions on the bank's performance in this low-income geography are not rendered given the absence of sufficient data to formulate any meaningful analysis.

The geographic distribution of home mortgage loans is good in the Greater Rural South Dakota AA, adequate in the Rapid City MSA, and good in the Sioux Falls MSA.

### *Home Purchase Loans*

Home purchase loan geographic distribution is adequate in the Greater Rural South Dakota AA and in the Rapid City MSA, and good in the Sioux Falls MSA. In the Greater Rural South Dakota AA, the bank's portion of loans in moderate-income areas, was below the percentage of owner occupied housing, however, its respective market share was moderately close to its overall market share. In the Rapid City MSA, the bank's loan distribution is poor as its percentage of lending to moderate-income areas was well below the percentage of owner occupied housing. Likewise, its market share of moderate-income area lending was well below its overall market share. In the Sioux Falls MSA, the bank's of loans in moderate-income areas was closer to, albeit below, the percentage of owner occupied housing. Its market share of moderate-income area lending was also closer to its overall market share.

During the evaluation period, WFSD made more than seven thousand home purchase loans in the full scope assessment areas. Using this lending as the base, to achieve a higher level of performance WFSD needed to make 14 more loans in low-income CTs or less than one loan per month. In moderate-income CTs WFSD needed to make between 54 and 135 loans in moderate-income CTs or one to four loans per month, respectively. This expectation was then compared to the number of loans made by all other lenders

during the evaluation period. The bank would have had to take away 16% and 8.6% - 20.8% of the home purchase loans made by other lenders in the low- and moderate-income AAs, respectively.

While theoretically achievable given the size and dominance of the bank, a more favorable comparison of the bank's lending distribution to demographics as a measure of performance is a standard that WFSD could not reasonably achieve. This type of performance is a reflection of the bank's dominance in the market.

### *Home Improvement Loans*

WFSD's geographic distribution of home improvement loans is good in the Greater Rural South Dakota AA, adequate in the Rapid City MSA, and excellent in the Sioux Falls MSA. In the Greater Rural South Dakota AA, the bank's percentage of lending in moderate-income geographies below the percentage of owner-occupied units, its respective market share nearly doubled its overall market share. In the Rapid City MSA, the distribution of loans to moderate-income areas was below the percentage of owner occupied housing, however, its market share of moderate-income area lending exceeded its overall market share. In the Sioux Falls MSA, the bank's portion of loans made to moderate-income areas matched the percentage of owner occupied housing there. Also, the bank's market share of moderate-income area lending matched its overall market share.

### *Home Refinance Loans*

WFSD's geographic distribution of home refinance loans is adequate in the Greater Rural South Dakota AA, and poor in the Rapid City and Sioux Falls MSA's. In the Greater Rural South Dakota AA, the portion of loans made in moderate-income areas is well below the percentage of owner occupied housing there. In contrast, the bank's respective market share is well above its overall market share. In both the Rapid City and Sioux Falls MSA's, the bank's distribution to moderate-income areas was half the percentage of owner occupied housing in both areas. Also, its market share of moderate-income area lending was below its overall market share.

### **Small Loans to Businesses**

*Refer to Table 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.*

In analyzing the bank's geographic distribution of small loans to businesses, it should be noted that other than the nominal (48) amount of businesses in the low-income geography of the Greater Rural South Dakota AA, there are no businesses located in low-income geographies. Accordingly, conclusions regarding the bank's performance excludes this component for the Rapid City and Sioux Falls MSAs.

The bank's geographic distribution of small loans to businesses is good in the Greater Rural South Dakota AA and Rapid City MSA AAs, and excellent in the Sioux Falls MSA's.

In the Greater Rural South Dakota AA, the bank's portion of loans made in low-income areas exceeds the percentage of businesses there, albeit it is noted that only a few such loans are involved. Likewise, the bank's respective market share exceeds its overall market share. In moderate-income geographies, the bank's distribution was two-thirds the percentage of businesses there, however its respective market share was nearly double its overall market share. In the Rapid City MSA, the bank's portion of loans in moderate-income geographies was below the percentage of businesses located there, however, its respective market share was higher than its overall market share. In the Sioux Falls MSA, the portion of loans made in moderate-income areas exceeds the percentage of businesses there and its respective market share exceeds its overall market share.

### **Small Loans to Farms**

*Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.*

The bank's geographic distribution of small loans to farms is excellent in the Greater Rural South Dakota and Sioux Falls MSA AAs, and adequate in the Rapid City MSA. For low-income geographies, there are essentially no farms except in the Greater Rural South Dakota AA where there were only four. The bank's percentage of loans there exceeded the respective percentage of farms, however given the insignificant level of farms located there, conclusions are not considered meaningful. In the Greater Rural South Dakota and Sioux Falls MSA AAs, the bank's distribution of loans made in moderate-income geographies exceeded the percentage of businesses there. In addition, the respective market shares exceeded the bank's overall market share. In the Rapid City MSA, the bank's distribution of lending in moderate-income areas was below the percentage of businesses there, however its respective market share slightly exceeded its overall market share.

