



2024 Community Reinvestment Act Statement

The United Valley Bank, with its main office located at 211 Division Ave. S., Cavalier, ND 58220 and its branch offices located at:

2718 S. Columbia Road, Grand Forks, ND 58201,
 103 West 3rd St, Argyle, MN 56713
 203 S. 2nd St., Hallock, MN 56728
 107 Central Ave., Lancaster, MN 56735
 326 US Hwy #59, Mahanomen, MN 56557
 205 Main Ave. W, Twin Valley, MN 56584
 1901 Sahlstrom Drive, Crookston, MN 56716

adopts and publishes this Community Reinvestment Act Statement in compliance with the Community Reinvestment Act of 1977.

LOCAL COMMUNITY

The bank seeks to meet the credit needs of individuals and firms living and doing business within its community and delineated by the attached maps. Our assessment area includes census tracts of Pembina County and Grand Forks County in North Dakota and Marshall County, Polk County, Kittson County, Mahanomen County, Becker County, Norman County and Clearwater County in Minnesota as shown below and on the attached maps. The Cavalier office is located in census tract 9506. The 2718 S Columbia Road, Grand Forks, ND office is located in census tract 108.04, the Argyle, MN office is located in census tract 803, the Hallock, MN office is located in census tract 902, the Lancaster, MN office is located in census tract 901, Mahanomen, MN office is located in census tract 9401, the Twin Valley, MN office is located in census tract 9601, and the Crookston, MN office is located in census tract 206.

| Grand Forks County Census Tracts | | Pembina County Census Tracts | Mahanomen County Census Tracts |
|----------------------------------|--------|-------------------------------|--------------------------------|
| 101 | 109 | 9501 | 9401 |
| 102 | 110 | 9502 | 9403 |
| 103.01 | 111 | 9505 | |
| 103.02 | 112.01 | 9506 | Becker County Census Tract |
| 104 | 112.02 | | 9400 |
| 106 | 114 | | |
| 107 | 117.01 | | |
| 108.01 | 117.02 | Marshall County Census Tracts | |
| 108.04 | 118 | 802 | Norman County Census Tract |
| 108.05 | 119 | 803 | |
| 108.06 | 120 | 804 | 9601 |
| Polk County Census Tracts | | Kittson County Census Tracts | Clearwater County Census Tract |
| 201 | 206 | 901 | 2 |
| 202 | 207 | 902 | |
| 203 | 208 | | |
| 204 | 209 | | |
| 205 | 210 | | |

CREDIT PRODUCTS

The bank seeks to meet the credit needs of individuals and firms living and doing business within its assessment area by making the following types of loans available to qualified borrowers on the basis of demonstrated proper purpose and borrower qualifications:

- Agricultural Loans
- Commercial Loans
- Construction Loans
- Small Business Loans
- Home Purchase and Refinancing Loans
 - 1-4 family unit dwellings
 - 5 or more family unit dwellings
- Housing Rehabilitation Loans
- Secondary Market Real Estate Loans
- Community Development Loans
- Consumer loans, including but not limited to:
 - Vehicle loans
 - Home Improvement Loans
 - Debt Consolidation/Personal Loans
 - Overdraft Protection Loans

The bank, through a third party service provider, makes available Check Cards and Visa credit card applications to its customers. The bank also makes available for the customers' convenience Mobility Banking and Internet Banking.

COMMUNITY CREDIT NEEDS

The Bank currently participates in and will continue to participate in a broad range of community based programs designed to meet the credit needs of its local community through credit services, direct personal involvement of its employees, and cooperation with community officials and agencies.

DEPOSIT PRODUCTS

The bank seeks to make available deposit products that would be available to all segments of its assessment area. The following are products the bank offers:

Valley Free Checking - \$100 Minimum to open the account

No monthly service charge

Valley 300 Checking - \$300 Minimum to open the account.

If the balance falls below \$300 any day of the statement cycle, a service charge of \$5.00 will be imposed.

Valley Preferred Checking - \$1000 Minimum to open the account

If the balance falls below \$1,000 any day of the statement cycle, a service charge of \$10.00 will be imposed.

Business Free Checking - \$100 Minimum to open the account

No monthly service charge

Business 300 Checking - \$300 Minimum to open the account.

If the balance falls below \$300 any day of the statement cycle, a service charge of \$5.00 will be imposed.

Business Preferred Checking - \$1000 Minimum to open the account

If the balance falls below \$1,000 any day of the statement cycle, a service charge of \$10.00 will be imposed.

Valley Savings Account - \$200 Minimum to open the account

If the balance falls below \$200 any day of the statement cycle, a service charge of \$3.00 will be imposed.

Limitations – 6 preauthorized transfers

Valley Youth Savings Account - \$25 Minimum to open the account

If the balance falls below \$25 any day of the statement cycle, a service charge of \$3.00 will be imposed.

Limitations – 6 preauthorized transfers

Valley Preferred Savings - \$1000 Minimum to open the account

If the balance falls below \$1,000 any day of the statement cycle, a service charge of \$10.00 will be imposed.

Limitations – 6 preauthorized transfers

Certificates of Deposit - \$500 Minimum to open the account

A penalty may be imposed for early withdrawal.

The Grow with Me Certificate of Deposit - \$100 Minimum to open the account

May be added to at any time with deposit

Custodial Account

Individual Retirement Accounts

Traditional IRAs

Roth IRAs

Health Savings Accounts (HSAs) - \$100 Minimum to open the account

\$2 maintenance fee per month

Free HSA checks

Free Mastercard Debit Card

Tax – Free Benefits

Tax – Exempt trust or custodial account

OTHER ACCOUNT FEES

| | |
|-----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Account Balancing and Research | \$20.00 per hour, minimum of \$10.00 |
| Account Closure | \$20.00 if closed within 6 months of opening |
| Account Activity Printout | \$1.00 |
| Stop Payment | \$30.00 each item |
| Counter Checks | 1 st 10 are free; \$1.00 per 10 thereafter |
| Money Orders | \$3.00 per check |
| Cashier's Checks | \$5.00 per check |
| Continuous Overdraft (on 5 th business day) | \$10.00 if overdrawn balance less than \$1,000 and \$10.00 every business day thereafter \$20.00 if overdrawn balance greater than \$1,000 and \$20.00 every business day thereafter |
| Returned Item Fee | \$30.00 per item |
| Overdraft Fee | \$30.00 per item |
| Collection | \$25.00 per item |
| Deposited checks returned unpaid | \$5.00 each |
| Wire Transfer | \$25.00 per order |
| Replace ATM/debit card | \$15.00 per card |
| Garnishments/Levies | \$30.00 per event |
| IRA Closing/Transfer Fee | \$35.00 |
| Dormant Account Fee | \$5.00 per month |
| Undeliverable Mail | \$5.00 each |

LOAN TO DEPOSIT RATIO

| | | | |
|----------|--------|----------|--------|
| 3/31/22 | 67.52% | 3/31/23 | 73.86% |
| 06/30/22 | 73.05% | 06/30/23 | 77.82% |
| 09/30/22 | 76.92% | 09/30/23 | 78.07% |
| 12/31/22 | 78.48% | 12/31/23 | 75.36% |

BANKING HOURS

The bank is available to assist and conduct transactions for its customers and the Community during the following hours:

211 Division Ave. S., Cavalier, ND - Phone: 701-265-8331

Toll Free: 888-265-8331

| | | |
|------------------------------|---------------------------------|-----------------------|
| Lobby & Drive-up: | Monday – Friday | 9:00 A.M. - 4:00 P.M. |
| | Monday – Friday Drive -Up Hours | 8:00 A.M. - 5:00 P.M. |
| | Saturday Drive-Up Hours | 8:30 A.M. -12:00 P.M. |

2718 S Columbia Rd., Grand Forks, ND – Phone: 701-780-9757

Toll Free: 888-780-9757

| | | |
|-----------------------------|---------------------------------|-----------------------|
| Lobby & Drive-up | Monday - Friday | 9:00 A.M. - 4:00 P.M. |
| | Monday – Friday Drive -Up Hours | 8:00 A.M. - 6:00 P.M. |

Saturday Drive -Up Hours 9:00 A.M. - 12:00 P.M.

103 West Third St, Argyle, MN – Phone: 218-437-6631

Lobby & Drive-up Monday - Friday 9:00 A.M. – 4:00 P.M.
Monday – Friday Drive -Up Hours 8:00 A.M. - 5:00 P.M

203 S. 2nd St., Hallock, MN – Phone: 218-843-3641

Lobby & Drive-up Monday - Friday 9:00 A.M. – 4:00 P.M.
Monday – Friday Drive -Up Hours 8:00 A.M. - 5:00 P.M
Saturday Drive-Up Hours 8:30 A.M. – 12:00 P.M.

107 Central Ave, Lancaster, MN – Phone: 218-762-5955

Lobby & Drive-up Monday - Friday 8:00 A.M. – 4:00 P.M.
Closed 12:00 P.M. – 12:30 P.M. daily

326 US Hwy #59, Mahanomen, MN – Phone: 218-935-5251

Toll Free: 877-935-5251

Lobby & Drive-up Monday - Friday 9:00 A.M. – 4:00 P.M
Monday – Friday Drive -Up Hours 8:00 A.M. - 5:00 P.M

205 Main Ave. W, Twin Valley, MN – Phone: 218-584-5161

Lobby & Drive-up Monday - Friday 9:00 A.M. – 4:00 P.M
Monday – Friday Drive -Up Hours 8:00 A.M. - 5:00 P.M

1901 Sahlstrom Drive, Crookston, MN – Phone: 218-281-1976

Monday - Friday 9:00 A.M. - 4:00 P.M.
Monday – Friday Drive -Up Hours 8:00 A.M. - 5:30 P.M.
Saturday Drive -Up Hours 8:00 A.M. - 12:00 P.M

24-hour Mobility Banking available

ATM machines are available at the Cavalier office, at numerous locations in Grand Forks, in Argyle, MN., in Hallock, MN., at the Mahanomen office, and the Crookston, MN office.

Internet access: www.uvbank.net

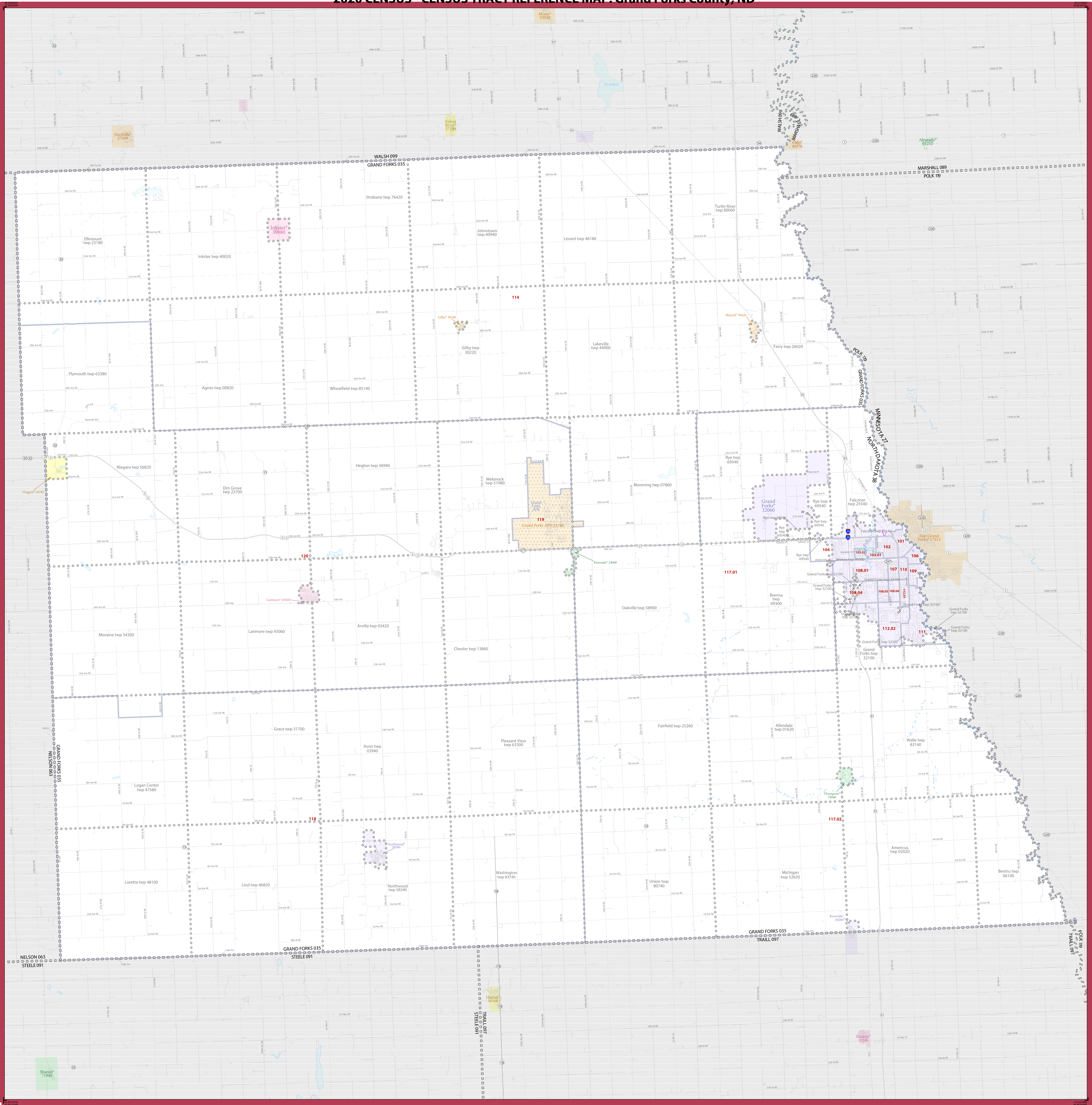


Branch Opening and Closings:

(prior two years)

November 2022 Closed: 200 First Ave N. Grand Forks, ND location (limited services)

2020 CENSUS - CENSUS TRACT REFERENCE MAP: Grand Forks County, ND



TYPE;FULLCODE;STATE;COUNTY;TRACT;SHEETS

TRACT;38035010100;38;035;101.00;1
TRACT;38035010200;38;035;102.00;1
TRACT;38035010301;38;035;103.01;1
TRACT;38035010302;38;035;103.02;1
TRACT;38035010400;38;035;104.00;1
TRACT;38035010600;38;035;106.00;1
TRACT;38035010700;38;035;107.00;1
TRACT;38035010801;38;035;108.01;1
TRACT;38035010804;38;035;108.04;1
TRACT;38035010805;38;035;108.05;1
TRACT;38035010806;38;035;108.06;1
TRACT;38035010900;38;035;109.00;1
TRACT;38035011000;38;035;110.00;1
TRACT;38035011100;38;035;111.00;1
TRACT;38035011201;38;035;112.01;1
TRACT;38035011202;38;035;112.02;1
TRACT;38035011400;38;035;114.00;1
TRACT;38035011701;38;035;117.01;1
TRACT;38035011702;38;035;117.02;1
TRACT;38035011800;38;035;118.00;1
TRACT;38035011900;38;035;119.00;1
TRACT;38035012000;38;035;120.00;1

Where international, state, county, and/or MCD/CBD boundaries coincide, the map shows the boundary symbol for only the highest-ranking of these boundaries.

Geographic area names are followed by either their FIPS or census code.

1 A "1" following an MCD name denotes a false MCD. A "1" following a place name indicates that a false MCD exists with the same name and FIPS code as the place; the false MCD label is not shown.

2 Place label color corresponds to the place fill color.

3 Census tracts are identified by an up to four-digit integer number and may have an optional two-digit suffix; for example 23 or 145702. The census tract codes consist of six digits with an implied decimal between the fourth and fifth digit corresponding to the basic census tract number, but with leading zeros, and trailing zeros for census tracts without a suffix. The tract number examples above would have codes of 002300 and 145702, respectively.

