PUBLIC DISCLOSURE

March 9, 2026

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Yellowstone Bank
12 First Avenue
Laurel, Montana 59044
RSSD 680457

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.

TABLE OF CONTENTS

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: Outstanding

The Community Reinvestment Act (CRA) performance of The Yellowstone Bank, Laurel, Montana, demonstrates reasonable responsiveness to the credit needs of its assessment areas (AA) and excellent 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:

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

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

- Overall, the bank's performance demonstrates excellent responsiveness to the community development needs of its AAs. The bank's level of community development loans and services is excellent, and the level of community investments, including donations, is adequate.

The bank received a Satisfactory rating at the previous evaluation, dated September 12, 2022.

SCOPE OF EVALUATION

The evaluation of the bank's CRA performance is based in part on information provided by bank management and community contacts. Examiners analyzed information from these sources, the economic and demographic characteristics of the AAs, competitive factors, and the size and financial condition of the bank to understand the bank's performance. This CRA evaluation covers the period from September 13, 2022, to March 9, 2026.

The bank designates four AAs in Montana for CRA purposes: the Billings Metropolitan Statistical Area (MSA) and Bozeman MSA AAs, and the Sidney and Broadus non-MSA AAs. Since the previous evaluation, Gallatin County was designated as the Bozeman MSA, effective for 2024.[1]

Based on lending data provided by the bank, the bank originated 81.8% of its Home Mortgage Disclosure Act (HMDA) and small business loans in the Billings MSA AA, followed by 12.7% in the Bozeman MSA AA, 3.8% in the Sidney AA, and 1.7% in the Broadus AA.

According to the June 30, 2025, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the majority of the bank's deposits (77.4%) are in the Billings MSA. The Bozeman MSA, Sidney, and Broadus AAs account for 7.0%, 10.4%, and 5.2% of deposits, respectively.

[1] Based on Office of Management and Budget (OMB) changes to MSA delineations.

Based on the bank's lending volume and deposit market share, examiners conducted a full-scope review of the Billings MSA AA and limited-scope reviews of the Bozeman MSA, Sidney, and Broadus AAs.

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

- 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.
- The rating is based primarily on the bank's performance in the Billings MSA AA, as a majority of the bank's lending occurs in this AA.
- For the Lending Test performance criteria, examiners placed the greatest weight on the bank's lending to businesses of different sizes and borrowers of different income levels, followed by the geographic distribution of loans. Examiners assigned the least weight equally to lending inside the AAs and the bank's NLTD ratio.
- By product type, examiners placed the greatest weight on the bank's small business loans.

Examiners used demographic characteristics to evaluate the bank's record of lending in the individual AAs throughout this evaluation. Sources for demographic information are primarily the Federal Financial Institutions Examination Council (FFIEC) adjusted census data and the 2025 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.

As part of the evaluation, examiners interviewed community contacts familiar with economic and demographic characteristics, housing, and community development opportunities throughout the Billings MSA AA. The full-scope AA section of this evaluation includes specific information obtained from these community contacts. The contacts did not identify any unmet needs in these AAs.

Lending Test Scope

The scope of the Lending Test covers the bank's major product lines, which are small business and residential real estate loans. The table below shows the composition of the bank's loan portfolio as of December 31, 2025.

Composition of Loan Portfolio as of December 31, 2025		
Loan Type	***$(000)***	***%***
Commercial	$518,792	70.3
Residential Real Estate	$137,488	18.6
Agricultural	$70,700	9.6
Consumer	$9,404	1.3
Other	$1,934	0.3
Gross Loans	$738,318	100.0
Note: Percentages may not total 100.0 percent due to rounding.		

The Lending Test is based on a statistical sample of the bank's small business loans, which includes 156 small business loans originated between November 1, 2024, and October 31, 2025. Because the bank operates offices in an MSA and is required to report HMDA loans, examiners also analyzed the bank's 2023 and 2024 HMDA-reportable loans. Examiners reviewed the bank's 2022 HMDA lending for consistency with the 2023 and 2024 data but did not include a detailed analysis of the 2022 data in this evaluation. Additionally, examiners reviewed HMDA data reported by aggregate lenders to better assess the bank's HMDA lending performance.

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

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

Community Development Test Scope

Examiners reviewed the bank's community development lending, qualified investments (including donations), and community development services since the previous evaluation for each AA and for larger regional or statewide areas. Examiners based the Community Development Test rating on the bank's performance during the period of September 12, 2022, to March 9, 2026.

DESCRIPTION OF INSTITUTION

Structure. The Yellowstone Bank is wholly owned by Yellowstone Holding Company, a one-bank holding company in Columbus, Montana.

Offices and Retail Delivery Systems. The bank operates nine full-service offices in Montana: the main office and two branches in Billings, and one branch each in Laurel, Columbus, Absarokee, Bozeman, Sidney, and Broadus. The bank operates cash-dispensing-only ATMs at each office except Broadus. All offices have drive-up services. Several drive-ups offer extended weekday and/or Saturday hours. The bank has not opened or closed any branches or ATMs since the previous evaluation. Lastly, the bank offers 24-hour telephone, mobile, and online banking services.

