

PUBLIC DISCLOSURE

October 24, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Opportunity Bank of Montana
1400 Prospect Avenue
Helena, Montana 59601
RSSD 685676

**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'S CRA RATING: This institution is rated Outstanding.

The Lending Test is rated: Outstanding

The Community Development Test is rated: Outstanding

The Community Reinvestment Act (CRA) performance of Opportunity Bank of Montana, Helena, Montana, demonstrates excellent responsiveness to the credit and community development needs of its assessment areas (AA). The CRA evaluation uses the Intermediate Small Bank CRA Examination Procedures, which include a Lending Test and a Community Development Test.

The bank's Lending Test rating is Outstanding, based on the following criteria:

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

The bank's Community Development Test rating is Outstanding, based on the following criteria:

- The bank's performance demonstrates excellent responsiveness to the community development needs of its AAs. The bank's levels of community development loans, services, and investments (including donations) are excellent.

The bank received a Satisfactory rating at the previous evaluation, dated August 5, 2019.

SCOPE OF EVALUATION

Examiners evaluated the bank's CRA performance in part based on information provided by bank management and employees and by community contacts. Examiners also reviewed economic and demographic data, competitive factors, and the size and financial condition of the bank to understand and evaluate the bank's CRA performance. The CRA evaluation covers the period from August 5, 2019, to October 23, 2022.¹

The bank has six defined AAs in Montana for CRA purposes: the Non-Metropolitan Statistical Area (Non-MSA), Billings Metropolitan Statistical Area (MSA), Missoula MSA, Great Falls MSA, Fergus Non-MSA, and Roosevelt Non-MSA. The Roosevelt AA is new since the previous evaluation and was added due to a bank acquisition. Specifically, Western Bank of Wolf Point, Wolf Point, Montana, merged with the bank in January 2020. The acquisition added one branch, and the new AA encompasses the entirety of Roosevelt County.

Based on lending data provided by the bank, the bank originated approximately 52.6% of its loans by number in the Non-MSA AA, 18.2% in the Missoula MSA AA, 15.2% in the Billings MSA AA, and 13.8% in the Great Falls MSA AA, with the remainder in the Fergus and Roosevelt AAs. Based on the June 30, 2021, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the majority of the bank's deposits (78.9%) are in the Non-MSA AA. The Roosevelt, Missoula MSA, and Billings MSA AAs account

¹ The bank acquired First Community Bank, Glasgow, Montana, in 2022; however, due to the lending test evaluation period, which ends with 2021, this acquisition will be included in the bank's next CRA performance evaluation.

for 8.5%, 5.5%, and 4.2% of deposits, respectively, with the remainder in the Great Falls MSA and Fergus AAs. Examiners conducted full-scope reviews of the bank’s Non-MSA and Billings MSA AAs and limited-scope reviews of the Missoula MSA, Great Falls MSA, Fergus, and Roosevelt AAs.

Throughout this evaluation, examiners used demographic characteristics in evaluating the bank’s record of lending in the individual AAs. Sources for demographic information are primarily the 2021 Federal Financial Institutions Examination Council (FFIEC) adjusted census data and the 2021 Dun & Bradstreet data. AA demographics are useful in analyzing the bank’s lending because they provide a means of estimating lending opportunities. Examiners used self-reported data collected and published by Dun & Bradstreet regarding the revenue size and location of businesses to evaluate the bank’s small business lending. The demographic data does not define an expected level of lending in a particular area or to a particular group of borrowers.

Examiners interviewed individuals familiar with the economic and demographic characteristics as well as community development opportunities in the bank’s Non-MSA and Billings MSA AAs to establish the performance context for the CRA evaluation. The full-scope AA sections of this evaluation include specific information obtained from these community contacts. The contacts did not identify any unmet credit needs in the bank’s AAs.

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

- Examiners weighted the bank’s overall performance in the Non-MSA AA greater than its performance in the Billings MSA AA because the bank originates a majority of its loans in the Non-MSA AA.
- For the Lending Test, examiners placed the greatest weight on the bank’s lending to borrowers of different income levels and to businesses of different sizes, followed by the geographic distribution of loans, and then the net loan-to-deposit ratio. The lending inside the AAs criterion received the least weight.
- For the Lending Test, by product type, examiners placed the most weight on the bank’s Home Mortgage Disclosure Act (HMDA) lending.

Lending Test Scope

The scope of the Lending Test covers the bank’s major product lines, consisting of residential real estate and small business loans. The table below shows the composition of the bank’s \$1.3 billion lending portfolio.

Composition of Loan Portfolio as of June 30, 2022		
Loan Type	\$(000)	%
Residential Real Estate	211,722 ²	16.7
Commercial	787,536	62.1
Agricultural	230,532	18.2
Consumer	25,688	2.0
Other	12,422	1.0
Gross Loans	1,267,900	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

The Lending Test is based, in part, on a statistical sample of the bank’s small business loans. The loan sample includes 108 small business loans originated between July 1, 2021, and December 31, 2021. In 2020 and 2021, the bank participated in Paycheck Protection Program (PPP) lending through the Federal Reserve

² The bank sells the majority of its residential real estate loans on the secondary market.

System and the Small Business Administration (SBA). These loans were designed to help businesses keep their workforce employed during the COVID-19 pandemic. The bank originated more than 1,300 PPP loans. Examiners considered the bank's PPP loans primarily in their evaluation of the bank's small business loans, but also as community development loans.³

Because the bank operates offices in an MSA and therefore is required to report HMDA loans, examiners also analyzed the bank's 2018, 2019, 2020, and 2021 HMDA-reportable loans. Examiners reviewed 2018 and 2019 lending for consistency with the 2020 and 2021 HMDA data but did not include a detailed analysis of the 2018 and 2019 data in this evaluation. Additionally, examiners reviewed HMDA data reported by aggregate lenders to better assess the bank's HMDA lending performance.

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

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

Community Development Test Scope

Examiners reviewed the bank's community development lending, qualified investments (including donations), and community development services since the previous evaluation for each AA and for larger regional or statewide areas. Examiners based the Community Development Test rating on the bank's performance during the period of August 5, 2019, to October 23, 2022.

DESCRIPTION OF INSTITUTION

Structure. Opportunity Bank of Montana is headquartered in Helena, Montana, and is wholly owned by Eagle Bancorp Montana, Inc., Helena, Montana, a publicly traded company. The holding company also owns Eagle Bancorp Statutory Trust I, Helena, Montana, and Western Financial Services, Inc., Wolf Point, Montana. The bank owns Opportunity Housing Fund LLC, Helena, Montana.

Offices and Retail Delivery Systems. As of December 31, 2021, the bank operates 22 full-service branches in Montana, plus its main office in Helena. The bank also operates one loan production office (LPO) in Winifred, Montana. Since the previous evaluation, the bank acquired Western Bank of Wolf Point. In addition to the acquisition, the bank opened and closed several branches and LPOs during the evaluation period. The bank closed a branch in both Billings and Missoula, and opened four branches: one in Bozeman, one in Missoula, and two in Billings. Additionally, the bank relocated one branch in Great Falls. The bank closed its LPOs in Billings and Missoula and opened the Winifred LPO. The bank also opened an interactive teller machine (ITM) in Winifred. The bank upgraded several of its branch ATMs from cash-dispensing-only to deposit taking in light of the COVID-19 pandemic. Most offices have ATMs, and the bank also operates six stand-alone cash-dispensing-only ATMs throughout its Non-MSA and Roosevelt AAs. Most offices have drive-up services, with some offices offering extended weekday and/or weekend hours. The bank's office hours are appropriate for the communities it serves. The bank also offers 24-hour telephone, mobile, and online banking services.

³ Two PPP loans qualified as community development loans and were considered under the Community Development Test.

Loan Portfolio. The bank's assets total \$1.9 billion, according to the June 30, 2022, Report of Condition, which is an 87.8% increase from the previous evaluation. The loan portfolio has increased by 63.3% since the previous evaluation, due to bank acquisitions and organic growth. The overall composition of the loan portfolio, as shown previously, has remained relatively consistent since the previous evaluation.

Credit Products. The bank is primarily a residential real estate and commercial lender but also offers other traditional credit products, including agricultural and consumer loans, to serve the needs of its AAs. The bank offers a variety of loan products. In addition, the bank offers loan programs sponsored by the SBA, Farm Service Agency, Federal Housing Administration, U.S. Department of Agriculture Rural Development, U.S. Department of Veterans Affairs, and the Montana Board of Housing.

DESCRIPTION OF ASSESSMENT AREAS

As mentioned, the bank has six AAs: Non-MSA, Billings MSA, Missoula MSA, Great Falls MSA, Fergus, and Roosevelt. The Roosevelt AA, consisting of Roosevelt County, is new since the previous evaluation. Additionally, in 2018, the U.S. Office of Management and Budget's (OMB) delineation for the Billings MSA changed with the removal of Golden Valley County and the addition of Stillwater County. One middle-income census tract is classified as distressed in the Roosevelt AA, both middle-income census tracts in the Fergus AA are classified as underserved, and nine middle-income census tracts are classified as underserved in the Non-MSA AA. The individual AA sections include more detailed descriptions of the bank's AAs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's CRA rating is Outstanding. The rating is based on an Outstanding rating for the Lending Test and an Outstanding rating for the Community Development Test.

LENDING TEST

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

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

The Non-MSA AA and Billings MSA AA sections of this evaluation include a detailed discussion of the bank's lending to borrowers of different income levels and to businesses of different sizes, as applicable, as well as the geographic distribution of loans. In addition, the limited-scope reviews of the bank's remaining AAs are discussed in separate sections of the evaluation. Examiners analyzed the bank's net loan-to-deposit ratio and lending inside and outside the AAs at the institution level, as described below.

LOAN-TO-DEPOSIT RATIO ANALYSIS

The bank's net loan-to-deposit ratio is reasonable given its asset size, financial condition, and the credit needs and competition in the AAs. As of June 30, 2022, the bank's net loan-to-deposit ratio is 75.8%, which is slightly above the national peer group's net loan-to-deposit ratio of 74.6%. The bank's national peer group includes insured commercial banks having assets between \$1 billion and \$3 billion.