Projection: Albers Equal Area Conic
Datum: NAD 83
Spheroid: GRS 80
1st Standard Parallel: 46 26 45
2nd Standard Parallel: 48 29 20
Central Meridian: -100 18 04
Latitude of Projection's Origin: 45 56 06
False Easting: 0
False Northing: 0

2020 CENSUS TRACT REF MAP (PARENT
Sheet ID: 249538067001








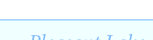
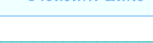







TYPE;FULLCODE;STATE;COUNTY;TRACT;SHEETS

TRACT;38067950100;38;067;9501.00;1

TRACT;38067950200;38;067;9502.00;1

TRACT;38067950500;38;067;9505.00;1

TRACT;38067950600;38;067;9506.00;1

| <u>SYMBOL</u> | <u>DESCRIPTION</u> | <u>SYMBOL</u> |
|-------------------------------------------------------------------------------------|----------------------------------------------------|-------------------------------------------------------------------------------------|
|  | Incorporated Place ^{1,2} |  |
|  | Census Designated Place (GDP) ² |  |
|  | Census Tract ³ | |
| <u>SYMBOL</u> | <u>DESCRIPTION</u> | <u>SYMBOL</u> |
|  | Water Body |  |
|  | College or University |  |
|  | Military |  |
|  | Prison or Juvenile Detention Center |  |
|  | National or State Park, Forest, or Recreation Area |  |
|  | Outside Subject Area | |

Where international, state, county, and/or MCD/CDD boundaries coincide, the map shows the boundary symbol for the only highest-ranking of these boundaries.

Geographic area names are followed by either their FIPS or census code.

- 1 "A ***" following an MCD name denotes a false MCD. A " " following a place name indicates that a false MCD exists with the same name and FIPS code as the place; the false MCD label is shown.
- 2 Place label color corresponds to the place fill color.
- 3 Census tracts are identified by an up to four-digit integer number and may have an optional two-digit suffix; for example 23 or 1457.02. The census tract codes consist of six digits with an implied decimal between the fourth and fifth digit corresponding to the basic census tract number, but with leading zero's, and trailing zero's for census tracts without a suffix. The tract number examples above would have codes of 002300 and 145702, respectively.

Due to space limitations, some roadways, along with other feature and geography names on the map, may not be shown.

All legal boundaries and names are as of January 1, 2020. The boundaries shown on this map are for Census Bureau statistical data collection and tabulation purposes only; their depiction and designation for statistical purposes does not constitute a determination of jurisdictional authority or rights of ownership or entitlement.

Geographic Vintage: 2020 Census (reference date: January 1, 2020)
Data Source: U.S. Census Bureau's MAF/TIGER database (TAB20)
Map Created by Geography Division: January 06, 2021

U.S. DEPARTMENT OF COMMERCE U.S. Census Bureau




2020 CENSUS TRACT REF MAP (PARENT
Sheet ID: 249527089001

TYPE;FULLCODE;STATE;COUNTY;TRACT;SHEETS

TRACT;27089080200;27;089;802.00;1

TRACT;27089080300;27;089;803.00;1

TRACT;27089080400;27;089;804.00;1

| <u>SYMBOL</u> | <u>DESCRIPTION</u> | <u>SYMBOL</u> |
|----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| Incorporated Place ^{1,2} |    | |
| Census Designated Place (CDP) ² |   | |
| Census Tract ⁵ |  | |
| <u>DESCRIPTION</u> | <u>SYMBOL</u> | |
| Water Body |  Pleasant Lake | |
| College or University |  City/Univ | |
| Military |  "Fort Belvoir" | |
| Prison or Juvenile Detention Center |  P/DOC | |
| National or State Park, Forest, or Recreation Area |  Yosemite NP | |
| Outside Subject Area |  | |

Where international, state, county, and/or MCD/CDD boundaries coincide, the map shows the boundary symbol for only the highest-ranking of these boundaries.

Geographic area names are followed by either their FIPS or census code.

A " " following an MCD name denotes a false MCD. A " " following a place name indicates that a false MCD exists with the same name and FIPS code as the place; the false MCD label is not shown.

2 Place label color corresponds to the place fill color.

3 Census tracts are identified by an up to four-digit integer number and may have an optional two-digit suffix; for example 23 or 145702. The census tract codes consist of six digits with an implied decimal between the fourth and fifth digit corresponding to the basic census tract number, with leading zeros, and trailing zeros for census tracts that are not numbered. The first number examples above would have codes of 002300 and 145702, respectively.

Due to space limitations, some road names, along with other feature and geography names on the map, may not be shown.



All legal boundaries and names are as of January 1, 2020. The boundaries shown on this map are for Census Bureau statistical data collection and tabulation purposes only; their depiction and designation for statistical purposes does not constitute a determination of jurisdictional authority or rights of ownership or entitlement.

Geographic Vintage: 2020 Census (reference date: January 1, 2020)
Data Source: U.S. Census Bureau's MAF/TIGER database (TAB20)
Map Created by Geography Division: January 06, 2021

U.S. DEPARTMENT OF COMMERCE U.S. Census Bureau

Projection: Albers Equal Area Conic
Datum: NAD 83
Spheroid: GRS 80
1st Standard Parallel: 44 28 52
2nd Standard Parallel: 48 24 13
Central Meridian: -93 21 39
Latitude of Projection's Origin: 43 30 01
False Easting: 0
False Northing: 0

Sheet 1 of 1 PARENT sheets
Total Sheets: 1 (Index 0; Parent 1; Inset 0)

NAME: Kittson County (069)
ENTITY TYPE: County or statistically equivalent entity
ST: Minnesota (27)

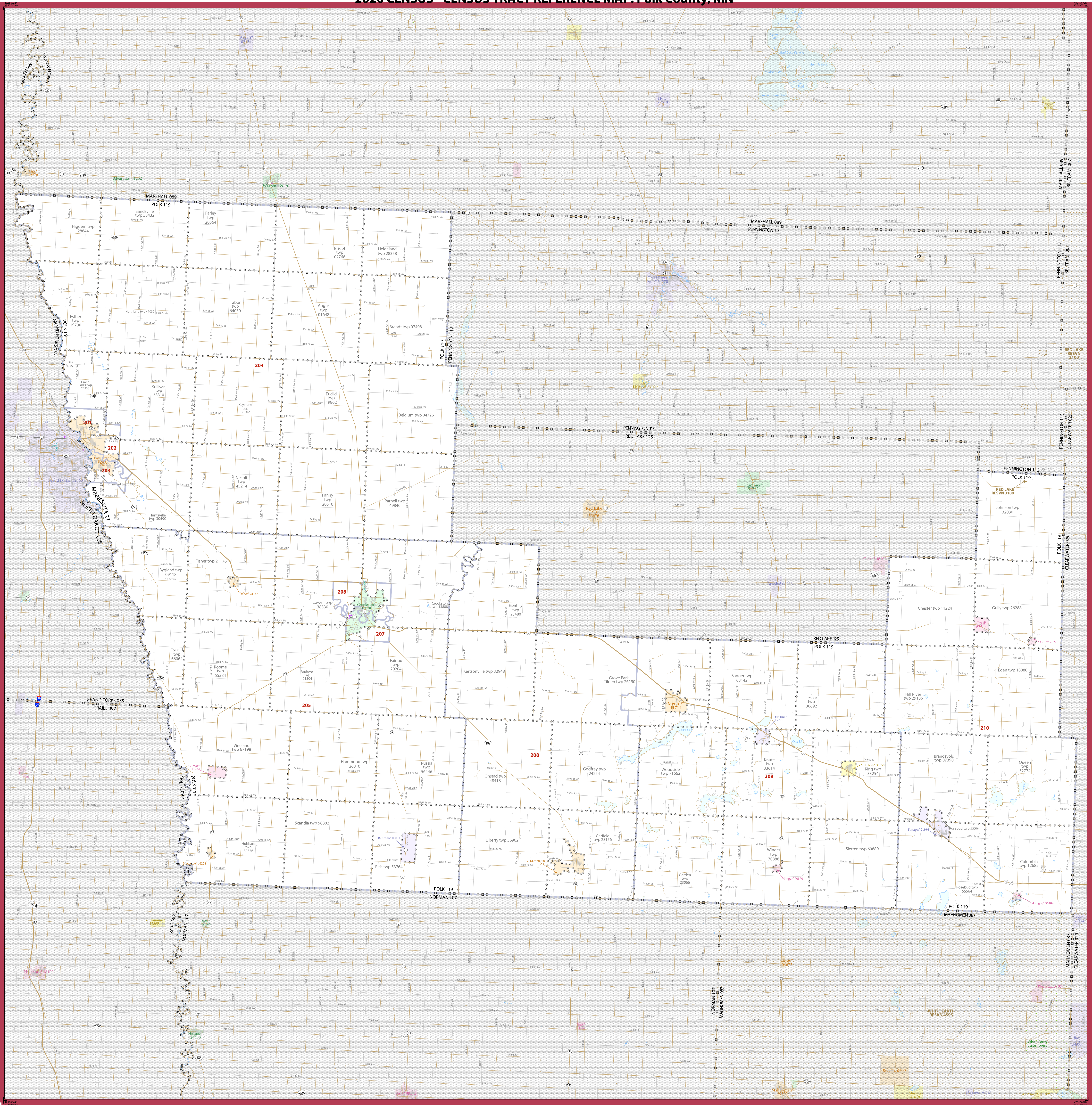
2020 CENSUS TRACT REF MAP (PARENT)
Sheet ID: 249527069001

TYPE;FULLCODE;STATE;COUNTY;TRACT;SHEETS

TRACT;27069090100;27;069;901.00;1

TRACT;27069090200;27;069;902.00;1

2020 CENSUS - CENSUS TRACT REFERENCE MAP: Polk County, MN



| SYMBOL DESCRIPTION | SYMBOL | LABEL STYLE |
|--------------------------------------------------------------------------------------|---------|--------------------|
| International | ☆☆☆☆☆ | CANADA |
| Federal American Indian Reservation | ■■■■■■■ | L'ANSE RESVN 1880 |
| Off Reservation Trust Land | ■■■■■■■ | TI880 |
| State American Indian Reservation | ■■■■■■■ | Tama Resvn 9400 |
| Alaska Native Regional Corporation | ▼▼▼▼▼ | NANA ANRC 52120 |
| State (or statistically equivalent entity) | | NEW YORK 36 |
| County (or statistically equivalent entity) | | ERIE 029 |
| Minor Civil Division (MCD) ¹ | ooooo | Bristol town 07485 |
| Census County Division (CCD), Census Subarea (CSA), or Unincorporated Territory (UT) | ooooo | Hanna CDP 91650 |
| Consolidated City | ooooo | MILFORD 47500 |

| SYMBOL DESCRIPTION | SYMBOL | LABEL STYLE |
|--------------------------------------------|--------|-----------------------|
| Incorporated Place ^{1,2} | ■■■■■ | Davis 18100 |
| Census Designated Place (CDP) ³ | ■■■■■ | Incline Village 35100 |
| Census Tract ³ | ■■■■■ | 33.07 |

| DESCRIPTION | SYMBOL | DESCRIPTION | SYMBOL |
|---------------------------------------------------|--------|-------------------------------------------------------------|--------|
| Water Body | | Interstate or U.S. Highway | |
| College or University | | State Highway or State Road | |
| Military | | Other Road | |
| Prison or Juvenile Detention Center | | Nonresidential Boundary or Feature Not Elsewhere Classified | |
| Natural or State Park, Forest, or Recreation Area | | | |
| Outside Subject Area | | | |

Where international, state, county, and/or MCD/CD boundaries coincide, the map shows the boundary symbol for only the highest-ranking of these boundaries.

Geographic area names are followed by either their FIPS or census code.

1 A "*" following an MCD name denotes a false MCD. A "*" following a place name indicates that a false MCD exists with the same name and FIPS code as the place; the false MCD label is not shown.

2 Place label color corresponds to the place fill color.

3 Census tracts are identified by an up to four-digit integer number and may have an optional two-digit suffix for example 23 or 1457.02. The census tract codes consist of six digits with an implied decimal between the fourth and fifth digit corresponding to the basic census tract number, but with leading zeros, and trailing zeros for census tracts without a suffix. The tract number examples above would have codes of 002300 and 145702, respectively.

Due to space limitations, some road names, along with other feature and geography names on the map, may not be shown.

All legal boundaries and names are as of January 1, 2020. The boundaries shown on this map are for Census Bureau statistical data collection and tabulation purposes only; their depiction and designation for statistical purposes does not constitute a determination of jurisdictional authority or rights of ownership or entitlement.

Geographic Vintage: 2020 Census (reference date: January 1, 2020)
Data Source: U.S. Census Bureau's MAINTIGER database (TAR20)
Map Created by: Geography Division, January 06, 2021

U.S. DEPARTMENT OF COMMERCE U.S. Census Bureau

Projection: Albers Equal Area Conic
Datum: NAD 83
Spheroid: GRS 80
1st Standard Parallel: 44 28 52
2nd Standard Parallel: 48 24 13
Central Meridian: -95 21 39
Latitude of Projection Origin: 43 30 01
False Easting: 0
False Northing: 0

Sheet 1 of 1 PARENT sheets
Total Sheets: 1 (Index 0; Parent 1; Inset 0)

NAME: Polk County (119)
ENTITY TYPE: County or statistically equivalent entity
ST: Minnesota (27)

2020 CENSUS TRACT REF MAP (PARENT)
Sheet ID: 249527119001



TYPE;FULLCODE;STATE;COUNTY;TRACT;SHEETS

TRACT;27119020100;27;119;201.00;1

TRACT;27119020200;27;119;202.00;1

TRACT;27119020300;27;119;203.00;1

TRACT;27119020400;27;119;204.00;1

TRACT;27119020500;27;119;205.00;1

TRACT;27119020600;27;119;206.00;1

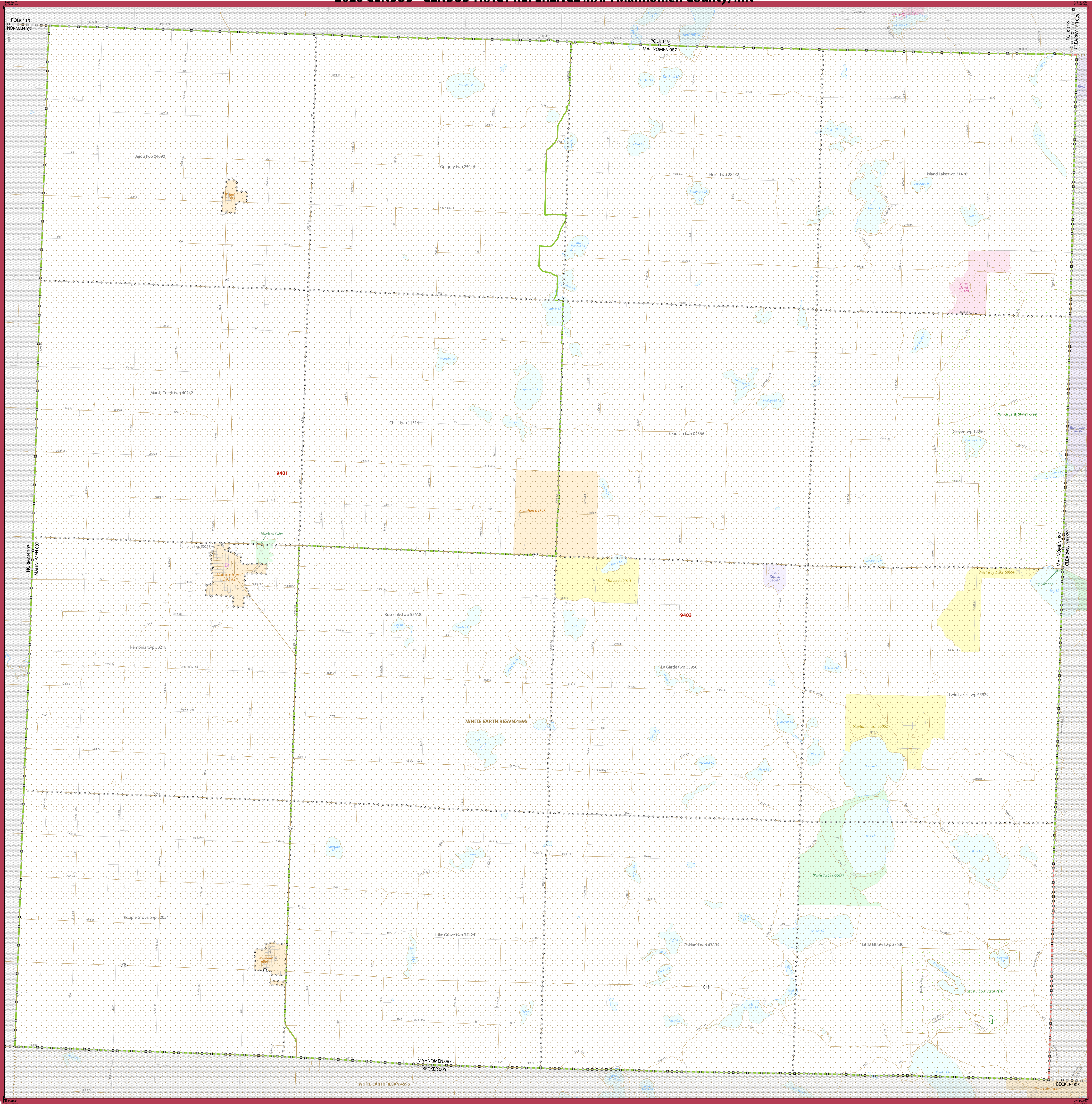
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TRACT;27119020800;27;119;208.00;1

