PUBLIC DISCLOSURE

April 16, 2019

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

Stockmens Bank
117 Central Avenue
Cascade, Montana 59421
RSSD 667252

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.

Examiners evaluated the Community Reinvestment Act (CRA) performance of Stockmens Bank, Cascade, Montana, using the Small Bank CRA Examination Procedures. Based on the bank's asset size and financial condition, the bank effectively meets the credit needs of the residents, small businesses, and small farms in its assessment area.

Several factors support the bank's Satisfactory rating:

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

The bank received a Satisfactory rating at the previous CRA evaluation dated February 10, 2015.

SCOPE OF EVALUATION

The scope of the evaluation covers the bank's major product lines, which are consumer, small business, and small farm loans, as shown in Table 1.

TABLE 1[1]
Loan Originations From January 1, 2018, Through December 31, 2018

Loan Type	*Number of Loans*	*Percentage of Total Number*	*Total Loan Dollars*	*Percentage of Total Dollars*
Consumer	58	25.0%	$ 455,789	7.4%
Residential Real Estate	12	5.2%	$ 948,462	15.5%
Small Business (≤ $1 million)	136	58.6%	$2,039,733	33.3%
Small Farm (≤ $500,000)	26	11.2%	$2,683,062	43.8%
Total	**232**	**100.0%**	**$6,127,046**	**100.0%**

Examiners analyzed a statistical sample of 45 consumer loans and 81 small business loans originated in 2018. Examiners also reviewed the universe (26) of small farm loans originated in 2018.

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

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

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

For the evaluation criteria, examiners placed the greatest weight on the bank's lending to borrowers of different income levels and to businesses and farms of different sizes, followed by the geographic distribution of loans. Examiners weighted the remaining criteria equally. By product, examiners weighted consumer, small business, and small farm loans equally. The bank has not received any CRA-related complaints since the previous evaluation.

The evaluation compares the bank's lending activity to demographic information, including census data. Although demographic information provides context for understanding and evaluating the bank's performance, comparisons to the demographic data do not define an expected level of lending. Instead, examiners evaluate each individual bank's CRA performance in light of its overall performance context.

This evaluation is based in part on discussions with bank management and interviews with members of the community familiar with economic issues and demographic characteristics of the assessment area. Examiners used information from these sources to evaluate the bank's CRA performance.

DESCRIPTION OF INSTITUTION

Offices. Stockmens Bank continues to operate one office, with a drive-up window and cash-dispensing-only ATM, in Cascade, Montana. The bank's hours of operation are appropriate for the community it serves.

Alternative Delivery Methods. The bank's online banking services include the ability to review account information, transfer money between accounts, and make payments on Stockmens Bank loans. Since the previous evaluation, the bank began offering a mobile check deposit service.

Loan Portfolio. According to the December 31, 2018, Report of Condition, the bank's assets total $34.6 million. The bank's $14.8 million loan portfolio consists of 45.8% commercial, 32.8% agricultural, 15.3% residential real estate, 5.4% consumer, and 0.7% other loans. While the overall composition of the loan portfolio has not changed significantly since the previous evaluation, the loan portfolio increased 30.4%. Commercial loans increased the largest, by 58.1%, due largely to an increase in commercial real estate lending activity.

Credit Products. The bank offers loan products designed to serve the credit needs of the residents, small businesses, and small farms in the assessment area, focusing on commercial and agricultural lending. The bank no longer offers residential real estate loans and refers people seeking a home mortgage loan to financial institutions in Great Falls.

Deposit Market Share. According to the June 30, 2018, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank ranks seventh of 10 FDIC-insured financial institutions with offices in the Great Falls metropolitan statistical area (MSA), with 2.2% of the total deposits.

DESCRIPTION OF ASSESSMENT AREA

Assessment Area. The bank's assessment area has changed since the previous evaluation. Formerly, the bank defined its assessment area as census tracts 104.00, 106.00, and 107.00 in Cascade County. Bank management adjusted the assessment area to include all tracts in the Great Falls MSA, which consists of Cascade County. The assessment area includes five moderate-income tracts, 13 middle-income tracts, and four upper-income tracts. There are no low-income census tracts in the assessment area.

