

PUBLIC DISCLOSURE

March 4, 2002
Date of Evaluation

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

American State Bank of Rapid City
Name of Depository Institution

356350
Institution's Identification Number

Rapid City, South Dakota
Address of Institution

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 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 American State Bank of Rapid City's satisfactory rating is based on several factors.

- First, the bank's lending to borrowers of different income levels and to businesses of different sizes is very good. The bank extends a reasonable number of consumer and residential real estate loans to low- and moderate-income borrowers. In addition, a majority of the bank's small business loans were originated to entities with gross annual revenues of less than \$1 million.
- Second, the bank's lending in geographies of different income levels is reasonable.
- Third, the bank's net loan-to-deposit ratio reflects a strong level of lending.
- Finally, the bank originated a majority of its loans in the assessment area.

DESCRIPTION OF INSTITUTION

Based on its size and financial condition, American State Bank of Rapid City, Rapid City, South Dakota (“ASB”), satisfactorily meets the credit needs of residents and small businesses in its assessment area. The bank received an outstanding CRA rating at its previous CRA evaluation dated February 24, 1997.

Offices. ASB operates a full-service office and one paying and receiving branch office in the bank’s assessment area. The bank does not operate any automated teller machines in the assessment area. The main office is located in the business district of downtown Rapid City. The bank’s branch office is located in southwestern Rapid City in a largely commercial area.

The bank has not opened or closed any offices since the previous CRA evaluation. The bank’s office hours have not changed since the previous CRA evaluation. ASB provides 24-hour telephone banking and has implemented Internet banking since the previous CRA evaluation.

Loan portfolio. According to the December 31, 2001, Report of Condition (“ROC”), the bank’s assets totaled \$154 million, an increase of approximately \$90.4 million since the last CRA evaluation in February 1997. The ROC data reflects the composition of the loan portfolio at 83% commercial, 11% residential real estate, 5% consumer, and 2% agricultural loans. The bank is primarily a commercial lender. The composition of the bank’s loan portfolio has shifted slightly since the previous evaluation, with increases in commercial loans and decreases in both residential real estate and consumer loans. The evaluation did not reveal any financial constraints on the bank’s ability to lend within its overall assessment area.

Credit products. The bank continues to offer a wide variety of loan products designed to serve the credit needs of residents, small businesses, and small farms in the assessment area. Its products include closed-end consumer, open-end consumer, government-insured student, residential real estate, small business, and agricultural loans. Commercial loan programs are directed primarily toward small businesses and include Small Business Administration (“SBA”) loans and Bureau of Indian Affairs-guaranteed loans. Other commercial loan products include lines of credit, letters of credit, commercial real estate, economic development, construction, equipment, agricultural, and South Dakota Rural Enterprise, Inc., loans.

The bank offers a variety of conventional and government-guaranteed residential real estate mortgages. Its conventional residential real estate loan products include purchase money, refinance, construction, and home improvement loans. The bank participates in the following government-sponsored loan programs:

- Federal Housing Administration (“FHA”),
- Department of Veterans Affairs (“VA”),
- South Dakota Housing Development Authority (“SDHDA”), and
- Farmers Home Administration.

In addition, the bank participates in residential real estate mortgage programs directed towards first-time homebuyers and low- and moderate-income borrowers. The bank offers first-time homebuyer residential mortgage loans through SDHDA. The bank also established an in-house loan program, Liberty Loan Program, to assist low- and moderate-income persons in buying or repairing homes.

The bank also offers consumer loans for a variety of purposes. It offers the following types of consumer loans: home equity, home equity lines of credit, fixed-rate installment and single-pay, personal lines of credit, credit cards, and overdraft lines of credit. The bank has not introduced any new credit products since the last CRA evaluation.

