

PUBLIC DISCLOSURE

September 14, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Pioneer Bank & Trust
700 State Street
Belle Fourche, South Dakota 57717
RSSD 65559

**Federal Reserve Bank of Minneapolis
90 Hennepin Avenue, P.O. Box 291
Minneapolis, MN 55480-0291**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the 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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Definitions for many of the terms used in this performance evaluation can be found in section 228.12 of Regulation BB. For additional convenience, a Glossary of Common CRA Terms is attached as Appendix A at the end of this performance evaluation.

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

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

The Community Reinvestment Act (CRA) performance of Pioneer Bank & Trust, Belle Fourche, South Dakota (PBT), is satisfactory. The bank's performance demonstrates responsiveness to credit needs and community development needs in the bank's two assessment areas. The CRA performance is based on the Lending Test and the Community Development Test for intermediate small banks (ISB). The bank's performance under the Lending Test and Community Development Test was weighted equally for purposes of determining the overall rating.

The bank's performance under the Lending Test is satisfactory based on the following criteria:

- The distribution of loans to borrowers of different income levels and to businesses and farms of different sizes is good for both assessment areas.
- The geographic distribution and dispersion of loans is good in both assessment areas.
- The bank originated a substantial majority of small business, small farm, consumer, and residential real estate loans in its assessment areas.
- The net loan-to-deposit ratio is reasonable.

The bank's performance under the Community Development Test is satisfactory based on the following criteria:

- The community development activities show good responsiveness to community development needs.
- The bank's level and mix of community development lending, qualified investments, and community development services are good.

EVALUATION METHODOLOGY

Given the bank's asset size, the bank is subject to a CRA evaluation under the procedures for ISBs. Under the ISB procedures, the following criteria were analyzed to determine the bank's Lending Test rating:

- Net loan-to-deposit ratio,
- Lending inside the assessment area,
- Lending to borrowers of different income levels and to businesses and farms of different revenue sizes,
- Geographic distribution of loans, and
- Record of responding to complaints about the bank's CRA performance.

Also under the ISB procedures, the bank's qualified investments, community development services, and community development loans were reviewed to determine the Community Development Test rating. The Lending Test and Community Development Test were combined to determine the bank's overall rating.

SCOPE OF EVALUATION

The bank's CRA performance context is based in part on information provided by bank management and community contacts. Information from these sources as well as economic and demographic characteristics of the assessment areas, competitive factors, and the size and financial condition of the bank were analyzed to understand the bank's performance. The evaluation period is August 21, 2007, through September 14, 2009.

Full-scope reviews were conducted for both the Rapid City metropolitan statistical area (MSA) assessment area and the Belle Fourche assessment area. Based on the bank's asset size in the assessment areas and the location of the main office, equal weight was given to the bank's performance in each assessment area.

As part of this evaluation, community contacts were made with individuals familiar with economic and demographic characteristics of and community development activities in both assessment areas. Information obtained from these community contacts was used to establish a performance context for the bank and is discussed in the applicable section of the evaluation for each assessment area.

Lending Test Scope

The scope of the Lending Test includes a review of loans based on the bank's major product lines. Table 1 shows the bank's lending activity from January 1, 2009, through June 30, 2009.

<i>Loan Type</i>	<i>Number of Loans</i>	<i>% of Total Number</i>	<i>Total Dollar Amount of Loans</i>	<i>% of Total Dollar Amount of Loans</i>
Consumer	355	43.4	6,543,911	11.0
Residential Real Estate	47	5.8	3,999,247	6.7
Agriculture	181	22.2	19,205,117	32.2
Commercial	234	28.6	29,822,901	50.1
Total	817	100.0	59,571,175	100.0

The bank's Lending Test performance is based on weighting residential real estate, commercial, agricultural, and consumer lending activity given the volume and dollar amount for each loan category. The bank has offices in an MSA and is therefore required to collect mortgage lending data in accordance with Regulation C--Home Mortgage Disclosure Act (HMDA). This data reveal information about home purchase, home improvement, refinance, and multifamily dwelling loans. The bank's residential real estate loan assessment is based on the bank's 2007 and 2008 HMDA data for 407 loans. The analysis of HMDA lending includes a comparison of the bank's lending activity in 2007 and 2008 to the aggregate lending performance of all financial institutions (aggregate lenders) reporting these types of loans in the bank's assessment areas. The bank's Lending Test performance is also based on a statistical sample of 108 small business, 93 small farm, and 125 consumer loans originated between January 1, 2009, and June 30, 2009.

For purposes of the Lending Test rating, the bank's small business lending, residential real estate lending, and consumer lending activity received the greatest and equal weight in the Rapid City MSA assessment area. Consumer loans represent the largest number of originations by number volume, followed by

commercial and residential real estate (including HMDA reportable loans not reflected in Table 1). The dollar amount of originations by loan type also determined the weighting of loan products in the Rapid City MSA assessment area. In the Belle Fourche assessment area, the bank's small farm lending, residential real estate lending, and consumer lending activity received the greatest and equal weight, followed by small business lending. The weighting in the Belle Fourche assessment area differs from the weightings for the Rapid City MSA assessment area because small farm lending volume is higher in the Belle Fourche assessment area than small business lending. Small farm loans were not reviewed in the Rapid City MSA assessment area due to the limited activity. Multifamily residential real estate loans were not analyzed in either assessment area due to the low volume of loans.

For purposes of the Lending Test, two performance criteria, the distribution of loans by borrowers of different incomes and businesses and farms of different sizes as well as the geographic distribution of loans, received the greatest weight. In the Rapid City MSA assessment area, lending to borrowers of different income levels and to businesses of different sizes and the geographic distribution of loans received equal weight. In the Belle Fourche assessment area, lending to borrowers of different income levels and to businesses and farms of different sizes received the greatest weight, followed by the geographic dispersion of loans. The difference in weighting by assessment area accounts for the fact that there are no low- or moderate-income census tracts in the Belle Fourche assessment area. The remaining criteria for each assessment area were weighted equally for purposes of determining the Lending Test rating.

Community Development Test Scope

In addition to the loan activity, the bank's community development lending, qualified investments, and community development services were reviewed in both assessment areas. The evaluation period for the bank's community development loans, qualified investments, and community development services was August 21, 2007, through September 14, 2009.

DESCRIPTION OF INSTITUTION

General. The bank effectively meets the community credit needs in its assessment areas given its office locations, size, and products. The bank received a satisfactory rating at its previous CRA performance evaluation, dated August 20, 2007, conducted pursuant to the ISB Evaluation Procedures.

Offices and retail delivery systems. PBT is a full-service financial institution with its main office in Belle Fourche, South Dakota. PBT operates four full-service branch offices in South Dakota in addition to the main office. The bank has one branch office in Buffalo, one branch office in Spearfish, and two branch offices in Rapid City. The bank has not opened or closed any offices during the evaluation period. All five offices are open Monday through Friday. With the exception of the Buffalo office, all offices have drive-up facilities open on Saturdays. The bank has four cash-dispensing-only automated teller machines (ATM). The ATMs are located at each of the offices with the exception of Buffalo. All of the bank's offices and ATMs are in middle-income census tracts with the exception of one Rapid City branch and ATM located in a moderate-income census tract.

The bank offers 24-hour telephone banking service and has an Internet web site at www.pioneerbankandtrust.com. The web site allows customers to view account balances, transfer funds, view check images, pay bills, make loans payments, and review information about the bank's products and locations. The telephone banking service allows customers to process account transfers and review account transaction histories and balances.

Loan portfolio. According to the June 30, 2009, Report of Condition (ROC), the bank has total assets of \$360.5 million and total loans of \$197.0 million. The ROC data show that commercial loans are the largest part of the bank's loan portfolio. The loan portfolio consists of 61.0% commercial, 19.6% agricultural, 13.4% residential real estate, 5.8% consumer, and 0.2% other loans. Since the previous evaluation, the bank's gross loan portfolio experienced grew moderately and increased 29.5%, while total assets increased by 13.9%. This evaluation did not reveal any financial constraints on the bank's ability to lend or serve the needs of its assessment areas.

Credit products. The bank offers a wide variety of consumer, residential real estate, commercial, and agricultural loan products to fulfill the credit needs of the residents, businesses, and farms in both assessment areas. The bank provides financing for consumer, commercial, and agricultural borrowers through various open- and closed-end loan products. In addition to these types of conventional loan products, PBT offers loans through or guaranteed by the Federal Housing Administration, Department of Veterans Affairs, Small Business Administration, South Dakota Housing Development Authority, and U.S. Department of Agriculture Rural Development.