Table 2 shows the demographic characteristics of the assessment area based on the 2018 Federal Financial Institutions Examination Council (FFIEC) adjusted census data[2] and 2018 Dun & Bradstreet data.

TABLE 2
Assessment Area Demographics

Income Categories	*Tract Distribution*		*Families by Tract Income*		*Families < Poverty Level as % of Families by Tract*		*Families by Family Income*	
	#	%	#	%	#	%	#	%
Low Income	0	0.0	0	0.0	0	0.0	4,193	19.8
Moderate Income	5	22.7	3,438	16.2	989	28.8	3,908	18.5
Middle Income	13	59.1	12,004	56.7	1,023	8.5	4,676	22.1
Upper Income	4	18.2	5,726	27.1	323	5.6	8,391	39.6
Total Assessment Area	**22**	**100.0**	**21,168**	**100.0**	**2,335**	**11.0**	**21,168**	**100.0**

Income Categories	*Housing Units by Tract*	*Housing Types by Tract*						
		Owner-Occupied			*Rental*		*Vacant*	
		#	%	%	#	%	#	%
Low Income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate Income	7,328	2.571	12.0	35.1	4,127	56.3	630	8.6
Middle Income	21,354	12.135	56.5	56.8	6,602	30.9	2,617	12.3
Upper Income	8,871	6,763	31.5	76.2	1,586	17.9	522	5.9
Total Assessment Area	**37,553**	**21,469**	**100.0**	**57.2**	**12,315**	**32.8**	**3,769**	**10.0**

Income Categories	*Total Businesses by Tract*		*Businesses by Tract and Revenue Size*					
			≤ $1 Million		*> $1 Million*		*Revenue Not Reported*	
	#	%	#	%	#	%	#	%
Low Income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate Income	1,125	27.0	1,002	26.5	112	32.6	11	26.2
Middle Income	2,060	49.4	1,864	49.2	169	49.1	27	64.3
Upper Income	986	23.6	919	24.3	63	18.3	4	9.5
Total Assessment Area	**4,171**	**100.0**	**3,785**	**100.0**	**344**	**100.0**	**42**	**100.0**
Percentage of Total Businesses:				**90.7**		**8.2**		**1.0**

Income Categories	*Total Farms by Tract*		*Farms by Tract and Revenue Size*					
			≤ $1 Million		*> $1 Million*		*Revenue Not Reported*	
	#	%	#	%	#	%	#	%
Low Income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate Income	14	5.1	13	4.9	1	25.0	0	0.0
Middle Income	220	80.3	217	81.0	3	75.0	0	0.0
Upper Income	40	14.6	38	14.2	0	0.0	2	100.0
Total Assessment Area	**274**	**100.0**	**268**	**100.0**	**4**	**100.0**	**2**	**100.0**
Percentage of Total Farms:				**97.8**		**1.5**		**0.7**

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

Income. For purposes of classifying borrowers by income level, this evaluation uses the FFIEC's estimated median family income for the Great Falls MSA. For 2018, this figure is $62,800. For purposes of classifying census tracts by income level, this evaluation uses the FFIEC adjusted census data median family income for the Great Falls MSA, which is $58,102.

Population. According to the 2018 FFIEC adjusted census data, the population of the assessment area is 82,090. The majority of the population, 58,876, resides in the city of Great Falls.[3] The population of the assessment area is predominantly white, non-Hispanic, at 86.3%. According to demographic data, the majority of the population in the assessment area is 25 to 64 years of age (50.8%). The remaining population is 17 years and younger (22.6%), 18 to 24 years of age (10.0%), and 65 years and older (16.6%). According to bank management and community contacts, the demographic characteristics of the population have not changed significantly since the previous evaluation; however, bank management indicated that the population near Cascade is aging.