For purposes of this evaluation, the bank is subject to the small bank CRA evaluation procedures because it had total assets of less than \$250 million at the last two consecutive year-ends. Given its size and offices in a metropolitan statistical area (“MSA”), the bank must report data about its real estate loan activity pursuant to the Home Mortgage Disclosure Act (“HMDA”).¹

DESCRIPTION OF AMERICAN STATE BANK’S ASSESSMENT AREA

Assessment area. The bank has defined one assessment area for purposes of CRA. The assessment area includes all of Pennington County, the southern portion of Lawrence County, and the south-central and southwestern portion of Meade County. Pennington County is designated as the Rapid City MSA. Both Lawrence and Meade counties lie to the north and northwest of Pennington County, respectively. The bank has not changed its assessment area since the previous evaluation.

The assessment area consists of 24 census tracts (“CT”) and one block numbering area (“BNA”). The assessment area does not contain any low-income CTs or BNAs. There are 7 moderate-income CTs, 11 middle-income CTs, 6 upper-income CTs, and 1 upper-income BNA. The bank’s main office is located in middle-income CT 101 and the bank’s branch office is located in upper-income CT 110.01, which are both located in Rapid City. The assessment area includes the cities and towns of Rapid City, Hill City, Box Elder, New Underwood, Farmingdale, Hermosa, Keystone, Rockerville, Black Hawk, Piedmont, Nemo, Silver City, Rochford, Red Fern, Tilford, and Ellsworth Air Force Base.

Specifically, the bank’s assessment area consists of the following whole and contiguous CTs and BNAs in their respective counties, as set forth in Table 1 by income level of geography.

ASSESSMENT AREA GEOGRAPHIES BY COUNTY AND INCOME LEVEL						
Pennington County CTs			Meade County CTs		Lawrence County BNA	
<i>Moderate Income</i>	<i>Middle Income</i>		<i>Middle Income</i>	<i>Upper Income</i>	<i>Upper Income</i>	
102.00	101.00	111.00	109.01	201.00	203.00	9965
103.00	106.00	112.00	110.01	202.00		
104.00	107.00	116.00	110.02			
105.00	108.00	117.00	110.03			
109.02	109.03		113.00			
114.00						
115.00						

*Population.*¹ Rapid City is the county seat of Pennington County. It is the largest city in western South Dakota and the second largest city in the state. Rapid City has a population of 59,607, according to the unpublished 2000 U.S. Census data, which increased 9.5% from the 1990 census data. The total population of the assessment area is 107,480, according to the unpublished 2000 U.S. Census data, which represents a growth rate of 9.2% over the 1990 census population of 97,997. Table 2 illustrates the change in population for each county in the assessment area between 1990 and 2000.

¹All lenders required to report HMDA data are referred to as aggregate lenders for purposes of this evaluation.

¹Unless otherwise indicated, the discussion of the economic and demographic data is based on 1990 U.S. Census data.

<i>County</i>	<i>1990 Census Population</i>	<i>2000 Census Population</i>	<i>Percentage Change</i>
Pennington	81,343	88,565	9.2
Meade	21,878	24,253	10.0
Lawrence	20,655	21,802	5.3

According to both the 1990 and 2000 census data, approximately 30% of the population in the bank's assessment area is age 17 years or less, 10% of the population is over the age of 65, and 60% is between the ages of 18 and 64. Typically, individuals 17 and younger or those over 65 have limited credit needs.

Income. For purposes of classifying borrowers' incomes, this evaluation uses the Department of Housing and Urban Development's ("HUD") estimated 2001 median family income for the relevant area. For borrowers in the MSA (Pennington County), this figure is \$47,600. For borrowers in the nonmetropolitan portion of the assessment area, this figure is \$43,400 in South Dakota (Meade and Lawrence counties). For purposes of classifying CT or BNA income levels, this evaluation uses the relevant area's median family income from the 1990 U.S. Census. For the MSA, this figure is \$29,570. For the nonmetropolitan areas of South Dakota, the 1990 median family income is \$25,547.

The median family income for the bank's assessment area is \$29,755 and its median household income is \$26,267. There are 26,165 families and 35,499 households in the bank's overall assessment area.