TRACT;27119020900;27;119;209.00;1

TRACT;27119021000;27;119;210.00;1

2020 CENSUS - CENSUS TRACT REFERENCE MAP: Mahnomen County, MN



| SYMBOL DESCRIPTION | SYMBOL | LABEL STYLE |
|--------------------------------------------------------------------------------------|------------|--------------------|
| International | ☆☆☆☆☆ | CANADA |
| Federal American Indian Reservation | ■■■■■■■■■■ | L'ANSE RESVN 1880 |
| Off-Reservation Trust Land | ■■■■■■■■■■ | TI880 |
| State American Indian Reservation | ■■■■■■■■■■ | Tama Resvn 9400 |
| Alaska Native Regional Corporation | ▼▼▼▼▼ | NANA ANRC 52120 |
| State (or statistically equivalent entity) | | NEW YORK 36 |
| County (or statistically equivalent entity) | | ERIE 029 |
| Minor Civil Division (MCD) ¹ | ○○○○○ | Bristol town 07485 |
| Census County Division (CCD), Census Subarea (CSA), or Unincorporated Territory (UT) | ○○○○○ | Hanna CCD 91650 |
| Consolidated City | ○○○○○ | MILFORD 47500 |

| SYMBOL DESCRIPTION | SYMBOL | LABEL STYLE |
|--------------------------------------------|------------|-----------------------|
| Incorporated Place 1,2 | ■■■■■■■■■■ | Davis 18100 |
| Census Designated Place (CDP) ³ | ■■■■■■■■■■ | Incline Village 35100 |
| Census Tract ³ | ■■■■■■■■■■ | 33.07 |

| DESCRIPTION | SYMBOL | DESCRIPTION | SYMBOL |
|---------------------------------------------------|--------|---------------------------------------------------------|--------|
| Water Body | ■ | Interstate or U.S. Highway | ■ |
| College or University | ■ | State Highway or State Road | ■ |
| Military | ■ | Other Road | ■ |
| Prison or Juvenile Detention Center | ■ | 4WD Trail, Railway, Alley, Walkway, or Ferry | ■ |
| Natural or State Park, Forest, or Recreation Area | ■ | Nonrivable Boundary or Feature Not Elsewhere Classified | ■ |
| Outside Subject Area | ■ | Inset Area | ■ |

| SYMBOL DESCRIPTION | SYMBOL | LABEL STYLE |
|--------------------|--------|-----------------------|
| Planned Lake | ■ | Davis 18100 |
| Canal | ■ | Incline Village 35100 |
| Yosemite NP | ■ | 33.07 |

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3 Census tracts are identified by an up to four-digit integer number and may have an optional two-digit suffix for example 23 or 1457.02. The census tract codes consist of six digits with an implied decimal between the fourth and fifth digit corresponding to the basic census tract number, but with leading zeros, and trailing zeros for census tracts without a suffix. The tract number examples above would have codes of 002300 and 145702, respectively.

Due to space limitations, some road names, along with other feature and geography names on the map, may not be shown.

All legal boundaries and names are as of January 1, 2020. The boundaries shown on this map are for Census Bureau statistical data collection and tabulation purposes only; their depiction and designation for statistical purposes does not constitute a determination of jurisdictional authority or rights of ownership or entitlement.

Geographic Vintage: 2020 Census (reference date: January 1, 2020)
Data Source: U.S. Census Bureau's MAINTIGER database (TAB20)
Map Created by: Geography Division, January 06, 2021

U.S. DEPARTMENT OF COMMERCE U.S. Census Bureau

Projection: Albers Equal Area Conic
Datum: NAD 83
Spheroid: GRS 80
1st Standard Parallel: 44 28 52
2nd Standard Parallel: 48 24 13
Central Meridian: 95 21 39
Latitude of Projection's Origin: 43 30 01
False Easting: 0
False Northing: 0

Sheet 1 of 1 PARENT sheets
Total Sheets: 1 (Index 0; Parent 1; Inset 0)

NAME: Mahnomen County (087)
ENTITY TYPE: County or statistically equivalent entity
ST: Minnesota (27)

2020 CENSUS TRACT REF MAP (PARENT)
Sheet ID: 249527087001

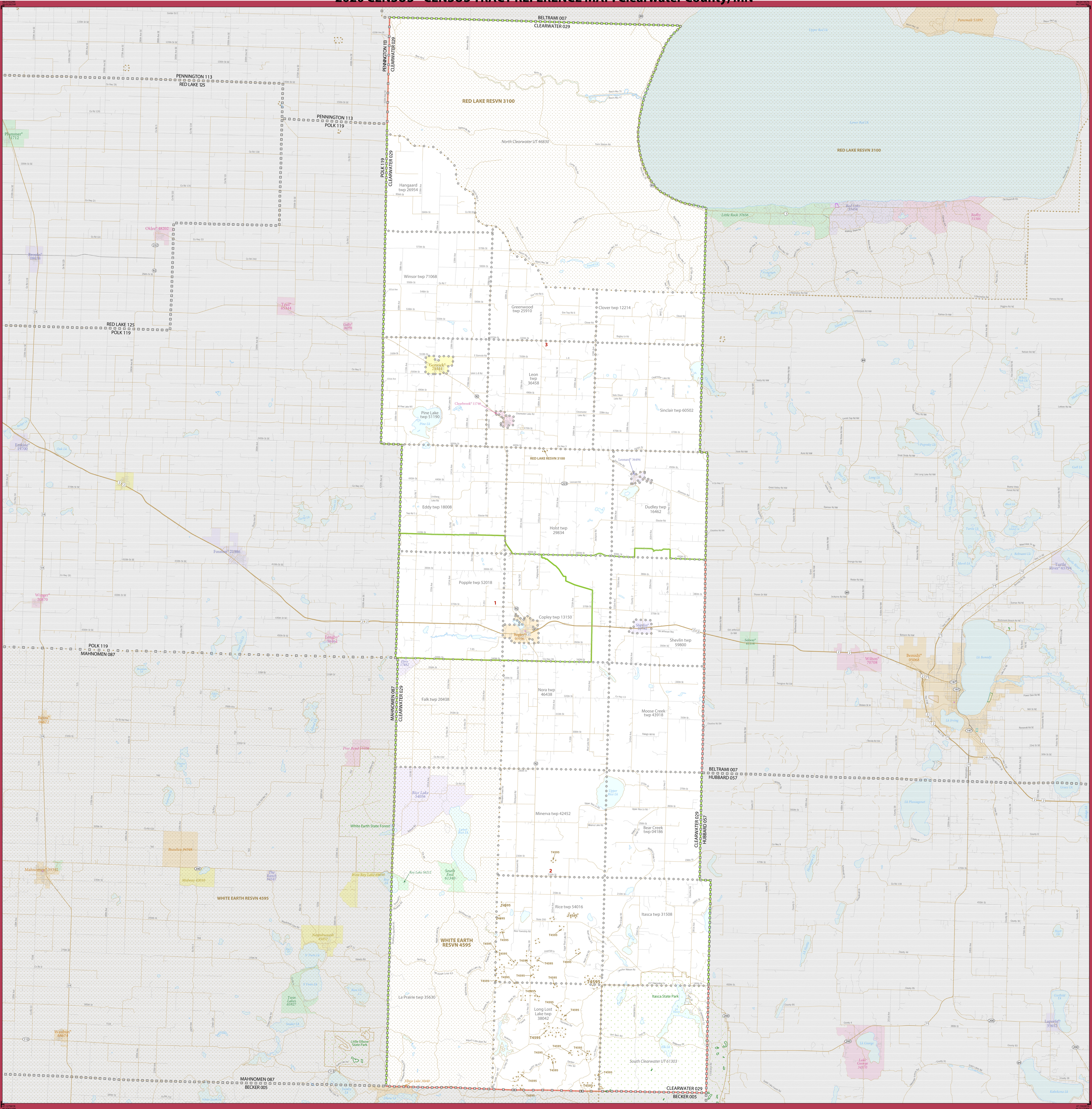


TYPE;FULLCODE;STATE;COUNTY;TRACT;SHEETS

TRACT;27087940100;27;087;9401.00;1

TRACT;27087940300;27;087;9403.00;1

2020 CENSUS - CENSUS TRACT REFERENCE MAP: Clearwater County, MN



| SYMBOL DESCRIPTION | | SYMBOL | LABEL STYLE |
|--------------------------------------------------------------------------------------|--|------------|--------------------------------------------------------|
| International | | ☆☆☆☆☆ | CANADA |
| Federal American Indian Reservation | | ■■■■■■■■■■ | L'ANSE RESVN 1880 |
| Off-Reservation Trust Land | | ■■■■■■■■■■ | TI880 |
| State American Indian Reservation | | ■■■■■■■■■■ | Tama Resvn 9400 |
| Alaska Native Regional Corporation | | ▼▼▼▼▼ | NANA ANRC 52120 |
| State (or statistically equivalent entity) | | | NEW YORK 36 |
| County (or statistically equivalent entity) | | | ERIE 029 |
| Minor Civil Division (MCD) ¹ | | ooooo | Bristol town 07485 |
| Census County Division (CCD), Census Subarea (CSA), or Unincorporated Territory (UT) | | ooooo | Hanna CD 91650 |
| Consolidated City | | ooooo | MILFORD 47500 |
| SYMBOL DESCRIPTION | | SYMBOL | LABEL STYLE |
| Incorporated Place 1,2 | | ■■■■■■■■■■ | Davis 18100 |
| Census Designated Place (CDP) ³ | | ■■■■■■■■■■ | Incline Village 35100 |
| Census Tract ³ | | ■■■■■■■■■■ | 33.07 |
| DESCRIPTION | | SYMBOL | DESCRIPTION |
| Water Body | | ■ | Interstate or U.S. Highway |
| College or University | | ■ | State Highway or State Road |
| Military | | ■ | Other Road |
| Prison or Juvenile Detention Center | | ■ | 4WD Trail, Railway, Alley, Walkway, or Ferry |
| National or State Park, Forest, or Recreation Area | | ■ | Nonviable Boundary or Feature Not Elsewhere Classified |
| Outside Subject Area | | ■ | Inset Area |

OFF-RESERVATION TRUST LAND NAMES

14595 White Earth

Where international, state, county, and/or MCD/CCD boundaries coincide, the map shows the boundary symbol for only the highest-ranking of these boundaries.

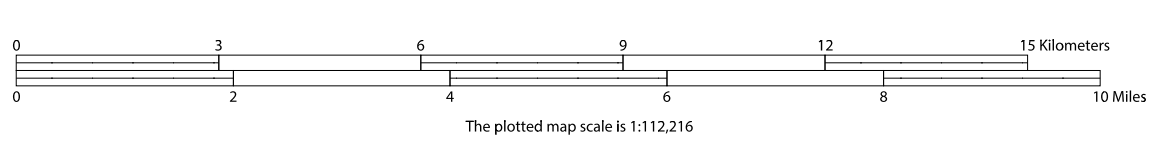
Geographic area names are followed by either their FIPS or census code.

1 A " " following an MCD name denotes a false MCD. A " " following a place name indicates that a false MCD exists with the same name and FIPS code as the place; the false MCD label is not shown.

2 Place label color corresponds to the place fill color.

3 Census tracts are identified by an up to four-digit integer number and may have an optional two-digit suffix; for example 23 or 1457.02. The census tract codes consist of six digits with an implied decimal between the fourth and fifth digit corresponding to the basic census tract number, but with leading zeros, and trailing zeros for census tracts without a suffix. The tract number examples above would have codes of 002300 and 145702, respectively.

Due to space limitations, some road names, along with other feature and geography names on the map, may not be shown.



All legal boundaries and names are as of January 1, 2020. The boundaries shown on this map are for Census Bureau statistical data collection and tabulation purposes only; their depiction and designation for statistical purposes does not constitute a determination of jurisdictional authority or rights of ownership or entitlement.

