

PUBLIC DISCLOSURE

October 29, 2018

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.

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

INSTITUTION

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

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The Community Reinvestment Act (CRA) performance of The Yellowstone Bank, Laurel, Montana, demonstrates reasonable responsiveness to the credit needs of its assessment areas and adequate responsiveness to the assessment areas' community development needs.

Examiners evaluated the bank's CRA performance using the Intermediate Small Bank CRA Examination Procedures, which include a Lending Test and a Community Development Test for purposes of the CRA evaluation.

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

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

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

- Overall, the bank's performance demonstrates adequate responsiveness to the community development needs of its assessment areas. The bank's levels of community development loans, qualified investments (including qualified donations), and community development services are reasonable, considering the bank's financial capacity and the opportunities and needs in its assessment areas.

The bank received a Satisfactory rating at the previous evaluation, dated October 5, 2015.

SCOPE OF EVALUATION

The evaluation of the bank's CRA performance is based in part on information provided by bank management and community contacts. Information from these sources, the economic and demographic characteristics of the assessment areas, competitive factors, and the size and financial condition of the bank were analyzed to understand the bank's performance. This CRA evaluation covers the period from October 5, 2015, through October 28, 2018.

The bank designated four assessment areas in Montana for CRA purposes: Absarokee/Columbus, Billings Metropolitan Statistical Area (MSA), Bozeman, and Sidney. The Absarokee/Columbus assessment area includes all of Stillwater County. The Billings MSA assessment area includes all of the Billings MSA, which consists of Carbon, Golden Valley, and Yellowstone counties. The Bozeman assessment area contains all of Gallatin County. The Sidney assessment area contains all of Richland County. The majority of the bank's activities were in the Billings MSA assessment area. As a result, examiners conducted a full-scope review of the Billings MSA assessment area and limited-scope reviews of the remaining assessment areas.

Based on the June 30, 2018, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report as well as lending data provided by the bank, the majority of the bank's activities take place in the Billings MSA assessment area. The deposits in the Billings MSA assessment area represent 64.5% of the bank's total deposits. The loans in the Billings MSA assessment area account for 78.0% of the bank's lending activity, based on the bank's 2015, 2016, and 2017 Home Mortgage Disclosure Act (HMDA) loans and its 2017 small business and small farm loans.

Throughout this evaluation, examiners used demographic characteristics in evaluating the bank's record of lending in the individual assessment areas. Sources for demographic information are primarily the 2017 Federal Financial Institutions Examination Council (FFIEC) adjusted census data and 2017 Dun & Bradstreet data. Assessment area 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 this evaluation, examiners also contacted individuals familiar with economic and demographic characteristics and community development activities in the assessment areas. Examiners used the information obtained to establish a performance context for the CRA evaluation. In the sections for each assessment area, examiners discussed specific and relevant information obtained from community contacts. None of the contacts identified any unmet credit needs or fair lending concerns in the assessment areas.

Lending Test Scope

The scope of the evaluation covers the bank's major product lines, small business and HMDA loans, as shown in Table 1. The scope also includes small farm loans. Examiners based the bank's Lending Test performance on statistical samples of 109 small business and 117 small farm loans. The loan sample period for small business loans is July 1, 2017, through December 31, 2017, and for small farm loans, the sample period is January 1, 2017, through December 1, 2017.

The Lending Test performance is also based on the bank's 2015, 2016, and 2017 HMDA loans. The bank is required to report HMDA data because it has offices in an MSA. Examiners reviewed the bank's 2015 HMDA data for consistency with 2016 and 2017 HMDA data but did not include a detailed analysis of the 2015 data in this evaluation. Examiners also reviewed 2015, 2016, and 2017 HMDA data reported by aggregate lenders to better assess the bank's performance relative to other HMDA lenders in the bank's assessment areas. The evaluation refers to this loan information as aggregate lending data.

TABLE 1¹				
Loan Originations From January 1, 2017, through December 31, 2017				
<i>Loan Type</i>	<i>Number of Loans</i>	<i>Percentage of Total Number</i>	<i>Total Loan Dollars</i>	<i>Percentage of Total Dollars</i>
Construction/Land Development	129	6.6%	\$ 48,302,087	14.2%
Consumer	479	24.6%	7,811,147	2.3%
Residential Real Estate	495	25.4%	98,257,717	28.8%
Small Business (≤ \$1 million)	527	27.1%	73,369,636	21.5%
Commercial (> \$1 million)	22	1.1%	48,164,145	14.1%
Small Farm (≤ \$500,000)	276	14.2%	27,735,557	8.1%
Agricultural (> \$500,000)	19	1.0%	37,689,173	11.0%
Total	1,947	100.0%	\$341,329,464	100.0%

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

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

The bank's small business lending and residential real estate lending received the most weight, based on the bank's commercial focus and the volume of residential real estate lending, followed by small farm lending. Examiners gave the greatest weight to the bank's lending to businesses and farms of different sizes and borrowers of different income levels and to the geographic distribution of loans. Examiners weighted the remaining criteria equally.

