

PUBLIC DISCLOSURE

September 11, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Montana Bank
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P.O. Box 1550
Missoula, Montana 59802
RSSD 613156

**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 Satisfactory.

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

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

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

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

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

- The bank's performance demonstrates adequate responsiveness to community development needs in its AAs. The bank's levels of community development loans, qualified investments and donations, and community development services are adequate.

The bank received an Outstanding rating at the previous evaluation on January 9, 2018.

SCOPE OF EVALUATION

The bank's CRA performance evaluation is based in part on information provided by bank management and by community contacts. Examiners analyzed information from these sources, as well as the economic and demographic characteristics of the AAs, competitive factors, and the size and financial condition of the bank to understand and evaluate the bank's performance. The CRA evaluation covers the period from the previous CRA evaluation to September 11, 2023.

The bank designates five AAs in Montana for CRA purposes: the Anaconda/Butte, Libby/Troy/Kalispell, Bozeman, and Helena non-metropolitan statistical area (Non-MSA) AAs, and the Missoula MSA AA. The Helena AA is new since the previous evaluation.

Based on lending data provided by the bank, the bank originated 40.4% of its loans by number in the Anaconda/Butte AA, followed by 32.5% in the Libby/Troy/Kalispell AA. Loan volume in the remaining AAs is lower with 11.7% in the Missoula AA, 9.3% in the Bozeman AA, and 6.0% in the Helena AA. Based on the June 30, 2022, FDIC Deposit Market Share Report, 39.6% of the bank's deposits are in the Anaconda/Butte AA, followed by 37.3% in the Libby/Troy/Kalispell AA. The Missoula, Bozeman, and Helena AAs account for 13.5%, 7.8%, and 1.8% of deposits, respectively.

Based on the lending volume and deposit market share, examiners conducted full-scope reviews of the Anaconda/Butte and Libby/Troy/Kalispell AAs. The Missoula, Bozeman, and Helena AAs received limited-scope reviews. Detailed descriptions of the bank's assessment areas are in their respective

sections.

Throughout this evaluation, examiners used demographic characteristics in evaluating the bank’s record of lending in the AA. Sources for demographic information are primarily the 2022 Federal Financial Institutions Examination Council (FFIEC) adjusted census data and the 2022 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 economic and demographic characteristics as well as community development opportunities in the bank’s Anaconda/Butte and Libby/Troy/Kalispell AAs. This evaluation includes specific information obtained from these community contacts. The contacts did not identify any unmet credit needs in these AAs.

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

- Examiners placed slightly more weight on the bank’s activities in the Anaconda/Butte AA than the Libby/Troy/Kalispell AA, based on loan volume.
- Examiners assigned more weight to the Lending Test than to the Community Development Test because the bank primarily serves its communities through its lending programs.
- For the Lending Test performance criteria, examiners placed the greatest and equal weight on the bank’s lending to businesses of different sizes and borrowers of different income levels, and the geographic distribution of loans. Examiners placed the least and equal weight on lending inside the AAs and the net loan-to-deposit ratio.
- For the Lending Test, by product type, examiners placed the greatest weight on the bank’s small business loans, followed by consumer loans, then HMDA loans for the Anaconda/Butte AA. For the Libby/Troy/Kalispell AA, examiners placed the greatest weight on the bank’s consumer loans, followed by HMDA loans.

Lending Test Scope

The scope of the Lending Test covers the bank’s major product lines, consisting of small business, consumer, and residential real estate loans. The table below shows the composition of the bank’s \$331.1 million lending portfolio.

Composition of Loan Portfolio as of June 30, 2023		
Loan Type	\$(000)	%
Commercial	238,013	71.9
Residential Real Estate	63,582	19.2
Consumer	22,934	6.9
Agricultural	6,488	2.0
Other	121	< 1.0
Total	331,138	100.0
<i>Note: Percentages may not total 100.0% due to rounding.</i>		

The Lending Test is based on a statistical sample of the bank’s small business and consumer loans. The loan sample includes 83 small business loans and 87 consumer loans originated between July 1, 2022, and

December 31, 2022. Because the bank has offices in an MSA and is therefore required to report HMDA loans, examiners also analyzed the bank's 2018 through 2022 HMDA-reportable loans. Examiners reviewed 2018 through 2020 lending for consistency with the 2021 and 2022 HMDA data but did not include a detailed analysis of the 2018 through 2020 data in this evaluation. Additionally, examiners compared the bank's HMDA lending to that of aggregate lenders that originated or purchased HMDA loans in the AAs.

In 2020 and 2021, the bank participated in Paycheck Protection Program (PPP) lending through the Federal Reserve System and the Small Business Administration (SBA). These loans were designed to help businesses keep their workforces employed during the COVID-19 pandemic. The bank originated more than 600 PPP loans. Examiners considered the bank's PPP loans primarily in their evaluation of the bank's small business loans.¹

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

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

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

Community Development Test Scope

Examiners reviewed the bank's community development lending, qualified investments (including donations), and community development services since the previous evaluation for each AA and for larger regional areas. Examiners based the Community Development Test rating on the bank's performance during the period of January 10, 2018, through September 11, 2023.²

DESCRIPTION OF INSTITUTION

Structure. First Montana Bank is wholly owned by First National Bancorp, Inc.; both are headquartered in Missoula, Montana.

Offices and Retail Delivery Systems. First Montana Bank operates its main office in Missoula and nine full-service branches in Anaconda (two), Bozeman, Butte, Helena, Kalispell, Libby, Missoula, and Troy, Montana. Prior to this evaluation, the bank operated one loan production office (LPO) in Helena, Montana, which was converted to a full-service branch in 2019.³ All offices have cash-dispensing-only ATMs except for the Butte and Libby branches, which have full-service ATMs. All offices have drive-up services except for the Missoula main office and the Anaconda downtown branch. Five branches offer extended weekday or Saturday hours, typically at the drive-thru facilities (one also offers these hours at a walk-up window). Finally, the bank also offers services through telephone, online, and mobile banking.

Loan Portfolio. According to the June 30, 2023, Report of Condition, the bank's assets total

¹ Four PPP loans qualified as community development loans and were considered under the Community Development Test.

² The bank provided community development donation information for donations up through 2022.

³ The bank relocated the Helena branch in 2024.

approximately \$567.1 million, which is an 88.8% increase since the previous evaluation. The bank's \$331.1 million loan portfolio consists of 71.9% commercial, 19.2% residential real estate, 6.9% consumer, 2.0% agricultural, and less than 1.0% other loans. Although gross loans increased by 54.8% since the previous evaluation, the loan portfolio composition remained relatively consistent.

Credit Products. First Montana Bank is primarily a commercial, residential real estate, and consumer lender, offering traditional products to serve the needs of businesses and residents in its AAs. The bank offers a variety of residential real estate loans, including conventional mortgages, home improvement loans, and temporary construction loans. The bank continues to offer loans through various federal programs including the SBA, the U.S. Department of Veterans Affairs, and the Federal Housing Administration, as well as loans through the Montana Board of Housing,

DESCRIPTION OF ASSESSMENT AREAS

As mentioned, the bank has five AAs: Anaconda/Butte, Libby/Troy/Kalispell, Missoula, Bozeman, and Helena. The Helena AA is new since the previous evaluation.⁴ The bank did not make any changes to the other AAs since the previous evaluation. However, based on the 2020 U.S. Census and the addition of the Helena AA, the overall number and income classification of several census tracts of the combined AAs changed since the previous evaluation. The combined AAs now consist of 122 census tracts: one low-, 20 moderate-, 58 middle-, 42 upper-income tracts, and one unknown-income tract.⁵ Currently, none of the middle-income census tracts in the bank's Non-MSA AAs are classified as distressed or underserved. However, two middle-income tracts in Lincoln County (Libby/Troy/Kalispell AA) were classified as distressed from 2017 through 2021. Detailed descriptions of the bank's AAs can be found in the individual AA sections.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

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

LENDING TEST

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

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

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

⁴ The bank added the Helena AA in 2019, when it converted the Helena loan production office to a branch.