DESCRIPTION OF ASSESSMENT AREAS

PBT has two assessment areas for purposes of CRA. The Rapid City MSA assessment area is defined as the Rapid City, South Dakota, MSA, which consists of Pennington and Meade counties. Both Rapid City branches are located in this assessment area. The Belle Fourche assessment area includes several nonmetropolitan counties in South Dakota, one county in Montana, and one county in Wyoming. PBT defines the Belle Fourche assessment area as Lawrence, Butte, Perkins, and Harding counties in South Dakota, Crook County in Wyoming, and Carter County in Montana. The Belle Fourche, Spearfish, and Buffalo branches are in the Belle Fourche assessment area. The bank's assessment areas have not changed since the previous evaluation. The bank's assessment areas are described in more detail in the assessment area sections of the evaluation.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's CRA rating is satisfactory. The CRA rating is based on the satisfactory ratings for the bank's Lending Test and Community Development Test performances.

LENDING TEST

The bank's performance under the Lending Test is rated satisfactory. The major factors supporting the Lending Test rating include:

- The bank's lending to borrowers of different income levels and to businesses and farms of different sizes in its assessment areas is good;
- The geographic distribution and dispersion of residential real estate, small business, small farm, and consumer loans is good;
- The bank extended a substantial majority of the bank's loans are originated in the assessment areas; and
- The bank's net loan-to-deposit ratio reflects a reasonable level of lending.

Throughout this evaluation, the bank's lending activity is compared to the demographic data obtained from 2000 U.S. Census data as well as Dun & Bradstreet data. Although the demographic data are used to understand and evaluate the bank's performance, comparisons to the demographic data should not be construed as defining an expected level of lending.

Since the bank has two assessment areas, including one in an MSA, a detailed discussion of the bank's lending to borrowers of different income and revenue levels and the geographic distribution and dispersion of the bank's loans are stated in the individual assessment area sections of this evaluation. However, the net loan-to-deposit ratio and the comparison of lending inside and outside the assessment areas analyses are completed at the bankwide level and are discussed below.

LOAN-TO-DEPOSIT RATIO ANALYSIS

The bank's net loan-to-deposit ratio reflects a reasonable level of lending given the bank's asset size and financial condition as well as the assessment area's credit needs. The June 30, 2009, Uniform Bank Performance Report shows the bank's net loan-to-deposit ratio as 61.6%. The net loan-to-deposit ratio for the bank's national peer group is 86.0% for the same date. Since the last evaluation, the bank's quarterly net loan-to-deposit ratio ranged from a low of 54.5% on September 30, 2007, to a high of 61.6% on June 30, 2009. The bank's average net loan-to-deposit ratio for the eight quarters since the last evaluation is 57.2%, which is slightly higher than the 55.3% noted during the last evaluation. This ratio is lower than the national peer group ratio of 89.0% for the past eight quarters. The national peer group includes all insured commercial banks with assets between \$300 million and \$1 billion. The eight-quarter average net loan-to-deposit ratios for the bank and two commercial banks with offices in the bank's assessment areas are shown in Table 2.

<i>Bank Name and Location</i>	<i>Assets as of June 30, 2009 (in thousands)</i>	<i>Average Net Loan-to-Deposit Ratio</i>
Pioneer Bank & Trust Belle Fourche, South Dakota	\$360,464	57.2%
The First Western Bank Sturgis Sturgis, South Dakota	\$519,938	88.4%
First Western Bank Wall, South Dakota	\$572,079	87.3%

The bank's quarterly average net loan-to-deposit ratio is much lower than the competitor banks listed in Table 2, yet is reasonable. The bank regularly extends loans in its competitive market. The bank competes with community, regional, and national banks and credit unions for lending opportunities in its assessment areas. In addition, the bank continues to maintain deposits in each assessment area against which it may not originate loans.

Overall, the bank's quarterly average net loan-to-deposit ratio is reasonable given the bank's asset size and financial condition as well as the assessment area credit needs. The net loan-to-deposit ratio demonstrates the bank's willingness to fulfill the credit needs. Community contacts did not identify any unmet credit needs in the assessment areas. For these reasons, the bank's quarterly average net loan-to-deposit ratio is reasonable.

COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE THE ASSESSMENT AREA

The bank's concentration of lending in its assessment areas is very good. The bank originates a substantial majority of its loans to borrowers in its assessment areas. Table 3 shows the number and percentage of loans that the bank originated in the assessment areas.

<i>Loan Category</i>	<i>Inside</i>				<i>Outside</i>			
	<i>#</i>	<i>%</i>	<i>\$(000s)</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>\$(000s)</i>	<i>%</i>
Consumer	110	88.0	1,075	88.3	15	12.0	143	11.7
HMDA	381	93.6	39,217	93.8	26	6.4	2,583	6.2
Small Business	95	88.0	9,162	89.8	13	12.0	1,043	10.2
Small Farm	87	93.5	6,058	97.1	6	6.5	180	2.9
Total	673	91.8	55,513	93.4	60	8.2	3,949	6.6

Overall, the bank originated 91.8% of loans by volume and 93.4% by dollar amount to borrowers in its assessment areas. The bank will also occasionally make loans in areas outside of its assessment areas to maintain existing customer relationships. Although the bank's level of consumer and small business lending within the assessment areas by number and dollar amount is slightly lower than the levels for the other two loan types, the bank still extended a substantial majority of these loans to borrowers in the assessment areas. The level is reasonable given bank management's explanation for the lending outside the assessment areas. Overall, the bank originates the substantial majority of its loans to borrowers in its assessment areas, and the concentration of the bank's lenders is very good.

LENDING TO BORROWERS OF DIFFERENT INCOME LEVELS AND TO BUSINESSES AND FARMS OF DIFFERENT SIZES

Overall, the bank's distribution of loans by income levels of borrowers and revenue levels of businesses and farms is good. The bank lends to low- and moderate-income people and to businesses and farms with gross annual revenues of \$1 million or less. The bank extended good to very good levels of small business and small farm loans to entities with gross annual revenues of \$1 million or less in the assessment areas. In addition, the bank's originations of consumer loans to low- and moderate-income borrowers is good to very good in the assessment areas. Similarly, the bank's originations of HMDA loans to low- and moderate-income borrowers is good in the assessment areas.

A detailed discussion of the distribution of lending by borrower incomes and by revenue size of businesses and farms for each assessment area is included in the Conclusion with Respect to Performance Criteria sections of this report.

GEOGRAPHIC DISTRIBUTION OF LOANS

Overall, the geographic distribution of the bank's small business, small farm, consumer, and HMDA loans in its assessment areas is good. There are no unexplained gaps in lending patterns in the assessment areas. The bank makes loans throughout both assessment areas.

A detailed discussion of the geographic distribution of loans for each assessment area is included in the Conclusions with Respect to Performance Criteria sections of this report.

RECORD OF RESPONSE TO CRA-RELATED COMPLAINTS

The bank has not received any CRA-related complaints since the previous evaluation.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test is rated satisfactory. The bank's community development activity reflects good responsiveness to community development needs in its assessment areas. Overall, the level of community development activities is good. The bank's mix of community development activities is good and appropriately concentrated in the areas of lending and services given the assessment areas' opportunities and needs.

Since the previous evaluation, the bank originated nine community development loans totaling \$2.5 million in its assessment areas. The loans addressed the affordable housing need noted in both of the assessment areas. The bank operates in competitive markets for community development loans. In addition to the community development loans in the assessment areas, the bank originated one additional qualified loan with an affordable housing purpose for \$329,325 in a county neighboring its assessment areas. Because the bank adequately addressed the community development needs of its assessment areas, it received credit for this community development loan that benefits individuals located within a broader regional area, western South Dakota, even though the loan does not directly benefit the bank's assessment areas.

Since the previous evaluation, bank management and staff have continued to provide services to community development organizations in its assessment areas. Bank management and staff are involved with organizations providing affordable housing for low- and moderate-income residents, supporting economic development, revitalizing or stabilizing distressed and/or underserved middle-income census tracts and designated disaster areas, and providing community services to low- and moderate-income individuals. Many of the organizations with a community development purpose in the assessment areas serve a region that includes the assessment area; the bank actively provides services to several of these organizations. Thus, several of the bank's community development services reach a broader regional area that includes the bank's assessment areas. The involvement of bank management and staff with organizations in the bank's assessment areas demonstrates the bank's commitment to addressing community development needs.