Loan Portfolio. The bank's assets total $1.4 billion, according to the December 31, 2025, Report of Condition, which is a 13.3% increase from the previous evaluation. The bank's $738.3 million loan portfolio consists of 70.3% commercial, 18.6% residential real estate, 9.6% agricultural, 1.3% consumer, and 0.3% other loans. The loan portfolio increased by 19.0% since the previous evaluation; however, the overall composition of the loan portfolio has remained relatively consistent since the previous evaluation.

Credit Products. The bank is primarily a commercial lender but offers a variety of loan products to meet the needs of businesses and consumers throughout its AAs. The bank offers a variety of residential real estate loans, including conventional mortgages, home improvement loans, and construction loans. The bank continues to participate in loan programs through the Small Business Administration (SBA), Montana Board of Investments, Federal Housing Administration, U.S. Department of Veterans Affairs, and Montana Board of Housing. The bank also offers agricultural loans and consumer loans.

DESCRIPTION OF ASSESSMENT AREAS

As mentioned, the bank has four AAs: Billings MSA, Bozeman MSA, Sidney, and Broadus. Currently, the combined AAs consist of 76 census tracts: one low-, 13 moderate-, 46 middle-, and 16 upper-income tracts. The bank did not change the delineation of the AAs since the previous evaluation. However, based on the 2020 census and FFIEC adjusted census data, the overall number and income classification of census tracts changed.

The Billings MSA AA consists of Yellowstone, Carbon, and Stillwater counties. A detailed description of this AA can be found in the Billings MSA AA full-scope review section of this evaluation.

The Bozeman MSA AA includes Galatin County. As mentioned, the OMB designated the county as an MSA (effective for 2024). The number and income classification of census tracts in the AA changed since the previous evaluation. Additionally, based on FFIEC adjusted census data, the income classification of 11 tracts changed during the evaluation period. The AA currently consists of 26 census tracts: one low-, four moderate-, 16 middle-, and five upper-income tracts (at the previous evaluation, the AA consisted of 22 tracts).

The Sidney AA includes Richland County. The number and income classification of census tracts in the AA changed since the previous evaluation. Additionally, the income classification of two tracts changed during the current evaluation period. The AA currently consists of five census tracts: one middle- and four upper-income tracts (at the previous evaluation, the AA consisted of four tracts). The middle-income tract was classified as distressed and underserved for 2025.

The Broadus AA includes Powder River County, which consists of one middle-income census tract (the tract was classified as underserved for the evaluation period).

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

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

LENDING TEST

The Lending Test is rated Satisfactory. The following factors support the Lending Test Rating:

- Lending to businesses of different sizes and to borrowers of different income levels is reasonable.
- The geographic distribution of loans reflects a reasonable dispersion and distribution throughout the AAs.
- The bank's NLTD ratio reflects a reasonable level of lending.
- The bank originated a substantial majority of loans within its AAs.

The bank's lending to borrowers of different income levels and to businesses of different sizes as well as the geographic distribution of the bank's loans are discussed in further detail below. Examiners also analyzed the bank's NLTD ratio and its lending inside and outside the AAs, as described below.

LOAN-TO-DEPOSIT RATIO ANALYSIS

The bank's NLTD ratio is reasonable given its asset size, financial condition, and the credit needs and competition in the AAs. As of December 31, 2025, the NLTD ratio for the bank is 65.0%, which is below the national peer group's NLTD of 83.0%. The bank's national peer group includes all insured commercial banks with assets between \$1 billion and \$3 billion. The bank operates in a competitive environment with numerous financial institutions, including regional banks as well as credit unions. Community contacts indicated that overall, local financial institutions meet area credit needs.
The bank's 14-quarter average NLTD ratio is 67.0%. At the previous evaluation, the bank's 15-quarter average NLTD ratio was 77.7%. Since then, the bank's NLTD ratio has ranged from 62.3% to 69.7%. There are no similarly situated FDIC-insured financial institutions operating in the bank's AA for

comparison purposes. In general, the bank has experienced organic deposit growth, and loan demand has been steady.

COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE THE ASSESSMENT AREAS

The bank originated a substantial majority of its loans, 91.9% by number and 89.0% by dollar, within its AAs. The table below shows lending activity by loan type within the AAs.

Lending Inside and Outside the Assessment Areas								
Loan Type	**Inside**				**Outside**			
	#	**#%**	**$(000)**	**$%**	**#**	**#%**	**$(000)**	**$%**
Home Purchase - Conventional	260	90.9	83,324	90.5	26	9.1	8,752	9.5
Home Purchase – FHA	17	94.4	5,306	96.5	1	5.6	191	3.5
Home Purchase - VA	5	71.4	2,061	78.0	2	28.6	582	22.0
Home Improvement	20	95.2	7,635	98.7	1	4.8	102	1.3
Multi-Family Housing	8	72.7	4,079	36.3	3	27.3	7,143	63.7
Other Purpose Closed-End	12	100.0	1,982	100.0	0	0.0	0	0.0
Refinancing	197	95.6	82,407	93.6	9	4.4	5,630	6.4
Total HMDA related	519	92.5	186,794	89.3	42	7.5	22,400	10.7
Total Small Business related	140	89.7	27,803	87.4	16	10.3	4,012	12.6
Total Loans	659	91.9	214,597	89.0	58	8.1	26,412	11.0
Note: Percentages may not total 100.0 percent due to rounding.								