⁵ At the previous evaluation, the combined AAs consisted of 77 census tracts: three low-, 13 moderate-, 43 middle-, and 18 upper-income.

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, 2023, the net loan-to-deposit ratio for the bank is 77.2%, which is slightly above the national peer group's net loan-to-deposit ratio of 76.4%. The bank's national peer group includes all insured commercial banks with assets between \$300 million and \$1 billion. The bank's 23-quarter average net loan-to-deposit ratio of 78.7% is a slight decrease from the previous evaluation, which had a 20-quarter average net loan-to deposit ratio of 80.1%. During the evaluation period, the net loan-to-deposit ratio ranged from 62.0% to 96.4%. The table below shows the total assets and 23-quarter average net loan-to-deposit ratio for the bank and similarly situated financial institutions operating in the AAs.

Bank management noted the growth in deposits from pandemic-related stimulus programs, while loan demand remained consistent during the pandemic. Accordingly, the loan-to-deposit ratio decreased during this time. Deposits decreased in the most recent quarters due to customer spending, which increased the net loan-to-deposit ratio. The bank is an active lender in a competitive lending environment.

23-Quarter Average Net Loan-to-Deposit Ratios		
<i>Bank Name and Location</i>	<i>Assets as of June 30, 2023 (in millions)</i>	<i>Average Net Loan-to-Deposit Ratio</i>
First Montana Bank, Missoula, MT	\$567,131	78.7%
American Bank, Bozeman, MT	\$625,925	66.7%
Three Rivers Bank of Montana, Kalispell, MT	\$299,249	80.6%

COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE THE ASSESSMENT AREA

The bank originated a majority of its loans, 86.2% by number, within its AAs. The table below shows lending activity by loan type within the AAs.

Distribution of Loans Inside and Outside the Assessment Areas								
Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Consumer	77	88.5	\$1,213	85.8	10	11.5	\$200	14.2
Total Consumer related	77	88.5	\$1,213	85.8	10	11.5	\$200	14.2
Home Improvement	7	100.0	\$544	100	0	0.0	\$0	0.0
Home Purchase - Conventional	122	80.8	\$25,970	77.9	29	19.2	\$7,385	22.1
Home Purchase - FHA	3	100.0	\$725	100	0	0.0	\$0	0.0
Multi-Family Housing	15	93.8	\$11,028	90.2	1	6.3	\$1,200	9.8
Other Purpose Closed-End	15	100.0	\$1,083	100	0	0.0	\$0	0.0
Refinancing	110	89.4	\$21,066	86.5	13	10.6	\$3,296	13.5
Total HMDA related	272	86.3	\$60,416	83.6	43	13.7	\$11,881	16.4
Small Business	69	83.1	\$12,446	84.7	14	16.9	\$2,248	15.3
Total Small Bus. related	69	83.1	\$12,446	84.7	14	16.9	\$2,248	15.3
TOTAL LOANS	418	86.2	\$74,075	83.8	67	13.8	\$14,329	16.2

Bank management stated that the bank focuses on lending to customers within its AAs, which is supported by small business and consumer lending inside the AAs, at 83.1% and 88.5%, respectively. The bank also originated a majority of HMDA loans inside the AAs at 86.3%.

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

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

The bank actively participated in the PPP lending, which began in April 2020. After two rounds of lending, the program ended on May 31, 2021. The PPP is an SBA-backed loan program that was designed to help businesses keep their workforces employed during the COVID-19 pandemic. The bank originated more than 550 PPP loans in its AAs, totaling approximately \$38.4 million.

GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution of loans reflects an excellent dispersion throughout the AAs, including low and moderate-income census tracts. Lending patterns do not reveal any unexplained gaps in lending. The full-scope AA sections provide more detailed discussions of the geographic distribution of loans.

RECORD OF RESPONSE TO CRA-RELATED COMPLAINTS

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

COMMUNITY DEVELOPMENT TEST

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

Community Development Loans. The level of community development lending is adequate. During the evaluation period, the bank originated six community development loans totaling \$5.1 million. Four of the loans were PPP loans totaling approximately \$4.0 million; these loans helped revitalize and stabilize low- and moderate-income census tracts in the bank's Anaconda/Butte AA by helping the borrowers keep their workforces employed during the pandemic. One loan in the Anaconda/Butte AA provided community services to low- and moderate-income individuals by funding a local rescue mission. Finally, one loan in the Helena AA supported affordable housing efforts.

Qualified Investments, Including Donations. The level of qualified investments, including donations, is adequate. Qualified investments in the form of securities include a prior-period bond for \$50,000 that benefits the Libby/Troy/Kalispell AA. The bond provided funding to a school district that primarily serves children from low- and moderate-income families in the Libby/Troy/Kalispell AA.

The bank made an adequate level of donations during the evaluation period. The bank made \$63,631 in donations that directly benefit its AAs or broader regional areas that include the AAs. The bank primarily made donations to support organizations that provide community services to low- and moderate-income individuals, but it also supported organizations that focus on economic development and revitalization and stabilization of low- or moderate-income census tracts or distressed or underserved middle-income tracts. By AA, the bank's donation dollars were primarily made in the Missoula AA (48.4%), followed by Libby/Troy/Kalispell AA (22.6%). The Anaconda/Butte and Bozeman AAs accounted for 10.9% and

3.1% of donations, respectively, and the bank made 14.9% of donations in broader/regional areas that include the AAs. Finally, less than 1.0% of donations were made outside the AAs.

Finally, the bank purchased \$2.4 million in qualified economic development investments during the evaluation period. These were investments in SBA pools securitized by SBA loan programs including the Small Business Investment Company (SBIC) and Certified Development Company/504 (SBAP) programs. The investments have a nationwide focus that potentially includes areas in Montana. Because of the nature of these investments, the exact location of the businesses involved is unknown, and accordingly, examiners assigned these investments much lower weight than the bank's other community development activities located within its AAs. Examiners considered these investments as part of the evaluation because the bank was responsive to community development needs of its AAs.

Community Development Services. The bank's level of community development services is adequate. During the evaluation period, the bank provided 32 community development services in the AAs. Seven employees, including senior management, provided financial expertise on boards and committees of eight organizations. Most of the services focused on helping organizations that provide assistance to low- and moderate-income individuals. Services also supported organizations that facilitate economic development and that focus on revitalization and stabilization of moderate-income areas.

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 ANACONDA/ BUTTE ASSESSMENT AREA

Bank Information. The bank operates three full-service branches in the AA: two branches are in Anaconda (Deer Lodge County), and one is in Butte (Silver Bow County). The Anaconda branches have cash-dispensing-only ATMs, and the Butte branch has a full-service ATM. One of the Anaconda branches and the Butte branch have drive-thru facilities. The Butte branch offers extended weekday hours at the drive-thru, and the Anaconda Park branch offers weekend hours at the drive-thru.