The bank's qualified investments total \$302,697 for the evaluation period. In December 2007, the bank purchased a qualified investment for \$250,000. The new investment is a Qualified Zone Academy Bond (QZAB) for a school serving primarily low- and moderate-income children in the bank's Belle Fourche assessment area. The QZAB is intended to help schools raise funds to renovate and repair buildings, invest in equipment and new technology, develop challenging curricula, and train teachers. The school is located in a distressed middle-income census tract. The improvement will help attract and retain residents in the area. Since the previous evaluation, the bank made qualified investments in the form of donations totaling \$52,697. The majority of the bank's donations are to entities with a regional focus and benefit both assessment areas.

A detailed discussion of community development activities for each assessment area is included in the Conclusions with Respect to Performance Criteria sections of this report.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The evaluation did not reveal any violations of the substantive provisions of the fair lending and fair housing laws and regulations. In addition, no illegal credit practices inconsistent with helping meet community credit needs were identified during the evaluation.

METROPOLITAN AREA

DESCRIPTION OF THE RAPID CITY MSA ASSESSMENT AREA

The bank operates two full-service offices and two cash-dispensing-only ATMs in the Rapid City MSA assessment area. The bank's offices in the assessment area are in Rapid City. These offices are not centrally located in the assessment area. The two ATMs are located at the bank offices.

According to the June 30, 2009, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank had total deposits of approximately \$168.3 million, representing 8.3% of the total deposits in the Rapid City MSA. The Rapid City MSA deposits represent 46.8% of the bank's total deposits. The bank ranks sixth in market share in the assessment area. Deposit information does not include member share deposits with credit unions in the area.

The bank ranks fifteenth among 134 HMDA loan originators and purchasers in the Rapid City MSA assessment area according to 2008 aggregate data. The bank originated 2.0% of HMDA loans reported for the assessment area.

The bank defines its Rapid City MSA assessment area as Pennington and Meade counties, which make up the MSA. The assessment area boundaries remain unchanged since the previous evaluation. The assessment area includes 9 moderate-income census tracts, 12 middle-income census tracts, 4 upper-income census tracts. It also has one unknown census tract with no income classification, which is located near Ellsworth Air Force Base and has no population. The assessment area does not include any low-income census tracts. Table 4 states the demographic data about the Rapid City MSA assessment area. Assessment area demographics are based on 2000 U.S. Census data and 2009 Dun & Bradstreet data.

<i>Income Categories</i>	<i>Tract Distribution</i>		<i>Families by Tract Income</i>		<i>Families < Poverty Level as % of Families by Tract</i>		<i>Families by Family Income</i>	
	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>
Low Income	0	0.0	0	0.0	0	0.0	5,293	17.6
Moderate Income	9	34.6	7,679	25.5	1,268	16.5	5,586	18.5
Middle Income	12	46.2	14,710	48.7	1,036	7.0	7,797	25.8
Upper Income	4	15.4	7,798	25.8	247	3.2	11,511	38.1
Unknown Income	1	3.8	0	0.0	0	0.0	0	0.0
Total Assessment Area	26	100.0	30,187	100.0	2,551	8.5	30,187	100.0
<i>Income Categories</i>	<i>Housing Units by Tract</i>	<i>Housing Types by Tract</i>						
		<i>Owner-Occupied</i>			<i>Rental</i>		<i>Vacant</i>	
		<i>#</i>	<i>%</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>
Low Income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate Income	13,226	5,617	19.4	42.5	6,238	47.2	1,371	10.4
Middle Income	23,357	15,609	53.9	66.8	5,843	25.0	1,905	8.2
Upper Income	10,815	7,711	26.7	71.3	2,428	22.5	676	6.3
Total Assessment Area	47,398	28,937	100.0	61.1	14,509	30.6	3,952	8.3

TABLE 4
Rapid City MSA Assessment Area Demographics

<i>Income Categories</i>	<i>Total Businesses by Tract</i>		<i>Businesses by Tract and Revenue Size</i>					
			<i>≤\$1 Million</i>		<i>> \$1 Million</i>		<i>Revenue Not Reported</i>	
	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>
Low Income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate Income	2,019	34.0	1,711	32.3	262	51.7	46	32.6
Middle Income	2,951	49.6	2,678	50.6	199	39.2	74	52.5
Upper Income	975	16.4	908	17.1	46	9.1	21	14.9
Total Assessment Area	5,945	100.0	5,297	100.0	507	100.0	141	100.0
Percentage of Total Businesses:			89.1		8.5			2.4
<i>Income Categories</i>	<i>Total Farms by Tract</i>		<i>Farms by Tract and Revenue Size</i>					
			<i>≤\$1 Million</i>		<i>> \$1 Million</i>		<i>Revenue Not Reported</i>	
	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>
Low Income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate Income	132	35.2	131	35.1	1	50.0	0	0.0
Middle Income	211	56.3	210	56.3	1	50.0	0	0.0
Upper Income	32	8.5	32	8.6	0	0.0	0	0.0
Total Assessment Area	375	100.0	373	100.0	2	100.0	0	0.0
Percentage of Total Farms:			99.5		0.5			0.0

Income. For purposes of classifying borrower incomes, this evaluation uses the Department of Housing and Urban Development’s (HUD) estimated median family income for the relevant area. For borrowers in the Rapid City MSA, this figure is \$53,500 for 2007, \$57,400 for 2008, and \$56,700 for 2009. For purposes of classifying census tract income levels, this evaluation uses the 2000 median family income for the Rapid City MSA, which is \$43,702.

Population. The population of the Rapid City MSA assessment area is 112,818, according to 2000 U.S. Census data. According to estimates by the U.S. Census Bureau, the 2008 estimated population of Rapid City is 65,491. According to the same data source, the 2008 estimated population of Sturgis and Box Elder, cities in the bank’s Rapid City MSA assessment area, are 5,950, and 3,517, respectively.

General economic conditions. According to community contacts, the economy in western South Dakota has been strong with continued growth during recent years and has not been significantly effected by the downturn in the national economy. A community contact stated western South Dakota’s economy is more stable than the national economy. Bank management indicated there had been a perception by residents in early 2009 that the local economy was declining, but in actuality, the economy has been relatively stable. Bank management noted small businesses and residents were somewhat conservative about financial decisions during the first part of 2009 due to the perceived downturn in the economy.

The Rapid City MSA assessment area is in western South Dakota, an area known as the Northern Black Hills, often referred to as the Northern Hills. Western South Dakota’s economy is primarily driven by tourism and agriculture. According to community contacts, the area experiences about a six-month tourism period each year. The tourism season brings approximately three million visitors to the area. Sturgis is home to a motorcycle rally that attracts hundreds of thousands of people each summer. The Northern Hills has other attractions, which brings tourist traffic throughout the entire tourism season,

including Mount Rushmore National Memorial and Wall Drug. Many visitors pass through the assessment area while traveling to these destinations and support Rapid City's retail, lodging, and restaurant businesses. According to community contacts and bank management, 2009 was a good year for tourism.

The agricultural economy mainly consists of livestock with some small grains. During the last five years, livestock and crop prices have been reasonably good. During those five years, however, input costs, especially fuel prices at various times, have increased. According to community contacts, input costs generally did not increase as much as prices, which resulted in increased incomes for ranchers and farmers. Although there was some loss of livestock and crops due to weather, government assistance generally helped ranchers and farmers in the assessment area stay profitable. The agricultural industry in the area supports other parts of the Rapid City economy because farmers buy equipment, supplies, and household items in Rapid City.

Residential and commercial construction expanded during the last three years but slowed in early 2009. Some commercial construction continues in Rapid City. Residential construction has slowed more dramatically than commercial construction. The higher-end housing market slowed with building being minimal. There are homes listed for sale in the assessment area, but many are older homes in need of rehabilitation. Some people are purchasing homes to take advantage of the first-time homebuyer tax credit. Low interest rates have helped maintain the housing market.

In Rapid City, people are moving from the older neighborhoods and to newer ones on the outskirts of the city resulting in more rental units in the city. Box Elder has been a growth area, but recently its growth slowed. Although there has been home construction in the Northern Hills, according to bank management and community contacts, there is still a shortage of affordable housing. Specifically, there is a shortage of low-priced homes for the work force, including low- and moderate-income people, to purchase. According to bank management, home prices in the area appreciated 8% to 12% per year during recent years. With appreciation rates declining recently, housing prices have remained stable. Wages did not keep pace with the appreciation of housing prices. According to community contacts, two income earners in a household or family are usually necessary in order to qualify for a loan to purchase a home.