Community Development Test Scope

Examiners reviewed the bank's community development lending, qualified investments, and community development services in its assessment areas or in a larger regional or statewide area. For CRA purposes, community development activities promote affordable housing or economic development, provide services to low- and moderate-income individuals, or revitalize or stabilize underserved and distressed census tracts or designated disaster areas. Examiners based the Community Development Test rating on the bank's performance during the period of October 5, 2015, through October 28, 2018.

DESCRIPTION OF INSTITUTION

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

Offices. The bank operates eight full-service offices in Montana, with its main office located in Laurel. There are three branches in Billings and one branch each in Columbus, Absarokee, Bozeman, and Sidney. The bank operates one deposit-taking ATM at each office. Since the previous evaluation, the bank has not opened or closed any branches or ATMs. The bank also offers 24-hour telephone, mobile, and online

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

banking services. Customers who enroll in online banking can view account information, transfer funds between accounts, make loan payments, perform account inquiries, and use bill payment services. The bank's office hours are appropriate for the communities it serves.

Loan Portfolio. The bank's assets total \$728.0 million, according to the September 30, 2018, Report of Condition. The bank's \$549.0 million loan portfolio consists of 69.4% commercial, 16.2% residential real estate, 12.5% agricultural, 1.8% consumer, and 0.1% other loans. The composition of the loan portfolio has remained relatively consistent since the previous evaluation.

Deposit Market Share. According to the June 30, 2018, FDIC Deposit Market Share Report, the bank ranks sixth out of 18 FDIC-insured financial institutions, with 6.6% of the market's deposits in five of the six counties that make up the bank's assessment areas (Carbon, Gallatin, Richland, Stillwater, and Yellowstone counties). There are no FDIC-insured banks in Golden Valley County. Given the number of institutions in the area, including branches of large national and regional banks, competition is high.

Credit Products. The bank offers a variety of loan products to meet the credit needs of the residents, farms, and businesses in its assessment areas. The bank's primary focus is commercial lending. In addition to conventional agricultural, commercial, and residential real estate loan programs, the bank participates in U.S. Small Business Administration (SBA), Federal Housing Administration, the U.S. Department of Veterans Affairs, and the Montana Board of Housing loan programs. The bank also offers consumer closed-end loans.

DESCRIPTION OF ASSESSMENT AREAS

Assessment Area Information. The bank has designated four assessment areas in Montana for CRA purposes. The Billings MSA assessment area includes all of the Billings MSA, which comprises Carbon, Golden Valley, and Yellowstone counties. At the time of the previous evaluation, the Billings MSA assessment area included Carbon and Golden Valley counties but only a portion of Yellowstone County. The bank did not change the assessment area delineations for the three remaining assessment areas. The Bozeman assessment area contains all of Gallatin County. The Sidney assessment area contains all of Richland County. The Absarokee/Columbus assessment area includes all of Stillwater County, which consists of two middle-income and one upper-income census tracts. The Still water County middle-income tracts were designated as underserved in 2015, 2016, and 2017.

In 2017, several changes occurred to census tracts in certain assessment areas. For the Billings MSA assessment area, in 2015 and 2016 the assessment area consisted of 38 census tracts: 1 low-, 5 moderate-, 26 middle-, and 6 upper-income census tracts. In 2017, this assessment area consisted of 1 low-, 10 moderate-, 22 middle-, and 5 upper-income tracts. For the Bozeman assessment area, in 2015 and 2016 the assessment area consisted of 22 census tracts: 1 low-, 3 moderate-, 7 middle-, and 11 upper-income census tracts. In 2017, this assessment area consisted of 1 low-, 2 moderate-, 7 middle-, and 12 upper-income census tracts. For the Sidney assessment area, in 2015 and 2016 the assessment area consisted of 4 middle-income census tracts. In 2017, this assessment area consisted of 2 middle-income and 2 upper-income census tracts.

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. Community contacts did not identify any unmet credit needs in the assessment areas.

LENDING TEST

The bank's Lending Test performance is rated Satisfactory. Several factors support a Satisfactory rating, including the following:

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

Examiners evaluated the bank's net loan-to-deposit ratio and compared lending inside and outside of the bank's assessment areas at the bank level, as discussed below. Detailed discussions of the bank's lending to businesses and farms of different sizes and borrowers of different income levels, as well as the geographic distribution of the bank's loans, are found in a separate section of this evaluation for the full-scope analysis of the Billings MSA assessment area. In addition, the limited-scope reviews of the bank's other assessment areas are discussed in separate sections of the evaluation.

LOAN-TO-DEPOSIT RATIO ANALYSIS

The bank's net loan-to-deposit ratio is reasonable relative to its asset size, financial condition, competition, and credit needs of the assessment areas. According to the September 30, 2018, Uniform Bank Performance Report, the bank's net loan-to-deposit ratio is 95.7%, which is higher than the national peer group's net loan-to-deposit ratio of 83.2%. The bank's national peer group includes all insured commercial banks having assets between \$300 million and \$1 billion.

In addition, the bank's 12-quarter average net loan-to-deposit ratio of 96.5% is higher than the net loan-to-deposit ratios for competitor banks operating in the assessment areas, as shown in Table 2. Over the past 12 quarters, the bank's quarterly net loan-to-deposit ratio has ranged from 93.1% to 100.3%.