Assessment Area. The Anaconda/Butte AA consists of Deer Lodge and Silver Bow counties. The bank has not changed the AA since the previous evaluation. However, the number of census tracts increased, and the income classification of several tracts changed based on the 2020 census changes. Currently, the AA consists of 12 census tracts: one low-, three moderate-, six middle-, and two upper-income census tracts.⁶

The table below shows the demographic data for the AA based on 2022 FFIEC adjusted census data and 2022 Dun & Bradstreet Data.

2022 Anaconda/Butte AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	8.3	485	4.6	244	50.3	2,553	24.1
Moderate	3	25.0	1,971	18.6	346	17.6	2,231	21.0
Middle	6	50.0	5,714	53.9	473	8.3	2,251	21.2
Upper	2	16.7	2,433	22.9	148	6.1	3,568	33.7
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	12	100.0	10,603	100.0	1,211	11.4	10,603	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	1,615	429	3.3	26.6	886	54.9	300	18.6
Moderate	4,766	2,400	18.2	50.4	1,487	31.2	879	18.4
Middle	11,888	7,120	54.0	59.9	2,920	24.6	1,848	15.5
Upper	4,267	3,233	24.5	75.8	620	14.5	414	9.7
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	22,536	13,182	100.0	58.5	5,913	26.2	3,441	15.3

⁶ At the previous evaluation, the AA consisted of one low-, three moderate-, six middle-, and 1 upper-income census tracts.

2022 Anaconda/Butte AA Demographics								
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	342	15.8	307	15.6	31	20.1	4	12.1
Moderate	431	19.9	391	19.8	35	22.7	5	15.2
Middle	937	43.4	874	44.3	51	33.1	12	36.4
Upper	451	20.9	402	20.4	37	24.0	12	36.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	2,161	100.0	1,974	100.0	154	100.0	33	100.0
Percentage of Total Businesses:				91.3		7.1		1.5
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	2	4.3	2	4.3	0	0.0	0	0.0
Middle	21	44.7	21	44.7	0	0.0	0	0.0
Upper	24	51.1	24	51.1	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	47	100.0	47	100.0	0	0.0	0	0.0
Percentage of Total Farms:				100.0		0.0		0.0
<i>Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i> <i>Note: Percentages may not total 100.0 percent due to rounding.</i>								

Income. For purposes of classifying borrower income, this evaluation uses the FFIEC’s estimated median family income for the Non-MSA areas of Montana for the year of loan origination. The table below shows the estimated income for 2021 and 2022 and the range for low-, moderate-, middle-, and upper-income borrowers.

**Anaconda/Butte AA Borrower Income Levels
Non-MSA Montana**

FFIEC Estimated Median Family Income		Low	Moderate	Middle	Upper
		0 - 49.99%	50% - 79.99%	80% - 119.99%	120% - & above
2021	\$68,800	0 - \$34,399	\$34,400 - \$55,039	\$55,040 - \$82,559	\$82,560 - & above
2022	\$81,600	0 - \$40,799	\$40,800 - \$65,279	\$65,280 - \$97,919	\$97,920 - & above

For purposes of classifying census tracts by income level, this evaluation relies on the FFIEC adjusted census data median family income for the Non-MSA areas of the state, which was \$59,958 for 2018, \$59,777 for 2019 through 2021, and \$70,967 for 2022.

The table below shows the median family income for the Anaconda/Butte AA, the counties comprising the AA, and the state of Montana, based on census data. The 2020 median family income in the AA increased since 2015, except in Deer Lodge County where it decreased 15.3%. The change in median family income in the AA is also increasing at a slower rate than the state of Montana.

Anaconda/Butte AA Median Family Income Change			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Anaconda/Butte AA	\$58,655	\$61,140	4.2%
Deer Lodge County, MT	\$60,251	\$51,050	-15.3%
Silver Bow County, MT	\$57,734	\$62,138	7.6%
Non-MSA Montana	\$65,311	\$70,967	8.7%
Montana	\$66,943	\$72,773	8.7%
<i>Source: 2011 - 2015 U.S. Census Bureau American Community Survey 2016 - 2020 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

Population Characteristics. The population in the Anaconda/Butte AA is 44,554. The table below shows the population change from 2015 to the 2020 census. The population growth in the Anaconda/Butte AA is slower than the growth in the state of Montana.

Anaconda/Butte AA Population Change			
Area	2015 Population	2020 Population	Percent Change
Anaconda/Butte AA	43,760	44,554	1.8%
Deer Lodge County, MT	9,211	9,421	2.3%
Silver Bow County, MT	34,549	35,133	1.7%
NonMSA Montana	647,395	697,722	7.8%
Montana	1,014,699	1,084,225	6.9%
<i>Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census</i>			

Economy. Butte is the center of commerce in the AA and the county seat of Silver Bow County. Bank management stated that Uptown Butte is being revitalized by new small businesses coming into the area. Major employers include local government, energy production, and healthcare. A contact noted that mining continues to offer some of the highest paying jobs in the area. The table below shows the Anaconda/Butte unemployment rate during the evaluation period. During the height of the pandemic, the AA's unemployment rate increased and was slightly higher than the state of Montana rate. Bank management noted, however, that with recent low unemployment, the economy feels the effects of a labor shortage.

Anaconda/Butte AA Unemployment Rates					
Area	2018	2019	2020	2021	2022
Anaconda/Butte AA	3.9%	3.7%	6.2%	3.5%	2.8%
Deer Lodge County, MT	3.5%	3.2%	5.0%	3.3%	2.5%
Silver Bow County, MT	4.0%	3.8%	6.5%	3.6%	2.9%
NonMSA Montana	3.9%	3.6%	5.9%	3.4%	2.7%
Montana	3.7%	3.5%	5.8%	3.4%	2.6%

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

Housing. The housing market is similar to other population centers in that it lacks sufficient affordable housing, and the cost of building affordable housing is extremely high. A community contact stated that there are several new low-income housing subdivisions in Butte. The contact estimated that outside of affordable housing, a three-bedroom home sells for around \$300,000. For many low- to moderate-income individuals, purchasing a home is unlikely given housing costs, and the rental market is also at capacity. This leads to an increase in rents, which might make occupying a rental more expensive than in prior years.

The table below shows the housing cost burden faced by renters and homeowners in the Anaconda/Butte 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 Anaconda/Butte AA is the same as the burden for renters statewide. It is significantly higher for low-income renters. Overall, homeowners fare better, but low-income homeowners still have a significant cost burden.

Anaconda/Butte AA Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Anaconda/Butte AA	61.3%	18.1%	38.3%	55.3%	10.4%	16.2%
Deer Lodge County, MT	78.0%	4.2%	44.4%	59.2%	15.4%	19.4%
Silver Bow County, MT	56.4%	21.7%	36.5%	54.1%	8.9%	15.3%
NonMSA Montana	66.1%	23.1%	35.9%	53.3%	28.3%	20.4%
Montana	70.7%	27.7%	38.3%	54.9%	30.4%	20.2%

Cost Burden is housing cost that equals 30 percent or more of household income
Source: U.S. Department of Housing and Urban Development (HUD), 2016-2020 Comprehensive Housing Affordability Strategy

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN THE ANACONDA/BUTTE AA

The bank’s performance under the Lending Test in the Anaconda/Butte AA is reasonable. The bank’s overall Community Development Test performance in this AA demonstrates adequate responsiveness to community development needs. This AA accounts for approximately 40.4% of the bank’s lending and a sizable portion of community development activities, particularly community development loans.