Table 3 lists demographic characteristics of the bank's assessment area.

Bank Assessment Area Characteristics	Assessment Area Data		Rapid City MSA Data
	CT	BNA	CTs
<i>CT and BNA Summary</i>			
Total Number of CTs/BNAs	24	1	21
Number of Low-Income CTs/BNAs	0	0	0
Number of Moderate-Income CTs/BNAs	7	0	7
Number of Middle-Income CTs/BNAs	11	0	9
Number of Upper-Income CTs/BNAs	6	1	5
<i>Income Summary</i>			
Median Family Income – 1990²	\$29,755		29,570
Percentage of Low-Income Families	16.5%		17.5%
Percentage of Moderate-Income Families	19.9%		20.3%
Percentage of Middle-Income Families	24.8%		24.4%
Percentage of Upper-Income Families	38.8%		37.8%
Median Household Income – 1990	\$26,267		\$25,340
Percentage of Low-Income Households	18.9%		20.0%
Percentage of Moderate-Income Households	18.0%		18.8%
Percentage of Middle-Income Households	21.4%		21.3%
Percentage of Upper-Income Households	41.7%		39.8%

²See Appendix A for definitions of low, moderate, middle, and upper income.

TABLE 3 (continued)		
DEMOGRAPHIC CHARACTERISTICS OF ASSESSMENT AREA		
<i>Miscellaneous Information</i>		
Total Population	97,997	81,343
Percentage of Families With Incomes Below Poverty Level	9.6%	10.0%
Percentage of Households With Incomes Below Poverty Level	11.6%	12.0%
Total Housing Units	39,342	33,741
Percentage of Owner-Occupied to Total Units	56.4%	55.6%
Percentage of Rental to Total Units	33.6%	35.0%
Percentage of Vacant to Total Units	10.0%	9.4%
Affordability Ratio ³	45.1	45.0
Median Housing Age (years)	22	18
Median Housing Value	\$58,214	\$56,364

Economy. Examiners conducted community contacts with local city officials and business members familiar with the economic characteristics and credit needs of the assessment area. According to bank management and community contacts, economic conditions in the assessment area are relatively stable. The main industries in the bank's assessment area are tourism, manufacturing, government, healthcare, service, and small retail businesses. Rapid City is host to more than four million visitors each year with such attractions as Mount Rushmore and the Black Hills. The small business economy in Rapid City is strong. Rapid City serves as a regional center for medical, cultural, and small business activity in the general area of South Dakota, Wyoming, and Montana.

Major employers include federal, state, and city government; Ellsworth Air Force Base; Rapid City Regional Hospital; Rapid City School District; Consecro Finance Corporation; SCI Systems, Inc.; and several retail employers. One community contact noted unemployment is at historical lows. In addition, there are no anticipated massive layoffs by major employers in the Rapid City MSA. According to the South Dakota Labor Force Statistics, the Rapid City MSA's unemployment rate has ranged from 2.0% to 3.1% during the years 1997 to 2001. In addition, approximately 31% of the employees in the area are employed by the service industry and approximately 23% of the employees are employed by the retail industry. Typically, service and retail jobs tend to be lower-paying positions.

Community contacts noted the housing market is very strong in Rapid City and is a sellers' market. New residential housing has been constructed along the Interstate 90 corridor and the Rapid Valley area. The average residential housing price is approximately \$100M to \$130M.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's performance in meeting the credit needs of its assessment area is satisfactory. This evaluation is based on residential real estate loans, consumer loans, and small business loans. These loan products represent the major product lines, either by number of loans or dollar amount of loans, for the bank.

³This ratio is defined as the median household income divided by the median housing value.

Table 4 sets forth the bank's loan data.

