



PUBLIC DISCLOSURE

September 23, 2019

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 **Satisfactory**.

The bank's performance under the Lending Test is rated Satisfactory

The bank's performance under the Community Development (CD) test is rated Satisfactory

The major factors supporting this rating include:

- The bank's loan-to-deposit (LTD) ratio is reasonable;
- The bank originated a substantial majority of its loans inside its assessment areas (AAs);
- The geographic distribution of loans exhibits reasonable penetration among borrowers in the Bismarck MSA. We did not include the North Dakota (ND) Non-MSA in our geographic distribution analysis because it does not contain any low- or moderate-income (LMI) census tracts (CTs);
- The distribution of loans reflects reasonable penetration to businesses and farms of different sizes; and,
- The bank exhibits adequate responsiveness to CD needs in both AAs through CD loans, qualified investments, and CD services.

Loan-to-Deposit Ratio

Dakota Community Bank and Trust, National Association's, (DCB) LTD ratio is reasonable given the bank's size, financial condition, and credit needs of its AAs. The bank's quarterly LTD ratio ranged from 68.5 percent to 74.0 percent, with a quarterly average of 71.4 percent, over the twelve quarters included in this evaluation period. The following table shows DCB's average LTD ratio compared to four similarly situated financial institutions with a presence in ND.

Institution	Assets as of 6/30/19	Average LTD Ratio (%)
Plains Commerce Bank	659,291	94.06
Cornerstone Bank	921,330	81.68
First Western Bank and Trust	1,098,990	74.77
Dakota Community Bank & Trust, NA	834,519	71.39
BNC National Bank	1,002,362	55.80

Source: Call Report Data as of June 30, 2018.

Lending in Assessment Area

DCB originates a substantial majority of its loans inside its AAs. Based on a random sample of 80 business loans and 80 small farm loans, the bank originated and purchased 91 percent of its loans by number and dollar volume inside its AAs. This analysis is performed at the bank, rather than AA level.

Lending in the AAs has a neutral impact on our analysis of the geographic distribution of lending by income level of geography.

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		
	#	%	#	%		\$	%	\$	%	
Small Business	79	99	1	1	80	22,947	98	500	2	23,447
Small Farm	67	84	13	16	80	8,227	76	2,621	24	10,848
Total	146	91	14	9	160	31,174	91	3,121	9	34,295

Description of Institution

DCB is a \$787 million institution headquartered in Hebron, ND. DCB does not operate any subsidiaries and did not elect to have affiliate activity considered in this evaluation. The bank is wholly-owned by Dakota Community Bانشares, Inc. (DCBI), a one-bank holding company also headquartered in Hebron, ND. The state of ND is the only rating area, consisting of two AAs—the Bismarck MSA and ND non-MSA.

DCB is a single-state institution with 11 full-service branches and one limited-service branch located in ND. The bank's main office is in Hebron, with the two branches in Bismarck and Dickinson, and single branches in Bowman, Glen Ullin, Lincoln, Mandan, New Leipzig, and Taylor. The limited service branch is located within a retirement community in Bismarck, ND. There were no branch openings or closures, and no merger or acquisition activity, since the previous CRA examination. DCB operates 54 cash dispensing ATMs (53 within its AAs), none of which are deposit taking.

DCB is a full-service commercial bank offering a variety of loan and deposit products. In both AAs, the bank's primary focus is agriculture or farm lending, and commercial or business lending. The bank offers a variety of traditional banking products and services, such as checking and savings accounts, certificates of deposits, safety deposit boxes, and consumer and commercial lending products. DCB also offers various non-traditional banking products and services, such as trust services, individual retirement accounts, health savings accounts, pop-money services, and a student lending program. Net loans and leases represent 62 percent of total assets. Based on dollar volume, the loan portfolio is comprised of 50 percent farm loans, 38 percent commercial loans, ten percent residential real estate loans, and two percent consumer loans. Tier one capital is \$71 million, representing 8.75 percent of total assets.