Geographic Vintage: 2020 Census (reference date: January 1, 2020)

Data Source: U.S. Census Bureau's MAF/TIGER database (TAR20)

Map Created by: Geography Division, January 06, 2021

U.S. DEPARTMENT OF COMMERCE U.S. Census Bureau

Projection: Albers Equal Area Conic

Datum: NAD 83

Spheroid: GRS 80

1st Standard Parallel: 44 28 52

2nd Standard Parallel: 48 24 13

Central Meridian: 95 21 39

Latitude of Projection Origin: 43 30 01

Falsie Easting: 0

Falsie Northing: 0

Sheet 1 of 1 PARENT sheets

Total Sheets: 1 (Index 0; Parent 1; Inset 0)

NAME: Clearwater County (029)

ENTITY TYPE: County or statistically equivalent entity

ST: Minnesota (27)

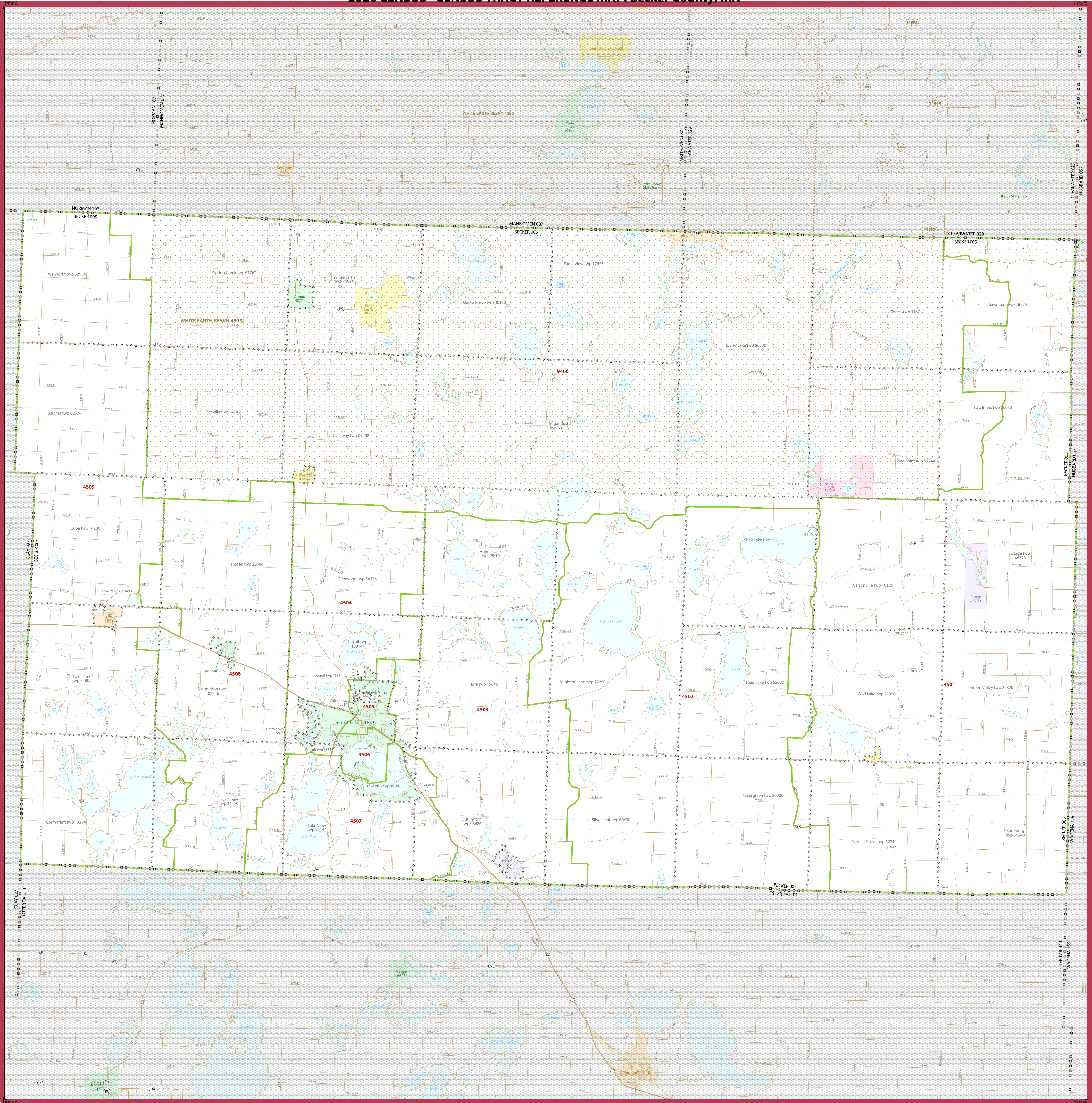
2020 CENSUS TRACT REF MAP (PARENT)

Sheet ID: 249527029001



TYPE;FULLCODE;STATE;COUNTY;TRACT;SHEETS
TRACT;27029000200;27;029;2.00;1

2020 CENSUS - CENSUS TRACT REFERENCE MAP: Becker County, MN



| SYMBOL DESCRIPTION | SYMBOL | LABEL STYLE |
|--------------------------------------------------------------------------------------|------------|--------------------|
| International | ☆☆☆☆☆ | CANADA |
| Federal American Indian Reservation | ■■■■■■■■■■ | L'ANSE RESVN 1880 |
| Off-Reservation Trust Land | ■■■■■■■■■■ | TI1880 |
| State American Indian Reservation | ■■■■■■■■■■ | Tama Resvn 9400 |
| Alaska Native Regional Corporation | ▼▲▼▲▼▲▼ | NANA ANRC 52120 |
| State (or statistically equivalent entity) | | NEW YORK 36 |
| County (or statistically equivalent entity) | □□□□□ | ERIE 029 |
| Minor Civil Division (MCD) ¹ | ○○○○○ | Bristol town 07485 |
| Census County Division (CCD), Census Subarea (CSA), or Unincorporated Territory (UT) | ○○○○○ | Hanna CDD 91650 |
| Consolidated City | ○○○○○ | MILFORD 47500 |

| SYMBOL DESCRIPTION | SYMBOL | LABEL STYLE |
|--------------------------------------------|------------|-----------------------|
| Incorporated Place 1,2 | ■■■■■■■■■■ | Davis 18100 |
| Census Designated Place (CDP) ³ | ■■■■■■■■■■ | Incline Village 35100 |
| Census Tract ³ | ■■■■■■■■■■ | 33.07 |

| SYMBOL DESCRIPTION | SYMBOL | LABEL STYLE |
|---------------------------------------------------|--------|---------------|
| Water Body | ■ | Pleasant Lake |
| College or University | ■ | Calvin |
| Military | ■ | Fort Belknap |
| Prison or Juvenile Detention Center | ■ | PNDC |
| Natural or State Park, Forest, or Recreation Area | ■ | Yosemite NP |
| Outside Subject Area | ■ | |

| SYMBOL DESCRIPTION | SYMBOL | LABEL STYLE |
|-------------------------------------------------------|--------|-------------|
| Interstate or U.S. Highway | ■ | |
| State Highway or State Road | ■ | |
| Other Road | ■ | |
| 4WD Trail, Saisway, Alley, Walkway, or Ferry | ■ | |
| Nonwater Boundary or Feature Not Elsewhere Classified | ■ | |
| Inset Area | ■ | A1 |

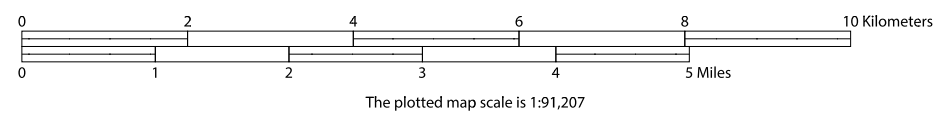
OFF-RESERVATION TRUST LAND NAMES

T2285 Minnesota Chippewa
T4595 White Earth

Where international, state, county, and/or MCD/CCD boundaries coincide, the map shows the boundary symbol for only the highest-ranking of these boundaries.
Geographic area names are followed by either their FIPS or census code.
1 A "*" following an MCD name denotes a false MCD. A "*" following a place name indicates that a false MCD exists with the same name and FIPS code as the place; the false MCD label is not shown.
2 Place label color corresponds to the place fill color.
3 Census tracts are identified by an up to four-digit integer number and may have an optional two-digit suffix for example 23 or 1457.02. The census tract codes consist of six digits with an implied decimal between the fourth and fifth digit corresponding to the basic census tract number, but with leading zeros, and trailing zeros for census tracts without a suffix. The tract number examples above would have codes of 002300 and 145702, respectively.
Due to space limitations, some road names, along with other feature and geography names on the map, may not be shown.

All legal boundaries and names are as of January 1, 2020. The boundaries shown on this map are for Census Bureau statistical data collection and tabulation purposes only; their depiction and designation for statistical purposes does not constitute a determination of jurisdictional authority or rights of ownership or entitlement.
Geographic Vintage: 2020 Census (reference date: January 1, 2020)
Data Source: U.S. Census Bureau's MAF/TIGER database (TAR20)
Map Created by Geography Division, January 06, 2021
U.S. DEPARTMENT OF COMMERCE U.S. Census Bureau

Projection: Albers Equal Area Conic
Datum: NAD 83
Spheroid: GRS 80
1st Standard Parallel: 44 26 52
2nd Standard Parallel: 48 24 13
Central Meridian: 95 21 39
Latitude of Projection Origin: 43 30 01
False Easting: 0
False Northing: 0



Sheet 1 of 1 PARENT sheets
Total Sheets: 1 (Index 0; Parent 1; Inset 0)

NAME: Becker County (005)
ENTITY TYPE: County or statistically equivalent entity
ST: Minnesota (27)

2020 CENSUS TRACT REF MAP (PARENT)
Sheet ID: 249527005001



TYPE;FULLCODE;STATE;COUNTY;TRACT;SHEETS
TRACT;27005940000;27;005;9400.00;1

| <u>SYMBOL</u> | <u>DESCRIPTION</u> | <u>SYMBOL</u> |
|----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| Incorporated Place ^{1,2} |    | |
| Census Designated Place (CDP) ² |    | |
| Census Tract ³ |  | |
| <u>DESCRIPTION</u> | <u>SYMBOL</u> | |
| Water Body |  | |
| College or University |  | |
| Military |  | |
| Prison or Juvenile Detention Center |  | |
| National or State Park, Forest, or Recreation Area |  | |
| Outside Subject Area |  | |

Where international, state, county, and/or MCD/CDD boundaries coincide, the map shows the boundary symbol for only the highest-ranking of these boundaries.

Geographic area names are followed by either their FIPS or census code.

A " " following an MCD name denotes a false MCD. A " " following a place name indicates that a false MCD exists with the same name and FIPS code as the place; the false MCD label is not shown.

2 Place label color corresponds to the place fill color.

3 Census tracts are identified by an up to four-digit integer number and may have an optional two-digit suffix; for example 23 or 145702. The census tract codes consist of six digits with an implied decimal between the fourth and fifth digit corresponding to the basic census tract number, with leading zeros, and trailing zeros for census tracts that are not numbered. The first number examples above would have codes of 002300 and 145702, respectively.

Due to space limitations, some road names, along with other feature and geography names on the map, may not be shown.



All legal boundaries and names are as of January 1, 2020. The boundaries shown on this map are for Census Bureau statistical data collection and tabulation purposes only; their depiction and designation for statistical purposes does not constitute a determination of jurisdictional authority or rights of ownership or entitlement.

U.S. DEPARTMENT OF COMMERCE U.S. Census Bureau

Projection: Albers Equal Area Conic
Datum: NAD 83
Spheroid: GRS 80
1st Standard Parallel: 44 28 52
2nd Standard Parallel: 48 24 13
Central Meridian: -93 21 39
Latitude of Projection's Origin: 43 30 01
False Easting: 0
False Northing: 0

Sheet 1 of 1 PARENT sheets
Total Sheets: 1 (Index 0; Parent 1; Inset 0)

NAME: Norman County (107)
ENTITY TYPE: County or statistically equivalent entity
ST: Minnesota (27)

2020 CENSUS TRACT REF MAP (PARENT)
Sheet ID: 249527107001

TYPE;FULLCODE;STATE;COUNTY;TRACT;SHEETS

TRACT;27107960100;27;107;9601.00;1

PUBLIC DISCLOSURE

January 18, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

United Valley Bank
Certificate Number: 15478

211 Division Avenue South
Cavalier, North Dakota 58220

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Kansas City Regional Office

1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106

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

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INSTITUTION RATING

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

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The Lending Test is rated Satisfactory.

- The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and credit needs of the assessment areas.
- The bank originated a majority of its small farm, small business, and home mortgage loans in its assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects reasonable penetration of loans among farms and businesses of different revenue sizes and individuals of different income levels.
- The bank did not receive any Community Reinvestment Act (CRA)-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Satisfactory.

- The institution's community development performance demonstrates adequate responsiveness to community development needs in its assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment areas.

DESCRIPTION OF INSTITUTION

United Valley Bank is wholly owned by First Holding Company of Cavalier, Inc., a one-bank holding company located in Cavalier, North Dakota. The institution received a CRA rating of “Satisfactory” at its previous FDIC Performance Evaluation dated February 11, 2019, based on Interagency Small Institution Examination Procedures.

United Valley Bank’s main office is located in Cavalier. It also operates eight other branch offices in North Dakota and Minnesota. Since the prior evaluation, the bank acquired a branch in Crookston, Minnesota, through its acquisition of Northern Sky Bank in March 2021. The bank also relocated its Mahnomen and Lancaster branches, both in Minnesota, since the previous evaluation; however, the relocations did not result in any changes to the bank’s assessment area and the offices remained in the same census tract as they were at the prior evaluation. Details regarding these relocations can be found in the applicable assessment area section. There have not been any other changes to the bank’s offices since the previous evaluation.

The institution offers a variety of loan products including agricultural, commercial, and home mortgage loans. The primary lending focus continues to be agricultural lending followed by commercial and home mortgage lending. The bank participates in various government-sponsored loan programs, such as those through the Farm Service Agency, Small Business Administration (SBA), and the United States Department of Agriculture. In 2020 and 2021, the bank also originated 650 loans totaling \$29.4 million through the SBA’s Paycheck Protection Program (PPP), which assisted small farm and business operators struggling with the impact of the COVID-19 pandemic. Further, the bank originates and sells home mortgage loans on the secondary market. Specifically, in both 2020 and 2021, the bank originated and sold 68 home mortgage loans totaling approximately \$14.3 million and \$12.4 million, respectively. The institution also provides a variety of deposit services, including checking, savings, and certificates of deposit. Alternative banking services include internet and mobile banking, bill pay, electronic periodic statements, person-to-person payments, and 9 cash-dispensing ATMs. Moreover, the bank participates in the MoneyPass network, which allows customers access to thousands of ATMs nationwide and to avoid fees associated with using a non-bank owned ATM.

As of September 30, 2021, United Valley Bank reported total assets of \$552,566,000; total loans of \$356,162,000; and total deposits of \$489,734,000. Since the prior evaluation, deposits have increased by 55.4 percent, while net loans have increased at nearly half that rate by 28.9 percent. Management attributed the increase in deposits to the acquisition of Northern Sky Bank as well as PPP and Federal stimulus aid in conjunction with the Coronavirus Aid, Relief, and Economic Security Act. Conversely, management stated the slowed loan growth is primarily the result of PPP loans that were forgiven by the Federal government. The following table illustrates the bank’s loan portfolio.

| Loan Portfolio Distribution as of 09/30/2021 | | |
|-------------------------------------------------------------|-----------------|--------------|
| Loan Category | \$(000s) | % |
| Construction, Land Development, and Other Land Loans | 18,303 | 5.1 |
| Secured by Farmland | 58,006 | 16.3 |
| Secured by 1-4 Family Residential Properties | 32,321 | 9.1 |
| Secured by Multifamily (5 or more) Residential Properties | 26,015 | 7.3 |
| Secured by Nonfarm Nonresidential Properties | 50,812 | 14.3 |
| Total Real Estate Loans | 185,457 | 52.1 |
| Commercial and Industrial Loans | 57,933 | 16.3 |
| Agricultural Production and Other Loans to Farmers | 95,380 | 26.7 |
| Consumer Loans | 10,286 | 2.9 |
| Obligations of State and Political Subdivisions in the U.S. | 1,685 | 0.5 |
| Other Loans | 31 | 0.0 |
| Lease Financing Receivable (net of unearned income) | 5,390 | 1.5 |
| Less: Unearned Income | 0 | 0.0 |
| Total Loans | 356,162 | 100.0 |
| <i>Source: Reports of Condition and Income</i> | | |

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires financial institutions to define one or more assessment areas within which its CRA performance will be evaluated. The bank has designated four assessment areas, one in North Dakota (Cavalier Assessment Area), two in Minnesota (Northern Nonmetropolitan Minnesota and Mahnomen assessment areas), and the multi-state Grand Forks, ND-MN Metropolitan Statistical Area (MSA) Assessment Area. Therefore, the bank will receive ratings for the multi-state assessment area and the States of North Dakota and Minnesota. The acquisition of Northern Sky Bank did not result in any changes to the bank's assessment areas. Refer to rated areas and individual assessment areas for additional information.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated February 11, 2019, to the current evaluation dated January 18, 2022. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate CRA performance. These procedures include the Lending Test and the Community Development Test. Banks must achieve at least a Satisfactory rating under each test to obtain an overall Satisfactory rating. Refer to the Appendices for information on each test. This evaluation does not include any lending activity from affiliated entities.