TABLE 4				
AMERICAN STATE BANK LOAN ORIGINATIONS FROM NOVEMBER 1999 THROUGH NOVEMBER 2001				
<i>Loan Type</i>	<i>Total Number of Loans</i>	<i>%</i>	<i>Total Amount of Loans</i>	<i>%</i>
Small Business	1,244	50	\$205,672,003	82
Consumer	821	33	\$ 10,141,943	4
Residential Real Estate	397	16	\$ 33,376,343	13

The analysis on the following pages is based on a statistical sample of consumer and small business loans originated during the six-month period between June 1, 2001, and November 30, 2001. The statistical sample consisted of 99 consumer loans and 118 small business loans. The sample also included all of the bank's 375 residential real estate loans reported for HMDA for the combined years of 2000 and 2001.

Examiners analyzed the following criteria to determine the bank's CRA rating:

- Lending to borrowers of different income levels and businesses and farms of different sizes
- Geographic distribution of loans
- Loan-to-deposit ratio
- Lending inside the assessment area
- Record of responding to complaints about the CRA performance

In assigning the rating, examiners placed the greatest weight on the bank's level of lending to borrowers of different income levels and to small businesses of different sizes.

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

The bank's level of lending to individuals of different income levels and to small businesses is very good and meets the standards for satisfactory performance. Table 5 reflects the percentages of residential real estate and consumer loans made to borrowers of different income levels.

TABLE 5				
DISTRIBUTION OF LOANS IN THE ASSESSMENT AREA BY BORROWER INCOME LEVELS*				
	<i>Low Income</i>	<i>Moderate Income</i>	<i>Middle Income</i>	<i>Upper Income</i>
Residential Real Estate Loans				
Total Number of Loans	8%	21%	24%	47%
Total Amount of Loans	3%	13%	20%	64%
Consumer Loans				
Total Number of Loans	27%	19%	15%	40%
Total Amount of Loans	19%	10%	10%	61%
Percentage of Families by Assessment Area	16.5%	19.9%	24.8%	38.8%
*Income level is determined based on the 2001 MSA median family income of \$47,600 and the nonmetropolitan median family income for South Dakota of \$43,400.				

Residential real estate lending. The data in Table 5 indicates the bank's overall residential real estate lending to moderate-income borrowers is good and exceeds the demographic distribution of such families in the assessment area. Although the bank's residential real estate lending to low-income borrowers is lower than the percentage of low-income families residing in the assessment area, the percentage of loans to low-income borrowers at 8% is not unreasonable.

The bank's lower level of lending to low-income individuals may be attributed to several factors given the economic and demographic characteristics of its assessment area. First, the affordable housing is a significant issue in the assessment area. According to bank management and community contacts, a majority of the employees in the assessment area hold lower-paying jobs in the tourism, service, and retail industries with less income that can be devoted toward a home purchase. A community contact familiar with the economic and demographic characteristics of the assessment area also noted that the housing market in Rapid City is very strong and is currently a sellers' market. The average residential housing price is approximately \$100M to \$130M. As a result, it is more difficult for the low- and moderate-income wage earners to afford housing. Second, approximately 10% of the families and 12% of the households in the assessment area have incomes below the poverty level. Generally, individuals in this category are not able to obtain residential real estate loans. Third, approximately 30% of the population in the assessment area is younger than 18 years and 10% is older than 65 years. Generally, such individuals have limited credit needs, particularly for residential real estate loans to purchase homes. As a result, the bank's level of lending to low-income individuals is reasonable given the demographic and economic characteristics of the bank's assessment area.

The bank's residential real estate lending to moderate-income borrowers is satisfactory and closely approximates the relative number of moderate-income families in the assessment area. The bank's residential real estate lending has improved significantly since the last evaluation when the bank extended 4% and 8% of such loans to low- and moderate-income borrowers, respectively.

The bank's 2000 HMDA data shows that the bank's performance with respect to HMDA-reportable loans is comparable with that of the aggregate lenders. Table 6 shows the data for both the bank and the aggregate lenders.

