

PUBLIC DISCLOSURE

March 14, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Western Bank & Trust
900 South Broadway
Minot, North Dakota 58701
RSSD 687951

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

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

Institution

Institution's CRA Rating	1
Scope of Evaluation	1
Description of Institution	4
Description of Assessment Areas	4
Conclusions with Respect to Performance Criteria	5
Fair Lending or Other Illegal Credit Practices Review.....	8
North Dakota	9
CRA Rating for North Dakota	9
Scope of Evaluation	9
Description of the Institution's Operations in North Dakota.....	9
Conclusions with Respect to Performance Tests in North Dakota	10
North Dakota Nonmetropolitan Area – Full Review	12
Description of the Institution's Operations in the Minot Assessment Area.....	12
Conclusions With Respect to Performance Criteria	15
North Dakota Metropolitan Area – Full Review.....	25
Description of the Institution's Operations in the Bismarck MSA Assessment Area	25
Conclusions with Respect to Performance Criteria	28
North Dakota Metropolitan Area – Limited Review	35
Description of the Institution's Operations in the Fargo MSA Assessment Area	35
Minnesota	
CRA Rating for Minnesota	36
Scope of Evaluation	36
Description of the Institution's Operations in Minnesota.....	36
Conclusions with Respect to Performance Tests in Minnesota	37
Minnesota Nonmetropolitan Area – Full Review	39
Description of the Institution's Operations in the Baxter Assessment Area.....	39
Conclusions With Respect to Performance Criteria	42
Minnesota Metropolitan Area – Limited Review	47
Description of the Institution's Operations in the Eden Prairie Assessment Area.....	47
Minnesota Nonmetropolitan Area – Limited Review.....	48
Description of the Institution's Operations in the Alexandria Assessment Area.....	48
Appendix A - Glossary	49

Definitions for many of the terms used in this performance evaluation can be found in section 228.12 of Regulation BB. For additional convenience, a Glossary of Common CRA Terms is attached as Appendix A at the end of this performance evaluation.

INSTITUTION

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

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

The Community Reinvestment Act (CRA) performance of First Western Bank & Trust, Minot, North Dakota, demonstrates reasonable responsiveness to the credit needs of its assessment areas (AA) and adequate responsiveness to community development needs. The CRA evaluation uses the Intermediate Small Bank CRA Examination Procedures, which include a Lending Test and a Community Development Test.

The Lending Test rating is Satisfactory, based on the following criteria:

- Overall, the bank's lending to businesses of different sizes and to borrowers of different income levels is excellent.
- The bank's geographic distribution of loans reflects a reasonable dispersion throughout the AAs.
- The bank's net loan-to-deposit ratio is reasonable, given the bank's asset size, its financial condition, and the credit needs of the AAs.
- The bank originated a majority of loans within its AAs.

The Community Development Test rating is Satisfactory, based on the following criteria:

- The bank's community development activities are adequate. The bank's level of community development loans, qualified investments and donations, and community development services is adequate.
- The bank's performance demonstrates adequate responsiveness to community development needs in its AAs since the previous CRA examination.

The bank received a Satisfactory rating at the previous evaluation, dated October 28, 2019.

SCOPE OF EVALUATION

The bank's CRA performance evaluation is based in part on information provided by bank management and community contacts. Information from these sources, the economic and demographic characteristics of the AAs, competitive factors, and the size and financial condition of the bank were analyzed to understand the bank's performance. The CRA evaluation spans the period from October 28, 2019, to March 14, 2022.

The bank has designated six AAs for CRA purposes: Minot, Bismarck, and Fargo, North Dakota; and Baxter, Alexandria, and Eden Prairie, Minnesota. The Bismarck and Eden Prairie AAs are in Metropolitan Statistical Areas (MSA), and the Fargo AA is in a multistate MSA.¹ The Fargo, Baxter, and Alexandria AAs are new since the prior evaluation. All three of these AAs are new markets for the bank since it acquired BlackRidgeBANK, Fargo, North Dakota (BRB), in November 2020.

¹ Because the bank only has branches in one state (North Dakota) of the Fargo multistate MSA AA, a separate full-scope analysis and rating is not required for the Fargo AA. Therefore, the Fargo AA limited-scope analysis is included in the North Dakota section of this evaluation.

The bank originated 62.3% of its loan volume in the Minot AA, followed by 15.0% in the Bismarck AA and 8.6% in the Baxter AA. Loan volume in the remaining AAs is smaller, with Fargo, Alexandria, and Eden Prairie at 5.6%, 5.6%, and 3.1%, respectively.

Based on the June 30, 2021, FDIC Deposit Market Share Report, 57.8% of the bank's deposits are in the Minot AA, followed by 11.8% in the Baxter AA, and 11.3% in the Bismarck AA. The Alexandria, Eden Prairie, and Fargo AAs account for 7.0%, 6.2%, and 5.9%, respectively, of the bank's deposits.

The Intermediate Small Bank examination procedures require a rating for each state where an institution operates. Based on the lending volume and deposit market share, examiners conducted full-scope reviews of the Minot, Bismarck, and Baxter AAs. The Fargo, Alexandria, and Eden Prairie AAs received limited-scope reviews. The North Dakota state rating is primarily based on the bank's performance in the Minot and Bismarck AAs, and the Minnesota state rating is primarily based on the bank's performance in the Baxter AA.

For community contacts, examiners interviewed individuals familiar with economic and demographic characteristics, including community development opportunities, in the bank's AAs. The full-scope AA sections of this evaluation include specific information obtained from these community contacts. The contacts did not identify any unmet credit needs in these AAs.

Examiners weighted the bank's performance as follows for the overall rating:

- Examiners assigned more weight to the Lending Test than to the Community Development Test because the bank primarily serves its communities through its lending programs.
- Examiners placed the greatest weight on the bank's activities in its North Dakota AAs because a majority of the bank's lending occurs in these AAs. During the evaluation period, the bank extended 82.8% of its Home Mortgage Disclosure Act (HMDA), small business, and consumer loans, by number, in the North Dakota AAs. The comparative percentage for Minnesota was 17.2%. For North Dakota, examiners placed greatest weight on the Minot AA, followed by the Bismarck AA.
- For the Lending Test performance criteria, examiners placed the greatest weight on the bank's lending to businesses of different sizes and borrowers of different income levels, followed by the geographic distribution of loans, the net loan-to-deposit ratio, and lending inside the AAs.
- By product type, examiners placed the greatest weight on the bank's small business loans, followed by HMDA loans and consumer loans.

Lending Test Scope

The scope of the Lending Test covers the bank's major product lines, consisting of commercial, consumer, and residential real estate loans. The table below shows the bank's lending activity by loan type for 2021.

Loan Originations from January 1, 2021, Through December 31, 2021²				
<i>Loan Type</i>	<i>Number of Loans</i>	<i>Percentage of Total Number</i>	<i>Total Loan Dollars</i>	<i>Percentage of Total Dollars</i>
Construction/Land Development	221	6.1	\$ 153,694,400	12.6
Consumer	1,020	28.3	22,291,603	1.8
Dealer Loans (Floor Plan)	157	4.4	5,325,795	0.4
Home Equity Lines of Credit	130	3.6	12,575,024	1.0
Leases	1	0.03	150,000,000	12.3
Letters of Credit	43	1.2	8,285,747	0.7
Residential Real Estate	468	13.0	97,058,493	8.0
Small Business (≤ \$1 million)	1,136	31.5	193,721,671	15.9
Commercial (> \$1 million)	135	3.7	486,265,260	39.9
Small Farm (≤ \$500,000)	248	6.9	30,876,114	2.5
Agricultural (> \$500,000)	44	1.2	57,959,935	4.8
Tax Exempt	6	0.2	2,279,326	0.2
Total	3,609	100.0	\$1,220,333,367	100.0

The Lending Test is based on a statistical sample of the bank’s small business and consumer loans. The loan sample includes 172 small business loans and 169 consumer loans originated between January 1, 2021, and December 31, 2021.

In 2020 and 2021, the bank participated in Paycheck Protection Program (PPP) lending through the Federal Reserve System and the Small Business Administration (SBA). These loans were designed to help businesses keep their workforces employed during the COVID-19 pandemic. The bank originated more than 1,900 PPP loans. Examiners considered the bank’s PPP loans primarily in their evaluation of the bank’s small business loans.³

Because the bank has offices in an MSA and is therefore required to report HMDA loans, examiners also analyzed the bank’s 2019 and 2020 HMDA-reportable loans. Examiners reviewed the bank’s 2018 data for consistency with its 2019 and 2020 HMDA data, but they did not include a detailed analysis of the 2018 data in this evaluation. Examiners also reviewed HMDA data reported by aggregate lenders to better assess the bank’s HMDA lending performance.

Examiners analyzed the following criteria to determine the Lending Test rating:

- Lending to businesses of different sizes and to borrowers of different income levels
- Geographic distribution of loans
- Net loan-to-deposit ratio
- Lending inside the AAs
- The bank’s record of responding to complaints about its CRA performance

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

² Note: Because the percentages presented in the tables are rounded to the nearest tenth, some columns or rows may not total 100.0%.

³ Four PPP loans qualified as community development loans and were considered in the Community Development Test.

Community Development Test Scope

Examiners reviewed the bank's community development lending, qualified investments (including donations), and community development services since the previous evaluation for each AA and for larger regional areas. Examiners based the Community Development Test rating on the bank's performance during the period of October 28, 2019, through March 14, 2022.

DESCRIPTION OF INSTITUTION

Structure. First Western Bank & Trust is wholly owned by Westbrand, Inc., and both are headquartered in Minot, North Dakota.

Offices and Retail Delivery Systems. First Western Bank & Trust operates its main office in Minot and 14 full-service and one limited-service branches in North Dakota and Minnesota. The bank also operates one loan production office (LPO) in Sioux Falls, South Dakota.⁴ Since the previous evaluation, the bank acquired BRB, which added 11 offices and the LPO, expanding its footprint in North Dakota, Minnesota, and South Dakota. All but the limited-service branch and the LPO have cash-dispensing-only ATMs and drive-up services. Most offices have extended weekday and/or weekend hours. The bank also operates 27 stand-alone cash-dispensing-only ATMs located at various businesses throughout its Minot, Bismarck, and Baxter AAs. Finally, the bank also offers products and services through 24-hour telephone banking, online banking, and mobile banking.

Loan Portfolio. According to the December 31, 2021, Report of Condition, the bank's assets total approximately \$2.0 billion. Overall, this represents an 82.5% increase since the previous evaluation. The bank's \$1.4 billion loan portfolio consists of 63.9% commercial, 13.8% residential real estate, 6.8% agricultural, 3.4% consumer, and 12.0% other loans. The loan portfolio increased by 76.5% since the previous evaluation. Despite the significant increase, the loan portfolio composition has remained relatively consistent since the previous evaluation.

Credit Products. First Western Bank & Trust is primarily a commercial, residential real estate, and agricultural lender offering traditional products to serve the needs of businesses, consumers, and farms in its AAs. The bank offers a variety of residential real estate loans, including conventional mortgages, home improvement loans, and temporary construction loans.

The bank continues to participate in various federal and state loan programs through the SBA, Federal Housing Administration, U.S. Department of Veterans Affairs, Bank of North Dakota, and North Dakota Housing Finance Agency.

DESCRIPTION OF ASSESSMENT AREAS

As mentioned, the bank has six AAs: Minot, Bismarck, and Fargo, North Dakota; and Baxter, Alexandria, and Eden Prairie, Minnesota. The Fargo, Alexandria, and Baxter AAs are new since the previous evaluation. None of the census tracts in the bank's nonmetropolitan statistical area (NonMSA) AAs are

⁴ The bank began converting the LPO to a full-service branch on October 7, 2021. Based on the timing of the conversion and the limited loan volume, examiners did not delineate a Sioux Falls AA for purposes of this performance evaluation, nor did they analyze the bank's performance in and assign a rating to the State of South Dakota. The new AA and state will be analyzed at the next CRA performance evaluation.

classified as distressed or underserved. Detailed descriptions of the bank’s AAs can be found in the individual AA evaluations.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank’s CRA rating is Satisfactory. The rating is based on a Satisfactory rating for the Lending Test and a Satisfactory rating for the Community Development Test.

LENDING TEST

The Lending Test is rated Satisfactory. The factors supporting this rating include the following:

- Overall, lending to businesses of different sizes and borrowers of different income levels is excellent.
- The geographic distribution of loans reflects a reasonable dispersion throughout the AAs.
- The bank’s net loan-to-deposit ratio reflects a reasonable level of lending.
- The bank originated a majority of loans within its AAs.

Because the bank has AAs in two states, examiners conducted a separate analysis for the bank’s performance in each state. The bank’s lending to businesses of different sizes and to borrowers of different income levels and the geographic distribution of the bank’s loans are discussed in the individual state and AA sections. Examiners analyzed the bank’s net loan-to-deposit ratio and its lending inside and outside the AAs at the institution level, as described below.