There are no known financial, legal, or other factors impeding the bank's ability to help meet the credit needs of its AAs. DCB received a Satisfactory rating at its previous CRA performance evaluation dated March 7, 2016.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated DCB's CRA performance under the intermediate-small bank procedures, which includes the Lending Test and CD test. The evaluation period for both tests is January 1, 2016 to December 31, 2018.

The Lending Test evaluates the bank's record of meeting the credit needs of its AAs through its lending activities. We used call report data to determine the bank's quarterly LTD ratio and annual deposit information reported to the FDIC to find similarly situated banks. The Lending Test also includes an analysis of primary loan products. Based on an analysis of the bank's lending activity, business and farm loans were selected as primary products due to the significant volume of originations during the evaluation period. We also reviewed all CD loans, qualified investments, donations, and CD services submitted by management to evaluate the bank's responsiveness to CD needs in its AAs.

Selection of Areas for Full-Scope Review

Both of DCB's AAs received full-scope reviews. For purposes of this evaluation, bank delineated AAs located within the same MSA are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. Refer to Appendix A-1 for an outline of the examination scope.

Ratings

The bank's overall rating is based on the State of ND rating, as it is the bank's only rating area.

Farm loans are weighted more heavily than business loans in the Lending Test as they comprise 42 percent loan originations by number during the evaluation period and 50 percent of the bank's loan portfolio by dollar volume as of December 31, 2018. Business loans comprise 20 percent of loan originations by number during the evaluation period and 38 percent of the bank's loan portfolio by dollar volume.

Refer to the "Scope" section under the State of ND section of this performance evaluation for additional details regarding how the AAs were weighted in arriving at the State of ND rating.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) in determining a national bank's 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 did not identify that this institution 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: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

The major factors supporting this rating include:

- The bank exhibits reasonable geographic distribution of loans in the Bismarck MSA. We excluded the ND Non-MSA from our analysis because it does not contain any LMI CTs. The geographic distribution of farms loans is reasonable and the geographic distribution of business loans is excellent. The OCC did not identify lending gaps to LMI CTs.
- The bank exhibits a reasonable distribution of loans to businesses and farms of different sizes. The borrower distribution of business and farm loans is reasonable.
- The bank exhibits adequate responsiveness to CD needs in both AAs through CD loans, qualified investments, and CD services.

Description of Institution's Operations in North Dakota

Bismarck MSA

The Bismarck MSA consists of Burleigh, Morton, and Oliver Counties. DCB operates six full-service branches and one limited-service branch in the AA, accounting for 58 percent of the bank's branch network, including the main location in Hebron, ND. Non-deposit-taking ATMs are in various locations throughout the Bismarck MSA.

According to the 2015 American Community Survey (ACS) data, the Bismarck MSA includes 25 CTs. During the 2016 evaluation period, there was one low-income CT and two moderate-income CTs. The 2017-18 evaluation period did not have any low-income CTs, but had four moderate-income CTs. The bank's main location in Hebron and the Glen Ullin branch are located in moderate-income CTs.

The June 30, 2018, FDIC Deposit Market Share Report indicated DCB had \$412 million or 62 percent of its deposits in the Bismarck MSA. DCB ranked fifth of 19 deposit-taking institutions in the AA with deposit market share of ten percent. The top four institutions in the Bismarck MSA are Wells Fargo Bank NA, Starion Bank, BNC National Bank, and US Bank NA. Combined, the top five institutions, including DCB, have 63 percent of the AA's deposits.

DCB's primary business focus in the Bismarck MSA is farm loans, followed by business loans. Loans originated inside the Bismarck MSA accounted for 58 percent of total bank originations by number and 62 percent by dollar volume during the evaluation period. Within the Bismarck MSA, 40 percent of loans originated by number and 41 percent by dollar are farm loans. Business loans comprise 19 percent of loan volume by number and 35 percent by dollar within the AA.