### **Lending Gap Analysis**

An analysis of WFSD's lending patterns did not reveal any significant or unexplained gaps in the geographic distribution in any of its AAs.

### **Inside/Outside Ratio**

WFSD has a substantial amount of its lending activity within its AAs. During the evaluation period, the bank originated 98% of its loans within its AAs. A similar percentage of small business and small farms lending were also within the bank's AAs.

## **DISTRIBUTION OF LOANS BY INCOME LEVEL OF THE BORROWER**

The overall borrower distribution of WFSD's lending is adequate. The borrower distribution of home lending is adequate in each full scope AA. The distribution of loans to small businesses is excellent in the Greater Rural South Dakota and Rapid City MSAs, and good in the Sioux Falls MSA. The distribution of small loans to farms is excellent in the Greater Rural South Dakota and Sioux Falls MSAs and good in the Rapid City MSA. We based our conclusions primarily upon the bank's lending to borrowers of different income levels compared to the population demographics of the area. The demographic comparison was then supplemented by a market share analysis.

### **Home Mortgage Loans**

*Refer to Tables 7, 8, and 9 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.*

In analyzing and concluding on the bank's borrower distribution, we applied more liberal standards for positive performance, particularly in the Greater Rural South Dakota AA. This is due to the fact that 18% of the households in that AA are below the poverty level. Thus, the opportunities available for WFSD in this component are extremely limited. It is also noted that this same poverty level characterizes the two, limited-scope AAs.

### *Home Purchase Loans*

The distribution of WFSD's home purchase loans by borrower income level is excellent in the Greater Rural South Dakota AA, the Rapid City and Sioux Falls MSAs. In the Greater Rural South Dakota AA, the bank's percentage of loans to low-income borrowers is lower than the percentage of low-income families (noting the high 18% poverty level), and the percentage of loans to moderate-income borrowers matches. Also, the bank's market share of low-income borrowers is higher than its overall market share, albeit lower for moderate-income families. In the Rapid City and Sioux Falls MSAs, the bank's market share of low-income borrowers is below its overall market share. However, with moderate-income borrower lending, the bank's market share matches its overall market share.

During the evaluation period, WFSD made more than seven thousand home purchase loans in the full scope assessment areas. Using this lending as the base, to achieve a higher level of performance WFSD needed to make between 148 and 354 more loans to low-income borrowers or between four to ten loans per month, respectively. This expectation was then compared to the number of loans made by all other lenders during the evaluation period. The bank would have had to take away between 29% and 64% of the home purchase loans made by other lenders in the AAs to low-income borrowers.

While theoretically achievable given the size and dominance of the bank, a more favorable comparison of the bank's lending distribution to demographics as a measure of performance is a standard that WFSD could not reasonably achieve. This type of performance is a reflection of the bank's dominance in the market.

### *Home Improvement Loans*

WFSD's borrower distribution of home improvement loans is good in each full-scope AA. In the Greater Rural South Dakota AA, the bank's percentage of loans to low-income borrowers is below the percentage of such families. As previously mentioned, however, the high poverty level significantly limits lending opportunities there. Nevertheless, the bank's respective market share is much higher than its overall market share. The percentage of the bank's loans to moderate-income borrowers exceeds the percentage of such families, as does its respective market share to its overall market share. In the Rapid City and Sioux Falls MSAs, the bank's distribution to low-income borrowers was below the percentage of such families. The respective market shares were also below the bank's overall market shares. However, the portion of loans to moderate-income borrowers exceeded the percentage of such families. Also, the respective market shares of moderate-income borrowers in the Rapid City and Sioux Falls MSAs were higher than its overall market shares.

### *Home Refinance Loans*

WFSD's overall loan distribution of home refinance loans by the income level of the borrower is adequate in each full-scope AA. In the Greater Rural South Dakota AA, the bank's percentage of loans to both LMI borrowers is well below the portion of such families. The bank's market share of low-income borrowers was near to its overall market share, but its market share of moderate-income borrowers was above its overall market share. In the Rapid City and Sioux Falls MSAs, the bank's percentage of lending to both LMI borrowers was well below the respective demographics. In addition, the bank's market share of both LMI borrowers was below the bank's overall market share.

### **Small Loans to Businesses**

*Refer to Table 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.*

The bank's borrower distribution of small loans to businesses is excellent in the Greater Rural South Dakota and Rapid City MSA AAs, and good in the Sioux Falls MSA. In both the Greater Rural South Dakota AA and Rapid City MSA, the bank's portion of small loans to small businesses (businesses with annual revenues of \$1 million or less) exceeds the portion of businesses that are defined as such. In addition, the market share of such lending exceeds the bank's overall market share in both AAs. In the Sioux Falls MSA, the bank's portion of loans to small businesses was below the percentage of such businesses there and its respective market share was moderately close to its overall market share.



