



## PUBLIC DISCLOSURE

March 13, 2023

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Dakota Community Bank & Trust, National Association  
Charter Number 24604

609 Main Street  
Hebron, ND 58638

Office of the Comptroller of the Currency  
222 South 9th Street, Suite 800  
Minneapolis, MN 55402

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

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

**The lending test is rated: Outstanding**

**The community development test is rated: Satisfactory**

The major factors supporting this rating include:

- Dakota Community Bank and Trust, National Association, (DCB&T) demonstrated excellent distribution of loans to businesses and farms of different sizes, and excellent dispersion of loans throughout geographies of different income levels.
- Community development (CD) performance shows adequate responsiveness to assessment area (AA) needs through CD loans, qualified investments, and CD services.
- A majority of the bank's loans are inside its AAs.
- The bank's loan-to-deposit (LTD) ratio is reasonable.
- The bank did not receive any Community Reinvestment Act (CRA) related complaints during the evaluation period.

### Loan-to-Deposit Ratio

DCB&T's LTD ratio is reasonable considering the bank's size, financial condition, and the AAs' credit needs. From January 1, 2019, through December 31, 2021, the bank's quarterly average LTD ratio is 65.1 percent. The ratio ranged from a low of 54.1 percent on December 31, 2021, to a high of 71 percent on September 30, 2020. DCB&T ranked third among three similarly situated banks. Similarly situated banks are defined as banks operating within the bank's AA with total assets between \$1.2 million to \$2.4 million. Refer to the table below to view DCB&T's LTD ratio compared to two similarly situated institutions.

<b>Loan-to-Deposit Ratio</b>		
<b>Institution</b>	<b>*Total Assets (\$000)</b>	<b>**Average LTD Ratio (%)</b>
Starion Bank	1,755,068	74.5
Bravera Bank	2,253,278	70.8
<b>Dakota Community Bank &amp; Trust, NA</b>	<b>1,141,484</b>	<b>65.1</b>
<i>Source: Call report data from January 1, 2019, to December 31, 2021</i>		
<i>*Total assets as of 12/31/2021 from call report data.</i>		
<i>**Average LTD ratio from January 1, 2019, to December 31, 2021, using call report data.</i>		

### Lending in Assessment Area

A majority of the bank's loans are inside its AAs. The bank originated or purchased 86.3 percent of its total loans by number and 69.3 percent by dollar volume inside the AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Business Bismarck MSA	16	80.0	4	20.0	20	2,191	35.0	4,077	65.0	6,268
Business ND non-MSA	19	95.0	1	5.0	20	3,565	99.4	21	0.6	3,586
Farm Bismarck MSA	15	75.0	5	25.0	20	1,203	62.2	730	37.8	1,933
Farm ND non-MSA	19	95.0	1	5.0	20	3,965	99.8	10	0.2	3,975
<b>Total</b>	<b>69</b>	<b>86.3</b>	<b>11</b>	<b>13.8</b>	<b>80</b>	<b>10,924</b>	<b>69.3</b>	<b>4,838</b>	<b>30.7</b>	<b>15,762</b>

*Source: OCC Loan Sample; Due to rounding, totals may not equal 100.0%*

## Description of Institution

DCB&T is a \$1.2 billion institution headquartered in Hebron, North Dakota (ND). The bank is wholly owned by Dakota Community Bانشares, Inc., a single bank holding company. DCB&T does not operate any subsidiaries and did not elect to have affiliate activity considered in this evaluation. There were no mergers or acquisitions during the evaluation period. The state of ND is the only rating area, consisting of two AAs – the Bismarck MSA and ND non-MSA.

The bank operates 12 full-service branches throughout ND and one branch in Mobridge, South Dakota (SD). One of the full-service ND branches was opened in Richardton, ND, during the evaluation period in July 2021. One Bismarck, ND limited-service branch was closed December 29, 2022, due to limited deposit activity. The Mobridge, SD branch was opened after the evaluation period in January 2023 and its performance will not be included in the scope of this performance evaluation. The bank operates 58 cash dispensing ATMs, none of which are deposit taking.

DCB&T is a full-service commercial bank offering a variety of traditional products and services including checking and savings accounts, certificates of deposit, safety deposits, and consumer and commercial lending. In both AAs, the bank's primary focus is agriculture and business lending. In 2020, the North Dakota Housing Finance Agency recognized the bank for its work to support affordable housing programs. DCB&T also offers various other banking products and services, such as trust services, individual retirement accounts, health savings accounts, person-to-person payment services, and a student lending program. As of December 31, 2021, net loans and leases totaled \$565 million, representing 49.5 percent of total assets. Tier one capital was \$79.5 million.