As part of this evaluation, we contacted two community members and reviewed a recently completed community contact in the Bismarck MSA. All three contacts primarily serve the Bismarck-Mandan area within Burleigh and Morton Counties. They stated the economy is performing well and is growing. One contact stated there is a workforce shortage and employers have difficulty finding qualified workers due to low unemployment rates in Burleigh (2.6 percent) and Morton (3.3 percent) counties. The population is also growing due to young professionals choosing to stay or return to the area, and from an influx of out of state people moving to join the oil industry as activity increases. Population growth is helping to fill housing vacancies. The agriculture industry continues to have a large impact on the Bismarck-Mandan area. The contacts stated the agriculture sector is performing well, but tight margins could have a negative impact on marginal borrowers. Major employers include healthcare facilities, local school districts, and the state of ND. Competition among financial institutions is strong. Agriculture lending is the AA's primary credit need, followed by business and home mortgage. Each contact stated the AA's credit needs are being met by the various financial institutions.

The following tables provide information on the Bismarck MSA's demographic composition:

Table A – Demographic Information of the Assessment Area						
Assessment Area: Bismarck MSA 2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	25	4.0	8.0	68.0	20.0	0.0
Population by Geography	110,625	3.5	7.8	69.7	18.9	0.0
Housing Units by Geography	47,273	4.0	9.0	70.6	16.4	0.0
Owner-Occupied Units by Geography	32,342	4.5	7.3	69.2	19.0	0.0
Occupied Rental Units by Geography	12,145	3.0	11.7	75.2	10.1	0.0
Vacant Units by Geography	2,786	2.7	16.0	67.7	13.6	0.0
Businesses by Geography	9,144	5.7	6.6	71.5	16.2	0.0
Farms by Geography	765	1.3	14.2	72.3	12.2	0.0
Family Distribution by Income Level	29,001	18.1	18.4	23.2	40.3	0.0
Household Distribution by Income Level	44,487	23.3	16.2	18.5	41.9	0.0
Median Family Income MSA - 13900 Bismarck, ND MSA		\$67,178	Median Housing Value			\$138,282
			Median Gross Rent			\$560
			Families Below Poverty Level			6.1%
<i>Source: 2010 U.S. Census and 2016 D&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>						

Table A – Demographic Information of the Assessment Area						
Assessment Area: Bismarck MSA 2017-18						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
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	9,784	0.0	21.2	71.5	7.3	0.0
Farms by Geography	658	0.0	15.8	77.5	6.7	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		\$82,181	Median Housing Value			\$189,166
			Median Gross Rent			\$735
			Families Below Poverty Level			5.0%
<i>Source: 2015 U.S. Census and 2018 D&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 South Dakota. DCB operates five full-service branches in the ND Non-MSA, accounting for 42 percent of the bank's branch network. Non-deposit-taking ATMs are located in various locations throughout the AA.

According to the 2015 ACS data, the ND Non-MSA includes 20 CTs. There were no LMI CTs located in the AA during the evaluation period. However, the ND Non-MSA included ten underserved and two distressed/underserved CTs in 2016; 11 underserved and two distressed/underserved CTs in 2017; and nine underserved and one distressed/underserved CTs in 2018.

The June 30, 2018, FDIC Deposit Market Share Report indicated DCB had \$255 million or 38 percent of its deposits in the ND Non-MSA. The bank ranks second of 19 deposit-taking institutions in the AA with a deposit market share of ten percent. The other top four institutions in the ND Non-MSA are American Bank Center, Dakota Western Bank, Gate City Bank, and Wells Fargo Bank NA. Combined, the top five institutions, including DCB, have 55 percent of the AA's deposits.

DCB's primary business focus in the AA is farm loans, followed by business loans. During the evaluation period, management originated 42 percent of the bank's total loans by number and 38 percent by dollar volume within the AA. Within the ND Non-MSA, farm loans comprise 43 percent of loans originated by number and 45 percent by dollar and business loans comprise 20 percent of loan volume by number and 38 percent by dollar.

