



## **PUBLIC DISCLOSURE**

April 2, 2018

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Roberts County National Bank  
Charter Number 6185

5 East Maple Street  
Sisseton, SD 57262-0129

Office of the Comptroller of the Currency  
Sioux Falls Field Office  
4900 South Minnesota Avenue, Suite 300  
Sioux Falls, SD 57108-2865

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## **Overall CRA Rating: This institution is rated Satisfactory**

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

An institution in this category has a satisfactory record of helping to meet the credit needs of its assessment area (AA), including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. Support for this rating is summarized below.

- The Roberts County National Bank of Sisseton's (RCNB) loan-to-deposit (LTD) ratio is reasonable when considering the bank's size, product offerings, and credit needs of its AA.
- RCNB originated a substantial majority of its loans to borrowers located inside its designated AA.
- The bank's distribution of loans reflects reasonable penetration among farms of different sizes and individuals of different income levels.
- The bank's geographic distribution of loans reflects excellent dispersion throughout census tracts (CTs) of different income levels.
- A significant portion of farm and consumer loans originated are small loans. These loans demonstrate the bank's willingness to meet the credit needs of the community.

## Definitions and Common Abbreviations

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

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

**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 MA (Metropolitan Area)/AA.

**Census Tract:** A small subdivision of metropolitan and other densely populated counties. CT boundaries do not cross county lines; however, they may cross the boundaries of MAs. CTs generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. CTs 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under Housing and Urban Development (HUD) Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's AA's or outside the AA's provided the bank has adequately addressed the community development needs of its AA's.

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

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

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family

households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

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

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

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

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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

**Low-Income:** Individual 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 MA/AA.

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

**Metropolitan Area:** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

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

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

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

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

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

**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 multi-state MA. 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 multi-state MA, the institution will receive a rating for the multi-state MA.

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

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

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

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

## Description of Institution

RCNB is a national bank with total assets of \$55 million as of December 31, 2017. The bank operates from one location in Sisseton, South Dakota (SD). Sisseton is located in the northeast corner of SD less than 20 miles from the North Dakota and Minnesota borders.

RCNB is a single state institution, operating entirely within SD. The bank has one AA: the Roberts County AA. Refer to Appendix B for additional information regarding the bank's AA.

The bank is wholly owned by RCN Holding Company (RCNHC), a Subchapter-S corporation. RCNHC is a one-bank holding company with assets of \$8.6 million as of December 31, 2017. There have been no significant changes to the bank's corporate structure, including merger or acquisition activity, since the last CRA examination.

RCNB has a typical array of non-complex deposit and credit offerings and operates one non-deposit taking automated teller machine located across the street from the bank. Management continues to focus on serving the credit needs of the community through agricultural (farm), small business, and consumer lending. As of December 31, 2017, total loans are \$15.4 million and represent 28 percent of total bank assets. Based on Call Report data, as of December 31, 2017, the loan portfolio volume consisted of approximately 74 percent farm loans, 19 percent business loans, 4 percent home loans, and 2 percent consumer loans.

The bank's AA includes six Federal Deposit Insurance Corporation (FDIC) insured banks (including RCNB), two credit unions, and one Community Development Financial Institution (CDFI). RCNB ranks second in deposit market share among FDIC insured banks in the AA as of the June 30, 2017 FDIC market share report, with 17 percent of area deposits. Dacotah Bank, with two branches in the AA, ranks first with 41 percent of deposits. Peoples State Bank ranks third with 16 percent of deposits.

RCNB was rated needs to improve at its last CRA examination dated January 28, 2015. There are no legal or financial impediments limiting the bank's ability to meet the credit needs of its AA.

# Scope of the Evaluation

## Evaluation Period/Products Evaluated

RCNB was evaluated using the Small Bank CRA examination procedures, which includes a lending test. The lending test evaluates the bank's record of meeting the credit needs of its AA through its lending activities, including willingness to lend to persons of low- or moderate-income levels. The lending test for RCNB covers its performance from January 1, 2015 through November 30, 2017.

To determine the bank's primary loan products, we analyzed both the number and dollar of loans originated and purchased (collectively, originated or originations) during the evaluation period, broken down by loan product type. The primary products were determined to be farm loans based on the number and dollar volume of loans originated and consumer loans based on the number of loans originated. These primary products are consistent with the bank's business strategy.