The bank prides itself on being community oriented, valuing long-term customers. The bank's lending activity shows its commitment to meeting the credit needs of the residents and businesses within its AAs.

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

The bank's lending to businesses of different sizes and to borrowers of different income levels is reasonable. The bank lends to businesses with gross annual revenues of $1 million or less and to low- and moderate-income (LMI) individuals. The Conclusions with Respect to Performance Tests section for the Billings MSA AA includes a detailed discussion of the borrower distribution of loans.

GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution of loans shows a reasonable dispersion throughout the AAs. Lending patterns do not reveal any unexplained gaps in lending. The Conclusions with Respect to Performance Tests section for the Billings MSA AA includes a detailed discussion 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 Outstanding. Overall, the bank's community development activities demonstrate excellent responsiveness to the needs of the AAs. The majority of the bank's community development activities occurred in the Billings MSA AA, which is reasonable as most of the bank's activities, including its main office and five branches, are in this AA.

Community Development Loans. The level of community development lending is excellent. During the evaluation period, the bank originated 14 community development loans totaling $18.5 million that benefited the AAs. Nine loans totaling $14.4 million supported economic development, three loans for $2.3 million helped revitalize and stabilize moderate-income tracts, and two loans for $1.8 million supported affordable housing. Of note are the loans supporting economic development, several of which promoted job creation or retention (including LMI jobs) in moderate-income geographies. The community development loans benefited the Billings MSA ($17.2 million) and Bozeman MSA ($1.3 million) AAs.

Qualified Investments. The level of qualified investments, which includes securities and donations, is adequate. During the evaluation period, the bank did not purchase any new qualifying securities in its AAs; however, the bank continued to hold two prior-period investments totaling $738,275, which supported community services for LMI people in the Billings MSA AA. Examiners also considered investments outside the AAs because the bank was responsive to the community development needs of, and opportunities in, its AAs. The bank purchased three new securities totaling $971,361 that supported revitalization or stabilization of a moderate-income area outside of the bank's AAs. In addition, the bank invested $240,000 in a minority-owned depository institution outside of its AAs since the previous evaluation period.

Finally, the bank made qualifying donations totaling $171,133 during the evaluation period benefiting the bank's AAs, and a broader regional or multistate area that includes the bank's AAs. The majority of donations (88.3%) were made in the Billings MSA AA. The bank primarily made donations to support organizations that provide community services to LMI individuals, but it also supported organizations that focus on affordable housing, revitalization or stabilization of moderate-income or designated disaster areas, and economic development in the AAs.

Community Development Services. The level of community development services is excellent. During the evaluation period, the bank provided 87 community development services benefiting bank AAs or broader regional, statewide, or multi-state areas that include the bank's AAs. Seventeen employees, including senior management, provided financial expertise on boards and committees of 21 organizations, often serving in leadership roles. Most of the services focused on helping organizations that provide assistance to LMI individuals, but the bank also provided a number of services that supported affordable housing initiatives and economic development efforts. Finally, the bank provided some services that helped with revitalization or stabilization of moderate-income areas.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The examination did not reveal any evidence of violations of anti-discrimination 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.

METROPOLITAN AREA – FULL REVIEW

DESCRIPTION OF THE BILLINGS MSA ASSESSMENT AREA

Bank Information. The bank operates six full-service offices in the Billings MSA AA, including its main office and two branches in Billings, and one branch each in the cities of Absarokee, Columbus, and Laurel, Montana. Each office has a cash-dispensing-only ATM and drive-up facilities. Four offices offer extended weekday and Saturday hours at the drive-ups.[2]

According to the June 30, 2025, FDIC Deposit Market Share Report, the bank ranked sixth out of 13 financial institutions operating in the Billings MSA, with a 10.3% deposit market share and $819.8 million in deposits. The bank's deposits in this AA represent 77.4% of the bank's total deposits.

Assessment Area. The Billings MSA AA consists of Yellowstone, Carbon, and Stillwater counties, which represent the entirety of the Billings, Montana, MSA. The bank has not changed this AA since the previous evaluation; however, the number and income classification of some tracts changed. At the previous evaluation, the AA included 40 census tracts: one low-, nine moderate-, 24 middle-, and six upper-income. The AA now consists of 44 census tracts: nine moderate-, 28 middle-, and seven upper-income. The AA includes a small portion of the Crow Indian Reservation; tribal headquarters are in Crow Agency, Montana (Big Horn County).

The following table shows the demographic characteristics of the AA based on 2025 FFIEC adjusted census data and 2025 Dun & Bradstreet data.