## **Small Loans to Farms**

*Refer to Table 11 in the Appendix C for the facts and data regarding the borrower distribution of the bank's origination/purchase of small loans to farms.*

The borrower distribution of small loans to farms is excellent in the Greater Rural South Dakota and Sioux Falls MSA AAs, and good in the Rapid City MSA. In the Greater Rural South Dakota and Sioux Falls MSA AAs, the portion of WFSD's small loans to small farms (farms with annual revenues of \$1 million or less) exceeded the portion of farms that are defined as such and the respective market shares matched the bank's overall market shares. In the Rapid City MSA, the bank's portion of small loans to small farms was below the portion of such farms, although its respective market share matched its overall market share.

## **COMMUNITY DEVELOPMENT LENDING**

*Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of community development lending.*

WFSD's CD lending had an overall positive impact on its Lending Test performance for each full-scope AA. During the evaluation period, the bank made 25 loans for \$9.8 million in its Greater Rural South Dakota AA, four CD loans totaling \$2.4 million in the Rapid City MSA, and 14 loans for \$9.2 million in the Sioux Falls MSA. This level of activity is good considering the limited opportunities available in the AAs and the competition from large credit card banks. All of these loans assisted in benefiting initiatives relating to affordable housing for LMI families. This is the prevailing identified credit need in the AAs. In aggregate, WFSD's loans supported the creation of 285 units of affordable housing for LMI individuals and families.

## **Product Innovation and Flexibility**

Product innovation and flexibility had a positive impact on the Lending Test conclusions for each full-scope AA.

WFSD has available several products that provide flexibility in serving the needs of its communities. Some examples of flexible products offered by WFSD include:

**HUD 184 Loans** - These loans are guaranteed by HUD. Through this program, credit is more readily available to Native Americans. WFSD originated 38 loans for \$2.1 million during the evaluation period through this program.

**RECDS (Farmers Home)** - This program targets borrowers in designated rural areas who are at or below median income. Underwriting standards are more liberal. During the evaluation period, WFSD provided 51 loans for \$2.9 million.

Wells Fargo Homeownership Assistance Program - This program is designed to assist LMI persons in home acquisition. These loans feature small downpayment requirements, closing cost assistance, and flexible terms. During the evaluation period, WFSD reported making four loans for \$213 thousand.

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

Based on limited-scope reviews, the bank's performance under the Lending Test in all areas receiving limited scope review (Hot Springs and Northern Black Hills AAs) is not inconsistent with the bank's overall Lending Test performance.

*Refer to Tables 1 through 11 in Appendix C for the facts and data that support these conclusions.*

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test is rated "High Satisfactory." Based upon full-scope reviews, the bank's performance is good in the Greater Rural South Dakota and Rapid City MSA AAs and is excellent in the Sioux Falls MSA.

In the Great Rural South Dakota AA, the bank's qualified investments total \$1.1 million and consist primarily of the allocated portion of an investment of \$2 million in South Dakota Housing Finance Agency bonds for the purpose of providing LMI affordable housing opportunities. Other qualified investments in this AA are donations and grants for community services for LMI persons or neighborhoods.

In the Rapid City MSA, investments of \$380 thousand also consist of allocation of South Dakota Housing Finance Bonds and qualified grants and donations that provide community services for LMI persons or neighborhoods.

In the Sioux Falls MSA, in addition to South Dakota Housing Finance Bonds and qualified grants and donations, WFSD has invested in LIHTCs in three projects providing affordable housing for LMI persons. Total qualified investments in Sioux Falls are \$2.5 million, an excellent level for this community.

All of the qualified investments are responsive to community needs, but none exhibits exceptional innovation or creativity.

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

Based upon limited-scope reviews of the levels of qualified investments, the bank's performance under the Investment Test is not inconsistent with its overall "High Satisfactory" rating in the Northern Black Hills AA, but is weaker than its overall performance in the Hot Springs AA. This had no adverse effect upon the bank's overall rating.

## SERVICE TEST

### Conclusions for Areas Receiving Full-Scope Reviews

WFSD's performance under the Service Test is rated "High Satisfactory." Based on the full-scope reviews conducted in the Rapid City, Sioux Falls, and Greater Rural South Dakota AAs the bank's performance is good.

### Retail Banking Services

*Refer to Table 13 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch and ATM delivery system.*

WFSD's delivery systems through its branch and ATM network are accessible to essentially all portions of its AAs. In general, the bank's distribution of branches in low- and moderate-income areas approximates the percentage of the population living in the respective areas.

In the Greater Rural South Dakota AA, which provides the majority of WFSD's deposits, the distribution of the bank's branches is excellent. The percent of branches the bank has in moderate-income geographies exceeds the percentage of the population residing in those geographies. There are, however, no branches located in low-income areas. We do, however, recognize the small percentage of the population residing in those areas. The distribution of the bank's ATMs is consistent with the respective demographic figure, as the bank's ATMs are centered in middle-income areas, with none located in low- or moderate-income areas.

