

PUBLIC DISCLOSURE

March 3, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Belt Valley Bank
RSSD #223751

111 Castner Street
Belt, MT 59412

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

NOTE: This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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INSTITUTION'S CRA RATING

Belt Valley Bank (the bank) is rated **Satisfactory**. This rating is based on the following conclusions with respect to the performance criteria:

- The bank's net loan-to-deposit ratio (NLTD) is more than reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A majority of the bank's loans are originated inside the AA.
- A reasonable dispersion of loans occur throughout the bank's AA.
- Lending reflects an excellent penetration among individuals of different income levels, including low- and moderate-income (LMI), and farms of different sizes.
- Neither the bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

SCOPE OF EXAMINATION

The Federal Financial Institutions Examination Council's (FFIEC) Interagency Examination Procedures for Small Institutions were utilized to evaluate the bank's CRA performance. The evaluation considered the CRA performance context, including the bank's asset size, financial condition, business strategy, and market competition, as well as AA demographic and economic characteristics and credit needs. Lending performance was assessed within the bank's Belt, Montana, AA. The following data was reviewed:

- The bank's 17-quarter average NLTD ratio.
- The bank's universe of home mortgage loans reported under the Home Mortgage Disclosure Act (HMDA) originated between January 1, 2015, and December 31, 2018. Examiners reviewed the bank's 2015 and 2016 data for consistency with its 2017 and 2018 data but did not include a detailed analysis of the 2015 and 2016 data in this evaluation.
- A statistical sample of 42 small farm loans and 67 consumer loans originated between January 1, 2019, and December 31, 2019, as well as applicable demographic and aggregate data.

Examiners weighted small farm loans, consumer loans, and residential real estate loans equally, based on the bank's origination volume and loan portfolio concentration. With respect to the five core criteria, examiners placed the greatest weight on geographic and borrower distribution.

DESCRIPTION OF INSTITUTION

Belt Valley Bank is a community bank located in Belt, Montana. The bank's characteristics include the following:

- The bank has total assets of \$65.6 million as of December 31, 2019.
- The bank has no affiliates or subsidiaries.
- The bank's operations are centralized at its only location. The bank's main office includes a drive-up facility.

- The bank considers its primary business focus to be small farm lending. The bank also provides consumer, residential real estate, and commercial loans throughout the AA.
- The dollar volume of residential real estate loans increased 45% since the last examination.

Loan Type	\$(000)	%
Residential Real Estate	19,924	35.4
Commercial	17,192	30.5
Agricultural	17,099	30.3
Consumer	2,130	3.8
Other	23	>0.1
Gross Loans	56,368	100.0

Note: Percentages may not total 100.0 due to rounding.

The bank was rated Satisfactory under the CRA at its December 1, 2015, performance evaluation. There are no known legal, financial, or other factors impeding the bank’s ability to meet the credit needs in its communities.

DESCRIPTION OF ASSESSMENT AREA

The bank’s AA comprises Cascade County (Great Falls, MT, MSA), Judith Basin County, and census tract 103 in Chouteau County (see Appendix A for an AA map).

- The AA’s delineation has changed since the previous examination. At the previous examination, the AA included only part of Cascade County. The AA now consists of all of Cascade County, which includes 22 census tracts comprising 5 moderate-income, 13 middle-income, and 4 upper-income census tracts.
- Judith Basin County consists of 1 middle-income tract, listed as distressed and underserved since the previous examination. Chouteau County consists of 2 census tracts, but only tract 103 is part of the AA. This census tract is moderate income.
- The AA does not include any low-income census tracts.
- According to the June 30, 2019, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank ranks seventh out of 11 FDIC-insured financial institutions with offices in Cascade, Judith Basin, and Chouteau counties, with 3.1% of the deposits.

