

# **PUBLIC DISCLOSURE**

November 5, 2018

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Bank of Montana  
Certificate Number: 58482

125 Bank Street, Suite 100  
Missoula, Montana 59802

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
San Francisco Regional Office

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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 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

Institution Rating .....	1
Scope of Evaluation .....	2
Description of Institution .....	4
Description of Assessment Area .....	6
Conclusions on Performance Criteria .....	9
Discriminatory or Other Illegal Credit Practices Review .....	12
Glossary .....	13

## INSTITUTION RATING

**INSTITUTION'S COMMUNITY REINVESTMENT ACT (CRA) RATING:** This institution is rated **Satisfactory**. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area (AA), including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Bank of Montana's (BOM) satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's Lending Test performance.

- The loan-to-deposit (LTD) ratio is reasonable, given the institution's size, competitive factors, financial condition, and AA credit needs.
- The bank made less than a majority of its small business loans within the AA.
- The geographic distribution of small business loans reflects reasonable dispersion throughout the AA.
- The distribution of borrowers reflects, given the demographics of the AA, excellent penetration among businesses of different revenue sizes.
- The institution has not received any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

## SCOPE OF EVALUATION

### General Information

This evaluation covers the period from the prior evaluation dated August 6, 2012, to the current evaluation dated November 5, 2018. Examiners used the Interagency Small Institution Examination Procedures to evaluate BOM's CRA performance. These procedures include the CRA Small Bank Lending Test, which considers the institution's performance according to the following criteria.

- Loan-to-Deposit ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

To provide context for the overall evaluation, examiners relied on bank records, public financial information, demographic data from the 2010 U.S. Census & 2015 American Community Survey (ACS), 2016 and 2017 D&B data, other public sources, and information obtained through community contacts. This evaluation does not include any lending activities performed by affiliates.

### Loan Products Reviewed

Examiners reviewed the loan categories reported in the June 30, 2018 Consolidated Reports of Condition and Income and determined the bank's major product line is commercial lending. This conclusion considered the bank's business strategy in the AA, and the number and dollar volume of loans originated during the evaluation period.

Examiners evaluated the entire universe of small business lending with loan amounts of \$1 million or less from January 1, 2016, through December 31, 2017. BOM originated or renewed 24 and 15 small business loans totaling \$8.5 million and \$4.8 million in 2016 and 2017, respectively. Residential mortgages and small farm loans were not included in the review, as the low number of originations for these loan products would not provide a meaningful analysis. The following tables details the loan universes and samples selected for review.

<b>Loan Products Reviewed 2016</b>				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Home Mortgage	1	\$150	0	\$0
Small Business	24	\$8,512	24	\$8,512
Small Farm	0	\$0	0	\$0
Consumer	4	\$434	0	\$0

*Source: Bank Records from 01/01/16 through 12/31/16.*

<b>Loan Products Reviewed 2017</b>				
<b>Loan Category</b>	<b>Universe</b>		<b>Reviewed</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Home Mortgage	7	\$1,402	0	\$0
Small Business	15	\$4,891	15	\$4,891
Small Farm	3	\$4,141	0	\$0
Consumer	5	\$961	0	\$0

*Source: Bank Records from 01/01/17 through 12/31/17.*

Examiners used the number and dollar volume of small business loans originated or renewed inside the bank's AA for the geographic distribution and borrower profile performance. While the number and dollar volume of loans are presented, examiners emphasized performance by number of loans. The number of loans is a better indicator of the actual number of businesses served in the AA. Borrower profile and geographic distribution received equal weight, as these performance criteria accurately reflect BOM's efforts to serve its community.

For comparison purposes, examiners used D&B data reported for 2016 and 2017 as an indicator of number of business opportunities available in the AA, this data is not the equivalent of loan demand. However, aggregate lending data, as reported by large banks, served as an indicator of actual loan demand within the AA. The aggregate data for 2016 mentioned in this evaluation is for the purposes of providing performance context for loan demand in the AA.

## DESCRIPTION OF INSTITUTION

### **Background**

BOM is a small commercial-niche institution headquartered in Missoula, Montana. BOM is a wholly-owned subsidiary of Bancorp of Montana Holding Company, a one bank holding company. BOM has no other affiliates or subsidiaries, and received a Satisfactory rating at its previous August 6, 2012 FDIC CRA Performance Evaluation (PE), based on Interagency Small Institution Examination Procedures.