Examiners used full-scope examination procedures to assess the bank's performance in all of the assessment areas. To assess overall performance, examiners placed the greatest weight on the bank's performance in Minnesota and the Grand Forks, ND-MN MSA since the majority of the

bank's lending, deposit, and branch activity occurs in these areas. The bank's performance in North Dakota received less weight. The following table provides a breakdown of loans, deposits, and branches by assessment area. However, the following loan totals do not include loans that have been paid off, as this data was not readily available.

| Assessment Area Breakdown of Loans, Deposits, and Branches | | | | | | |
|-----------------------------------------------------------------|----------------|--------------|----------------|--------------|----------|--------------|
| Assessment Area | Loans | | Deposits | | Branches | |
| | \$(000s) | % | \$(000s) | % | # | % |
| Grand Forks, ND-MN MSA | 73,823 | 31.5 | 146,992 | 30.2 | 3 | 33.3 |
| Cavalier | 72,090 | 30.7 | 101,789 | 20.9 | 1 | 11.1 |
| North Dakota Subtotal | 72,090 | 30.7 | 101,789 | 20.9 | 1 | 11.1 |
| Northern Nonmetropolitan Minnesota | 59,304 | 25.3 | 116,696 | 23.9 | 3 | 33.3 |
| Mahnomen | 29,274 | 12.5 | 122,025 | 25.0 | 2 | 22.2 |
| Minnesota Subtotal | 88,578 | 37.8 | 238,721 | 48.9 | 5 | 55.6 |
| Total | 234,491 | 100.0 | 487,502 | 100.0 | 9 | 100.0 |
| <i>Source: Bank Data; FDIC Summary of Deposits (06/30/2021)</i> | | | | | | |

Activities Reviewed

The bank's primary lending focus is agricultural lending, followed by commercial and home mortgage lending. This conclusion considered the bank's business strategy, volume of loans originated during the evaluation period, and data from Reports of Condition and Income.

Bank records indicate that the lending focus and product mix remained consistent throughout the evaluation period. Paid off loan information was not readily available; therefore, in order to capture the bank's actual lending performance examiners analyzed all small farm, small business, and home mortgage loans originated within the most recent 12-month period, spanning from December 14, 2020 through December 13, 2021, for the Assessment Area Concentration criterion. Home mortgage loans were not reviewed further in the Minnesota and North Dakota assessment areas since home mortgage lending is not a major product line in these areas. For the Geographic Distribution performance criterion, the entire universe of the loan products reviewed was considered in each assessment area. For the Borrower Profile criterion, a sampling of small farm, and small business loans was conducted in some assessment areas as revenue information to evaluate the entire universe was not readily available. Samples were selected at the assessment area level to ensure the samples were large enough to draw meaningful conclusions. However, due to lower origination numbers, examiners reviewed the full universe of small business loans originated in the Cavalier and Mahnomen assessment areas. The full universe of home mortgage loans originated in the Grand Forks, ND-MN MSA Assessment Area was reviewed for this criterion. Management confirmed that the universe and samples of loans reviewed were considered representative of the bank's performance during the entire evaluation period. D&B data for 2021 provided a standard of comparison for the small farm and small business loans while the 2015 American Community Survey (ACS) data was used as a comparison for home mortgage loans. The following table details the loan universes and samples selected for review.

| Loan Products Reviewed | | | | |
|------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|----------|----------|
| Loan Category | Universe | | Reviewed | |
| | # | \$(000s) | # | \$(000s) |
| Small Farm | 282 | 44,894 | 137 | 19,976 |
| Small Business | 218 | 32,947 | 108 | 11,707 |
| Home Mortgage | 38 | 10,332 | 25 | 4,446 |
| <i>Source: 12/14/2020 thru 12/13/2021 Bank Data</i> | | | | |
| <i>Note: The small farm and small business universes exclude loans that the bank opted to have considered for community development.</i> | | | | |

For the Lending Test, examiners reviewed the number and dollar volume of loans. While both the number and dollar volume of loans are presented, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of farms, businesses, and individuals served.

For the Community Development Test, bank management provided data on community development loans, qualified investments, and community development services since the prior evaluation dated February 19, 2019. Furthermore, pre-existing and outstanding qualified investments were also considered.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

United Valley Bank demonstrated satisfactory performance under the Lending Test. The loan-to-deposit ratio, assessment area concentration, geographic distribution, and borrower profile performance support this conclusion. Further, the bank's overall performance is consistent with the conclusions for all of the rated areas.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment areas. As shown in the following table, the institution's net loan-to-deposit ratio averaged 79.8 percent over the past 11 calendar quarters, which is commensurate with those of the comparable institutions. Examiners selected comparable institutions based on their asset size, branching structure, geographic location, and lending focus.

| Loan-to-Deposit (LTD) Ratio Comparison | | |
|------------------------------------------------------------------------|----------------------------------------------|---------------------------------|
| Bank | Total Assets as of 09/30/2021 (\$000s) | Average Net LTD Ratio (%) |
| United Valley Bank - Cavalier, North Dakota | 552,566 | 79.8 |
| KodaBank - Drayton, North Dakota | 366,337 | 85.3 |
| Bank Forward – Fargo, North Dakota | 849,249 | 88.9 |
| <i>Source: Reports of Condition and Income 03/31/2019 – 09/30/2021</i> | | |

Assessment Area Concentration

As detailed in the following table, United Valley Bank made a majority of its small farm, small business, and home mortgage loans within its assessment area.

| Lending Inside and Outside of the Assessment Areas | | | | | | | | | | |
|-------------------------------------------------------------------|-----------------|------|---------|------|----------------|---------------------------------|------|---------|------|-----------------------|
| Loan Category | Number of Loans | | | | Total # | Dollar Amount of Loans \$(000s) | | | | Total \$(000s) |
| | Inside | | Outside | | | Inside | | Outside | | |
| | # | % | # | % | | \$ | % | \$ | % | |
| Small Farm | 238 | 84.4 | 44 | 15.6 | 282 | 35,628 | 79.4 | 9,266 | 20.6 | 44,894 |
| Small Business | 152 | 69.7 | 66 | 30.3 | 218 | 17,306 | 52.5 | 15,641 | 47.5 | 32,947 |
| Home Mortgage | 32 | 84.2 | 6 | 15.8 | 38 | 5,363 | 51.9 | 4,969 | 48.1 | 10,332 |
| Source: Bank Data Due to rounding, totals may not equal 100.0% | | | | | | | | | | |

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. Conclusions regarding the bank's overall lending performance are consistent with the overall conclusions throughout all rated areas. Examiners focused on the percentage of loans in the low- and moderate-income census tracts, as applicable. Detailed discussion of the bank's performance under this criterion is included in the rated areas and individual assessment areas section of this evaluation.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes and individuals of different income levels. Conclusions regarding the bank's overall lending performance are consistent with the overall conclusions throughout all rated areas. Examiners focused on the percentage of loans to farms and businesses with gross annual revenues of \$1 million or less and home mortgage loans to low- and moderate-income borrowers. Detailed discussion of the bank's performance under this criterion is included in the rated areas and individual assessment areas section of this evaluation.

Response to Complaints

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

United Valley Bank's overall performance under the Community Development Test is Satisfactory. The institution demonstrated adequate responsiveness to the community development needs in its assessment areas through community development loans, qualified investments, and community development services. Examiners considered the bank's capacity and the need and availability of such opportunities. Since the bank was responsive to the community development needs of its assessment areas, community development activities benefitting the broader statewide or regional areas were also considered in the analysis; however, these activities received less weight.

Community Development Loans

United Valley Bank originated 703 community development loans totaling \$43.8 million during the evaluation period. This includes 649 loans totaling \$28.1 million originated under the SBA's PPP related to the COVID-19 pandemic that qualified as community development loans. The volume of community development loans represents 7.9 percent of total assets and 12.5 percent of net loans as of September 30, 2021. When examiners exclude the SBA PPP loans from the bank's analysis, the bank's performance represents 2.9 percent of total assets and 4.5 percent of net loans.

Examiners compared the bank's level of community development lending to four similarly situated institutions, which revealed that the bank's level of community development loans is reasonable in comparison to these institutions. However, two of the similarly situated institutions' community development lending does not include SBA PPP loans due to the timing of the data. These two institutions' community development loans ranged from 2.1 percent to 8.0 percent of total assets and 2.5 percent to 10.0 percent of net loans. The other two similarly situated institution's ratios, excluding SBA PPP loans, ranged from 5.6 percent to 7.5 percent of total assets and 7.4 percent to 10.4 percent of net loans. Including SBA PPP loans, these same similarly situated institution's ratios ranged from 9.9 percent to 15.9 percent of total assets and 13.1 to 22.2 percent of net loans.

Since United Valley Bank has been responsive to the community development needs of its assessment areas, the institution received credit for 48 qualified loans totaling \$7.5 million that were made in a broader statewide or regional area. Further details on the bank's community development loans are discussed under the applicable State section of the evaluation. The following tables show United Valley Bank's community development loans by assessment area and year.

| Community Development Lending by Assessment Area | | | | | | | | | | |
|---------------------------------------------------------|---------------------------|-----------------|---------------------------|-----------------|-----------------------------|-----------------|--------------------------------|-----------------|---------------|-----------------|
| Assessment Area | Affordable Housing | | Community Services | | Economic Development | | Revitalize or Stabilize | | Totals | |
| | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) |
| Cavalier | 0 | 0 | 0 | 0 | 5 | 658 | 99 | 4,595 | 104 | 5,253 |
| Grand Forks, ND-MN MSA | 2 | 1,001 | 0 | 0 | 191 | 12,211 | 20 | 727 | 213 | 13,939 |
| Northern Nonmetropolitan MN | 0 | 0 | 0 | 0 | 87 | 5,482 | 164 | 7,164 | 251 | 12,646 |
| Mahnomen | 0 | 0 | 0 | 0 | 0 | 0 | 87 | 4,476 | 87 | 4,476 |
| Broader Statewide/Regional | 1 | 3,500 | 0 | 0 | 37 | 3,360 | 10 | 621 | 48 | 7,481 |
| Total | 3 | 4,501 | 0 | 0 | 320 | 21,711 | 380 | 17,583 | 703 | 43,795 |
| <i>Source: Bank Data</i> | | | | | | | | | | |

| Community Development Lending | | | | | | | | | | |
|-------------------------------|--------------------|--------------|--------------------|----------|----------------------|---------------|-------------------------|---------------|------------|---------------|
| Activity Year | Affordable Housing | | Community Services | | Economic Development | | Revitalize or Stabilize | | Totals | |
| | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) |
| 2019 | 0 | 0 | 0 | 0 | 11 | 1,543 | 4 | 1,775 | 15 | 3,318 |
| 2020 | 0 | 0 | 0 | 0 | 149 | 12,470 | 147 | 9,314 | 296 | 21,784 |
| 2021 | 3 | 4,501 | 0 | 0 | 160 | 7,698 | 229 | 6,494 | 392 | 18,693 |
| Total | 3 | 4,501 | 0 | 0 | 320 | 21,711 | 380 | 17,583 | 703 | 43,795 |
| <i>Source: Bank Data</i> | | | | | | | | | | |

Qualified Investments

United Valley Bank made 65 qualified investments totaling \$5.8 million during the evaluation period. The volume of qualified investments represents 1.0 percent of total assets and 4.5 percent of total securities as of September 30, 2021. Of the 65 qualified investments, 7 investments totaling \$2.6 million were made during a prior evaluation period but were outstanding at the start of this evaluation. In addition, 49 qualified investments were donations totaling \$42,000. Examiners compared the bank's level of qualified investments to four similarly situated institutions. The similarly situated institutions' qualified investments ranged from 0.2 percent to 2.2 percent of total assets and 2.3 to 72.5 percent of total securities. The bank's performance is comparable to peer banks as the qualified investments to total assets ratio is in line with similar banks. While the qualified investments to total securities ratio is included as a measurement, examiners focused more on the qualified investments to total assets ratio as investment strategies can vary between institutions and influence the comparison.

Since United Valley Bank has been responsive to the community development needs of its assessment areas, the institution received credit for 13 qualified investments totaling \$3.2 million that were made in a broader statewide or regional area. Of these investments, 2 totaling \$1.3 million, which includes one prior period investment, were made at the broader regional level in areas in the Midwest that do not directly impact the bank's assessment areas. The remaining 11 investments totaling \$1.9 million qualified at the broader statewide level and are discussed under the applicable State sections of the evaluation. The following tables show United Valley Bank's qualified investments by assessment area and year.

| Qualified Investments by Assessment Area | | | | | | | | | | |
|------------------------------------------|--------------------|----------|--------------------|------------|----------------------|----------|-------------------------|--------------|-----------|--------------|
| Assessment Area | Affordable Housing | | Community Services | | Economic Development | | Revitalize or Stabilize | | Totals | |
| | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) |
| Cavalier | 0 | 0 | 1 | < 1 | 0 | 0 | 12 | 379 | 13 | 379 |
| Grand Forks, ND-MN MSA | 0 | 0 | 15 | 4 | 3 | 1 | 6 | 1,021 | 24 | 1,026 |
| Northern Nonmetropolitan MN | 0 | 0 | 0 | 0 | 0 | 0 | 10 | 3 | 10 | 3 |
| Mahnomen | 0 | 0 | 3 | 125 | 0 | 0 | 2 | 1,000 | 5 | 1,125 |
| Broader Statewide/Regional | 0 | 0 | 5 | 656 | 1 | < 1 | 7 | 2,583 | 13 | 3,239 |
| Total | 0 | 0 | 24 | 785 | 4 | 1 | 37 | 4,986 | 65 | 5,772 |
| <i>Source: Bank Data</i> | | | | | | | | | | |

| Qualified Investments | | | | | | | | | | |
|------------------------------|--------------------|----------|--------------------|------------|----------------------|----------|-------------------------|--------------|-----------|--------------|
| Activity Year | Affordable Housing | | Community Services | | Economic Development | | Revitalize or Stabilize | | Totals | |
| | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) |
| Prior Period | 0 | 0 | 2 | 780 | 0 | 0 | 5 | 1,865 | 7 | 2,645 |
| 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 500 | 1 | 500 |
| 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 448 | 3 | 448 |
| 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 2,137 | 5 | 2,137 |
| Subtotal | 0 | 0 | 2 | 780 | 0 | 0 | 14 | 4,950 | 16 | 5,730 |
| Qualified Grants & Donations | 0 | 0 | 22 | 5 | 4 | 2 | 23 | 35 | 49 | 42 |
| Total | 0 | 0 | 247 | 785 | 4 | 2 | 37 | 4,985 | 65 | 5,772 |
| <i>Source: Bank Data</i> | | | | | | | | | | |

Community Development Services

United Valley Bank representatives provided 45 instances of financial expertise or technical assistance to various community development-related organizations during the evaluation period. Although the bank's level of community development services is less than similarly situated institutions, whose community development services ranged from 60 to 101 instances, management noted that the COVID-19 pandemic limited the level of opportunity for new involvement in most areas.

Since United Valley Bank has been responsive to the community development needs of its assessment areas, the institution received credit for six community development services that benefited the broader statewide or regional area and are discussed under the applicable State section of the evaluation. The following tables illustrate the bank's community development services by assessment area and year.

| Community Development Services by Assessment Area | | | | | |
|---------------------------------------------------|--------------------|--------------------|----------------------|-------------------------|-----------|
| Assessment Area | Affordable Housing | Community Services | Economic Development | Revitalize or Stabilize | Totals |
| | # | # | # | # | # |
| Cavalier | 6 | 0 | 0 | 9 | 15 |
| Grand Forks, ND-MN MSA | 0 | 0 | 3 | 0 | 3 |
| Northern Nonmetropolitan MN | 0 | 0 | 6 | 9 | 15 |
| Mahnomen | 0 | 6 | 0 | 0 | 6 |
| Broader Statewide/Regional | 0 | 0 | 6 | 0 | 6 |
| Total | 6 | 6 | 15 | 18 | 45 |
| <i>Source: Bank Data</i> | | | | | |

| Community Development Services | | | | | |
|---------------------------------------|---------------------------|---------------------------|-----------------------------|--------------------------------|---------------|
| Activity Year | Affordable Housing | Community Services | Economic Development | Revitalize or Stabilize | Totals |
| | # | # | # | # | # |
| 2019 | 2 | 2 | 6 | 5 | 15 |
| 2020 | 2 | 2 | 4 | 7 | 15 |
| 2021 | 2 | 2 | 5 | 6 | 15 |
| Total | 6 | 6 | 15 | 18 | 45 |
| <i>Source: Bank Data</i> | | | | | |

In addition to community development services, the bank offers alternative banking services that are readily accessible throughout all assessment areas, including to low- and moderate-income individuals. These include services such as internet and mobile banking, bill pay, person-to-person payments, and electronic statements, among others. Further, the bank operates its main office and one ATM in a moderate-income census tract and four branches and five ATMs in distressed and/or underserved census tracts.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

MINNESOTA

CRA RATING FOR MINNESOTA: SATISFACTORY

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MINNESOTA

United Valley Bank maintains the Northern Nonmetropolitan Minnesota and Mahnomen assessment areas in Minnesota. The bank operates five offices and six ATMs in these assessment areas. Details for the individual assessment areas are provided in subsequent sections.