TABLE 2		
12-Quarter Average Net Loan-to-Deposit Ratios		
<i>Bank Name and Location</i>	<i>Assets as of September 30, 2018 (in millions)</i>	<i>Average Net Loan-to-Deposit Ratio</i>
The Yellowstone Bank, Laurel, Montana	\$728.0	96.5%
American Bank, Bozeman, Montana	\$434.8	77.7%
Rocky Mountain Bank, Billings, Montana	\$495.7	82.0%

The bank competes with numerous financial institutions, including large national banks and regional banks in its assessment areas. The net loan-to-deposit ratio is reasonable, given the credit needs and opportunities in the assessment areas. In addition, community contacts did not identify any unmet credit needs in the assessment areas.

COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE THE ASSESSMENT AREAS

A substantial majority of the bank's loans were originated within the bank's assessment areas. As shown in Table 3, 93.9% by number and 93.7% by dollar amount of the bank's loans were originated inside the bank's assessment areas.

TABLE 3								
Distribution of Loans Inside and Outside the Assessment Areas								
<i>Loan Category</i>	<i>Inside</i>				<i>Outside</i>			
	<i>#</i>	<i>%</i>	<i>\$(000s)</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>\$(000s)</i>	<i>%</i>
HMDA	1,093	95.5	220,023	95.1	51	4.5	11,430	4.9
Small Business	97	89.0	13,352	85.3	12	11.0	2,310	14.7
Small Farm	97	82.9	10,813	79.7	20	17.1	2,748	20.3
Total	1,287	93.9	244,187	93.7	83	6.1	16,488	6.3

Bank management indicated that occasionally lenders make loans outside of the bank's assessment areas for the convenience of the bank's customers. For example, the bank has customers who operate farms in counties adjacent to the bank's assessment areas. The bank's lending shows its commitment to meeting the credit needs of the businesses, farms, and residents within its assessment areas.

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

Overall, the bank's loan originations to businesses and farms of different sizes and to borrowers of different income levels is reasonable. The bank is an active lender to businesses and farms with gross annual revenues of \$1 million or less and to low- and moderate-income individuals. The Conclusions with Respect to Performance Criteria section for the Billings MSA assessment area includes a detailed discussion of the borrower distribution of loans.

GEOGRAPHIC DISTRIBUTION OF LOANS

Overall, the bank's geographic distribution of the bank's small business, small farms, and residential real estate loans shows reasonable dispersion of loans throughout the assessment areas. Lending patterns do not reveal any unexplained gaps in lending. The Conclusions with Respect to Performance Criteria section for the Billings MSA assessment area 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 Satisfactory. Overall, the bank's community development activities demonstrate adequate responsiveness to the needs of the assessment areas. The bank engaged in community development lending, provided services, and made qualified investments

(including donations). Based on the bank's size and capacity as well as strong competition in the assessment area, the level and nature of the bank's community development activities are adequate.

The majority of the bank's community development activities, by both dollar and number, took place in the Billings MSA assessment area. This is reasonable because the bank's largest footprint is in this assessment area.

Community Development Loans. The level of community development lending is adequate. The bank originated five community development loans totaling \$2.7 million in the Billings MSA assessment area. The loans benefited the assessment area by revitalizing and stabilizing a low-income area, fostering economic development, and funding an organization that provides community services to low- and moderate-income individuals. The bank's largest community development loan was a loan modification for an SBA loan to provide permanent financing to a local business. Another notable loan provided financing to a local business in a city-designated urban renewal district.

Community Development Services. The level of community development services is adequate. The bank provided 93 community development services in its assessment areas during the evaluation period. Eleven bank employees contributed their financial expertise to 13 organizations. Bank employees hold various leadership positions in these organizations, including serving as board members, finance committee members, and treasurers. Most of these employees serve in more than one role for an organization. Bank employees serve organizations that promote economic development and affordable housing, provide essential services to low- and moderate-income individuals, and help revitalize and stabilize distressed or underserved areas. The majority of the bank's community development services (63 of 93) were provided in the Billings MSA assessment area, which is consistent with the bank's footprint and the availability of community development opportunities in this assessment area.

In addition to qualified services in the bank's assessments areas, the bank also provided services to an organization that serves low- and moderate-income individuals in a broader area that includes the bank's assessment areas.

Qualified Investments. The level of qualified investments (including qualifying donations) is excellent. The bank purchased \$1.0 million in new CRA-eligible securities in the Billings MSA assessment area. These new investments helped finance equipment and improvements, including the construction of a new medical clinic building, for a local health-care provider that primarily provides services to low- and moderate-income persons. This level of activity is reasonable given the high competition and limited opportunities for this type of security during the evaluation period.

Additionally, the bank made qualifying donations totaling \$172,894 during the evaluation period. The majority of its donations (74.0% by number and 90.3% by dollar amount) were in the Billings MSA assessment area. One of the donations in this assessment area was particularly notable: the bank donated \$100,000 to the same local health-care provider noted above, for the same purpose. The bank also made donations in its other assessment areas, as well as \$6,704 in donations in regional areas that included two of its assessment areas. Most donations were to organizations that provide essential services to low- and moderate-income individuals, such as social services, health care, shelter, and food.