The distribution of branches in the Sioux Falls AA is excellent. The percent of WFSD's branches in moderate-income geographies significantly exceeds the percent of the population living in those AAs. There are no low-income geographies in this AA. The distribution of ATMs is consistent with the branch distribution as the percent of ATMs in moderate-income areas exceeds the percent of the population living in those areas.

In the Rapid City AA, the distribution of the bank's branches is good. The percentage of branches in moderate-income CTs is less than the percentage of the population living in those areas. There are no low-income CTs in this AA. The distribution of the bank's ATMs, however, is stronger than the branch distribution due to a larger percent of ATMs located in moderate-income areas than the percent of the population located there.

Branch activity in the three full-scope AAs did not have a significant influence on the low- and moderate-income areas of the AAs. During the evaluation period, the bank opened one branch and closed one branch in moderate-income areas, opened four branches in middle-income areas, and opened one branch in an upper income area.

The bank's business hours are reasonable and are generally structured to accommodate customer needs. There were no major inconsistencies between branches in this regard.

WFSD offers a wide array of products and services through many of its branch locations. WFSD provides or administers products directed toward LMI individuals that include, but are not limited to, an affordable home loan product, a savings account that features matching federal funds, and direct-deposit accounts for the homeless that feature innovative/flexible services. Its alternative delivery systems include, but are not limited to, telephone banking, bank by mail and on-line banking that are available to all. Although these alternative delivery systems are of potential benefit to persons across all income levels, there is no information available to demonstrate the actual benefits gained by any group of persons, and these services have been considered accordingly in this evaluation.

### **Community Development Services**

WFSD provides a good level of community development services to its community. During the evaluation period, the bank provided over 160 community development services, as well as, numerous hours to its community. The following highlights a few of the community development services targeted to LMI persons that are provided by the bank.

- **Federal Home Loan Bank Affordable Housing Programs** - As a member, WFSD participates in affordable housing programs which provides subsidies to non-profit organizations to support affordable housing to LMI persons. The bank processes loan applications, monitors its progress and handles funding efforts for the program. During the evaluation period, WFSD assisted in securing 12 FHLB grants totaling \$1,956,000.
- **Pot of Gold Program** - WFSD provides deposit assistance to participants in this program. This program was developed as a demonstration project for health care of the homeless, assisting the homeless who can't manage their finances. The goal is to assist people in becoming financially stable so they can succeed on their own.
- **Lake Area Improvement Corporation Board** - an employee of WFSD serves as president of the Board of Directors. This board prospects new industries and promotes Madison, SD for the acquisition of jobs, housing, and continued economic development.
- **Wells Fargo Adult Credit Education Program** - Wells Fargo uses this program to teach the basics of budgeting, banking, and lending to its communities.

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

Based on limited-scope reviews, the bank's performance under the Service Test in the Hot Springs and Northern Black Hills AAs is not inconsistent with its overall High Satisfactory performance under the Service Test. There are no LMI areas in these AAs. Refer to Table 13 of Appendix C for the facts and data that support these conclusions.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term "Full-Scope") and those that received a less comprehensive review (designated by the term "Limited-Scope").

<b>Time Period Reviewed</b>	Lending Test: January 1, 1997 to December 31, 1999 CD Lending: November 19, 1996 to March 13, 2000 Investment Test: November 19, 1996 to March 13, 2000 Service Test: November 19, 1996 to March 13, 2000	
<b>Financial Institution</b>		<b>Products Reviewed</b>
Wells Fargo Bank South Dakota, National Association (WFSD) Sioux Falls, SD		Small Business Lending; Small Farm Lending; Community Development (CD) Lending, Investments, Services
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Wells Fargo Home Mortgage Corporation	Holding Company Subsidiary	Home purchase and refinance mortgage loans
Wells Fargo Funding, Inc.	Holding Company Subsidiary	Home purchase and refinance mortgage loans
Norwest Home Improvement, Inc.	Holding Company Subsidiary	Home improvement loans
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Rapid City MSA # 6660 Sioux Falls MSA # 7760 Greater Rural South Dakota Hot Springs Northern Black Hills	Full-Scope Full-Scope Full-Scope Limited-Scope Limited-Scope	

# Appendix B: Market Profiles for Full-Scope Areas

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### Market Profiles for Areas Receiving Full-Scope Reviews

Rapid City MSA # 6660 .....	B-2
Sioux Falls MSA # 7760 .....	B-3
Greater Rural South Dakota .....	B-4

**Rapid City MSA # 6660**

Demographic Information for Full-Scope Area: Rapid City MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	21	0	33	43	24	0
Population by Geography	81,343	0	35	39	27	0
Owner-Occupied Housing by Geography	18,751	0	26	43	31	0
Businesses by Geography	4,355	0	42	37	21	0
Farms by Geography	231	0	23	64	13	0
Family Distribution by Income Level	22,050	17	20	24	38	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	8,327	0	49	39	12	0
Median Family Income HUD Adjusted Median Family Income for 1998 Households Below the Poverty Level	= \$29,570 = \$42,100 = 12.02%	Median Housing Value Unemployment Rate				= \$56,364 = 3.70%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census and 199X HUD updated MFI.