As part of this evaluation, we reviewed two recently completed community contacts in the ND Non-MSA. One contact serves Hettinger and Grant Counties in an organization designed to improve the economic stability of the agriculture industry. The other contact serves Stark County in an organization promoting economic development, innovation, and entrepreneurship. The agriculture industry has a large impact on the rural areas of ND's southwestern region, and suffered in 2016 and 2017 due to reduced profit margins. The first contact stated business consolidations are occurring, and barriers to entry for younger producers without family connections are high due to the level of capital needed for startup. The second contact stated manufacturing and energy industries also contribute to the southwestern ND economy. Both industries are doing well and offer stable, long-term jobs. Major employers include agriculture companies, healthcare facilities, local school districts, retail, and oil industry employers. Agriculture lending is a primary credit need in the AA, with business, home mortgage, and consumer lending as tertiary needs. Both contacts stated local financial institutions are doing a good job meeting identified credit needs in the area.

The following tables provide information on the ND Non-MSA's demographic composition:

Table A – Demographic Information of the Assessment Area						
Assessment Area: ND Non-MSA 2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	20	0.0	0.0	95.0	5.0	0.0
Population by Geography	48,034	0.0	0.0	94.6	5.4	0.0
Housing Units by Geography	24,208	0.0	0.0	95.4	4.6	0.0
Owner-Occupied Units by Geography	15,213	0.0	0.0	94.5	5.5	0.0
Occupied Rental Units by Geography	4,735	0.0	0.0	95.4	4.6	0.0
Vacant Units by Geography	4,260	0.0	0.0	98.6	1.4	0.0
Businesses by Geography	4,776	0.0	0.0	95.7	4.3	0.0
Farms by Geography	893	0.0	0.0	98.9	1.1	0.0
Family Distribution by Income Level	12,997	17.6	16.4	23.6	42.4	0.0
Household Distribution by Income Level	19,948	23.8	14.3	16.9	45.0	0.0
Median Family Income Non-MSAs - ND		\$58,592	Median Housing Value			\$96,233
			Median Gross Rent			\$483
			Families Below Poverty Level			5.7%
<i>Source: 2010 U.S. Census and 2016 D&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>						

Table A – Demographic Information of the Assessment Area						
Assessment Area: ND Non-MSA 2017-18						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	20	0.0	0.0	60.0	40.0	0.0
Population by Geography	53,643	0.0	0.0	52.6	47.4	0.0
Housing Units by Geography	26,975	0.0	0.0	57.6	42.4	0.0
Owner-Occupied Units by Geography	16,342	0.0	0.0	55.1	44.9	0.0
Occupied Rental Units by Geography	5,667	0.0	0.0	54.2	45.8	0.0
Vacant Units by Geography	4,966	0.0	0.0	69.7	30.3	0.0
Businesses by Geography	4,957	0.0	0.0	52.5	47.5	0.0
Farms by Geography	717	0.0	0.0	70.7	29.3	0.0
Family Distribution by Income Level	14,376	16.1	15.3	21.9	46.7	0.0
Household Distribution by Income Level	22,009	20.8	14.4	15.9	48.9	0.0
Median Family Income Non-MSAs - ND		\$72,620	Median Housing Value			\$162,104
			Median Gross Rent			\$745
			Families Below Poverty Level			5.3%
<i>Source: 2010 U.S. Census and 2016 D&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 the ND Non-MSA.

The Bismarck MSA is weighted more heavily than the ND Non-MSA. The Bismarck MSA has 58 percent of the bank's branches, 62 percent of total deposits, 58 percent of total loans by number, and 62 percent of total loans by dollar volume.

We evaluated business and farm loans due to the significant volume of originations during the evaluation period. We did not complete an analysis of home mortgage or consumer loans.

Data from 2016 and 2017-2018 are evaluated separately because loans originated in 2016 are compared to 2010 ACS data, while loans originated in 2017-18 are compared to 2015 ACS data.

Refer to the table in Appendix A-1 for additional information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NORTH DAKOTA

LENDING TEST

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

Based on full-scope reviews, the bank's lending performance in the Bismarck MSA is reasonable and lending performance in the ND Non-MSA is reasonable.