Examiners considered the investments outside the assessment areas, because the bank was responsive to the community development needs of and opportunities in its assessment areas. The bank held \$811,879 in CRA-qualified essential infrastructure bonds benefiting an area in Montana outside of its assessment areas during the evaluation period. In addition, the bank invested \$4.1 million in certificates of deposit (CD) at minority- or women-owned institutions outside of its assessment areas since the previous

evaluation period. One of the investments was in a bank chartered in Montana. The bank also held \$2.4 million in these types of CDs during the evaluation period as prior-period investments.

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.

METROPOLITAN AREA – FULL REVIEW

DESCRIPTION OF THE BILLINGS MSA ASSESSMENT AREA

Bank Information. The bank operates four full-service offices in the Billings MSA assessment area. Its main office is in Laurel, and it has three branches in Billings. All four offices have deposit-taking ATMs. The bank has not opened or closed any branches or ATMs in this assessment area since the previous evaluation.

The June 30, 2018, FDIC Deposit Market Share Report indicates that 64.5% of the bank's deposits are located in the Billings MSA. The Yellowstone Bank has a 7.4% market share (\$364.4 million) in the Billings MSA. Overall, the bank ranks sixth out of 11 banks with offices in the MSA.

Assessment Area. The assessment area includes Carbon, Golden Valley, and Yellowstone counties, which represent all of the Billings MSA. At the previous evaluation, the bank's Billings MSA assessment area excluded three tracts in Yellowstone County. Since the previous evaluation, the bank added the remainder of the census tracts in Yellowstone County to the assessment area.

In 2015 and 2016, the assessment area consisted of 38 census tracts: 1 low-, 5 moderate-, 26 middle-, and 6 upper-income census tracts. In 2017, some census tracts designation were changed, and the Billings MSA assessment area now consists of 1 low-, 10 moderate-, 22 middle-, and 5 upper-income tracts.

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

TABLE 4								
Billings MSA 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	1	2.6	838	2.0	169	20.2	8,218	19.8
Moderate Income	10	26.3	7,694	18.5	1,184	15.4	7,581	18.2
Middle Income	22	57.9	25,858	62.2	1,782	6.9	9,119	21.9
Upper Income	5	13.2	7,174	17.3	238	3.3	16,646	40.0
Total Assessment Area	38	100.0	41,564	100.0	3,373	8.1	41,564	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low Income	1,635	510	1.1	31.2	996	60.9	129	7.9
Moderate Income	17,037	8,655	19.0	50.8	7,011	41.2	1,371	8.0
Middle Income	43,265	28,210	61.9	65.2	10,589	24.5	4,466	10.3
Upper Income	10,784	8,225	18.0	76.3	2,046	19.0	513	4.8
Total Assessment Area	72,721	45,600	100.0	62.7	20,462	28.4	6,479	8.9

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

TABLE 4								
Billings MSA Assessment Area Demographics								
<i>Income Categories</i>	<i>Total Businesses by Tract</i>		<i>Businesses by Tract and Revenue Size</i>					
	#	%	<i>≤ \$1 Million</i>		<i>> \$1 Million</i>		<i>Revenue Not Reported</i>	
	#	%	#	%	#	%	#	%
Low Income	246	2.3	204	2.1	41	5.0	1	1.0
Moderate Income	3,146	30.0	2,775	29.0	336	41.2	35	36.1
Middle Income	5,740	54.8	5,293	55.3	397	48.7	50	51.5
Upper Income	1,347	12.9	1,294	13.5	42	5.1	11	11.3
Total Assessment Area	10,479	100.0	9,566	100.0	816	100.0	97	100.0
Percentage of Total Businesses:				91.3		7.8		0.9
<i>Income Categories</i>	<i>Total Farms by Tract</i>		<i>Farms by Tract and Revenue Size</i>					
	#	%	<i>≤ \$1 Million</i>		<i>> \$1 Million</i>		<i>Revenue Not Reported</i>	
	#	%	#	%	#	%	#	%
Low Income	2	0.4	2	0.4	0	0.0	0	0.0
Moderate Income	81	17.5	79	17.6	0	0.0	2	33.3
Middle Income	305	65.9	295	65.8	8	88.9	2	33.3
Upper Income	75	16.2	72	16.1	1	11.1	2	33.3
Total Assessment Area	463	100.0	448	100.0	9	100.0	6	100.0
Percentage of Total Farms:				96.8		1.9		1.3

Income. For purposes of classifying borrower income, this evaluation utilizes the FFIEC estimated median family income for the Billings MSA, for the year of loan origination. In 2017, this figure was \$67,400. In 2016 and 2015, it was \$69,200 and \$66,800, respectively. For purposes of classifying census tracts by income level, this evaluation uses the FFIEC adjusted census data median family income for the Billings MSA, which was \$66,980 in 2017 and \$61,572 in 2016 and 2015.

Population. Based on 2017 FFIEC census data, the Billings MSA assessment area population is 164,716. Billings, located in Yellowstone County, is the largest city in Montana. Yellowstone County includes 93.3% of the assessment area population. The 2017 FFIEC census data also indicates that 8.1% of families and 11.6% of households in the assessment area have incomes below the poverty level. According to the same data, the Montana statewide percentages of families and households with incomes below the poverty level are 9.9% and 14.5%, respectively.