Area	2010 Population	2015 Population	% Change
Chouteau County	5,813	5,855	0.7
Judith Basin County	2,072	1,997	(3.6)
Great Falls MT MSA	81,327	82,090	0.9
State of Montana	989,415	1,014,699	2.6

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

- The population of the AA has remained stable since the 2010 census. The modest growth in population is comparable to the growth rate for the state of Montana.
- The Great Falls, MT MSA is a regional trade center. A community contact and bank management indicated that Great Falls is a hub for medical, government, retail, and military enterprises. The Great Falls job market is stable, but a community contact noted that there is a shortage of skilled workers to fill job openings. The contact indicated that unemployment is low. Most low-wage jobs are in the service sector, while higher-wage jobs are in the military or medical professions.
- Judith Basin County has limited employment opportunities outside of agriculture. The recent development of wind farms has provided needed cash infusions into the county.
- The Chouteau County economy is stable. Agriculture is the main industry, and the major employers are the city and county governments. The Rocky Boy’s reservation is located in the northeast corner of Chouteau County. The reservation is approximately 80 miles from Belt, making the county seat, Fort Benton, a closer destination for financial services.

Area	2010 Median Family Income	2015 Median Family Income	% Change
Chouteau County	\$50,201	\$48,583	(3.2)
Judith Basin County	\$54,479	\$55,625	2.1
Great Falls MT MSA	\$53,540	\$58,102	8.5
State of Montana	\$55,725	\$61,271	10.0

- The median family income for the AA is slightly below that for the state of Montana. The median family income for the Great Falls MSA has increased likely because of a shortage of both unskilled and skilled workers. The median family income for the Great Falls MSA has increased by 8.5% but the growth is lower than for the state of Montana, which increased by 10%.
- Based on the 2019 FFIEC adjusted census data, the percentage of families living below the poverty line in the AA is 11.6%, which is above the state percentage of 9.9%.

Area	Median Housing Value		% Change	Median Gross Rent		% Change
	2010	2015		2010	2015	
Chouteau County	\$107,000	\$123,800	15.7	\$392	\$424	8.2
Judith Basin County	\$101,500	\$122,000	20.2	\$417	\$513	23.0
Great Falls MT MSA	\$146,629	\$162,119	10.6	\$557	\$638	14.5
State of Montana	\$173,300	\$193,500	11.7	\$629	\$711	13.0

*Source: 2006-2010 U.S. Census Bureau: American Community Survey
 2011-2015 U.S. Census Bureau: American Community Survey*

- The Great Falls MSA median housing value increased by 10.6%, which was below the state increase of 11.7%. The median gross rent had a larger increase of 14.5%, compared to the state increase of 13.0%.

- The median housing values for Judith Basin and Chouteau counties had larger increases than the state of Montana, but home prices are still lower than the state median value of \$193,500.
- Community contacts indicated that there is a shortage of affordable single-family and rental homes in the Great Falls MSA. According to the contacts, good and affordable multi-family units are in short supply due to the age and condition of the housing. The market also lacks quality rental units for disabled and senior citizens who cannot afford assisted living or nursing home care. These factors contribute to individuals and families looking outside of the Great Falls MSA for more affordable housing opportunities.

Table 5 Unemployment Rates				
Area	2015	2016	2017	2018
Chouteau County	3.3	3.8	3.2	3.0
Judith Basin County	3.4	3.4	3.6	3.4
Great Falls MT MSA	4.0	4.0	3.7	3.6
State of Montana	4.2	4.1	3.9	3.7

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- The unemployment rates for Cascade, Judith Basin, and Chouteau counties are lower than for the state of Montana. A contact indicated the unemployment rate is low and local businesses are having a difficult time locating skilled employees.
- Community contacts commented that a recently proposed business development is a concern in the community because of the existing housing shortage and the impact that the new business would have on the current wage structure.
- Judith Basin and Chouteau counties rely on the agricultural industry for employment. Employment outside the agricultural industry occurs mostly in the school districts and government functions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Net Loan-to-Deposit Ratio

This performance criterion evaluates the bank’s average NLTD ratio to determine the reasonableness of lending in light of the performance context, such as the bank’s capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AA, and the lending levels of similarly situated FDIC-insured institutions. The similarly situated institution for this evaluation was selected based on asset size and market share in the area. Overall, the bank’s NLTD ratio is more than reasonable.

The bank’s average NLTD for the past 17 quarters is 97.1%. At the previous examination, the bank’s 17-quarter average NLTD ratio was 69.5%. Since then, the bank’s NLTD ratio has ranged from 81.7% to 109.5% and has shown an increasing trend. Bank management indicated that small farm and residential real estate loan demand has been strong in recent years, the economic

outlook is positive, and opportunities for residential real estate and small farm lending have been available.