LENDING TEST

The bank effectively meets the credit needs of businesses and residents in the Anaconda/Butte AA. Overall, the bank’s lending to businesses of different sizes and to borrowers of different incomes is reasonable. In addition, the overall geographic distribution of loans reflects excellent dispersion throughout the AA.

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

Small Business Lending. The bank’s lending to small businesses in the Anaconda/Butte AA is excellent. The table below shows the bank’s small business lending.

Distribution of Small Business Lending By Revenue Size of Businesses Anaconda/Butte AA					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	18	72.0	2,092	64.6	91.3
Over \$1 Million	7	28.0	1,148	35.4	7.1
Revenue Unknown	0	0.0	0	0.0	1.5
Total	25	100.0	3,240	100.0	100.0
By Loan Size					
\$100,000 or Less	16	64.0	730	22.5	
\$100,001 - \$250,000	5	20.0	812	25.1	
\$250,001 - \$1 Million	4	16.0	1,698	52.4	
Total	25	100.0	3,240	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	11	61.1	432	20.7	
\$100,001 - \$250,000	5	27.8	812	38.8	
\$250,001 - \$1 Million	2	11.1	848	40.5	
Total	18	100.0	2,092	100.0	
<i>Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

The bank originated 72.0% of its small business loans to businesses with gross annual revenues of \$1 million or less. According to 2022 Dun & Bradstreet data, 91.3% of businesses in the AA are small businesses. The bank’s lending is below demographics; however, it can be explained. The bank is located in an area where it faces strong competition. Numerous financial institutions operate in the AA, including branches of larger national and regional banks, as well as local banks. Bank management noted the importance of relationship lending and that several businesses grew to over \$1 million in annual revenues in recent years. The bank originated 61.1% of its loans to small businesses in amounts of \$100,000 or less, indicating a willingness to lend to small businesses in the community.

In addition, the bank actively extended PPP loans in the Anaconda/Butte AA. The bank originated over 250 PPP loans in the AA from 2020 to 2021, totaling \$15.9 million.⁷ Of these loans, 55.0% were for \$25,000 or less. This level of responsiveness enhances the bank’s small business lending.

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

Distribution of Consumer Lending By Borrower Income Level Anaconda/Butte AA					
Borrower Income Level	Bank Loans				Households by Household Income %
	#	#%	\$(000)	\$%	
Low	16	43.2	220	41.2	30.9
Moderate	7	18.9	79	14.8	16.5
Middle	6	16.2	121	22.7	20.0
Upper	6	16.2	101	18.9	32.7
Unknown	2	5.4	11	2.1	5.2
Total	37	100.0	534	100.0	100.0

*Source: 2022 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.*

The bank originated 43.2% of its consumer loans to low-income borrowers and 18.9% to moderate-income borrowers. According to 2022 FFIEC adjusted census data, 30.9% of the households in the AA are low income and 16.5% are moderate income. The bank’s lending to low- and moderate-income borrowers is above demographics. Bank management noted the increase in demand for consumer loans but also indicated that competition for these loans is high in the AA, particularly from credit unions.

Residential Real Estate Lending. The bank’s HMDA lending to low- and moderate-income borrowers is reasonable, given the performance context. The table below shows the bank’s HMDA lending by borrower income levels for 2021 and 2022. The table also includes the same information for aggregate lenders, as well as demographic data.

Distribution of Home Mortgage Lending By Borrower Income Level Anaconda/Butte AA													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2021						2022						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Low	5	22.7	6.0	334	12.0	3.4	0	0.0	9.1	0	0.0	4.9	24.1
Moderate	4	18.2	18.4	433	15.6	13.5	6	33.3	20.1	922	28.0	15.3	21.0
Middle	4	18.2	22.8	618	22.2	22.4	2	11.1	23.8	254	7.7	21.5	21.2
Upper	3	13.6	36.8	423	15.2	44.8	7	38.9	33.9	1,557	47.3	44.3	33.7

⁷ Four PPP loans in this AA were counted as community development loans and were removed from this analysis.

Distribution of Home Mortgage Lending By Borrower Income Level Anaconda/Butte AA													
Unknown	6	27.3	16.0	974	35.0	15.9	3	16.7	13.2	560	17.0	14.0	0.0
Total	22	100.0	100.0	2,782	100.0	100.0	18	100.0	100.0	3,293	100.0	100.0	100.0
<i>Source: 2022 FFIEC Census Data</i>													
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>													
<i>Multifamily loans are not included in the borrower distribution analysis.</i>													

According to FFIEC adjusted census data for 2021 and 2022, 24.1% of families in the AA are low income and 21.0% are moderate income. In 2021, the bank originated 22.7% of its HMDA loans to low-income borrowers and 18.2% to moderate-income borrowers. The bank’s lending was comparable to demographics for low- and moderate-income families. The bank’s lending is above aggregate lenders’ performance for low-income borrowers (at 6.0%) but is comparable to aggregate for moderate-income borrowers (at 18.4%).

In 2022, the bank did not originate any HMDA loans to low-income borrowers but originated 33.3% of loans to moderate-income borrowers. The bank’s lending is below demographics for low-income borrowers and above demographics for moderate-income borrowers. The bank’s lending is below aggregate lenders’ performance for low-income borrowers (at 9.1%), and above aggregate for moderate-income borrowers (at 20.1%). Further, HMDA loans that are classified as “unknown” for income are loans made to commercial borrowers or bank employees, for which the bank is not required to report income for HMDA purposes.

The bank’s HMDA lending to low- and moderate-income families is reasonable given the performance context. The cost of housing and the availability of affordable housing are issues in the Anaconda/Butte AA. Bank management indicated that the inventory of affordable homes is low, and developers cannot build a sufficient number of homes to accommodate the demand.

As discussed previously, the housing cost burden for low- and moderate-income residents in the AA is significant. Using the assumption that a borrower can afford a home for approximately three times his or her annual income, an individual with the highest income in the low-income bracket (\$40,799) could afford a \$122,397 home, based on 2022 FFIEC estimated median family income for the Anaconda/Butte AA. Using the same assumption for a borrower with the highest income in the moderate-income bracket (\$65,279), a borrower could afford a \$195,837 home. According to the 2020 FFIEC census data, the median housing value in the AA is \$149,321, which would likely not be affordable for many low-income and some moderate-income families. In addition, a contact estimated that three-bedroom homes sell for much higher (around \$300,000), which would not be affordable for most low- and moderate-income families.

Finally, the bank operates in a very competitive environment. In 2021, the bank ranked 20th out of 153 HMDA reporters in the AA and captured only 1.1% of all HMDA loans reported. In 2022, the bank ranked 14th of 133 reporters and captured only 1.5% of all HMDA loans reported in the AA.

Examiners also evaluated the bank’s 2018, 2019, and 2020 HMDA lending activity and determined that the bank’s performance was generally consistent with that of 2021 and 2022.