Economy. Bank management and community contacts indicate the region's economy is strong. A number of industries provide employment for residents of the assessment area. First, Billings is home to several large health-care facilities, including hospitals. In addition, higher education campuses, including a public university, provide jobs and draw additional residents to the area. The mining, agriculture, tourism, and retail industries, as well as the local government, also provide jobs for many area residents.

The area continues to have low unemployment. According to the Bureau of Labor Statistics, the 2017 nonseasonally adjusted unemployment rates for Carbon, Golden Valley, and Yellowstone counties were 3.7%, 5.0%, and 3.5%, respectively. For comparison, the state of Montana 2017 unemployment rate was 4.0%. Bank management noted that businesses have a challenging time hiring and keeping employees, given the low unemployment rates. According to community contacts, wages have increased in the area.

Housing. Community contacts noted that limited access to affordable housing is a concern. Bank management noted that housing prices continue to increase at a faster pace than wages. Those increases in prices, along with higher interest rates, make homeownership more difficult for people. A community

contact also noted a strong demand for the construction or purchase of affordable housing complexes in the area. A recent resurgence in the production of shale oil in the Bakken region has contributed to a tight housing market. A contact noted that many oil workers have brought their families to Billings to live and they commute several hundred miles away to work in the oil fields.

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

The bank's lending performance in the Billings MSA assessment area is reasonable. The bank's community development performance demonstrates adequate responsiveness to community development needs.

LENDING TEST

The bank's lending to businesses and farms of different sizes and to borrowers of different income levels is reasonable. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area and does not reveal any unexplained gaps in lending.

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

Small Business Lending. The bank's lending to small businesses is reasonable. Table 5 shows the bank's small business lending.

TABLE 5 Small Business and Small Farm Lending Billings MSA Assessment Area				
<i>Small Business Loan Originations</i>	$\leq \$100,000$	$> \$100,000$ to $\leq \$250,000$	$> \$250,000$ to $\leq \$1,000,000$	<i>Total Originations</i>
Percentage of Small Business Loans	60.5%	28.4%	9.9%	100.0%
Percentage of Loans to Businesses with Revenues of \$1 Million or Less	66.1%	28.8%	3.4%	72.8%
<i>Small Farm Loan Originations</i>	$\leq \$100,000$	$> \$100,000$ to $\leq \$250,000$	$> \$250,000$ to $\leq \$500,000$	<i>Total Originations</i>
Percentage of Small Farm Loans	67.9%	17.0%	15.1%	100.0%
Percentage of Loans to Farms with Revenues of \$1 Million or Less	70.6%	15.7%	13.7%	96.2%

The bank originated 72.8% of its small business loans to entities with gross annual revenues of \$1 million or less. According to 2017 Dun & Bradstreet data, 89.7% of businesses in the assessment area are small businesses. While the bank's lending is below demographics, it is reasonable based on the very competitive banking environment for small business loans. The bank originated 60.5% of its small business loans in amounts of \$100,000 or less to small businesses, indicating a willingness to serve the credit needs of smaller entities, which typically need smaller-dollar loans. The high competition, coupled with the bank's willingness to originate small-dollar loans, makes its performance in originating small business loans reasonable.

Small Farm Lending. The bank's lending to small farms is reasonable. The bank originated 96.2% of its small farm loans to entities with gross annual revenues of \$1 million or less, which is generally comparable to demographics. According to 2017 Dun & Bradstreet data, 97.6% of farms in the assessment area are small farm entities. The bank's lending to small farms is reasonable, given the demographics and the area's competitive banking environment. Table 5 also shows that the bank made 67.9% of its small farm loans in amounts of \$100,000 or less to small farms, which indicates the bank's willingness to meet the credit needs of smaller farms.

Residential Real Estate Lending. The bank's HMDA lending to low- and moderate-income borrowers is reasonable. Table 6 illustrates the bank's lending by borrower income levels for 2016 and 2017.

TABLE 6 HMDA Loans by Income Level of Borrower Billings MSA Assessment Area										
2017										
<i>Income Level of Borrower</i>	<i>Low</i>		<i>Moderate</i>		<i>Middle</i>		<i>Upper</i>		<i>Unknown</i>	
<i>Loan Type</i>	#	%	#	%	#	%	#	%	#	%
Home Purchase	10	5.3	41	21.9	42	22.5	78	41.7	16	8.6
Refinance	6	6.3	13	13.7	17	17.9	48	50.5	11	11.6
Home Improvement	1	9.1	4	36.4	0	0.0	4	36.4	2	18.2
Multifamily	0	0.0	0	0.0	0	0.0	0	0.0	3	100.0
Total 2017 HMDA Loans	17	5.7	58	19.6	59	19.9	130	43.9	32	10.8
2016										
<i>Income Level of Borrower</i>	<i>Low</i>		<i>Moderate</i>		<i>Middle</i>		<i>Upper</i>		<i>Unknown</i>	
<i>Loan Type</i>	#	%	#	%	#	%	#	%	#	%
Home Purchase	9	4.9	26	14.3	52	28.6	79	43.4	16	8.8
Refinance	2	2.0	19	19.4	16	16.3	55	56.1	6	6.1
Home Improvement	0	0.0	4	40.0	2	20.0	3	30.0	1	10.0
Multifamily	0	0.0	0	0.0	0	0.0	0	0.0	4	100.0
Total 2016 HMDA Loans	11	3.7	49	16.7	70	23.8	137	46.6	27	9.2

