

PUBLIC DISCLOSURE

July 9, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Granite Mountain Bank, Inc.
139 East Broadway
Philipsburg, Montana 59858
RSSD 619457

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

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

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

INSTITUTION

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

Examiners evaluated the Community Reinvestment Act (CRA) performance of Granite Mountain Bank, Inc., Philipsburg, Montana, using the Small Bank CRA Examination Procedures. Given the bank's asset size and financial condition, the bank effectively meets the credit needs of small businesses and residents in its assessment areas.

Several factors support the bank's satisfactory rating:

- The bank's lending to businesses of different sizes and to borrowers of different income levels is reasonable.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The bank's net loan-to-deposit ratio indicates a reasonable level of lending.
- The bank originated a majority of its loans within its assessment areas.

The bank received a satisfactory rating at the previous CRA evaluation, conducted March 14, 2014.

SCOPE OF EVALUATION

Examiners based the evaluation on 94 small business loans (originated from January 1, 2014, to December 31, 2017) and a sample of 46 consumer loans (originated from January 1, 2017, to December 31, 2017). The product lines included are representative of the bank's loan activity during the evaluation period. Small business loans are the bank's major product line by total dollar amount. Consumer loans represent the bank's major product line by total number of loans. Examiners conducted a full-scope review of the Silver Bow County (Silver Bow) assessment area and a limited-scope review of the Granite County (Granite) assessment area. Based on analyzed lending data, the majority of overall lending occurred in the Silver Bow assessment area. The bank originated 69.9% of the sampled small business loans in the Silver Bow assessment area, along with 40.5% of the sampled consumer loans.

Table 1 displays the bank's loan origination activity in 2017.

<i>Loan Type</i>	<i>Number of Loans</i>	<i>Percentage of Total Number</i>	<i>Total Loan Dollars</i>	<i>Percentage of Total Dollars</i>
Construction/Land Development	7	5.0	\$1,201,269	6.8
Consumer	60	42.6	556,243	3.2
Home Equity Lines of Credit	6	4.3	571,796	3.2
Residential Real Estate	23	16.3	3,532,151	20.0
Small Business (≤ \$1 million)	35	24.8	6,615,424	37.5
Small Farm (≤ \$500,000)	9	6.4	611,920	3.5
Tax Exempt	1	0.7	4,545,000	25.8
Total	141	100.0	\$17,633,803	100.0

Examiners analyzed the following criteria to determine the bank’s CRA rating:

- Lending to businesses of different sizes and to borrowers of different income levels.
- Geographic distribution of loans.
- Net loan-to-deposit ratio.
- Lending within the assessment areas.
- Record of responding to complaints about the bank’s CRA performance.

For the evaluation criteria, examiners placed the greatest weight on the bank’s lending to businesses of different sizes and to borrowers of different income levels and the geographic distribution of loans. Examiners weighted the remaining criteria equally. Examiners placed equal weight on small business and consumer loans.

The evaluation is based in part on discussions with bank management and interviews with members of the community. Examiners interviewed individuals familiar with the economic and demographic characteristics of the bank’s assessment areas. Examiners used information from these sources to evaluate the bank’s CRA performance.

DESCRIPTION OF INSTITUTION

Structure. Granite Mountain Bank, Inc., is a full-service institution that is wholly owned by Flint Creek Holding Company, a one-bank holding company in Philipsburg, Montana.

Offices and Delivery Systems. The bank’s main office is located in Philipsburg, and it has full-service branches in Drummond and Butte, Montana. The bank operates cash-dispensing-only ATMs in Philipsburg and Butte, and all three branches have drive-up facilities. The bank does not have extended hours or weekend lobby hours. The Drummond branch operates on a half-day lobby schedule, from 8:30 a.m. to 1:00 p.m., Monday through Friday, and offers drive-up hours during the morning and afternoon. The bank has not closed any facilities since the previous evaluation, and the bank’s office hours appear reasonable for the communities it serves. The bank also offers online banking, mobile banking, and remote deposit capture. Mobile banking services are new since the previous examination.

¹Note: Because the percentages presented in the tables are rounded to the nearest tenth, some columns or rows may not total 100.0%.