GEOGRAPHIC DISTRIBUTION OF LOANS

Overall, the geographic distribution and dispersion of the bank’s loans in the Anaconda/Butte AA is excellent. There are no unexplained gaps in its lending. The AA includes one low- and three moderate-income census tracts.

Small Business Lending. The geographic distribution and dispersion of small business lending in the Anaconda/Butte AA is excellent. The table below shows the bank’s small business lending by census tract income level.

Distribution of Small Business Lending By Income Level of Geography					
Anaconda/Butte AA					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
Low	1	4.0	350	10.8	15.8
Moderate	11	44.0	1,098	33.9	19.9
Middle	8	32.0	1,482	45.7	43.4
Upper	5	20.0	310	9.6	20.9
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	25	100.0	3,240	100.0	100.0
<i>Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i> <i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

The bank originated 4.0% of its small business loans in the low-income tract, and 44.0% of its small business loans in the moderate-income tracts. The bank’s lending is below demographics in the low-income tract but significantly above demographics in the moderate-income tracts. According to 2022 FFIEC adjusted census data, 15.8% and 19.9% of businesses in the AA are in the low- and moderate-income tracts, respectively. According to a community contact, there is a lot of revitalization in Uptown Butte, which is located in parts of the low- and moderate-income tracts in Butte. The bank originated small business loans in each of the low- and moderate-income tracts in the AA. The overall dispersion of small business loans in the AA does not reveal any unexplained gaps in lending.

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

Distribution of Consumer Lending By Income Level of Geography Anaconda/Butte AA					
Geographic Income Level	Bank Loans				Households %
	#	#%	\$(000)	%	
Low	1	2.7	46	8.6	6.9
Moderate	3	8.1	54	10.1	20.4
Middle	26	70.3	342	64.0	52.6
Upper	7	18.9	91	17.0	20.2
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	1	0.2	
Total	37	100.0	534	100.0	100.0

Source: 2022 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

The bank originated one loan, or 2.7% of its consumer loans, in the low-income tract and 8.1% the moderate-income tracts. The bank’s lending is below demographics, which indicate that 6.9% of AA households are in the low-income tract and 20.4% are in the moderate-income tracts. The bank did not originate any consumer loans in the moderate-income tract in Butte. The low- and moderate-income tracts in Butte are mainly industrial/commercial and contain only 4.2% and 6.7% of the AA population, respectively. Further, these two tracts include, or are very close to, several credit unions, which typically compete for consumer loans. Opportunities to make consumer loans may be more limited in these tracts. The overall dispersion of consumer loans in the AA does not reveal any unexplained gaps in lending.

Residential Real Estate Lending. The bank’s geographic distribution for 2021 and 2022 HMDA loans is excellent. The table below shows the distribution of the bank’s HMDA loans by census tract income level.

Distribution of 2021 and 2022 Home Mortgage Lending By Income Level of Geography Anaconda/Butte AA													
Geographic Income Level	Bank And Aggregate Loans By Year											Owner Occupied Units %	
	2021						2022						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank			Agg
	#	#%	#%	\$(000)	%	%	#	#%	#%	\$(000)	%		%
Low	1	4.3	6.4	162	3.9	4.5	4	22.2	5.2	543	16.5	3.4	3.3
Moderate	5	21.7	25.0	663	16.0	22.0	5	27.8	19.5	752	22.8	15.2	18.2
Middle	14	60.9	54.4	2,817	68.2	60.8	7	38.9	52.2	1,542	46.8	49.7	54.0
Upper	3	13.0	14.2	490	11.9	12.7	2	11.1	23.1	456	13.8	31.7	24.5
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	23	100.0	100.0	4,132	100.0	100.0	18	100.0	100.0	3,293	100.0	100.0	100.0

Source: 2022 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

In 2021, the bank originated 4.3% of its HMDA loans in the low-income tract and 21.7% in the moderate-income tracts. Demographics indicate that 3.3% of the AA's owner-occupied housing units are in the low-income tract, and 18.2% are in the moderate-income tracts. Aggregate lenders extended 6.4% of HMDA loans in the low-income tract, and 25.0% in the moderate-income tracts in 2021. The bank's lending was comparable to demographics and aggregate lending in the low-income tract and slightly above demographics, but below aggregate lending in the moderate-income tracts. In 2022, the bank originated 22.2% of its HMDA loans in the low-income tract and 27.8% in the moderate-income census tracts. Aggregate lenders extended 5.2% of HMDA loans in the low-income tract, and 19.5% in the moderate-income tracts. The bank's lending is significantly above demographics and aggregate lending.

The bank originated HMDA loans in each of the low- and moderate-income tracts in both years. As mentioned, competition for HMDA loans in the AA is strong. The bank captured a small percentage of all HMDA loans originated in the AA, while the top five reporters captured 49.2% of 2021 HMDA loans and 41.7% of 2022 HMDA loans. The bank's lending in the low- and moderate-income tracts is notable, given the competition. Overall, the dispersion of HMDA loans does not reveal any unexplained gaps in lending.

Examiners also evaluated the bank's 2018, 2019, and 2020 HMDA lending activity and determined that the bank's performance was generally consistent with that of 2021 and 2022.

COMMUNITY DEVELOPMENT TEST

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

Community Development Loans. The bank's community development lending in the Anaconda/Butte AA is excellent. Since the previous evaluation, the bank originated five community development loans totaling \$4.4 million. The loans included four PPP loans, which were extended to businesses located in low- or moderate-income tracts, helping to revitalize and stabilize these areas by keeping the businesses' workforces employed during the pandemic. The fifth loan provided funding to a local rescue mission that serves low- and moderate-income people in the AA. The bank's community development lending shows an excellent level of responsiveness to the needs of the community.

Qualified Investments. The bank's level of qualified investments in the Anaconda/Butte AA is adequate. The bank did not purchase any new security investments in the AA. The bank's level of donations in the Anaconda/Butte AA is adequate and totaled \$6,963. The donations primarily supported organizations that provide community services to low- and moderate-income residents in the AA. The bank also made donations to organizations that promote economic development and that help revitalize and stabilize low- and moderate-income geographies.

Community Development Services. The bank provided an adequate level of services in the AA. Bank officers provided 15 community development services to three organizations. Bank officers served on the boards of organizations that focus on community services to low- and moderate-income individuals and that promote economic development.

NONMETROPOLITAN AREA – FULL REVIEW

DESCRIPTION OF THE INSTITUTION’S OPERATIONS IN THE LIBBY/TROY/ KALISPELL ASSESSMENT AREA

Bank Information. The bank operates three full-service branches in the AA: one branch each in Libby, Troy, and Kalispell. The Libby and Troy branches are in Lincoln County, and the Kalispell branch is in Flathead County. The Troy and Kalispell branches have a cash-dispensing-only ATM, and the Libby branch has a full-service ATM. All three branches have drive-thru facilities, and the Libby branch has a walk-up window. The Kalispell branch offers extended weekday hours at the drive-thru, and the Libby branch offers extended weekday and Saturday hours at the drive-thru and walk-up window.

Assessment Area. The Libby/Troy/Kalispell AA consists of Lincoln and Flathead counties. The bank has not changed the AA since the previous evaluation. However, the number of census tracts increased and the income classification of two existing tracts changed based on 2020 census changes. Currently, the AA consists of 38 census tracts: seven moderate-, 24 middle-, and seven upper-income census tracts.⁸ A small portion of the Flathead Indian Reservation is in the AA, in the southern part of Flathead County.