The bank’s 13-quarter average net loan-to-deposit ratio is 85.7%, which is lower than the bank’s 13-quarter average net loan-to-deposit ratio of 95.1% at the previous evaluation. Since then, the bank’s quarterly net loan-to-deposit ratio has ranged from 75.8% to 102.7%. In the last 13 quarters, the bank’s net loan-to-deposit ratio was at its high at the start of the evaluation period, then gradually declined to 75.8% most recently. Bank management noted an influx of deposits during the COVID-19 pandemic.

The table below shows the total assets and 13-quarter average net loan-to-deposit ratios for the bank and one similarly situated financial institution. The bank’s net loan-to-deposit ratio demonstrates its willingness to meet the credit needs of individuals and businesses. The bank is an active lender in a highly competitive lending environment.

13-Quarter Average Net Loan-to-Deposit Ratios		
<i>Bank Name and Location</i>	<i>Assets as of 6/30/2022 (\$000)</i>	<i>Average Net Loan-to-Deposit Ratio</i>
Opportunity Bank of Montana, Helena, Montana	\$1,874,166	85.7%
The Yellowstone Bank, Laurel, Montana	\$1,203,280	75.7%

COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE THE ASSESSMENT AREAS

The bank originated a substantial majority of its loans, 93.3%, by number and dollar, within its AAs. The table below shows lending activity by loan types within the AAs.

Lending Inside and Outside the Assessment Areas								
Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	63	96.9	\$9,930	98.3	2	3.1	\$170	1.7
Home Purchase - Conventional	4,724	92.9	\$1,273,642	92.9	361	7.1	\$97,875	7.1
Home Purchase - FHA	826	93.0	\$185,498	94.2	62	7.0	\$11,454	5.8
Home Purchase - VA	548	92.7	\$170,059	93.4	43	7.3	\$12,020	6.6
Loan Purpose Not Applicable	22	100.0	\$2,145	100	0	0.0	\$0	0.0
Multi-Family Housing	73	94.8	\$58,498	97.2	4	5.2	\$1,692	2.8
Other Purpose Closed-End	112	91.1	\$19,274	90.2	11	8.9	\$2,090	9.8
Refinancing	3,720	94.2	\$941,610	93.6	230	5.8	\$63,983	6.4
Total HMDA related	10,088	93.4	\$2,660,656	93.4	713	6.6	\$189,284	6.6
Small Business	90	83.3	\$14,910	87.1	18	16.7	\$2,211	12.9
Total Small Bus. related	90	83.3	\$14,910	87.1	18	16.7	\$2,211	12.9
TOTAL LOANS	10,178	93.3	\$2,675,566	93.3	731	6.7	\$191,495	6.7

Bank management indicated that lenders proactively reach out to potential borrowers, and their intention is to primarily serve the credit needs of borrowers within their AAs. The bank’s lending shows its commitment to meeting the credit needs of the residents and businesses within its AAs.

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

The bank’s lending to borrowers of different incomes and to businesses of different sizes is excellent. The bank actively lends to low- and moderate-income individuals and to businesses with gross annual revenues of

\$1 million or less. The Conclusions with Respect to Performance Criteria sections for the Non-MSA AA and the Billings MSA AA include a detailed discussion of the borrower distribution of loans.

The bank actively participated in PPP lending, which began in April 2020. After two rounds of lending, the program ended on May 31, 2021. The PPP is an SBA-backed loan program that was designed to help businesses keep their workforce employed during the pandemic. The bank originated 1,391 PPP loans totaling \$64.9 million, including two loans with approval amounts in excess of \$1 million.

GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution of loans shows a reasonable dispersion throughout the AAs. Lending patterns do not reveal any unexplained gaps in lending. The Conclusions with Respect to Performance Criteria sections for the Non-MSA AA and the Billings MSA AA include a detailed discussion of the geographic distribution of the loans.

RECORD OF RESPONSE TO CRA-RELATED COMPLAINTS

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

COMMUNITY DEVELOPMENT TEST

The bank's Community Development Test rating is Outstanding. The bank's community development activities demonstrate excellent responsiveness to the needs of the AAs. The majority of the bank's community development activities occurred in the Non-MSA AA. This is reasonable because most of the bank's offices are in this AA. The bank engaged in community development lending, provided community development services, and made qualified investments in the form of securities and donations.

Community Development Loans. The level of community development lending is excellent. During the evaluation period, the bank originated 56 community development loans totaling \$98.4 million. By dollar, the bank extended most (65.2%) of its loans in the Non-MSA AA. The remaining loans benefited the Great Falls MSA AA (10.3%), Missoula MSA AA (6.3%), Billings MSA AA (3.6%), Roosevelt AA (2.8%), and Fergus AA (0.9%), with the remaining 10.9% of loans having a statewide benefit. By dollar, most loans promoted economic development (43.0%) and affordable housing (40.7%).

Overall, the bank's community development loans are highly responsive and involve low-income housing tax credit (LIHTC) projects, SBA 504 projects, and PPP loans. Two of the bank's community development loans were PPP loans. One of these loans went to a nonprofit organization with a statewide focus that primarily serves low- and moderate-income individuals. The second PPP loan was to a nonprofit organization that provides medical services in a distressed area as well as a nearby moderate-income area (Roosevelt AA).

Qualified Investments. The level of qualified investments, including donations, is excellent. Since the previous evaluation, the bank made four new investments totaling \$10.9 million, all of which promote affordable housing. The bank also held two prior-period equity equivalent investments totaling \$200,000 during the evaluation period, benefiting a statewide nonprofit housing organization. Finally, two prior-period investments (\$2.4 million) that benefited the Non-MSA AA matured or were called during the evaluation period.

Overall, the bank's new investments are highly responsive to affordable housing concerns. Specifically, two new investments totaling \$8.9 million were for complex LIHTC projects in the Non-MSA AA. The bank also purchased a new \$500,000 equity equivalent investment that benefits a nonprofit housing organization with a statewide focus. The remaining new investment was a mortgage-backed security (MBS) for \$1.5 million with underlying loans to low- and moderate-income borrowers in the bank's Non-MSA AA (\$839,000), Billings MSA AA (\$608,000), and in the state of Montana (\$54,583). According to bank management, competition for investments in Montana is strong.

Additionally, the bank made qualifying donations totaling \$291,180 during the evaluation period benefiting bank AAs (\$281,580) or statewide or regional areas (\$9,600) that include the bank's AAs. Most donations (\$158,439) benefited the bank's Non-MSA AA. Overall, the bank primarily made donations to support organizations that provide services to low- and moderate-income individuals, but it also supported organizations that help to revitalize or stabilize distressed or underserved areas and low- or moderate-income areas, economic development, and affordable housing. Of note, the bank made numerous donations to food pantries during the COVID-19 pandemic, which was particularly responsive.

Community Development Services. The bank's level of community development services is excellent. During the evaluation period, the bank provided 186 community development services benefiting bank AAs (170) or statewide or regional areas (16) that include the bank's AAs. Most services (130) benefited the bank's Non-MSA AA. Many bank employees, including senior management and directors, served in leadership positions for numerous organizations. The two largest categories of the bank's services involved organizations that serve low- and moderate-income individuals, followed by organizations that promote economic development.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

NONMETROPOLITAN AREA – FULL REVIEW

DESCRIPTION OF THE INSTITUTION’S OPERATIONS IN THE NON-MSA ASSESSMENT AREA

Bank Information. The bank operates its main office and 14 full-service branches in the bank’s Non-MSA AA. The main office and two branches are located in Helena, and three branches are located in Bozeman, Montana. One office is located in each of the following cities in Montana: Big Timber, Butte, Choteau, Dutton, Hamilton, Livingston, Sheridan, Townsend, and Twin Bridges. The bank opened one of the Bozeman branches during the evaluation period. All offices, except one, have a drive-up facility and most offices have an ATM. Of the 12 office ATMs, most accept deposits. The bank operates two stand-alone cash-dispensing-only ATMs in this AA. Most offices offer extended hours, and a few branches offer weekend hours.

According to the June 30, 2021, FDIC Deposit Market Share Report, the bank ranked fourth out of 23 financial institutions operating in the Non-MSA AA, with an 8.6% deposit market share and \$906.6 million in deposits. The deposits in this AA represent 78.9% of the bank’s total deposits. Bank management and community contacts indicated that competition in the Non-MSA AA is strong.

Assessment Area. The Non-MSA AA includes Broadwater, Deer Lodge, Gallatin, Jefferson, Lewis and Clark, Madison, Park, Ravalli, Silver Bow, Sweet Grass, and Teton counties. The bank has not changed this AA since the previous evaluation. The Non-MSA AA consists of two low-, 10 moderate-, 41 middle-, 21 upper-, and one unknown-income census tracts. The unknown census tract is located in Park County and consists of a small portion of Yellowstone National Park. The AA contains portions of several national and state forests. Nine middle-income census tracts are classified as underserved in the Non-MSA AA, including all three tracts in Teton County, all three tracts in Madison County, both tracts in Broadwater County, and the single tract in Sweet Grass County.

The following table shows the demographic characteristics of the AA.

2021 Non-MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	2	2.7	1,329	1.8	433	32.6	12,833	17.4
Moderate	10	13.3	8,624	11.7	1,323	15.3	12,535	17.0
Middle	41	54.7	37,500	50.8	2,962	7.9	15,346	20.8
Upper	21	28.0	26,328	35.7	1,588	6.0	33,067	44.8
Unknown	1	1.3	0	0.0	0	0.0	0	0.0
Total AA	75	100.0	73,781	100.0	6,306	8.5	73,781	100.0

2021 Non-MSA AA Demographics								
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	4,123	1,191	1.4	28.9	2,314	56.1	618	15.0
Moderate	19,519	9,266	11.3	47.5	7,319	37.5	2,934	15.0
Middle	77,567	42,906	52.2	55.3	19,478	25.1	15,183	19.6
Upper	43,725	28,775	35.0	65.8	10,226	23.4	4,724	10.8
Unknown	5	0	0.0	0.0	0	0.0	5	100.0
Total AA	144,939	82,138	100.0	56.7	39,337	27.1	23,464	16.2
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	545	2.6	491	2.5	48	3.7	6	2.1
Moderate	2,755	13.2	2,528	13.1	204	15.6	23	7.9
Middle	10,069	48.3	9,302	48.3	572	43.9	195	66.8
Upper	7,481	35.9	6,934	36.0	479	36.7	68	23.3
Unknown	1	0.0	0	0.0	1	0.1	0	0.0
Total AA	20,851	100.0	19,255	100.0	1,304	100.0	292	100.0
Percentage of Total Businesses:				92.3		6.3		1.4
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	1	0.1	1	0.1	0	0.0	0	0.0
Moderate	121	9.9	120	9.9	1	11.1	0	0.0
Middle	847	69.1	841	69.2	6	66.7	0	0.0
Upper	257	21.0	254	20.9	2	22.2	1	100.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,226	100.0	1,216	100.0	9	100.0	1	100.0
Percentage of Total Farms:				99.2		0.7		0.1
<p>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</p> <p>Note: Percentages may not total 100.0 percent due to rounding.</p>								

Income. For purposes of classifying borrower income, this evaluation uses the FFIEC’s estimated median family income for the year of loan origination. For borrowers in the nonmetropolitan areas of Montana, the income was \$66,700 in 2018, \$65,100 in 2019, \$67,600 in 2020, and \$68,800 in 2021. For purposes of classifying census tracts by income level, this evaluation relies on the 2015 FFIEC adjusted census data median family income for nonmetropolitan Montana, which was \$59,777 from 2019 to 2021 and \$59,958 in 2018.