As of December 31, 2019, the bank’s NLTD ratio was 102.8%, which is above the peer group NLTD ratio of 71.7%. The bank’s peer group includes insured commercial banks with assets between \$50 million and \$100 million, with two or fewer full-service banking offices located in a metropolitan statistical area.

Table 6 Comparative NLTD Ratios			
Institution	Location	Asset Size \$(000)	NLTD Ratio (%)
			17-Quarter Average
Belt Valley Bank	Belt, MT	65,559	97.1
Stockmen’s Bank	Cascade, MT	39,836	44.9

As shown in Table 6, the bank’s NLTD ratio was also above a similarly situated institution in the AA. The bank operates in a competitive environment with numerous financial institutions, including national and regional banks as well as credit unions. Overall, the bank’s NLTD shows the bank’s willingness to lend in the assessment area.

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AA. A majority of the bank’s loans, by number and dollar amount, are originated inside the AA.

Table 7 Lending Inside and Outside the Assessment Area								
Loan Types	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Improvement	30	100.0	2,105	100.0	0	0.0	0	0.0
Home Purchase - Conventional	103	84.4	10,812	84.1	19	15.6	2,039	15.9
Multi-Family Housing	1	100.0	45	100.0	0	0.0	0	0.0
Other Purpose Closed-End	6	100.0	321	100.0	0	0.0	0	0.0
Refinancing	34	85.0	3,934	77.2	6	15.0	1,163	22.8
Total HMDA related	174	87.4	17,217	84.3	25	12.6	3,202	15.7
Consumer Loans	54	80.6	599	79.7	13	19.4	153	20.3
Small Farm	39	92.9	3,353	96.8	3	7.1	112	3.2
TOTAL LOANS	267	86.7	21,168	85.9	41	13.3	3,467	14.1

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of lending within its AA by income level of census tracts, with consideration given to the dispersion of loans throughout the AA. The bank's geographic distribution of loans reflects an overall reasonable distribution among the different census tracts within the AA.

Home Mortgage Lending

The geographic distribution of HMDA loans is reasonable. The bank made HMDA loans in all of the moderate-income tracts in its AA. The bank's geographic distribution of 2018 and 2017 HMDA loans is shown in Table 8 and 9.

In 2018, the bank made 15.6% of its HMDA loans in moderate-income census tracts, which was slightly higher than aggregate lenders (14.7%). For the same year, the bank's lending was comparable to the percentage of owner-occupied units (14.7%) in the moderate-income tracts, but below the percentage of families (19.6%) in the moderate-income tracts. The majority of the moderate-income tracts in the AA are in the city of Great Falls. Over half the housing units in these tracts are rental properties, which helps explain reduced HMDA loan demand in these tracts. Given the performance context, the bank's lending in the moderate-income tracts is reasonable.

Table 8 Geographic Distribution of HMDA-Reportable Loans Assessment Area: Belt AA 2018								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison 2018					Owner Occupied % of Units	
		Count			Dollar			
		Bank		Agg	Bank			Agg
		#	%	%	\$ (000)	\$ %		\$ %
Home Purchase	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	5	25.0	16.0	499	24.2	11.6	14.7
	Middle	12	60.0	51.4	1,237	60.0	46.6	55.9
	Upper	3	15.0	32.7	327	15.9	41.9	29.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	20	100.0	100.0	2,063	100.0	100.0	100.0
Refinance	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	11.9	0	0.0	8.3	14.7
	Middle	8	88.9	57.9	1,123	97.4	55.0	55.9
	Upper	1	11.1	30.3	30	2.6	36.7	29.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	9	100.0	100.0	1,153	100.0	100.0	100.0
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	12.7	0	0.0	13.4	14.7
	Middle	2	100.0	47.1	45	100.0	37.7	55.9
	Upper	0	0.0	40.2	0	0.0	48.9	29.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	2	100.0	100.0	45	100.0	100.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	26.1	0	0.0	3.6	38.8
	Middle	1	100.0	43.5	45	100.0	9.8	39.9
	Upper	0	0.0	30.4	0	0.0	86.6	21.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	1	100.0	100.0	45	100.0	100.0	100.0
HMDA Totals	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	5	15.6	14.7	499	15.1	10.2	14.7
	Middle	23	71.9	53.1	2,450	74.1	46.2	55.9
	Upper	4	12.5	32.2	357	10.8	43.6	29.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	32	100.0	100.0	3,306	100.0	100.0	100.0

Source: 2018 FFIEC Census Data
Note: Percentages may not add to 100.0 due to rounding.