LOAN-TO-DEPOSIT RATIO ANALYSIS

The bank’s net loan-to-deposit ratio is reasonable given its asset size, financial condition, and the credit needs and competition in the AAs. As of December 31, 2021, the net loan-to-deposit ratio for the bank is 77.3%, which is above the national peer group’s net loan-to-deposit ratio of 72.1%. The bank’s national peer group includes all insured commercial banks with assets between \$1 billion and \$3 billion. The bank’s 10-quarter average net loan-to-deposit ratio of 79.6% is an increase from the previous evaluation, which had a 12-quarter average net loan-to deposit ratio of 75.9%. In the last 10 quarters, the net loan-to-deposit ratio ranged from 77.3% to 83.9%. The table below shows the total assets and 10-quarter average net loan-to-deposit ratio for the bank and similarly situated financial institutions operating in the AAs. Bank management noted the growth in deposits from pandemic-related stimulus programs. Loan demand remained strong during the pandemic, which resulted in a consistent loan-to-deposit ratio.

10-Quarter Average Net Loan-to-Deposit Ratios		
<i>Bank Name and Location</i>	<i>Assets as of 12/31/2021 (in millions)</i>	<i>Average Net Loan-to-Deposit Ratio</i>
First Western Bank & Trust, Minot, ND	\$1,964,726	79.6%
Cornerstone Bank, Fargo, ND	\$1,310,231	74.7%
Starion Bank, Bismarck, ND	\$1,755,068	72.1%
Tradition Capital Bank, Wayzata, MN	\$1,786,164	97.0%

COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE THE ASSESSMENT AREAS

The bank originated a majority of its loans, 68.8% by number, within its AAs. The table below shows lending activity by loan type within the AAs.

Lending Inside and Outside the Assessment Areas								
Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Consumer	139	82.2	\$2,686	73.6	30	17.8	\$964	26.4
Total Consumer related	139	82.2	\$2,686	73.6	30	17.8	\$964	26.4
Home Improvement	12	92.3	\$703	61.3	1	7.7	\$444	38.7
Home Purchase - Conventional	159	59.1	\$33,820	55.5	110	40.9	\$27,095	44.5
Home Purchase - FHA	45	66.2	\$7,953	66.0	23	33.8	\$4,097	34.0
Home Purchase - VA	20	83.3	\$4,728	82.7	4	16.7	\$987	17.3
Multi-Family Housing	11	57.9	\$26,447	39.9	8	42.1	\$39,782	60.1
Other Purpose Closed-End	23	92.0	\$2,304	79.9	2	8.0	\$578	20.1
Refinancing	194	57.4	\$39,738	54.1	144	42.6	\$33,682	45.9
Total HMDA related	464	61.4	\$115,693	52.0	292	38.6	\$106,665	48.0
Small Business	152	88.4	\$23,780	81.7	20	11.6	\$5,323	18.3
Total Small Business related	152	88.4	\$23,780	81.7	20	11.6	\$5,323	18.3
TOTAL LOANS	755	68.8	\$142,160	55.7	342	31.2	\$112,952	44.3

Bank management stated that the bank focuses on lending to customers within its AAs, and this view is supported by the small business and consumer lending inside the AAs, at 88.4% and 82.2%, respectively. The bank originated a slight majority of HMDA loans inside the AAs, primarily due to factors related to the merger with BRB. Specifically, the HMDA data include 2020 loans originated by the new (formerly BRB) branches after the merger. However, the new AAs are officially defined for CRA purposes for loans originated in 2021 and later. Therefore, the 2020 BRB branch HMDA loans are outside of the 2020 AAs. The lower level of HMDA loans in the AAs is not indicative of the bank’s ability to lend inside its AAs.

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

Overall, the bank’s lending to businesses of different sizes and to borrowers of different income levels is excellent. The bank actively lends to businesses with gross annual revenues of \$1 million or less and to low- and moderate-income individuals. The AA sections provide more detailed information on the borrower distribution of loans.

The bank also participated actively in the PPP lending, which began in April 2020. After two rounds of lending, the program ended on May 31, 2021. The PPP is an SBA-backed loan program that was designed to help businesses keep their workforce employed during the COVID-19 pandemic. The bank originated 1,972 PPP loans totaling approximately \$168.5 million in 2020 and 2021. The bank also offered loan

extensions and modifications for consumer loan borrowers facing financial difficulties during the pandemic.

GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution of loans reflects a reasonable dispersion throughout the AAs, including low- and moderate-income census tracts. Lending patterns do not reveal any unexplained gaps in lending. Refer to the AA sections for a more detailed discussion of the geographic distribution of loans.

RECORD OF RESPONSE TO CRA-RELATED COMPLAINTS

Neither the bank nor the Federal Reserve Bank of Minneapolis has received any CRA-related complaints concerning the bank since the previous evaluation.

COMMUNITY DEVELOPMENT TEST

The bank's Community Development Test rating is Satisfactory. Overall, the bank's community development activities demonstrate adequate responsiveness to the needs of the AAs.

Community Development Loans. The level of community development lending is adequate. During the evaluation period, the bank originated 10 community development loans totaling \$19.4 million that benefit the AAs. Seven loans totaling approximately \$14.0 million helped revitalize and stabilize moderate-income census tracts in the bank's Bismarck AA. The remaining three loans supported affordable housing efforts in the Minot and Alexandria AAs, and an economic development project in the Minot AA.

The bank also originated four community development loans totaling \$2.6 million that benefited broader regional areas that include the AAs. Three of the loans funded a North Dakota organization that provides community services to children from low- and moderate-income families, and the fourth loan supported economic and workforce development in Minnesota.

Qualified Investments, Including Donations. The level of qualified investments, including donations, is adequate. During the evaluation period, the bank purchased three new investment securities totaling \$2.8 million. One investment provided funding to expand a school that primarily serves children from low- and moderate-income families in the Minot AA. The other two new investments supported affordable housing efforts in North Dakota and Minnesota. In addition, the bank continued to hold 16 prior-period investments, totaling \$3.3 million. The prior-period investments also supported affordable housing initiatives statewide in North Dakota and Minnesota, as well as the expansion of schools that serve low- and moderate-income students in the Minot AA.

In addition, because the bank was responsive in meeting credit and community development needs of its AAs, examiners also considered two prior-period investments totaling \$215,000 that benefited areas outside of the bank's AAs. One of the investments supported revitalization and stabilization of moderate-income geographies in Minnesota; this investment has matured. The other investment helped renovate a school in North Dakota after a flood disaster.

The bank made an adequate level of donations during the evaluation period. The bank made \$119,716 in donations that directly benefit its AAs or broader regional areas that include the AAs. The bank primarily made donations to support organizations that provide community services to low- and moderate-income individuals, but it also supported organizations that focus on affordable housing, revitalization and

stabilization of moderate-income census tracts, and economic development in the AAs. The bank donated \$38,016 in the Fargo AA, \$19,047 in the Alexandria AA, \$17,823 in the Bismarck AA, \$16,290 in the Minot AA, \$10,050 in the Baxter AA, and \$7,115 in the Eden Prairie AA. The bank also donated to organizations providing regional services in Minnesota and North Dakota.

Community Development Services. The bank's level of community development services is adequate. During the evaluation period, the bank provided 70 community development services in the AAs or in regional areas that include the bank's AAs. Nineteen employees, including senior management, provided financial expertise on boards and committees of 18 organizations. Most of the services focused on helping organizations that provide assistance to low- and moderate-income individuals and affordable housing initiatives. Services also supported organizations that facilitate economic development and that focus on revitalization and stabilization of moderate-income or distressed or underserved areas. Finally, the bank provided two services that supported revitalization and stabilization efforts in an underserved area outside of the bank's AAs.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The examination did not reveal any evidence of violations of antidiscrimination laws or regulations (including Regulation B – Equal Credit Opportunity Act, Regulation C – Home Mortgage Disclosure Act, and the Fair Housing Act) or other illegal credit practices inconsistent with the bank helping to meet community credit needs.

NORTH DAKOTA

CRA RATING FOR NORTH DAKOTA: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

The major factors supporting the rating include the following:

- Overall, lending to businesses of different sizes and to low- and moderate-income borrowers is excellent.
- Overall, the geographic distribution of loans throughout the AAs is reasonable.
- The overall level of community development loans, services, and qualified investments is adequate.

SCOPE OF EVALUATION

Examiners completed full-scope reviews of the Minot NonMSA AA and the Bismarck MSA AA. Based on loan volume, examiners gave greater weight to the Minot AA than to the Bismarck AA. Based on volume by loan type within the AAs, examiners evaluated small business, HMDA, and consumer loans in the Minot AA, and HMDA loans in the Bismarck AA. Examiners assessed the bank's performance using the following criteria: lending to businesses of different sizes and to borrowers of different income levels, geographic distribution of loans, and community development loans, investments, and services.

Examiners conducted a limited-scope review of the Fargo AA. Examiners evaluated whether the bank's performance in the Fargo AA was consistent with its performance at the state level for North Dakota.⁵

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NORTH DAKOTA

Assessment Area Information. The bank has three AAs in North Dakota: the Minot, Bismarck, and Fargo AAs. The Minot and Bismarck AAs are unchanged since the previous evaluation. The Fargo AA was added due to the acquisition of and merger with BRB in 2020. The bank operates its main office, six full-service branches, and one limited-service branch in North Dakota. All but the limited-service branch have a drive-up and a cash-dispensing-only ATM.⁶ The bank operates an additional 22 cash-dispensing-only ATMs at various retail and convenience locations throughout the AAs.

Based on 2021 FFIEC adjusted census data, the North Dakota AAs include 85 census tracts: 17 moderate-, 53 middle-, 14 upper-, and 1 unknown-income tracts.⁷ A small portion of the Fort Berthold Reservation is in the Minot AA, in the southwest corner of Ward County.

⁵ Because the Fargo AA is a multistate MSA AA, examiners were unable to compare the bank's performance here to its performance in a similar multistate MSA AA evaluated with a full-scope review (since there were none). Therefore, examiners compared it to the bank's performance in the state of North Dakota.

⁶ The downtown Bismarck branch has two ATMs.

⁷ The unknown-income tract is in the Fargo AA, adjacent to and south of the North Dakota State University campus in Fargo, ND. It has a relatively low population, most of the housing is rental, and it is likely that most residents here are students.

According to the June 30, 2021, FDIC Deposit Market Share report, the bank ranks 10th out of 78 FDIC-insured financial institutions in North Dakota, with 3.3% of the state's deposits. The bank has \$1.3 billion in deposits in North Dakota. The bank operates in a competitive environment.

Population. According to the 2021 FFIEC adjusted census data, the total population of the North Dakota AAs is 414,140. The data also indicates that 76.2% of families in the AAs reside in the middle- and upper-income census tracts, and that 10.4% of households are below the poverty level.

General Economic and Housing Characteristics. Bank management and community contacts stated that the economic conditions in the North Dakota AAs are strong. Although the COVID-19 pandemic initially impacted the economy in North Dakota, many businesses have rebounded to near pre-pandemic levels. These businesses include retail, food service, manufacturing, farming, and small industries. However, current concerns include supply chain issues and labor shortages across the state. The state's unemployment rate increased during the pandemic from 2.1% in 2019 to 5.1% in 2020. It decreased to 3.7% in 2021. Even with the increase in unemployment across the state, contacts and bank management noted there are many jobs available, but not enough workers to fill these jobs.

The housing market is facing similar issues with supply chain problems and labor shortages. Community contacts noted that the cost of building homes has grown exponentially, which, in turn, has increased the overall prices of new homes. Housing inventory for sale is low, and affordable housing is very difficult to procure, according to a community contact. The rental market is also more expensive. It is difficult for lower-income families to purchase or rent.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NORTH DAKOTA

Examiners based the bank's North Dakota evaluation on full-scope reviews of the Minot NonMSA and the Bismarck MSA AAs, and a limited-scope review of the Fargo AA. A detailed discussion of the bank's performance in the full-scope AAs and a shorter discussion of the limited-review AA follow this section.

The overall CRA rating for North Dakota is satisfactory, based on the bank's performance under the Lending and Community Development Tests.

The Lending Test rating is satisfactory. Overall, the bank's distribution of small business, HMDA, and consumer loans by revenue size and income of borrowers is excellent. The geographic distribution of loans is reasonable.

The Community Development Test rating is satisfactory. Overall, the bank made an adequate number of community development loans, qualified investments including donations, and community development services in North Dakota.

LENDING TEST

The Lending Test rating is satisfactory for North Dakota. The North Dakota AAs account for 82.8% by number and 90.8% by amount of the bank's lending activity during the evaluation period. Most of those loans (75.2%) were originated in the Minot AA.