The table below shows the median family income in the AA, the counties comprising the AA, and the state of Montana, based on U.S. Census Bureau data. The 2015 median family income in the AA decreased slightly since the 2010 census, and it is above the Non-MSA areas of Montana as well as the statewide median family income figures.

Non-MSA AA 2021 Median Family Income Change			
Area	2010 Median Family Income	2015 Median Family Income	% Change
Non-MSA AA 2021	\$65,190	\$64,948	-0.4%
Broadwater County, MT	\$51,125	\$53,275	4.2%
Deer Lodge County, MT	\$55,619	\$55,146	-0.9%
Gallatin County, MT	\$70,813	\$72,672	2.6%
Jefferson County, MT	\$73,172	\$73,146	0.0%
Lewis and Clark County, MT	\$71,406	\$70,708	-1.0%
Madison County, MT	\$57,318	\$60,739	6.0%
Park County, MT	\$54,722	\$62,067	13.4%
Ravalli County, MT	\$57,719	\$54,549	-5.5%
Silver Bow County, MT	\$56,939	\$52,842	-7.2%
Sweet Grass County, MT	\$61,582	\$63,750	3.5%
Teton County, MT	\$53,470	\$60,500	13.1%
Non-MSA Montana	\$56,999	\$59,777	4.9%
Montana	\$60,682	\$61,271	1.0%
<i>Source: 2006 - 2010 U.S. Census Bureau American Community Survey 2011 - 2015 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2015 dollars.</i>			

Population Characteristics. The population of the Non-MSA AA is 295,639. The table below shows the population change from the 2010 census to the 2015 U.S. Census Bureau American Community Survey. The population growth in the Non-MSA AA slightly outpaces growth for the state of Montana. The largest city in the AA is Bozeman, with an estimated population of 54,539 as of July 2021. A community contact and bank management noted that since the beginning of the pandemic, the area has experienced a large influx of individuals who are moving from outside of the state, primarily from California, Wyoming, Colorado, and Texas.

Non-MSA AA 2021 Population Change			
Area	2010 Population	2015 Population	% Change
Non-MSA AA 2021	286,687	295,639	3.1%
Broadwater County, MT	5,612	5,692	1.4%
Deer Lodge County, MT	9,298	9,211	-0.9%
Gallatin County, MT	89,513	95,323	6.5%
Jefferson County, MT	11,406	11,502	0.8%
Lewis and Clark County, MT	63,395	65,357	3.1%
Madison County, MT	7,691	7,767	1.0%
Park County, MT	15,636	15,708	0.5%
Ravalli County, MT	40,212	40,823	1.5%
Silver Bow County, MT	34,200	34,549	1.0%
Sweet Grass County, MT	3,651	3,633	-0.5%
Teton County, MT	6,073	6,074	0.0%
Non-MSA Montana	631,622	647,395	2.5%
Montana	989,415	1,014,699	2.6%
<i>Source: 2010 U.S. Census Bureau Decennial Census 2011 - 2015 U.S. Census Bureau American Community Survey</i>			

Economy. According to bank management and community contacts, the overall economy in the Non-MSA AA is stable and diverse. There are many local and federal government jobs in the city of Helena, the state’s capital. These jobs provide steadiness to the area and insulate it from major economic fluctuations. Other major industries in the Helena area include healthcare, education, and aviation manufacturing. Due to affordable housing and high cost of living concerns, more residents cannot afford to live near their jobs and are commuting longer distances. Affordable childcare and homelessness are also concerns.

During the evaluation period, the Bozeman area experienced strong population growth; however, many of those new residents were telecommuters or retirees, which created a high demand for services with no corresponding increase to the service industry workforce. A contact also indicated that it is challenging for businesses to recruit employees to the area given affordable housing concerns. Major industries in Bozeman include technology services, secondary education, healthcare, construction, and manufacturing.

According to bank management and a contact, Butte has seen a population uptick over the last few years from neighboring communities since it is more affordable. There has also been an increase in economic activity, with several businesses moving to Butte. However, similar to other parts of the AA, Butte struggles with workforce shortages. Major industries in Butte include energy, mining, and retail.

According to the Bureau of Labor Statistics, the 2021 unemployment rate for the Non-MSA AA was 2.9%, which is slightly lower than the statewide rate for the same period. The unemployment rates for the AA, the counties comprising the AA, and the state all increased in 2020 due to the pandemic but have since stabilized. Bank management and a community contact stated that there are many open positions and

business have been providing greater flexibility, such as hybrid work arrangements, to attract and retain employees.

Non-MSA AA Unemployment Rates				
Area	2018	2019	2020	2021
Non-MSA AA 2021	3.3%	3.0%	5.3%	2.9%
Broadwater County, MT	4.0%	4.1%	6.2%	4.0%
Deer Lodge County, MT	3.6%	3.3%	5.0%	3.3%
Gallatin County, MT	2.5%	2.3%	4.9%	2.4%
Jefferson County, MT	3.8%	3.4%	5.0%	3.2%
Lewis and Clark County, MT	3.3%	3.1%	4.9%	3.0%
Madison County, MT	3.6%	3.3%	5.0%	3.2%
Park County, MT	3.9%	3.5%	7.3%	3.5%
Ravalli County, MT	4.2%	4.2%	5.7%	3.6%
Silver Bow County, MT	4.0%	3.9%	6.5%	3.6%
Sweet Grass County, MT	3.1%	2.8%	3.5%	2.4%
Teton County, MT	3.4%	3.3%	4.3%	3.1%
Non-MSA Montana	3.9%	3.7%	5.8%	3.4%
Montana	3.7%	3.6%	5.8%	3.4%
<i>Source: Bureau of Labor Statistics(BLS), Local Area Unemployment Statistics</i>				

Housing. Affordable housing issues persist and are a major concern in the Non-MSA AA. According to bank management and community contacts, both the demand for housing and home values have significantly increased over the evaluation period. This is partially due to the COVID-19 pandemic, which sparked an influx of new residents from other parts of the country, particularly telecommuters and retired persons. The largest home value increase occurred in Bozeman, where, according to a community contact, the median housing price doubled in just 18 months. Another contact indicated that the average home price in Helena is \$475,000, which is too expensive for low- and moderate-income individuals. As a result of the higher homeownership prices, some residents either moved further away from their preferred location for more affordable housing or tried to find rental housing. However, rental costs are also high and have been increasing.

The table below shows the housing cost burden faced by renters and homeowners in the Non-MSA AA. The U.S. Department of Housing and Urban Development defines cost-burdened families as follows: Those who pay more than 30% of their income for housing and may have difficulty affording necessities such as food, clothing, transportation, and medical care. The overall burden for renters in the Non-MSA AA is slightly higher than the burden for renters statewide. Low-income renters have a significant burden. Overall, homeowners fare better, but similar to renters, low-income homeowners have a significant burden.

Non-MSA AA 2021 Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Non-MSA AA 2021	73%	36%	40%	61%	35%	21%
Broadwater County, MT	74%	0%	24%	42%	41%	19%
Deer Lodge County, MT	66%	11%	37%	57%	21%	17%
Gallatin County, MT	81%	45%	45%	66%	42%	22%
Jefferson County, MT	44%	14%	20%	47%	30%	17%
Lewis and Clark County, MT	67%	36%	37%	63%	36%	17%
Madison County, MT	66%	25%	25%	62%	28%	24%
Park County, MT	65%	38%	31%	60%	34%	25%
Ravalli County, MT	71%	36%	41%	63%	39%	29%
Silver Bow County, MT	74%	17%	45%	58%	24%	17%
Sweet Grass County, MT	65%	11%	23%	58%	20%	17%
Teton County, MT	67%	22%	32%	59%	30%	19%
Non-MSA Montana	67%	29%	36%	57%	32%	21%
Montana	71%	33%	38%	59%	33%	21%

Cost Burden is housing cost that equals 30 percent or more of household income

Source: U.S. Department of Housing and Urban Development (HUD), 2014-2018 Comprehensive Housing Affordability Strategy

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN THE NON-MSA ASSESSMENT AREA

The bank’s overall Lending Test performance in the Non-MSA AA is excellent. The bank’s Community Development Test performance is excellent. This AA accounts for the majority of the bank’s lending and community development activities.

LENDING TEST

The bank’s lending to borrowers of different income levels and to businesses of different sizes is excellent. The bank’s geographic distribution of loans reflects a reasonable dispersion throughout the AA.

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

Residential Real Estate Lending. The bank’s HMDA lending to low- and moderate-income borrowers is excellent. The following tables show the bank’s HMDA lending for 2020 and 2021 by borrower income level.⁴

⁴ For HMDA loans, examiners did not evaluate the following categories of loans: other purpose lines of credit and loans with a purpose not applicable.