2025 Billings MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	9,587	20.1
Moderate	9	20.5	8,791	18.4	1,024	11.6	8,501	17.8
Middle	28	63.6	27,826	58.4	1,649	5.9	10,441	21.9
Upper	7	15.9	11,053	23.2	480	4.3	19,141	40.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**44**	**100.0**	**47,670**	**100.0**	**3,153**	**6.6**	**47,670**	**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	16,886	8,831	16.6	52.3	6,693	39.6	1,362	8.1
Middle	50,613	32,432	60.8	64.1	12,904	25.5	5,277	10.4
Upper	16,457	12,065	22.6	73.3	3,486	21.2	906	5.5

[2] The Absarokee and Columbus branches do not have Saturday hours; however, the Columbus branch offers extended weekday hours at its drive-up.

2025 Billings MSA AA Demographics								
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	**83,956**	**53,328**	**100.0**	**63.5**	**23,083**	**27.5**	**7,545**	**9.0**
	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	2,465	25.0	2,143	23.7	302	41.8	20	23.3
Middle	5,577	56.6	5,195	57.4	327	45.3	55	64.0
Upper	1,817	18.4	1,713	18.9	93	12.9	11	12.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**9,859**	**100.0**	**9,051**	**100.0**	**722**	**100.0**	**86**	**100.0**
Percentage of Total Businesses:				**91.8**		**7.3**		**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	27	6.1	25	5.8	1	10.0	1	33.3
Middle	331	74.4	322	74.5	8	80.0	1	33.3
Upper	87	19.6	85	19.7	1	10.0	1	33.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**445**	**100.0**	**432**	**100.0**	**10**	**100.0**	**3**	**100.0**
Percentage of Total Farms:				**97.1**		**2.2**		**0.7**

Source: 2025 FFIEC Census Data
2025 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Income. The table below shows the FFIEC's median family income for the Billings MSA and the range for low-, moderate-, middle-, and upper-income families for the years in the evaluation period.

Billings MSA AA Borrower Income Levels

FFIEC Estimated Median Family Income		Low	Moderate	Middle	Upper
		0 - 49.99%	50% - 79.99%	80% - 119.99%	120% - & above
2022	**$84,800**	0 - $42,399	$42,400 - $67,839	$67,840 - $101,759	$101,760 - & above
2023	**$95,200**	0 - $47,599	$47,600 - $76,159	$76,160 - $114,239	$114,240 - & above
2024	**$100,000**	0 - $49,999	$50,000 - $79,999	$80,000 - $119,999	$120,000 - & above
2025	**$98,200**	0 - $49,099	$49,100 - $78,559	$78,560 - $117,839	$117,840 - & above

For purposes of classifying census tracts by income level, this evaluation relies on the FFIEC adjusted census data median family income for the Billings MSA, which was $80,720 for 2022 through 2025.

The table below shows the median family income change for the Billings MSA AA, the counties comprising the AA, and the state of Montana, based on U.S. Census Bureau data. The 2020 median family income in the AA increased since 2015, and it is above the statewide median family income figure.

Billings MSA AA Median Family Income Change			
Area	**2015 Median Family Income**	**2020 Median Family Income**	**Percent Change**
Billings MSA AA	$72,727	$80,720	11.0%
Carbon County, MT	$68,286	$77,587	13.6%
Stillwater County, MT	$75,205	$87,292	16.1%
Yellowstone County, MT	$73,713	$80,653	9.4%
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 of the Billings MSA AA is 184,167. The table below shows the population change from the 2015 U.S. Census Bureau American Community Survey to the 2020 census. The population growth in the Billings MSA AA is similar to the population growth for the state of Montana. The largest city in the AA is Billings, with an estimated population of 121,483, as of July 1, 2024.[3]

Billings MSA AA Population Change			
Area	**2015 Population**	**2020 Population**	**Percent Change**
Billings MSA AA	173,248	184,167	6.3%
Carbon County, MT	10,268	10,473	2.0%
Stillwater County, MT	9,288	8,963	-3.5%
Yellowstone County, MT	153,692	164,731	7.2%
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. Billings is the largest city in the state of Montana and serves as an economic and service hub for the region. A community contact indicated that the local economy is strong and diverse. Key economic sectors include agricultural, finance, education, manufacturing, healthcare, and tourism.
A contact estimated that average wages are around $65,000 per year and that job opportunities in the AA attract a younger workforce. In addition, older people are also drawn to the area for healthcare and retirement services.

As shown in the table below, the 2024 unemployment rate for the Billings MSA was 2.8%, which is comparable to the statewide rate for the same period. The unemployment rates for the MSA, the counties comprising the MSA, and the state have decreased since the previous evaluation but generally have been stable during the current evaluation period. The 2025 annual average unemployment rate for the Billings MSA was 3.3%.[4] A community contact noted that a significant number of employers are hiring, but finding available and qualified applicants has been challenging due to the low unemployment rate.

3 U.S. Census Bureau estimates.
4 According to BLS data and based on an 11-month average (due to the October 2025 government shutdown).

Billings MSA AA Unemployment Rates			
Area	2022	2023	2024
Billings MSA AA	2.4%	2.4%	2.8%
Carbon County, MT	2.7%	2.6%	2.9%
Stillwater County, MT	2.5%	2.4%	2.8%
Yellowstone County, MT	2.4%	2.4%	2.8%
Montana	2.7%	2.7%	3.0%
Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics			

Housing. The housing market continues to present challenges for the area. Community contacts and management indicated a shortage in housing supply, including affordable housing, and a continued increase in home prices have made it difficult for individuals in the LMI ranges to purchase a home.