Borrower and Geographic Distribution

Overall, the bank's distribution of loans among businesses of different sizes and borrowers of different income levels is excellent. The bank extends loans to small businesses and to low- and moderate-income

borrowers throughout the AAs. In addition, the geographic distribution and dispersion of loans is reasonable and does not reveal any unexplained gaps or patterns. For a detailed discussion of the borrower and geographic distribution of lending, see the Conclusions with Respect to Performance Criteria section for the Minot and Bismarck AAs.

COMMUNITY DEVELOPMENT TEST

The Community Development Test rating is satisfactory for North Dakota.

Community Development Loans. The bank's community development lending in North Dakota is adequate. The bank extended 12 community development loans totaling \$19.8 million that benefit the Minot and Bismarck AAs and a regional area that includes the Minot AA. Most community development loan dollars (70.6%) helped revitalize or stabilize moderate-income geographies in the Bismarck AA. The bank also extended loans to help fund affordable housing, community services for low- and moderate-income people, and economic development.

Qualified Investments. The level of qualified investments, including donations, is adequate. The bank purchased two new qualified investment securities totaling \$2.0 million that benefited the Minot AA and statewide North Dakota. The bank also continued to hold 15 prior-period investments totaling \$3.1 million; these investments also benefited the Minot AA and statewide North Dakota. The investments primarily helped fund affordable housing and community services for low- and moderate-income people.

The bank also made qualifying donations totaling \$80,129 that benefited the North Dakota AAs and a regional area that includes the AAs. Most donations (82.8%) benefited organizations that provide community services to low- and moderate-income people in the AAs, which was responsive during the pandemic.

Because the bank's community development investment activity is adequate in the North Dakota AAs, examiners can also consider qualified investments benefiting geographies outside the bank's AAs. The bank made one investment of \$60,000 that helped renovate a school outside the North Dakota AAs after a flood disaster.

Community Development Services. The bank's level of community development services in North Dakota is adequate. The bank provided 57 community development services that benefited the Minot, Bismarck, and Fargo AAs, and regional areas of North Dakota that include the AAs. Fourteen senior officers and staff provided financial expertise to 14 organizations during the evaluation period. The organizations focus on community services to low- and moderate-income people, economic development, and revitalizing or stabilizing low- and moderate-income or distressed and/or underserved geographies.

NORTH DAKOTA NONMETROPOLITAN AREA – FULL REVIEW

DESCRIPTION OF THE INSTITUTION’S OPERATIONS IN THE MINOT ASSESSMENT AREA

Bank Information. The bank operates its main office and two full-service branches in Minot. Each office has a drive-up window and a cash-dispensing-only ATM. Each office also offers extended weekday hours and Saturday hours. In addition, the bank operates 20 cash-dispensing-only ATMs located at various retailers in Minot.

According to the June 30, 2021, FDIC Deposit Market Share Report, the bank has \$965.0 million in deposits in the Minot AA, representing a market share of 30.0%. The bank ranks first out of 13 FDIC-insured institutions with offices in the AA. The bank’s deposits in this AA represent 57.8% of its total deposits.

Assessment Area. The bank’s Minot AA consists of Ward and McHenry counties. The bank has not changed the AA since the previous evaluation. These counties encompass 15 census tracts: one moderate-, 11 middle-, and three upper-income census tracts. No census tracts are designated as distressed or underserved. The Minot Air Force Base is located in Ward County; it is approximately 11 miles north of downtown Minot. In addition, a small portion of the Fort Berthold Reservation is located in the AA, in the southwest corner of Ward County.

The table below shows the demographic data for the assessment area based on 2021 FFIEC adjusted census data and 2021 Dun & Bradstreet data.

MINOT AA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	3,134	17.8
Moderate	1	6.7	1,512	8.6	134	8.9	3,268	18.5
Middle	11	73.3	12,797	72.6	743	5.8	4,061	23.0
Upper	3	20.0	3,310	18.8	97	2.9	7,156	40.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	15	100.0	17,619	100.0	974	5.5	17,619	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	1,729	40	0.2	2.3	1,594	92.2	95	5.5
Middle	26,020	13,996	77.0	53.8	7,999	30.7	4,025	15.5
Upper	5,497	4,129	22.7	75.1	981	17.8	387	7.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	33,246	18,165	100.0	54.6	10,574	31.8	4,507	13.6

MINOT AA DEMOGRAPHICS								
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	24	0.7	21	0.6	1	0.4	2	2.7
Middle	2,936	81.1	2,647	80.6	230	88.1	59	80.8
Upper	659	18.2	617	18.8	30	11.5	12	16.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	3,619	100.0	3,285	100.0	261	100.0	73	100.0
Percentage of Total Businesses:				90.8		7.2		2.0
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	302	85.6	300	85.5	1	100.0	1	100.0
Upper	51	14.4	51	14.5	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	353	100.0	351	100.0	1	100.0	1	100.0
Percentage of Total Farms:				99.4		0.3		0.3
<i>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet data 2011 - 2015 U.S. Census Bureau: American Community Survey NOTE: Percentages may not add up to 100.0 due to rounding.</i>								

Income. For purposes of classifying borrower income, this evaluation uses the FFIEC’s estimated median family income for the year of loan origination. For borrowers in NonMSA North Dakota, the income was \$80,200 in 2019, \$82,200 in 2020, and \$83,900 in 2021. For purposes of classifying census tracts by income level, this evaluation relies on the 2015 FFIEC adjusted census data median family income for NonMSA North Dakota, which was \$72,414 for 2019 to 2021.

The table below shows the median family income in the AA and different geographic regions of North Dakota, based on U.S. Census Bureau data.

Minot AA 2021 Median Family Income Change			
Area	2010 Median Family Income	2015 Median Family Income	% Change
Minot AA 2021	\$64,982	\$74,138	14.1%
McHenry County, ND	\$59,185	\$67,574	14.2%
Ward County, ND	\$65,730	\$74,826	13.8%
NonMSA North Dakota	\$63,321	\$72,414	14.4%
North Dakota	\$68,517	\$74,708	9.0%
<i>Source: 2006 - 2010 U.S. Census Bureau American Community Survey 2011 - 2015 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2015 dollars.</i>			

The 2015 median family income in the AA increased since the 2010 census. It is slightly higher than that of NonMSA areas of North Dakota and is comparable to the statewide income.

Population Characteristics. The population in the Minot AA is 73,553. The table below shows the population change from the 2010 census to the 2015 U.S. Census Bureau American Community Survey (ACS). The population growth in the Minot AA outpaces growth for the state of North Dakota. The largest city in the Minot AA is Minot, with a population of 48,377, according to 2020 Census Bureau data.

Minot AA 2021 Population Change			
Area	2010 Population	2015 Population	% Change
Minot AA 2021	67,070	73,553	9.7%
McHenry County, ND	5,395	5,817	7.8%
Ward County, ND	61,675	67,736	9.8%
NonMSA North Dakota	345,327	371,134	7.5%
North Dakota	672,591	721,640	7.3%
<i>Source: 2010 U.S. Census Bureau Decennial Census 2011 - 2015 U.S. Census Bureau American Community Survey</i>			

Economy. According to a community contact, Minot is experiencing a renaissance of retail, food service, and small industry businesses due to the demographic shift to a younger population and generational turnover. For instance, downtown Minot is now full of renovated businesses such as bars and restaurants catering to a younger generation. More entrepreneurs in the area are under the age of 50, when historically that has not been the case. The growth of Minot’s infrastructure also supports the city’s economic success. The completion of intermodal rail services (which transport international containers), allows farmers to load containers in Minot to ship to international destinations and has made a direct impact on the local economy. Benefits from the Bakken oil boom have waned, but energy production is still an important aspect of the local economy.

The pandemic has had an effect on local businesses since the previous evaluation. Small businesses pivoted to accommodate new safety regulations and to secure the health of the local population. The effects of the pandemic are still apparent in subtle ways. The table below shows the unemployment rate from 2018 to 2021 in the Minot AA. As businesses shut down, either due to regulations or to the inability to stay solvent, the unemployment rate jumped to 5.9% in 2020. It improved in 2021 but is still higher than the rate of North Dakota as a whole. A local contact also noted that with many individuals choosing to work remotely, there is a demand for internet access. Minot is also experiencing the same effects of supply-chain issues, inflation, and labor shortages that many other locations are experiencing.

Minot AA 2021 Unemployment Rates				
Area	2018	2019	2020	2021
Minot AA 2021	2.7%	2.3%	5.9%	4.3%
McHenry County, ND	3.6%	3.2%	5.4%	4.3%
Ward County, ND	2.6%	2.2%	6.0%	4.3%
NonMSA North Dakota	2.5%	2.3%	5.8%	4.3%
North Dakota	2.4%	2.1%	5.1%	3.7%
<i>Source: Bureau of Labor Statistics(BLS), Local Area Unemployment Statistics</i>				

Housing. The housing market has been thriving in recent years. However, many homes currently on the market are priced too high for many buyers, according to a community contact. Bank management indicated there is limited number of houses are for sale, and those that are available sell fast. The number

of multifamily rental units aimed at low- to moderate-income people is growing in Minot; however, these units are also more expensive than before, as all housing is seeing an increase in price.

The table below shows the housing cost burden faced by renters and homeowners in the Minot AA. The U.S. Department of Housing and Urban Development (HUD) defines cost-burdened families as follows: Those who pay more than 30% of their income for housing and may have difficulty affording necessities such as food, clothing, transportation, and medical care. The overall burden for renters in the Minot AA is generally higher than the burden for renters in NonMSA North Dakota, significantly so for low- and moderate-income renters. Overall, homeowners fare better, but low-income homeowners have a significant burden.

Minot AA 2021 Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Minot AA 2021	70%	40%	36%	55%	25%	14%
McHenry County, ND	47%	0%	21%	41%	7%	13%
Ward County, ND	72%	41%	36%	58%	28%	14%
NonMSA North Dakota	57%	21%	27%	45%	16%	12%
North Dakota	69%	22%	34%	48%	20%	12%

Cost Burden is housing cost that equals 30 percent or more of household income.
Source: U.S. Department of Housing and Urban Development (HUD), 2014-2018 Comprehensive Housing Affordability Strategy

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN THE MINOT ASSESSMENT AREA

The bank’s overall performance under the Lending Test in the Minot AA is reasonable. This AA accounts for a majority of the bank’s lending and a significant portion of community development activities. The bank’s overall Community Development Test performance in this AA demonstrates adequate responsiveness to community development needs.

LENDING TEST

The bank meets the credit needs of businesses and residents in the Minot AA. Overall, the bank’s lending to businesses of different sizes and borrowers of different income levels is excellent. The geographic distribution and dispersion of loans is reasonable and does not reveal any unexplained gaps in lending.

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

Small Business Lending. Small business lending in the Minot assessment area is excellent. The table below shows the bank’s small business lending as well as demographic data.

Distribution of 2021 Small Business Lending By Revenue Size of Businesses Assessment Area: Minot AA					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	31	70.5	3,466	47.8	90.8
Over \$1 Million	13	29.5	3,784	52.2	7.2
Revenue Unknown	0	0.0	0	0.0	2.0
Total	44	100.0	7,251	100.0	100.0
By Loan Size					
\$100,000 or Less	23	52.3	897	12.4	
\$100,001 - \$250,000	13	29.5	2,249	31.0	
\$250,001 - \$1 Million	8	18.2	4,105	56.6	
Total	44	100.0	7,251	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	20	64.5	790	22.8	
\$100,001 - \$250,000	9	29.0	1,581	45.6	
\$250,001 - \$1 Million	2	6.5	1,095	31.6	
Total	31	100.0	3,466	100.0	
<i>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.</i>					

The bank originated 70.5% of its small business loans to businesses with gross annual revenues of \$1 million or less. According to 2021 Dun & Bradstreet data, 90.8% of businesses in the AA are small businesses. The bank’s lending is below demographics; however, it is explainable. The bank faces strong commercial loan competition in the AA. There are numerous other financial institutions in the AA, including branches of larger national and regional banks as well as several credit unions. The bank originated 64.5% of its loans to small businesses in amounts of \$100,000 or less, indicating a willingness to lend to small businesses in the community.

In addition, the bank’s PPP lending in the Minot AA is significant. Bank management commented that several financial institutions were not able to help their own small business customers, and as a result, these customers turned to First Western Bank & Trust for help. The bank extended 555 PPP loans in the AA in 2020–2021, totaling \$51.6 million. Of these loans, 56.7% were for less than \$25,000. This level of responsiveness enhances the bank’s small business lending.

Residential Real Estate Lending. The bank’s HMDA lending to low- and moderate-income borrowers is reasonable. The tables below show the bank’s HMDA lending by borrower income level.⁸

⁸ Examiners did not evaluate the following categories of HMDA loans: other purpose, other purpose lines of credit, and loans with a purpose not applicable.