Distribution of 2020 and 2021 Home Mortgage Lending By Borrower Income Level													
Assessment Area: Non-MSA AA													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	##%	##%	\$(000)	##%	##%	#	##%	##%	\$(000)	##%	##%	
Home Purchase Loans													
Low	27	2.8	2.3	3,682	1.4	0.9	32	3.6	2.1	4,668	1.6	0.8	17.4
Moderate	174	18.2	12.5	31,787	11.8	7.0	131	14.8	10.3	26,875	9.2	5.3	17.0
Middle	251	26.3	21.6	64,338	23.9	15.9	217	24.5	18.4	62,964	21.5	12.9	20.8
Upper	483	50.6	52.7	163,533	60.7	63.3	483	54.5	52.7	191,652	65.4	63.2	44.8
Unknown	20	2.1	10.8	5,981	2.2	12.8	23	2.6	16.6	6,708	2.3	17.7	0.0
Total	955	100.0	100.0	269,321	100.0	100.0	886	100.0	100.0	292,867	100.0	100.0	100.0
Refinance Loans													
Low	16	2.4	2.4	1,944	1.1	1.1	45	5.0	3.1	6,030	2.5	1.6	17.4
Moderate	77	11.4	9.7	14,018	8.1	6.1	136	15.2	11.6	24,279	10.3	6.8	17.0
Middle	146	21.5	18.9	32,759	19.0	14.9	199	22.2	20.1	45,366	19.2	15.0	20.8
Upper	413	60.9	48.9	117,108	67.9	56.9	461	51.5	45.1	145,811	61.7	51.6	44.8
Unknown	26	3.8	20.1	6,763	3.9	21.0	54	6.0	20.1	14,992	6.3	24.9	0.0
Total	678	100.0	100.0	172,592	100.0	100.0	895	100.0	100.0	236,478	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	5.1	0	0.0	2.6	0	0.0	3.9	0	0.0	3.1	17.4
Moderate	0	0.0	12.1	0	0.0	7.0	0	0.0	9.6	0	0.0	6.8	17.0
Middle	1	14.3	18.3	145	12.4	13.8	2	20.0	16.4	504	20.6	11.5	20.8
Upper	6	85.7	59.3	1,025	87.6	70.3	7	70.0	64.2	1,855	75.7	70.5	44.8
Unknown	0	0.0	5.1	0	0.0	6.3	1	10.0	5.8	90	3.7	8.0	0.0
Total	7	100.0	100.0	1,170	100.0	100.0	10	100.0	100.0	2,449	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	45	2.7	2.4	5,781	1.3	1.2	79	4.4	2.7	11,083	2.1	1.2	17.4
Moderate	255	15.4	10.7	46,328	10.4	6.3	269	14.8	10.9	51,366	9.6	5.9	17.0
Middle	402	24.2	19.6	97,898	21.9	14.9	425	23.5	19.2	109,862	20.5	13.4	20.8
Upper	912	54.9	50.5	283,484	63.5	59.6	958	52.9	49.0	341,529	63.7	57.6	44.8
Unknown	46	2.8	16.7	12,744	2.9	17.9	81	4.5	18.2	21,975	4.1	21.8	0.0
Total	1,660	100.0	100.0	446,235	100.0	100.0	1,812	100.0	100.0	535,815	100.0	100.0	100.0
<p>Source: 2021 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey</p> <p>Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.</p>													

Distribution of 2020 and 2021 Home Mortgage Lending By Borrower Income Level													
Assessment Area: Non-MSA AA													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2020						2021						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%	\$%	
Other Purpose LOC													
Low	0	0.0	3.0	0	0.0	2.1	0	0.0	1.8	0	0.0	1.1	17.4
Moderate	0	0.0	9.7	0	0.0	4.7	0	0.0	7.6	0	0.0	3.0	17.0
Middle	0	0.0	15.4	0	0.0	7.4	0	0.0	17.4	0	0.0	8.7	20.8
Upper	0	0.0	68.3	0	0.0	72.6	0	0.0	67.4	0	0.0	83.6	44.8
Unknown	0	0.0	3.6	0	0.0	13.2	0	0.0	5.9	0	0.0	3.6	0.0
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Other Purpose Closed/Exempt													
Low	2	10.0	4.0	155	4.9	7.0	2	9.5	5.7	385	9.6	0.7	17.4
Moderate	4	20.0	7.1	523	16.6	1.1	2	9.5	7.5	212	5.3	1.2	17.0
Middle	4	20.0	16.2	656	20.8	3.8	7	33.3	15.3	1,028	25.6	2.4	20.8
Upper	10	50.0	64.6	1,818	57.7	63.9	7	33.3	60.1	2,211	55.0	62.5	44.8
Unknown	0	0.0	8.1	0	0.0	24.2	3	14.3	11.4	185	4.6	33.3	0.0
Total	20	100.0	100.0	3,152	100.0	100.0	21	100.0	100.0	4,021	100.0	100.0	100.0
Purpose Not Applicable													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	17.4
Moderate	0	0.0	0.5	0	0.0	0.5	0	0.0	0.0	0	0.0	0.0	17.0
Middle	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	20.8
Upper	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	44.8
Unknown	0	0.0	99.5	0	0.0	99.5	0	0.0	100.0	0	0.0	100.0	0.0
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Source: 2021 FFIEC Census Data													
2011-2015 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													

In 2021, the bank originated 4.4% of its HMDA loans to low-income borrowers and 14.8% to moderate-income borrowers. According to 2021 FFIEC census data, 17.4% of the families in the AA are low income and 17.0% are moderate income. In 2021, aggregate lenders extended 2.7% of their HMDA loans to low-income borrowers and 10.9% to moderate-income borrowers. The bank’s lending to low- and moderate-income borrowers is below demographics but exceeds aggregate. In 2020, the bank’s lending to low-income borrowers (2.7%) was lower than demographics (17.4%) but was consistent with aggregate lenders (2.4%). For moderate-income borrowers, the bank’s lending (15.4%) was below demographics (17.0%) but exceeded aggregate lenders (10.7%).

As previously mentioned, affordable housing is a major concern in the AA, according to bank management and community contacts. The opportunities for residents to purchase homes in the AA have significantly lessened due to rapidly rising housing prices combined with the increase in purchasers from other parts of the country. Using the assumption that a borrower can afford a home for approximately three times his or her annual income, an individual with the highest income in the low-income bracket (\$34,399) could afford a

\$103,197 home, based on 2021 FFIEC estimated median family income for the nonmetropolitan areas of Montana. Using the same assumption for a borrower with the highest income in the moderate-income bracket (\$55,039), a borrower could afford a \$165,117 home. According to the 2015 FFIEC census data, the median housing value in the AA is \$218,080, which would not be affordable for many low- and moderate-income families.

The bank also operates in a very competitive environment. While the bank ranked first out of 393 HMDA reporters in 2021 and second out of 338 HMDA reporters in 2020, the bank’s HMDA lending represents a small portion, 8.6% in 2021 and 8.1% in 2020, of all HMDA loans reported by aggregate lenders in the AA. The top 10 reporters include regional banks, national banks, and Internet-based mortgage lenders.

Finally, the bank actively participates in several special housing programs for borrowers in the AA, including first-time homebuyer and down payment assistance programs, which demonstrates its commitment to serving low- and moderate-income individuals. Given the performance context and the bank’s participation in these programs, the bank’s HMDA lending is excellent. According to bank management, certain factors have limited the bank’s ability to participate in these programs, such as sellers selecting financing without contingencies.

Examiners also evaluated the bank’s 2018 and 2019 HMDA lending activity and determined that the bank’s performance was generally consistent with that of 2020 and 2021.

Small Business Lending. The bank’s lending to small businesses is excellent. The following table reflects the bank’s small business lending by revenue and loan size.

Distribution of 2021 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Non-MSA AA					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	45	77.6	7,798	72.9	92.3
Over \$1 Million	13	22.4	2,903	27.1	6.3
Revenue Unknown	0	0.0	0	0.0	1.4
Total	58	100.0	10,700	100.0	100.0
By Loan Size					
\$100,000 or Less	29	50.0	1,112	10.4	
\$100,001 - \$250,000	12	20.7	1,972	18.4	
\$250,001 - \$1 Million	17	29.3	7,617	71.2	
Total	58	100.0	10,700	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	24	53.3	937	12.0	
\$100,001 - \$250,000	9	20.0	1,444	18.5	
\$250,001 - \$1 Million	12	26.7	5,417	69.5	
Total	45	100.0	7,798	100.0	
<i>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

The bank originated 77.6% of its small business loans to entities with gross annual revenues of \$1 million or less. According to Dun and Bradstreet data, 92.3% of the businesses in the AA are small businesses. The bank’s lending is below demographics; however, it is explainable. The bank faces strong competition from other financial institutions serving the Non-MSA AA. The bank originated more than half (53.3%) of its loans to small businesses in amounts of \$100,000 or less, which indicates a willingness to serve the needs of small businesses in the AA.

In addition, the bank’s PPP lending in the Non-MSA AA is significant. The bank extended 837 PPP loans in the AA in 2020 and 2021, totaling \$39.0 million.⁵ Of these loans, 62.6% were for amounts of \$25,000 or less. This level of responsiveness enhances the bank’s small business lending.

GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution and dispersion of the bank’s HMDA and small business loans in the Non-MSA AA is reasonable, and there are no unexplained gaps in lending.

Residential Real Estate Lending. The geographic distribution and dispersion of the bank’s HMDA lending is reasonable. The following tables show the bank’s 2020 and 2021 HMDA lending, as well as aggregate lending data and demographic data.

Distribution of 2020 and 2021 Home Mortgage Lending By Income Level of Geography													
Assessment Area: Non-MSA AA													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	##%	##%	\$(000)	%	%	#	##%	##%	\$(000)	%	%	
Home Purchase Loans													
Low	5	0.5	0.6	590	0.2	0.2	3	0.3	1.1	406	0.1	0.4	1.4
Moderate	78	8.2	8.9	17,909	6.6	5.9	66	7.4	9.5	17,865	6.1	6.7	11.3
Middle	512	53.6	47.9	136,283	50.6	47.6	485	54.7	49.9	147,075	50.2	46.6	52.2
Upper	360	37.7	42.6	114,539	42.5	45.7	332	37.5	39.5	127,521	43.5	46.3	35.0
Unknown	0	0.0	0.0	0	0.0	0.6	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	955	100.0	100.0	269,321	100.0	100.0	886	100.0	100.0	292,867	100.0	100.0	100.0
Refinance Loans													
Low	1	0.1	0.2	90	0.1	0.1	4	0.4	0.4	615	0.3	0.2	1.4
Moderate	44	6.5	7.3	10,151	5.9	5.6	60	6.7	8.6	13,617	5.8	7.1	11.3
Middle	320	47.2	43.8	78,191	45.3	43.0	450	50.3	46.7	111,225	47.0	46.7	52.2
Upper	313	46.2	48.6	84,160	48.8	51.2	381	42.6	44.3	111,021	46.9	46.1	35.0
Unknown	0	0.0	0.0	0	0.0	0.1	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	678	100.0	100.0	172,592	100.0	100.0	895	100.0	100.0	236,478	100.0	100.0	100.0

⁵ One PPP loan in this AA was counted as a community development loan and removed from this analysis.