The table below shows the housing cost burden faced by renters and homeowners in the Billings MSA AA. The U.S. Department of Housing and Urban Development defines cost-burdened families as follows: Families who pay more than 30% of their income for housing and may have difficulty affording necessities such as food, clothing, transportation, and medical care. Overall, the housing cost burden of moderate-income renters and owners in the AA is similar to the burden statewide. However, low-income renters and owners in the AA face significant housing cost burden, at higher levels than statewide levels.

Billings MSA AA Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Billings MSA AA	80.0%	38.5%	41.7%	63.3%	34.5%	18.4%
Carbon County, MT	81.7%	23.4%	37.3%	62.4%	28.4%	24.2%
Stillwater County, MT	63.0%	9.5%	29.9%	48.3%	29.0%	19.1%
Yellowstone County, MT	80.5%	40.1%	42.3%	64.7%	35.3%	17.9%
Montana	71.8%	34.1%	38.5%	58.2%	32.5%	20.4%
Cost Burden is housing cost that equals 30 percent or more of household income *Source: U.S. Department of Housing and Urban Development (HUD), 2018-2022 Comprehensive Housing Affordability Strategy*						

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

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

LENDING TEST

The bank’s lending to businesses of different sizes and borrowers of different income levels is reasonable. The geographic distribution of loans reflects a reasonable 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 is reasonable. The table below shows the bank’s small business lending by business revenue and loan size.

Distribution of 2024 and 2025 Small Business Lending By Revenue Size of Businesses Billings MSA AA					
	Bank Loans				**Total Businesses %[5]**
	#	**#%**	**$(000)**	**$%**	
By Revenue					
$1 Million or Less	77	71.3%	13,516	59.6%	91.8
Over $1 Million	31	28.7%	9,167	40.4%	7.3
Revenue Unknown	0	0.0%	0	0.0%	0.9
Total	108	100.0%	22,683	100.0%	100.0
By Loan Size					
$100,000 or Less	54	50.0%	2,254	9.9%	
$100,001 - $250,000	17	15.7%	2,860	12.6%	
$250,001 - $1 Million	37	34.3%	17,569	77.5%	
Total	108	100.0%	22,683	100.0%	
By Loan Size and Revenue $1 Million or Less					
$100,000 or Less	46	59.7%	1,747	12.9%	
$100,001 - $250,000	7	9.1%	1,206	8.9%	
$250,001 - $1 Million	24	31.2%	10,563	78.2%	
Total	77	100.0%	13,516	100.0%	

Source: 2025 FFIEC Census Data
2025 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

The bank originated 71.3% of its small business loans to businesses with gross annual revenues of $1 million or less. The bank's lending to small businesses is below demographics, which indicate that 91.8% of businesses in the AA are small businesses; however, this is explainable as the bank faces strong competition from other financial institutions serving the Billings MSA, including larger regional banks. The bank originated 59.7% of its loans to small businesses in amounts of $100,000 or less, which indicates a willingness to serve the needs of small businesses in the AA.

Residential Real Estate Lending. The bank's lending to LMI borrowers is reasonable. The following tables show the bank's HMDA lending for 2023 and 2024 by borrower income level, as well as aggregate lending data and demographic data.

Distribution of 2023 and 2024 Home Mortgage Lending By Borrower Income Level Billings MSA AA (1 of 2)													
Borrower Income Level	**Bank And Aggregate Loans By Year**												**Families by Family Income %**
	2023						**2024**						
	Bank		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	
	#	**#%**	**#%**	**$(000)**	**$%**	**$%**	**#**	**#%**	**#%**	**$(000)**	**$%**	**$%**	
Home Purchase Loans													
Low	2	2.7	3.5	338	1.3	1.5	4	6.1	4.0	682	3.2	1.8	20.1
Moderate	10	13.5	16.9	2,465	9.6	11.5	11	16.7	17.4	2,672	12.5	12.0	17.8

[5] The demographics (total business in the AA) changed insignificantly from 2024 to 2025. Therefore, examiners compared the bank's lending to 2025 demographics.

Distribution of 2023 and 2024 Home Mortgage Lending By Borrower Income Level
Billings MSA AA (1 of 2)