BORROWER DISTRIBUTION OF 2000 HMDA LOANS								
<i>Institution and Location</i>	<i>Low-Income Borrowers</i>		<i>Moderate-Income Borrowers</i>		<i>Middle-Income Borrowers</i>		<i>Upper-Income Borrowers</i>	
	#	%	#	%	#	%	#	%
ASB	11	11	20	20	31	31	37	37
Aggregate Lenders	227	9	582	24	730	30	904	37

As illustrated in Table 6, the bank's lending to low- and moderate-income borrowers is comparable to the aggregate lenders in the bank's assessment area. The aggregate lenders' data are the combined total of lending activity reported by all lenders subject to HMDA in the MSA section of the assessment area. The bank originated 11% and 20% of its 2000 HMDA loans to low- and moderate-income borrowers, respectively. The comparable figures for the aggregate lenders are 9% and 24%, respectively. Although the percentage of loans originated by the bank to low- and moderate-income borrowers is slightly lower than that for the aggregate lenders, it appears reasonable.

The bank offers a variety of loan products directed specifically toward low- and moderate-income individuals in the assessment area. As noted previously in the Description of the Institution section, the bank offers SDHDA, FHA, VA, and in-house Liberty Loan Program loans to help meet the credit needs

of the assessment area's low- and moderate-income individuals. As noted previously, the bank started the Liberty Loan Program, which is designed to help meet the credit needs of low- and moderate-income individuals for the purchase of or rehabilitation of housing. The evaluation did not reveal any unmet credit needs involving residential real estate loans.

Consumer lending. The bank's consumer lending to low- and moderate-income borrowers is very good. The data in Table 5 indicates the bank's level of consumer lending to low-income borrowers is very good and is significantly higher than the percentage of low-income families in the assessment area. The bank's level of consumer lending to moderate-income borrowers is similar to the percentage of such families in the assessment area and is reasonable.

As noted previously, the bank offers a variety of consumer loan products to serve the needs of residents of the assessment area. It offers both closed- and open-end products for a variety of purposes. The bank is also willing to extend small consumer loans to serve residents of the assessment area; the consumer loan data reveals the bank extended 43% of the loans in amounts of \$5,000 or less.

The number of small-dollar loans in the sample is a good indication of the bank's willingness to lend to both low- and moderate-income borrowers. In fact, 28% of the consumer loans in the sample were originated for amounts of \$2,500 or less. Proceeds from small-dollar loans typically finance living expenses rather than discretionary purchases. The community contacts did not reveal any unmet credit needs relating to consumer loans in the assessment area.

Small business lending. The bank has a good distribution of loans to small business. As illustrated in Table 7, the bank extended 86% of the small business loans within the assessment area to businesses with gross annual revenues less than or equal to \$1 million. In addition, a majority of the bank's small business loans were originated for amounts of \$100,000 or less and to entities with gross annual revenues of \$1 million or less. This is consistent with the demographic characteristics of small businesses in the assessment area. According to data published by Dun & Bradstreet in June 2001, 87% of the businesses in the assessment area have gross annual revenues of \$1 million or less. Refer to the glossary of definitions corresponding to small business lending.

TABLE 7				
SMALL BUSINESS LENDING IN THE ASSESSMENT AREA				
<i>Small Business Originations</i>	<i>Less Than \$100,000</i>	<i>More Than \$100,000 to Less Than \$250,000</i>	<i>More Than \$250,000 to Less Than \$500,000</i>	<i>Total Originations</i>
Percentage of Small Business Loans	59%	20%	21%	100%
Percentage of Loans to Businesses With Revenues Less Than \$1 Million	92%	82%	74%	86%

Overall, the bank's lending to individuals of different income levels and to businesses of different sizes is very good. Almost 50% of the bank's consumer loans originated are extended to low- and moderate-income borrowers. The bank demonstrates good responsiveness to meeting the credit needs of all residents in its assessment area.