General Economic and Business Characteristics. According to bank management and community contacts, the overall economy in the Great Falls MSA is stable, with some growth; however, the agricultural industry is struggling. Bank management and community contacts stated that the economy in the area tends to have less fluctuation than in other parts of Montana because the Great Falls MSA is home to diverse industries such as defense, agriculture, health care, education, and tourism. No significant downsizings have occurred in recent years; however, a few larger retailers closed as consumers shifted to online shopping. Generally, small businesses have been doing well; there have been more start-ups and more businesses planning to expand. One contact stated that a few new employers moved into Great Falls and brought several hundred jobs. There have been efforts to revitalize parts of Great Falls to attract more people to the area, which can be a challenge because wages have not kept pace with inflation. Bank management stated that Cascade is a suburb of Great Falls and that many people commute to Great Falls daily for work and other purposes.

Agriculture is a significant part of the Great Falls MSA economy, specifically wheat and cattle, and the last few years have been challenging. Commodity prices and property values have decreased, and weather-related losses have increased. Bank management and contacts stated that farmers started planting pulse crops (such as peas, lentils, and chickpeas) as a rotational crop to help replace soil nutrients. However, the prices for pulse crops are declining along with the price of wheat, so it can be difficult for farmers to decide what to plant. In addition, cattle prices are down about 25% from 2015 and 2016. Bank management and a contact said that farm consolidations have increased because of the challenges.

According to the Bureau of Labor Statistics, the 2018 annual average non-seasonally adjusted unemployment rate was 3.6% for the Great Falls MSA and 3.7% for the state of Montana.

Housing. According to a community contact, affordable housing is a concern in the Great Falls area because wages have not kept pace with economic growth. There is also a great need for workforce housing priced from $150,000 to $275,000; the lack of workforce housing has been a barrier to growth. While the contact noted that there has been some construction of apartment buildings for all income levels in Great Falls, the vacancy rate is still under 2.0%.

[3] The Great Falls population is a U.S. Census Bureau estimate as of July 1, 2017.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's performance in meeting the credit needs of its assessment area is rated Satisfactory. Overall, the bank's lending to borrowers of different income levels and to businesses and farms of different sizes is reasonable. The geographic distribution of loans throughout the assessment area is reasonable and does not reveal any unexplained gaps in lending. The bank originated a substantial majority of its loans within the assessment area, and the bank's net loan-to-deposit ratio is reasonable.

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

Consumer Lending. The bank's lending to low- and moderate-income borrowers is excellent. Table 3 shows the bank's consumer lending by income level in 2018.

TABLE 3
Distribution of Consumer Loans in the Assessment Area by Borrower Income Level*

Loan Type Sample	***Low Income***				***Moderate Income***				***Middle Income***				***Upper Income***				***Unknown Income***			
	#	***%***	***$***	***%***	***#***	***%***	***$***	***%***	***#***	***%***	***$***	***%***	***#***	***%***	***$***	***%***	***#***	***%***	***$***	***%***
Consumer Loans	20	50.0	102	37.3	6	15.0	43	15.8	7	17.5	40	14.8	6	15.0	85	31.0	1	2.5	3	1.1
Demographic Data																				
Percentage of Households**	23.4%				16.4%				18.2%				42.0%				N/A			

*Median family income for the Great Falls MSA was $62,800 for 2018.
**Based on 2018 FFIEC census data.
Note: The dollar figures are in thousands.

The bank originated 50.0% of its consumer loans to low-income borrowers and 15.0% to moderate-income borrowers. According to demographics, 23.4% and 16.4% of households in the assessment area are low- and moderate-income, respectively. The bank greatly exceeds demographics with its lending to low-income borrowers and is generally consistent with demographics for moderate-income borrowers.

The bank's performance demonstrates its commitment to lend to borrowers of all income levels. Many of the bank's consumer loans are for daily household expenses. In addition, the bank originates many small-dollar loans; of the loans in the sample, 35.0% were for amounts of $3,000 or less. Of these small-dollar loans, 78.6% were to low- and moderate-income borrowers. The bank does not have a minimum loan amount and charges minimal fees for consumer loans.

Small Business Lending. The bank's lending to small businesses is reasonable. Table 4 shows the bank's small business lending.