Middle	10	13.5	23.0	2,895	11.2	20.8	9	13.6	25.6	2,691	12.6	23.3	21.9
Upper	33	44.6	36.7	14,730	57.2	45.8	24	36.4	33.1	11,100	51.8	42.2	40.2
Unknown	19	25.7	19.9	5,315	20.6	20.4	18	27.3	20.0	4,272	19.9	20.7	0.0
Total	74	100.0	100.0	25,743	100.0	100.0	66	100.0	100.0	21,417	100.0	100.0	100.0
Refinance Loans													
Low	4	9.8	8.1	561	4.2	4.7	2	4.4	7.3	417	3.2	3.6	20.1
Moderate	1	2.4	17.7	100	0.7	12.5	2	4.4	17.1	385	3.0	12.3	17.8
Middle	9	22.0	25.1	2,804	20.8	21.7	5	11.1	19.5	1,242	9.5	14.8	21.9
Upper	20	48.8	35.1	8,589	63.8	42.6	18	40.0	30.7	6,423	49.3	36.6	40.2
Unknown	7	17.1	14.0	1,404	10.4	18.5	18	40.0	25.3	4,573	35.1	32.8	0.0
Total	41	100.0	100.0	13,458	100.0	100.0	45	100.0	100.0	13,040	100.0	100.0	100.0
Home Improvement Loans													
Low	1	33.3	6.8	85	55.6	4.3	0	0.0	4.8	0	0.0	3.4	20.1
Moderate	1	33.3	16.2	34	22.2	12.0	1	14.3	17.9	51	9.8	12.9	17.8
Middle	0	0.0	26.8	0	0.0	20.3	1	14.3	26.9	115	22.2	21.8	21.9
Upper	0	0.0	43.8	0	0.0	53.2	1	14.3	44.7	141	27.2	55.4	40.2
Unknown	1	33.3	6.3	34	22.2	10.3	4	57.1	5.7	212	40.8	6.6	0.0
Total	3	100.0	100.0	153	100.0	100.0	7	100.0	100.0	519	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	7	5.9	4.9	984	2.5	2.2	6	5.0	5.1	1,099	3.1	2.4	20.1
Moderate	12	10.1	16.9	2,599	6.6	11.7	14	11.6	17.6	3,108	8.8	12.2	17.8
Middle	19	16.0	23.7	5,699	14.4	20.8	15	12.4	24.2	4,048	11.5	21.1	21.9
Upper	53	44.5	37.5	23,319	59.1	45.6	45	37.2	34.3	17,883	50.6	41.5	40.2
Unknown	28	23.5	17.0	6,865	17.4	19.6	41	33.9	18.8	9,192	26.0	22.9	0.0
Total	119	100.0	100.0	39,466	100.0	100.0	121	100.0	100.0	35,330	100.0	100.0	100.0

Source: 2024 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.
Multifamily loans are not included in the borrower distribution analysis.

Distribution of 2023 and 2024 Home Mortgage Lending By Borrower Income Level
Billings MSA AA (2 of 2)

Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2023						2024						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
Other Purpose LOC													
Low	0	0.0	3.1	0	0.0	1.1	0	0.0	7.5	0	0.0	4.5	20.1
Moderate	0	0.0	20.5	0	0.0	12.9	0	0.0	21.5	0	0.0	18.1	17.8
Middle	0	0.0	21.1	0	0.0	15.4	0	0.0	22.8	0	0.0	16.4	21.9
Upper	0	0.0	44.1	0	0.0	56.1	0	0.0	40.8	0	0.0	50.0	40.2

Distribution of 2023 and 2024 Home Mortgage Lending By Borrower Income Level Billings MSA AA (2 of 2)												
Unknown	0	0.0	11.2	0	0.0	14.4	0	0.0	7.5	0	0.0	10.9	0.0
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Other Purpose Closed/Exempt													
Low	0	0.0	8.4	0	0.0	6.9	0	0.0	6.3	0	0.0	5.0	20.1
Moderate	0	0.0	12.3	0	0.0	7.1	0	0.0	19.3	0	0.0	15.7	17.8
Middle	0	0.0	27.7	0	0.0	20.0	0	0.0	27.8	0	0.0	18.5	21.9
Upper	0	0.0	46.5	0	0.0	59.3	2	66.7	41.5	219	61.9	44.2	40.2
Unknown	1	100.0	5.2	112	100.0	6.7	1	33.3	5.1	135	38.1	16.6	0.0
Total	1	100.0	100.0	112	100.0	100.0	3	100.0	100.0	354	100.0	100.0	100.0
Purpose Not Applicable													
Low	0	0.0	6.7	0	0.0	7.1	0	0.0	0.0	0	0.0	0.0	20.1
Moderate	0	0.0	13.3	0	0.0	17.6	0	0.0	0.0	0	0.0	0.0	17.8
Middle	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	21.9
Upper	0	0.0	0.0	0	0.0	0.0	0	0.0	12.5	0	0.0	35.1	40.2
Unknown	0	0.0	80.0	0	0.0	75.4	0	0.0	87.5	0	0.0	64.9	0.0
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0

Source: 2024 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.
Multifamily loans are not included in the borrower distribution analysis.

In 2023 and 2024, the bank's overall lending to LMI borrowers for each year was below demographics. Based on FFIEC adjusted census data for those years, 20.1% of families in the AA are low income, and 17.8% of families are moderate income. In both years, the bank's overall lending to low-income borrowers was comparable to aggregate lenders' performance, and its overall lending to moderate-income borrowers was below aggregate lenders' performance. Aggregate lenders' activity was also below demographics for low-income borrowers but comparable to demographics for moderate-income borrowers.