In 2017, the bank’s total HMDA lending of 11.9% in the moderate-income census tracts was lower than the aggregate lenders at 15.0%. For the same year, the bank’s lending was less than the

percentage of owner-occupied units in the moderate-income tracts. Based on the performance context noted above, this level of lending in the moderate-income tract is reasonable.

Table 9 Geographic Distribution of HMDA Reportable Loans Assessment Area: Belt AA 2017								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison 2017					Owner Occupied % of Units	
		Count			Dollar			
		Bank		Agg	Bank			Agg
		#	%	%	\$(000)	\$ %		\$ %
Home Purchase	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	4	16.0	15.6	252	10.0	11.4	14.7
	Middle	20	80.0	51.9	2,174	86.1	48.6	55.9
	Upper	1	4.0	32.5	100	4.0	40.0	29.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	25	100.0	100.0	2,526	100.0	100.0	100.0
Refinance	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	1	10.0	13.8	27	2.5	11.7	14.7
	Middle	6	60.0	54.7	739	67.3	52.2	55.9
	Upper	3	30.0	31.5	332	30.2	36.1	29.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	10	100.0	100.0	1,098	100.0	100.0	100.0
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	14.2	0	0.0	7.9	14.7
	Middle	6	85.7	60.8	511	94.8	56.3	55.9
	Upper	1	14.3	25.0	28	5.2	35.8	29.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	7	100.0	100.0	539	100.0	100.0	100.0
HMDA Totals	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	5	11.9	15.0	279	6.7	11.7	14.7
	Middle	32	76.2	53.2	3,424	82.2	49.5	55.9
	Upper	5	11.9	31.9	460	11.0	38.7	29.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	42	100.0	100.0	4,163	100.0	100.0	100.0

Source: 2017 FFIEC Census Data
Note: Percentages may not add to 100.0 due to rounding.

Examiners also evaluated the bank's 2015 and 2016 HMDA lending activity and determined that, overall, the bank's performance was lower than its performance in 2017 and 2018. While below demographics and aggregate lender performance for both years, the bank's performance is reasonable given its location in a middle-income tract, its asset size, and the strong competition for HMDA loans by larger national and regional lenders. In addition, the bank experienced loan growth in the moderate-income census tracts and anticipates that lending in Great Falls will continue to grow.

Small Farm Lending

The geographic distribution of small farm lending is reasonable. The bank originated 5.1% of its small farm loans (by number) in moderate-income census tracts. This lending is below demographics, which indicate that 37.9% of farms in the AA are in moderate-income census tracts. The majority of these farms are located in the one moderate-income census tract in Chouteau County. The other five moderate-income tracts are located within the city limits of Great Falls and are generally not suitable for agricultural purposes. The bank made two small farm loans in Chouteau County, but it experiences competition for small farm loans from other banks that are more conveniently located and accessible to small farmers in the county, which reduces its ability to originate loans in that moderate-income tract.

Table 10 Geographic Distribution of Small Farm Loans Assessment Area: Belt AA 2019						
Tract Income Levels		Bank & Demographic Comparison 2019				
		Count		Dollar		Total Farms
		Bank		Bank		
		#	%	\$(000)	\$ %	%
Small Farm	Low	0	0.0	0	0.0	0.0
	Moderate	2	5.1	191	5.7	37.9
	Middle	37	94.9	3,162	94.3	55.0
	Upper	0	0.0	0	0.0	7.1
	Unknown	0	0.0	0	0.0	0.0
	Total	39	100.0	3,353	100.0	100.0

Source: 2019 FFIEC Census Data and 2019 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 due to rounding.