Loan Portfolio. According to the June 30, 2018, Report of Condition (ROC), the bank's assets total \$79.7 million. Since the previous evaluation, the loan portfolio increased by 12.5%. The bank's \$45.9 million loan portfolio consists of 55.2% commercial, 26.9% residential real estate, 5.3% agricultural, 3.5% consumer, and 9.2% other loans, which is relatively consistent with the composition at the previous evaluation.

Credit Products. The bank offers a variety of loan products, including commercial, residential, and consumer loans, to help meet the credit needs of the businesses and consumers in the assessment areas. Commercial lending is the main credit product for the bank, and much of its business stems from its commercial customers. In addition to offering conventional loan products, the bank participates in government-sponsored programs, including programs through the U.S. Small Business Administration.

DESCRIPTION OF ASSESSMENT AREAS

Assessment Areas. The bank has designated two assessment areas for CRA purposes: the Silver Bow assessment area and the Granite assessment area. The bank has not changed its assessment areas since the previous evaluation. However, the income classifications of some tracts in the Silver Bow assessment area have changed from 2016 to 2017, based on the 2017 Federal Financial Institutions Examination Council (FFIEC) adjusted census data. The Silver Bow assessment area includes all of Silver Bow County; it consists of one low-, three moderate-, three middle-, and one upper-income census tracts. The Granite assessment area includes all of Granite County, which consists of one middle-income census tract. The income level classification of the Granite County census tract did not change based on the adjusted census data. This middle-income census tract is classified as underserved. Refer to the glossary in Appendix A for additional information on the definitions of underserved middle-income census tracts.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's performance in meeting the credit needs of its assessment areas is satisfactory. Overall, the bank's lending to businesses of different sizes and borrowers of different income levels is reasonable. The geographic distribution of loans reflects reasonable distribution and dispersion throughout the assessment areas. The net loan-to-deposit ratio is reasonable given the bank's size and financial condition and the assessment areas' credit needs. The bank originated a majority of its loans inside the assessment areas.

Examiners analyzed the net loan-to-deposit ratio and the comparison of credit extended inside and outside the assessment areas at the bank level. Detailed discussions of the bank's lending to businesses of different sizes and to borrowers of different income levels, as well as the geographic distribution of loans, are in the full-scope assessment area section.

LOAN-TO-DEPOSIT RATIO ANALYSIS

The bank's net loan-to-deposit ratio is reasonable given the bank's asset size and financial condition, the assessment areas' credit needs, and competition from local financial institutions. According to the March 31, 2018, Uniform Bank Performance Report, the bank's net loan-to-deposit ratio is 62.7%, which is lower than the national peer group's net loan-to-deposit ratio of 70.5%.

Since the previous evaluation, the bank's quarterly net loan-to-deposit ratio ranged from 57.1% to 71.5%. The bank's average net loan-to-deposit ratio for the past 17 quarters is 65.0%. The bank's national peer group includes all insured commercial banks having assets between \$50 million and \$100 million, with three or more full-service banking offices and not located in a metropolitan statistical area. The bank's

17-quarter average net loan-to-deposit ratio is lower than the ratio for another financial institution operating in the area, as shown in Table 2.

<i>Bank Name and Location</i>	<i>Assets as of March 31, 2018 (in thousands)</i>	<i>Average Net Loan-to-Deposit Ratio</i>
Granite Mountain Bank, Inc., Philipsburg, Montana	\$76,122	65.0%
First Citizens Bank of Butte, Butte, Montana	\$64,501	71.8%

The bank’s 16-quarter average net loan-to-deposit ratio at the previous evaluation was 79.3%, which is higher than the average net loan-to-deposit ratio of 65.0% at this evaluation. Bank management and community contacts noted that loan demand during the evaluation period was stable. However, competition for loans remained strong, especially in the bank’s Silver Bow assessment area, where numerous financial institutions operate. In addition, the bank’s total loan portfolio grew at a slower pace than total deposits since the previous evaluation. As noted previously, the bank’s loans increased 12.5% since the previous examination, whereas deposits increased 23.4%, according to the June 30, 2018, ROC. Community contacts did not identify any unmet credit needs in the assessment areas.

COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE THE ASSESSMENT AREAS

The bank originated a majority of its loans within its assessment areas; specifically, 85.7% of loans by number and 78.6% by total dollar amount. Table 3 shows lending activity by loan type within the assessment areas.

<i>Loan Category</i>	<i>Inside</i>				<i>Outside</i>			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Small Business	83	88.3	12,091	78.6	11	11.7	3,300	21.4
Consumer	37	80.4	358	78.9	9	19.6	96	21.1
Total	120	85.7	12,449	78.6	20	14.3	3,396	21.4

The bank originated some loans outside the assessment areas in counties adjacent to or near Granite and Silver Bow counties. In addition, the bank originated loans to borrowers in other states. Management commented that the bank maintains business and consumer relationships with customers who no longer operate or reside in its assessment areas. The bank’s business strategy is to maintain a strong commercial focus and to provide commercial customers with consumer lending as requested. Based on this context, the percentage of lending inside the assessment areas is reasonable. The bank’s lending shows its commitment to meeting credit needs within its assessment areas.

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

The bank’s lending to businesses of different sizes and to borrowers of different income levels is reasonable. The bank actively lends to businesses with gross annual revenues of \$1 million or less and to

low- and moderate-income individuals. Refer to the individual assessment area sections for a more detailed discussion of the borrower distribution of loans.

GEOGRAPHIC DISTRIBUTION OF LOANS

The overall geographic distribution of loans reflects reasonable dispersion throughout the assessment areas, including low- and moderate-income census tracts, and does not reveal any unexplained gaps in lending patterns. Refer to the individual assessment area sections for more detailed information.

RECORD OF RESPONSE TO CRA-RELATED COMPLAINTS

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

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

NONMETROPOLITAN AREA – FULL REVIEW

DESCRIPTION OF THE SILVER BOW ASSESSMENT AREA

Bank Information. The bank operates one full-service branch office in the Silver Bow assessment area, located in Butte. The Butte branch has a cash-dispensing-only ATM and a drive-up facility, which is open from 8:00 a.m. to 5:00 p.m., Monday through Friday. The Butte branch is located in a moderate-income census tract.

According to the June 30, 2017, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank has \$28.6 million in deposits in the Silver Bow assessment area. The bank ranks seventh out of eight institutions operating in Silver Bow County, with a 4.9% market share.

Assessment Area. The Silver Bow assessment area includes all of Silver Bow County. The bank has not changed this assessment area since the previous evaluation. However, the income classifications of some of the tracts changed based on the 2017 FFIEC adjusted census data. The Silver Bow assessment area changed from one moderate-, six middle-, and one upper-income census tracts to one low-, three moderate-, three middle-, and one upper-income census tracts.

Table 4 shows the demographic characteristics of the assessment area based on the 2017 FFIEC adjusted census data² and 2017 Dun & Bradstreet data.

TABLE 4								
Silver Bow Assessment Area Demographics								
<i>Income Categories</i>	<i>Tract Distribution</i>		<i>Families by Tract Income</i>		<i>Families < Poverty Level as % of Families by Tract</i>		<i>Families by Family Income</i>	
	#	%	#	%	#	%	#	%
Low Income	1	12.5	946	11.3	246	26.0	2,138	25.5
Moderate Income	3	37.5	2,736	32.7	478	17.5	1,557	18.6
Middle Income	3	37.5	3,550	42.4	288	8.1	1,600	19.1
Upper Income	1	12.5	1,139	13.6	116	10.2	3,076	36.7
Total Assessment Area	8	100.0	8,371	100.0	1,128	13.5	8,371	100.0
<i>Income Categories</i>	<i>Housing Units by Tract</i>	<i>Housing Types by Tract</i>						
		<i>Owner-Occupied</i>			<i>Rental</i>		<i>Vacant</i>	
		#	%	%	#	%	#	%
Low Income	2,882	1,147	11.7	39.8	1,352	46.9	383	13.3
Moderate Income	5,792	2,986	30.5	51.6	2,279	39.3	527	9.1
Middle Income	6,100	4,192	42.8	68.7	1,373	22.5	535	8.8
Upper Income	2,002	1,464	15.0	73.1	351	17.5	187	9.3
Total Assessment Area	16,776	9,789	100.0	58.4	5,355	31.9	1,632	9.7
<i>Income Categories</i>	<i>Total Businesses by Tract</i>	<i>Businesses by Tract and Revenue Size</i>						
		<i>≤ \$1 Million</i>		<i>> \$1 Million</i>		<i>Revenue Not Reported</i>		
		#	%	#	%	#	%	#