### **Operations**

BOM currently operates from a single office located in a moderate-census tract in the City of Missoula. Bank lobby hours are 8:00 a.m. to 5:00 p.m. Monday through Friday. The institution does not have a drive-up facility or an automated teller machine. A night depository is available for customers to leave deposits after business hours. BOM has not opened or closed any branches since the previous CRA PE.

The institution offers traditional banking services; however, the bank specializes in aviation financing both locally and nationwide. Aviation lending represents approximately 19.2 percent of total loans and 50.4 percent of commercial & industrial (C&I) lending based on dollar volume, as of September 30, 2018. Other lending includes commercial real estate, construction and land development, residential mortgage, agriculture, and consumer purposes loans. BOM also offers Small Business Administration, U.S. Department Agriculture, and Montana Board of Investment assisted lending, as well as economic development loans.

Residential mortgage lending to purchase or refinance is outsourced to the secondary market, where the institution acts as a broker for secondary market lenders. The institution takes the borrower's application and performs various settlement services; however, it does not make the credit decision or provide any table funding. Consumer lending is limited and done as an accommodation to established commercial customers.

BOM also provides a variety of deposit services for consumer and businesses including checking, savings, money market and certificate of deposits. Additional service include a website, which provides on-line banking services for customers to check account balances, transfer funds, make payments, and pay bills.

### **Ability and Capacity**

As of June 30, 2018, BOM reported total assets of \$87.0 million; gross loans of \$74.0 million and total deposits of \$76.1 million. The June 30, 2018, Report of Condition and Income, illustrated in the following table, confirms that BOM's primary lending focus is C&I and commercial real estate at 64.8 percent of the bank's reported portfolio. This is followed by residential loans at 14.3 percent of the portfolio. Growth in the bank's loan portfolio from September 30, 2012, to June 30, 2018, shows that home equity loans have seen the largest growth in the bank's portfolio going from \$147,000 as of September 30, 2012, to \$2.1 million as

of June 30, 2018, a growth of approximately 1,606. percent. Growth in 1-4 family residential first and second lien loans has been a modest 17.9 percent going from a \$6.9 million to \$8.1 million during the same period. Conversely, the C&I and non-farm non-residential lending portfolio has increased by 346.0 percent from \$17.9 million to \$46.2 million during this period.

<b>Loan Portfolio Distribution as of June 30, 2018</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	4,889	6.6
Secured by Farmland	4,253	5.7
Secured by 1-4 Family Residential Properties	10,588	14.3
Secured by Multifamily (5 or more) Residential Properties	3,891	5.3
Secured by Nonfarm Nonresidential Properties	20,877	28.2
<b>Total Real Estate Loans</b>	<b>44,498</b>	<b>60.1</b>
Commercial and Industrial Loans	27,065	36.6
Agricultural Loans		
Consumer Loans	2,487	3.3
Other Loans		
Less: Unearned Income		
<b>Total Loans</b>	<b>74,050</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income. Due to rounding totals may not equal 100.0 percent.</i>		

Examiners did not identify any financial, legal, or other impediments that affect the institution's ability to meet the AA credit needs.

## DESCRIPTION OF ASSESSMENT AREA

CRA requires an institution to identify one or more AA(s), which its regulatory agency will use to evaluate the institution's performance. An AA is an area that includes the geographies in which the institution has its main office, branch offices, and other deposit-taking remote service facilities, as well as the surrounding geographies in which the institution has originated or purchased a substantial portion of its loans. AAs always consist of one or more whole census tracts (CTs), which are statistical subdivisions of a county. The bank's AA remains unchanged since the previous evaluation. BOM has one AA that includes the entire county of Missoula, located within the Missoula Metropolitan Statistical Area (MSA) #33540 in western Montana. The institution's AA meets the regulatory guidelines, does not reflect illegal discrimination or arbitrarily exclude any low-, and moderate-income areas. The following sections discuss the demographic and economic information of the AA.

Economic information for the Missoula MSA #33540 was obtained from the following sources: the U.S. Census Bureau, U.S. Department of Housing and Urban Development, D&B demographic data, the U.S. Bureau of Labor Statistics.