The table below shows the demographic data for the AA based on 2022 FFIEC adjusted census data and 2022 Dun & Bradstreet Data.

2022 Libby/Troy/Kalispell AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	6,356	20.4
Moderate	7	18.4	5,332	17.1	546	10.2	5,990	19.3
Middle	24	63.2	20,063	64.5	1,363	6.8	6,895	22.2
Upper	7	18.4	5,715	18.4	230	4.0	11,869	38.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	38	100.0	31,110	100.0	2,139	6.9	31,110	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	12,755	6,861	18.9	53.8	2,414	18.9	3,480	27.3
Middle	36,421	22,601	62.2	62.1	7,853	21.6	5,967	16.4
Upper	11,573	6,858	18.9	59.3	1,960	16.9	2,755	23.8
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	60,749	36,320	100.0	59.8	12,227	20.1	12,202	20.1

⁸ At the previous evaluation, the AA consisted of five moderate-, 17 middle-, and two upper-income census tracts.

2022 Libby/Troy/Kalispell AA Demographics								
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	1,108	14.3	1,032	14.2	61	13.6	15	21.1
Middle	5,192	66.8	4,835	66.7	312	69.6	45	63.4
Upper	1,472	18.9	1,386	19.1	75	16.7	11	15.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	7,772	100.0	7,253	100.0	448	100.0	71	100.0
Percentage of Total Businesses:				93.3		5.8		0.9
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	70	19.9	68	20.2	2	13.3	0	0.0
Middle	211	59.9	203	60.2	8	53.3	0	0.0
Upper	71	20.2	66	19.6	5	33.3	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	352	100.0	337	100.0	15	100.0	0	0.0
Percentage of Total Farms:				95.7		4.3		0.0
<i>Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i> <i>Note: Percentages may not total 100.0 percent due to rounding.</i>								

Income. For purposes of classifying borrower income, this evaluation uses the FFIEC’s estimated median family income for the Non-MSA areas of Montana for the year of loan origination. The table below shows the estimated income for 2021 and 2022 and the range for low-, moderate-, middle-, and upper-income borrowers.

**Libby/Troy/Kalispell AA Borrower Income Levels
Non-MSA Montana**

FFIEC Estimated Median Family Income		Low	Moderate	Middle	Upper
		0 - 49.99%	50% - 79.99%	80% - 119.99%	120% - & above
2021	\$68,800	0 - \$34,399	\$34,400 - \$55,039	\$55,040 - \$82,559	\$82,560 - & above
2022	\$81,600	0 - \$40,799	\$40,800 - \$65,279	\$65,280 - \$97,919	\$97,920 - & above

For purposes of classifying census tracts by income level, this evaluation relies on the FFIEC adjusted census data median family income for the Non-MSA areas of the state, which was \$59,958 for 2018, \$59,777 for 2019 through 2021, and \$70,967 for 2022.

The table below shows the median family income for the Libby/Troy/Kalispell AA, the counties comprising the AA, and the state of Montana, based on census data. The 2020 median family income in the AA increased since 2015; however, it is still lower than the state of Montana.

Libby/Troy/Kalispell AA Median Family Income Change			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Libby/Troy/Kalispell AA	\$61,583	\$68,112	10.6%
Flathead County, MT	\$64,101	\$70,859	10.5%
Lincoln County, MT	\$49,969	\$50,677	1.4%
Non-MSA Montana	\$65,311	\$70,967	8.7%
Montana	\$66,943	\$72,773	8.7%

*Source: 2011 - 2015 U.S. Census Bureau American Community Survey
2016 - 2020 U.S. Census Bureau American Community Survey
Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.*

Population Characteristics. The population in the Libby/Troy/Kalispell AA is 124,034. The table below shows the population change from 2015 to the 2020 census. The population growth in the Libby/Troy/Kalispell AA slightly outpaces growth for the state of Montana. A contact noted that population growth is due to the highly desirable proximity to the mountains and recreational areas. The population of Libby and Troy are growing because they have more affordable housing options than other areas of the AA. Bank management stated that Kalispell is the fastest growing community in Montana outside of Bozeman.

Libby/Troy/Kalispell AA Population Change			
Area	2015 Population	2020 Population	Percent Change
Libby/Troy/Kalispell AA	112,670	124,034	10.1%
Flathead County, MT	93,333	104,357	11.8%
Lincoln County, MT	19,337	19,677	1.8%
Non-MSA Montana	647,395	697,722	7.8%
Montana	1,014,699	1,084,225	6.9%

*Source: 2011-2015 U.S. Census Bureau American Community Survey
2020 U.S. Census Bureau Decennial Census*

Economy. Kalispell is the center of commerce in the AA and the county seat of Flathead County. Outdoor recreation is a big draw for this area, with Glacier National Park and numerous opportunities to fish, ski, and hunt. A community contact indicated that the cost of living in the AA is increasing and that wages are not keeping up with this increase. This contact noted that competition for labor has helped increase wages, but pay for unskilled workers is now often too high for small businesses to afford. Another contact stated that although economic conditions have improved since the pandemic, poverty rates in the area are still high. The AA economy is experiencing a labor shortage. The table below shows the AA

unemployment rate during the evaluation period. During the pandemic in 2020, the AA’s unemployment rate increased and was higher than the state of Montana rate.

Libby/Troy/Kalispell AA Unemployment Rates					
Area	2018	2019	2020	2021	2022
Libby/Troy/Kalispell AA	5.2%	5.1%	8.1%	4.3%	3.3%
Flathead County, MT	4.8%	4.7%	7.7%	4.0%	3.1%
Lincoln County, MT	7.4%	7.3%	10.0%	5.9%	4.8%
NonMSA Montana	3.9%	3.6%	5.9%	3.4%	2.7%
Montana	3.7%	3.5%	5.8%	3.4%	2.6%

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

Housing. The Libby/Troy/Kalispell AA lacks affordable housing. A community contact stated that the area was unable to keep up with housing demand pre-pandemic, and that demand for single-family and multifamily housing has only grown since then. The contact also stated that there is some housing development in Kalispell, but costs are too high and labor and material shortages impact housing projects. The cost of living in Kalispell is relatively high compared to Libby and Troy. Another community contact stated that due to tourism in Flathead County, many landlords rent housing through Airbnb, Inc. rather than to local residents, and that low- and moderate-income people are unable to afford housing due to rising rental prices. A contact noted that childcare costs are also rising and often impact a family’s decision to rent versus purchase a home.

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

Libby/Troy/Kalispell AA Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Libby/Troy/Kalispe ll AA	69.9%	36.3%	41.1%	56.4%	33.7%	23.6%
Flathead County, MT	72.3%	40.3%	42.3%	54.3%	35.3%	22.3%
Lincoln County, MT	59.9%	4.6%	34.4%	60.6%	27.6%	29.1%
Non-MSA Montana	66.1%	23.1%	35.9%	53.3%	28.3%	20.4%
Montana	70.7%	27.7%	38.3%	54.9%	30.4%	20.2%

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

Source: U.S. Department of Housing and Urban Development (HUD), 2016-2020 Comprehensive Housing Affordability Strategy

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN THE LIBBY/TROY/KALISPELL AA

The bank’s performance under the Lending Test in the Libby/Troy/Kalispell AA is reasonable. The bank’s overall Community Development Test performance in this AA demonstrates adequate responsiveness to community development needs. This AA accounts for approximately 32.5% of the bank’s lending and a portion of community development activities, particularly community development donations.