Rapid City serves as a regional trade and medical center for the residents of the assessment area. The major industries in Rapid City are tourism, agriculture, healthcare, retail, and government. According to information from Rapid City Economic Development's 2009 Community Data Sheet, the major employers in the area are Ellsworth Air Force Base; a regional hospital; federal, state, and local government; the school district; an energy company; and the South Dakota Army National Guard. Many residents in the assessment area commute to Rapid City for work. Community contacts and bank management noted the air force base has a big impact on the state and local economy. A community contact indicated that while unemployment has increased slightly in recent months, it has not changed significantly. In June 2009, the unemployment rate was 4.6% for the MSA, and the comparable figure for the nation was 9.5%.

According to community contacts, small businesses in western South Dakota have experienced some growth during the past few years. Bank management indicated demand for credit from small businesses has been stable, but few new small businesses entered the market. Existing small businesses have not changed significantly during the past few years. Many small businesses in the assessment area are dependent on tourism; since that sector has been strong, businesses generally did well during the first part of 2009.

The bank operates in a competitive environment. The bank competes with community, regional, and national banks as well as credit unions, including one very active and competitive credit union in the assessment area and surrounding area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's performance in the Rapid City MSA assessment area is good. The bank's lending to borrowers of different income levels and to businesses and farms of different sizes is good. The geographic distribution and dispersion of the bank's loans is also good. The bank's community development activity is responsive to the area's community development needs. Finally, the bank's community development activity level and mix are good overall.

LENDING TEST

PBT's lending reflects good responsiveness to credit needs in the Rapid City MSA assessment area. As mentioned, the Lending Test performance is based on the bank's 2007 and 2008 HMDA data and a statistical sample of small business and consumer loans originated between January 1, 2009, and June 30, 2009. All bank's lending products are weighted equally for purposes of assessing the bank's performance in the Rapid City MSA assessment area. Table 5 sets forth data about the bank's 2007 and 2008 HMDA loans and the sample of 2009 small business and consumer loans.

TABLE 5				
2007 HMDA Lending in the Rapid City MSA Assessment Area				
<i>Loan Type</i>	<i>Number of Loans</i>		<i>Amount of Loans (in thousands)</i>	
Home Purchase	34	39.5%	\$3,399	36.0%
Refinance	33	38.4%	\$2,819	29.8%
Home Improvement	15	17.4%	\$ 335	3.5%
Multifamily	4	4.7%	\$2,900	30.7%
Total 2007 HMDA Loans	86	100.0%	\$9,453	100.0%
2008 HMDA Lending in the Rapid City MSA Assessment Area				
<i>Loan Type</i>	<i>Number of Loans</i>		<i>Amount of Loans (in thousands)</i>	
Home Purchase	45	42.9%	\$ 5,390	46.9%
Refinance	39	37.1%	\$ 3,790	33.0%
Home Improvement	19	18.1%	\$ 1,065	9.3%
Multifamily	2	1.9%	\$ 1,235	10.8%
Total 2008 HMDA Loans	105	100.0%	\$11,480	100.0%
2009 Loan Sample in the Rapid City MSA Assessment Area				
<i>Loan Type</i>	<i>Number of Loans</i>		<i>Amount of Loans (in thousands)</i>	
Small Business	62	50.0%	\$7,325	92.6%
Consumer	62	50.0%	\$ 590	7.4%
Total 2009 Loan Sample	124	100.0%	\$7,915	100.0%

By number volume, the bank extended 48.7% of the loans in its assessment areas to borrowers in the Rapid City MSA assessment area.

LENDING TO BORROWERS OF DIFFERENT INCOME LEVELS AND TO BUSINESSES OF DIFFERENT SIZES

The bank's lending to borrowers of different income levels and to businesses and farms of different sizes is good in the Rapid City MSA assessment area.

Small business lending. The bank's small business lending is good and is detailed in Table 6.

TABLE 6				
Small Business Loans				
<i>Small Business Loans</i>	$\leq \$100,000$	$> \$100,000$ to $\leq \$250,000$	$> \$250,000$ to $\leq \$1,000,000$	<i>Total Originations</i>
Percentage of Small Business Loans	56.5%	38.7%	4.8%	100.0%
Percentage of Loans to Businesses with Revenues \leq \$1 Million	59.0%	38.5%	2.6%	62.9%

Overall, the bank originated 62.9% of its small business loans to businesses with gross annual revenues of \$1 million or less. According to reports published by Dun & Bradstreet, 89.1% of the businesses in the assessment area are small businesses. The bank's lending to small businesses is good given the local environment. According to bank management, during the first part of the year, small businesses were more fiscally conservative based on perceived changes in the economy. In addition, existing small businesses seem to be doing well but are not generally expanding. The bank also operates in a competitive area for small business loans.

The bank originates the majority of small business loans in small-dollar amounts. The bank originated 97.5% of its loans to small businesses for amounts of \$250,000 or less as shown in Table 6. Overall, the bank's small business lending is good.

Consumer lending. The bank's consumer lending to borrowers of different income levels is very good. The bank's consumer lending is detailed in Table 7.

TABLE 7										
Distribution of Consumer Loans by Borrower Income Levels*										
	<i>Low Income</i>		<i>Moderate Income</i>		<i>Middle Income</i>		<i>Upper Income</i>		<i>Unknown Income</i>	
	#	%	#	%	#	%	#	%	#	%
Consumer	18	29.0	10	16.1	16	25.8	8	12.9	10	16.1
Percentage of Families by Income Levels**	17.5%		18.5%		25.8%		38.1%		NA	
Percentage of Households by Income Levels**	20.1%		18.4%		22.0%		39.5%		NA	
*Based on 2009 median family income for the Rapid City MSA.										
**Based on 2000 census data.										

The bank originated 29.0% and 16.1% of its consumer loans to low- and moderate-income borrowers, respectively. These levels compare favorably to demographic data, which indicate 17.5% of the families and 20.1% of the households in the assessment area are low income, and 18.5% of the families and 18.4% of the households in the assessment area are moderate income. The percentage of households within an assessment area is the better proxy as compared with the percentage of families for consumer loan

demand. The bank is able to achieve very good penetration among low- and moderate-income borrowers because of the variety of closed-end and open-end consumer loan products offered to customers. Its lending to low-income borrowers is excellent, and its lending to moderate-income borrowers is good. The difference in performance between borrowers in the two income levels is attributed to loan demand generally. The level of consumer lending to borrowers, including low- and moderate-income borrowers, demonstrates the bank's commitment to meeting the credit needs of all residents in its assessment area and is very good.

Residential real estate loans. The bank's HMDA lending to borrowers of different income levels is good. Table 8 sets forth data about the bank's 2007 and 2008 HMDA lending.

TABLE 8										
Distribution of 2007 HMDA Loans by Income Level of Borrower*										
<i>Income Level of Borrower</i>	<i>Low</i>		<i>Moderate</i>		<i>Middle</i>		<i>Upper</i>		<i>Unknown</i>	
<i>Loan Type</i>	#	%	#	%	#	%	#	%	#	%
Home Purchase	1	2.9	9	26.5	7	20.6	14	41.2	3	8.8
Refinance	6	18.2	6	18.2	4	12.1	10	30.3	7	21.2
Home Improvement	4	26.7	2	13.3	5	33.3	3	20.0	1	6.7
Multifamily	0	0.0	0	0.0	0	0.0	0	0.0	4	100.0
Total 2007 HMDA Loans	11	12.8	17	19.8	16	18.6	27	31.4	15	17.4
Distribution of 2008 HMDA Loans by Income Level of Borrower*										
<i>Income Level of Borrower</i>	<i>Low</i>		<i>Moderate</i>		<i>Middle</i>		<i>Upper</i>		<i>Unknown</i>	
<i>Loan Type</i>	#	%	#	%	#	%	#	%	#	%
Home Purchase	4	8.9	9	20.0	6	13.3	21	46.7	5	11.1
Refinance	4	10.3	7	17.9	6	15.4	18	46.2	4	10.3
Home Improvement	5	26.3	4	21.1	4	21.1	5	26.3	1	5.2
Multifamily	0	0.0	0	0.0	0	0.0	0	0.0	2	100.0
Total 2008 HMDA Loans	13	12.4	20	19.1	16	15.2	44	41.9	12	11.4
*Based on 2007 and 2008 median family incomes for the Rapid City MSA.										

The bank extended 12.8% of HMDA loans to low-income borrowers in 2007 and 12.4% in 2008. This lending is low given the demographic data, which indicate 17.5% of families are low income. However, the bank's 2007 HMDA lending to low-income borrowers exceeds the lending of the aggregate lenders, who originated 4.6% and 5.6% of their loans to low-income borrowers in 2007 and 2008, respectively. Many low-income residents do not have the capacity to borrow for purchase, refinance, or home improvement loans.