To evaluate the bank's lending, examiners selected a sample of loans originated during the evaluation period for each primary product. To evaluate whether the bank made loans to borrowers in their AA, examiners selected a sample of 20 loans from each primary product. To analyze borrower and geographic distribution within the AA, examiners sampled additional loans, as needed, to reach 20 loans originated to borrowers located within the AA for each primary product. We placed more weight on performance of farm loans in the borrower and geographic distribution components of the lending test as this is the bank's strategic focus. Further, although farm and consumer loans make up relatively similar percentage of loans originated by number during the origination period, farm loans made up a significantly larger percentage of dollar volume of originations.

Table 1 below shows the breakdown of loans originated and purchased during the evaluation period.

Table 1 - Loan Originations/Purchased Summary by Loan Product		
Loan Category	By Number	By Dollar
Farm Loans	46%	76%
Business Loans	7%	21%
Consumer Loans	47%	3%
Home Loans	<1%	<1%
Total	100%	100%

Source: Bank reports of loan data from January 1, 2015 to November 30, 2017.

## Selection of Areas for Full-Scope Review

RCNB has one AA, which includes the entire county of Roberts County in Northeastern SD. We completed a full scope review of this AA. The bank's overall rating is based entirely on its performance in this single AA.

Refer to Appendix B for additional information about the bank's AA.

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

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

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

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

## **Conclusions with Respect to Performance Tests**

### **LENDING TEST**

RCNB's performance under the Lending Test is satisfactory.

#### **Loan-to-Deposit Ratio**

RCNB's average LTD ratio is reasonable given the bank's size and product offerings, the credit needs and lending opportunities in the AA, demographic and economic factors in the AA, and lending levels of other similarly-situated institutions. A significant portion of the bank's farm and consumer loans are small loans. While not translating to large impacts to the bank's LTD ratio, these loans demonstrate the bank's willingness to meet the credit needs of the community. The bank's LTD ratio averaged 31.4 percent over the twelve quarters since the last CRA examination from December 31, 2014 to September 30, 2017. The ratio ranged from a quarterly low of 25.8 percent to a quarterly high of 34.0 percent during the time period. The bank's December 31, 2017 LTD ratio is above their average at 32.8 percent. The LTD ratio improved from the last evaluation when the bank's average LTD was 29 percent.

Demographic factors limit lending opportunities for RCNB. The AA offers limited agriculture and small business credit opportunities. The number of farms and small businesses is small and total revenues are low as a result of their small size. According to June 2016 Dun and Bradstreet business demographic data, there are 240 farms and 681 businesses in the AA. Approximately 78 percent of farms and businesses in the AA report gross annual revenues of \$500 thousand or less with an additional 13 percent that did not report revenue information. The largest portion of businesses in the AA are in the service industry at 33 percent, followed by agriculture at 26 percent, and retail trade at 10 percent.

Reservation land ownership reduces farm credit need in the AA. Roberts County contains the Lake Traverse Indian Reservation. This open reservation is home to the Sisseton Wahpeton Oyate, a branch of the Santee Dakota group of Native Americans. The reservation expands through five counties in South Dakota and two in North Dakota including the majority of Roberts County. According to the 2012 USDA Ag census, Roberts County has approximately 623,000 acres of farm land. Per management, the 2018 Roberts County plat & directory atlas shows 10 percent of farm land in Roberts County is held in trust by Sisseton Wahpeton Sioux Tribe and the Bureau of Indian Affairs and requires no financing.

RCNB's LTD ratio is reasonable when compared with similarly situated financial institutions. We compared RCNB's LTD ratio to eleven similarly situated banks in the same geographic region. These banks ranged in size from \$20 million to \$77 million and had an average LTD ratio of 47.4 percent over the same 12 quarters with an average high of 82.1 percent and an average low of 19.2 percent. Of the similarly situated banks we reviewed, eight banks had an average LTD ratio higher than RCNB and 3 banks had a lower average LTD than RCNB.