The Rapid City MSA assessment area encompasses Pennington County. WFSD gains approximately 15% of its deposits from this AA and has made approximately 11% of its reportable loans here during the evaluation period. This AA complies with regulatory guidelines and does not arbitrarily exclude any LMI areas. WFSD is the largest bank in the AA and holds approximately 32% of the deposits there. WFSD operates four offices and five ATMs in the MSA.

Rapid City is the second largest city in South Dakota and one of only two cities with population in excess of 50,000. Located in the far western part of the state, Rapid City's economy is anchored by the significant tourism associated with the Black Hills National Forest, Mount Rushmore, Badlands National Park, and other attractions. Rapid City has enjoyed slow, but steady growth in recent years. Ellsworth Air Force Base is the third largest employer in the state, and is located in the Rapid City area.



**Sioux Falls MSA # 7760**

Demographic Information for Full-Scope Area: Sioux Falls MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	33	0	21	58	21	0
Population by Geography	139,236	0	18	63	19	0
Owner-Occupied Housing by Geography	34,014	0	14	65	22	0
Businesses by Geography	7,051	0	34	56	10	0
Farms by Geography	962	0	4	91	5	0
Family Distribution by Income Level	36,631	16	20	29	36	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	12,957	0	24	67	8	0
Median Family Income HUD Adjusted Median Family Income for 1998 Households Below the Poverty Level	= \$34,101 = \$49,600 = 9.34%	Median Housing Value Unemployment Rate				= \$57,384 = 2.02%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census and 199X HUD updated MFI.

The Sioux Falls MSA assessment area encompasses Lincoln and Minnehaha Counties. WFSD garners approximately 27% of its deposits from this AA and has made about 27% of its reportable loans here during the evaluation period. This AA complies with regulatory guidelines and does not arbitrarily exclude any LMI areas. WFSD is the largest full service bank in the AA, with approximately 13% of the area's insured deposits. Citibank South Dakota, NA, has approximately 30% of the insured reported deposits in the AA, but is a limited purpose credit card bank that obtains its deposits from outside the local community. Citibank, given its limited purpose, is a significant competitor in this MSA's and the state's community development projects. WFSD has about 18% of the insured deposits in the area, exclusive of the Citibank deposits. WFSD operates 16 offices and ten ATMs in the AA.

Sioux Falls is the largest city in South Dakota and its commercial and financial center. The economy here has been stable due in large part to growth in recent years of the financial services industry. Citibank South Dakota, NA, is a major employer, for example. Gateway, Inc., was founded in this area and remains a major employer, as well, although its executive offices have been removed to San Diego, California. Other large employers are Sioux Valley Hospital & Health System and John Morrell & Company. The financial and high-tech employers in Sioux Falls have made it a destination for job seekers, in marked contrast to much of South Dakota where the declining agricultural sector predominates. Per capita income in Sioux Falls is higher than both the South Dakota and US averages.

## Greater Rural South Dakota

Demographic Information for Full-Scope Area: Greater Rural South Dakota						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	91	1	7	81	11	0
Population by Geography	319,136	2	5	75	18	0
Owner-Occupied Housing by Geography	80,067	1	4	78	17	0
Businesses by Geography	14,849	<1	3	83	14	0
Farms by Geography	6,814	<1	5	90	5	0
Family Distribution by Income Level	82,,884	18	17	24	41	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	29,438	3	8	77	12	0
Median Family Income HUD Adjusted Median Family Income for 1998 Households Below the Poverty Level	= \$25,547 = \$37,800 = 9.27%	Median Housing Value Unemployment Rate				= \$37,142 = 6.68%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census and 199X HUD updated MFI.

The Greater Rural South Dakota AA covers a very large portion of eastern South Dakota, encompassing 32 counties (Beadle, Brookings, Brown, Brule, Clark, Clay, Codington, Davison, Day, Deuel, Dewey, Edmunds, Grant, Hamlin, Hughes, Hutchinson, Kingsbury, Lake, Lyman, Marshall, McCook, Mellette, Moody, Roberts, Spink, Stanley, Todd, Tripp, Turner, Union, Walworth, Yankton). WFSD garners approximately 46% of its deposits from this area and has made approximately 50% of its reportable loans here during the evaluation period. Although unusually large, this AA complies with regulatory guidelines and does not arbitrarily exclude any LMI areas. WFSD is the largest bank in this area with nearly 19% of the insured deposits. WFSD operates 26 offices and 21 ATMs in the AA.

South Dakota's economy is less robust than that of many other areas, but it remains stable. A low cost of business and affordable housing are attractions to new business, but the labor market has been very constricted in recent years. Favorable taxation has lured new employers, although growth has been uneven, and the rural areas have not benefited as much from it. Both per capita and household incomes in South Dakota are below national averages, and the state has experienced significant out-migration, primarily from the rural areas.