GEOGRAPHIC DISTRIBUTION OF LOANS

The distribution and dispersion of the bank's loans in the assessment area is reasonable and does not reveal any unexplained gaps in lending patterns. The bank originates most of its loans to borrowers in the Pennington County portion of its assessment area. This is reasonable given that the bank's main office

and branch are located in Rapid City, which lies in Pennington County. Both Meade and Lawrence counties are some distance from these offices.

The bank extended loans in all but two of the geographies in the bank's assessment area. The bank did not extend loans in one moderate-income CT located in north-central Pennington County. However, this is mitigated by the fact that that CT represents less than 2.9% of the assessments area's population. The Ellsworth Air Force Base is located in this CT and has its own credit union located on the base. The CT has 1,055 housing units, of which approximately 75.3% are rental units. In addition, 41.6% of the population is under the age of 18 while 0.2% is 65 or older. Approximately 10.2% of households in the CT have incomes below the poverty level. Given the demographics of the CT, it is not unreasonable that the bank did not originate any loans in this CT.

The other CT the bank did not extend loans in is a middle-income CT located in south-central Meade County. This CT is located just to the north of the moderate-income CT discussed above. The Ellsworth Air Force Base is located in this CT as well as the moderate-income CT. As the base has its own credit union on the base, it is not unreasonable the bank did not originate any loans in this CT.

Table 8 shows the distribution of loans in the assessment area by geography income level.

<i>Loan Type</i>	<i>Moderate Income</i>		<i>Middle Income</i>		<i>Upper Income</i>	
	#	\$	#	\$	#	\$
Residential Real Estate Loans	24%	19%	58%	55%	33%	41%
Consumer Loans	25%	21%	39%	47%	36%	32%
Small Business Loans	41%	38%	30%	30%	30%	32%
<i>Demographic Data</i>						
Number of CTs and BNAs	7		11		7	
Percentage of CTs and BNAs	28.0%		44.0%		28.0%	
Percentage of Families	68.8%		71.3%		81.4%	
Percentage of Owner-Occupied Units	42.9%		54.6%		71.7%	
*Income classification of geographies based on 1990 median family income of \$29,570 for the Rapid City MSA and \$25,547 for the nonmetropolitan areas of South Dakota.						

Residential real estate lending. As previously noted, the bank's assessment area does not contain any low-income CTs or BNAs. The bank's residential real estate lending in moderate-income areas is good and only slightly lower than the percentage of moderate-income geographies. As the table indicates, the bank originated 24% of its residential real estate lending in the moderate-income geographies. The bank's level of residential real estate lending within the assessment area's moderate-income geographies increased significantly from the 13% noted at the last evaluation.

The bank extends a significant amount of residential real estate loans in the assessment area's moderate-income areas. Table 9 shows the geographic distribution of the 2000 HMDA loans for the bank and aggregate lenders.

<i>Institution and Location</i>	<i>Moderate-Income Geographies</i>		<i>Middle-Income Geographies</i>		<i>Upper-Income Geographies</i>	
	#	%	#	%	#	%
ASB	33	30	42	39	34	31
Aggregate Lenders	724	29	915	36	874	35

The bank's lending in moderate-income areas is slightly higher than that of the aggregate lenders and is satisfactory. In addition, the bank's main office is in a middle-income CT located in downtown Rapid City. The bank's branch office is in an upper-income CT in Rapid City. Based on the locations of the bank's offices, the distribution of loans in the assessment area by geography income level is reasonable.

Consumer lending. The bank's consumer lending in moderate-income areas is slightly lower than the percentage of moderate-income geographies in the assessment area. The bank extended 25% of its consumer loans in moderate-income geographies. The bank's level of consumer lending within the assessment area's moderate-income geographies increased slightly from the 24% noted at the last evaluation. The bank offers a variety of consumer loan products to meet the consumer credit needs of residents of the assessment area, including low- and moderate-income geographies. Overall, the bank extended a significant portion of consumer loans within the assessment area's moderate-income geographies.