Distribution of 2019 and 2020 Home Mortgage Lending By Borrower Income Level (Table 1 of 2)													
Assessment Area: Minot AA													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2019						2020						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Home Purchase Loans													
Low	8	11.3	6.8	779	6.1	3.5	6	15.0	8.1	697	9.3	4.4	17.8
Moderate	15	21.1	22.7	2,361	18.6	17.6	5	12.5	24.1	612	8.2	19.3	18.5
Middle	24	33.8	25.6	4,099	32.3	25.7	10	25.0	26.1	1,408	18.9	26.8	23.0
Upper	19	26.8	28.8	4,404	34.7	37.2	15	37.5	24.3	4,214	56.5	31.7	40.6
Unknown	5	7.0	16.0	1,047	8.3	15.9	4	10.0	17.4	531	7.1	17.8	0.0
Total	71	100.0	100.0	12,690	100.0	100.0	40	100.0	100.0	7,462	100.0	100.0	100.0
Refinance Loans													
Low	1	2.6	5.5	125	2.1	3.0	4	5.7	2.7	517	3.4	1.5	17.8
Moderate	3	7.7	10.6	329	5.4	7.3	9	12.9	10.4	1,322	8.8	7.4	18.5
Middle	3	7.7	15.0	504	8.3	12.6	16	22.9	17.2	3,286	21.8	14.9	23.0
Upper	9	23.1	37.8	2,323	38.4	43.9	25	35.7	32.9	5,374	35.7	37.7	40.6
Unknown	23	59.0	31.0	2,763	45.7	33.2	16	22.9	36.8	4,554	30.3	38.6	0.0
Total	39	100.0	100.0	6,044	100.0	100.0	70	100.0	100.0	15,053	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	7.1	0	0.0	5.4	0	0.0	2.9	0	0.0	2.5	17.8
Moderate	1	12.5	10.7	30	5.8	6.7	1	50.0	8.6	27	51.9	4.3	18.5
Middle	3	37.5	32.1	185	36.1	30.4	1	50.0	20.0	25	48.1	9.3	23.0
Upper	4	50.0	42.9	298	58.1	40.5	0	0.0	62.9	0	0.0	80.5	40.6
Unknown	0	0.0	7.1	0	0.0	17.0	0	0.0	5.7	0	0.0	3.4	0.0
Total	8	100.0	100.0	513	100.0	100.0	2	100.0	100.0	52	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	10	7.8	6.3	984	4.9	3.3	10	8.5	4.9	1,214	5.2	2.7	17.8
Moderate	23	18.0	18.0	2,957	14.8	13.8	15	12.8	15.9	1,961	8.3	12.2	18.5
Middle	32	25.0	21.6	4,982	25.0	20.6	29	24.8	20.5	5,162	21.9	19.5	23.0
Upper	35	27.3	32.1	7,184	36.1	39.1	43	36.8	29.3	10,109	43.0	34.8	40.6
Unknown	28	21.9	21.9	3,810	19.1	23.2	20	17.1	29.4	5,085	21.6	30.7	0.0
Total	128	100.0	100.0	19,917	100.0	100.0	117	100.0	100.0	23,531	100.0	100.0	100.0
<p>Source: 2020 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey</p> <p>Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.</p>													

Distribution of 2019 and 2020 Home Mortgage Lending By Borrower Income Level (Table 2 of 2)													
Assessment Area: Minot AA													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2019						2020						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	%	\$(000)	%	\$%	#	%	%	\$(000)	%	\$%	
Other Purpose LOC													
Low	0	0.0	23.1	0	0.0	23.5	0	0.0	7.7	0	0.0	9.1	17.8
Moderate	0	0.0	7.7	0	0.0	5.4	0	0.0	7.7	0	0.0	3.9	18.5
Middle	0	0.0	15.4	0	0.0	6.3	0	0.0	0.0	0	0.0	0.0	23.0
Upper	0	0.0	53.8	0	0.0	64.7	0	0.0	84.6	0	0.0	87.0	40.6
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Other Purpose Closed/Exempt													
Low	1	10.0	2.9	80	11.9	3.0	0	0.0	6.3	0	0.0	3.2	17.8
Moderate	4	40.0	28.6	237	35.4	28.7	0	0.0	15.6	0	0.0	17.0	18.5
Middle	2	20.0	14.3	194	29.0	11.0	2	40.0	25.0	443	46.0	23.9	23.0
Upper	3	30.0	48.6	159	23.7	50.5	3	60.0	43.8	521	54.0	49.9	40.6
Unknown	0	0.0	5.7	0	0.0	6.9	0	0.0	9.4	0	0.0	5.9	0.0
Total	10	100.0	100.0	670	100.0	100.0	5	100.0	100.0	964	100.0	100.0	100.0
Purpose Not Applicable													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	17.8
Moderate	0	0.0	2.7	0	0.0	2.0	0	0.0	0.0	0	0.0	0.0	18.5
Middle	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	23.0
Upper	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	40.6
Unknown	0	0.0	97.3	0	0.0	98.0	0	0.0	100.0	0	0.0	100.0	0.0
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0

Source: 2020 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

According to FFIEC adjusted census data for 2019 and 2020, 17.8% of families in the assessment area are low income and 18.6% are moderate income. In 2019, the bank originated 7.8% of its HMDA loans to low-income borrowers and 18.0% to moderate-income borrowers. The bank’s lending was below demographics for low-income families and comparable to demographics for moderate-income families. Aggregate lenders originated 6.3% of their HMDA loans to low-income borrowers and 18.0% to moderate-income borrowers. The bank’s lending is above aggregate lenders’ performance for low-income borrowers and comparable for moderate-income borrowers.

In 2020, the bank originated 8.5% of its HMDA loans to low-income borrowers and 12.8% to moderate-income borrowers, which is below demographics. Aggregate lenders originated 4.9% of their HMDA loans to low-income borrowers and 15.9% to moderate-income borrowers. The bank’s performance is above aggregate lenders for low-income borrowers and comparable to aggregate lenders for moderate-income borrowers. Further, HMDA loans that are classified as “unknown” for income are loans made to commercial borrowers or bank employees who are not required to report income for HMDA purposes.

The bank’s overall HMDA lending is reasonable given the performance context. The cost and availability of housing, including affordable housing, is an issue in the Minot AA. Bank management and a community contact stated that the inventory of affordable homes is low. There are many more potential

home buyers than homes available on the market. This difference is also exacerbated by the cost of supplies for home building, which narrows the number of builders and developers interested in expanding the new homes market.

As discussed previously, the housing cost burden for low- and moderate-income residents in the AA is significant. Using the assumption that a borrower can afford a home for approximately three times his or her annual income, an individual with the highest income in the low-income bracket (\$41,099) could afford a \$123,297 home, based on 2020 FFIEC estimated median family income for the nonmetropolitan areas of North Dakota. Using the same assumption for a borrower with the highest income in the moderate-income bracket (\$65,759), a borrower could afford a \$197,277 home. According to the 2015 FFIEC census data, the median housing value in the AA is \$180,687, which would not be affordable for many low-income and some moderate-income families.

Finally, as mentioned, the bank operates in a competitive environment. In 2019, the bank ranked fourth out of 104 HMDA reporters in the AA, but captured only 6.8% of all HMDA loans reported in the AA. In 2020, the bank ranked seventh of 121 HMDA reporters, capturing only 3.8% of loans.

Examiners also evaluated the bank’s 2018 HMDA lending activity and determined that the bank’s performance was generally consistent with that of 2019 and 2020.

Consumer Lending. The bank’s consumer lending to low- and moderate-income borrowers is reasonable. The table below shows the bank’s consumer lending by borrower income level.

Distribution of 2021 Consumer Lending By Borrower Income Level Assessment Area: Minot AA					
Borrower Income Level	Bank Loans				Households by Household Income %
	#	#%	\$(000)	\$%	
Low	14	20.6	211	15.2	20.2
Moderate	16	23.5	225	16.2	18.2
Middle	6	8.8	90	6.5	18.1
Upper	16	23.5	521	37.5	43.6
Unknown	16	23.5	341	24.6	0.0
Total	68	100.0	1,388	100.0	100.0
<i>Source: 2021 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.</i>					

The bank originated 20.6% of its consumer loans to low-income borrowers and 23.5% to moderate-income borrowers in 2021. According to 2021 FFIEC census data, 20.2% of the households in the assessment area are low income and 18.2% are moderate income. The bank’s lending to low-income borrowers is comparable to demographics, and lending to moderate-income borrowers is above demographics. Bank management noted the increase in demand for automobiles, with supply chain issues stifling supply.

GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution and dispersion of the bank’s small business, HMDA, and consumer loans in the Minot AA is reasonable and does not reflect any unexplainable gaps in lending. The AA does not include any low-income census tracts. Its sole moderate-income tract consists of the Minot Air Force Base.

Small Business Lending. The distribution of small business lending in the Minot AA is reasonable. The table below shows the bank’s small business lending by census tract income level.

Distribution of 2021 Small Business Lending by Income Level of Geography Assessment Area: Minot AA					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	0.7
Middle	29	65.9	5,438	75.0	81.1
Upper	15	34.1	1,813	25.0	18.2
Total	44	100.0	7,251	100.0	100.0
<i>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.</i>					

The bank originated no loans in the moderate-income tract. This is reasonable because there are very few businesses located on the air force base. The dispersion of the bank’s small business loans in the AA is reasonable and there were no unexplained gaps in lending.

Residential Real Estate Lending. Generally, the bank’s geographic distribution for 2019 and 2020 HMDA loans is reasonable. The tables below include the distribution of the bank’s HMDA loans by census tract income level.

Distribution of 2019 and 2020 Home Mortgage Lending By Income Level of Geography (Table 1 of 2)													
Assessment Area: Minot AA													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2019						2020						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Home Purchase Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.2
Middle	51	71.8	75.2	9,131	72.0	70.8	32	80.0	76.7	5,830	78.1	74.0	77.0
Upper	20	28.2	24.8	3,559	28.0	29.2	8	20.0	23.3	1,632	21.9	26.0	22.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	71	100.0	100.0	12,690	100.0	100.0	40	100.0	100.0	7,462	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.2
Middle	28	71.8	66.6	3,728	61.7	60.7	48	68.6	71.7	9,468	62.9	68.8	77.0
Upper	11	28.2	33.4	2,316	38.3	39.3	22	31.4	28.3	5,585	37.1	31.2	22.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	39	100.0	100.0	6,044	100.0	100.0	70	100.0	100.0	15,053	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.2
Middle	4	50.0	64.3	228	44.4	57.6	2	100.0	68.6	52	100.0	51.7	77.0
Upper	4	50.0	35.7	285	55.6	42.4	0	0.0	31.4	0	0.0	48.3	22.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	8	100.0	100.0	513	100.0	100.0	2	100.0	100.0	52	100.0	100.0	100.0
Multifamily Loans													Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.5
Middle	1	100.0	90.5	770	100.0	67.4	2	100.0	88.5	7,912	100.0	90.1	91.6
Upper	0	0.0	9.5	0	0.0	32.6	0	0.0	11.5	0	0.0	9.9	8.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	1	100.0	100.0	770	100.0	100.0	2	100.0	100.0	7,912	100.0	100.0	100.0

Distribution of 2019 and 2020 Home Mortgage Lending By Income Level of Geography (Table 1 of 2)													
Assessment Area: Minot AA													
Total Home Mortgage Loans												Owner Occupied Units %	
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.2
Middle	90	69.8	72.0	14,372	69.5	67.2	85	71.4	73.6	23,442	74.6	72.2	77.0
Upper	39	30.2	28.0	6,315	30.5	32.8	34	28.6	26.4	8,001	25.4	27.8	22.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	129	100.0	100.0	20,687	100.0	100.0	119	100.0	100.0	31,443	100.0	100.0	100.0

Source: 2020 FFIEC Census Data
-4-0 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2019 and 2020 Home Mortgage Lending By Income Level of Geography (Table 2 of 2)														
Assessment Area: Minot AA														
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %	
	2019						2020							
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg		
#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	#	%	
Other Purpose LOC														
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0	0.2
Middle	0	0.0	84.6	0	0.0	91.9	0	0.0	76.9	0	0.0	78.8	77.0	
Upper	0	0.0	15.4	0	0.0	8.1	0	0.0	23.1	0	0.0	21.2	22.7	
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0	
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0		
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0	
Other Purpose Closed/Exempt														
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0	
Moderate	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.2	
Middle	6	60.0	65.7	515	76.9	75.7	1	20.0	53.1	180	18.7	50.2	77.0	
Upper	4	40.0	34.3	155	23.1	24.3	4	80.0	46.9	784	81.3	49.8	22.7	
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0	
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0		
Total	10	100.0	100.0	670	100.0	100.0	5	100.0	100.0	964	100.0	100.0	100.0	
Purpose Not Applicable														
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0	
Moderate	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.2	
Middle	0	0.0	67.6	0	0.0	65.0	0	0.0	69.6	0	0.0	64.7	77.0	
Upper	0	0.0	32.4	0	0.0	35.0	0	0.0	30.4	0	0.0	35.3	22.7	
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0	
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0		
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0	

Source: 2020 FFIEC Census Data
-4-0 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

The bank originated no loans in the moderate-income tract in 2019 and 2020. As mentioned, this tract consists of the air force base, and there are very few, if any, opportunities to originate HMDA loans in this census tract. According to FFIEC census data, 92.2% of housing units on the base are rentals. The dispersion of the bank’s HMDA loans in the AA is reasonable, and there were no unexplained gaps in lending.