The bank extended 19.8% of HMDA loans to moderate-income borrowers in 2007 and 19.1% in 2008. This lending compares favorably to demographic data, which indicate 18.5% of families are moderate income. The bank's HMDA lending slightly exceeds the lending of the aggregate lenders, who originated 18.0% and 17.9% of their loans to moderate-income borrowers in 2007 and 2008, respectively.

The distribution of the bank's HMDA lending by loan type is good. The distribution percentages by loan type are based on relatively few loans given the small number of loans reported by the bank. For low-income borrowers, the bank's performance by loan type is low compared with the demographic data but is good compared with the aggregate lenders' performance in 2007 and 2008. For example, in 2008, the bank extended 10.3% of refinance loans to low-income borrowers, while aggregate lenders extended 5.9% of refinance loans to these borrowers. For moderate-income borrowers, the bank's 2007 and 2008

lending by HMDA-reportable loan type compares favorably with the demographic data and compares well with the aggregate lenders' performance. For example, the bank originated 17.9% and aggregate lenders originated 14.4% of refinance loans to moderate-income borrowers in 2008. The percentages for home purchase loans to moderate-income borrowers are 20.0% for the bank and 21.3% for the aggregate lenders in 2008.

Community contacts indicated that there continues to be a shortage of affordable housing. Specifically, the bank's assessment area has a limited supply of housing considered affordable to many low-income and some moderate-income borrowers. As previously mentioned, the assessment area experienced appreciation in home prices during the evaluation period. Although appreciation slowed recently, housing prices have not declined, and wages have not kept pace with the appreciation in housing prices. Given the assessment area's characteristics and the aggregate lenders' performance, the bank's HMDA lending to low- and moderate-income borrowers is good.

Overall, the bank's lending reflects good penetration among individuals of different income levels and businesses of different sizes in the Rapid City MSA assessment area.

GEOGRAPHIC DISTRIBUTION OF LOANS

PBT extends loans throughout the Rapid City MSA assessment area, and the distribution of loans among census tracts of different income levels is good. The bank originated small business, consumer, and HMDA loans in most of the census tracts in the assessment area, including the moderate-income census tracts. There are no unexplained gaps in the bank's lending. The bank did not make any loans in the census tract with no income designation; however, this is reasonable given that there are no owner-occupied units, residents, or businesses in this census tract. As previously mentioned, the Rapid City assessment area does not include any low-income census tracts. The bank offices are in the southwest corner of the assessment area. Community contacts and bank management did not identify any concentrations of low- or moderate-income individuals within the Rapid City MSA assessment area.

Residential real estate lending. The distribution of the bank's HMDA loans throughout the assessment area is very good. As shown in Table 9, the bank originated 24.4% and 20.9% of HMDA loans in moderate-income tracts in 2007 and 2008, respectively.

TABLE 9								
2007 HMDA Loans by Income Level of Census Tract								
<i>Income Level of Borrower</i>	<i>Moderate</i>		<i>Middle</i>		<i>Upper</i>		<i>Unknown</i>	
<i>Loan Type</i>	#	%	#	%	#	%	#	%
Home Purchase	6	17.6	16	47.1	12	35.3	0	0.0
Refinance	6	18.2	17	51.5	10	30.3	0	0.0
Home Improvement	5	33.3	5	33.3	5	33.3	0	0.0
Multifamily	4	100.0	0	0.0	0	0.0	0	0.0
Total 2007 HMDA Loans	21	24.4	38	44.2	27	31.4	0	0.0
2008 HMDA Loans by Income Level of Census Tract								
<i>Income Level of Borrower</i>	<i>Moderate</i>		<i>Middle</i>		<i>Upper</i>		<i>Unknown</i>	
<i>Loan Type</i>	#	%	#	%	#	%	#	%
Home Purchase	9	20.0	21	46.7	15	33.3	0	0.0
Refinance	5	12.8	19	48.7	15	38.5	0	0.0
Home Improvement	6	31.6	9	47.4	4	21.0	0	0.0
Multifamily	2	100.0	0	0.0	0	0.0	0	0.0
Total 2008 HMDA Loans	22	20.9	49	46.7	34	32.4	0	0.0

In this assessment area, 25.4% of families reside in the moderate-income census tracts, but only 19.4% of the assessment area's owner-occupied units are located in these tracts. In 2007 and 2008, respectively, aggregate lenders originated 17.0% and 17.3% of their loans in the moderate-income tracts. The bank's HMDA lending in the moderate-income census tracts compares well with the demographic data and aggregate lenders' data.

The bank did not originate HMDA loans in Meade County moderate-income census tract 202.00 in 2007 or 2008; however, this is reasonable. Meade County census tract 202.00 has only seven owner-occupied units; therefore, the opportunity to make HMDA loans in this census tract is very limited. In 2007, the bank did not originate loans in Meade County census tract 201.00; however, this census tract is located closer to other financial institutions than PBT. In addition, this is a relatively large census tract outside Rapid City with only 794 owner-occupied housing units. In 2008, the bank did not originate loans in Pennington County moderate-income census tract 115.00, which has only 11 owner-occupied units. Given the assessment area's characteristics, the distribution and dispersion of the bank's HMDA loans is very good.

Consumer lending. The bank's distribution of consumer loans throughout the assessment area is reasonable. Consumer leading is shown in Table 10.

<i>Loan Type Sample</i>	<i>Moderate</i>		<i>Middle</i>		<i>Upper</i>		<i>Unknown</i>	
	<i>#</i>	<i>\$</i>	<i>#</i>	<i>\$</i>	<i>#</i>	<i>\$</i>	<i>#</i>	<i>\$</i>
Consumer	27.4%	40.9%	54.8%	40.5%	17.8%	18.7%	0.0%	0.0%
Small Business	40.3%	28.6%	25.8%	27.2%	33.9%	44.2%	0.0%	0.0%
<i>Demographic Data</i>								
Number of Census Tracts	9		12		4		1	
Percentage of Census Tracts	34.6%		46.2%		15.4%		3.8%	
Percentage of Households	27.3%		49.3%		23.4%		0.0%	
Percentage of Small Businesses	34.0%		49.6%		16.4%		0.0%	
*Income classification of census tracts based on 2000 median family income.								

The bank originated 27.4% of consumer loans in the moderate-income census tracts. This compares well with the demographic data, which indicate 27.3% of the assessment area's households live in the moderate-income census tracts.

The bank did not make consumer loans in some census tracts in the assessment area. Specifically, the bank did not make loans in Meade County moderate-income census tract 202.00; Pennington County census tracts 105.00, 106.00, 115.00, 110.01, or 112.00. The first three census tracts are moderate-income areas, and the last two are middle-income areas. Primarily, competitive factors and proximity to the bank's branches impact the bank's ability to lend to consumers in these census tracts. Given these factors, the bank's distribution and dispersion of consumer loans within the assessment area is reasonable.

Small business lending. The geographic distribution of small business loans is reasonable. The bank extended 40.3% of small business loans in the moderate-income census tracts. According to data reported by Dun & Bradstreet, 34.0% of the assessment area's small businesses are in the moderate-income census tracts.

The bank did not make small business loans in seven census tracts in the assessment area. Two of the census tracts where the bank did not extend loans are in Meade County and are closer to other financial institutions. The remaining five census tracts are in Pennington County. The bank's ability to lend in Pennington County census tracts 103.00, 108.00, 111.00, 112.00, and 115.00 is largely impacted by competitive factors and, in some cases, reflects a choice by business owners to bank close to their business locations. Due to some natural geographic boundaries and the size of Rapid City, it can be time consuming to get from one area of the city to another area. Given this context and the demographic data, the bank's distribution and dispersion of small business loans in the assessment area is reasonable.

Overall, the geographic distribution and dispersion of the bank's loans is good. The bank originates loans throughout the assessment area. There are no unexplained gaps in the distribution of the bank's loans.

COMMUNITY DEVELOPMENT TEST

The bank's community development activity in the Rapid City MSA assessment area is good and reflects good responsiveness to community development needs. The bank makes community development loans and qualified investments and provides community development services at a good level and in an appropriate mix given the assessment area's opportunities and needs.

Since the previous evaluation, the bank originated four community development loans for \$1,854,224 in the Rapid City MSA assessment area. One loan financed the construction of affordable housing units. Two of the loans provided long-term financing for affordable housing complexes in the assessment area. The remaining loan facilitated a nonprofit organization's mission to provide affordable housing. All of the bank's community development loans are responsive to the affordable housing needs in the Rapid City area.