The bank's overall HMDA lending is reasonable given the performance context. A community contact indicated that a borrower would need an annual income of around $120,000 to afford an average three-bedroom house. In addition, contacts noted that the average home sales prices for the area range from $387,000 to $425,000. Using the assumption that a borrower can afford a home for approximately three times their annual income, an individual with the highest income in the low-income bracket ($49,099) could afford a $147,297 home, based on 2025 FFIEC estimated median family income for the Billings MSA. Using the same assumption, a borrower with the highest income in the moderate-income bracket ($78,559) could afford a $235,677 home. Based on average home prices in the area, homeownership would not be affordable for many LMI families in the AA. In addition, a contact noted that properties that need repairs have been selling above market value and turned into rentals, which has reduced available, affordable housing stock.

Examiners also evaluated the bank's 2022 HMDA lending activity and determined the bank's performance was generally consistent with that of 2023 and 2024.

GEOGRAPHIC DISTRIBUTION OF LOANS

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

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

Distribution of 2024 and 2025 Small Business Lending By Income Level of Geography Billings MSA AA					
Geographic Income Level	Bank Loans By Year				Total Businesses %
	#	#%	$(000)	$%	
Low	0	0.0%	0	0.0%	0.0
Moderate	15	13.9%	4,769	21.0%	25.0
Middle	53	49.1%	8,785	38.7%	56.6
Upper	40	37.0%	9,131	40.3%	18.4
Unknown	0	0.0%	0	0.0%	0.0
Tract-Unk	0	0.0%	0	0.0%	
Total	108	100.0%	22,683	100.0%	100.0

Source: 2025 FFIEC Census Data
2025 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

The bank originated 13.9% of its small business loans in moderate-income census tracts. According to demographic data, 25.0% of businesses in the AA are in moderate-income tracts. The bank's lending in the moderate-income tracts was below demographics, and it did not extend small business loans in three moderate-income tracts; however, this is explainable. The bank faces strong competition from other financial institutions serving the Billings MSA. Additionally, a community contact noted that a majority of Billing's growth has been on the west end of the city, whereas the three moderate-income tracts lacking small business loans are on the east side of the city, including parts of the downtown business district, where other institutions operate branches.

Residential Real Estate Lending. The geographic distribution and dispersion of the bank's HMDA lending is reasonable. The following tables show the bank's 2023 and 2024 HMDA lending, as well as aggregate lending data and demographic data.

Distribution of 2023 and 2024 Home Mortgage Lending By Income Level of Geography Billings MSA AA (1 of 2)													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2023						2024						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
Home Purchase Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	12	16.2	16.2	2,732	10.6	11.4	12	18.2	15.2	2,821	13.2	11.0	16.6

Distribution of 2023 and 2024 Home Mortgage Lending By Income Level of Geography
Billings MSA AA (1 of 2)

Middle	31	41.9	57.6	9,373	36.4	56.3	24	36.4	56.8	7,216	33.7	54.6	60.8
Upper	31	41.9	26.3	13,638	53.0	32.3	30	45.5	28.0	11,380	53.1	34.4	22.6
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	74	100.0	100.0	25,743	100.0	100.0	66	100.0	100.0	21,417	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	3	7.3	17.8	344	2.6	12.8	4	8.9	15.0	990	7.6	10.2	16.6
Middle	24	58.5	61.0	7,553	56.1	61.3	22	48.9	60.1	6,247	47.9	59.8	60.8
Upper	14	34.1	21.2	5,561	41.3	25.9	19	42.2	25.0	5,803	44.5	30.0	22.6
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	41	100.0	100.0	13,458	100.0	100.0	45	100.0	100.0	13,040	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	33.3	12.3	85	55.6	9.8	0	0.0	14.7	0	0.0	13.0	16.6
Middle	2	66.7	63.0	68	44.4	65.1	4	57.1	56.7	231	44.5	50.9	60.8
Upper	0	0.0	24.7	0	0.0	25.2	3	42.9	28.6	288	55.5	36.2	22.6
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	3	100.0	100.0	153	100.0	100.0	7	100.0	100.0	519	100.0	100.0	100.0
Multifamily Loans													**Multi-family Units %**
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	32.0	0	0.0	13.6	2	66.7	26.9	617	55.9	15.1	21.2
Middle	1	100.0	56.0	1,099	100.0	48.3	1	33.3	61.5	486	44.1	20.4	49.2
Upper	0	0.0	12.0	0	0.0	38.1	0	0.0	11.5	0	0.0	64.5	29.6
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	1	100.0	100.0	1,099	100.0	100.0	3	100.0	100.0	1,103	100.0	100.0	100.0
Total Home Mortgage Loans													**Owner Occupied Units %**
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	16	13.3	15.8	3,161	7.8	11.5	18	14.5	14.9	4,428	12.2	10.9	16.6
Middle	58	48.3	59.1	18,093	44.6	57.1	52	41.9	58.1	14,257	39.1	54.7	60.8
Upper	46	38.3	25.1	19,311	47.6	31.4	54	43.5	27.0	17,748	48.7	34.4	22.6
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	120	100.0	100.0	40,565	100.0	100.0	124	100.0	100.0	36,433	100.0	100.0	100.0