Examiners also evaluated the bank’s 2018 HMDA lending activity and determined that the bank’s performance was generally consistent with that of 2019 and 2020.

Consumer Lending. Generally, the bank’s geographic distribution of consumer loans is reasonable. The table below shows the distribution of the bank’s consumer loans by census tract income level.

Distribution of 2021 Consumer Lending By Income Level of Geography Assessment Area: Minot AA					
Geographic Income Level	Bank Loans				Households %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	1	1.5	1	0.1	5.7
Middle	51	75.0	1,096	79.0	76.5
Upper	16	23.5	291	21.0	17.8
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	68	100.0	1,388	100.0	100.0
<i>Source: 2021 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.</i>					

The bank originated one loan in the moderate-income tract; its lending here is below demographics. This is reasonable given the performance context. There is a credit union on the air force base that is likely much more convenient for military families. The overall dispersion of the bank’s consumer loans in the AA is reasonable, and there were no unexplained gaps in lending.

COMMUNITY DEVELOPMENT TEST

Overall, the level of community development activities in the Minot AA is adequate, based on the bank’s community development loans and services and its qualified investments, including donations.

Community Development Loans. The bank’s community development lending in the Minot AA is adequate. The bank originated two community development loans totaling \$5.2 million that benefited the AA. The loans funded an affordable housing project and economic development related to the children’s museum and discovery center. The bank’s community development lending is lower by number and dollars than at the previous evaluation. Bank management indicated that community development lending opportunities were limited during the evaluation period.

Qualified Investments, Including Donations. The bank’s level of qualified investments in the Minot AA is adequate. The bank purchased one new investment security totaling \$529,370, which provided funding for expansion of a Minot elementary and high school, benefiting low- and moderate-income children in

the AA. During the evaluation period, the bank continued to hold \$1.9 million in prior-period investments; these investments supported community services for children from low- and moderate-income families and efforts to revitalize and stabilize distressed areas by funding schools in the AA. Bank management indicated that investment opportunities in the AA during the evaluation period were limited. The bank's donations in the Minot AA totaled \$16,290. The donations primarily supported organizations that provide community services to low- and moderate-income individuals, but donations also supported affordable housing efforts.

Community Development Services. The bank provided an adequate level of services in the Minot AA. Bank officers and staff provided 19 community development services to four organizations. Staff provided financial expertise primarily to organizations that provide essential services to low- and moderate-income individuals; services also promoted economic development in the AA. Opportunities for services decreased during the pandemic, as many organizations closed or provided limited services to help decrease pandemic infection rates.

NORTH DAKOTA METROPOLITAN AREA – FULL REVIEW

DESCRIPTION OF THE INSTITUTION’S OPERATIONS IN THE BISMARCK MSA ASSESSMENT AREA

Bank Information. The bank operates two full-service branches in the AA: the downtown Bismarck branch and the Bismarck – North branch. Each branch has a drive-up. The North branch has one cash-dispensing-only ATM, and the downtown branch has two (at the drive-up and in the lobby). Both branches offer extended weekday hours, and the downtown branch offers weekend hours. The bank operates two additional cash-dispensing-only ATMs in the AA, at the state college and at a restaurant.

Assessment Area. The Bismarck AA consists of Burleigh and Morton counties, which are part of the Bismarck ND MSA. The bank has not changed the AA since the previous evaluation. The two counties encompass 24 census tracts: four moderate-, 18 middle-, and two upper-income census tracts.

The table below shows the demographic data for the AA based on 2021 FFIEC adjusted census data and 2021 Dun & Bradstreet Data.

BISMARCK MSA AA DEMOGRAPHICS									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	5,368	17.3	
Moderate	4	16.7	3,741	12.0	269	7.2	5,772	18.6	
Middle	18	75.0	24,655	79.3	1,263	5.1	7,641	24.6	
Upper	2	8.3	2,684	8.6	33	1.2	12,299	39.6	
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	
Total AA	24	100.0	31,080	100.0	1,565	5.0	31,080	100.0	
	Housing Units by Tract	Housing Type by Tract							
		Owner-occupied			Rental		Vacant		
		#	% by tract	% by unit	#	% by unit	#	% by unit	
Low	0	0	0.0	0.0	0	0.0	0	0.0	
Moderate	8,197	4,306	12.2	52.5	3,330	40.6	561	6.8	
Middle	40,638	27,925	79.3	68.7	10,734	26.4	1,979	4.9	
Upper	3,149	2,973	8.4	94.4	101	3.2	75	2.4	
Unknown	0	0	0.0	0.0	0	0.0	0	0.0	
Total AA	51,984	35,204	100.0	67.7	14,165	27.2	2,615	5.0	
	Total Businesses by Tract	Businesses by Tract & Revenue Size							
				Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0	
Moderate	1,483	21.4	1,279	20.5	180	32.8	24	16.7	
Middle	4,899	70.7	4,454	71.4	337	61.5	108	75.0	
Upper	549	7.9	506	8.1	31	5.7	12	8.3	
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	
Total AA	6,931	100.0	6,239	100.0	548	100.0	144	100.0	
Percentage of Total Businesses:				90.0		7.9		2.1	

BISMARCK MSA AA DEMOGRAPHICS								
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	65	18.1	65	18.3	0	0.0	0	0.0
Middle	274	76.1	270	75.8	4	100.0	0	0.0
Upper	21	5.8	21	5.9	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	360	100.0	356	100.0	4	100.0	0	0.0
Percentage of Total Farms:				98.9		1.1		0.0
<i>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet data 2011 – 2015 U.S. Census Bureau: American Community Survey NOTE: Percentages may not add up to 100.0 due to rounding.</i>								

Income. For purposes of classifying borrower income, this evaluation uses the FFIEC’s estimated median family income for the year of loan origination. For borrowers in the Bismarck MSA, the income was \$88,900 in 2019, \$92,500 in 2020, and \$94,200 in 2021. For purposes of classifying census tracts by income level, this evaluation relies on the 2015 FFIEC adjusted census data median family income for the Bismarck MSA, which was \$80,768 for 2019 to 2021.

The table below shows the median family income for the Bismarck AA, based on census data. The 2015 median family income in the AA increased since the 2010 census. It is comparable to that of the Bismarck MSA and higher than the statewide income.

Bismarck AA 2021 Median Family Income Change			
Area	2010 Median Family Income	2015 Median Family Income	% Change
Bismarck AA 2021	\$74,070	\$80,900	9.2%
Burleigh County, ND	\$77,428	\$85,066	9.9%
Morton County, ND	\$68,291	\$78,837	15.4%
Bismarck, ND MSA	\$72,820	\$80,768	10.9%
North Dakota	\$68,517	\$74,708	9.0%
<i>Source: 2006 - 2010 U.S. Census Bureau American Community Survey 2011 - 2015 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2015 dollars.</i>			

Population Characteristics. The population in the Bismarck AA is 117,208. The table below shows the population change from the 2010 census to the 2015 ACS. The population growth in the Bismarck AA slightly outpaces growth for the state of North Dakota. The largest city in the AA is Bismarck, with a population of 73,622 according to 2020 Census Bureau data. A contact noted that population growth is partially due to elderly people and retired farmers moving to Bismarck for health-care services and younger people moving to the area for jobs. There is also some growth in ethnic minorities and refugees settling in Bismarck.

Bismarck AA 2021 Population Change			
Area	2010 Population	2015 Population	% Change
Bismarck AA 2021	108,779	117,208	7.7%
Burleigh County, ND	81,308	88,223	8.5%
Morton County, ND	27,471	28,985	5.5%
Bismarck, ND MSA	110,625	119,027	7.6%
North Dakota	672,591	721,640	7.3%
<i>Source: 2010 U.S. Census Bureau Decennial Census 2011 - 2015 U.S. Census Bureau American Community Survey</i>			

Economy. Bismarck is the regional and geographic center of North Dakota. As the state capital, it has numerous government offices, and retail, food, and small industry businesses all contribute to the local economy. Major employers include government related industries and healthcare services. A contact noted that the health services economy is shifting to caring for the elderly as the population ages. The table below shows the Bismarck AA unemployment rate during the evaluation period. During the pandemic, the AA’s unemployment rate increased but was lower than the rest of North Dakota; it was comparable to the state rate in 2018 and 2019. Bank management noted, however, that with low unemployment, the economy feels the effects of a labor shortage, as there are not enough entry-level workers to fill available jobs.

Bismarck AA 2021 Unemployment Rates				
Area	2018	2019	2020	2021
Bismarck AA 2021	2.5%	2.3%	4.5%	3.3%
Burleigh County, ND	2.4%	2.2%	4.3%	3.1%
Morton County, ND	3.0%	2.7%	5.0%	3.8%
Bismarck, ND MSA	2.6%	2.3%	4.5%	3.3%
North Dakota	2.4%	2.1%	5.1%	3.7%
<i>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics</i>				

Housing. The housing market is similar to other population centers where there is not enough affordable housing stock, and the cost of building affordable housing is extremely high. A contact noted that developers are choosing to increase profit margins because supplies are so expensive due to supply chain issues. The demand for housing is high and is likely due to the growing population, according to the contact. For many low- to moderate-income individuals, purchasing a home is very unlikely, and so the rental market is also at capacity. This leads to an increase in rents, which might make occupying a rental more expensive than in years past.

The table below shows the housing cost burden faced by renters and homeowners in the Bismarck AA. The overall burden for renters in the Bismarck AA is slightly higher than the burden for renters statewide. It is significantly high for low-income renters. Overall, homeowners fare better, but low-income homeowners have a significant cost burden.

Bismarck AA 2021 Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Bismarck AA 2021	72%	18%	36%	46%	22%	13%
Burleigh County, ND	72%	18%	37%	46%	22%	13%
Morton County, ND	74%	18%	34%	47%	21%	13%
Bismarck, ND MSA	72%	18%	36%	46%	22%	13%
North Dakota	69%	22%	34%	48%	20%	12%
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2014-2018 Comprehensive Housing Affordability Strategy</i>						

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN THE BISMARCK MSA AA

The bank’s performance under the Lending Test in the Bismarck AA is excellent. This AA accounts for approximately 15.0% of the bank’s lending and a notable portion of community development activities, particularly community development loans. The bank’s overall community development performance in this AA demonstrates adequate responsiveness to community development needs.

LENDING TEST

The bank effectively meets the credit needs of residents in the Bismarck AA. The bank’s HMDA lending to low- and moderate-income borrowers is excellent. The geographic distribution and dispersion of HMDA loans is excellent and does not reveal any unexplained gaps in lending.

LENDING TO BORROWERS OF DIFFERENT INCOME LEVELS

Residential Real Estate Lending. The bank’s HMDA lending to low- and moderate-income borrowers is excellent, given the performance context. The tables below show the bank’s HMDA lending by borrower income levels for 2019 and 2020.⁹ The tables also includes the same information for aggregate lenders, as well as demographic data.

⁹ Examiners did not evaluate the following categories of HMDA loans: other purpose, other purpose lines of credit and loans with a purpose not applicable. The bank did not originate any of these loans.