TABLE 4 Small Business Loans in the Assessment Area				
Small Business Loans	***≤ $100,000***	***> $100,000 to ≤ $250,000***	***> $250,000 to ≤ $1,000,000***	***Total Originations***
Percentage of Small Business Loans	96.2%	2.5%	1.3%	100.0%
Percentage of Loans to Businesses with Revenues of $1 Million or Less	96.2%	2.5%	1.3%	100.0%

The bank originated all of its small business loans to entities with gross annual revenues of $1 million or less. According to 2018 Dun & Bradstreet data, 90.7% of businesses in the assessment area have gross annual revenues of $1 million or less. The bank's lending performance is higher than demographics. There were numerous loans to two borrowers (due to the bank's lending relationships) in our sample, which affected the analysis. The bank originated the vast majority (87.3%) of the small business loans in the sample to these two businesses.

Of the bank's small business loans to businesses with revenues of $1 million or less, 96.2% were in amounts of $100,000 or less, which indicates a willingness to serve the credit needs of smaller entities.

Small Farm Lending. The bank's lending to small farms is reasonable. Table 5 shows the bank's small farm lending.

TABLE 5 Small Farm Lending				
Small Farm Loans	***≤ $100,000***	***> $100,000 to ≤ $250,000***	***> $250,000 to < $500,000***	***Total Originations***
Percentage of All Small Farm Loans	69.6%	26.1%	4.3%	100.0%
Percentage of Loans to Farms with Revenues of $1 Million or Less	72.7%	22.7%	4.5%	95.7%

The bank originated 95.7% of its small farm loans to entities with gross annual revenues of $1 million or less. According to 2018 Dun & Bradstreet data, 97.8% of farms in the assessment area are small farms. The bank's performance is slightly lower than demographics, which is reasonable given the performance context. Bank management noted that there are many small farms near Cascade. Bank management and a community contact stated that the last few years have been challenging for farmers, which has led to some consolidations. This reduces the opportunities for small farm loans, as there are fewer producers overall and the remaining farms tend to be larger.

Of the bank's small farm loans to farms with revenues of $1 million or less, 72.7% were in amounts of $100,000 or less, which indicates a willingness to serve the credit needs of smaller entities.

<u>GEOGRAPHIC DISTRIBUTION OF LOANS</u>

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area and does not reveal any unexplained gaps in lending. According to 2018 FFIEC census data, the assessment area includes five moderate-income census tracts. The bank's office is located in a middle-income tract that is southwest of Great Falls. Table 6 shows the geographic distribution of the bank's consumer, small business, and small farm loans by census tract income level for 2018.

TABLE 6
Geographic Distribution of Consumer, Small Farm, and Small Business Loans by Income Level of Census Tract*

Loan Type Sample	Moderate Income		Middle Income		Upper Income	
	#	%	#	%	#	%
Consumer	3	7.5	34	85.0	3	7.5
Small Business	61	77.2	17	21.5	1	1.3
Small Farm	0	0.0	22	95.7	1	4.3
Demographic Data						
Number of Census Tracts	5		13		4	
Percentage of Census Tracts	22.7%		59.1%		18.2%	
Percentage of Households*	19.8%		55.5%		24.7%	
Percentage of Businesses**	27.0%		49.4%		23.6%	
Percentage of Farms**	5.1%		80.3%		14.6%	

*Income classification of census tracts and percentage of households are based on the 2018 FFIEC adjusted census data.
**Percentages are based on 2018 Dun & Bradstreet data.

Consumer Lending. The distribution of consumer loans reflects reasonable dispersion throughout the assessment area. The bank originated 7.5% of its consumer loans in moderate-income tracts. The bank's performance is below demographics, which indicate that 19.8% of households in the assessment area reside in the moderate-income tracts. The moderate-income tracts are in or near downtown Great Falls, and a number of other financial institutions are more conveniently located in this area than the bank's office. The bank originated loans in three of the five moderate-income tracts. Most of the bank's consumer lending occurred in the middle-income tract where its office is located. Overall, the bank's performance is reasonable given the performance context.