SCOPE OF EVALUATION – MINNESOTA

Examiners reviewed the bank's small farm and small business lending performance in both Minnesota assessment areas; however, home mortgage lending was not reviewed in the Minnesota assessment areas since it is not a lending focus in these areas. Small farm lending received greater weight when drawing overall conclusions as agricultural lending is the bank's primary lending focus, followed by small business lending. The Northern Nonmetropolitan Minnesota Assessment Area received the most weight when arriving at the State rating. Refer to the overall Scope of Evaluation section for additional information.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MINNESOTA

LENDING TEST

United Valley Bank demonstrated reasonable performance under the Lending Test in Minnesota. The bank's geographic distribution and borrower profile performance support this conclusion. Further, the bank's Minnesota performance is consistent with the conclusions for both assessment areas.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout Minnesota. Reasonable performance was noted in the Mahnomen Assessment Area. The Northern Nonmetropolitan Minnesota Assessment Area does not include any low- and moderate-income geographies, and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated in the Northern Nonmetropolitan Minnesota Assessment Area.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms and businesses of different sizes. Reasonable performance was noted in both of the Minnesota assessment areas.

COMMUNITY DEVELOPMENT TEST

United Valley Bank demonstrated adequate responsiveness to the community development needs in the Minnesota assessment areas through community development loans, qualified investments, and community services.

Community Development Loans

United Valley Bank originated 338 community development loans totaling \$17.1 million in Minnesota, which accounts for the majority of the bank's community development lending at 39.1 percent by dollar. This includes 296 PPP loans totaling \$8.0 million and 42 additional community development loans totaling \$9.1 million, all of which promoted economic development and revitalized or stabilized areas. Details regarding the level of community development lending activity for each assessment area within Minnesota are provided under the individual assessment area sections.

Qualified Investments

The bank made 15 qualified investments totaling \$1.1 million in Minnesota, which represents 19.5 percent, by dollar, of all qualified investments. This includes 5 qualified investments totaling \$1.5 million that benefited the broader statewide area. Of this, 2 were small donations to provide community services to low- and moderate-income individuals and to promote economic development; and 3 were bonds totaling \$1.5 million that revitalized or stabilized the area. Details regarding the level of qualified investment activity for each assessment area within Minnesota are provided under the individual assessment area sections.

Community Development Services

Bank representatives provided 21 instances of financial expertise or technical assistance to community development organizations in the assessment area, all to promote economic development or revitalize or stabilize the area. This includes 6 services provided by bank representatives that benefited the broader statewide area, all to promote economic development. Details regarding the level of community development services for each assessment area within Minnesota are provided under the individual assessment area sections

NORTHERN NONMETROPOLITAN MINNESOTA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NORTHERN NONMETROPOLITAN MINNESOTA ASSESSMENT AREA

The Northern Nonmetropolitan Minnesota Assessment Area includes all of Kittson County and the western portion of Marshall County in northwest Minnesota. The assessment area has not changed since the prior evaluation. According to 2015 ACS data, the assessment area is comprised of four middle-income census tracts and one upper-income census tract. Further, CT 901 in Kittson County was designated as distressed and underserved since 2019 and all of Marshall County was designated as underserved from 2019 to 2021 and as distressed in 2020. United Valley Bank operates three offices and two ATMs in this assessment area. Two offices and one ATM are located in middle-income census tracts while one office and ATM are located in an upper-income census tract. Since the prior evaluation, the Lancaster office relocated across the street from its former location. The

relocation did not result in any changes to the bank's assessment area and the branch remains in the same census tract as it was at the prior evaluation.

Economic and Demographic Data

Despite the Northern Nonmetropolitan Minnesota Assessment Area's proximity to the Grand Forks, ND-MN MSA, a majority of the Northern Nonmetropolitan Minnesota Assessment Area is rural and comprises a portion of the Red River Valley. Due to its rural nature and location in the Red River Valley, the assessment area is heavily dependent on agriculture. Management stated that there are some manufacturing businesses in the assessment area, but the more sizeable businesses are agricultural-related. Farmers in the area experienced a few years of low commodity prices; however, prices seem to be strengthening in recent months. Overall yields were slightly down in 2021 due to dry conditions. Nevertheless, management stated that the overall agricultural economy is doing well. Most businesses in the area were not significantly impacted by the effects of the COVID-19 pandemic and management was not aware of any major layoffs or closures. Some smaller businesses, especially local restaurants and hotels, were affected, but hospitality-type businesses are limited in the area and PPP loans helped those businesses stay open. The following table illustrates select demographic characteristics of the assessment area.

| Demographic Information of the Assessment Area | | | | | | |
|---------------------------------------------------------------------------------------------------|--------|---------------|------------------------------|------------------|-----------------|---------------|
| Assessment Area: Northern Nonmetropolitan Minnesota | | | | | | |
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 5 | 0.0 | 0.0 | 80.0 | 20.0 | 0.0 |
| Population by Geography | 11,730 | 0.0 | 0.0 | 82.6 | 17.4 | 0.0 |
| Housing Units by Geography | 6,102 | 0.0 | 0.0 | 81.4 | 18.6 | 0.0 |
| Owner-Occupied Units by Geography | 3,994 | 0.0 | 0.0 | 81.6 | 18.4 | 0.0 |
| Occupied Rental Units by Geography | 978 | 0.0 | 0.0 | 87.0 | 13.0 | 0.0 |
| Vacant Units by Geography | 1,130 | 0.0 | 0.0 | 76.1 | 23.9 | 0.0 |
| Businesses by Geography | 1,010 | 0.0 | 0.0 | 80.5 | 19.5 | 0.0 |
| Farms by Geography | 309 | 0.0 | 0.0 | 75.7 | 24.3 | 0.0 |
| Family Distribution by Income Level | 3,186 | 16.1 | 17.8 | 25.1 | 41.1 | 0.0 |
| Household Distribution by Income Level | 4,972 | 20.6 | 16.7 | 19.1 | 43.5 | 0.0 |
| Median Family Income Non-MSAs - MN | | \$63,045 | Median Housing Value | | | \$83,573 |
| | | | Median Gross Rent | | | \$530 |
| | | | Families Below Poverty Level | | | 5.9% |
| Source: 2015 ACS and 2021 D&B Data. Due to rounding, totals may not equal 100.0% | | | | | | |
| (*) The NA category consists of geographies that have not been assigned an income classification. | | | | | | |

Competition

The Northern Nonmetropolitan Minnesota Assessment Area is competitive for financial services. Per the June 30, 2021 FDIC Deposit Market Share data, 9 financial institutions operate 14 offices within the assessment area. Of these institutions, United Valley Bank ranked 1st with a deposit market share of 22.0 percent.

United Valley Bank is not required to collect or report its small business loan data, and it has not elected not to do so. As such, the analysis of small business loans does not include comparisons against aggregate data; however, the aggregate data is included to demonstrate the level of demand for small business and small farm loans. The 2019 aggregate data, which is the most recent year available, revealed that 13 lenders reported 339 small farm loans and 25 lenders reported 310 small business loans.

Credit and Community Development Needs and Opportunities

Considering information from bank management and demographic and economic data, examiners determined that agricultural lending represents the primary credit need in the assessment area, followed by commercial lending. Furthermore, the assessment area's community development needs are related to economic development and revitalization or stabilization.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NORTHERN NONMETROPOLITAN MINNESOTA ASSESSMENT AREA

LENDING TEST

United Valley Bank demonstrated reasonable performance under the Lending Test in the Northern Nonmetropolitan Minnesota Assessment Area. The bank's borrower profile performance supports this conclusion.

Geographic Distribution

The assessment area does not include any low- and moderate-income geographies, and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms and businesses of different revenue sizes. The bank's reasonable small farm lending performance was given more weight than the excellent small business performance to support this conclusion.

Small Farm Loans

The distribution of borrowers reflects reasonable penetration among farms of different sizes. Although lending to farms with gross annual revenues of \$1 million or less lags the comparable D&B data, there are several mitigating factors explaining the shortfall. Specifically, the 2017 Agriculture Census revealed that 54.0 percent of producers in the counties that comprise the assessment area do not list farming as their primary occupation. Further, the Agriculture Census revealed that 56.0 percent of the farm operations did not report any interest expense. Consequently, many assessment area farmers have off-farm income and do not rely on credit to support their farm operations. Furthermore, management stated that in order to be a viable source of income, the size of farms is increasing. This statement is confirmed by looking at 2019 aggregate data, which represents lenders who are required to report small farm lending activity in the assessment area. The data shows that 66.0 percent of small farm loans were to farms with gross annual revenues of \$1 million or less. Finally, 2 of the 5 small farm loans originated to borrowers with gross annual revenues greater than \$1 million were originated to the same borrower, which slightly skews the data. Given this additional information, the bank's performance is reasonable.

| Distribution of Small Farm Loans by Gross Annual Revenue Category | | | | | |
|-----------------------------------------------------------------------------------|--------------|-----------|--------------|--------------|--------------|
| Assessment Area: Northern Nonmetropolitan Minnesota | | | | | |
| Gross Revenue Level | % of Farms | # | % | \$(000s) | % |
| <=\$1,000,000 | 99.4 | 42 | 89.4 | 6,560 | 89.0 |
| >\$1,000,000 | 0.0 | 5 | 10.6 | 812 | 11.0 |
| Revenue Not Available | 0.6 | 0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 47 | 100.0 | 7,372 | 100.0 |
| Source: 2021 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0% | | | | | |

Small Business Loans

The distribution of borrowers reflects excellent penetration among businesses of different sizes. Specifically, 29 of the 30 sampled small business loans, or 96.7 percent by number, were originated to businesses with gross annual revenues of \$1 million or less. This significantly exceeds the comparable D&B data, which showed that 75.1 percent of business in the assessment area have gross annual revenues of \$1 million or less.

COMMUNITY DEVELOPMENT TEST

United Valley Bank demonstrated adequate responsiveness to the community development needs of the Northern Nonmetropolitan Minnesota Assessment Area through community development loans, qualified investments, and community development services.

Community Development Loans

The bank originated 251 community development loans totaling \$12.6 million in the assessment area, which accounts for 28.9 percent of the bank's community development lending by dollar. Of these loans, 211 totaling \$4.2 million were SBA PPP loans, which promoted economic development and provided revitalization or stabilization of the assessment area. Of the remaining 40 loans, 22 loans totaling \$4.0 million promoted economic development and 18 loans totaling \$4.4 million revitalized or stabilized a distressed and/or underserved geography.

Qualified Investments

The bank made 10 qualified investments totaling \$3,000 in the assessment area, which represents less than 0.1 percent, by dollar, of all qualified investments. All 10 of these qualified investments were donations to revitalize or stabilize a distressed and/or underserved geography.

Community Development Services

Bank representatives provided 15 instances of financial expertise or technical assistance to community development organizations in the assessment area, 6 to organizations that promote economic development and 9 to those that assist in revitalizing or stabilizing the area. In addition, the bank operates two offices in distressed and underserved census tracts in the assessment area.

MAHNOMEN ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN MAHNOMEN ASSESSMENT AREA

The Mahnomen Assessment Area includes all of Mahnomen County, the northern portion of Becker County, the eastern half of Norman County, and the southern portion of Clearwater County in northcentral Minnesota. According to 2015 ACS data, the assessment area is comprised of two moderate- and three middle-income census tracts. Further, census tract 9401 in Mahnomen County has been designated as distressed and underserved since 2019; all of Norman County has been designated as underserved since 2019; and all of Clearwater County was designated as distressed in 2019 and 2020 and underserved since 2019. The institution operates two offices and four ATMs in this assessment area. All of the bank offices and ATMs in this assessment area are located in middle-income census tracts. Since the prior evaluation, the Mahnomen office relocated less than a mile away from its former location into a newly constructed office. The relocation did not result in any changes to the bank’s assessment area and the new branch remains in the same census tract as it was at the prior evaluation.

Economic and Demographic Data

The Mahnomen Assessment Area primarily includes small, rural communities. Many individuals in the area commute to Mahnomen for employment at the Shooting Star Casino, which is one of the area’s largest employers and an economic driver for the area. Due to the nature of the gaming industry, management stated that the area was likely more impacted by the COVID-19 pandemic than some of the other assessment areas. Nevertheless, management was not aware of any major business closures in the Mahnomen area as a result of the pandemic. The quality of the agricultural land in the assessment area is lower and less productive than the land in the Red River Valley, resulting in more affordable land prices for area farmers. Corn and soybeans are the primary crops grown in the area. Management noted that in recent years, prices were slightly down; however, prices seem to be strengthening and yields have remained relatively steady despite some dry conditions in 2021. Overall, management stated that the agricultural economy in the area is doing well. The following table illustrates select demographic characteristics of the assessment area.

| Demographic Information of the Assessment Area | | | | | | |
|---------------------------------------------------------------------------------------------------|--------|---------------|------------------------------|------------------|-----------------|---------------|
| Assessment Area: Mahnomen | | | | | | |
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 5 | 0.0 | 40.0 | 60.0 | 0.0 | 0.0 |
| Population by Geography | 14,834 | 0.0 | 43.0 | 57.0 | 0.0 | 0.0 |
| Housing Units by Geography | 8,463 | 0.0 | 48.6 | 51.4 | 0.0 | 0.0 |
| Owner-Occupied Units by Geography | 4,503 | 0.0 | 42.2 | 57.8 | 0.0 | 0.0 |
| Occupied Rental Units by Geography | 1,216 | 0.0 | 42.2 | 57.8 | 0.0 | 0.0 |
| Vacant Units by Geography | 2,744 | 0.0 | 62.0 | 38.0 | 0.0 | 0.0 |
| Businesses by Geography | 1,002 | 0.0 | 41.1 | 58.9 | 0.0 | 0.0 |
| Farms by Geography | 227 | 0.0 | 35.7 | 64.3 | 0.0 | 0.0 |
| Family Distribution by Income Level | 3,954 | 29.6 | 18.4 | 21.5 | 30.5 | 0.0 |
| Household Distribution by Income Level | 5,719 | 30.2 | 16.7 | 18.1 | 35.0 | 0.0 |
| Median Family Income Non-MSAs - MN | | \$63,045 | Median Housing Value | | | \$113,981 |
| | | | Median Gross Rent | | | \$511 |
| | | | Families Below Poverty Level | | | 15.6% |
| Source: 2015 ACS and 2021 D&B Data Due to rounding, totals may not equal 100.0% | | | | | | |
| (*) The NA category consists of geographies that have not been assigned an income classification. | | | | | | |

Competition

The Mahanomen Assessment Area is highly competitive for financial services, especially given its rural nature. Per the June 30, 2021 FDIC Deposit Market Share data, 20 financial institutions operate 24 offices within the assessment area. Of these institutions, United Valley Bank ranked 4th with a deposit market share of 7.1 percent. Furthermore, there is a high level of demand and competition for small farm and small business loans in the assessment area as evidenced by the 2019 aggregate data, which revealed that 16 lenders reported 248 small farm loans and 42 lenders reported 1,049 small business loans.