In March 2020, the World Health Organization declared COVID-19 a pandemic. In response to the pandemic, the United States was under a shelter-in-place order to limit the spread of the virus. Due to the shelter-in-place orders, certain businesses deemed non-essential were shut down or limited in operations. The pandemic limited the ability of bank personnel to provide in-person services. The evaluation of the bank's performance takes into consideration the impact of the pandemic.

During the evaluation period, the bank strategically targeted certain activities to assist in addressing economic hardships associated with the pandemic. To assist their borrowers experiencing financial difficulty, the bank offered relief options including loan deferrals and loan modifications. The bank assisted 64 customers with COVID-19 loss mitigation options. The bank also participated in the Small

Business Administration's (SBA) Paycheck Protection Program (PPP). A PPP loan is SBA-backed and helped businesses keep their workforce employed during the pandemic. Between 2020 and 2021, DCB&T originated 1,862 PPP loans with total proceeds exceeding \$85.6 million. DCB&T received a "Satisfactory" rating on its September 23, 2019, CRA performance evaluation. There are no known financial or legal impediments impacting the bank's ability to meet the credit needs within its AAs.

## **Scope of the Evaluation**

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

The Lending Test evaluation period is January 1, 2019, through December 31, 2021. We determined primary loan products for each AA by reviewing the number and dollar volume of loan originations and purchases during the evaluation period. Business and farm loans were DCB&T's primary products in both of its AAs.

To complete the Lending Test analysis, we selected an initial sample of 20 business and 20 farm loans in each AA. We then selected additional loans as needed to have sufficient information to analyze borrower and geographic distributions in the AA. Business and farm loans are compared to 2019 Dunn and Bradstreet (D&B) business and farm data.

The evaluation period for the CD test is January 1, 2019, through December 31, 2021. We reviewed CD loans, investments, donations, and services submitted by bank management. The activities meeting the definition of CD are included in this evaluation.

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

We completed full-scope reviews for the bank's Bismarck MSA and ND non-MSA AAs, both of which are included in the state of North Dakota rating area. North Dakota is the only state where the bank has branch locations during the evaluation period. Refer to Appendix A-1, Scope of Examination, for additional information.

### **Ratings**

The bank's overall rating is based on the state of North Dakota rating. The state of North Dakota rating evaluates all bank deposits, loan originations and purchases, and branches during the evaluation period.

Refer to the "Scope of Evaluation in North Dakota" section under the State Rating section for details regarding how performance is weighted in arriving at the bank's overall rating.

## **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 Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

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

## State Rating

### State of North Dakota

**CRA rating for the State of North Dakota:** Outstanding

**The Lending Test is rated:** Outstanding

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

The major factors supporting this rating include:

- The distribution of loans throughout geographies of different income levels is excellent.
- The distribution of loans to businesses and farms of different sizes is excellent.
- DCB&T's CD performance demonstrates adequate responsiveness to the CD needs of its AAs through CD loans, qualified investments and donations, and CD services.

### Description of Institution's Operations in North Dakota

DCB&T has two AAs located in North Dakota: Bismarck MSA and ND non-MSA AA.

#### Bismarck MSA

The Bismarck MSA consists of Burleigh, Morton, and Oliver counties. The bank operates six branches in the AA, accounting for 50 percent of the bank's branch network. The bank does not own or operate any deposit-taking ATMs in the Bismarck MSA; however, non-deposit-taking ATMs are in various locations throughout the Bismarck MSA. The Bismarck MSA consists of 25 census tracts (CTs) including four moderate-income, 19 middle-income, and two upper-income CTs.

Competition in the area is high. The June 30, 2021, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report indicated DCB&T had \$566.5 million or 62 percent of its deposits in the Bismarck MSA. The bank ranked third of 18 deposit-taking institutions in the AA with a deposit market share of 10 percent. The top two institutions in the Bismarck MSA are Starion Bank and Wells Fargo Bank NA, with deposit market shares of 14.9 percent and 13.7 percent, respectively.

According to 2021 D&B data, service industries represented the largest portion of businesses in the Bismarck MSA at 35.1 percent; followed by finance, insurance, and real estate at 11.6 percent; retail trade at 9.8 percent; construction at 8.9 percent; and agriculture, forestry, and fishing at 5.4 percent. In addition, 65.6 percent of AA businesses have four or fewer employees, and 89.5 percent operate from a single location.