### **Economic and Demographic Data**

The composition of the AA, based on 2015 ACS data, includes 1 low-, 3 moderate-, 13 middle-, and 3 upper-income CTs. According to 2010 Census data, the AA included 4 moderate-, 11 middle-, and 5 upper-income CTs. The low- and moderate-income CTs are located in downtown Missoula for both data sets. There are no distressed or underserved middle-income CTs within the AA. For the purposes of this review the 2010 U.S. Census and 2015 ACS Census data will be used to conduct the analysis. The following tables provide select demographic data for the AA based on 2015 ACS and 2010 Census data on the next page.



### Demographic Information of the Assessment Area

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs)	20	5.0	15.0	65.0	15.0	0.0
Population by Geography	111,966	1.9	17.6	63.0	17.5	0.0
Housing Units by Geography	51,056	2.9	18.8	62.6	15.7	0.0
Owner-Occupied Units by Geography	27,228	0.5	12.6	67.3	19.5	0.0
Occupied Rental Units by Geography	19,396	5.9	29.7	51.8	12.6	0.0
Vacant Units by Geography	4,432	4.2	9.4	80.6	5.8	0.0
Businesses by Geography	9,967	11.2	19.4	55.3	14.0	0.0
Farms by Geography	362	4.1	13.5	69.3	13.0	0.0
Family Distribution by Income Level	26,664	21.0	18.2	20.8	39.9	0.0
Household Distribution by Income Level	46,624	24.3	16.2	17.0	42.5	0.0
Median Family Income MSA #33450 FFIEC Estimated Median Family Income for 2017		\$65,463 \$71,200	Median Housing Value Median Gross Rent Families Below Poverty Level			\$239,884 \$774 8.7%

Source: 2015 ACS Data, 2017 D&B Data; and FFIEC Estimated Median Family Income; Due to rounding totals may not equal 100.0 percent (\*) The NA category consists of geographies that have not been assigned an income classification.

### Demographic Information of the Assessment Area

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs)	20	0.0	20.0	55.0	25.0	0.0
Population by Geography	109,299	0.0	17.4	56.5	26.1	0.0
Housing Units by Geography	48,931	0.0	20.1	56.8	23.1	0.0
Owner-Occupied Units by Geography	26,826	0.0	12.0	57.0	31.0	0.0
Occupied Rental Units by Geography	17,346	0.0	33.6	53.1	13.2	0.0
Vacant Units by Geography	4,759	0.0	16.8	69.0	14.2	0.0
Businesses by Geography	9,783	0.0	25.5	51.7	22.8	0.0
Farms by Geography	342	0.0	16.4	54.1	29.5	0.0
Family Distribution by Income Level	25,485	20.3	17.7	21.2	40.8	0.0
Household Distribution by Income Level	44,172	25.9	15.4	16.5	42.3	0.0
Median Family Income FFIEC Estimated Median Family Income for 2016		\$58,302 \$61,600	Median Housing Value Median Gross Rent Families Below Poverty Level			\$239,066 \$709 8.8%

Source: 2010 U.S. Census and 2016 D&B Data; and FFIEC Estimated Median Family Income; Due to rounding totals may not equal 100.0 percent (\*) The NA category consists of geographies that have not been assigned an income classification.

The economy is strong in the Missoula MSA #33540. The unemployment rate for the Missoula MSA is 2.8 percent, as of September 30, 2018, compared to 3.6 and 3.7 percent for the State of Montana, and the U.S nation unemployment rates, respectively. The largest non-government employers in the AA are the University of Montana; St. Patrick's Hospital; and Community Medical Center. According to D&B business data for 2016 and 2017, service industries represent the largest trade type in this AA at 46 percent, followed by retail trade at 12 percent, and construction at 8 percent. Furthermore, the data shows that approximately 85 percent of the businesses in the AA reported gross annual revenues (GAR) of \$1million or less, indicating that a majority of those businesses surveyed are defined as small businesses.