²The FFIEC adjusted census data is based on decennial U.S. Census data and American Community Survey five-year estimate data, and it also reflects the Office of Management and Budget’s metropolitan statistical area revisions.

Low Income	437	26.2	382	25.3	48	34.5	7	36.8
Moderate Income	485	29.1	451	29.8	31	22.3	3	15.8
Middle Income	579	34.7	523	34.6	48	34.5	8	42.1
Upper Income	168	10.1	155	10.3	12	8.6	1	5.3
Total Assessment Area	1,669	100.0	1,511	100.0	139	100.0	19	100.0
Percentage of Total Businesses:				90.5		8.3		1.1
Income Categories	Total Farms by Tract		Farms by Tract and Revenue Size					
			≤ \$1 Million		> \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low Income	2	6.7	1	3.4	1	100.0	0	0.0
Moderate Income	6	20	6	20.7	0	0.0	0	0.0
Middle Income	22	73.3	22	75.9	0	0.0	0	0.0
Upper Income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	30	100.0	29	100.0	1	100.0	0	0.0
Percentage of Total Farms:				96.7		3.3		0.0

Income. In order to classify borrowers by income level, this evaluation uses the FFIEC estimated median family income for the nonmetropolitan areas of Montana. For 2017, this figure is \$60,500. For purposes of classifying census tracts by income level, this evaluation relies on the FFIEC adjusted census data median family income for the relevant area. For the nonmetropolitan areas of Montana, the figure is \$59,958 for 2017 and \$54,061 for 2014 to 2016.

Population. According to 2017 FFIEC adjusted census data, the population of the assessment area is 34,549. The population of the low-income census tract is 5,110, or 14.8% of the assessment area’s population. The population of the moderate-income census tracts is 11,829, or 34.2% of the population. Of the 15,144 households in the assessment area, 30.9% are low income and 18.3% are moderate income. These percentages are higher than the percentages of low- and moderate-income households for the state of Montana, which are 23.7% and 16.6%, respectively.

Economy. The economy in the assessment area is growing at a stable pace. Historically, the economy was dependent on mining. Although mining is pervasive in Butte’s history and identity, small business retail, health care, energy services, and tourism are now central to the local economy. According to a community contact and bank management, the main employers are St. James Healthcare, Montana Tech, NorthWestern Energy, and Montana Resources, LLP. Tourism plays an important role in the community, as a number of nature and recreational sites are nearby. Tourism supports jobs in the area, including those in food, entertainment, recreation, and retail trade.

Growth in Butte is not as significant as in other Montana cities, such as Missoula, Bozeman, and Helena. As a community contact and bank management noted, the growth in the local economy is spurred by continued growth in population and industry. Major retailers have left the city of Butte; however, small businesses are opening to fill needs previously met by traditional retail stores. These small businesses have helped to bolster the local economy.

According to the Bureau of Labor Statistics, the March 2018 nonseasonally adjusted unemployment rate was 5.0% for Silver Bow County. This rate is slightly higher than the Montana rate of 4.7% and the national rate of 4.1% for the same period.

Bank management noted that although the economy is growing, loan demand is generally stable.

Housing. A community contact and bank management noted the housing market is growing. Part of the reason for growth is the shortage of existing homes in the area. As a result, more people are building homes or renovating older homes. A number of the older homes are in poor condition, and it can be difficult for homebuyers to afford the renovations as well as the mortgage. Consequently, there is growth in new higher-density housing, including the recent construction of a mixed-use condominium complex in Uptown Butte. However, the demand for housing in the area continues to exceed supply.