According to the Bureau of Labor Statistics, the non-seasonally adjusted annual unemployment rate for counties in the Bismarck MSA ranged from 2.2 percent to 3.4 percent in 2019. All three counties experienced an increase with the pandemic in 2020 and a subsequent decline in 2021. Unemployment remains higher in 2021 ranging from 3.1 to 3.8 percent, compared to the 3.7 percent average for the state of North Dakota.

DCB&T's primary lending focus in the Bismarck MSA is farm loans, followed by business loans. Farm loans originated in the Bismarck MSA accounted for 32.1 percent of total bank originations by number and 40.3 percent by dollar volume during the evaluation period. Business loans comprise 31.7 percent of loan originations by number and 30 percent by dollar within the AA.

We referenced one community contact performed during the evaluation period to gain an understanding of economic conditions, credit needs, and involvement of local financial institutions with the AA. The contact collaborates with other non-profit organizations to provide programs and loans to support businesses, expand affordable housing opportunities and advance economic and community development across ND. The contact stated the community managed quite well during the pandemic and Bismarck has experienced steady growth with families moving in and business expansion. Home mortgage lending will continue to be a credit need for the area, with low-income housing a source of opportunity for financial institutions.

The following table illustrates selected demographic characteristics of the Bismarck MSA.

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Bismarck MSA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	25	0.0	16.0	76.0	8.0	0.0
Population by Geography	119,027	0.0	13.6	78.9	7.6	0.0
Housing Units by Geography	52,959	0.0	15.5	78.6	5.9	0.0
Owner-Occupied Units by Geography	35,846	0.0	12.0	79.7	8.3	0.0
Occupied Rental Units by Geography	14,315	0.0	23.3	76.0	0.7	0.0
Vacant Units by Geography	2,798	0.0	20.1	77.3	2.7	0.0
Businesses by Geography	13,887	0.0	18.8	72.0	9.2	0.0
Farms by Geography	793	0.0	14.6	76.0	9.3	0.0
Family Distribution by Income Level	31,651	18.0	18.9	25.0	38.2	0.0
Household Distribution by Income Level	50,161	22.0	17.6	19.2	41.2	0.0
Median Family Income MSA - 13900 Bismarck, ND MSA		\$80,768	Median Housing Value			\$189,166
			Median Gross Rent			\$735
			Families Below Poverty Level			5.0%
<i>Source: 2015 ACS and 2021 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						



## ND non-MSA

The ND non-MSA consists of Adams, Billings, Bowman, Dunn, Grant, Hettinger, Mercer, Slope, and Stark counties in ND; and Harding County in SD. The bank does not own or operate any deposit-taking ATMs in the ND non-MSA; however, non-deposit-taking ATMs are in various locations throughout the ND non-MSA. The bank operates six branches in the AA, accounting for 50 percent of the bank's branch network. The ND non-MSA consists of 21 CTs, including 13 middle-income and eight upper-income CTs.

Competition in the area is high. The June 30, 2021, FDIC Deposit Market Share Report indicated DCB&T had \$348.2 million or 38.1 percent of its deposits in the ND non-MSA. DCB&T ranked second of 19 deposit-taking institutions in the AA with a deposit market share of 11.8 percent. The top institution in the ND non-MSA is American Bank Center with a deposit market share of 25.4 percent.

According to 2021 D&B data, service industries represented the largest portion of businesses at 31.5 percent; followed by agriculture, forestry, and fishing at 10.6 percent; retail trade at 10.5 percent; finance, insurance, and real estate at 7.6 percent; and construction at 7.4 percent. In addition, 68.2 percent of AA businesses have four or fewer employees, and 89.6 percent operate from a single location.

According to the Bureau of Labor Statistics, the non-seasonally adjusted annual unemployment rate for counties in the ND non-MSA ranged from 1.5 percent to 3.7 percent in 2019. Counties experienced an increase with the pandemic in 2020 and a subsequent decline in 2021. Unemployment remains higher in 2021 ranging from 2.5 to 4.7 percent, compared to the 3.7 percent average for the state of North Dakota. The unemployment rate in Mercer County was consistently higher than other counties in the AA during the evaluation period.

DCB&T's primary business focus in the ND non-MSA is business loans, followed by farm loans. Business loan originations accounted for 32.2 percent of total bank originations in the ND non-MSA by number and 41.2 percent by dollar volume during the evaluation period. Farm loans comprise 29.1 percent of loan volume by number and 30 percent by dollar within the AA.