During the evaluation period, bank officers and staff provided a variety of services to community development organizations in the Rapid City MSA assessment area. In the Rapid City MSA assessment area, bank management is involved with organizations that promote economic development at a local and regional level, develop affordable housing at a regional level, and provide community services targeted to low- and moderate-income individuals at a local, regional, or statewide level. The involvement of bank officers and with community development organizations, both in the bank's assessment area and in the broader regional or statewide area that includes the bank's assessment area, demonstrates the bank's commitment to addressing community development needs.

The bank did not purchase any new qualified investments in this assessment area since the previous evaluation because of limited opportunities. It made qualified donations to organizations serving the assessment area and a broader regional or statewide area that includes the bank's assessment area. In the bank's Rapid City MSA assessment area, the bank donated \$10,081 to organizations with a community development purpose. Specifically, the majority of the bank's donations were to organizations that provide community services to low- and moderate-income individuals; however, the bank also made a donation to an organization focusing on affordable housing for low- and moderate-income people. Many of the community development organizations in the assessment area have a regional focus.

Overall, the type, level, and mix of the bank's community development activities are good. The bank is responsive to community development needs in the assessment area. The bank's community development lending notably focused on addressing the affordable housing need in the assessment area. Also, the bank's qualified investments and community development services were responsive to a variety of assessment area community development needs.

NONMETROPOLITAN AREA

DESCRIPTION OF THE BELLE FOURCHE ASSESSMENT AREA

The bank operates three full-service branches and two cash-dispensing-only ATMs in the Belle Fourche assessment area. The bank has one branch in Belle Fourche, one branch in Buffalo, and one branch in Spearfish. One ATM is located at the Belle Fourche branch, and the other is located at the Spearfish branch.

According to the June 30, 2009, FDIC Deposit Market Share Report, the bank's deposits totaled approximately \$168.3 million, representing 17.8% of the total deposits in its Belle Fourche assessment area. The Belle Fourche assessment area deposits represent 53.2% of the bank's total deposits. The bank ranks third in market share of the 11 banks with offices in the assessment area. Deposit information does not include member share deposits with credit unions in the area.

The bank ranks fifth among 109 HMDA loan originators and purchasers in the Belle Fourche assessment area according to 2008 aggregate data. The bank originated 6.0% of HMDA loans reported for the assessment area.

The bank defines its Belle Fourche assessment area as Lawrence, Butte, Harding, and Perkins counties in South Dakota; Carter County, Montana; and Crook County, Wyoming. The assessment area boundaries remain unchanged since the previous evaluation. The 12 census tracts in the assessment area are middle income. The assessment area does not include any low-, moderate-, or upper-income census tracts; however, several census tracts are considered distressed and/or underserved. Specifically, both census tracts in Butte County are distressed middle-income census tracts and both census tracts in Crook County are underserved. In addition, the census tracts that comprise Carter County, Harding County, and Perkins County are designated as distressed and underserved. Table 11 states demographic data about the Belle Fourche assessment area. Assessment area demographics are based on 2000 U.S. Census data and 2009 Dun & Bradstreet data.

TABLE 11								
Belle Fourche Assessment Area Demographics								
<i>Income Categories</i>	<i>Tract Distribution</i>		<i>Families by Tract Income</i>		<i>Families < Poverty Level as % of Families by Tract</i>		<i>Families by Family Income</i>	
	#	%	#	%	#	%	#	%
Low Income	0	0.0	0	0.0	0	0.0	2,398	21.0
Moderate Income	0	0.0	0	0.0	0	0.0	2,197	19.3
Middle Income	12	100.0	11,389	100.0	1,136	10.0	2,699	23.7
Upper Income	0	0.0	0	0.0	0	0.0	4,095	36.0
Total Assessment Area	12	100.0	11,389	100.0	1,136	10.0	11,389	100.0
<i>Income Categories</i>	<i>Housing Units by Tract</i>	<i>Housing Types by Tract</i>						
		<i>Owner-Occupied</i>			<i>Rental</i>		<i>Vacant</i>	
		#	%	%	#	%	#	%
Low Income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate Income	0	0	0.0	0.0	0	0.0	0	0.0
Middle Income	20,890	12,069	100.0	57.8	5,133	24.6	3,688	17.6
Upper Income	0.0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	20,890	12,069	100.0	57.8	5,133	24.6	3,688	17.6

TABLE 11
Belle Fourche Assessment Area Demographics

<i>Income Categories</i>	<i>Total Businesses by Tract</i>		<i>Businesses by Tract and Revenue Size</i>					
	#	%	<i>≤ \$1 Million</i>		<i>> \$1 Million</i>		<i>Revenue Not Reported</i>	
			#	%	#	%	#	%
Low Income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate Income	0	0.0	0	0.0	0	0.0	0	0.0
Middle Income	2,528	100.0	2,292	100.0	141	100.0	95	100.0
Upper Income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	2,528	100.0	2,292	100.0	141	100.0	95	100.0
Percentage of Total Businesses:				90.7		5.6		3.7
<i>Income Categories</i>	<i>Total Farms by Tract</i>		<i>Farms by Tract and Revenue Size</i>					
	#	%	<i>≤ \$1 Million</i>		<i>> \$1 Million</i>		<i>Revenue Not Reported</i>	
			#	%	#	%	#	%
Low Income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate Income	0	0.0	0	0.0	0	0.0	0	0.0
Middle Income	532	100.0	531	100.0	1	100.0	0	0.0
Upper Income	0	0	0	0.0	0	0.0	0	0.0
Total Assessment Area	532	100.0	531	100.0	1	100.0	0	0.0
Percentage of Total Farms:				99.8		0.2		0.0

Income. For purposes of classifying borrower incomes, this evaluation uses the HUD estimated median family income for the relevant area. For borrowers in the nonmetropolitan areas of South Dakota, the figure is \$48,700 for 2007, \$51,600 for 2008, and \$52,500 for 2009. For borrowers in the nonmetropolitan areas of Montana, the figure is \$48,900 for 2007, \$51,700 for 2008, and \$53,500 for 2009. For borrowers in the nonmetropolitan areas of Wyoming, the figure is \$58,200 for 2007, \$60,100 for 2008, and \$63,600 for 2009.

For purposes of classifying census tract income levels, this evaluation uses the 2000 median family income for the nonmetropolitan areas of each state. These incomes are \$39,438 for South Dakota, \$39,050 for Montana, and \$45,456 for Wyoming.

Population. The population of the Belle Fourche assessment area is 42,859 according to 2000 U.S. Census data. Significant cities in the assessment area are Spearfish, Deadwood, and Belle Fourche. Spearfish and Deadwood have populations of 10,010 and 1,283, respectively, according to 2008 population estimates from the U.S. Census Bureau. According to the same data source, Belle Fourche has a population of 4,979.

General economic conditions. The bank's Belle Fourche assessment area is similar in economic characteristics to the Rapid City assessment area with the exception that it is more rural. As noted for the Rapid City assessment area, according to community contacts, the economy in western South Dakota has been strong with continued growth during recent years and has not been significantly impacted by the decline in the national economy. Bank management indicated there was a perception by residents in early 2009 that the area's economy was declining, but in actuality, the economy has been relatively stable. Bank management noted small businesses and residents were somewhat fiscally conservative during the first part of 2009 due to the perceived decline in the economy. A community contact stated western South Dakota's economy is more stable than the national economy.

Spearfish is considered a retail center for the Northern Hills, similar to Rapid City but on a smaller scale. In addition, Spearfish has large medical and timber industries along with retail and service industries.

Spearfish has had minimal layoffs attributed to the lumber mill. Although there are jobs available in Spearfish, some residents drive to Gillette, Wyoming, to work in the mines due to the availability of high-paying jobs. According to bank management, some assessment area residents commute to Rapid City where more job opportunities are available.

Like the other areas throughout the Northern Hills, Spearfish's economy is dependent on tourism and the agricultural industry. Spearfish is home to Black Hills State University. According to bank management, there appears to have been some decline in business activity in Spearfish; however, business activity seems to have strengthened recently.

Deadwood's economy is centered on gaming and tourism. Deadwood's casinos are the major employers in the community. In addition to the casinos, the hospital, the local and county governments (including the school district), and a gold mine are major employers.