## Appendix C: Tables of Performance Data

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### Content of Standardized 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: purchased loans are treated as originations/purchases; market rank is based on the number of loans originated and purchased by the bank as compared to all other lenders in the MSA/assessment area; and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MSA/assessment area.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.

- Table 7. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.
- Table 9. Borrower Distribution of Refinance Loans** - See Table 7.
- Table 10. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. The table also compares the banks percentage distribution with the percentage of loans originated and purchased by all other small business reporters in the bank's AA to businesses with revenues of \$1 million or less and is based on the most recent aggregate market data available. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 11. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. The table also compares the banks percentage distribution with the percentage of loans originated and purchased by all other small farm reporters in the bank's AA to farms with revenues of \$1 million or less and is based on the most recent aggregate market data available. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must have been reported on schedule RC-L of the Call Reports as an off-balance sheet item.

**Table 13. Distribution of Branch Delivery System and Branch Openings/Closings -** Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography in each MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.

**Table 1. Lending Volume**

LENDING VOLUME		Evaluation Period: 01/01/1997 TO 12/31/1999										
MSA/Assessment Area	% of Rating Area Deposits in AA*	Home Mortgage		Small Business		Small Farm		Community Development		Total Reported Loans		% of Rating Area Loans in AA (% of #)
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Scope</b>												
Greater Rural South Dakota	46	8,118	432,182	3,728	300,335	7,522	426,108	25	9,750	19,393	1,168,375	50
Rapid City MSA	15	3,199	209,110	992	113,617	112	5,924	4	2,400	4,307	331,051	11
Sioux Falls MSA	27	8,026	583,409	1,573	220,031	618	30,690	14	9,200	10,231	843,330	27
<b>Limited Scope</b>												
Hot Springs	2	396	19,728	183	6,941	202	6,890	0	0	781	33,559	2
Northern Black Hills	10	2,264	115,476	839	47,700	905	32,893	0	0	4,008	196,069	10

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\* Deposit Data as of June 30, 1999

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE										Evaluation Period: 01/01/1997 TO 12/31/1999						
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans	
	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
<b>Full Scope</b>																
Greater Rural South Dakota	<1	0	4	2	78	68	17	30	1	29.4	0.0	26.8	29.1	30.5	2,720	33
Rapid City MSA	0	0	26	16	43	42	31	42	1	23.1	0.0	12.9	24.9	28.8	1,349	16
Sioux Falls MSA	0	0	14	11	65	61	22	27	1	25.5	0.0	21.4	24.9	29.1	3,218	39
<b>Limited Scope</b>																
Hot Springs	0	0	0	0	100	100	0	0	1	34.8	0.0	0.0	34.8	0.0	157	2
Northern Black Hills	0	0	0	0	65	56	35	44	1	43.5	0.0	0.0	44.3	42.8	759	9

\* Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

\*\* Home purchase loans within an MSA/AA as a % of all home purchase loans in the rating area.

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT																
Evaluation Period: 01/01/1997 TO 12/31/1999																
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography					Total Home Improvement Loans	
	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
<b>Full Scope</b>																
Greater Rural South Dakota	<1	<1	4	2	78	74	17	23	1	54.6	100.0	90.9	53.3	56.3	1,366	42
Rapid City MSA	0	0	26	20	43	45	31	36	1	32.1	0.0	33.3	32.0	31.4	460	14
Sioux Falls MSA	0	0	14	14	65	63	22	23	1	32.7	0.0	32.1	31.7	36.4	1,025	32
<b>Limited Scope</b>																
Hot Springs	0	0	0	0	100	100	0	0	1	71.0	0.0	0.0	71.0	0.0	62	2
Northern Black Hills	0	0	0	0	65	60	35	40	1	75.7	0.0	0.0	77.9	72.9	332	10

\* Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

\*\* Home improvement loans within an MSA/AA as a % of all home improvement loans in the rating area.



**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE										Evaluation Period: 01/01/1997 TO 12/31/1999						
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography					Total Home Mortgage Refinance Loans	
	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
<b>Full Scope</b>																
Greater Rural South Dakota	<1	<1	4	1	78	71	17	28	1	37.6	100.0	64.7	36.7	39.0	4,000	38
Rapid City MSA	0	0	26	13	43	37	31	50	1	28.1	0.0	22.4	28.4	29.6	1,381	13
Sioux Falls MSA	0	0	14	7	65	61	22	32	1	29.3	0.0	22.2	28.1	33.9	3,761	36
<b>Limited Scope</b>																
Hot Springs	0	0	0	0	100	100	0	0	1	41.4	0.0	0.0	41.4	0.0	177	2
Northern Black Hills	0	0	0	0	65	62	35	38	1	53.2	0.0	0.0	57.9	48.1	1,162	11

\* Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

\*\* Refinance loans within an MSA/AA as a % of all refinance loans in the rating area.