Small business lending. The bank actively originates small business loans in the assessment area's moderate-income areas. The data in Table 8 shows the bank originated 41% of the number and 38% of the dollar amount of small business loans to entities in moderate-income geographies. The data shows the bank originates more business loans in moderate-income geographies than those originated in either middle- or upper-income geographies.

The bank's small business lending in low- and moderate-income areas compares favorably with the aggregate reporters. Table 10 shows the aggregate data reported by financial institutions subject to the reporting requirements of CRA for 1999 and 2000.

<i>Loan Year</i>	<i>Moderate Income</i>		<i>Middle Income</i>		<i>Upper Income</i>		<i>Income Unknown</i>	
	#	\$	#	\$	#	\$	#	\$
1999	30.5%	22.7%	35.2%	29.5%	29.3%	43.0%	5.0%	4.8%
2000	32.7%	24.6%	30.8%	36.8%	29.6%	33.8%	6.9%	4.8%

The bank's number and dollar amount of loans originated to moderate-income geographies at 41% significantly exceeds the aggregate reporters' small businesses loan activity in the moderate-income geographies for both 1999 and 2000.

Overall, the bank has a good record of lending in all parts of its assessment area. The loan data indicates the bank is actively lending within its assessment area, including moderate-income CTs. Further, the data does not indicate that the bank arbitrarily restricts lending activity in any part of the assessment area. Consequently, the geographic distribution and dispersion of sampled loans is fully satisfactory.

LOAN-TO-DEPOSIT RATIO ANALYSIS

The bank is an active lender. Given the bank's asset size, financial condition, and assessment area's credit needs, the bank's net loan-to-deposit ratio exceeds the standards for satisfactory performance. Since the previous CRA evaluation, the bank's quarterly net loan-to-deposit ratio has ranged from 78% to 100%. For the past 20 quarters, the bank's average net loan-to-deposit ratio has been 91%. The bank's quarterly average net loan-to-deposit ratio was 68% at the last CRA evaluation.

A comparison of the bank's total deposits as of March 31, 1997, at \$58.9 million to total deposits on December 31, 2001, at \$132.8 million shows an increase of \$73.8 million or 55.6%. At the same time, a comparison of the bank's net loans as of March 31, 1997, at \$46.2 million to net loans as of December 31, 2001, at \$118.6 million shows an increase of \$72.3 million or 61.0%. This comparison shows that the bank's loans and deposits have increased significantly since the last evaluation. The following table shows the 20-quarter average net loan-to-deposit ratios for the bank and its local competitors.

<i>Name and Location</i>	<i>Total Assets (December 31, 2001)</i>	<i>Average Assets for Period (in millions)</i>	<i>Average Net Loan- to-Deposit Ratio</i>
ASB	\$154,021	\$103,869	91%
Rushmore Bank & Trust Rapid City, South Dakota	\$238,943	\$189,708	92%
Pioneer Bank & Trust Belle Fourche, South Dakota	\$272,541	\$228,474	50%

As Table 11 shows, the bank does not compete against any similarly sized banks in the Rapid City area. The bank's 20-quarter average net loan-to-deposit ratio is slightly lower than one of its competitor banks; however, it is significantly higher than its other competitor. In addition to the competitor banks noted above, the bank competes against two large regional banks and many smaller financial institutions within the bank's assessment area. Bank management indicated competition among financial institutions within the assessment area is very strong.

Peer group data. The bank's net loan-to-deposit ratio compares favorably with its national peer group. The December 31, 2001, Uniform Bank Performance Report indicates the bank's net loan-to-deposit ratio is 89.3% while the national peer group's is 77.8%. The bank's peer group includes all insured commercial banks having assets between \$100 million and \$300 million with two or fewer banking offices, and located in a metropolitan area.

Given the bank's active lending, its asset size, financial condition, and assessment area's credit needs, the bank exceeds the standards for satisfactory performance rating and demonstrates that the bank is an active lender.

COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE THE ASSESSMENT AREA

The bank's lending activity in the assessment area exceeds the standards for satisfactory performance. A review of the statistical sample of small business, consumer, and residential real estate loans reveals that the bank extends a substantial majority of its loans in its assessment area. Table 12 shows the percentage of small business, consumer, and residential real estate loans extended in the assessment area.

TABLE 12		
LOANS ORIGINATED WITHIN THE ASSESSMENT AREA		
<i>Loan Type</i>	<i>Total Number of Loans</i>	<i>Total Amount of Loans</i>
Small Business	94%	95%
Consumer	88%	90%
Residential Real Estate	91%	90%

Overall, the bank's lending activity within the assessment area is very good and exceeds the standards for satisfactory performance. The bank extended 91% of the total number of loans in the statistical sample within the assessment area.

GENERAL

The bank has not received any CRA-related complaints since the previous evaluation. In addition, the evaluation did not reveal any violations of the substantive provisions of the fair lending and fair housing laws and regulations.

Appendix A

Glossary of Common CRA Terms

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

Assessment Area - The geographic area(s) delineated by the bank and used in evaluating the bank's record of helping to meet the needs of its community. The assessment area must include the geographies where the main office, branches, and deposit-taking automated teller machines are located. The assessment area must consist only of whole geographies, may not reflect illegal discrimination, and may not arbitrarily exclude low- or moderate-income geographies.

Block Numbering Areas (BNAs) - BNAs are geographic entities similar to census tracts. Metropolitan areas are most often delineated into census tracts, while rural areas are delineated into BNAs.

Census Tracts - Census tracts are small, relatively permanent geographic entities within counties delineated by a committee of local data users. Generally, census tracts have between 2,500 and 8,000 residents and boundaries that follow visible features.

Community Development - Includes affordable housing (including multifamily rental housing) for low- and moderate-income individuals, community services targeted to low- and moderate-income individuals, activities that promote economic development by financing businesses or farms that have gross annual revenues of \$1 million or less, or activities that revitalize or stabilize low- or moderate-income geographies.

Community Development Loan - A loan that has community development as its primary purpose and (except in the case of a wholesale or limited-purpose bank)

1. has not been reported or collected by the bank or an affiliate as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan and
2. benefits the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).

Community Development Service - A service that has as its primary purpose community development, is related to the provision of financial services, has not been considered in the evaluation of the bank's retail banking services, benefits the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area, and has not been claimed by other affiliated institutions.

Consumer Loans - Loans to individuals for household, family, and other personal expenditures. These loans do not include real estate-secured loans.

Dun & Bradstreet Data - Data collected by Dun & Bradstreet regarding types of businesses and their respective gross annual revenues. This data can be sorted by geographies.

Income Level - Both geographies and individuals can be described in terms of their income levels. In MSAs, the level is based on the MSA median income. In non-MSA areas, the level is based on the statewide, non-MSA median income.

- **Low-Income** - Less than 50 percent of the area median income.
- **Moderate-Income** - At least 50 percent and less than 80 percent of area median income.

- Middle-Income - At least 80 percent and less than 120 percent of the area median income.
- Upper-Income - At least 120 percent or more of the area median income.

Metropolitan Statistical Area (MSA) - A federally designated geographical unit consisting of an urbanized area with a central city of at least 50,000 residents and a regional population of 100,000. MSAs may cross state boundaries.

Qualified Investment - A lawful, investment, deposit, membership share, or grant that has as its primary purpose community development.

Small Business - A business with gross annual revenues of \$1 million or less.

Small Business Loan - A loan with an original amount of \$1 million or less that has been reported in the Consolidated Report of Condition and Income in the category "Loans secured by nonfarm nonresidential properties" or "Commercial and industrial loans."

Small Farm - A farm with gross annual revenues of \$1 million or less.

Small Farm Loan - A loan with an original amount of \$500,000 or less that has been reported in the Consolidated Report of Condition and Income in the category "Loans secured by farmland" or "Loans to finance agricultural production and other loans to farmers."