Distribution of Loans by Income Level of the Geography

DCB exhibits reasonable geographic distribution of loans in the state. The geographic distribution conclusion is based on the bank's performance in the Bismarck MSA only. We did not include the ND Non-MSA in our analysis because it does not contain any LMI CTs.

Loans to Small Businesses

The geographic distribution of loans to small businesses in CTs of different income levels is excellent. The percentage of loans originated to small businesses located in a moderate-income geography significantly exceeds the proportion of small businesses in the AA and aggregate lending performance. In the 2016 loan sample, DCB did not originate any loans to small businesses located in a low-income geography; however, there was only one low-income CT within the AA in 2016. Additionally, this CT changed to moderate-income in 2017. ACS data from 2010 indicates 5.7 percent of businesses are located in a low-income geography. Aggregate CRA data indicates 8.1 percent of small business loans were originated to businesses located in a low-income geography.

In the 2017-18 loan sample, DCB originated 25 percent of loans to small businesses located in a moderate-income geography, exceeding both demographic and aggregate lending performance. There were no low-income CTs within the AA in 2017 or 2018.

Refer to Table Q on Appendix D-2 for the facts and data used to evaluate the bank's geographic distribution of loans to small businesses.

Loans to Small Farms

The geographic distribution of loans to small loans in CTs of different income levels is reasonable. DCB did not originate any loans to small farms located in a low-income geography in the 2016 loan sample; however, there was only one low-income CT within the AA in 2016, where few farms are located. While demographic data indicates 1.3 percent of small farms are located in a low-income geography, DCB's performance is consistent with aggregate CRA data, which did not indicate any loans to small farms located in a low-income geography. DCB originated ten percent of loans to small farms located in a moderate-income geography, which is lower than demographic data, but exceeds aggregate performance.

In the 2017-18, DCB originated 15 percent of loans to small farms located in a moderate-income geography. Performance is near demographic data and exceeds aggregate performance. There were no low-income CTs within the AA in 2017 or 2018.

Refer to Table S on Appendix D-4 for the facts and data used to evaluate the bank's geographic distribution of loans to small farms.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a reasonable distribution of loans to businesses and farms of different sizes.

Loans to Small Businesses

The distribution of loans to businesses of different sizes is reasonable.

Refer to Table R on Appendix D-3 for the facts and data used to evaluate the bank's borrower distribution of loans to small businesses.

Bismarck MSA

The distribution of loans to business of different sizes is reasonable. DCB originated 60 percent loans to small businesses in the 2016 loan sample and 65 percent in the 2017-18 loan sample. In both time periods, performance is somewhat lower than demographic data, but significantly exceeds aggregate lending performance. Small businesses are businesses with gross annual revenues of \$1 million or less.

ND Non-MSA

The distribution of loans to business of different sizes is reasonable. DCB originated 75 percent of loans to small businesses in the 2016. Performance is near the demographic comparator, but significantly exceeds aggregate lending performance. DCB originated 65 percent of loans to small businesses in the 2017-18 loan sample. Performance is somewhat lower than the demographic comparator, but significantly exceeds aggregate lending performance.

Loans to Small Farms

The distribution of loans to farms of different sizes is reasonable.

Refer to Table T on Appendix D-5 for the facts and data used to evaluate the bank's borrower distribution of loans to small farms.

Bismarck MSA

The distribution of loans to farms of different sizes is reasonable. DCB originated 90 percent of loans to small farms in the 2016 loan sample and 85 percent in the 2017-18 sample. Performance is near the demographic comparator and significantly exceeds aggregate lending performance in both time periods. Small farms are farms with gross annual revenues of \$1 million or less.

ND Non-MSA

The distribution of loans to farms of different sizes is reasonable. DCB originated 95 percent of loans to small farms in the 2016 loan sample and 90 percent in the 2017-18 sample. Performance is near the demographic comparator and significantly exceeds aggregate lending performance in both time periods.

Responses to Complaints

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

COMMUNITY DEVELOPMENT TEST

The bank's performance under the CD test is rated Satisfactory.