The bank is meeting a community credit need by originating affordable small-dollar consumer loans. In our sample of 20 consumer loans originated to borrowers in the AA, 85 percent were originated for \$2,500 or less. Analyzing all consumer loans originated during the evaluation period, we found 206 of 286 loans (72 percent) of all consumer loans originated were for \$2,500 or less. Although consumer loans represent a small portion of originated loan volume during the origination period (three percent), by number the bank originated the most loans in this product category since the last CRA examination. Given the relatively small-dollar amounts of individual loans, this does not translate to a significant impact on the bank's LTD ratio.

The bank is meeting a community credit need by originating small farm loans. In our sample of 20 farm loans made in the AA, 75 percent were originated for \$100,000 or less and 55 percent were originated for \$50,000 or less. The average farm loan amount is \$74,000. Analyzing all farm loans made during the evaluation period, we found 186 of the 279 loans (67 percent) were originated for \$100,000 or less and 46 percent were originated for \$50,000 or less.

Refer to Appendix B. for additional information on AA demographics.

### **Lending in Assessment Area**

RCNB originated a substantial majority of its loans to borrowers located inside its AA. Examiners sampled loans from each primary product to assess lending within the AA, including 20 farm loans and 20 consumer loans originated during the evaluation period. RCNB originated 80 percent of sampled loans by number and 88 percent of sampled loans by dollar volume within its AA.

Table 2 below details the bank’s lending within its AA by number and dollar volume of loans sampled.

<b>Table 2 - Lending in Roberts County AA</b>										
Loan Type	Number of Loans					Dollars of Loans (in \$1,000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Consumer Loans	14	70	6	30	20	59	58	43	42	102
Agriculture Loans	18	90	2	10	20	1,203	90	130	10	1,333
Totals	32	80	8	20	40	1,262	88	173	12	1,435

Source: Loan sample.

### **Lending to Borrowers of Different Incomes and to Farms of Different Sizes**

The bank’s distribution of loans in the Roberts County AA reflects reasonable penetration among farms of different sizes and borrowers of different income levels. Examiners gave more weight to penetration of farm loans than consumer loans as a majority of the bank’s loan portfolio is farm loans.

#### Farm Loans

The bank’s distribution of farm loans reflects reasonable penetration among farms of different sizes and revenue levels. The bank’s level of lending to small farms with gross annual revenues of \$1 million or less is close to the demographic comparator. The bank originated 90 percent of farm loans sampled by number to small farms. This is reasonable compared to the 99 percent of farms in the AA that are small.

Table 3A below shows the distribution of loans to farms of different sizes.

<b>Table 3A - Borrower Distribution of Loans to Farms in Roberts County AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farms	99	1	0	100%
% of Bank Loans in AA by #	90	10	0	100%
% of Bank Loans in AA by \$	83	17	0	100%

Source: Loan sample; 2010 US Census data, Dun and Bradstreet June 2016 data

#### Consumer Loans

The bank’s distribution of consumer loans reflects excellent penetration among borrowers of different income levels. The bank’s level of lending to low- and moderate-income borrowers significantly exceeds the demographic comparators. The bank originated 90 percent of consumer loans sampled to low- and moderate-income borrowers, which significantly exceeds the 45 percent of AA households with low or moderate incomes.

Table 3B below shows the distribution of loans to consumers of different income levels.

<b>Table 3B - Borrower Distribution of Consumer Loans in Roberts County AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	26	65	19	25	18	10	37	0

Source: Loan sample; 2010 US Census data.

### **Geographic Distribution of Loans**

The bank's geographic distribution of loans in the Roberts County AA reflects excellent dispersion throughout CTs of different income levels. Examiners gave more weight to dispersion of farm loans than consumer loans as a majority of the bank's loan portfolio is farm loans. In 2015 and 2016 one tract (9408) of the four CTs in the AA was a moderate-income tract. This changed in 2017 and all four tracts are now considered middle-income. There are no low-income CTs in the AA. For purposes of our evaluation, we considered all loans to borrowers located in CT 9408 as loans in a moderate-income CT given the CT was moderate income for the majority of the evaluation period. This impacted one consumer loan and two farm loans.

#### Farm Loans

The bank's geographic distribution of farm loans reflects excellent dispersion throughout CTs of different income levels. The bank's performance is excellent in the moderate-income CT. The bank originated 30 percent of farm loans sampled in their AA to farms located in the moderate-income CT. This exceeds the 23 percent of farms in the AA located in the moderate-income CT.