Distribution of 2019 and 2020 Home Mortgage Lending By Borrower Income Level													
Assessment Area: Bismarck AA													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2019						2020						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Home Purchase Loans													
Low	1	8.3	9.6	160	6.0	5.3	1	6.3	12.0	105	2.4	7.2	17.3
Moderate	4	33.3	24.7	681	25.5	19.9	6	37.5	26.0	1,426	33.3	21.3	18.6
Middle	1	8.3	24.1	347	13.0	24.6	1	6.3	24.1	330	7.7	24.3	24.6
Upper	1	8.3	31.0	366	13.7	39.3	4	25.0	27.1	1,278	29.8	36.3	39.6
Unknown	5	41.7	10.6	1,118	41.8	11.0	4	25.0	10.8	1,147	26.8	10.9	0.0
Total	12	100.0	100.0	2,672	100.0	100.0	16	100.0	100.0	4,286	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	7.1	0	0.0	3.6	0	0.0	4.1	0	0.0	2.2	17.3
Moderate	1	20.0	16.6	117	11.1	12.9	5	15.2	14.5	1,115	13.2	11.0	18.6
Middle	0	0.0	23.0	0	0.0	21.2	5	15.2	22.3	928	11.0	20.1	24.6
Upper	1	20.0	35.6	253	24.0	41.9	10	30.3	38.4	3,008	35.6	44.5	39.6
Unknown	3	60.0	17.7	682	64.8	20.5	13	39.4	20.6	3,389	40.2	22.1	0.0
Total	5	100.0	100.0	1,052	100.0	100.0	33	100.0	100.0	8,440	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	4.8	0	0.0	3.5	0	0.0	2.6	0	0.0	0.7	17.3
Moderate	0	0.0	16.5	0	0.0	13.7	0	0.0	11.2	0	0.0	7.3	18.6
Middle	0	0.0	21.8	0	0.0	21.7	0	0.0	23.5	0	0.0	21.2	24.6
Upper	0	0.0	51.6	0	0.0	49.1	0	0.0	56.1	0	0.0	61.8	39.6
Unknown	1	100.0	5.3	100	100.0	11.9	0	0.0	6.6	0	0.0	9.0	0.0
Total	1	100.0	100.0	100	100.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans													
Low	1	5.6	8.1	160	4.2	4.5	1	2.0	6.6	105	0.8	3.9	17.3
Moderate	5	27.8	20.6	798	20.9	16.6	11	22.0	18.0	2,541	19.6	14.4	18.6
Middle	1	5.6	22.9	347	9.1	22.7	6	12.0	22.7	1,258	9.7	21.4	24.6
Upper	2	11.1	35.0	619	16.2	40.9	15	30.0	35.4	4,536	35.0	41.8	39.6
Unknown	9	50.0	13.4	1,900	49.7	15.3	17	34.0	17.3	4,536	35.0	18.6	0.0
Total	18	100.0	100.0	3,824	100.0	100.0	50	100.0	100.0	12,976	100.0	100.0	100.0
<p>Source: 2020 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey</p> <p>Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.</p>													

Distribution of 2019 and 2020 Home Mortgage Lending By Borrower Income Level													
Assessment Area: Bismarck AA													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2019						2020						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Other Purpose LOC													
Low	0	0.0	4.7	0	0.0	3.4	0	0.0	0.8	0	0.0	0.1	17.3
Moderate	0	0.0	15.1	0	0.0	11.5	0	0.0	11.5	0	0.0	6.5	18.6
Middle	0	0.0	15.1	0	0.0	8.9	0	0.0	23.0	0	0.0	14.9	24.6
Upper	0	0.0	60.5	0	0.0	71.3	0	0.0	60.7	0	0.0	72.3	39.6
Unknown	0	0.0	4.7	0	0.0	5.0	0	0.0	4.1	0	0.0	6.3	0.0
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Other Purpose Closed/Exempt													
Low	0	0.0	4.4	0	0.0	1.3	0	0.0	11.4	0	0.0	12.7	17.3
Moderate	0	0.0	16.3	0	0.0	11.0	0	0.0	15.9	0	0.0	16.5	18.6
Middle	0	0.0	13.3	0	0.0	15.7	0	0.0	21.6	0	0.0	14.2	24.6
Upper	0	0.0	61.5	0	0.0	67.5	1	100.0	46.6	250	100.0	53.1	39.6
Unknown	0	0.0	4.4	0	0.0	4.5	0	0.0	4.5	0	0.0	3.5	0.0
Total	0	0.0	100.0	0	0.0	100.0	1	100.0	100.0	250	100.0	100.0	100.0
Purpose Not Applicable													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	17.3
Moderate	0	0.0	11.8	0	0.0	14.5	0	0.0	0.0	0	0.0	0.0	18.6
Middle	0	0.0	2.9	0	0.0	3.9	0	0.0	0.0	0	0.0	0.0	24.6
Upper	0	0.0	5.9	0	0.0	4.9	0	0.0	0.0	0	0.0	0.0	39.6
Unknown	0	0.0	79.4	0	0.0	76.6	0	0.0	100.0	0	0.0	100.0	0.0
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0

Source: 2020 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

According to FFIEC adjusted census data for 2019 and 2020, 17.3% of families in the AA are low income and 18.6% are moderate income. In 2019, the bank originated 5.6% of its HMDA loans to low-income borrowers and 27.8% to moderate-income borrowers. The bank’s lending was below demographics for low-income families and notably above demographics for moderate-income families. Aggregate lenders originated 8.1% of their HMDA loans to low-income borrowers and 20.6% to moderate-income borrowers. The bank’s lending is slightly below aggregate lenders’ performance for low-income borrowers but is notably above aggregate for moderate-income borrowers.

In 2020, the bank originated 2.0% of its HMDA loans to low-income borrowers and 22.0% to moderate-income borrowers, which is below demographics for low-income borrowers and above demographics for moderate-income borrowers. Aggregate lenders originated 6.6% of their HMDA loans to low-income borrowers and 18.0% to moderate-income borrowers. The bank’s performance is below aggregate for low-income borrowers, and above aggregate for moderate-income borrowers. Further, HMDA loans that

are classified as unknown for income are loans made to commercial borrowers or bank employees who are not required to report income for HMDA purposes.

The bank’s HMDA lending to low- and moderate-income families is excellent given the performance context. The cost of housing and the availability of affordable housing are issues in the Bismarck AA. A community contact stated that the inventory of affordable homes is extremely low and developers cannot build homes to accommodate the demand because of the cost of materials. The contact also stated that many lower-income families choose to rent rather than purchase homes because they are too expensive.

As discussed previously, the housing cost burden for low- and moderate-income residents in the AA is significant. Using the assumption that a borrower can afford a home for approximately three times his or her annual income, an individual with the highest income in the low-income bracket (\$46,249) could afford a \$138,747 home, based on 2020 FFIEC estimated median family income for the Bismarck MSA. Using the same assumption for a borrower with the highest income in the moderate-income bracket (\$73,999), a borrower could afford a \$221,997 home. According to the 2015 FFIEC census data, the median housing value in the AA is \$187,375 which would likely not be affordable for many low-income and some moderate-income families.

Finally, the bank operates in an extremely competitive environment, with many factors impacting the current housing market. In 2019, the bank ranked 33rd out of 128 HMDA reporters in the AA and captured less than 1.0% of all HMDA loans reported. In 2020, the bank ranked 28th of 152 reporters, again capturing less than 1.0% of all HMDA loans reported in the AA.

Examiners also evaluated the bank’s 2018 HMDA lending activity and determined that the bank’s performance was generally consistent with that of 2019 and 2020.

GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution of the bank’s HMDA loans in the AA is excellent and reflects excellent dispersion throughout the AA. The bank did not have any unexplained gaps in its lending among the various census tracts.

Residential Real Estate Lending. The bank’s geographic distribution for 2019 and 2020 HMDA loans is excellent. The table below shows the distribution of the bank’s HMDA loans by census tract income level.

Distribution of 2019 and 2020 Home Mortgage Lending By Income Level of Geography Assessment Area: Bismarck AA													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2019						2020						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	3	25.0	7.4	375	14.0	4.7	3	18.8	8.2	497	11.6	5.0	12.2
Middle	6	50.0	78.2	1,394	52.2	76.0	11	68.8	76.4	2,916	68.0	73.5	79.3
Upper	3	25.0	14.3	903	33.8	19.3	2	12.5	15.4	873	20.4	21.5	8.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	12	100.0	100.0	2,672	100.0	100.0	16	100.0	100.0	4,286	100.0	100.0	100.0

Distribution of 2019 and 2020 Home Mortgage Lending By Income Level of Geography													
Assessment Area: Bismarck AA													
Refinance Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	6.8	0	0.0	4.4	3	9.1	4.8	697	8.3	3.2	12.2
Middle	4	80.0	76.9	799	76.0	73.7	20	60.6	75.6	4,097	48.5	73.1	79.3
Upper	1	20.0	16.3	253	24.0	21.9	10	30.3	19.5	3,646	43.2	23.7	8.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	5	100.0	100.0	1,052	100.0	100.0	33	100.0	100.0	8,440	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	5.9	0	0.0	3.9	0	0.0	7.7	0	0.0	6.3	12.2
Middle	1	100.0	78.7	100	100.0	78.9	0	0.0	71.4	0	0.0	67.4	79.3
Upper	0	0.0	15.4	0	0.0	17.2	0	0.0	20.9	0	0.0	26.3	8.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	1	100.0	100.0	100	100.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Multifamily Loans													Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	100.0	23.5	275	100.0	25.5	1	20.0	20.8	176	1.0	8.3	14.5
Middle	0	0.0	70.6	0	0.0	65.0	3	60.0	69.4	15,460	91.3	80.2	85.5
Upper	0	0.0	5.9	0	0.0	9.5	1	20.0	9.7	1,300	7.7	11.5	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	1	100.0	100.0	275	100.0	100.0	5	100.0	100.0	16,936	100.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	4	21.1	7.2	650	15.9	7.1	7	12.7	6.1	1,370	4.6	4.2	12.2
Middle	11	57.9	77.5	2,293	55.9	73.8	35	63.6	75.7	22,723	76.0	73.7	79.3
Upper	4	21.1	15.3	1,156	28.2	19.1	13	23.6	18.1	5,819	19.5	22.2	8.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	19	100.0	100.0	4,099	100.0	100.0	55	100.0	100.0	29,912	100.0	100.0	100.0
Source: 2020 FFIEC Census Data													
2011-2015 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													

Distribution of 2019 and 2020 Home Mortgage Lending By Income Level of Geography													
Assessment Area: Bismarck AA													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2019						2020						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%	\$%	
Other Purpose LOC													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	4.7	0	0.0	3.2	0	0.0	3.3	0	0.0	1.2	12.2
Middle	0	0.0	69.8	0	0.0	62.0	0	0.0	72.1	0	0.0	66.3	79.3
Upper	0	0.0	25.6	0	0.0	34.8	0	0.0	24.6	0	0.0	32.5	8.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Other Purpose Closed/Exempt													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	4.4	0	0.0	2.6	0	0.0	2.3	0	0.0	1.4	12.2
Middle	0	0.0	77.8	0	0.0	78.8	1	100.0	80.7	250	100.0	76.1	79.3
Upper	0	0.0	17.8	0	0.0	18.6	0	0.0	17.0	0	0.0	22.5	8.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	1	100.0	100.0	250	100.0	100.0	100.0
Purpose Not Applicable													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	14.7	0	0.0	7.9	0	0.0	13.6	0	0.0	8.7	12.2
Middle	0	0.0	76.5	0	0.0	78.6	0	0.0	77.3	0	0.0	76.2	79.3
Upper	0	0.0	8.8	0	0.0	13.6	0	0.0	9.1	0	0.0	15.2	8.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Source: 2020 FFIEC Census Data													
2011-2015 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													

In 2019, the bank originated 21.1% of its HMDA loans in the moderate-income census tracts. Demographics indicate that 12.2% of the AA’s owner-occupied housing units are in the moderate-income tracts. Aggregate HMDA lending is 7.2% in the moderate-income tracts in 2019. The bank’s lending was significantly above demographics and aggregate lending. In 2020, the bank originated 12.7% of its HMDA loans in the moderate-income census tracts, which is comparable to demographics and is above aggregate lending, at 6.1%. The bank did not extend HMDA loans in two moderate-income tracts in 2019 and in one of those tracts in 2020; however, the lack of loans here can be explained. One tract is approximately 25 miles west of the bank’s branches in Morton County; several local and regional financial institutions serve the communities here. The other tract is in the city of Bismarck, where HMDA loan competition is significant. Overall, the dispersion of HMDA loans does not reveal any unexplained gaps in lending.

Despite strong competition from other financial institutions, the bank's lending in the moderate-income tracts is significantly above aggregate lenders.

Examiners also evaluated the bank's 2018 HMDA lending activity and determined that the bank's performance was generally consistent with that of 2019 and 2020.

COMMUNITY DEVELOPMENT TEST

Overall, the bank's community development activities in the Bismarck AA demonstrate adequate responsiveness to community development needs in the AA. The bank's community development lending is excellent, and its community development services and qualified investments are adequate.

Community Development Loans. The bank's community development lending in the Bismarck AA is excellent. Since the previous evaluation, the bank has originated seven community development loans totaling \$14.0 million. This lending is significantly higher by dollar amount than at the previous evaluation. The loans, including four pandemic-related PPP loans, were extended to businesses located in moderate-income tracts, helping to revitalize and stabilize these areas. The bank's community development lending shows an excellent level of responsiveness to the needs of the community.

Qualified Investments. The bank's level of qualified investments in the Bismarck AA is adequate. The bank did not purchase any new investment securities in the AA. Bank management indicated that investment opportunities during the evaluation period were limited. The bank's level of donations in the Bismarck AA is adequate and totaled \$17,823. The donations supported community services to low- and moderate-income individuals, as well as activities that promote economic development in Bismarck by funding downtown business revitalization. The donations were responsive to community needs, particularly during the pandemic.

Community Development Services. The bank provided an adequate level of services in the Bismarck AA. Bank officers provided 16 community development services to three organizations. The services supported organizations that focus on affordable housing initiatives and that support revitalization efforts in downtown Bismarck. Bank management indicated there were difficulties in continuing certain services during the pandemic, as many organizations limited meetings and services.