Community Contacts

Examiners reviewed two community contact interviews previously conducted with representatives from business development organizations active in the area. The community contacts provided comments on the local economy, indicating that manufacturing, agriculture, healthcare, and tourism remain the primary industries and major sources of employment in the area. One contact noted that the hospitality industry in the area was impacted by the COVID-19 pandemic, as some restaurants had to close their doors. Additionally, while some of the local manufacturing jobs experienced significant layoffs, one contact noted that those jobs have been returning as the pandemic progresses. A contact stated that Mahanomen County saw significant unemployment due to the casino temporarily closing its doors as a result of the pandemic. Finally, on the White Earth Indian Reservation, there are a few large grain farming operations and non-trust land. Overall, the contacts stated that local financial institutions are meeting the area's credit needs.

Credit and Community Development Needs and Opportunities

Considering information from the community contacts, bank management, and demographic and economic data, examiners determined that agricultural lending presents the primary credit need in the assessment area, followed by commercial lending. Furthermore, the assessment area's community development needs are primarily related to community services and revitalization or stabilization.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MAHNOMEN ASSESSMENT AREA

LENDING TEST

United Valley Bank demonstrated reasonable performance under the Lending Test in the Mahnomen Assessment Area. The bank's geographic distribution and borrower profile performance supports this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's reasonable small farm and small business lending performance supports this conclusion.

Small Farm

As shown in the following table, the geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area when compared to D&B data.

| Geographic Distribution of Small Farm Loans | | | | | |
|-----------------------------------------------------------------------------------------------|-------------------|-----------|--------------|-----------------|--------------|
| Assessment Area: Mahnomen | | | | | |
| Tract Income Level | % of Farms | # | % | \$(000s) | % |
| Low | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate | 35.7 | 14 | 33.3 | 1,164 | 28.1 |
| Middle | 64.3 | 28 | 66.7 | 2,984 | 71.9 |
| Upper | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Not Available | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Totals | 100.0 | 42 | 100.0 | 4,148 | 100.0 |
| <i>Source: 2021 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i> | | | | | |

Small Business

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. Although the bank's performance in lending to businesses in the moderate-income geographies is slightly below demographics, the bank's performance is reasonable when considering the level of competition for small business loans in the assessment area.

| Geographic Distribution of Small Business Loans | | | | | |
|----------------------------------------------------------------------------------|-----------------|-----------|--------------|--------------|--------------|
| Assessment Area: Mahnomen | | | | | |
| Tract Income Level | % of Businesses | # | % | \$(000s) | % |
| Low | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate | 41.1 | 6 | 31.6 | 435 | 21.4 |
| Middle | 58.9 | 13 | 68.4 | 1,594 | 78.6 |
| Upper | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Not Available | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Totals | 100.0 | 19 | 100.0 | 2,029 | 100.0 |
| Source: 2021 D&B Data; Bank Data Due to rounding, totals may not equal 100.0% | | | | | |

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms and businesses of different revenue sizes. The bank's reasonable small farm and small business lending performance supports this conclusion.

Small Farm

The distribution of borrowers reflects reasonable penetration among farms with gross annual revenues of \$1 million or less when compared to D&B data.

| Distribution of Small Farm Loans by Gross Annual Revenue Category | | | | | |
|-----------------------------------------------------------------------------------|--------------|-----------|--------------|--------------|--------------|
| Assessment Area: Mahnomen | | | | | |
| Gross Revenue Level | % of Farms | # | % | \$(000s) | % |
| <=\$1,000,000 | 96.9 | 27 | 90.0 | 2,217 | 80.8 |
| >\$1,000,000 | 2.2 | 3 | 10.0 | 526 | 19.2 |
| Revenue Not Available | 0.9 | 0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 30 | 100.0 | 2,743 | 100.0 |
| Source: 2021 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0% | | | | | |

Small Business

The distribution of borrowers reflects reasonable penetration among businesses with gross annual revenues of \$1 million or less when compared to D&B data, which is shown in the following table.

| Distribution of Small Business Loans by Gross Annual Revenue Category | | | | | |
|-----------------------------------------------------------------------------------|-----------------|-----------|--------------|--------------|--------------|
| Assessment Area: Mahanomen | | | | | |
| Gross Revenue Level | % of Businesses | # | % | \$(000s) | % |
| <=\$1,000,000 | 84.6 | 15 | 78.9 | 1,044 | 63.9 |
| >\$1,000,000 | 3.1 | 4 | 21.1 | 589 | 36.1 |
| Revenue Not Available | 12.3 | 0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 19 | 100.0 | 1,633 | 100.0 |
| Source: 2021 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0% | | | | | |

COMMUNITY DEVELOPMENT TEST

United Valley Bank demonstrated adequate responsiveness to the community development needs of the Mahanomen Assessment Area through community development loans, qualified investments, and community development services.

Community Development Loans

The bank originated 87 community development loans totaling \$4.5 million in the assessment area, which accounts for 10.2 percent of the bank's community development lending by dollar. Of these loans, 85 totaling \$3.8 million were SBA PPP loans, which provided revitalization or stabilization of the assessment area. The remaining 2 loans, totaling \$650,000 also promoted revitalization or stabilization.

Qualified Investments

The bank made 5 qualified investments totaling \$1.1 million in the assessment area, including 1 prior period investment totaling \$125,000, 2 current period investments totaling \$1.0 million, and 2 donations totaling \$400. Of these qualified investments, 3 totaling \$125,000 were to organizations that provide community services to low- and moderate-income individuals; and 2 totaling \$1.0 million provided revitalization or stabilization of the assessment area. The level of qualified investments in the Mahanomen Assessment Area accounts for 19.5 percent, by dollar, of all qualified investments.

Community Development Services

Bank representatives provided six instances of financial expertise or technical assistance to community development organizations in the assessment area, all to organizations that provide community services to low- and moderate-income individuals. In addition, the bank operates two offices in distressed and underserved census tracts in the assessment area.

GRAND FORKS, ND-MN MSA

CRA RATING FOR GRAND FORKS, ND-MN MSA: SATISFACTORY

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN GRAND FORKS, ND-MN MSA

This assessment area includes all of the Grand Forks, ND-MN MSA, which is comprised of Grand Forks County in North Dakota and Polk County in Minnesota. The assessment area has not changed since the prior evaluation. According to 2015 ACS data, the assessment area consists of 1 low-, 5 moderate-, 18 middle-, and 4 upper-income census tracts. Within this assessment area, United Valley Bank operates 3 offices: Grand Forks (2) and Crookston (new office). The bank also operates 2 ATMs in the assessment area. All of the bank's branches and ATMs in this assessment area are located in middle-income census tracts.

Economic and Demographic Data

Bank management stated that the area's economy felt the impact of the COVID-19 pandemic more than some of the other rural markets due to the larger population and higher number of hospitality-based businesses in the Grand Forks, ND-MN MSA. According to the Bureau of Labor Statistics, the area's unemployment rate spiked to 8.8 percent in April 2020; a 5.0 percent increase from the month prior. Although the unemployment rate has since come back down, many businesses struggle to find and retain employees, which has resulted in some businesses having to close or limit their hours. Management noted that supply chain issues and equipment shortage have also resulted in very high farm equipment prices. As the assessment area is located within the Red River Valley, the agricultural economy is similar to that discussed in the Northern Nonmetropolitan Minnesota and Cavalier assessment area sections. The following table illustrates select demographic characteristics of the assessment area.

| Demographic Information of the Assessment Area | | | | | | |
|---------------------------------------------------------------------------------------------------|---------|---------------|------------------------------|------------------|-----------------|---------------|
| Assessment Area: Grand Forks, ND-MN MSA | | | | | | |
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 28 | 3.6 | 17.9 | 64.3 | 14.3 | 0.0 |
| Population by Geography | 100,526 | 5.5 | 20.1 | 56.4 | 18.0 | 0.0 |
| Housing Units by Geography | 45,371 | 2.9 | 21.2 | 60.1 | 15.7 | 0.0 |
| Owner-Occupied Units by Geography | 23,457 | 0.3 | 15.0 | 61.9 | 22.7 | 0.0 |
| Occupied Rental Units by Geography | 17,787 | 5.9 | 29.6 | 56.6 | 7.9 | 0.0 |
| Vacant Units by Geography | 4,127 | 4.5 | 20.3 | 65.2 | 10.0 | 0.0 |
| Businesses by Geography | 8,374 | 2.1 | 16.0 | 56.9 | 25.0 | 0.0 |
| Farms by Geography | 807 | 0.0 | 10.8 | 73.6 | 15.6 | 0.0 |
| Family Distribution by Income Level | 23,958 | 20.2 | 19.0 | 21.1 | 39.7 | 0.0 |
| Household Distribution by Income Level | 41,244 | 26.0 | 14.0 | 18.1 | 41.9 | 0.0 |
| Median Family Income MSA - 24220 Grand Forks, ND-MN MSA | | \$70,827 | Median Housing Value | | | \$150,403 |
| | | | Median Gross Rent | | | \$741 |
| | | | Families Below Poverty Level | | | 8.6% |
| Source: 2015 ACS and 2021 D&B Data Due to rounding, totals may not equal 100.0% | | | | | | |
| (*) The NA category consists of geographies that have not been assigned an income classification. | | | | | | |

Despite the COVID-19 pandemic, management stated that the area experienced record numbers in real estate sales the last few years due to the low interest rate environment. However, supply chain issues for new construction projects combined with a limited supply of available homes in the area has caused home prices to increase significantly. The following table presents the 2020 and 2021 FFIEC-estimated median family income levels for the Grand Forks, ND-MN MSA.

| Median Family Income Ranges | | | | |
|-----------------------------|-------------|-------------------------|------------------------|----------------|
| Median Family Incomes | Low <50% | Moderate 50% to <80% | Middle 80% to <120% | Upper ≥120% |
| 2020 (\$89,200) | <\$44,600 | \$44,600 to <\$71,360 | \$71,360 to <\$107,040 | ≥\$107,040 |
| 2021 (\$80,000) | <\$40,000 | \$40,000 to <\$64,000 | \$64,000 to <\$96,000 | ≥\$96,000 |
| Source: FFIEC | | | | |

Competition

The Grand Forks, ND-MN MSA is highly competitive for financial services. According to the June 30, 2021 FDIC Deposit Market Share data, 19 FDIC-insured financial institutions operate 40 offices within the MSA. Of these institutions, United Valley Bank ranked 10th with a deposit market share of 3.9 percent. Furthermore, there is a strong level of demand and competition for home mortgage loans within the assessment area as evidenced by the 2020 Peer Mortgage Data. While United Valley Bank is not required to report its home mortgage data and therefore, not compared to the Peer Mortgage Data, the data gives support to the level of competition present. In 2020, 159

financial institutions originated 4,313 home mortgage loans within the Grand Forks, ND-MN MSA. Finally, there is a high level of demand and competition for small business and small farm loans in the assessment area as evidenced by the 2019 aggregate data, which showed that 52 lenders reported 1,812 small business loans and 17 lenders reported 631 small farm loans.

Community Contact

Examiners reviewed a community contact interview previously conducted with an individual familiar with commercial activity in the assessment area. The community contact provided comments on the local economy, indicating that manufacturing, agriculture, and healthcare are the primary industries in the area. The contact stated that the COVID-19 pandemic impacted many local businesses due to the labor shortage and supply chain issues. Moreover, some residents commute to Grand Forks, ND for employment while others commute from Grand Forks to work in Crookston, MN or Thief River Falls, MN. The contact also discussed the housing shortage in the area and mentioned that real estate prices have recently increased and construction has been difficult due to increased building costs and supply chain issues.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that commercial and home mortgage lending represent the primary credit needs in the assessment area, followed by agricultural lending. Furthermore, the assessment area's community development needs are primarily related to affordable housing, community services, and economic development.

SCOPE OF EVALUATION – GRAND FORKS, ND-MN MSA

Examiners reviewed the bank's small business, home mortgage, and small farm lending performance in the Grand Forks, ND-MN MSA, as these products are all lending focuses in the assessment area. When drawing overall conclusions, small business lending received the most weight, followed by home mortgage and small farm lending. Refer to the overall Scope of Evaluation section for additional information.

CONCLUSIONS ON PERFORMANCE CRITERIA IN GRAND FORKS, ND-MN MSA

LENDING TEST

United Valley Bank demonstrated reasonable performance under the Lending Test in the Grand Forks, ND-MN MSA. The bank's geographic distribution and borrower profile performance supports this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's reasonable small business, small farm, and home mortgage lending performance supports this conclusion.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. As shown in the following table, United Valley Bank did not originate any small business loans to commercial entities operating in the low-income census tract; however, very few businesses are located in this geography. The low-income census tract contains neighborhoods and areas that help make up the campus of the University of North Dakota. As such, this low-income geography would provide limited small business lending opportunity.

The bank's small business lending performance to commercial borrowers operating in the moderate-income census tracts is slightly less than the comparable D&B data. There are five moderate-income geographies within the Grand Forks, ND-MN MSA with certain lending limitations present. One moderate-income census tract in Grand Forks County wholly encompasses the Grand Forks Air Force Base. Lending opportunities in this area would be limited for a community bank. Another moderate-income census tract includes neighborhoods and areas that help make up the campus of the University of North Dakota. Further, moderate-income census tracts in Polk County are geographically located within the cities of Crookston and Fosston, Minnesota. Prior to the recent acquisition, both areas were fairly significant distances from the bank's closest branch office in Grand Forks. Additionally, competition for small business loans is a factor in this assessment area.

| Geographic Distribution of Small Business Loans | | | | | |
|--------------------------------------------------------|------------------------|-----------|--------------|-----------------|--------------|
| Assessment Area: Grand Forks ND-MN MSA | | | | | |
| Tract Income Level | % of Businesses | # | % | \$(000s) | % |
| Low | 2.1 | 0 | 0.0 | 0 | 0.0 |
| Moderate | 16.0 | 8 | 10.1 | 479 | 4.9 |
| Middle | 56.9 | 52 | 65.8 | 5,742 | 58.2 |
| Upper | 25.0 | 19 | 24.1 | 3,639 | 36.9 |
| Not Available | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Totals | 100.0 | 79 | 100.0 | 9,860 | 100.0 |
| <i>Source: 2021 D&B Data; Bank Data</i> | | | | | |
| <i>Due to rounding, totals may not equal 100.0%</i> | | | | | |

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. The bank did not originate any home mortgage loans to borrowers in the low-income census tract; however, this is reasonable given the extremely low percentage of owner-occupied housing units in this geography. As indicated below, lending in the moderate-income census tracts exceeds the comparable D&B data.

| Geographic Distribution of Home Mortgage Loans Assessment Area: Grand Forks ND-MN MSA | | | | | |
|--------------------------------------------------------------------------------------------------------|------------------------------------------|-----------|--------------|-----------------|--------------|
| Tract Income Level | % of Owner-Occupied Housing Units | # | % | \$(000s) | % |
| Low | 0.3 | 0 | 0.0 | 0 | 0.0 |
| Moderate | 15.0 | 5 | 20.0 | 1,002 | 22.5 |
| Middle | 61.9 | 18 | 72.0 | 2,581 | 58.1 |
| Upper | 22.7 | 2 | 8.0 | 863 | 19.4 |
| Not Available | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 25 | 100.0 | 4,446 | 100.0 |
| <i>Source: 2015 ACS, Bank Data</i> <i>Due to rounding, totals may not equal 100.0%</i> | | | | | |

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. The bank's performance is comparable to D&B data, as shown in the following table.

| Geographic Distribution of Small Farm Loans Assessment Area: Grand Forks ND-MN MSA | | | | | |
|-----------------------------------------------------------------------------------------------------|-------------------|-----------|--------------|-----------------|--------------|
| Tract Income Level | % of Farms | # | % | \$(000s) | % |
| Low | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate | 10.8 | 4 | 9.3 | 429 | 5.8 |
| Middle | 73.6 | 39 | 90.7 | 6,919 | 94.2 |
| Upper | 15.6 | 0 | 0.0 | 0 | 0.0 |
| Not Available | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Totals | 100.0 | 43 | 100.0 | 7,348 | 100.0 |
| <i>Source: 2021 D&B Data; Bank Data.</i> <i>Due to rounding, totals may not equal 100.0%</i> | | | | | |

Borrower Profile

The distribution of borrowers reflects reasonable penetration among businesses and farms of different revenue sizes and individuals of different income levels. The bank's reasonable small business, home mortgage, and small farm lending performance supports this conclusion.