LENDING TEST

The bank effectively meets the credit needs of residents in the Libby/Troy/Kalispell AA. The bank’s consumer and HMDA lending to low- and moderate-income borrowers is reasonable. The geographic distribution and dispersion of consumer and HMDA loans is excellent.

LENDING TO BORROWERS OF DIFFERENT INCOME LEVELS

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

Distribution of Consumer Lending By Borrower Income Level Libby/Troy/Kalispell AA					
Borrower Income Level	Bank Loans				Households by Household Income %
	#	#%	\$(000)	%	
Low	10	33.3	91	16.4	23.2
Moderate	4	13.3	51	9.2	17.9
Middle	4	13.3	75	13.5	17.8
Upper	11	36.7	331	59.7	41.0
Unknown	1	3.3	5	0.9	0.0
Total	30	100.0	554	100.0	100.0

Source: 2022 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

The bank originated 33.3% of its consumer loans to low-income borrowers and 13.3% to moderate-income borrowers. According to 2022 FFIEC adjusted census data, 23.2% of the households in the AA are low income and 17.9% are moderate income. The bank’s lending to low-income borrowers is above demographics, but its lending to moderate-income borrowers is below demographics. Bank management noted that competition for consumer loans is strong, particularly in Kalispell. Two credit unions (one of them large) operate multiple branches in Flathead County; credit unions are often strong competitors for consumer loans. In addition, several local and regional banks also operate branches in the county.

Residential Real Estate Lending. The bank’s HMDA lending to low- and moderate-income borrowers is reasonable, given the performance context. The table below shows the bank’s HMDA lending by borrower income levels for 2021 and 2022. The table also includes the same information for aggregate lenders, as well as demographic data.

Distribution of 2021 and 2022 Home Mortgage Lending By Borrower Income Level Libby/Troy/Kalispell AA													
Borrower Income Level	Bank And Aggregate Loans By Year											Families by Family Income %	
	2021						2022						
	Bank		Agg	Bank			Agg		Bank		Agg		
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%		\$%
Low	1	4.2	3.4	188	2.7	1.5	2	12.5	5.1	137	3.3	2.0	20.4
Moderate	4	16.7	11.8	669	9.6	7.1	2	12.5	13.9	299	7.3	7.2	19.3
Middle	3	12.5	19.3	417	6.0	14.5	3	18.8	19.7	617	15.1	14.0	22.2
Upper	16	66.7	47.7	5,663	81.6	58.6	7	43.8	47.9	2,727	66.7	61.0	38.2
Unknown	0	0.0	17.7	0	0.0	18.2	2	12.5	13.4	310	7.6	15.7	0.0
Total	24	100.0	100.0	6,937	100.0	100.0	16	100.0	100.0	4,090	100.0	100.0	100.0

Source: 2022 FFIEC Census Data
 Note: Percentages may not total 100.0 percent due to rounding.
 Multifamily loans are not included in the borrower distribution analysis.

According to FFIEC adjusted census data for 2021 and 2022, 20.4% of families in the AA are low income and 19.3% are moderate income. In 2021, the bank originated 4.2% of its HMDA loans to low-income borrowers and 16.7% to moderate-income borrowers. The bank’s lending was below demographics for low- and moderate-income families. Aggregate lenders originated 3.4% of their HMDA loans to low-income borrowers and 11.8% to moderate-income borrowers. The bank’s lending was comparable to aggregate lenders’ performance for low-income borrowers and above aggregate lenders for moderate-income borrowers.

In 2022, the bank originated 12.5% of its HMDA loans to low-income borrowers and 12.5% to moderate-income borrowers, which is below demographics. Aggregate lenders originated 5.1% of their HMDA loans to low-income borrowers and 13.9% to moderate-income borrowers. The bank’s performance is above aggregate for low-income borrowers and comparable to aggregate lenders for moderate-income borrowers.

The bank’s HMDA lending to low- and moderate-income borrowers is reasonable given the performance context. As mentioned, the AA lacks affordable housing and building costs are high. Bank management stated that there is considerable investment from non-residents; they purchase vacation homes in the Kalispell area. Therefore, many homes are priced too high for low- to moderate-income borrowers.

As discussed previously, the housing cost burden for low- and moderate-income residents in the AA is significant. Using the assumption that a borrower can afford a home for approximately three times his or her annual income, an individual with the highest income in the low-income bracket (\$40,799) could afford a \$122,397 home, based on 2020 FFIEC estimated median family income for the Libby/Troy/Kalispell AA. Using the same assumption for a borrower with the highest income in the moderate-income bracket (\$65,279), a borrower could afford a \$195,837 home. According to the 2022 FFIEC adjusted census data, the median housing value in the AA is \$280,316, which would likely not be affordable for many low- and moderate-income families.

Finally, the bank operates in an extremely competitive environment. In 2021, the bank ranked 38th out of 294 HMDA reporters in the AA and captured less than 0.5% of all HMDA loans reported. In 2022, the bank ranked 34th of 268 reporters, again capturing less than 0.5% of all HMDA loans reported in the AA.

Examiners also evaluated the bank’s 2018, 2019, and 2020 HMDA lending activity and determined that the bank’s performance was generally consistent with that of 2021 and 2022.

GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution of the bank’s consumer and HMDA loans in the AA is excellent and reflects excellent dispersion throughout the AA. There are no unexplained gaps in lending among the various census tracts. The AA does not include any low-income tracts but does include seven moderate-income tracts.⁹

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

Distribution of Consumer Lending By Income Level of Geography					
Libby/Troy/Kalispell AA					
Geographic Income Level	Bank Loans				Households %
	#	#%	\$(000)	%	
Low	0	0.0	0	0.0	0.0
Moderate	28	93.3	438	79.1	19.1
Middle	2	6.7	116	20.9	62.7
Upper	0	0.0	0	0.0	18.2
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	30	100.0	554	100.0	100.0

Source: 2022 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

The bank originated 93.3% of its consumer loans to borrowers in the moderate-income tracts. The bank’s lending is significantly above demographics, which indicate that 19.1% of AA households are in the moderate-income tracts. As mentioned, competition for loans in the Libby/Troy/Kalispell AA is strong; two credit unions (one of them large) have a multi-branch presence in Flathead County. Bank management stated it has strong relationships with many borrowers in the moderate-income tracts. The bank did not originate consumer loans in three moderate-income tracts, but lack of lending here is explained. Two of these tracts are in Flathead County; both have low populations, one is far from the bank’s branches and the other is close to downtown Kalispell, where several banks and credit unions operate. The third tract is on the northern edge of Lincoln County; it is far from the Libby and Troy branches and two large regional banks as well as a large credit union operate branches here. The overall dispersion of consumer loans in the AA does not reveal any unexplained gaps in lending.

Residential Real Estate Lending. The bank’s geographic distribution for 2021 and 2022 HMDA loans is excellent. The table below shows the distribution of the bank’s HMDA loans by census tract income level.

⁹ In 2021, the AA included five moderate-income census tracts, and no low-income tracts.