In 2017, the bank originated 5.7% of its HMDA loans to low-income borrowers and 19.6% to moderate-income borrowers. According to 2017 FFIEC census data, 19.8% of families in the assessment area are low income and 18.2% are moderate income. The bank's lending to moderate-income borrowers is comparable to demographics, while lending to low-income borrowers is below demographics. The bank's performance is comparable to aggregate lenders for low-income borrowers, which originated 5.4% of 2017 HMDA loans to low-income borrowers. The bank's performance is slightly above aggregate lenders for moderate-income borrowers, which originated 16.7% of 2017 HMDA loans to moderate-income borrowers.

In 2016, the bank originated 3.7% of HMDA loans to low-income borrowers and 16.7% to moderate-income borrowers. FFIEC census data for 2016 indicates that 19.2% of families in the assessment area are low income and 18.3% are moderate income. The bank's lending performance is below demographics for low-income families and generally comparable to demographics for moderate-income families. In 2016, aggregate lenders extended 5.9% of loans to low-income borrowers and 17.1% to moderate-income borrowers. The bank's percentage of loans to low- and moderate-income borrowers is generally comparable to aggregate lenders' percentage of loans to those borrowers.

Although the bank's performance is below demographics for low-income borrowers, its performance is reasonable given the performance context. The bank's performance is generally comparable to aggregate lenders. The bank operates in a competitive banking environment, and numerous financial institutions make residential real estate loans throughout the assessment area. Community contacts noted that affordable housing availability is a concern in the assessment area.

Generally, low-income residents may not be able to afford a home, given recent home prices in the assessment area. Using the assumption that a borrower can obtain a loan for approximately three times the borrower's annual income, based on the 2017 FFIEC estimated median family income of \$67,400 for the Billings MSA, an individual with the highest income in the low-income bracket (\$33,699) could afford a \$101,097 home. Using the same assumption for borrowers with the highest income in the moderate-income bracket (\$53,919), a borrower could afford a \$161,757 home. According to 2017 FFIEC census data, the median housing value in the Billings MSA is \$193,451. This data suggests that homeownership would not be affordable for many low-income and some moderate-income residents in the assessment area.

In addition to evaluating the bank's 2016 and 2017 HMDA lending, examiners also evaluated its 2015 HMDA lending activities. The distribution of HMDA loans by borrower income level for 2015 is generally comparable to 2016 and 2017 performance. In 2015, the bank originated 6.4% and 14.3% of its HMDA loans to low- and moderate-income borrowers, respectively, while aggregate lenders originated 5.2% and 16.0%, respectively. According to 2015 FFIEC census data, 19.2% of families in the assessment area were low income and 18.3% were moderate income.

GEOGRAPHIC DISTRIBUTION OF LOANS

The bank's geographic distribution and dispersion of its small business, small farm, and HMDA loans in the assessment area is reasonable. There are no unexplained gaps in lending.

Small Business Lending. The geographic distribution and dispersion of small business loans in the assessment area is reasonable. Table 7 shows the geographic distribution of the bank's small business and small farm lending by census tract income level for 2017.

TABLE 7 Geographic Distribution of Small Business and Small Farm Lending, by Income Level of Census Tract* – Billings MSA Assessment Area								
Loan Type Sample	Low Income		Moderate Income		Middle Income		Upper Income	
	#	\$	#	\$	#	\$	#	\$
Small Business	0.0%	0.0%	13.6%	22.3%	64.2%	47.0%	22.2%	30.8%
Small Farm	0.0%	0.0%	17.0%	20.0%	77.4%	78.4%	5.7%	1.6%
Demographic Data								
Number of Census Tracts	1		10		22		5	
Percentage of Census Tracts	2.6%		26.3%		57.9%		13.2%	
Percentage of Businesses**	2.5%		30.5%		54.4%		12.6%	
Percentage of Farms**	0.7%		17.9%		65.2%		16.2%	
*Income classification of census tracts is based on 2017 FFIEC census data.								
**Percentages are based on 2017 Dun & Bradstreet data.								

The bank did not originate small business loans in the low-income census tract. By number, the bank made 13.6% of its small business loans in the moderate-income census tracts, and by dollar amount, it made 22.3% of small business loans in moderate-income tracts.

Based on 2017 Dun & Bradstreet data, only 2.5% of small businesses in the assessment area are located in the low-income tract while 30.5% are located in moderate-income tracts. The bank is below demographics by both numbers and dollars in both the low- and moderate-income tracts; however, this is reasonable. The low-income tract is primarily residential and industrial, with oil and sulfur refineries occupying a portion of the tract. Most of the moderate-income tracts are located in Billings, where there is strong competition from other financial institutions; therefore, it is reasonable for the bank to perform below demographics and to lack loans in some of these census tracts. Additionally, two of the moderate-income tracts are located in the rural portions of the assessment area, which are not in close proximity to the bank's branches. These two moderate-income tracts have only 3.4% of the total businesses that are located in the moderate-income census tracts in the assessment area. Given this performance context, the distribution and dispersion of the bank's small business loans is reasonable.