Consumer Lending

The geographic distribution of consumer lending is reasonable. The bank originated 7.4% of its loans, by number, in moderate-income tracts, which is below the percentage (22.4%) of households in those tracts. The majority of the moderate-income tracts are in the city of Great Falls. While the bank’s percentage of loans in moderate-income tracts is below demographics, the bank does not have a physical branch within the city limits of Great Falls, which limits its opportunities for originating consumer loans in that area. The bank, for its asset size and location, does a reasonable job of reaching moderate-income tracts in the AA where competition from larger regional and national banks exists.

Table 11 Geographic Distribution of Consumer Loans Assessment Area: Belt AA MSA 2019						
Tract Income Levels		Bank & Demographic Comparison 2019				Households %
		Count		Dollar		
		Bank		Bank		
		#	%	\$(000)	\$ %	
Totals	Low	0	0.0	0	0.0	0.0
	Moderate	4	7.4	30	5.0	22.4
	Middle	48	88.9	539	90.0	54.4
	Upper	2	3.7	30	5.0	23.1
	Unknown	0	0.0	0	0.0	0.0
	Total	54	100.0	599	100.0	100.0

Source: 2019 FFIEC Census Data
Note: Percentages may not add to 100.0 due to rounding.

Lending to Borrowers of Different Income Levels and to Farms of Different Sizes

This performance criterion evaluates the bank’s lending to borrowers of different income levels and farms of different revenue sizes. The bank’s lending has excellent penetration among individuals of different income levels and farms of difference sizes.

Home Mortgage Lending

Overall, the borrower distribution of home mortgage lending is excellent. The bank’s borrower distribution of 2018 and 2017 HMDA loans is shown in Tables 12 and 13.

In 2018, the bank originated 12.5% of its HMDA loans to low-income borrowers, which exceeded the aggregate lenders’ percentage of 6.7%. The bank’s lending to low-income borrowers was below the percentage of low-income families in the AA (20.6%), but is still reasonable given the affordability issues in the AA. For the same year, the bank originated 15.6% of its loans to moderate-income borrowers, which was generally comparable with aggregate lender performance and the percentage of moderate-income families in the AA.

Table 12 Borrower Distribution of HMDA-Reportable Loans Assessment Area: Belt AA 2018								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison 2018						Families by Family Income %
		Count			Dollar			
		Bank		Agg	Bank		Agg	
		#	%	%	\$(000)	\$ %	\$ %	
Home Purchase	Low	3	15.0	6.7	178	8.6	3.6	20.6
	Moderate	4	20.0	19.1	155	7.5	14.3	18.5
	Middle	2	10.0	22.1	38	16.9	21.4	21.8
	Upper	7	35.0	29.9	1,036	50.2	37.9	39.0
	Unknown	4	20.0	22.2	346	16.8	22.8	0.0
	Total	20	100.0	100.0	2,063	100.0	100.0	100.0
Refinance	Low	1	11.1	7.3	26	2.3	4.5	20.6
	Moderate	1	11.1	18.8	30	2.6	13.4	18.5
	Middle	3	33.3	24.5	407	35.3	23.4	21.8
	Upper	3	33.3	33.3	445	38.6	38.1	39.0
	Unknown	1	11.1	16.1	245	21.2	20.5	0.0
	Total	9	100.0	100.0	1,153	100.0	100.0	100.0
Home Improvement	Low	0	0.0	2.9	0	0.0	1.6	20.6
	Moderate	0	0.0	19.6	0	0.0	20.4	18.5
	Middle	0	0.0	24.5	0	0.0	19.5	21.8
	Upper	1	50.0	49.0	25	55.6	51.6	39.0
	Unknown	1	50.0	3.9	20	44.4	6.9	0.0
	Total	2	100.0	100.0	45	100.0	100.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	20.6
	Moderate	0	0.0	0.0	0	0.0	0.0	18.5
	Middle	0	0.0	0.0	0	0.0	0.0	21.8
	Upper	1	100.0	26.1	45	100.0	5.8	39.0
	Unknown	0	0.0	73.9	0	0.0	94.2	0.0
	Total	1	100.0	100.0	45	100.0	100.0	100.0
HMDA Totals	Low	4	12.5	6.7	204	6.2	3.5	20.6
	Moderate	5	15.6	18.9	185	5.6	13.2	18.5
	Middle	5	15.6	22.7	755	22.8	20.4	21.8
	Upper	12	37.5	31.6	1,551	46.9	36.0	39.0
	Unknown	6	18.8	20.1	611	18.5	26.8	0.0
	Total	32	100.0	100.0	3,306	100.0	100.0	100.0

Source: 2018 FFIEC Census Data
Note: Percentages may not add to 100.0 due to rounding.