Distribution of 2020 and 2021 Home Mortgage Lending By Income Level of Geography Assessment Area: Non-MSA AA													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	##%	##%	\$(000)	##%	##%	#	##%	##%	\$(000)	##%	##%	
Home Improvement Loans													
Low	0	0.0	0.8	0	0.0	0.4	0	0.0	0.6	0	0.0	0.3	1.4
Moderate	0	0.0	8.0	0	0.0	7.7	0	0.0	7.1	0	0.0	6.7	11.3
Middle	3	42.9	45.9	520	44.4	46.3	7	70.0	47.2	1,649	67.3	44.3	52.2
Upper	4	57.1	45.3	650	55.6	45.6	3	30.0	45.1	800	32.7	48.6	35.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	7	100.0	100.0	1,170	100.0	100.0	10	100.0	100.0	2,449	100.0	100.0	100.0
Multifamily Loans													
Low	0	0.0	3.8	0	0.0	2.8	0	0.0	3.2	0	0.0	0.3	11.3
Moderate	0	0.0	13.2	0	0.0	26.8	1	16.7	6.5	227	2.4	1.1	16.1
Middle	3	75.0	35.8	2,280	75.0	20.6	4	66.7	46.8	2,210	23.4	13.5	49.3
Upper	1	25.0	47.2	759	25.0	49.8	1	16.7	43.5	7,000	74.2	85.1	23.3
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	4	100.0	100.0	3,039	100.0	100.0	6	100.0	100.0	9,437	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	6	0.4	0.4	680	0.2	0.2	7	0.4	0.7	1,021	0.2	0.3	1.4
Moderate	124	7.5	7.9	28,421	6.3	6.3	127	7.0	8.8	31,709	5.8	6.5	11.3
Middle	846	50.8	45.5	218,411	48.6	44.8	956	52.6	47.9	263,610	48.3	46.5	52.2
Upper	688	41.3	46.1	201,762	44.9	48.4	728	40.0	42.6	248,912	45.7	46.6	35.0
Unknown	0	0.0	0.0	0	0.0	0.3	0	0.0	0.0	0	0.0	0.1	0.0
Tract-Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	1,664	100.0	100.0	449,274	100.0	100.0	1,818	100.0	100.0	545,252	100.0	100.0	100.0
Source: 2021 FFIEC Census Data													
2011-2015 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													

Distribution of 2020 and 2021 Home Mortgage Lending By Income Level of Geography Assessment Area: Non-MSA AA													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2020						2021						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Other Purpose LOC													
Low	0	0.0	0.6	0	0.0	0.4	0	0.0	0.6	0	0.0	0.2	1.4
Moderate	0	0.0	6.0	0	0.0	3.9	0	0.0	4.4	0	0.0	2.6	11.3
Middle	0	0.0	41.4	0	0.0	47.2	0	0.0	41.2	0	0.0	45.0	52.2
Upper	0	0.0	52.0	0	0.0	48.5	0	0.0	53.8	0	0.0	52.2	35.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Other Purpose Closed/Exempt													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.4	0	0.0	0.2	1.4
Moderate	2	10.0	7.1	361	11.5	2.0	0	0.0	6.4	0	0.0	2.8	11.3
Middle	8	40.0	53.5	1,137	36.1	64.9	10	47.6	52.0	1,451	36.1	70.1	52.2
Upper	10	50.0	39.4	1,654	52.5	33.1	11	52.4	40.9	2,570	63.9	24.3	35.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.4	0	0.0	2.6	0.0
Tract-Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	20	100.0	100.0	3,152	100.0	100.0	21	100.0	100.0	4,021	100.0	100.0	100.0
Purpose Not Applicable													
Low	0	0.0	1.4	0	0.0	0.5	0	0.0	0.0	0	0.0	0.0	1.4
Moderate	0	0.0	9.2	0	0.0	4.9	0	0.0	11.9	0	0.0	11.6	11.3
Middle	0	0.0	51.6	0	0.0	43.9	0	0.0	73.8	0	0.0	70.0	52.2
Upper	0	0.0	37.8	0	0.0	50.6	0	0.0	14.3	0	0.0	18.4	35.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0

Source: 2021 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

In 2021, the bank originated 0.4% of its HMDA loans in the low-income tracts and 7.0% in the moderate-income tracts. According to 2021 FFIEC adjusted census data, 1.8% and 11.7% of the families in the AA reside in the low- and moderate-income tracts, respectively. Moreover, 1.4% and 11.3% of the owner-occupied housing units are located in the low- and moderate-income tracts, respectively. For 2021, aggregate lenders originated 0.7% of their HMDA loans in the low-income tracts and 8.8% of their loans in the moderate-income tracts. The bank's lending in the low-income tracts is generally consistent with demographics and aggregate lenders. The bank's lending in the moderate-income tracts is below demographics but closer to aggregate lenders. In 2020, the bank originated 0.4% of its HMDA loans in the low-income tracts and 7.5% in the moderate-income tracts. The bank's lending in the low-income tract is generally consistent with demographics (1.4%) and aggregate lenders (0.4%). The bank's lending in the moderate-income tracts is below demographics (11.3%) but closer to aggregate lenders (7.9%).

The bank originated HMDA loans in all low- and moderate-income tracts in 2021 and in all except one low-income tract in 2020, where a university is located in Gallatin County. The bank’s distribution and dispersion of HMDA loans is reasonable based on performance context. Management and community contacts stated that the Non-MSA AA is a market with strong banking competition.

Examiners also evaluated the bank’s 2018 and 2019 HMDA lending activity and determined that the bank’s performance was generally consistent with that of 2020 and 2021.

Small Business Lending. The geographic distribution and dispersion of small business lending is reasonable. The following table shows the bank’s small business lending by census tract income level, as well as demographic data.

Distribution of 2021 Small Business Lending By Income Level of Geography					
Assessment Area: Non-MSA AA					
Geographic Income Level	Bank Loans				Total Businesses %
	#	%	\$(000)	%	
Low	0	0.0	0	0.0	2.6
Moderate	0	0.0	0	0.0	13.2
Middle	35	60.3	5,712	53.4	48.3
Upper	23	39.7	4,989	46.6	35.9
Unknown	0	0.0	0	0.0	0.0
Tract-Unknown	0	0.0	0	0.0	
Total	58	100.0	10,700	100.0	100.0
<i>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.</i>					

The table above shows that the bank did not originate a small business loan in the low- or moderate-income census tracts. According to Dun & Bradstreet data, only 2.6% of the businesses in the AA are located in the low-income tracts and 13.2% are located in the moderate-income tracts. The bank made most of its small business loans in middle-income tracts, which is where most businesses operate, based on Dun & Bradstreet data. The bank’s performance is reasonable given the performance context. There are limited opportunities to originate small business loans in many of these census tracts, as well as competition. A university is located in the low-income tract in Bozeman, and the remaining low-income tract is in Butte, where other financial institutions operate. The four moderate-income tracts in Ravalli County contain portions of a national forest. Two moderate-income tracts are in Bozeman, where many financial institutions operate. The three moderate-income tracts in Butte are more residential. Finally, the one moderate-income tract in Lewis & Clark County is not located near a bank branch, and the area includes forestland.

Additionally, examiners reviewed the bank’s PPP lending and noted that the bank originated PPP loans to borrowers in most of the 12 low- and moderate-income tracts in the AA, demonstrating that the bank serves these areas.

COMMUNITY DEVELOPMENT TEST

The bank's level of community development activities shows excellent responsiveness to community development needs in the Non-MSA AA. The bank engaged in community development lending and services and made qualified investments in the form of securities and donations.

Community Development Loans. The bank's community development lending in the Non-MSA AA is excellent. The bank originated 24 community development loans totaling \$64.1 million that benefited the AA. The bank's community development loans primarily helped to promote economic development (\$40.2 million) and support affordable housing (\$22.3 million). The bank also extended two loans (\$1.6 million) to a nonprofit organization serving low- and moderate-income individuals in the AA, which are highly responsive given that the loans address affordable childcare needs. The largest loan, for \$7.8 million, helped promote economic development in the Bozeman area. The bank's loans that support affordable housing in the AA are particularly responsive given the identified affordable housing concerns.

Of note are two LIHTC projects where the bank invested substantial resources. The bank originated two community development loans (\$11.6 million) and also made equity investments (\$8.9 million) for these projects, as described further below. These projects are highly responsive to identified affordable housing needs; one provided the acquisition and rehabilitation funds for multifamily rental properties and the other provided construction financing for a senior living community.

The bank's community development lending is higher by number and dollars than at the previous evaluation.

Qualified Investments. The bank's level of qualified investments, including donations, in the Non-MSA AA is excellent. Since the previous evaluation, the bank made three new investments for \$9.8 million that support affordable housing in the AA, which are highly responsive to area needs. Two of the investments (\$8.9 million) are for the LIHTC projects mentioned above. The third is an MBS with underlying loans to low- and moderate-income borrowers, of which \$839,000 benefits the Non-MSA AA. Two prior-period investments (\$2.4 million) that benefited the AA matured or were called during the evaluation period. Bank management and community contacts indicated that there have been limited opportunities to purchase CRA-eligible securities, and that competition for investments is strong.

The bank also made donations totaling \$158,439 in the Non-MSA AA, including a \$10,000 donation to an emergency food pantry that will help the organization better serve its clients through a new facility. In addition, the bank provided over \$25,000 to local food pantries in response to the COVID-19 pandemic, which is highly responsive to community needs. The bank's donations primarily benefited low- and moderate-income individuals, including youth, but also supported economic development, affordable housing, and revitalization or stabilization efforts. Overall, the bank's qualified investments increased from the level at the previous evaluation.

Community Development Services. The bank provided an excellent level of services in the Non-MSA AA. The bank provided 130 community development services to over 30 organizations. Bank officers and staff provided financial expertise primarily to organizations that serve low- and moderate-income persons but also provided a number of services to organizations that promote economic development. In addition, the bank provided services that helped to revitalize or stabilize underserved areas, promote affordable housing, and revitalize or stabilize a low-income area. Bank employees served on the board, as well as various committees such as fundraising, loan, and finance. Bank employees also served as financial education instructors for youth as well as first-time homebuyers. The bank's number of community development services increased since the previous evaluation.