**Table 5. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL BUSINESS																	Evaluation Period: 01/01/1997 TO 12/31/1999																
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans																		
	% of Businesses	% Bank Loans	% of Businesses	% Bank Loans	% of Businesses	% Bank Loans	% of Businesses	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**																	
<b>Full Scope</b>																																	
Greater Rural South Dakota	<1	<1	3	2	83	82	14	15	1	32.0	100.0	59.6	33.5	27.5	3,728	51																	
Rapid City MSA	0	0	42	31	37	37	21	32	1	36.3	0.0	39.1	37.8	44.2	992	14																	
Sioux Falls MSA	0	0	34	40	56	49	10	11	2	20.2	0.0	25.5	19.2	14.8	1,573	22																	
<b>Limited Scope</b>																																	
Hot Springs	0	0	0	0	100	100	0	0	1	41.9	0.0	0.0	46.2	0.0	183	3																	
Northern Black Hills	0	0	0	0	81	81	19	19	1	64.5	0.0	0.0	68.6	56.7	839	11																	

\* Based on 1998 Aggregate Small Business Data only. Market rank is for all income categories combined.

\*\* Small Business loans within an MSA/AA as a % of all Small Business loans in the rating area.

**Table 6. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL FARM																
Evaluation Period: 01/01/1997 TO 12/31/1999																
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Loans Small Farm Loans	
	% of Farms	% Bank Loans	% of Farms	% Bank Loans	% of Farms	% Bank Loans	% of Farms	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
<b>Full Scope</b>																
Greater Rural South Dakota	<1	<1	5	9	90	86	5	4	1	50.4	87.5	93.5	49.3	39.5	7,522	80
Rapid City MSA	0	0	23	14	65	63	13	23	1	74.6	0.0	75.0	86.1	63.6	112	1
Sioux Falls MSA	0	0	4	5	91	90	5	5	2	26.2	0.0	70.0	26.7	35.3	618	7
<b>Limited Scope</b>																
Hot Springs	0	0	0	0	100	100	0	0	1	45.7	0.0	0.0	54.4	0.0	202	2
Northern Black Hills	0	0	0	0	87	89	13	11	1	96.2	0.0	0.0	98.8	81.0	905	10

\* Based on 1998 Aggregate Small Business Data only. Market rank is for all income categories combined.

\*\* Small Farm loans within an MSA/AA as a % of all Small Farm loans in the rating area.

**Table 7. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HMDA HOME PURCHASE										Evaluation Period: 01/01/1997 TO 12/31/1999						
MSA/Assessment Area	Low Income Borrowers		Moderate Income Borrowers		Middle Income Borrowers		Upper Income Borrowers		Overall Market Rank*	Market Share by Borrower Income*					Total Home Purchase Loans	
	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**		Overall	Low	Mod	Mid	Upp	#	% of Total
<b>Full Scope</b>																
Greater Rural South Dakota	18	5	17	17	24	28	41	48	1	29.4	30.2	23.9	31.3	38.0	2,720	33
Rapid City MSA	17	6	20	21	24	33	38	39	1	23.1	13.9	22.0	28.3	26.5	1,349	16
Sioux Falls MSA	16	7	20	24	29	32	36	32	1	25.5	16.2	25.4	29.9	34.7	3,218	39
<b>Limited Scope</b>																
Hot Springs	17	4	17	18	23	32	43	44	1	34.8	25.0	41.7	31.7	40.0	157	2
Northern Black Hills	15	5	16	19	23	28	46	47	1	43.5	37.2	38.6	41.9	53.2	759	9

\* Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

\*\* As a percentage of loans with borrower income information available.

**Table 8. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT										Evaluation Period: 01/01/1997 TO 12/31/1999						
MSA/Assessment Area	Low Income Borrowers		Moderate Income Borrowers		Middle Income Borrowers		Upper Income Borrowers		Overall Market Rank*	Market Share By Borrower Income*					Total Home Improvement Loans	
	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**		Overall	Low	Mod	Mid	Upp	#	% of Total
<b>Full Scope</b>																
Greater Rural South Dakota	18	7	17	19	24	30	41	41	1	54.6	69.8	57.9	51.1	55.6	1,366	42
Rapid City MSA	17	5	20	25	24	24	38	42	1	32.1	22.2	42.2	29.8	30.2	460	14
Sioux Falls MSA	16	10	20	22	29	28	36	33	1	32.7	30.2	42.0	26.6	32.1	1,025	32
<b>Limited Scope</b>																
Hot Springs	17	8	17	19	23	26	43	44	1	71.0	66.7	80.0	85.7	71.4	62	2
Northern Black Hills	15	5	16	14	23	33	46	46	1	75.7	90.0	76.9	71.7	78.3	332	10

\* Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

\*\* As a percentage of loans with borrower income information available.