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

Number and Amount of Community Development Loans

Management originated six CD loans totaling \$8.75 million during the evaluation period, all of which supported economic development within the bank's AAs. One CD loan originated in the ND Non-MSA supports youths entering the agriculture industry. DCB provides a start-up agriculture loan to the annual foundation program winner. The foundation serves the bank's broader regional area, including southwest ND and southeast Montana. DCB originated three additional CD loans as part of this program, but the loans were not made within the bank's AAs. However, they were included as CD activity because the foundation serves the rural and underserved portions of the bank's ND Non-MSA. Additionally, management originated two CD loans to an organization delivering telecommunication services to rural areas in ND. While the borrower is located in a county adjacent to the bank's AAs, the services provided benefit the rural and underserved portions of the bank's ND Non-MSA. Management did not originate any CD loans within the Bismarck MSA.

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	41	51	41	43	51	25	0	0
ND Non-MSA	0	0	54	155	54	57	155	75	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

During the evaluation period, management provided 41 donations to 24 qualified CD organizations in the AA totaling \$51 thousand. Qualified investments consisted entirely of donations. All donations supported organizations providing community services to the AA. Management did not purchase any qualified investments during the evaluation period and did not have any prior period investments outstanding in the Bismarck MSA.

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

ND Non-MSA

During the evaluation period, management provided 54 donations to 37 qualified CD organizations in the AA totaling \$155 thousand. The majority of donations, 51 totaling \$149 thousand, supported organizations providing community services to the AA. Two donations totaling \$1 thousand supported economic development organizations, and one donation totaling \$5 thousand supported an organization with the purpose of revitalizing and stabilizing the AA. Management did not purchase any qualified investments during the evaluation period and did not have any prior period investments outstanding in the ND Non-MSA.

Extent to Which the Bank Provides Community Development ServicesBismarck MSA

During the evaluation period, five employees provided 86 hours to six qualified CD organizations benefitting the Bismarck MSA. The majority of service hours, 66, went to CD organizations providing community services to LMI individuals. The remaining service hours went to economic development organizations. Examples include:

- Two employees organized fundraising events to assist LMI families;
- One employee delivered a banking related presentation to students in a business computer class at a school located in a moderate-income CT; and,
- Three employees served as secretary/treasurer for organizations providing community services or promoting economic development in the AA.

ND Non-MSA

During the evaluation period, nine employees provided 204 hours to 12 qualified CD organizations benefitting the ND Non-MSA. The majority of service hours, 124, went to economic development organizations. Employees also provided 70 hours to CD organizations providing community services to LMI individuals or individuals living in distressed and/or underserved CTs, and ten hours went to an affordable housing organization. Examples include:

- Two employees served as president and treasurer on two separate 4H councils, which work to promote economic development in underserved CTs;
- Employees participated in various organizations promoting business expansion and retention within their respective communities, some of which are located in distressed and/or underserved CTs;
- Employees served as secretary and treasurer for community organizations providing community services to LMI individuals, including a local food pantry and the Salvation Army;
- One employee delivered a banking related presentation to students in a financial literacy class from a Title 1 school; and,
- One employee served as secretary of an organization providing low-income rental housing.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation 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”.

Time Period Reviewed:	01/01/2016 to 12/31/2018	
Bank Products Reviewed:	Small business and small farm loans; Community development loans, qualified investments, community development services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
NA		NA
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
North Dakota		
Bismarck MSA	Full-scope	Includes counties of Burleigh, Morton, and Oliver in North Dakota.
ND Non-MSA	Full-scope	Includes counties of Adams, Billings, Bowman, Dunn, Grant, Hettinger, Mercer, Slope, Stark in North Dakota and Harding County in South Dakota, which does not extend substantially beyond the North Dakota border.

Appendix B: Summary of MMSA and State Ratings

RATINGS (Dakota Community Bank & Trust)			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
Dakota Community Bank & Trust, NA	Satisfactory	Satisfactory	Satisfactory
MMSA or State:			
State of North Dakota	Satisfactory	Satisfactory	Satisfactory

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

Appendix C: Definitions and Common Abbreviations

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.