METROPOLITAN AREA – FULL REVIEW

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

Bank Information. Opportunity Bank of Montana operates three full-service branches in the Billings MSA AA. The branches are all located in the city of Billings. During the evaluation period (through December 2021), the bank closed a branch and an LPO and opened two new branches. The offices that were closed were in middle-income tracts, and the new branches are in moderate-income tracts. Two branches have cash-dispensing-only ATMs while the third has a deposit-taking ATM. In addition, two branches have a drive-up facility, as well as extended hours.

According to the June 30, 2021, FDIC Deposit Market Share Report, the bank ranked 10th out of 12 financial institutions operating in the Billings MSA, with a 0.7% deposit market share and \$47.9 million in deposits. The deposits in this AA represent 4.2% of the bank’s total deposits. Bank management and community contacts indicated that competition in the Billings MSA AA is strong.

Assessment Area. The Billings MSA AA includes Yellowstone, Carbon, and Stillwater counties, which represent the Billings MSA.⁶ The Billings MSA AA consists of 40 census tracts: one low-, nine moderate-, 24 middle-, and six upper-income tracts. The Billings MSA AA includes a small portion of the Crow Indian Reservation; tribal headquarters are in Crow Agency, Montana (Big Horn County).

The following table shows the demographic characteristics of the AA.

2021 Billings MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	2.5	838	1.9	169	20.2	8,571	19.5
Moderate	9	22.5	7,468	17.0	1,143	15.3	7,934	18.0
Middle	24	60.0	27,685	62.9	1,909	6.9	9,620	21.9
Upper	6	15.0	8,015	18.2	254	3.2	17,881	40.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	40	100.0	44,006	100.0	3,475	7.9	44,006	100.0

⁶ This delineation was updated in 2019 by the OMB; prior to 2019, the Billings MSA included Yellowstone, Carbon, and Golden Valley counties.

2021 Billings MSA AA Demographics								
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	1,635	510	1.1	31.2	996	60.9	129	7.9
Moderate	16,581	8,417	17.4	50.8	6,929	41.8	1,235	7.4
Middle	46,703	30,267	62.6	64.8	11,098	23.8	5,338	11.4
Upper	12,163	9,169	19.0	75.4	2,278	18.7	716	5.9
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	77,082	48,363	100.0	62.7	21,301	27.6	7,418	9.6
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	242	2.3	202	2.1	40	5.2	0	0.0
Moderate	2,869	27.8	2,542	26.9	300	39.1	27	30.7
Middle	5,805	56.3	5,365	56.7	387	50.4	53	60.2
Upper	1,396	13.5	1,347	14.2	41	5.3	8	9.1
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	10,312	100.0	9,456	100.0	768	100.0	88	100.0
Percentage of Total Businesses:				91.7		7.4		0.9
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	1	0.2	1	0.2	0	0.0	0	0.0
Moderate	50	10.2	49	10.3	0	0.0	1	33.3
Middle	339	69.2	332	69.5	6	66.7	1	33.3
Upper	100	20.4	96	20.1	3	33.3	1	33.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	490	100.0	478	100.0	9	100.0	3	100.0
Percentage of Total Farms:				97.6		1.8		0.6
<i>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.</i>								

Income. For purposes of classifying borrower income, this evaluation uses FFIEC’s estimated median family income for the year of loan origination. For borrowers in the Billings MSA, the income was \$71,000 in 2018, \$73,700 in 2019, \$76,400 in 2020, and \$78,100 in 2021. For purposes of classifying census tracts by income level, this evaluation relies on the 2015 FFIEC adjusted census data median family income for the Billings MSA, which was \$66,980 in 2018 and \$66,565 from 2019 to 2021.

The table below shows the median family income for the Billings MSA AA, the counties comprising the MSA, and the state of Montana, based on U.S. Census Bureau data. The 2015 median family income in the AA decreased slightly since the 2010 census, and it is above the statewide median family income figure.

Billings MSA AA Median Family Income Change			
Area	2010 Median Family Income	2015 Median Family Income	% Change
Billings MSA AA 2021	\$67,417	\$66,565	-1.3%
Carbon County, MT	\$65,144	\$62,500	-4.1%
Stillwater County, MT	\$71,259	\$68,833	-3.4%
Yellowstone County, MT	\$67,929	\$67,467	-0.7%
Montana	\$60,682	\$61,271	1.0%
<i>Source: 2006 - 2010 U.S. Census Bureau American Community Survey 2011 - 2015 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2015 dollars.</i>			

Population Characteristics. The population of the Billings MSA AA is 173,248. The table below shows the population change from the 2010 census to the 2015 U.S. Census Bureau American Community Survey. The population growth in the Billings MSA AA slightly outpaces growth for the state of Montana. The largest city in the AA is Billings, with an estimated population of 117,445 as of July 2021. Community contacts noted that the Billings area and Montana overall have experienced a large influx of individuals who are moving from California, Wyoming, and Colorado.

Billings MSA AA Population Change			
Area	2010 Population	2015 Population	% Change
Billings MSA AA 2021	167,167	173,248	3.6%
Carbon County, MT	10,078	10,268	1.9%
Stillwater County, MT	9,117	9,288	1.9%
Yellowstone County, MT	147,972	153,692	3.9%
Montana	989,415	1,014,699	2.6%
<i>Source: 2010 U.S. Census Bureau Decennial Census 2011 - 2015 U.S. Census Bureau American Community Survey</i>			

Economy. The city of Billings is the largest city in the state of Montana and a regional trade center. A community contact noted that the economy is robust. The Billings economy is supported by diverse industries that include agriculture, manufacturing, refineries, healthcare, local government, and education. Individuals travel to Billings from surrounding areas, including Wyoming and Idaho, for medical services. Billings also has numerous retail businesses and restaurants. A contact indicated that there has been strong business interest in Billings and new businesses have opened in the area, bringing more jobs to the local economy.

According to the Bureau of Labor Statistics, the 2021 unemployment rate for the Billings MSA was 3.2%, which is similar to the statewide rate for the same period. The unemployment rates for the MSA, the counties comprising the MSA, and the state increased in 2020 due to the pandemic but have since stabilized. A community contact noted that if someone wants a job, they can find one in the Billings area.

Billings MSA AA Unemployment Rates				
Area	2018	2019	2020	2021
Billings MSA AA 2021	3.4%	3.3%	5.3%	3.2%
Carbon County, MT	3.5%	3.6%	5.8%	3.4%
Stillwater County, MT	3.4%	3.2%	4.9%	2.9%
Yellowstone County, MT	3.3%	3.3%	5.3%	3.2%
Montana	3.7%	3.6%	5.8%	3.4%
<i>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics</i>				

Housing. Affordable housing is a major concern in the Billings area. Bank management and a community contact stated that housing prices are high and increasing, which makes homeownership increasingly difficult for individuals in the low- and moderate-income ranges. Rental costs are also high and increasing. In addition, a contact stated that demand for housing is high due to the in-migration from other parts of the country. Local businesses struggle to fill open positions due to the lack of affordable housing, according to a contact.

The table below shows the housing cost burden faced by renters and homeowners in the Billings MSA AA. The overall burden for renters in the Billings MSA AA is slightly higher than the burden for renters statewide. Low-income renters have a significant burden. Overall, homeowners fare better, but similar to renters, low-income homeowners have a significant burden.

Billings MSA AA 2021 Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Billings MSA AA 2021	77%	38%	40%	65%	35%	21%
Carbon County, MT	77%	39%	36%	61%	22%	22%
Stillwater County, MT	74%	31%	29%	60%	32%	20%
Yellowstone County, MT	78%	38%	41%	66%	36%	21%
Montana	71%	33%	38%	59%	33%	21%
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2014-2018 Comprehensive Housing Affordability Strategy</i>						

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN THE BILLINGS MSA ASSESSMENT AREA

The bank’s overall Lending Test performance in the Billings MSA AA is excellent. The bank’s Community Development Test performance is excellent.

LENDING TEST

The bank’s lending to borrowers of different income levels is excellent. The geographic distribution of loans reflects a reasonable dispersion throughout the AA. Examiners reviewed HMDA loans only in this AA; small business loan volume was low.

LENDING TO BORROWERS OF DIFFERENT INCOME LEVELS

Residential Real Estate Lending. The bank’s HMDA lending to low- and moderate-income borrowers is excellent. The following tables show the bank’s HMDA lending for 2020 and 2021 by borrower income level.⁷

Distribution of 2020 and 2021 Home Mortgage Lending By Borrower Income Level													
Assessment Area: Billings MSA AA													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2020						2021						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	##%	##%	\$(000)	##%	##%	#	##%	##%	\$(000)	##%	##%	
Home Purchase Loans													
Low	27	7.4	6.1	4,363	5.0	3.5	23	5.4	5.8	3,912	3.3	3.3	19.5
Moderate	101	27.5	21.3	19,496	22.2	16.7	90	21.0	18.7	19,418	16.3	14.0	18.0
Middle	108	29.4	24.5	25,500	29.0	23.3	119	27.7	23.3	33,180	27.8	22.2	21.9
Upper	122	33.2	34.3	36,905	42.0	42.9	166	38.7	35.9	58,910	49.4	44.1	40.6
Unknown	9	2.5	13.8	1,609	1.8	13.5	31	7.2	16.3	3,944	3.3	16.3	0.0
Total	367	100.0	100.0	87,873	100.0	100.0	429	100.0	100.0	119,364	100.0	100.0	100.0
Refinance Loans													
Low	4	2.2	3.6	598	1.4	1.9	10	4.6	6.0	1,462	2.7	3.5	19.5
Moderate	31	17.0	13.2	5,940	13.5	9.4	29	13.3	16.5	5,544	10.1	12.8	18.0
Middle	57	31.3	18.8	13,048	29.6	16.2	57	26.1	22.1	12,376	22.6	20.3	21.9
Upper	74	40.7	41.5	21,022	47.6	48.8	99	45.4	35.7	30,076	54.9	42.6	40.6
Unknown	16	8.8	22.9	3,518	8.0	23.7	23	10.6	19.8	5,334	9.7	20.7	0.0
Total	182	100.0	100.0	44,126	100.0	100.0	218	100.0	100.0	54,792	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	7.7	0	0.0	5.7	0	0.0	5.1	0	0.0	3.9	19.5
Moderate	1	33.3	14.5	150	28.8	9.7	1	25.0	12.5	125	46.0	9.9	18.0
Middle	0	0.0	20.8	0	0.0	17.4	1	25.0	24.3	46	16.9	23.6	21.9
Upper	2	66.7	45.7	370	71.2	54.3	1	25.0	51.0	20	7.4	55.8	40.6
Unknown	0	0.0	11.3	0	0.0	12.8	1	25.0	7.1	81	29.8	6.7	0.0
Total	3	100.0	100.0	520	100.0	100.0	4	100.0	100.0	272	100.0	100.0	100.0

⁷ For HMDA loans, examiners did not evaluate the following categories of loans: other purpose, other purpose lines of credit, and loans with a purpose not applicable.