Source: 2024 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2023 and 2024 Home Mortgage Lending By Income Level of Geography Billings MSA AA (2 of 2)													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2023						2024						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
Other Purpose LOC													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	11.8	0	0.0	5.0	0	0.0	11.8	0	0.0	6.0	16.6
Middle	0	0.0	59.6	0	0.0	60.3	0	0.0	60.1	0	0.0	62.2	60.8
Upper	0	0.0	28.6	0	0.0	34.8	0	0.0	28.1	0	0.0	31.8	22.6
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	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Other Purpose Closed/Exempt													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	9.0	0	0.0	6.9	0	0.0	10.8	0	0.0	6.8	16.6
Middle	0	0.0	66.5	0	0.0	65.0	1	33.3	65.9	77	21.8	64.0	60.8
Upper	1	100.0	24.5	112	100.0	28.1	2	66.7	23.3	277	78.2	29.3	22.6
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	1	100.0	100.0	112	100.0	100.0	3	100.0	100.0	354	100.0	100.0	100.0
Purpose Not Applicable													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	6.7	0	0.0	4.9	0	0.0	37.5	0	0.0	53.7	16.6
Middle	0	0.0	80.0	0	0.0	85.7	0	0.0	62.5	0	0.0	46.3	60.8
Upper	0	0.0	13.3	0	0.0	9.4	0	0.0	0.0	0	0.0	0.0	22.6
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	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0

Source: 2024 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Overall, the bank's HMDA lending in the moderate-income tracts was slightly below demographics in 2023 and comparable to demographics in 2024. Additionally, the bank's lending in these tracts was comparable to aggregate lenders' performance for both years. The bank did not extend HMDA loans in two moderate-income tracts in 2023 and one moderate-income tract in 2024. This is reasonable based on the performance context. In all three of these tracts, the percentage of rental units is significant (40.4%, 34.6%, and 33.2%). Additionally, management and community contacts indicated that the Billings area has a competitive banking market for HMDA loans. Several large and regional financial institutions operate branches in or very near these tracts. These factors could make HMDA lending in these tracts challenging.

Examiners also evaluated the bank's 2022 HMDA lending activity and determined the bank's performance was generally consistent with that of 2023 and 2024.

COMMUNITY DEVELOPMENT TEST

Overall, the bank's community development activities in the Billings MSA AA demonstrate excellent responsiveness to community development needs in the AA.

Community Development Loans. The bank's community development lending in the Billings MSA AA is excellent. The bank originated 12 community development loans totaling $17.2 million that benefited the AA. By dollar amount, the loans primarily promoted economic development (76.3%) but also supported revitalization or stabilization of moderate-income areas (13.5%) and affordable housing (10.2%). Several loans helped create and/or retain jobs, including LMI jobs, in moderate-income geographies. In addition, the bank participated in special SBA programs, as well as with community development corporations, to extend some of the economic development and revitalize/stabilize purpose loans. Finally, the loans supporting affordable housing are highly responsive to an identified need in the AA.

Qualified Investments, Including Donations. The bank's level of qualified investments, including donations, in the Billings MSA AA is adequate. Since the previous evaluation, the bank did not purchase any new qualifying securities in the Billings MSA AA. However, the bank continued to hold two prior-period investments for the AA totaling $738,275 that benefited a school district that primarily serves children from LMI families. Management indicated that there have been limited opportunities to acquire CRA-eligible securities. In addition, community contacts indicated there have been few, if any, significant development opportunities in the community recently.

The bank made donations totaling $151,133 in the Billings MSA AA. Most donations were made to organizations that support community service initiatives for LMI individuals, while other donations supported affordable housing initiatives, and the revitalization or stabilization of moderate-income or designated disaster areas.

Community Development Services. The bank's level of community development services in the Billings MSA AA is excellent. Bank officers and staff provided 65 community development services to 15 organizations in the AA. Thirteen employees provided financial expertise, with all but one serving in leadership roles, such as president and board and committee members. Most services supported the provision of community services to LMI individuals in the AA, while other services supported economic development, affordable housing initiatives, and the revitalization or stabilization of moderate-income areas.

METROPOLITAN AREA – LIMITED REVIEW

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE BOZEMAN MSA ASSESSMENT AREA

Examiners conducted a limited-scope review of the bank's CRA performance in the Bozeman MSA AA and determined the bank's lending and community development test performances are below the performance in the full-scope MSA AA, mainly due to limited lending and community development activity.[6] This performance does not change the conclusion for the institution.

NONMETROPOLITAN AREAS – LIMITED REVIEW

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE SIDNEY ASSESSMENT AREA

Examiners conducted a limited-scope review of the bank's CRA performance in the Sidney AA and determined the bank's lending test and community development test performances are below the performance at the institution level.[7] This performance does not change the conclusion for the institution.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE BROADUS ASSESSMENT AREA

Examiners conducted a limited-scope review of the bank's CRA performance in the Broadus AA and determined the bank's lending and community development test performances are below the performance at the institution level.[8] This performance does not change the conclusion for the institution.

[6] Examiners did not analyze HMDA or small business loans in the Bozeman MSA AA due to low loan volume. The bank originated two community development loans totaling $1.3 million.
[7] Examiners did not analyze HMDA or small business loans in the Sidney AA due to low loan volume.
[8] Examiners did not analyze HMDA or small business loans in the Broadus AA due to low loan volume.

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.)