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 Business Loan(s): A loan included in 'small businesses loans' 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 Farm Loan(s): A loan included in 'small farm loans' 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

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 30th 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 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.

State of ND

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography															2016
Assessment Area:	Total Loans to Small Businesses			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts		
	#	\$ (000s)	% of Total	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Bismarck MSA	20	\$8,661	100	5.7	0.0	8.1	6.6	10.0	5.7	71.5	85.0	67.4	16.2	5.0	18.8
<i>Source: 2016 D&B Data; 01/01/2016 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data Due to rounding, totals may not equal 100.0</i>															

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography															2017-18
Assessment Area:	Total Loans to Small Businesses			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts		
	#	\$ (000s)	% of Total	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Bismarck MSA	20	\$4,823	100	0.0	0.0	0.0	21.2	25.0	22.8	71.5	70.0	68.5	7.3	5.0	8.7
<i>Source: 2018 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data Due to rounding, totals may not equal 100.0</i>															

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues										2016	
Assessment Area:	Total Loans to Small Businesses			Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$ (000s)	% of Total	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Bismarck MSA	20	\$8,661	50.0	79.5	60.0	45.7	6.1	40.0	14.4	0.0	
ND Non-MSA	20	\$4,512	50.0	79.9	75.0	50.3	5.4	25.0	14.7	0.0	
Total	40	\$13,173	100	--	--	--	--	--	--	--	

*Source: 2016 D&B Data; 01/01/2016 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data
Due to rounding, totals may not equal 100.0*

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues										2017-18	
Assessment Area:	Total Loans to Small Businesses			Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$ (000s)	% of Total	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Bismarck MSA	20	\$4,823	50.0	80.0	65.0	50.3	6.1	35.0	13.9	0.0	
ND Non-MSA	20	\$4,883	50.0	79.9	65.0	49.8	5.5	35.0	14.6	0.0	
Total	40	\$9,706	100	--	--	--	--	--	--	--	

*Source: 2018 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data
Due to rounding, totals may not equal 100.0*

Table S: Assessment Area Distribution of Loans to Farms by Income Category of the Geography															2016
	Total Loans to Small Farms			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts		
Assessment Area:	#	\$ (000s)	% of Total	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate
Bismarck MSA	20	\$2,429	100	1.3	0.0	0.0	14.2	10.0	6.9	72.3	80.0	73.7	12.2	10.0	19.4
<i>Source: 2016 D&B Data; 01/01/2016 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data Due to rounding, totals may not equal 100.0</i>															

Table S: Assessment Area Distribution of Loans to Farms by Income Category of the Geography															2017-18
	Total Loans to Small Farms			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts		
Assessment Area:	#	\$ (000s)	% of Total	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate
Bismarck MSA	20	\$2,626	100	0.0	0.0	0.0	15.8	15.0	10.7	77.5	75.0	85.4	6.7	10.0	3.9
<i>Source: 2018 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data Due to rounding, totals may not equal 100.0</i>															

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues										2016
Assessment Area:	Total Loans to Farms			Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available	
	#	\$ (000s)	% of Total	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans
Bismarck MSA	20	\$2,429	50.0	98.3	90.0	48.6	0.7	10.0	1.0	0.0
ND Non-MSA	20	\$2,113	50.0	99.2	95.0	74.4	0.4	5.0	0.3	0.0
Total	40	\$4,542	100	--	--	--	--	--	--	--
<i>Source: 2016 D&B Data; 01/01/2016 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data Due to rounding, totals may not equal 100.0</i>										

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues										2017-18
Assessment Area:	Total Loans to Farms			Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available	
	#	\$ (000s)	% of Total	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans
Bismarck MSA	20	\$2,626	50.0	97.6	85.0	51.0	1.2	15.0	1.2	0.0
ND Non-MSA	20	\$3,624	50.0	98.7	90.0	74.5	0.7	10.0	0.6	0.0
Total	40	\$6,250	100	--	--	--	--	--	--	--
<i>Source: 2018 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data Due to rounding, totals may not equal 100.0</i>										