In 2017, the bank originated 16.7% of its HMDA loans to low-income borrowers, which far exceeds the aggregate lending percentage of 4.4%. The bank also originated 21.4% of its loans to moderate-income borrowers, which also exceeded the aggregate lending performance of 15.1%.

The bank's moderate-income lending also exceeded the percentage of moderate-income families (18.5%) in the AA.

Table 13 Borrower Distribution of HMDA-Reportable Loans Assessment Area: Belt AA 2017								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison 2017					Families by Family Income	
		Count		Dollar				
		Bank	Agg	Bank	Agg			
		#	%	%	\$ (000)	\$ %		\$ %
Home Purchase	Low	4	16.0	3.9	220	8.7	2.0	20.6
	Moderate	6	24.0	16.1	407	16.1	11.8	18.5
	Middle	4	16.0	22.9	319	12.6	21.6	21.8
	Upper	11	44.0	32.1	1,580	62.5	39.4	39.0
	Unknown	0	0.0	25.0	0	0.0	25.2	0.0
	Total	25	100.0	100.0	2,526	100.0	100.0	100.0
Refinance	Low	2	20.0	4.1	90	8.2	2.0	20.6
	Moderate	2	20.0	13.6	60	5.5	8.7	18.5
	Middle	1	10.0	20.5	19	1.7	16.3	21.8
	Upper	5	50.0	36.3	929	84.6	41.7	39.0
	Unknown	0	0.0	25.4	0	0.0	31.3	0.0
	Total	10	100.0	100.0	1,098	100.0	100.0	100.0
Home Improvement	Low	1	14.3	8.7	56	10.4	6.0	20.6
	Moderate	1	14.3	15.6	65	12.1	9.8	18.5
	Middle	2	28.6	26.7	138	25.6	27.9	21.8
	Upper	3	42.9	47.2	280	51.9	54.6	39.0
	Unknown	0	0.0	1.7	0	0.0	1.7	0.0
	Total	7	100.0	100.0	539	100.0	100.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	20.6
	Moderate	0	0.0	0.0	0	0.0	0.0	18.5
	Middle	0	0.0	0.0	0	0.0	0.0	21.8
	Upper	0	0.0	0.0	0	0.0	0.0	39.0
	Unknown	0	0.0	100.0	0	0.0	100.0	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
HMDA Totals	Low	7	16.7	4.4	366	8.8	2.1	20.6
	Moderate	9	21.4	15.1	532	12.8	10.6	18.5
	Middle	7	16.7	22.3	476	11.4	19.8	21.8
	Upper	19	45.2	34.5	2,789	67.0	40.1	39.0
	Unknown	0	0.0	23.7	0	0.0	27.4	0.0
	Total	42	100.0	100.0	4,163	100.0	100.0	100.0

Source: 2017 FFIEC Census Data

Note: Percentages may not add to 100.0 due to rounding.

The bank’s 2015 and 2016 HMDA lending was generally consistent with 2017 and 2018. In 2015, the bank originated 42.6% of its HMDA loans to low- and moderate-income borrowers, compared to aggregate lenders at 27.2%. The bank’s 2016 HMDA lending to low- and moderate-income borrowers of 20.0% was similar to aggregate lenders at 21.9%. Overall, the bank did an excellent job originating HMDA loans to low- and moderate-income borrowers during the evaluation period.

Small Farm Lending

The borrower distribution of small farm lending is reasonable. The bank extended 100.0% of its small farm loans to farms with gross annual revenue of \$1 million or less. According to Dun & Bradstreet data, 98.7% of farms in the AA have gross annual revenues of \$1 million or less. Originated loans were for operating purposes including the purchase of seed for crop production. The majority of the bank’s small farm loans were for \$100,000 or less, which indicates a willingness to serve the needs of small farms in the AA.