Distribution of 2020 and 2021 Home Mortgage Lending By Borrower Income Level													
Assessment Area: Billings MSA AA													
Total Home Mortgage Loans													
Low	31	5.6	4.6	4,961	3.7	2.5	33	5.0	5.9	5,374	3.1	3.4	19.5
Moderate	133	24.1	16.2	25,586	19.3	12.3	122	18.6	17.1	25,470	14.5	13.3	18.0
Middle	166	30.0	20.8	38,748	29.2	18.9	180	27.4	22.5	46,162	26.2	21.1	21.9
Upper	198	35.8	38.5	58,297	43.9	46.0	267	40.6	36.2	89,554	50.9	43.6	40.6
Unknown	25	4.5	20.0	5,127	3.9	20.2	55	8.4	18.2	9,359	5.3	18.6	0.0
Total	553	100.0	100.0	132,719	100.0	100.0	657	100.0	100.0	175,919	100.0	100.0	100.0

Source: 2021 FFIEC Census Data

2011-2015 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

Multifamily loans are not included in the borrower distribution analysis.

Distribution of 2020 and 2021 Home Mortgage Lending By Borrower Income Level													
Assessment Area: Billings MSA AA													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2020						2021						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%	\$%	
Other Purpose LOC													
Low	0	0.0	3.0	0	0.0	1.3	0	0.0	6.9	0	0.0	6.1	19.5
Moderate	0	0.0	12.9	0	0.0	11.0	0	0.0	14.3	0	0.0	8.2	18.0
Middle	0	0.0	21.3	0	0.0	16.1	0	0.0	21.2	0	0.0	17.5	21.9
Upper	0	0.0	57.9	0	0.0	65.8	0	0.0	51.3	0	0.0	64.9	40.6
Unknown	0	0.0	5.0	0	0.0	5.9	0	0.0	6.3	0	0.0	3.4	0.0
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Other Purpose Closed/Exempt													
Low	0	0.0	2.7	0	0.0	1.1	0	0.0	6.7	0	0.0	3.1	19.5
Moderate	0	0.0	13.5	0	0.0	13.3	2	33.3	16.2	383	25.7	13.3	18.0
Middle	1	100.0	21.6	200	100.0	13.1	3	50.0	26.7	560	37.6	19.1	21.9
Upper	0	0.0	45.9	0	0.0	43.7	1	16.7	41.9	548	36.8	59.5	40.6
Unknown	0	0.0	16.2	0	0.0	28.8	0	0.0	8.6	0	0.0	5.1	0.0
Total	1	100.0	100.0	200	100.0	100.0	6	100.0	100.0	1,491	100.0	100.0	100.0
Purpose Not Applicable													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	19.5
Moderate	0	0.0	0.5	0	0.0	0.4	0	0.0	1.8	0	0.0	2.0	18.0
Middle	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	21.9
Upper	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	40.6
Unknown	0	0.0	99.5	0	0.0	99.6	0	0.0	98.2	0	0.0	98.0	0.0
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0

Source: 2021 FFIEC Census Data

2011-2015 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

In 2021, the bank originated 5.0% of its HMDA loans to low-income borrowers and 18.6% to moderate-income borrowers. According to 2021 FFIEC census data, 19.5% of the families in the AA are low income and 18.0% are moderate income. In 2021, aggregate lenders extended 5.9% of their HMDA loans to low-income borrowers and 17.1% to moderate-income borrowers. The bank's lending to low-income borrowers is below demographics, and its lending to moderate-income borrowers is consistent with demographics. The bank's lending to low-income borrowers is comparable to aggregate lenders, whereas its lending to moderate-income borrowers slightly exceeds aggregate. In 2020, the bank's lending to low-income borrowers (5.6%) was lower than demographics (19.5%) but consistent with aggregate lenders (4.6%). For moderate-income borrowers, the bank's lending (24.1%) exceeded both demographics (18.0%) and aggregate lenders (16.2%).

As previously mentioned, affordable housing is a major concern in the AA due to rising home prices. A community contact stated that the average residential housing sales price as of August 2021 was over \$368,000, which is unaffordable for low- and moderate-income individuals. Using the assumption that a borrower can afford a home for approximately three times his or her annual income, an individual with the highest income in the low-income bracket (\$39,049) could afford a \$117,147 home, based on 2021 FFIEC estimated median family income for the Billings MSA. Using the same assumption for a borrower with the highest income in the moderate-income bracket (\$62,479), a borrower could afford a \$187,437 home. According to the 2015 FFIEC census data, the median housing value in the AA is \$194,126, which would not be affordable for many low- and moderate-income families.

Additionally, the bank operates in a very competitive environment; despite the competition, the bank captured additional HMDA loan market share during the evaluation period. The bank ranked second out of 259 HMDA reporters in 2021 (a 5.9% market share) and seventh out of 221 HMDA reporters in 2020 (a 5.0% market share). The top 10 reporters include regional banks, national banks, and Internet-based mortgage lenders.

Finally, the bank actively participates in several special housing programs for borrowers in the AA, including first-time homebuyer and down payment assistance programs, demonstrating its commitment to serving low- and moderate-income individuals. The bank's participation in these programs enhances the bank's HMDA lending. According to bank management, certain factors have limited the bank's ability to participate in these programs, such as sellers selecting financing without contingencies.

Examiners also evaluated the bank's 2018 and 2019 HMDA lending activity and determined that the bank's performance did not change the conclusion.

GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution and dispersion of the bank's HMDA loans in the Billings MSA AA is reasonable, and there are no unexplained gaps in lending.

Residential Real Estate Lending. The geographic distribution and dispersion of the bank's HMDA lending is reasonable. The following tables show the bank's 2020 and 2021 HMDA lending, as well as aggregate lending data and demographic data.

Distribution of 2020 and 2021 Home Mortgage Lending By Income Level of Geography													
Assessment Area: Billings MSA AA													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2020						2021						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	##%	##%	\$(000)	##%	##%	#	##%	##%	\$(000)	##%	##%	
Home Purchase Loans													
Low	2	0.5	1.1	231	0.3	0.6	11	2.6	1.6	1,138	1.0	0.8	1.1
Moderate	54	14.7	12.8	9,809	11.2	9.7	63	14.7	13.6	12,794	10.7	10.6	17.4
Middle	248	67.6	66.2	60,331	68.7	66.9	264	61.5	65.0	73,954	62.0	65.0	62.6
Upper	63	17.2	19.8	17,502	19.9	22.7	91	21.2	19.9	31,478	26.4	23.6	19.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	367	100.0	100.0	87,873	100.0	100.0	429	100.0	100.0	119,364	100.0	100.0	100.0
Refinance Loans													
Low	3	1.6	0.5	358	0.8	0.2	2	0.9	0.8	203	0.4	0.4	1.1
Moderate	18	9.9	10.7	3,784	8.6	8.4	21	9.6	11.7	3,781	6.9	9.2	17.4
Middle	122	67.0	63.9	29,187	66.1	63.4	137	62.8	65.5	33,857	61.8	64.8	62.6
Upper	39	21.4	24.9	10,797	24.5	27.9	58	26.6	22.1	16,951	30.9	25.6	19.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	182	100.0	100.0	44,126	100.0	100.0	218	100.0	100.0	54,792	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	0.9	0	0.0	0.7	1	25.0	1.6	81	29.8	1.4	1.1
Moderate	1	33.3	13.1	30	5.8	9.7	0	0.0	12.9	0	0.0	10.9	17.4
Middle	1	33.3	60.6	150	28.8	62.7	3	75.0	64.3	191	70.2	62.5	62.6
Upper	1	33.3	25.3	340	65.4	27.0	0	0.0	21.2	0	0.0	25.2	19.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	3	100.0	100.0	520	100.0	100.0	4	100.0	100.0	272	100.0	100.0	100.0
Multifamily Loans													Multi-family Units %
Low	0	0.0	8.5	0	0.0	0.8	2	25.0	10.0	702	23.7	2.1	4.8
Moderate	3	50.0	38.3	1,346	49.7	62.6	4	50.0	41.7	1,194	40.4	36.1	39.5
Middle	3	50.0	51.1	1,363	50.3	33.4	2	25.0	45.0	1,063	35.9	61.3	42.2
Upper	0	0.0	2.1	0	0.0	3.2	0	0.0	3.3	0	0.0	0.4	13.5
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	6	100.0	100.0	2,709	100.0	100.0	8	100.0	100.0	2,959	100.0	100.0	100.0

Distribution of 2020 and 2021 Home Mortgage Lending By Income Level of Geography													
Assessment Area: Billings MSA AA													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	##%	##%	\$(000)	##%	##%	#	##%	##%	\$(000)	##%	##%	
Total Home Mortgage Loans													Owner Occupied Units %
Low	5	0.9	0.8	589	0.4	0.4	16	2.4	1.2	2,124	1.2	0.7	1.1
Moderate	76	13.6	11.8	14,969	11.1	11.2	88	13.2	12.7	17,769	9.9	10.7	17.4
Middle	375	67.1	64.7	91,231	67.4	63.6	409	61.5	65.1	110,011	61.5	64.7	62.6
Upper	103	18.4	22.8	28,639	21.1	24.8	152	22.9	21.1	48,974	27.4	23.9	19.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	559	100.0	100.0	135,428	100.0	100.0	665	100.0	100.0	178,878	100.0	100.0	100.0