We referenced one community contact performed during the evaluation period and conducted one new contact to gain an understanding of economic conditions, credit needs, and involvement of local financial institutions with the AA. The contact included a development corporation that promotes economic development, innovation, and entrepreneurship. The area has good diversity of industries with manufacturing, agriculture, and energy. The contact identifies business, consumer, and home mortgage lending as credit needs of the area. Low-income housing has the least availability. Area banks are willing and involved in projects, with many bank employees active on committees throughout the community.

The following table illustrates selected demographic characteristics of the ND non-MSA.

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: ND non-MSA AA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	21	0.0	0.0	61.9	38.1	0.0
Population by Geography	54,971	0.0	0.0	53.8	46.2	0.0
Housing Units by Geography	27,657	0.0	0.0	58.6	41.4	0.0
Owner-Occupied Units by Geography	16,711	0.0	0.0	56.1	43.9	0.0
Occupied Rental Units by Geography	5,805	0.0	0.0	55.3	44.7	0.0
Vacant Units by Geography	5,141	0.0	0.0	70.7	29.3	0.0
Businesses by Geography	6,961	0.0	0.0	50.9	49.1	0.0
Farms by Geography	824	0.0	0.0	71.4	28.6	0.0
Family Distribution by Income Level	14,718	16.2	15.3	22.0	46.5	0.0
Household Distribution by Income Level	22,516	20.7	14.4	16.1	48.8	0.0
Median Family Income non-MSAs - ND		\$72,414	Median Housing Value			\$160,257
Median Family Income non-MSAs - SD		\$60,845	Median Gross Rent			\$740
			Families Below Poverty Level			5.5%
<i>Source: 2015 ACS and 2021 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

## Scope of Evaluation in North Dakota

We completed full-scope reviews of the Bismarck MSA and ND non-MSA. The Bismarck MSA was weighted most heavily since it contains 56.9 percent of loans, and 61.9 percent of deposits. We evaluated business and farm loans due to the significant volume of originations during the evaluation period. Farm loans received more weight in the Bismarck MSA as it accounted for more volume by both number and dollar volume of loans. Business loans received more weight in the ND non-MSA with more volume by both number and dollar volume of loans.

Refer to the table in Appendix A for more details on all AAs under review.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NORTH DAKOTA

### LENDING TEST

The bank's performance under the Lending Test in North Dakota is rated Outstanding.

Based on a full-scope review, the bank's lending performance in the state of North Dakota is excellent.

## **Distribution of Loans by Income Level of the Geography**

The bank exhibits excellent geographic distribution of loans in the state. The geographic distribution conclusion is based solely on the bank's performance in the Bismarck MSA. The ND non-MSA did not contain any low- or moderate-income (LMI) geographies. As a result, the geographical distribution analysis is not meaningful.

### ***Small Loans to Businesses***

Refer to Table Q in the state of North Dakota section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

#### Bismarck MSA

The geographic distribution of small loans to businesses is excellent.

The proportion of loans in moderate-income geographies significantly exceeded both the percentage of farms and aggregate lending. There were no low-income geographies in the AA.

### ***Small Loans to Farms***

Refer to Table S in the state of North Dakota section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to farms.

#### Bismarck MSA

The geographic distribution of small loans to farms is excellent.

The proportion of loans in moderate-income geographies significantly exceeded both the percentage of farms and aggregate lending. There were no low-income geographies in the AA.

## **Distribution of Loans by Income Level of the Borrower**

The bank exhibits an excellent distribution of loans to individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the bank.

### ***Small Loans to Businesses***

The borrower distribution of small loans to businesses is excellent.

Refer to Table R in the state of North Dakota section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

#### Bismarck MSA

The borrower distribution of small loans to businesses is good.

The proportion of loans to small businesses was below the percentage of small businesses, but significantly exceeded aggregate lending.

ND non-MSA

The borrower distribution of small loans to businesses is excellent.

The proportion of loans to small businesses was near to the percentage of small businesses, but significantly exceeded aggregate lending.

***Small Loans to Farms***

The borrower distribution of small loans to farms is excellent.

Refer to Table T in the state of North Dakota section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to farms.

Bismarck MSA

The borrower distribution of small loans to farms by revenue is excellent.

The proportion of loans was near to the percentage of small farms, but significantly exceeded aggregate lending.