Small Business

The distribution of borrowers reflects reasonable penetration among businesses of different sizes throughout the assessment area. Although slightly less than D&B data, the bank's performance in lending to businesses with gross annual revenues less than or equal to \$1 million is comparable.

| Distribution of Small Business Loans by Gross Annual Revenue Category | | | | | |
|-----------------------------------------------------------------------------------|-----------------|-----------|--------------|--------------|--------------|
| Assessment Area: Grand Forks ND-MN MSA | | | | | |
| Gross Revenue Level | % of Businesses | # | % | \$(000s) | % |
| <=\$1,000,000 | 80.1 | 31 | 75.6 | 2,772 | 50.5 |
| >\$1,000,000 | 5.5 | 10 | 24.4 | 2,722 | 49.5 |
| Revenue Not Available | 14.4 | 0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 41 | 100.0 | 5,494 | 100.0 |
| Source: 2021 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0% | | | | | |

Home Mortgage

The distribution of borrowers reflects reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers. As shown in the following table, the bank's performance of lending to low-income borrowers is lower than D&B data. However, the bank's performance of lending to moderate-income borrowers significantly exceeds the comparable demographic data. Overall, the bank's performance is reasonable.

| Distribution of Home Mortgage Loans by Borrower Income Level | | | | | |
|-----------------------------------------------------------------------------|---------------|-----------|--------------|--------------|--------------|
| Assessment Area: Grand Forks ND-MN MSA | | | | | |
| Borrower Income Level | % of Families | # | % | \$(000s) | % |
| Low | 20.2 | 3 | 12.0 | 139 | 3.1 |
| Moderate | 19.0 | 8 | 32.0 | 1,614 | 36.3 |
| Middle | 21.1 | 5 | 20.0 | 580 | 13.0 |
| Upper | 39.7 | 9 | 36.0 | 2,113 | 47.5 |
| Not Available | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 25 | 100.0 | 4,446 | 100.0 |
| Source: 2015 ACS; Bank Data Due to rounding, totals may not equal 100.0% | | | | | |

Small Farm

The distribution of borrowers reflects reasonable penetration among farms of different sizes. The bank's performance lags D&B data. However, aggregate data also provides an indicator of loan demand in the assessment area. Specifically, 2019 aggregate data shows that 58.8 percent of small farm loans were to farms with gross annual revenues of \$1 million or less. Given this additional context information, the bank's performance is reasonable.

| Distribution of Small Farm Loans by Gross Annual Revenue Category Assessment Area: Grand Forks ND-MN MSA | | | | | |
|---------------------------------------------------------------------------------------------------------------------------|-------------------|-----------|--------------|-----------------|--------------|
| Gross Revenue Level | % of Farms | # | % | \$(000s) | % |
| <=\$1,000,000 | 96.3 | 18 | 60.0 | 2,861 | 56.8 |
| >\$1,000,000 | 3.1 | 11 | 36.7 | 2,152 | 42.7 |
| Revenue Not Available | 0.6 | 1 | 3.3 | 25 | 0.5 |
| Total | 100.0 | 30 | 100.0 | 5,038 | 100.0 |
| <i>Source: 2021 D&B Data, Bank Data.</i> <i>Due to rounding, totals may not equal 100.0%</i> | | | | | |

COMMUNITY DEVELOPMENT TEST

United Valley Bank demonstrated adequate responsiveness to the community development needs of the Grand Forks, ND-MN MSA through community development loans, qualified investments, and community development services.

Community Development Loans

United Valley Bank originated 213 community development loans totaling approximately \$13.9 million in the Grand Forks, ND-MN MSA, which accounts for 31.8 percent of the bank's community development lending by dollar. Of these loans, 2 loans totaling \$1.0 million were for affordable housing. The remaining 211 loans were PPP loans totaling \$12.9 million which promoted economic development or revitalized or stabilized a low- or moderate-income geography.

Qualified Investments

The bank made 24 qualified investments totaling \$1.0 million in the assessment area, which represents 17.8 percent, by dollar, of all qualified investments. Of these qualified investments, 3 were bonds totaling \$995,000 to a school district located in a moderate-income geography. The remaining qualified investments were 15 donations totaling \$4,000 to organizations that provide community services to low- or moderate-income individual, 3 donations totaling \$3,000 helped to promote economic development, and 3 donations totaling \$26,000 assisted in revitalizing or stabilizing a low- or moderate-income geography.

Community Development Services

Bank representatives provided three instances of financial expertise or technical assistance to community development organizations in the assessment area, all to promote economic development. While adequate at the current evaluation, this performance is considered limited, especially for a metropolitan area.

NORTH DAKOTA

CRA RATING FOR NORTH DAKOTA: SATISFACTORY

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NORTH DAKOTA

United Valley Bank has designated the Cavalier Assessment Area as its sole assessment area in North Dakota. The assessment area includes all of Pembina County in northeastern North Dakota and has not changed since the prior evaluation. According to 2015 ACS data, the Cavalier Assessment Area consists of two moderate- and three middle-income census tracts. In this assessment area, United Valley Bank operates its main office and one ATM, both in Cavalier.

Economic and Demographic Data

The Cavalier Assessment Area is rural in nature and includes a portion of the Red River Valley. Most individuals who live in Pembina County work in Cavalier, as that is the hub in the area. Moreover, the assessment area's proximity to the Canadian border also attracts individuals to the area for some higher-paying government jobs. Despite this, management stated that the population trends in Pembina County are negative, but that the population decline in Cavalier has slowed and is starting to recover. Due to its rural nature and location in the Red River Valley, the assessment area is heavily dependent on agriculture. Management stated that there are some manufacturing businesses in the assessment area, but the more sizeable businesses are agricultural related. Commodity prices were down but seem to be strengthening in recent months, and yields were slightly down in 2021 due to dry conditions. Nevertheless, the overall agricultural economy in the area is doing well. Most businesses in the area were not significantly impacted by the effects of the COVID-19 pandemic, aside from some local restaurants and hotels. However, PPP loans helped the hospitality-based businesses stay open and management was not aware of any major layoffs or closures in the area. The following table illustrates select demographic characteristics of the assessment area.

| Demographic Information of the Assessment Area | | | | | | |
|---------------------------------------------------------------------------------------------------|-------|---------------|------------------------------|------------------|-----------------|---------------|
| Assessment Area: Cavalier | | | | | | |
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 5 | 0.0 | 40.0 | 60.0 | 0.0 | 0.0 |
| Population by Geography | 7,206 | 0.0 | 41.2 | 58.8 | 0.0 | 0.0 |
| Housing Units by Geography | 3,871 | 0.0 | 41.6 | 58.4 | 0.0 | 0.0 |
| Owner-Occupied Units by Geography | 2,567 | 0.0 | 40.5 | 59.5 | 0.0 | 0.0 |
| Occupied Rental Units by Geography | 718 | 0.0 | 46.0 | 54.0 | 0.0 | 0.0 |
| Vacant Units by Geography | 586 | 0.0 | 41.0 | 59.0 | 0.0 | 0.0 |
| Businesses by Geography | 857 | 0.0 | 42.5 | 57.5 | 0.0 | 0.0 |
| Farms by Geography | 192 | 0.0 | 34.4 | 65.6 | 0.0 | 0.0 |
| Family Distribution by Income Level | 2,067 | 20.8 | 19.7 | 24.6 | 34.9 | 0.0 |
| Household Distribution by Income Level | 3,285 | 25.5 | 18.1 | 20.1 | 36.3 | 0.0 |
| Median Family Income Non-MSAs - ND | | \$72,414 | Median Housing Value | | | \$78,354 |
| | | | Median Gross Rent | | | \$446 |
| | | | Families Below Poverty Level | | | 4.4% |
| Source: 2015 ACS and 2021 D&B Data Due to rounding, totals may not equal 100.0% | | | | | | |
| (*) The NA category consists of geographies that have not been assigned an income classification. | | | | | | |

Competition

The Cavalier Assessment Area is moderately competitive for financial services. According to FDIC Deposit Market Share data as of June 30, 2021, 5 FDIC-insured institutions operate 10 offices within the assessment area. Of these institutions, United Valley Bank ranked 2nd with a deposit market share of 23.4 percent. Furthermore, there is demand and competition for small farm and small business loans in the assessment area as evidenced by the 2019 aggregate data, which revealed that 9 lenders reported 72 small farm loans and 26 lenders reported 119 small business loans.

Credit and Community Development Needs and Opportunities

Considering information from bank management and demographic and economic data, examiners determined that agricultural lending represents the primary credit need in the assessment area, followed by commercial lending. Furthermore, the assessment area's community development needs are primarily related to economic development and revitalization or stabilization.

SCOPE OF EVALUATION – NORTH DAKOTA

Examiners reviewed the bank's small farm and small business lending performance in the Cavalier Assessment Area. Home mortgage lending was not reviewed since it is not a lending focus in this area. Small farm lending received greater weight when drawing overall conclusions as agricultural lending is the bank's primary lending focus in this assessment area, followed by small business lending. Refer to the overall Scope of Evaluation section for additional information.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NORTH DAKOTA

LENDING TEST

United Valley Bank demonstrated reasonable performance under the Lending Test in the Cavalier Assessment Area. The bank's reasonable geographic distribution and borrower profile performance support this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's reasonable small farm and small business lending performance supports this conclusion.

Small Farm

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area when compared to D&B data.

| Geographic Distribution of Small Farm Loans | | | | | |
|-----------------------------------------------------------------------------------|--------------|-----------|--------------|--------------|--------------|
| Assessment Area: Cavalier | | | | | |
| Tract Income Level | % of Farms | # | % | \$(000s) | % |
| Low | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate | 34.4 | 19 | 38.8 | 3,399 | 40.7 |
| Middle | 65.6 | 30 | 61.2 | 4,951 | 59.3 |
| Upper | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Not Available | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Totals | 100.0 | 49 | 100.0 | 8,350 | 100.0 |
| Source: 2021 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0% | | | | | |

Small Business

As shown in the following table, the geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area when compared to D&B data.

| Geographic Distribution of Small Business Loans | | | | | |
|--------------------------------------------------------------------------------|-----------------|-----------|--------------|--------------|--------------|
| Assessment Area: Cavalier | | | | | |
| Tract Income Level | % of Businesses | # | % | \$(000s) | % |
| Low | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate | 42.5 | 7 | 38.9 | 835 | 36.8 |
| Middle | 57.5 | 11 | 61.1 | 1,431 | 63.2 |
| Upper | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Not Available | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Totals | 100.0 | 18 | 100.0 | 2,266 | 100.0 |
| Source: 2021 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0% | | | | | |

Borrower Profile

The distribution of borrowers reflects reasonable penetration among farms and businesses of different revenue sizes. The bank's reasonable small farm and small business lending performance supports this conclusion.

Small Farm

The distribution of borrowers reflects reasonable penetration among farms with gross annual revenues of \$1 million or less. Although the bank's lending performance lags the comparable D&B data, there are several mitigating factors explaining the shortfall. Management stated that in order to be a viable source of income, the size of farms is increasing. This statement is confirmed by looking at 2019 aggregate data, which shows that 22.5 percent of small farm loans were to farms with gross annual revenues of \$1 million or less. Furthermore, the 2017 Agriculture Census revealed that 33.6 percent of producers in Pembina County do not list farming as their primary occupation and 44.7 percent of farm operations did not report any interest expense, indicating a lower opportunity for the bank to lend to smaller operations. Finally, 4 of the 9 small farm loans originated to borrowers with gross annual revenues greater than \$1 million were originated to two different borrowers, which slightly skews the data. Given this additional information, the bank's performance is reasonable.

| Distribution of Small Farm Loans by Gross Annual Revenue Category | | | | | |
|-----------------------------------------------------------------------------------------------|-------------------|-----------|--------------|-----------------|--------------|
| Assessment Area: Cavalier | | | | | |
| Gross Revenue Level | % of Farms | # | % | \$(000s) | % |
| <=\$1,000,000 | 96.9 | 21 | 70.0 | 2,877 | 59.7 |
| >\$1,000,000 | 2.1 | 9 | 30.0 | 1,946 | 40.3 |
| Revenue Not Available | 1.0 | 0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 30 | 100.0 | 4,823 | 100.0 |
| <i>Source: 2021 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%</i> | | | | | |

Small Business

The distribution of borrowers reflects reasonable penetration among businesses with gross annual revenues of \$1 million or less. As shown in the following table, the bank's performance lags the comparable D&B data. However, revenue information was not available on 18.4 percent of the assessment area's businesses. Finally, 3 of the 7 small business loans originated to businesses with gross annual revenues greater than \$1 million were to the same business, greatly skewing the data given the small universe size.

| Distribution of Small Business Loans by Gross Annual Revenue Category | | | | | |
|-----------------------------------------------------------------------------------|-----------------|-----------|--------------|--------------|--------------|
| Assessment Area: Cavalier | | | | | |
| Gross Revenue Level | % of Businesses | # | % | \$(000s) | % |
| <=\$1,000,000 | 74.8 | 11 | 61.1 | 451 | 19.9 |
| >\$1,000,000 | 6.8 | 7 | 38.9 | 1,815 | 80.1 |
| Revenue Not Available | 18.4 | 0 | 0.0 | 0 | 0.0 |
| Total | 100.0 | 18 | 100.0 | 2,266 | 100.0 |
| Source: 2021 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0% | | | | | |

COMMUNITY DEVELOPMENT TEST

United Valley Bank demonstrated adequate responsiveness to the community development needs in the Cavalier Assessment Area through community development loans, qualified investments, and community services.

Community Development Loans

United Valley Bank originated 104 community development loans totaling approximately \$5.3 million in the Cavalier Assessment Area, which accounts for 12.0 percent of the bank's community development lending by dollar. This includes 99 PPP loans totaling \$4.6 million, all of which provided revitalization or stabilization of the assessment area. This activity also includes 5 loans totaling \$5.0 million that benefited the broader statewide area by providing affordable housing, 1 loan totaling \$3.5 million, and promoting economic development, 4 loans totaling \$1.5 million.

Qualified Investments

The bank made 13 qualified investments totaling \$379,000 in the Cavalier Assessment Area, including 2 prior period investments totaling \$371,907 and 11 donations totaling \$6,800. Of these qualified investments, the two prior period investments and 10 donations totaling \$6,700 were to revitalize or stabilize the area. One donation totaling \$100 was also made to an organization that supports community services targeted to low- and moderate-income individuals. The level of qualified investments in the Cavalier Assessment Area represents 6.6 percent, by dollar, of all qualified investments. The bank also made 6 qualified investments totaling \$449,325 that benefited the broader statewide area in North Dakota. Of these, 3 were donations totaling \$1,264 to provide community services to low- and moderate-income individuals; and 3 were bonds totaling \$448,061 that provided revitalization or stabilization of the area.

Community Development Services

Bank representatives provided 15 instances of financial expertise or technical assistance to community development organizations in the assessment area. Of these services, 6 were to organizations that provide affordable housing and 9 were to organizations that promote revitalization or stabilization of the area. In addition, the bank's main office is located in a moderate-income census tract.

APPENDICES

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

SUMMARY OF RATINGS FOR RATED AREAS

| Rated Area | Lending Test | Community Development Test | Rating |
|------------------------|--------------|----------------------------|--------------|
| Grand Forks, ND-MN MSA | Satisfactory | Satisfactory | Satisfactory |
| Minnesota | Satisfactory | Satisfactory | Satisfactory |
| North Dakota | Satisfactory | Satisfactory | Satisfactory |

GLOSSARY

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 area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

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

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography 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 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent 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 non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family 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).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

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

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited-scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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 area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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

Small Farm Loan: 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating 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 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.