Table 14 Small Farm Lending By Revenue & Loan Size Assessment Area: Belt AA 2019							
Product Type			Bank & Demographic Comparison				
			2019				
			Count		Dollar		Total Farms
			Bank		Bank		
			#	%	\$ (000s)	\$ %	%
Small Farm	Revenue	\$1 Million or Less	39	100.0	3,353	100.0	98.7
		Over \$1 Million or Unknown	0	0.0	0	0.0	1.3
		Total	39	100.0	3,353	100.0	100.0
	Loan Size	\$100,000 or Less	29	74.4	1,004	29.9	
		\$100,001 - \$250,000	7	17.9	1,285	38.3	
		\$250,001 - \$500,000	3	7.7	1,064	31.7	
		Total	39	100.0	3,353	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	29	74.4	1,004	29.9	
		\$100,001 - \$250,000	7	17.9	1,285	38.3	
		\$250,001 - \$500,000	3	7.7	1,064	31.7	
		Total	39	100.0	3,353	100.0	

Sources: 2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS
 Note: Percentages may not add to 100.0 due to rounding.

Consumer Lending

The borrower distribution of consumer lending is excellent. The bank originated 62.9% of its loans to low- and moderate-income borrowers, which is higher than the percentage of low- and moderate-income households (40.3%) in the AA. The bank’s lending to low-income borrowers was particularly strong at 44.4%, compared to the 23.7% of low-income households in the AA.

The bank is also willing to make small-dollar loans; of the consumer loans sampled, 33.3% were for amounts of \$3,000 or less. Of these loans, 77.8% were made to low- and moderate-income borrowers.

Table 15 Borrower Distribution of Consumer Loans Assessment Area: Belt AA 2019						
Borrower Income Levels		Bank & Demographic Comparison				Households by Household Income
		2019				
		Count		Dollar		
		#	%	\$(000)	\$ %	
Totals	Low	24	44.4	208	34.8	23.7
	Moderate	10	18.5	92	15.4	16.6
	Middle	11	20.4	138	23.1	18.2
	Upper	9	16.7	160	26.8	41.5
	Unknown	0	0.0	0	0.0	0.0
	Total	54	100.0	598	100.0	100.0

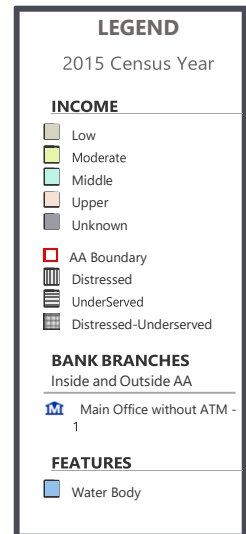
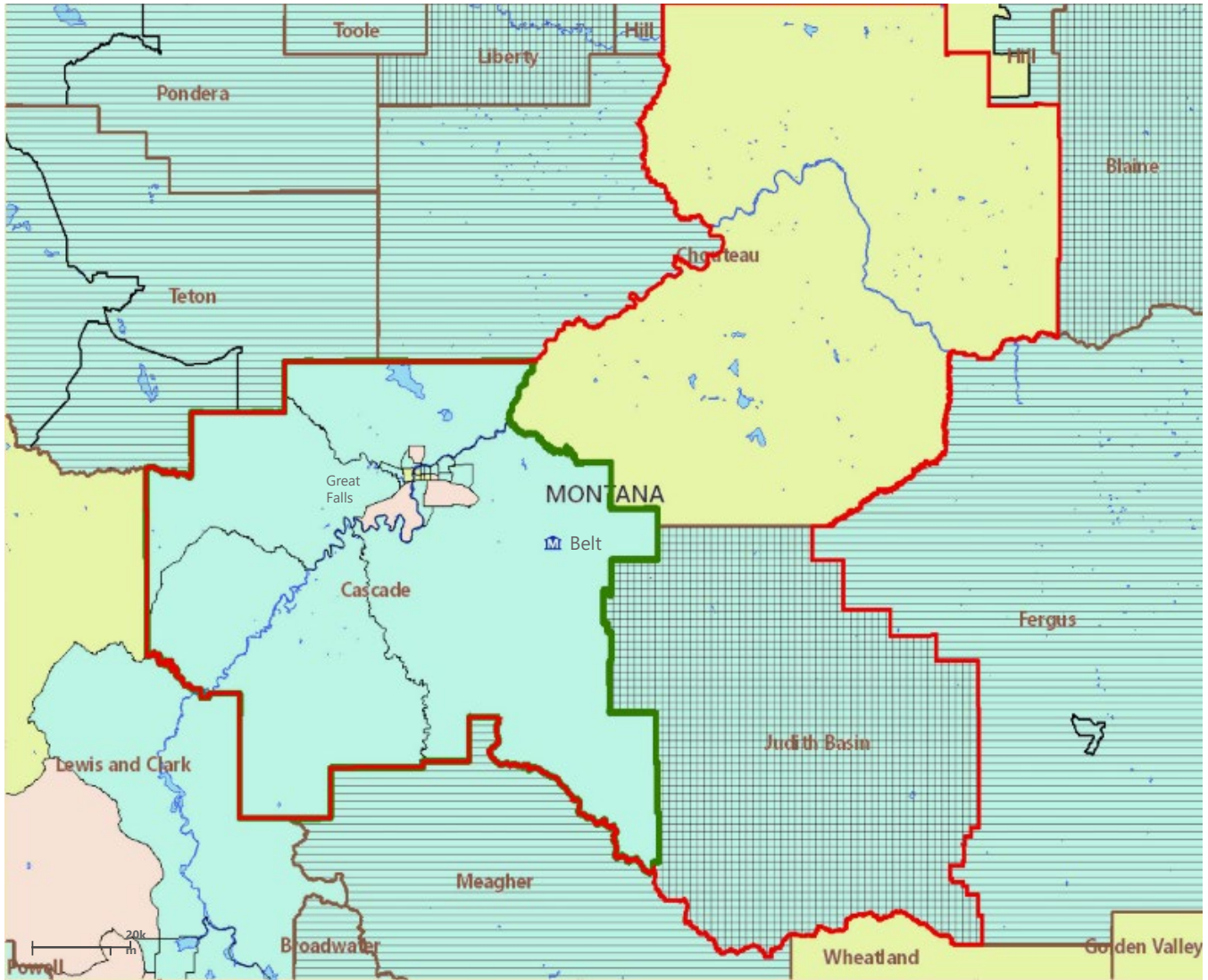
Source: 2019 FFIEC Census Data
Note: Percentages may not add to 100.0 due to rounding.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