ND non-MSA

The borrower distribution of small loans to farms by revenue is excellent.

The proportion of loans of loans was near to the percentage of small farms, but significantly exceeded aggregate lending.

***Lending Gap Analysis***

Summary reports, maps, and lending activity were reviewed to identify any potential gaps in the geographic distribution of loans. No unexplained, conspicuous gaps were identified.

**Responses to Complaints**

DCB&T did not receive any CRA related complaints during the evaluation period.

**COMMUNITY DEVELOPMENT TEST**

The bank's performance under the Community Development Test in the state of North Dakota is rated Satisfactory.

Based on full-scope reviews, the bank exhibits adequate responsiveness to CD needs in the state through CD loans, qualified investments, and CD services, as appropriate, considering the bank's capacity and the need and availability of such opportunities in the bank's AAs.

## Number and Amount of Community Development Loans

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

Community Development Loans				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Bismarck MSA	3	14.3	23	13.5
ND non-MSA	16	76.2	131	76.0
ND Statewide	2	9.5	18	10.5

Management originated 19 CD loans totaling \$154 thousand during the evaluation period which supported economic development within the bank's AAs. All CD loans originated were part of the bank's foundation program supporting youth entering the agriculture industry. The table above reflects loan totals in each AA for this program. Applicants reside within a 100-mile radius of DCB&T branches and winning recipients receive an interest free start-up agriculture loan to purchase bred heifers. Two loans totaling \$18 thousand originated as part of this program were outside the bank's AAs but are included as CD activity because they benefitted economic development in a nearby rural, moderate-income census tract.

## Number and Amount of Qualified Investments

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Bismarck MSA	0	0	74	96	74	49.0	96	29.6	0	0
ND non-MSA	0	0	74	227	74	49.0	227	69.9	0	0
ND Statewide	0	0	3	2	3	2.0	2	0.5	0	0

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

\*\* Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

### Bismarck MSA

DCB&T made 74 qualified investments totaling \$96 thousand in the Bismarck MSA during the evaluation period. Qualified investments were comprised entirely of donations. Examples of donations included:

- \$48 thousand in donations to fund a mobile unit used for agricultural job training to local high school students.
- \$14,500 fundraising donation to an organization that helps promote economic development in a distressed/underserved middle-income census tract.
- \$5 thousand donation to a non-profit organization that provides assistance to farmers and ranchers to help sustain viable operations during times of crisis.

ND non-MSA

DCB&T made 74 qualified investments totaling \$227 thousand in the ND non-MSA during the evaluation period. Qualified investments were comprised entirely of donations. Examples of donations included:

- \$39,385 in donations to two area schools for computer purchases to support digital access for LMI individuals or communities in response to COVID-19. One school is located in a moderate-income census tract and the other school is located in a distressed/underserved middle-income census tract.
- \$46,963 in donations to five local fire departments serving distressed/underserved middle-income communities and surrounding areas. Donations went towards operating expenses, new building funds, and providing necessary equipment.

ND Statewide

The bank also made three donations totaling \$1,600 which benefited a broader regional area including both the Bismarck MSA and ND non-MSA.

**Extent to Which the Bank Provides Community Development Services**

Bismarck MSA

During the evaluation period, employees provided 329 service hours to five qualified CD organizations benefitting the Bismarck MSA. Organizations focused on community services serving LMI individuals. One employee contributed 216 hours on the Board of an organization providing housing, education, and social skills to distressed youth in the area.

ND non-MSA

During the evaluation period, employees provided 1,380 service hours to 14 qualified CD organizations benefitting the ND non-MSA. Organizations focused on community services, economic development, and revitalizing and stabilizing LMI areas. One employee contributed 420 hours as Director of a campaign committee for an organization serving LMI individuals. Another employee contributed 240 hours as treasurer for an organization involved with a Title I school serving LMI students. Another employee spent 240 hours providing financial expertise to two organizations promoting economic development in the area, which included distressed/underserved middle-income census tracts.

ND Statewide

One employee also provided three service hours to an organization providing essentials to LMI children in the broader regional area that includes both the Bismarck MSA and ND non-MSA.

## 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 MSA(s) and non-MSA(s) 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>	01/01/2019 to 12/31/2021	
<b>Bank Products Reviewed:</b>	Small business and small farm loans Community development loans, qualified investments, community development services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
N/A	N/A	N/A
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>North Dakota</b>		
Bismarck MSA	Full-Scope	Burleigh, Morton, and Oliver Counties
ND non-MSA	Full-Scope	Adams, Billings, Bowman, Dunn, Grant, Hettinger, Mercer, Slope, Stark in North Dakota, and Harding County in South Dakota.