NORTH DAKOTA METROPOLITAN AREA – LIMITED REVIEW

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE FARGO ND-MN MSA ASSESSMENT AREA

Examiners conducted a limited-scope review of the bank's CRA performance in the Fargo ND-MN MSA AA and determined that the bank's performance in this AA is generally consistent with the performance in the state of North Dakota. Examiners analyzed the bank's small business loans and evaluated community development activities to ascertain consistency with the state. Examiners did not review other loan products due to low volume in this AA.

The Fargo AA is new since the previous evaluation, as a result of the merger. The AA consists of 46 census tracts: 12 moderate-, 24 middle-, nine upper-income census tracts, and one unknown income census tract.¹⁰ The population of the AA is 223,379, according to 2021 FFIEC adjusted census data. Fargo is the most populous city in North Dakota, at 125,990.

The bank has limited loan volume in this assessment area. The bank originated 5.6% of its loans and has 5.9% of its deposits in the Fargo AA. According to the June 30, 2021, FDIC Deposit Market Share Report, the bank ranks 19th out of 29 financial institutions with deposits in the AA, with 0.8% of the deposit market share.

The bank operates two full-service and one limited-service branches in Fargo and West Fargo. The full-service branches have cash-dispensing-only ATMs, drive-ups, and offer extended weekday hours at the drive-up.

The bank's qualified investments in the form of donations in the AA are noteworthy. The bank made \$38,016 in donations that benefited the AA. Donations in this AA were 31.8% of all bank donations. Most donation dollars in this AA (91.5%) helped organizations that provide community services to low- and moderate-income people, this focus was particularly responsive during the pandemic.

¹⁰ The unknown-income tract is adjacent to and south of the North Dakota State University campus. It has a relatively low population; 64.4% of housing is rental and 16.7% is vacant. It is likely that a majority of residents here are students.

MINNESOTA

CRA RATING FOR MINNESOTA: Satisfactory.

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

The major factors supporting the rating include the following:

- Lending to businesses of different sizes and to low- and moderate-income borrowers is excellent.
- Overall, the geographic distribution of loans throughout the assessment areas is reasonable.
- The overall level of community development loans, services, and qualified investments is adequate.

SCOPE OF EVALUATION

Examiners completed a full-scope review of the Baxter NonMSA AA. Examiners evaluated small business and consumer loans.¹¹ Examiners assessed the bank's performance using the following criteria: lending to businesses of different sizes and to borrowers of different income levels, geographic distribution of loans, and community development loans, investments, and services.

Examiners conducted a limited-scope review of the Alexandria AA and the Eden Prairie MSA AA. Examiners evaluated whether the bank's performance in the Alexandria AA was consistent with its performance in the Baxter AA, and whether the performance in the Eden Prairie AA was consistent with the performance at the state level for Minnesota. The limited-scope reviews are discussed separately and did not change the conclusions for the state of Minnesota.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MINNESOTA

Assessment Area Information. The bank has three AAs in Minnesota: the Baxter AA, the Alexandria AA, and the Eden Prairie MSA AA. The Eden Prairie AA is unchanged since the previous evaluation. The Baxter and Alexandria AAs were added with the acquisition of and merger with BRB in 2020. The bank operates eight full-service branches in Minnesota. All have a drive-up and a cash-dispensing-only ATM, and five of the branches offer extended weekday and/or Saturday hours at the drive-up. The bank operates four additional cash-dispensing-only ATMs at two resorts in Nisswa, MN.

Based on 2021 FFIEC adjusted census data, the Minnesota AAs include 332 census tracts: 31 low-, 66 moderate-, 145 middle-, 87 upper-, and 3 unknown-income tracts.¹²

According to the June 30, 2021, FDIC Deposit Market Share report, the bank ranks 60th out of 319 FDIC-insured financial institutions in Minnesota, with 0.2% of the state's deposits. The bank has \$416.5 million in deposits in Minnesota. The bank operates in a very competitive environment.

¹¹ Examiners did not review HMDA loans because the AA is new for 2021, and 2021 HMDA loans are not part of this evaluation.

¹² The unknown-income tracts are in the Eden Prairie AA and include the international airport, an interstate corridor with a tunnel, and an area with numerous rail lines.

Population. According to the 2021 FFIEC adjusted census data, the total population of the Minnesota AAs is 1,324,372. The data also indicates that 78.0% of families in the AAs reside in the middle- and upper-income census tracts, and that 11.5% of households are below the poverty level.

General Economic and Housing Characteristics. According to bank management and community contacts, economic conditions in Minnesota AAs are strong and near pre-COVID-19 pandemic levels. Minnesota businesses faced many obstacles, such as mandatory closures and limitations. Once these restrictions were lifted, businesses started operating more effectively. However, current concerns include supply chain issues and labor shortages across the state. The state's unemployment rate increased during the pandemic to 6.3% in 2020 but decreased to 3.4% in 2021. Community contacts and bank management noted there are not enough workers to fill all the jobs available.

As in North Dakota, the housing market faces supply chain problems and labor shortages. The overall price of building and buying a home has increased. Current housing stock and affordable housing options are both difficult to find in the Minnesota assessment areas.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MINNESOTA

Examiners based the bank's Minnesota evaluation on a full-scope review of the Baxter AA and limited-scope reviews of the Alexandria and Eden Prairie AAs. A detailed discussion of the bank's performance in the full-scope AA and a shorter discussion of the limited-review AAs follow this section.

The overall CRA rating for Minnesota is satisfactory, based on the bank's performance under the Lending and Community Development Tests.

The Lending Test rating is satisfactory. The bank's distribution of small business and consumer loans by revenue size and income of borrowers is excellent. The geographic distribution of loans is reasonable.

The Community Development Test rating is satisfactory. Overall, the bank made an adequate number of community development loans, qualified investments including donations, and community development services Minnesota.

LENDING TEST

The Lending Test rating is satisfactory for Minnesota. The Minnesota AAs account for 17.2% by number and 9.2% by amount of the bank's lending activity during the evaluation period.

Borrower and Geographic Distribution

The bank's distribution of loans among businesses of different sizes and borrowers of different income levels is excellent. The bank extends loans to small businesses and to low- and moderate-income borrowers throughout the AAs. In addition, the geographic distribution and dispersion of loans is reasonable and does not reveal any unexplained gaps or patterns. For a detailed discussion of the borrower and geographic distribution of lending, see the Conclusions with Respect to Performance Criteria section for the Baxter AA.

COMMUNITY DEVELOPMENT TEST

The Community Development Test rating is satisfactory for Minnesota.

Community Development Loans. The bank's community development lending in Minnesota is adequate. The bank extended two community development loans totaling \$2.2 million that benefited the Alexandria AA and a regional area that includes the Eden Prairie AA. One loan accounts for 90.6% of the total loan dollars and helped fund workforce development initiatives for low- and moderate-income workers. The bank also extended a loan to help fund affordable housing.

Qualified Investments. The level of qualified investments, including donations, is adequate. The bank purchased one new investment security and continued to hold one prior-period investment (totaling \$961,873) which helped fund affordable housing initiatives statewide. The bank also made qualifying donations totaling \$39,587 that benefited the Minnesota AAs and a regional area that includes the AAs. Most donations (68.0%) benefited organizations that provide community services to low- and moderate-income people in the AAs, this focus was responsive during the pandemic.

Because the bank's community development investment activity is adequate in the Minnesota AAs, examiners can also consider qualified investments benefiting geographies outside the bank's AAs. The bank continued to hold a prior-period investment for \$155,000 that helped fund infrastructure improvements in a moderate-income area outside of the Minnesota AAs (the bond matured during this evaluation period).

Community Development Services. The bank's level of community development services in Minnesota is adequate. The bank provided 13 community development services that benefited the Alexandria and Eden Prairie AAs and regional areas of Minnesota that include the AAs. Four senior officers and staff provided financial expertise to four organizations during the evaluation period. These organizations focus on community services to low- and moderate-income people, affordable housing, and revitalizing or stabilizing low- or moderate-income geographies.

MINNESOTA NONMETROPOLITAN AREA – FULL REVIEW

DESCRIPTION OF THE INSTITUTION’S OPERATIONS IN THE BAXTER ASSESSMENT AREA

Bank Information. The bank operates four full-service branches in the Baxter AA: one each in Baxter and Crosslake and two in Nisswa. Each branch has a cash-dispensing-only ATM and a drive-up. All offer weekend hours at the drive-up; the Baxter branch and one of the Nisswa branches also offer extended weekday hours at the drive-up. The bank operates an additional four cash-dispensing-only ATMs at various retailers in the AA. The bank’s office hours are appropriate for the communities it serves.

According to the June 30, 2021, FDIC Deposit Market Share Report, the bank has \$197.0 million in deposits in the Baxter AA, representing a market share of 7.8%. The bank ranks fifth out of 16 FDIC-insured intuitions with offices in the AA. The bank’s deposits in this AA represent 11.8% of its total deposits.

Assessment Area. The Baxter AA is new since the previous evaluation and was added as part of the BRB acquisition in 2020. The AA consists of Crow Wing County and part of Cass County, MN. It includes 19 census tracts: one moderate-, 17 middle-, and one upper-income. The AA includes several state forests and is a recreational area with many lakes.

The table below shows the demographic data for the AA based on 2021 FFIEC adjusted census data and 2021 Dun & Bradstreet Data.

BAXTER AA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	4,287	20.1
Moderate	1	5.3	1,022	4.8	289	28.3	4,189	19.7
Middle	17	89.5	18,545	87.0	1,386	7.5	4,935	23.2
Upper	1	5.3	1,744	8.2	45	2.6	7,900	37.1
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	19	100.0	21,311	100.0	1,720	8.1	21,311	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	2,026	903	3.7	44.6	972	48.0	151	7.5
Middle	43,277	21,507	89.1	49.7	6,042	14.0	15,728	36.3
Upper	2,797	1,728	7.2	61.8	322	11.5	747	26.7
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	48,100	24,138	100.0	50.2	7,336	15.3	16,626	34.6

BAXTER AA DEMOGRAPHICS								
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	333	7.0	295	6.7	34	12.5	4	5.6
Middle	4,082	86.4	3,792	86.5	223	82.3	67	93.1
Upper	310	6.6	295	6.7	14	5.2	1	1.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	4,725	100.0	4,382	100.0	271	100.0	72	100.0
Percentage of Total Businesses:				92.7		5.7		1.5
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	2	1.4	2	1.4	0	0.0	0	0.0
Middle	144	97.3	142	97.3	1	100.0	1	100.0
Upper	2	1.4	2	1.4	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	148	100.0	146	100.0	1	100.0	1	100.0
Percentage of Total Farms:				98.6		0.7		0.7

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet data
2011 – 2015 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.

Income. For purposes of classifying borrower income, this evaluation uses the FFIEC’s estimated median family income for the year of loan origination. For borrowers in NonMSA Minnesota, the income was \$72,400 in 2021. For purposes of classifying census tracts by income level, this evaluation relies on the 2015 FFIEC adjusted census data median family income for NonMSA Minnesota, which was \$63,045 for 2021.

The table below shows the median family income in the Baxter AA, based on U.S. Census Bureau data.

Baxter AA 2021 Median Family Income Change			
Area	2010 Median Family Income	2015 Median Family Income	% Change
Baxter AA 2021	\$58,833	\$58,998	0.3%
Cass County, MN	\$55,605	\$54,032	-2.8%
Crow Wing County, MN	\$60,496	\$61,279	1.3%
Non-MSA Minnesota	\$61,945	\$63,045	1.8%
Minnesota	\$77,650	\$77,055	-0.8%

Source: 2006 - 2010 U.S. Census Bureau American Community Survey
2011 - 2015 U.S. Census Bureau American Community Survey
Median Family Incomes have been inflation-adjusted and are expressed in 2015 dollars.

The median family income increased only slightly in the Baxter AA. It is lower than in the NonMSA areas of Minnesota and the statewide income.

Population Characteristics. The population in the Baxter AA is 91,567. The table below shows the population change from the 2010 census to the 2015 ACS data. The largest city in the AA is Brainerd, with a population of 14,395, according to 2020 census data. One contact noted that there has been recent growth in the AA due to retirees or near-retirees moving permanently to vacation homes in the Brainerd Lakes area. There is also a population of new residents who want to work remotely during the pandemic and would rather live in and around Baxter instead of the Minneapolis–St. Paul area.

Baxter AA 2021 Population Change			
Area	2010 Population	2015 Population	% Change
Baxter AA	91,067	91,567	0.5%
Cass County, MN	28,567	28,519	-0.2%
Crow Wing County, MN	62,500	63,048	0.9%
NonMSA Minnesota	1,246,842	1,243,105	-0.3%
Minnesota	5,303,925	5,419,171	2.2%

*Source: 2010 U.S. Census Bureau Decennial Census
2011 - 2015 U.S. Census Bureau American Community Survey*

Economy. The Baxter AA economy is primarily based on tourism. The surrounding lakes creates seasonal employment for resorts and service industry jobs to support vacationers in the summer. This type of economy leads to a small segment with high- salaries, but most people have lower-wage jobs. One contact noted there are still major manufacturers in the area, but much of the economy is local small businesses.