Source: 2021 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2020 and 2021 Home Mortgage Lending By Income Level of Geography													
Assessment Area: Billings MSA AA													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	##%	##%	\$(000)	##%	##%	#	##%	##%	\$(000)	##%	##%	
Other Purpose LOC													
Low	0	0.0	1.0	0	0.0	1.3	0	0.0	0.5	0	0.0	0.5	1.1
Moderate	0	0.0	8.4	0	0.0	6.4	0	0.0	12.7	0	0.0	7.1	17.4
Middle	0	0.0	60.9	0	0.0	58.4	0	0.0	61.4	0	0.0	50.8	62.6
Upper	0	0.0	29.7	0	0.0	33.8	0	0.0	25.4	0	0.0	41.5	19.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Other Purpose Closed/Exempt													
Low	0	0.0	1.4	0	0.0	0.7	0	0.0	1.0	0	0.0	0.7	1.1
Moderate	0	0.0	14.9	0	0.0	19.8	0	0.0	9.5	0	0.0	5.7	17.4
Middle	1	100.0	63.5	200	100.0	47.1	3	50.0	67.6	946	63.4	74.3	62.6
Upper	0	0.0	20.3	0	0.0	32.4	3	50.0	21.9	545	36.6	19.2	19.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	1	100.0	100.0	200	100.0	100.0	6	100.0	100.0	1,491	100.0	100.0	100.0

Distribution of 2020 and 2021 Home Mortgage Lending By Income Level of Geography													
Assessment Area: Billings MSA AA													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2020						2021						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Purpose Not Applicable													
Low	0	0.0	0.5	0	0.0	0.2	0	0.0	1.8	0	0.0	0.2	1.1
Moderate	0	0.0	15.4	0	0.0	10.8	0	0.0	21.4	0	0.0	15.1	17.4
Middle	0	0.0	69.8	0	0.0	72.1	0	0.0	62.5	0	0.0	65.1	62.6
Upper	0	0.0	14.3	0	0.0	16.8	0	0.0	14.3	0	0.0	19.7	19.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
<i>Source: 2021 FFIEC Census Data</i> <i>2011-2015 U.S. Census Bureau: American Community Survey</i> <i>Note: Percentages may not total 100.0 percent due to rounding.</i>													

In 2021, the bank originated 2.4% of its HMDA loans in the low-income tract and 13.2% in the moderate-income tracts. According to 2021 FFIEC adjusted census data, 1.9% and 17.0% of the families in the AA reside in the low- and moderate-income tracts, respectively. Moreover, 1.1% and 17.4% of the owner-occupied housing units are located in the low- and moderate-income tracts, respectively. For 2021, aggregate lenders originated 1.2% of their HMDA loans in the low-income tract and 12.7% of their loans in the moderate-income tracts. The bank’s lending in the low-income tract is slightly higher than aggregate lenders and demographics. The bank’s lending in the moderate-income tracts is below demographics and consistent with aggregate lenders. In 2020, the bank originated 0.9% of its HMDA loans in the low-income tract and 13.6% in the moderate-income tracts. The bank’s lending in the low-income tract is consistent with demographics (1.1%) and aggregate lenders (0.8%). The bank’s lending in the moderate-income tracts is below demographics (17.4%) but slightly higher than aggregate (11.8%).

The bank originated HMDA loans in all low- and moderate-income tracts in 2021 and in all except one moderate-income tract in 2020 (Carbon County). The bank does not operate a branch in this county. The bank’s distribution and dispersion of HMDA loans is reasonable based on performance context. Management and community contacts stated that the Billings MSA is a very competitive market with numerous financial institutions.

Examiners also evaluated the bank’s 2018 and 2019 HMDA lending activity and determined that the bank’s performance was generally consistent with that of 2020 and 2021.

COMMUNITY DEVELOPMENT TEST

The bank’s level of community development activities shows excellent responsiveness to community development needs in the Billings MSA AA. The bank engaged in community development lending and services and made qualified investments in the form of securities and donations.

Community Development Loans. The bank’s community development lending in the Billings MSA AA is excellent. The bank originated seven community development loans totaling nearly \$3.5 million that benefited the AA. The bank’s community development loans primarily helped promote affordable housing

and are highly responsive to affordable housing concerns in the AA. The largest loan, for \$1.1 million, was to a nonprofit organization that provides services for people with mental health or developmental disabilities and primarily serves low- and moderate-income individuals; this loan is also very responsive. The bank's community development lending is higher by number and dollars than at the previous evaluation.

Qualified Investments. The bank's level of qualified investments, including donations, in the Billings MSA AA is excellent. Since the previous evaluation, the bank purchased one new MBS with underlying loans to low- and moderate-income borrowers, of which \$608,000 supports affordable housing in the AA and is responsive to area needs. Bank management and community contacts indicated that there have been limited opportunities to purchase CRA-eligible securities and that competition is strong. The bank made donations totaling \$20,793 in the Billings MSA AA, including a \$7,500 donation to a local health care organization that provides financial assistance to those in need, including families with sick children. The bank's donations also include \$3,200 provided to a local food pantry in response to the COVID-19 pandemic, which is highly responsive to community needs. The bank's donations all benefited low- and moderate-income individuals, especially youth. Overall, the bank's qualified investments are higher than at the previous evaluation.

Community Development Services. The bank provided an excellent level of services in the Billings MSA AA. The bank provided 15 community development services to six nonprofit and economic development organizations. Bank officers and staff provided financial expertise primarily to organizations that serve low- and moderate-income persons, including youth, but also to organizations that promote economic development. Bank employees served on the board as well as various committees, such as fundraising and finance committees. The bank increased the number of its community development services since the previous evaluation.

METROPOLITAN AREAS – LIMITED REVIEW

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE GREAT FALLS MSA ASSESSMENT AREA

Examiners conducted a limited-scope review of the bank's CRA performance in the Great Falls MSA AA. The bank's Lending Test and Community Development Test performance in the AA is generally consistent with the bank's performance in the Billings MSA AA. Examiners analyzed the bank's HMDA loans and evaluated community development activities. Examiners did not review small business loans due to low volume in this AA.

The bank originated 13.8% of its loans by number and has 1.3% of its deposits in the Great Falls MSA AA. According to the June 30, 2021, FDIC Deposit Market Share Report, the bank ranks ninth out of 11 financial institutions with deposits in Cascade County, with a 0.7% market share.

The Great Falls MSA AA consists of the entirety of the Great Falls MSA (Cascade County) and includes five moderate-, 13 middle-, and four upper-income census tracts. This AA has not changed since the previous evaluation. The population of the AA is 82,090, according to the 2021 FFIEC adjusted census data.

The bank operates one full-service branch, which is in a moderate-income tract, in the city of Great Falls. During the evaluation period, the bank relocated one branch in a nearby moderate-income tract to this office. The branch has a cash-dispensing-only ATM and a drive-up facility, and offers extended and weekend hours.

The bank originated 15 community development loans in this AA for \$10.1 million, which is noteworthy, and all of these loans support affordable housing.

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE MISSOULA MSA ASSESSMENT AREA

Examiners conducted a limited-scope review of the bank's CRA performance in the Missoula MSA AA. The bank's Lending Test and Community Development Test performance in the AA is generally consistent with the bank's performance in the Billings MSA AA. Examiners analyzed the bank's HMDA loans and evaluated community development activities. Examiners did not review small business loans due to low volume in this AA.

The bank originated 18.2% of its loans by number and has 5.5% of its deposits in the Missoula MSA AA. According to the June 30, 2021, FDIC Deposit Market Share Report, the bank ranks eighth out of 11 financial institutions with deposits in Missoula County, with a 1.8% market share.

The Missoula MSA AA consists of the entirety of the Missoula MSA (Missoula County) and includes one low-, three moderate-, 13 middle-, and three upper-income census tracts. This AA has not changed since the previous evaluation. The population of the AA is 111,966, according to the 2021 FFIEC adjusted census data. A small portion of the Flathead Indian Reservation is located in the Missoula MSA.

The bank operates two full-service branches in the city of Missoula, one in a low-income tract and one in a moderate-income tract. During the evaluation period, the bank closed the LPO and one branch, in addition to opening a new branch. These changes occurred in the same moderate-income tract. The branch in the moderate-income tract has a deposit-taking ATM as well as a drive-up facility with extended hours.

The bank originated two community development loans totaling \$6.2 million in this AA, which is noteworthy; the loans promote affordable housing and economic development.

NONMETROPOLITAN AREAS – LIMITED REVIEW

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

Examiners conducted a limited-scope review of the bank's CRA performance in the Fergus AA. The bank's Community Development Test performance in the AA is generally consistent with the bank's performance in the Non-MSA AA. Examiners evaluated community development activities but did not review HMDA or small business loans due to low volume in this AA. According to bank management, this is an agricultural market.

The bank originated 0.2% of its loans by number and has 1.6% of its deposits in the Fergus AA. According to the June 30, 2021, FDIC Deposit Market Share Report, the bank ranks fifth out of five financial institutions with deposits in Fergus County, with a 4.9% market share.

The Fergus AA consists of Fergus County, which includes two middle-income tracts that are designated as underserved. This AA has not changed since the previous evaluation. The population of the AA is 11,468, according to the 2021 FFIEC adjusted census data.

The bank continues to operate a full-service branch in Denton and opened an LPO with an ITM in Winifred, Montana, during the evaluation period.

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

Examiners conducted a limited-scope review of the bank's CRA performance in the Roosevelt AA. The bank's Community Development Test performance in the AA is generally consistent with the bank's performance in the Non-MSA AA. Examiners evaluated community development activities but did not review HMDA or small business loans due to low volume in this AA. According to bank management, this is an agricultural market.

The bank originated 0.1% of its loans by number and has 8.5% of its deposits in the Roosevelt AA. According to the June 30, 2021, FDIC Deposit Market Share Report, the bank ranks second out of three financial institutions with deposits in Roosevelt County, with a 28.8% market share.

As previously mentioned, this AA is new since the last evaluation and was added due to a bank acquisition in 2020.⁸ The AA consists of Roosevelt County, which is comprised of one moderate-, one middle-, and one upper-income tracts. The middle-income tract is also designated as distressed. The population of the AA is 11,072, according to the 2021 FFIEC adjusted census data. A large portion of the Fort Peck Indian Reservation and small portions of the Turtle Mountain Indian Reservation are in the AA.

The bank operates a full-service branch with a deposit-taking ATM and drive-up facility in the AA. The bank also operates four stand-alone cash-dispensing-only ATMs in the city of Wolf Point.

One of the bank's community development loans in this AA is noteworthy. Specifically, the bank extended a \$2.6 million PPP loan to a healthcare organization operating in a distressed area as well as a nearby moderate-income area.

⁸ Examiners evaluated the AA and the branches as of December 31, 2021.

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.)