Distribution of 2021 and 2022 Home Mortgage Lending By Income Level of Geography Libby/Troy/Kalispell AA													
Geographic Income Level	Bank And Aggregate Loans By Year											Owner Occupied Units %	
	2021						2022						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank			Agg
	#	#%	#%	\$(000)	%	%	#	#%	#%	\$(000)	%		%
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	8	33.3	15.0	2,180	31.4	12.2	8	50.0	13.7	1,126	27.5	8.5	18.9
Middle	15	62.5	71.3	4,098	59.1	73.1	6	37.5	60.4	1,952	47.7	60.2	62.2
Upper	1	4.2	13.7	659	9.5	14.7	2	12.5	25.8	1,012	24.7	31.3	18.9
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	24	100.0	100.0	6,937	100.0	100.0	16	100.0	100.0	4,090	100.0	100.0	100.0

Source: 2022 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

In both 2021 and 2022, the bank’s HMDA lending in the moderate-income tracts, at 33.3% and 50.0% respectively, significantly exceeded demographics, which indicate that 18.9% of housing in the AA is owner-occupied. The bank’s lending also significantly exceeded aggregate lenders, which extended 15.0% and 13.7% of loans in the moderate-income tracts in 2021 and 2022, respectively.

In 2021 and 2022, the bank did not originate HMDA loans in two moderate-income census tracts. One tract is close to downtown Kalispell, where several banks and credit unions operate, and the other tract is in the northeast corner of Lincoln County, where a large credit union and two regional banks operate branches. In 2022, the bank did not extend HMDA loans in two additional moderate-income tracts. One of these tracts is a large tract east of Kalispell; it has low population, it is far from the bank’s branch, and the Flathead National Forest covers most of the tract. The other tract is in Lincoln County; it contains only 3.6% of AA housing units, and except for Libby, Troy, and other townships, the Kootenai National Forest covers most of the county. Overall, the dispersion of HMDA loans does not reveal any unexplained gaps in lending.

Examiners also evaluated the bank’s 2018, 2019, and 2020 HMDA lending activity and determined that the bank’s performance was generally consistent with that of 2021 and 2022.

COMMUNITY DEVELOPMENT TEST

Overall, the bank’s community development activities in the Libby/Troy/Kalispell AA demonstrate adequate responsiveness to community development needs in the AA.

Community Development Loans. The bank did not extend a community development loan in the AA since the previous evaluation.

Qualified Investments. The bank’s level of qualified investments in the Libby/Troy/Kalispell AA is adequate. The bank did not purchase any new investment securities in the AA. The bank’s level of donations in the AA is adequate and totaled \$14,375. The donations primarily supported organizations that provide community services to low- and moderate-income individuals in the AA, as well as to

organizations that help revitalize and stabilize moderate-income geographies. The bank also donated to support affordable housing efforts in the AA.

Community Development Services. The bank provided an adequate level of services in the AA. Bank officers provided 15 community development services to three organizations. The services supported organizations that focus on community services to low- and moderate-income people in the AA and to an organization that helps revitalize and stabilize a moderate-income geography through activities that attract and retain residents.

METROPOLITAN AREA – LIMITED REVIEW

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

Examiners conducted a limited-scope review of the bank's CRA performance in the Missoula AA. The bank's Community Development Test performance in the AA is generally below the bank's overall performance, based on no or low levels of community development loans, security investments, and services. However, this performance does not change the conclusion for the institution. Examiners evaluated community development activities but did not review small business, consumer, or HMDA loans due to low volume in this AA.

The Missoula AA is the Missoula, MT MSA, which consists of all of Missoula County. The bank has not changed this AA since the previous evaluation. However, the number of census tracts increased and the income classification of three existing tracts changed based on 2020 census changes. Currently, the AA consists of 29 census tracts: five moderate-, 16 middle-, seven upper-income census tracts, and one unknown-income census tract.¹⁰ The population of the AA is 117,922, according to 2022 FFIEC adjusted census data.

The bank has limited loan volume in this assessment area. The bank originated 11.7% of its loans and has 13.5% of its deposits in the Missoula AA. According to the June 30, 2022, FDIC Deposit Market Share Report, the bank ranks 10th out of 11 financial institutions with deposits in the AA, with 1.6% of the deposit market share.

The bank operates two full-service branches in Missoula. Both have a cash-dispensing-only ATM. One branch has drive-thru facilities, which has extended weekday hours.

The bank's qualified investments in the form of donations in the AA are noteworthy. The bank made \$30,800 in donations that benefited the AA, which accounts for 48.2% of all bank donations. Most donations in this AA (84.6%) helped organizations that provide community services to low- and moderate-income people.

¹⁰ At the previous evaluation, the AA consisted of one low-, three moderate- 13 middle-, and two upper-income census tracts. The unknown-income census tract is in the city of Missoula and includes a cemetery and commercial/industrial areas, as well as some housing.

NONMETROPOLITAN AREA – LIMITED REVIEW

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

Examiners conducted a limited-scope review of the bank’s CRA performance in the Bozeman AA. The bank’s Community Development Test performance in this AA is generally below the performance in the Non-MSA portions of this evaluation, based on low levels or no community development loans, services, donations, and security investments. However, this performance does not change the conclusions for the Non-MSA portions of the evaluation. Examiners evaluated community development activities but did not review small business, consumer, or HMDA loans due to low volume in this AA.

The Bozeman AA consists of Gallatin County. The bank has not changed this AA since the previous evaluation. However, the number of census tracts increased and the income classification of four existing tracts changed based on 2020 census changes. Currently, the AA consists of 26 census tracts: four moderate-, eight middle- and 14 upper-income census tracts.¹¹ The population of the AA is 118,960, according to 2022 FFIEC adjusted census data.

The bank has limited loan volume in this assessment area. The bank originated 9.3% of its loans and has 7.8% of its deposits in the Missoula AA. According to the June 30, 2022, FDIC Deposit Market Share Report, the bank ranks 13th out of 14 financial institutions with deposits in the AA, with 0.3% of the deposit market share.

The bank operates one full-service branch in Bozeman; it has a cash-dispensing-only ATM and a drive-thru.

¹¹ At the previous evaluation, the AA consisted of one low-, two moderate-, seven middle-, and 12 upper-income census tracts.

NONMETROPOLITAN AREA – LIMITED REVIEW

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

Examiners conducted a limited-scope review of the bank’s CRA performance in the Helena AA. The bank’s Community Development Test performance in this AA is generally consistent with the performance in the Non-MSA portions of this evaluation, based on a notable level of community development lending in the AA (which is a small market for the bank). Examiners evaluated community development activities but did not review small business, consumer, or HMDA loans due to low volume in this AA.

The Helena AA, which consists of Lewis and Clark County, is new since the previous evaluation, because of the bank converting the Helena loan production office to a branch. The AA consists of 17 census tracts: one moderate-, four middle-, and 12 upper-income census tracts. The population of the AA is 70,973, according to 2022 FFIEC adjusted census data.

The bank has limited loan volume in this assessment area. The bank originated 6.0% of its loans and has 1.8% of its deposits in the Helena AA. According to the June 30, 2022, FDIC Deposit Market Share Report, the bank ranks 11th out of 12 financial institutions with deposits in the AA, with 0.4% of the deposit market share.

The bank operates one full-service branch in Helena; it has a cash-dispensing-only ATM and a drive-thru.

The bank’s community development lending in the AA is noteworthy. The bank made one loan totaling \$690,629 that benefited the AA. The loan supported affordable housing efforts in the AA.

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.)