Community contacts noted that the economy faced obstacles during the pandemic but quickly rebounded with aid from PPP lending to small businesses and other programs aiding workers. The closure of bars, restaurants, and entertainment venues greatly impacted the local economy. The table below shows the unemployment rate of the Baxter AA. In 2020, the unemployment rate in the AA was higher than the rate in NonMSA Minnesota. A community contact noted that infrastructure improvements are needed to support commerce.

Baxter AA 2021 Unemployment Rates				
Area	2018	2019	2020	2021
Baxter AA 2021	4.6%	5.0%	8.0%	4.1%
Cass County, MN	5.5%	5.9%	9.3%	4.4%
Crow Wing County, MN	4.2%	4.6%	7.4%	4.0%
NonMSA Minnesota	3.9%	4.3%	6.1%	3.6%
Minnesota	3.1%	3.4%	6.3%	3.4%

Source: Bureau of Labor Statistics(BLS), Local Area Unemployment Statistics

Housing. The Baxter AA is experiencing issues with the cost and availability of affordable housing. One contact commented that the impact of labor shortages and supply chain issues added greatly to the strain on housing. Another contact commented on the difficulty for both renters and homebuyers, and the difficulty in attracting new entrepreneurs or residents without available housing options.

The table below shows the cost burden faced by renters and homeowners in the Baxter AA. The overall burden for renters and homeowners in the AA is comparable to the burden for those in the NonMSA areas

of Minnesota. The cost burden is significant for both renters and homeowners in the low-income bracket. The housing market is very competitive in the Baxter AA.

Baxter AA 2021 Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Baxter AA 2021	64%	37%	40%	60%	31%	21%
Cass County, MN	55%	37%	36%	60%	28%	22%
Crow Wing County, MN	68%	38%	42%	60%	32%	21%
Non-MSA Minnesota	66%	24%	38%	58%	28%	18%
Minnesota	73%	32%	42%	62%	33%	18%
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2014-2018 Comprehensive Housing Affordability Strategy</i>						

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN BAXTER AA

The bank’s performance under the Lending Test in the Baxter AA is reasonable. This AA accounts for 11.8% of the bank’s lending. The bank’s overall community development performance in this AA demonstrates adequate responsiveness to community development needs.

LENDING TEST

The bank effectively meets the credit needs of businesses and residents in the Baxter AA. Overall, the bank’s lending to low- and moderate-income borrowers and to small businesses is excellent. The geographic distribution and dispersion of loans is reasonable and does not reveal any unexplained gaps in lending.

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

Small Business Lending. Small business lending in the Baxter AA is excellent. The table below shows the bank’s small business lending.

Distribution of 2021 Small Business Lending By Revenue Size of Businesses Assessment Area: Baxter AA					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	33	84.6	3,231	68.4	92.7
Over \$1 Million	6	15.4	1,495	31.6	5.7
Revenue Unknown	0	0.0	0	0.0	1.5
Total	39	100.0	4,726	100.0	100.0

Distribution of 2021 Small Business Lending By Revenue Size of Businesses Assessment Area: Baxter AA					
By Loan Size					
\$100,000 or Less	24	61.5	710	15.0	
\$100,001 - \$250,000	8	20.5	1,385	29.3	
\$250,001 - \$1 Million	7	17.9	2,630	55.6	
Total	39	100.0	4,726	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	23	69.7	610	18.9	
\$100,001 - \$250,000	5	15.2	775	24.0	
\$250,001 - \$1 Million	5	15.2	1,846	57.1	
Total	33	100.0	3,231	100.0	
<i>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

The bank originated 84.6% of its small business loans to businesses with gross annual revenues of \$1 million or less. According to 2021 Dun & Bradstreet data, 92.7% of businesses in the AA are small businesses. The bank’s lending is below demographics; however, it can be explained. The bank is located in an area where it faces strong competition. Numerous financial institutions operate in the AA, particularly in Brainerd, including branches of larger national and regional banks, as well as local banks. The bank originated 69.2% of its loans to small businesses in amounts of \$100,000 or less, indicating a willingness to lend to small businesses in the community.

In addition, the bank’s PPP lending in the Baxter AA is significant. Bank management commented that, as in Minot, several financial institutions were unable to help their own small business customers, and as a result, these customers turned to First Western Bank & Trust for help. In addition, community contacts noted the importance of PPP lending in this AA, saying that many small businesses would not have weathered the pandemic without it. The bank originated 420 loans in the AA in 2020–2021, totaling \$18.9 million. Of these loans, 62.1% were for less than \$25,000. This level of responsiveness enhances the bank’s small business lending.

Consumer Lending. The bank’s consumer lending to low- and moderate-income borrowers is excellent. The table below shows the bank’s consumer lending by borrower income level.

Distribution of 2021 Consumer Lending By Borrower Income Level Assessment Area: Baxter AA					
Borrower Income Level	Bank Loans				Households by Household Income %
	#	#%	\$(000)	\$%	
Low	9	34.6	97	22.1	23.5
Moderate	6	23.1	55	12.6	16.9
Middle	4	15.4	118	26.9	19.0
Upper	6	23.1	133	30.4	40.6
Unknown	1	3.8	35	8.0	0.0
Total	26	100.0	438	100.0	100.0
<i>Source: 2021 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.</i>					

The bank originated 34.6% of its consumer loans to low-income borrowers and 23.5% to moderate income borrowers in 2021. According to 2021 FFIEC census data, 23.5% of the households in the AA are low income and 16.9% are moderate income. The bank’s lending to low- to moderate-income borrowers is above demographics. Bank management noted the increase in demand for consumer goods, such as automobiles. In addition, borrowers obtained loans for living expenses.

GEOGRAPHIC DISTRIBUTION OF LOANS

The bank’s geographic distribution of small business loans and consumer loans in the AA is reasonable. The AA does not include any low-income census tracts, and the sole moderate-income tract is mostly within the city of Brainerd. The bank did not extend small business and consumer loans in all census tracts, but the dispersion is reasonable.

Small Business Lending. The distribution of small business lending in the Baxter AA is reasonable. The table below shows the bank’s small business lending by census tract income level.

Distribution of 2021 Small Business Lending By Income Level of Geography Assessment Area: Baxter AA					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	2	5.1	450	9.5	7.0
Middle	32	82.1	3,570	75.5	86.4
Upper	5	12.8	706	14.9	6.6
Total	39	100.0	4,726	100.0	100.0
<i>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.</i>					

The bank originated 5.1% of its small business loans in the moderate-income tract. The bank’s lending here is below demographics, which indicate that 7.0% of businesses in the AA are in this tract. The tract is in Brainerd, where competition is high; Brainerd has branches of national and regional banks as well as local banks and credit unions. The overall dispersion of small business loans in the AA does not reveal any unexplained gaps in lending.

Consumer Lending. Generally, the bank’s geographic distribution of consumer loans is reasonable. The table below shows the distribution of the bank’s consumer loans by census tract income level.

Distribution of 2021 Consumer Lending By Income Level of Geography Assessment Area: Baxter AA					
Geographic Income Level	Bank Loans				Households %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	1	3.8	11	2.5	6.0
Middle	24	92.3	392	89.5	87.5
Upper	1	3.8	35	8.0	6.5
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	26	100.0	438	100.0	100.0
<i>Source: 2021 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.</i>					

The bank originated one loan, or 3.8% of its consumer loans, in the moderate-income tract. The bank’s lending is below demographics, which indicate that 6.0% of AA households are in the moderate-income tract. As mentioned, competition for loans in Brainerd is high, and includes several credit unions. The overall dispersion of consumer loans in the AA does not reveal any unexplained gaps in lending.

COMMUNITY DEVELOPMENT TEST

Overall, the level of community development activities in the Baxter AA is adequate. The bank made qualified investments in the form of donations in the AA. The bank did not make any community development loans or purchase investment securities during the evaluation period, nor did it provide community development services. The Baxter AA, established in 2021, is new since the previous evaluation, and the bank is growing its presence here. Given the shorter time frame for evaluating community development activities in this assessment area compared to North Dakota and the limited opportunities for some community development activities, the bank’s performance is adequate.

Community Development Loans. The bank did not originate any community development loans in the Baxter AA. Community contacts did not identify any community development lending opportunities.

Qualified Investments. The bank’s level of qualified investments in the Baxter AA is adequate. The bank did not purchase any new investment securities. However, the bank made qualified investments in the form of donations. Donations in the AA totaled \$10,050 and are adequate. The donations supported economic development and community services to low- and moderate-income individuals. Of note is the

bank's donation to an organization, specifically focused on pandemic relief, that helped revitalize and stabilize the AA.

Community Development Services. The bank did not provide any community development services in the Baxter AA. Opportunities for services were limited during the pandemic, as many organizations closed or provided limited services in order to help decrease COVID-19 infection rates.

MINNESOTA METROPOLITAN AREA – LIMITED REVIEW

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE EDEN PRAIRIE ASSESSMENT AREA

Examiners conducted a limited-scope review of the bank's CRA performance in the Eden Prairie AA and determined that the bank's performance in this AA is below its performance in the state of Minnesota. However, this performance does not change the conclusion for the state of Minnesota, based on its community development activities. Examiners did not review any loan products due to low volume in this AA. Examiners evaluated community development activities to ascertain consistency with the state.

The Eden Prairie AA consists of Hennepin County in the Minneapolis-St. Paul-Bloomington, MN-WI MSA. The AA includes 299 census tracts: 31 low-, 64 moderate-, 116 middle-, 85 upper-, and three unknown-income census tracts. Bank management has not changed the AA since the previous evaluation. The total population of the AA is 1,197,776, according to 2021 FFIEC adjusted census data.

The bank originated 3.1% of its loans and has 6.2% of its deposits in the AA. According to the June 30, 2021, FDIC Deposit Market Share Report, the bank ranks 39th out of 70 financial institutions with deposits in the AA, with 0.1% of the deposit market share.

The bank operates one branch with a drive-up and a cash-dispensing-only ATM in the AA. The branch hours of operation are reasonable.

MINNESOTA NONMETROPOLITAN AREA – LIMITED REVIEW

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE ALEXANDRIA ASSESSMENT AREA

Examiners conducted a limited-scope review of the bank's CRA performance in the Alexandria AA and determined that the bank's lending test performance in this AA is generally consistent with the performance in the NonMSA AA (Baxter). However, the bank's community development performance in this AA is above that in the Baxter AA. This performance does not change the conclusion for the NonMSA portion of the state. Examiners reviewed consumer loans and community development activities to ascertain consistency with the Baxter AA.

The Alexandria AA is new since the previous evaluation, as a result of the BRB merger. The AA consists of all of Douglas County, two census tracts in Ottertail County, and three census tracts in Todd County, MN. The AA includes 14 census tracts: one moderate-, 12 middle-, and one upper-income. The total population of the AA is 51,654 according to 2021 FFIEC adjusted census data.

The bank has limited loan volume in this AA during the evaluation period. The bank originated 5.6% of its loans and has 7.0% of its deposits in the Alexandria AA. According to the June 30, 2021, FDIC Deposit Market Share Report, the bank ranks 9th out of 32 financial institutions with deposits in Douglas, Ottertail, and Todd counties, with a 3.1% market share.

The bank operates three branches in the AA, in Alexandria, Carlos, and Miltona, MN. Each branch has a drive-up and a cash-dispensing-only ATM. The Alexandria branch offers extended weekday and Saturday hours at the drive-up.

Appendix A

Glossary of Common CRA Terms

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan statistical area/assessment area.

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

Community development: An activity associated with one of the following five descriptions: (1) affordable housing (including multifamily rental housing) for low- or moderate-income individuals; (2) community services targeted to low- or moderate-income individuals; (3) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 C.F.R. 121.301) or have gross annual revenues of \$1 million or less; (4) activities that revitalize or stabilize low- or moderate-income census tracts, designated disaster areas, or distressed or underserved nonmetropolitan middle-income census tracts; or (5) Neighborhood Stabilization Program (NSP)-eligible activities in areas with HUD-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate-, and middle-income individuals and census tracts.

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

Distressed nonmetropolitan middle-income census tract: A middle-income, nonmetropolitan census tract will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) an unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20.0% or more, or (3) a population loss of 10.0% or more between the previous and most recent decennial census or a net migration loss of 5.0% or more over the 5-year period preceding the most recent census.

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

Full-scope review: Performance is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include data such as the race, gender, and income of applicants; the amount of loan requested; and the disposition of the application (i.e., approved, denied, or withdrawn).

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

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

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

Low income: Individual income that is less than 50 percent of the area median income or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan statistical area/assessment area.

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

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

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

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

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

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

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

Rated area: A rated area is a state or multistate MSA. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate MSA, the institution will receive a rating for the multistate metropolitan area.

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

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

Underserved middle-income census tract: A middle-income, nonmetropolitan census tract will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

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