An evaluation of the bank’s fair lending activities was conducted during the examination to determine compliance with the substantive provisions of antidiscrimination laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act. No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A – MAP OF THE ASSESSMENT AREA

Belt Valley Bank AA



APPENDIX B – DEMOGRAPHIC INFORMATION

BELT 2019 AA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	4,693	20.6
Moderate	6	25.0	4,462	19.6	1,231	27.6	4,231	18.6
Middle	14	58.3	12,618	55.3	1,083	8.6	4,979	21.8
Upper	4	16.7	5,726	25.1	323	5.6	8,903	39.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	24	100.0	22,806	100.0	2,637	11.6	22,806	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	9,106	3,368	14.7	37.0	4,729	51.9	1,009	11.1
Middle	22,681	12,828	55.9	56.6	6,822	30.1	3,031	13.4
Upper	8,871	6,763	29.5	76.2	1,586	17.9	522	5.9
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	40,658	22,959	100.0	56.5	13,137	32.3	4,562	11.2
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	1,255	28.6	1,121	28.1	122	33.9	12	26.7
Middle	2,159	49.2	1,958	49.2	174	48.3	27	60.0
Upper	974	22.2	904	22.7	64	17.8	6	13.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	4,388	100.0	3,983	100.0	360	100.0	45	100.0
Percentage of Total Businesses:				90.8		8.2		1.0
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	203	37.9	202	38.3	1	20.0	0	0.0
Middle	294	55.0	290	54.9	4	80.0	0	0.0
Upper	38	7.1	36	6.8	0	0.0	2	100.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	535	100.0	528	100.0	5	100.0	2	100.0
Percentage of Total Farms:				98.7		0.9		0.4
Source: 2019 FFIEC Census Data 2019 Dun & Bradstreet data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not add up to 100.0 due to rounding.								

APPENDIX C – 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.

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

Community development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income geographies.

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

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

Full-scope review: Performance is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, 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 applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

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

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

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

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

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

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

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

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

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

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

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

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

Rated area: A rated area is a state or multistate 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.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

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