**Table 9. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE										Evaluation Period: 01/01/1997 TO 12/31/1999							
MSA/Assessment Area	Low Income Families		Moderate Income Families		Middle Income Families		Upper Income Families		Overall Market Rank*	Market Share by Borrower Income*					Total Loans		
	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**		Overall	Low	Mod	Mid	Upp	#	% of Total	
<b>Full Scope</b>																	
Greater Rural South Dakota	18	2	17	9	24	22	41	56	1	37.6	31.5	38.0	42.8	41.7	4,000	38	
Rapid City MSA	17	3	20	9	24	18	38	55	1	28.1	22.1	21.4	22.7	31.6	1,381	13	
Sioux Falls MSA	16	3	20	10	29	26	36	43	1	29.3	27.5	22.4	29.4	33.6	3,761	36	
<b>Limited Scope</b>																	
Hot Springs	17	2	17	13	23	21	43	54	1	41.4	33.3	35.3	27.9	48.9	177	2	
Northern Black Hills	15	3	16	12	23	23	46	52	1	53.2	62.5	53.6	56.5	53.1	1,162	11	

\* Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

\*\* As a percentage of loans with borrower income information available.

**Table 10. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL BUSINESS			Evaluation Period: 01/01/1997 TO 12/31/1999							
MSA/Assessment Area	Businesses With Revenues of \$1 million or less			% Distribution of Loans by Original Amount Regardless of Business Size			Market Share*		Total Small Business Loans	
	% Business**	% Bank Loans***	% Market Loans*	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$ 1 Million or Less	#	% of Total
<b>Full Scope</b>										
Greater Rural South Dakota	72	78	79	83	9	8	30.6	30.6	3,728	51
Rapid City MSA	71	74	46	70	18	12	36.0	48.0	992	14
Sioux Falls MSA	69	61	67	68	14	18	20.2	17.7	1,573	21
<b>Limited Scope</b>										
Hot Springs	72	95	79	93	6	1	41.9	46.5	183	2
Northern Black Hills	75	80	68	88	9	3	64.5	67.4	839	12

\* The market consists of all other Small Business reporters in bank's assessment area and is based on 1998 Aggregate Small Business Data only

\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses.

\*\*\* Loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No revenue information was available for 5.1% of small loans to businesses reported by the bank.

**Table 11. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL FARM			Evaluation Period: 01/01/1997 TO 12/31/1999							
MSA/Assessment Area	Businesses With Revenues of \$ 1million or less		% Distribution Loans by Original Amount Regardless of Farm Size			Market Share*		Total Small Farm Loans		
	% Farms**	% Bank Loans***	% Market Loans*	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$ 1 Million or Less	#	% of Total
<b>Full Scope</b>										
Greater Rural South Dakota	93	96	97	86	11	3	50.2	49.7	7,522	80
Rapid City MSA	96	91	94	87	11	2	74.6	74.1	112	1
Sioux Falls MSA	92	96	90	88	10	2	26.2	27.5	618	7
<b>Limited Scope</b>										
Hot Springs	94	100	100	94	6	0	45.7	45.2	202	2
Northern Black Hills	95	99	100	93	6	1	96.2	96.2	905	10

\* The market consists of all other Small Farm reporters in bank's assessment area and is based on 1998 Aggregate Small Farm Data only

\*\* Farms with revenues of \$1 million or less as a percentage of all farms.

\*\*\* Loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No revenue information was available for 1.1% of small loans to businesses reported by the bank.



**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS		Evaluation Period: 11/19/96 to 03/13/00							
MSA/Assessment Areas:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$'s	#	\$ (000's)
Full-Scope:									
Greater Rural South Dakota	0	0	60	1,118	60	1,118	26.12	0	0
Rapid City MSA	0	0	21	380	21	380	8.88	0	0
Sioux Falls MSA	1	721	39	1,803	40	2,524	58.96	0	0
Limited-Scope:									
Hot Springs	0	0	1	40	1	40	0.93	0	0
Northern Black Hills	0	0	4	219	4	219	5.11	0	0

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

\*\* "Unfunded Commitments" means legally binding investment commitments that are tacked and reported by the bank's financial reporting system.

**Table 13. Distribution of Branch Delivery System**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM																	Evaluation Period: 11/19/96 TO 3/13/00			
MSA/Assessment Area	Deposits	Branches						Branch Openings/Closings						Population						
	% of Total Bank Deposits	# of Bank Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				# of Branch Closings	# of Branch Openings	Net gain(+) / loss(-) of branches due to openings/closings				% of the Population with Each Geography*						
				Low (%)	Mod (%)	Mid (%)	Upp (%)			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp			
<b>Full-Scope:</b>																				
Greater Rural South Dakota	46	26	49	0	8	88	4	0	3	0	0	+2	+1	2	5	75	18			
Rapid City MSA	15	4	8	0	25	50	25	1	0	0	-1	0	0	0	35	39	27			
Sioux Falls MSA	27	16	30	0	50	38	12	0	3	0	+1	+20	0	0	18	63	19			
<b>Limited-Scope:</b>																				
Hot Springs AA	2	1	2	0	0	100	0	0	0	0	0	0	0	0	0	100	0			
Northern Black Hills AA	10	6	11	0	0	83	17	0	0	0	0	0	0	0	0	69	31			

\* The percentage of the population in the MSA/AA that resides in these geographies.