In Spearfish and Deadwood, there is a shortage of affordable housing. In Deadwood, the housing stock is energy inefficient and inadequate. There is a lack of housing, especially affordable housing, for the work force. Spearfish particularly needs affordable housing, according to community contacts. Community contacts stated the 2007 median home sales price in Spearfish was \$190,000. Home values in Spearfish had been appreciating at a rate of approximately 10% per year, but the appreciation has now slowed dramatically. Although appreciation has slowed, prices have not dropped. The Northern Hills has limited buildable land due to being landlocked by National Forest Service land. The lack of buildable land and new home availability in conjunction with increasing housing demand from retirees, second homebuyers, and investors in the Deadwood and Spearfish areas have driven housing and land prices up. Although there is some affordable housing construction in the Northern Hills, it is not enough to satisfy the high demand. In general, wages have not kept pace with housing prices, making homeownership particularly difficult for lower-income wage earners. In Deadwood and Belle Fourche, the real estate market has shifted from a sellers' market to a buyers' market.

Belle Fourche, located in Butte County, is a ranching community and a bedroom community for Spearfish, which is in Lawrence County. Butte County is a distressed area. The major employers in Belle Fourche are the local government (including the school district), a bentonite clay producer, and a variety of general retail and service businesses. Similar to Spearfish residents, some Belle Fourche residents also drive to Gillette to work in the mines. Small businesses have experienced limited growth in the recent year.

Belle Fourche had some new housing development in the past few years, but the activity slowed significantly in 2009. The appreciation of home prices also slowed; however, prices have not declined. Generally, housing in Belle Fourche costs about \$30,000 to \$50,000 less than comparable housing in Spearfish.

Agriculture is a major industry in Perkins, Butte, and Harding counties. Prices have been somewhat lower than in the past but have still been good. The area experienced some crop damage from storms, but the impact of the damage was not significant because farmers received federal assistance. Farmers have been profitable during the past few years. Input costs have gone up, but farmers were not significantly or negatively affected by the input costs given the crop prices. The main crops are wheat, soybeans, corn, and sunflowers, in addition to some other small grains. There is also some livestock in the area.

Crook County, Wyoming, and Carter County, Montana, are very rural and have relatively small populations. In these areas, the local and county governments are the largest employers. It is relatively

inexpensive to live in Crook, Carter, Perkins, Butte, and Harding counties. These rural areas have limited housing development and sales activity.

The bank operates in a competitive environment. The bank competes with community, regional, and national banks as well as credit unions, including one very active and competitive credit union in the assessment area and surrounding area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's performance in the Belle Fourche assessment area is good. The distribution of lending to borrowers of different income levels and to small businesses and farms of different sizes is good. The geographic dispersion of the bank's loans is also good. The bank's community development activity in the Belle Fourche assessment area is responsive to the area's community development needs. Finally, the community development activity level and mix are good overall.

LENDING TEST

PBT's level of lending reflects good responsiveness to credit needs in the Belle Fourche assessment area. The Lending Test consists of a review of the bank's 2007 and 2008 HMDA data and a statistical sample of small business, small farm, and consumer loans originated between January 1, 2009, and June 30, 2009. The bank's small farm lending, residential real estate lending, and consumer lending received the greatest and equal weight for purposes of assessing performance in this assessment area. The bank's small business lending received the least weight. Table 12 sets forth data about the bank's 2007 and 2008 HMDA loans and the sample of 2009 small business, small farm, and consumer loans.

TABLE 12				
2007 HMDA Lending in the Belle Fourche Assessment Area				
<i>Loan Type</i>	<i>Number of Loans</i>		<i>Amount of Loans (in thousands)</i>	
Home Purchase	50	58.1%	\$ 5,129	62.8%
Refinance	24	27.9%	\$ 2,533	31.0%
Home Improvement	12	14.0%	\$ 505	6.2%
Multifamily	0	0.0%	\$ 0	0.0%
Total 2007 HMDA Loans	86	100.0%	\$ 8,167	100.0%
2008 HMDA Lending in the Belle Fourche Assessment Area				
<i>Loan Type</i>	<i>Number of Loans</i>		<i>Amount of Loans (in thousands)</i>	
Home Purchase	41	39.4%	\$ 4,368	43.2%
Refinance	44	42.3%	\$ 4,823	47.7%
Home Improvement	16	15.4%	\$ 731	7.2%
Multifamily	3	2.9%	\$ 195	1.9%
Total 2008 HMDA Loans	104	100.0%	\$10,117	100.0%
2009 Loan Sample in the Belle Fourche Assessment Area				
<i>Loan Type</i>	<i>Number of Loans</i>		<i>Amount of Loans (in thousands)</i>	
Small Business	33	21.3%	\$ 1,837	25.5%
Small Farm	74	47.7%	\$ 4,884	67.8%
Consumer	48	31.0%	\$ 486	6.7%
Total 2009 Loan Sample	155	100.0%	\$ 7,207	100.0%

By number volume, the bank extended 51.3% of the loans in its assessment areas to borrowers in the Belle Fourche assessment area.

LENDING TO BORROWERS OF DIFFERENT INCOME LEVELS AND TO BUSINESSES OF DIFFERENT SIZES

The bank's lending to borrowers of different income levels and to businesses and farms of different sizes is good in the Belle Fourche assessment area.

Small business lending. The bank's small business lending is good. The bank's small business lending is detailed in Table 13.

<i>Small Business Loans</i>	$\leq \$100,000$	$> \$100,000$ to $\leq \$250,000$	$> \$250,000$ to $\leq \$1,000,000$	<i>Total Originations</i>
Percentage of Small Business Loans	84.9%	12.1%	3.0%	100.0%
Percentage of Loans to Businesses with Revenues \leq \$1 Million	89.3%	10.7%	0.0%	84.9%

Overall, the bank originated 84.9% of its small business loans to businesses with gross annual revenues of \$1 million or less. According to 2009 Dun & Bradstreet data, 90.7% of the businesses in the assessment area are small businesses. Nonetheless, the bank's lending to small businesses is reasonable for several reasons. As mentioned, the small businesses in the bank's assessment area experienced some declines and limited growth in early 2009. In addition, according to bank management, small businesses were financially conservative during that time frame due to the perceived decline in the national economy.

The bank originates most of its small business loans in small-dollar amounts. The bank originated 100.0% of its loans to small businesses for amounts of \$250,000 or less. Overall, the bank's small business lending is good.

Small farm lending. The bank's small farm lending is very good and is detailed in Table 14.

<i>Small Farm Loans</i>	$\leq \$100,000$	$> \$100,000$ to $\leq \$250,000$	$> \$250,000$ to $\leq \$500,000$	<i>Total Originations</i>
Percentage of Small Farm Loans	77.0%	18.9%	4.1%	100.0%
Percentage of Loans to Farms with Revenues \leq \$1 Million	76.4%	19.4%	4.2%	97.3%

Overall, the bank originated 97.3% of its small farm loans to farms with gross annual revenues of \$1 million or less. According to 2009 Dun & Bradstreet data, 99.8% of the farms in the assessment area are small farms. Agricultural conditions have resulted in stable demand for agricultural credit in the assessment area.

The bank originates most of its small farm loans in small-dollar amounts. The bank originated 95.8% of its loans to small farms for amounts of \$250,000. Overall, the bank's small farm lending is very good.

Consumer lending. The bank's consumer lending to borrowers of different income levels is good. The bank's consumer lending is detailed in Table 15.

	<i>Low Income</i>		<i>Moderate Income</i>		<i>Middle Income</i>		<i>Upper Income</i>		<i>Unknown Income</i>	
	#	%	#	%	#	%	#	%	#	%
Consumer	7	14.6	9	18.8	10	20.8	10	20.8	12	25.0
Percentage of Families by Income Levels**	21.1%		19.3%		23.7%		36.0%		NA	
Percentage of Households by Income Levels**	25.1%		16.8%		19.2%		38.9%		NA	

*Based on 2009 median family incomes for the nonmetropolitan areas of South Dakota, Montana, and Wyoming.
**Based on 2000 census data.

The bank originated 14.6% and 18.8% of its consumer loans to low- and moderate-income borrowers, respectively. The bank's level of lending to low- and moderate-income borrowers is slightly low given the assessment area's demographic data, which indicate 21.1% of the families and 25.1% of the households in the assessment area are low income, and 19.3% of the families and 16.8% of the households in the assessment area are moderate income. For consumer loans, the percentage of households in the assessment area is a better proxy for consumer loan demand than the percentage of families. The bank's performance compares with the demographic data for moderate-income borrowers. For low-income borrowers, the bank's performance compares less well with the demographic data and appears to reflect demand. The bank offers a variety of consumer loan products, which helps the bank serve the credit needs of low- and moderate-income borrowers. Given the comparison of the bank's loan distribution with the assessment area's demographic data, the bank's lending is good.

Residential real estate loans. The distribution of the bank's HMDA loans by borrower income is good. Table 16 sets forth data about the bank's 2007 and 2008 HMDA lending.