Small Business Lending. The distribution of small business loans reflects reasonable dispersion throughout the assessment area. The bank originated 77.2% of its small business loans in moderate-income tracts. The bank's performance is significantly above demographics, which indicate that 27.0% of businesses are in these tracts. However, this high percentage is due to the bank's lending relationship with a business in downtown Great Falls. The bank only made small business loans in the moderate-income tract where this business is located, which is reasonable. The bank's office is in Cascade and several financial institutions operate in Great Falls.

Small Farm Lending. The bank's distribution of small farm loans reflects reasonable dispersion throughout the assessment area. The bank did not originate any small farm loans in the moderate-income tracts, which is reasonable given the location of these tracts within the city limits of Great Falls, where small farm lending opportunities are limited. Only 5.1% of the small farms are located in these tracts, based on demographics. It makes sense that the majority of the bank's small farm loans are in the middle-income census tracts (95.7%) because 80.3% of the small farms are located in these tracts. As with consumer lending, most of the bank's small farm lending occurred in the tract where its office is located.

COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE THE ASSESSMENT AREA

Overall, the bank originated a substantial majority of its consumer, small farm, and small business loans within its assessment area. By number, the bank originated 93.4% of the loans inside the assessment area. By total dollar amount, the bank originated 79.3% of the loans inside the assessment area. Table 7 shows lending activity by loan type inside and outside the assessment area.

TABLE 7
Distribution of Loans Inside and Outside the Assessment Area

Loan Category	*Inside*				*Outside*			
	#	%	$(000s)	%	#	%	$(000s)	%
Consumer	40	88.9	273	74.9	5	11.1	91	25.1
Small Farm	23	88.5	2,033	75.8	3	11.5	650	24.2
Small Business	79	97.5	1,047	88.6	2	2.5	135	11.4
Total	**142**	**93.4**	**3,353**	**79.3**	**10**	**6.6**	**876**	**20.7**

Bank management stated that the bank's focus is to provide loans to customers in and near its assessment area. In addition, the bank continues to maintain relationships with some individuals who moved out of the area but remain bank customers. The bank extended all three of the small farm loans outside of the assessment area, including one for a large dollar amount, to borrowers in tracts adjacent to the bank's assessment area. Overall, most of the loans originated outside the assessment area are to borrowers in nearby counties. The bank's lending demonstrates its commitment to meeting the credit needs of the residents, businesses, and farms in its assessment area.

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 of the assessment area. As of December 31, 2018, the bank's net loan-to-deposit ratio is 48.5%, which is lower than the national peer group's net loan-to-deposit ratio of 59.1%. The bank's national peer group includes insured commercial banks having assets less than $50 million with one full-service banking office located in an MSA.

As shown in Table 8, the bank's 16-quarter average net loan-to-deposit ratio is 44.0%, which is higher than the bank's 16-quarter average net loan-to-deposit ratio of 38.9% at the previous evaluation. Since then, the bank's quarterly net loan-to-deposit ratio has ranged from 33.8% to 51.2%, with an increasing trend.

TABLE 8
16-Quarter Average Net Loan-to-Deposit Ratios

Bank Name and Location	Assets as of December 31, 2018 (in thousands)	Average Net Loan-to-Deposit Ratio
Stockmens Bank, Cascade, Montana	$34,551	44.0%
Belt Valley Bank, Belt, Montana	$62,726	91.8%

Although lower than an area competitor and the national peer group, the bank's loan-to-deposit ratio is reasonable given several factors. Bank management and community contacts noted that there is significant competition for all loan types within the Great Falls MSA. During the evaluation period, the competition increased as a few new banks entered the market. In addition, management noted that loan demand has decreased. Given the struggling agricultural economy, it is reasonable that there would be fewer requests for credit. On the consumer side, borrowers tend to finance new vehicle purchases through dealerships instead of with local banks, reducing consumer lending opportunities.

RECORD OF RESPONSE TO CRA-RELATED COMPLAINTS

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

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

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.)