Table 4A below shows the bank's performance compared to the percentage of farms in each CT income level.

<b>Table 4A - Geographic Distribution of Loans to Farms in Roberts County AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans
Farm Loans	0	0	23	30	77	70	0	0

Source: 2010 U.S. Census data; loan sample

#### Consumer Loans

The bank's geographic distribution of consumer loans reflects reasonable dispersion throughout CTs of different income levels. The bank's performance is reasonable in the moderate-income CT. The bank originated 25 percent of consumer loans sampled in their AA

to borrowers located in the moderate-income CT. This reasonably compares to the 26 percent of households in the AA located in the moderate-income CT.

Table 4B below shows the bank’s performance compared to the percentage of households in each CT income level.

<b>Table 4B - Geographic Distribution of Consumer Loans in Roberts County AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans						
Consumer Loans	0	0	26	25	74	75	0	0

Source: Loan sample, 2010 U.S. Census data.

### **Responses to Complaints**

Neither the bank nor the OCC received any complaints regarding the bank’s CRA performance since the last CRA examination.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed</b>	Lending Test: 01/01/15 to 11/30/17	
<b>Financial Institution:</b>		<b>Products Reviewed</b>
The Roberts County National Bank (RCNB) Sisseton, SD		Consumer and Agriculture Loans
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Roberts County (nonmetropolitan South Dakota)	Full-Scope	The bank has one AA.

## Appendix B: Community Profiles for Full-Scope Areas

### Roberts County AA

Demographic Information for Full Scope Area: Roberts County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	4	0	25	75	0	0
Population by Geography	10,149	0	28	72	0	0
Owner-Occupied Housing by Geography	2,663	0	23	77	0	0
Business by Geography	681	0.00	17	83	0	0
Farms by Geography	240	0.00	23	77	0	0
Family Distribution by Income Level	2,691	25	22	20	33	0
Distribution of Low and Moderate-Income Families throughout AA Geographies	1,271	0	29	71	0	0
Median Family Income FFIEC Adjusted Median Family Income for 2017 Households Below Poverty Level		54,734 64,700 17%	Median Housing Value Unemployment Rate (2010 US Census)	75,398 4.48%		

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census, June 2016 Dun and Bradstreet data, and 2017 FFIEC updated MFI

The Roberts County AA consists entirely of Roberts County, SD, which has four CTs. The FFIEC 2015-2017 lists of distressed and underserved communities shows all four CTs in Roberts County are considered non-metropolitan underserved and distressed CTs in at least one of the years during the evaluation period. In 2015 and 2016 one tract (9408) was a moderate-income tract. This changed in 2017 and all four tracts are now considered middle-income. There continue to be no low-income CTs in the AA.

Sisseton is the Roberts County seat and largest community in the county. The U.S. Census estimates the population of Roberts County at 10,278 people as of July 1, 2017. This equates to 9.2 people per square mile. Approximately 17 percent of the population lives in poverty. The percentage of families with incomes below the poverty level can be an indicator of a reduced capacity to borrow, which supports the need for the small dollar loans the bank is originating. Refer to table above for other demographic information based on the 2010 U.S. Census.

According to the U.S. Bureau of Labor Statistics, Roberts County's unemployment rate (not seasonally adjusted) is 6.6 percent as of February 2018 compared to 6.3 percent in February 2017. This compares to the SD average state unemployment rate of 3.4 percent and the national unemployment rate of 4.1 percent as of February 2018 (both are seasonally adjusted).

We did not identify any unmet credit needs in the AA. To determine the credit needs of the AA, we reviewed available demographic information, held discussions with bank management, and made a community contact during the CRA examination. The local economic conditions are currently stable. Recent downturns in the Ag economy have leveled off. The community contact stated local farmers are operating at breakeven at best. The community contact indicated the level of financial institution activity in the area is good and stated that local financial institutions are meeting the credit needs in the community. The contact did not identify any unmet credit needs in the AA. Both the community contact and bank management stated that the primary credit need of the area is related to agriculture. Management added there is also a need for affordable homes in the area. The bank does not offer home loans and this need is met by other financial institutions, including the local CDFI.