<i>Income Level of Borrower</i>	<i>Low</i>		<i>Moderate</i>		<i>Middle</i>		<i>Upper</i>		<i>Unknown</i>	
<i>Loan Type</i>	#	%	#	%	#	%	#	%	#	%
Home Purchase	4	8.0	6	12.0	14	28.0	20	40.0	6	12.0
Refinance	4	16.7	1	4.2	6	25.0	12	50.0	1	4.2
Home Improvement	3	25.0	3	25.0	2	16.7	2	16.7	2	16.7
Multifamily	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total 2007 HMDA Loans	11	12.8	10	11.6	22	25.6	34	39.5	9	10.5

<i>Income Level of Borrower</i>	<i>Low</i>		<i>Moderate</i>		<i>Middle</i>		<i>Upper</i>		<i>Unknown</i>	
<i>Loan Type</i>	#	%	#	%	#	%	#	%	#	%
Home Purchase	3	7.3	8	19.5	5	12.2	18	43.9	7	17.1
Refinance	2	4.5	3	6.8	10	22.7	20	45.5	9	20.5
Home Improvement	2	12.5	3	18.7	5	31.3	4	25.0	2	12.5
Multifamily	0	0.0	0	0.0	0	0.0	0	0.0	3	100.0
Total 2008 HMDA Loans	7	6.7	14	13.5	20	19.2	42	40.4	21	20.2

*Based on the 2007 and 2008 median family incomes for the nonmetropolitan areas of South Dakota, Montana, and Wyoming.

The bank extended 12.8% of its HMDA loans to low-income borrowers in 2007 and 6.7% in 2008. This lending is low given the demographic data, which indicate 21.1% of families are low income within the assessment area. However, as previously mentioned, housing prices have steadily appreciated during the evaluation period resulting in fewer affordable homes available for low- and moderate-income individuals to purchase. The bank's HMDA lending to low-income borrowers, however, compares very favorably with the aggregate lenders, who extended 4.2% and 4.1% of HMDA loans to low-income borrowers in 2007 and 2008, respectively.

The bank's HMDA lending to moderate-income borrowers is 11.6% and 13.5% for 2007 and 2008, respectively. The level of HMDA lending for both years is low given the assessment area demographic data, which indicate 19.3% of families in the assessment area are moderate income. The bank's lending to moderate-income borrowers is consistent with the aggregate lenders' lending. Aggregate lenders originated 13.7% and 14.1% of HMDA loans to moderate-income borrowers in 2007 and 2008, respectively.

The bank's HMDA lending by loan type is good. The distribution percentages by loan type are based relatively few loans given the small number of loans reported by the bank. For low-income borrowers, the bank's performance for purchase loans in 2007 and 2008 and for refinance loans in 2008 is low compared with demographic data; however, for all loan types, the bank's performance is comparable or better than the aggregate lenders' performance. The bank's home purchase and home improvement lending to moderate-income borrowers is comparable or better than the aggregate lenders' lending and for home purchase and refinance loans is low compared with demographic data. The bank performed below the aggregate lenders when making refinance loans to moderate-income borrowers. The performance by loan type with respect to moderate-income borrowers is reflective of demand.

Similar to the bank's Rapid City assessment area, the Belle Fourche assessment area has a limited supply of housing that is affordable for many low-income and some moderate-income borrowers. In addition, there is limited housing activity in the more rural parts of the assessment area. Given the assessment area's characteristics, the bank's HMDA lending to low- and moderate-income borrowers is good.

Overall, the bank's lending reflects a good distribution among individuals of different income levels and businesses and farms of different sizes in the Belle Fourche assessment area.

GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic dispersion of PBT's loans in the Belle Fourche assessment area is good and does not reveal any unexplained gaps in lending patterns. As shown in Table 11, the assessment area does not have any low-, moderate-, or upper-income census tracts. An analysis of the distribution of the bank's lending by census tract income level is not warranted given all of the assessment area's census tracts have the same income classification. Discussions with bank management and community contacts did not identify any significant concentrations of low- or moderate-income families in the assessment area. The bank extends small business, consumer, and HMDA loans in most of the census tracts in its assessment area. Many parts of the Belle Fourche assessment area are distant from the bank's offices, which is a factor in the dispersion of the bank's lending.

In 2007, the bank did not originate any HMDA loans in Crook County census tracts 9502.00 and 9503.00, Carter County census tract 3.00, or Perkins County census tract 9983.00. This performance is reasonable because these are all rural, agricultural counties with limited housing activity. In 2008, the bank did not originate any HMDA loans in Lawrence County census tract 9965.00; however, this census tract is in a competitive area close to other financial institutions.

The bank did not extend small farms loans in Lawrence County census tracts 9961.00, 9962.00, 9964.00, and 9965.00; however, there are numerous financial institutions close to these census tracts competing for very limited small farm activity. The bank's lack of small farm lending in these census tracts is reasonable.

The bank did not make small business loans in Carter County census tract 3.0, Lawrence County census tracts 9964.00 and 9965.00, Butte County census tract 9976.00, and Perkins County census tract 9983.00; however, this performance is reasonable for several reasons. First, Carter County and Perkins County are rural and have limited small business loan demand. In addition, Lawrence County and Butte County businesses have access to several financial institutions, and, as mentioned previously, small businesses were more fiscally conservative during the first part of 2009.

The bank did not make consumer loans in Carter County census tract 3.0, Lawrence County census tract 9965.00, Crook County census tract 9503.00, and Perkins County census tract 9983.00; however, this performance is reasonable for several reasons. First, Carter, Perkins, and Crook counties are rural and have limited consumer loan demand. In addition, Lawrence County and Butte County residents have access to several financial institutions, and, as mentioned previously, residents, like small businesses in the area, were more fiscally conservative during the first part of 2009.

Based on the factors noted above, the geographic dispersion of the bank's loans is good and did not reveal any unexplained gaps in lending.

COMMUNITY DEVELOPMENT TEST

The bank's community development activity in the Belle Fourche assessment area is good and reflects good responsiveness to community development needs. The bank makes community development loans and qualified investments and provides community development services at a good level and in an appropriate mix given the assessment area's opportunities and needs.

Since the previous evaluation, the bank originated three community development loans totaling \$381,983 in the Belle Fourche assessment area. The loans address the affordable housing need in the assessment area by financing the purchase and refinance of affordable housing units.

During the evaluation period, bank officers and staff provided a variety of services to community development organizations in the Belle Fourche assessment area. Bank management and staff are primarily involved with organizations that have a regional focus. The organizations provide community services targeted to low- and moderate-income individuals, address affordable housing needs, and promote economic development at a regional level. In addition, bank management is involved with an organization focused on revitalizing or stabilizing the distressed or underserved middle-income geographies in the assessment area. The involvement of bank officers and staff with community development organizations, both in the assessment area and in a broader regional area that includes the bank's assessment area, demonstrates the bank's commitment to addressing community development needs.

Since the last evaluation, the bank purchased one new qualified investment security in this assessment area despite the limited qualified investment opportunities. The new investment is a \$250,000 QZAB bond providing funding to a school serving primarily low- and moderate-income children in the Belle Fourche school district. The bond is intended to help schools raise funds to renovate and repair buildings, invest in equipment and new technology, develop challenging curricula, and train teachers. The bank donated to organizations serving the bank's assessment area and a broader regional or statewide area that

includes the bank's assessment area. In the Belle Fourche assessment area, the bank donated \$7,533 to organizations with a community development purpose. Specifically, the bank mostly donated to organizations that provide community services to low- and moderate-income individuals and revitalize or stabilize distressed middle-income census tracts; however, the bank made one donation to an organization promoting economic development by financing businesses or farms.

Overall, the type, level, and mix of the bank's community development activities are good. The bank is responsive to community development needs in the assessment area. The bank's community lending notably focused on addressing the affordable housing need in the assessment area. Also, the bank's qualified investments and community development services were responsive to a variety of assessment area community development needs.

Appendix A

Glossary of Common CRA Terms

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 statistical area/assessment area.

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

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

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

Activities that revitalize or stabilize:

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

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

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

Full-scope review: Performance under the Lending and Community Development Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., 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 data such as the race, gender, and income of applicants; the amount of loan requested; and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancings of home improvement and home purchase loans.

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

Limited-scope review: Performance under the Lending and Community Development Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments).

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.

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.

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

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

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

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

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

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

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

Rated area: A rated area is a state or 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.

Small loan to business: 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 typically are either secured by nonfarm or nonresidential real estate or classified as commercial and industrial loans.

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

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

(For additional information, please see the Definitions sections of Regulation BB at 12 C.F.R. 228.12.)