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

Overall, the bank’s lending to businesses of different sizes and to borrowers of different income levels is reasonable.

Small Business Lending. The bank’s lending to small businesses is reasonable. Table 5 displays the bank’s small business lending in the assessment area. According to 2017 Dun & Bradstreet data,³ 90.5% of businesses in the assessment area are small business entities. The bank originated 63.8% of its small business loans to entities with gross annual revenues of \$1 million or less. This percentage is lower than assessment area demographics; however, it is reasonable given the area’s competitive banking environment for small business loans. The assessment area includes larger regional and national financial institutions as well as credit unions. The bank originated 62.2% of its loans to businesses with revenues of \$1 million or less in amounts of \$100,000 or less. This indicates a willingness to serve the credit needs of small businesses.

TABLE 5				
Small Business Lending in the Silver Bow Assessment Area				
<i>Small Business Originations</i>	<i>≤ \$100,000</i>	<i>> \$100,000 to ≤ \$250,000</i>	<i>> \$250,000 to ≤ \$1,000,000</i>	<i>Total Originations</i>
Percentage of Small Business Loans	53.4%	27.6%	19.0%	100.0%
Percentage of Loans to Businesses with Revenues of \$1 Million or Less	62.2%	18.9%	18.9%	63.8%

Consumer Lending. The bank’s consumer lending to low- and moderate-income borrowers is excellent. Table 6 shows the percentage of consumer loans originated to borrowers of different income levels.

³As previously mentioned, the small business loan sample includes loans from 2014 through 2017. Since the Dun & Bradstreet demographic data for 2014 to 2016 is comparable to 2017 data, the loan data for all years was combined and compared to 2017 demographic data for this analysis.

	<i>Low Income</i>		<i>Moderate Income</i>		<i>Middle Income</i>		<i>Upper Income</i>		<i>Unknown Income</i>	
	#	\$	#	\$	#	\$	#	\$	#	\$
Consumer Loans	46.7%	43.7%	26.7%	37.6%	13.3%	11.4%	13.3%	7.3%	0.0%	0.0%
Percentage of Households by Income Levels**	30.9%		18.3%		16.5%		34.3%		N/A	
*Income classification based on the FFIEC median family income for nonmetropolitan areas of Montana. This figure is \$60,500 for 2017.										
**Based on 2017 FFIEC adjusted census data.										

The bank extended 46.7% of its consumer loans to low-income borrowers, which exceeds the percentage of low-income households (30.9%) in the assessment area. The bank extended 26.7% of its loans to moderate-income borrowers, which also exceeds the percentage of moderate-income households (18.3%) in the assessment area. Combined, the bank extended 73.3% of its consumer loans to low- and moderate-income borrowers, compared to the combined demographic figure of 49.2%. According to bank management, the bank does not require a minimum loan amount for consumer loans. This feature allows low- and moderate-income individuals to obtain smaller-dollar loans.

Overall, the bank’s lending to businesses of different sizes and to borrowers of different income levels is reasonable.

GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution and dispersion of the bank’s small business and consumer loans in the assessment area is reasonable and does not reveal any unexplained gaps in lending.

Small Business Lending. The geographic distribution of small business lending is reasonable. The bank originated 25.0% of its 2017 small business loans in the low-income census tract and 30.0% in the moderate-income census tracts. The bank’s 2017 lending is comparable to demographics. According to 2017 Dun & Bradstreet data, 26.2% of businesses are located in the low-income tract, and 29.1% are in the moderate-income tracts.

The Dun & Bradstreet data used to analyze 2014, 2015, and 2016 loans is different because the income classifications of some census tracts changed based on 2017 FFIEC adjusted census data. In 2014 to 2016, the assessment area included one moderate-income tract and no low-income tracts. In those years, the bank originated 34.2% of its loans in the moderate-income tract, which exceeds demographic data for those years. According to 2016 Dun & Bradstreet data,⁴ 26.2% of businesses were located in the moderate-income tract.