Small Farm Lending. The geographic distribution and dispersion of small farm loans in the assessment area is reasonable. As shown in Table 7, the bank did not extend any small farm loans in the low-income tract. This is reasonable, given the fact that the low-income tract is located in downtown Billings. According to 2017 Dun & Bradstreet data, 0.7% of small farms are located in the low-income tract, and 17.9% are in the moderate-income tracts. By number, the bank made 17.0% of its small farm loans in the moderate-income census tracts, and 22.3% by dollar amount in these tracts. Overall, the bank's lending in moderate-income census tracts is comparable to demographics. The bank did not originate small farm loans in seven moderate-income tracts in and near downtown Billings, which is reasonable given the urban nature of the area.

Residential Real Estate Lending. The geographic distribution and dispersion of the bank's HMDA lending is reasonable. Table 8 illustrates the bank's 2016 and 2017 HMDA lending.

TABLE 8 Billings MSA Assessment Area 2017 HMDA Loans by Census Tract Income Level								
	<i>Low</i>		<i>Moderate</i>		<i>Middle</i>		<i>Upper</i>	
<i>Loan Type</i>	#	%	#	%	#	%	#	%
Home Purchase	6	3.2	31	16.6	119	63.6	31	16.6
Refinance	1	1.1	14	14.7	58	61.1	22	23.2
Home Improvement	1	9.1	2	18.2	7	63.6	1	9.1
Multifamily	0	0.0	2	66.7	1	33.3	0	0.0
Total 2017 HMDA Loans	8	2.7	49	16.6	185	62.5	54	18.2
2016 HMDA Loans by Census Tract Income Level								
	<i>Low</i>		<i>Moderate</i>		<i>Middle</i>		<i>Upper</i>	
<i>Loan Type</i>	#	%	#	%	#	%	#	%
Home Purchase	2	1.1	12	6.6	125	68.7	43	23.6
Refinance	0	0.0	4	4.1	70	71.4	24	24.5
Home Improvement	1	10.0	0	0.0	6	60.0	3	30.0
Multifamily	0	0.0	2	50.0	2	50.0	0	0.0
Total 2016 HMDA Loans	3	1.0	18	6.1	203	69.0	70	23.8

In 2017, the bank extended 2.7% of its HMDA loans in the low-income census tract and 16.6% in the moderate-income census tracts. Based on 2017 FFIEC census data, 2.0% of families live in the low-income census tract, and 18.5% of families live in the moderate-income census tracts. The bank's lending is comparable to demographics in the low-income tract and slightly below demographics in the moderate-income tracts. The bank's lending in the low- and moderate-income tracts is generally comparable to that of aggregate lenders (1.3% of loans in the low-income tract and 15.5% of loans in the moderate-income tracts). In 2017, the bank did not originate HMDA loans in two moderate-income tracts: one in Carbon County and one in Golden Valley County. The lack of HMDA loans in these tracts is reasonable given the rural nature of the census tracts.

The bank's lending in both low- and moderate-income tracts was lower by number and dollar volume in 2016 than 2017. In 2016, the bank extended 1.0% of HMDA loans in the low-income tract and 6.1% in the moderate-income tracts. Based on 2016 FFIEC census data, 1.6% of families live in the low-income census tract, and 11.3% live in the moderate-income census tracts. In 2016, aggregate lenders originated 1.5% of HMDA loans in the low-income census tract and 7.2% in the moderate-income census tracts. While the bank's lending is below demographics for lending in moderate-income tracts in 2016, it is generally comparable to aggregate lenders in both low- and moderate-income census tracts. In 2016, the bank did not originate HMDA loans in one moderate-income tract in Golden Valley County, which is reasonable given the rural nature of the census tract. The competitive market for HMDA loans in the assessment area, as well as the comparison to demographics and aggregate lender performance for both 2016 and 2017, support the conclusion that the bank's geographic distribution of HMDA loans is reasonable.

Examiners also evaluated the bank's 2015 HMDA lending activities. The bank's distribution of HMDA loans by census tract for 2015 is generally consistent with its 2016 and 2017 performance. In 2015, the bank originated 1.4% of its HMDA loans in the low-income census tract and 5.7% in the moderate-income census tracts, while aggregate lenders extended 1.0% of HMDA loans in the low-income tract and 8.1% in the moderate-income census tracts.

COMMUNITY DEVELOPMENT TEST

Overall, the bank's community development activities in the assessment area are reasonable. The bank originated qualified community development loans, provided community development services, and made qualifying donations. The bank's community development activities demonstrate adequate responsiveness to community needs.

Community Development Loans. The bank originated an adequate level of community development loans in the assessment area: five loans totaling \$2.7 million. The loans benefited the assessment area by revitalizing and stabilizing a low-income area, fostering economic development, and funding an organization that provides community services to low- and moderate-income individuals. The bank's largest community development loan was a modification to an SBA loan to provide permanent financing to a local business. Another notable loan provided financing to a local business in a city-designated urban renewal district.