## Appendix B: Summary of MMSA and State Ratings

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RATINGS Dakota Community Bank & Trust			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
Dakota Community Bank & Trust, NA	Outstanding	Satisfactory	Outstanding
<b>MMSA or State:</b>			
State of North Dakota	Outstanding	Satisfactory	Outstanding

(\*) The Lending Test and Community Development Test carry equal weight in the overall rating.



## Appendix C: Definitions and Common Abbreviations

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The following terms and abbreviations are used in 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. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending (Aggt.):** The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Census Tract (CT):** A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances. Census tracts ideally contain about 4,000 people and 1,600 housing units.

**Combined Statistical Area (CSA):** A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

**Community Development (CD):** 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; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, 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, 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-Scope 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 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 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), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

**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, 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:** Individual income that is less than 50 percent of the area median income.

**Low-Income Geography:** A census tract with a median family income that is less than 50 percent.

**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 state/assessment area.

**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. The median is the point at which half of the families have income above, and half below, a range of incomes. 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, and half below, a range of incomes.

**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.

**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.

**Rating Area:** A rated area is a state or multi-state metropolitan statistical 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 multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

**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 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 are classified as loans to finance agricultural production and other loans to farmers.

**Tier 1 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.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

**Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.

**Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

**Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents aggregate peer data for the years the data is available. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank’s assessment area.

**Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues** - Compares the percentage distribution of the number of small loans (loans less than or equal

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2019-21	
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	
Bismarck MSA	20	3,051	50.0	3,462	0.0	0.0	0.0	18.8	35.0	19.9	72.0	60.0	69.7	9.2	5.0	10.4	0.0	0.0	0.0	
ND non-MSA	20	3,619	50.0	2,258	0.0	0.0	0.0	0.0	0	0.0	50.9	30.0	50.0	49.1	70.0	49.1	0.0	0.0	0.0	
<b>Total</b>	<b>40</b>	<b>6,670</b>	<b>100.0</b>	<b>5,720</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>12.5</b>	<b>17.5</b>	<b>12.0</b>	<b>65.0</b>	<b>45.0</b>	<b>62.3</b>	<b>22.5</b>	<b>37.5</b>	<b>25.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	

Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues												2019-21	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available			
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans		
Bismarck MSA	20	3,051	50.0	3,462	84.8	65.0	47.3	4.2	35.0	10.9	0.0		
ND non-MSA	20	3,619	50.0	2,258	83.9	80.0	41.2	3.9	20.0	12.2	--		
<b>Total</b>	<b>40</b>	<b>6,670</b>	<b>100.0</b>	<b>5,720</b>	<b>84.5</b>	<b>72.5</b>	<b>44.9</b>	<b>4.1</b>	<b>27.5</b>	<b>11.3</b>	<b>--</b>		

Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Table S - Assessment Area Distribution of Loans to Farms by Income Category of the Geography																			2019-21	
Assessment Area:	Total Loans to Farms				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	
Bismarck MSA	20	2,209	50.0	535	0.0	0.0	0.0	14.6	20.0	9.7	76.0	75.0	86.9	9.3	5.0	3.4	0.0	0.0	0.0	
ND non-MSA	20	4,024	50.0	1,366	0.0	0.0	0.0	0.0	0.0	0.0	71.4	65.0	74.0	28.6	35.0	26.0	0.0	0.0	0.0	
<b>Total</b>	<b>40</b>	<b>6,233</b>	<b>100.0</b>	<b>1,901</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>7.2</b>	<b>10.0</b>	<b>2.7</b>	<b>73.7</b>	<b>70.0</b>	<b>77.6</b>	<b>19.2</b>	<b>20.0</b>	<b>19.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	

Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues												2019-21	
Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available			
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans		
Bismarck MSA	20	2,209	50.0	535	98.1	95.0	67.1	1.0	5.0	0.9	0.0		
ND non-MSA	20	4,024	50.0	1,366	98.9	90.0	79.0	0.6	10.0	0.5	0.0		
<b>Total</b>	<b>40</b>	<b>6,233</b>	<b>100.0</b>	<b>1,901</b>	<b>98.5</b>	<b>92.5</b>	<b>75.6</b>	<b>0.8</b>	<b>7.5</b>	<b>0.7</b>	<b>0.0</b>		

Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.