The bank extended small business loans in all census tracts in the assessment area except for the upper-income tract, which is reasonable given that only 10.1% of the assessment area’s business are located there. The bank originated a majority of its loans in the middle-income tracts, which is reasonable because a majority of businesses and households in the assessment area are in these tracts.

⁴The Dun & Bradstreet demographic data for 2014 and 2015 is comparable to 2016 data.

Consumer Lending. The geographic distribution of consumer loans is reasonable. Table 7 shows the percentage of consumer loans originated by census tract income level.

TABLE 7 Geographic Distribution of Consumer Loans in the Silver Bow Assessment Area by Census Tract Income Level*								
<i>Loan Type Sample</i>	<i>Low income</i>		<i>Moderate Income</i>		<i>Middle Income</i>		<i>Upper Income</i>	
	#	\$	#	\$	#	\$	#	\$
Consumer	13.3%	7.0%	40.0%	66.9%	40.0%	20.2%	6.7%	5.9%
<i>Demographic Data</i>								
Number of Census Tracts	1		3		3		1	
Percentage of Census Tracts	12.5%		37.5%		37.5%		12.5%	
Percentage of Households	16.5%		34.8%		36.8%		12.0%	
*Income classification of census tracts is based on 2017 median family income for the nonmetropolitan areas of Montana.								

The bank originated 13.3% of the consumer loans in the sample to borrowers residing in the low-income tract, which is slightly lower than demographics. The bank originated 40.0% of consumer loans to borrowers in the moderate-income census tracts, which slightly exceeds demographics. According to 2017 census data, 16.5% of households in the assessment area reside in the low-income tract, and 34.7% reside in the moderate-income tracts.

The bank extended consumer loans in all census tracts in the assessment area except for one middle-income tract (census tract 4.00), which is reasonable given that only 10.8% of the assessment area’s housing units are in this tract. In addition, the competitive banking environment in Butte affects the bank’s lending opportunities. Several national banks and other financial institutions operate branches in this assessment area, increasing competition. Credit unions also compete strongly in the consumer loan market. The bank’s Butte branch is located in a moderate-income census tract. Based on the location of the bank’s branch, the competition, and the location of commercial entities and households in the assessment area, the bank’s lending in the low- and moderate-income census tracts is reasonable.

Overall, the bank’s dispersion and distribution of loans in the assessment area are reasonable and do not reflect any unexplained gaps in lending.

NONMETROPOLITAN AREA – LIMITED REVIEW

DESCRIPTION OF THE GRANITE ASSESSMENT AREA

Examiners conducted a limited-scope review of the bank’s CRA performance in the Granite assessment area. Examiners analyzed the bank’s consumer and small business loan information and determined that lending performance is consistent with the Silver Bow assessment area. However, due to the overall low volume of small business and consumer loans, examiners did not conduct a full review of this assessment area.

The bank operates two offices in the assessment area, which are located in Philipsburg and Drummond. The bank defines its Granite assessment area as all of Granite County. The assessment area consists of one middle-income census tract, which was classified as underserved during the evaluation period. The assessment area has not changed since the previous examination. According to the June 30, 2017, FDIC Deposit Market Share Report, the bank’s activity in this assessment area accounts for 100% of the total deposits and market share in the assessment area, as it is the only FDIC-insured financial institution in the county.

Table 8 displays the demographic characteristics of the Granite assessment area based on 2017 FFIEC adjusted census data.

TABLE 8								
Granite Assessment Area Demographics								
<i>Income Type</i>	<i>Tract</i>		<i>Families by Tract Income</i>		<i>Families < Poverty Level as % of Families by Tract</i>		<i>Families by Family Income</i>	
	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>
Low Income	0	0.0	0	0.0	0	0.0	216	22.8
Moderate Income	0	0.0	0	0.0	0	0.0	177	18.7
Middle Income	1	100.0	946	100.0	92	9.7	231	24.4
Upper Income	0	0.0	0	0.0	0	0.0	322	34.0
Total Assessment Area	1	100.0	946	100.0	92	9.7	946	100.0

Appendix A

Glossary of Common CRA Terms

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

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

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

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

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

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

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

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

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

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and 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 (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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