Community Development Services. The bank's level of community development services in the assessment area is adequate. Employees from the bank provided 63 community development services to nine organizations that benefited the assessment area during the evaluation period. The bank's employees primarily worked with organizations that serve low- and moderate-income persons but also some organizations that promote economic development and support affordable housing. Bank staff served on the board or as committee or planning members for these organizations.

Qualified Investments. The bank's level of qualified investments in the form of CRA-eligible securities and donations in the assessment area is excellent. During the evaluation period, the bank purchased \$1.0 million in qualified securities that support the provision of health care for low- and moderate-income people. The bank also made donations totaling \$156,145.

During the evaluation period, the opportunities to purchase CRA-eligible securities in the assessment area were limited. The market for CRA-eligible securities is highly competitive. The bank's new investments, including donations, demonstrate excellent responsiveness to the needs of the community.

The bank's donation total of \$156,145 comprised 37 donations that benefited the assessment area. As mentioned in the Institution section, of particular note is a donation for \$100,000 to a local health organization that primarily serves low- and moderate-income persons. The majority of the other donations were in amounts ranging from \$200 to \$7,500; they primarily benefited organizations that provide services, such as shelter and food, to low- and moderate-income individuals, including at-risk youth. The bank also made donations that supported economic development, affordable housing, and revitalization or stabilization of low- and moderate-income census tracts.

NONMETROPOLITAN AREAS – LIMITED REVIEW

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE ABSAROOKEE/COLUMBUS, MONTANA, ASSESSMENT AREA

Examiners conducted a limited-scope review of the bank's Absarokee/Columbus assessment area and determined that the bank's lending performance in this assessment area is consistent with the bank's performance in its Billings MSA assessment area. Examiners determined that the bank's community development performance in this assessment area is below the bank's performance in its Billings MSA assessment area due to a lack of community development lending. Examiners analyzed the bank's HMDA and small farm loans and reviewed the bank's community development activities. Examiners did not review small business loans due to low volume in this assessment area.

The bank conducts a limited percentage of its overall activity in the Absarokee/Columbus assessment area. According to the June 30, 2018, FDIC Deposit Market Share Report, 16.7% of the bank's deposits are in the Absarokee/Columbus assessment area. Of the loans reviewed for this evaluation, 8.6% of the loans by number were in this assessment area.

The Absarokee/Columbus assessment area includes all of Stillwater County, which consists of two middle-income census tracts and one upper-income census tract. The middle-income tracts were designated as underserved in 2015, 2016, and 2017. The bank has two full-service branches in this assessment area; each of them has a deposit-taking ATM. The bank has not opened or closed any offices or ATMs in this assessment area since the previous evaluation.

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE BOZEMAN, MONTANA, ASSESSMENT AREA

Examiners conducted a limited-scope review of the bank's Bozeman assessment area and determined that the bank's lending performance is consistent with the bank's performance in its Billings MSA assessment area. Examiners determined that the bank's community development performance in this assessment area is below the bank's performance in its Billings MSA assessment area due to a lack of community development lending and services. Examiners analyzed the bank's HMDA loans and reviewed the bank's community development activities. Examiners did not review small business and small farm loans due to low volume in this assessment area.

The bank conducts a limited percentage of its overall activity in the Bozeman assessment area. According to the June 30, 2018, FDIC Deposit Market Share Report, 4.4% of the bank's deposits are in the Bozeman assessment area. Of the loans reviewed for this evaluation, 8.7% of the loans by number were in this assessment area.

The Bozeman assessment area includes all of Gallatin County. In 2017, this assessment area consisted of 1 low-income, 2 moderate-income, 7 middle-income, and 12 upper-income census tracts. In 2015 and 2016, this assessment area consisted of 1 low-income, 3 moderate-income, 7 middle-income, and 11 upper-income census tracts. None of the tracts were designated as distressed or underserved. The bank has a full-service branch with a deposit-taking ATM in Bozeman. The bank has not opened or closed any offices or ATMs in this assessment area since the previous evaluation.

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE SIDNEY, MONTANA, ASSESSMENT AREA

Examiners conducted a limited-scope review of the bank's Sidney assessment area and determined that the bank's lending performance is consistent with the bank's performance in its Billings MSA assessment area. Examiners determined that the bank's community development performance is below the bank's performance in its Billings MSA assessment area due to a lack of community development lending and only two community development services. Examiners analyzed the bank's small farm loans as well as the bank's community development activities in this assessment area. Examiners did not review small business and HMDA loans due to low volume in this assessment area.

The bank conducts a limited percentage of its overall activity in the Sidney assessment area. According to the June 30, 2018, FDIC Deposit Market Share Report, 14.4% of the bank's deposits are in the Sidney assessment area. Of the loans reviewed for this evaluation, 4.7% by number were in this assessment area.

The Sidney assessment area includes all 4 census tracts in Richland County. In 2017, this assessment area consisted of 2 middle- and 2 upper-income census tracts. In 2015 and 2016, the assessment area consisted of 4 middle-income census tracts. None of the tracts were designated as distressed or underserved. The bank has a full-service branch in Sidney, which includes a deposit-taking ATM. The bank has not opened or closed any offices or ATMs in this assessment area since the previous evaluation.

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 refinancing 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.)