### **Competition**

Competition for market share and lending within the AA is strong. According to the June 30, 2018 Summary of Deposits Market Share Report, BOM competed with 12 other FDIC-insured banking or savings institutions operating 34 offices within the AA. BOM ranks 7<sup>th</sup> and holds approximately 3.2 percent of total deposits in the market area. In addition, BOM also competes with credit unions, finance companies, mortgage companies, and other financial service providers for deposits and loan customers. As previously mentioned there is a high level of competition within the AA for loans of any type by large community, regional, statewide, and national banks. The entrance of a large statewide retail bank into the market in late 2016, who is actively seeking to increase its market share, has had a significant impact on competition. The large statewide bank is located in the same low-income CT as BOM, which further limited and impacted lending opportunities for BOM. In addition, the large statewide lender has significantly more resources, in terms of assets and number of lenders, in comparison to those available to BOM. The large statewide bank has only been in the market a short amount of time and has already captured 2.8 percent of the deposit market share, further illustrating the institution's aggressive pursuit of the market. A review of the FFIEC 2017 CRA MSA Aggregate Report supports the high level of competition within the AA, as six of the largest financial institutions that collect and report CRA data originated approximately 1,437 small business loans with GAR less than \$1 million, or 80 percent of the 1,799 total loans originated.

### **Community Contact**

Examiners reviewed an existing community contact in conjunction with this performance evaluation. The contact was knowledgeable with the local economic conditions of the AA. According to the contact the overall economic conditions are strong, and individuals commute in and out of the City of Missoula for work. The contact also noted that there are opportunities for planned mixed-use development. The City of Missoula is surrounded by valleys, which limits industrial land due to the size of land needed. The community contact assists borrowers in obtaining capital investments for start-up business such as information technology and data, biotech, life sciences, advanced manufacturing, professional services, creative industries/media, and finance and insurance. The contact also noted that housing within the AA is very expensive, and that there is a lack of affordable housing. In addition, the contact noted that there are many competing financial institutions within the AA; however, the affordable housing projects are very complex and require experience in project management and an understanding of specific program requirements, which some of the banks lack.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

BOM demonstrated reasonable performance under the Lending Test. The Geographic Distribution, Borrower Profile, Loan-to-Deposit ratio performance primarily support this conclusion.

### Loan-to-Deposit Ratio

The LTD is reasonable given the institution's size, financial condition, and the credit needs within the AA. BOM's LTD ratio calculated from the Call Report data averaged 87.8 percent over the past 23 calendar quarters from December 31, 2012, through June 30, 2018. The LTD ratio ranged from a high of 97.6 percent to a low of 78.5 percent over the evaluation period. Overall, the LTD ratio has remained consistent throughout the evaluation period. The institution's LTD ratio compares favorably to institutions illustrated in the following table. Examiners selected comparable institutions based on their asset size, geographic location, and commercial lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 6/30/2018 (\$000s)	Average Net LTD Ratio (%)
Bank of Montana	86,965	87.8
Similarly-Situated Institution #1	89,110	79.1
Similarly-Situated Institution #2	77,351	88.8
<i>Source: Reports of Condition and Income 12/31/2012 through 06/30/2018</i>		

### Assessment Area Concentration

As reflected in the following table, BOM originated a majority of its small business loans by number and dollar volume outside of its AA.

Distribution of Loans Inside and Outside the Assessment Area										
Loan Type	Number of Loans					Dollar Amount of Loans				
	Inside Assessment Area		Outside Assessment Area		Total	Inside Assessment Area		Outside Assessment Area		Total
	#	%	#	%		\$ (000)	%	\$ (000)	%	
<b>Small Business</b>										
2016	11	45.8	13	54.2	24	4,354	51.1	4,158	48.9	8,512
2017	5	33.3	10	66.7	15	1,026	21.0	3,865	79.0	4,891
<b>Subtotal</b>	<b>16</b>	<b>41.0</b>	<b>23</b>	<b>59.0</b>	<b>39</b>	<b>5,380</b>	<b>40.1</b>	<b>8,023</b>	<b>59.9</b>	<b>13,403</b>
<i>Source: Bank records, 2016 and 2017</i>										

During the review period, only 41.0 percent by number volume and 40.1 percent by dollar volume of small business loans were made within the bank's AA. This level of activity is less than satisfactory. The volume of loans originated within the AA, decreased in 2017; however, given the low volume of loans the percentage can fluctuate by a loan or two. The trend shows better improvement for 2018, where a majority of small business loans were made inside the AA. One factor affecting the AA concentration is the institution's niche business strategy that provides specialty financing for commercial aviation loans both locally and nationwide. In addition, there is strong competition with larger financial institutions for local small business lending, as well as residential loans and other types of commercial lending. BOM struggles to compete with the larger financial institutions within the AA in terms of pricing and loan terms, given its conservative underwriting criteria.

### **Geographic Distribution**

The geographic distribution of small business loans made inside the institution's AA were analyzed to determine whether small business lending activity was reasonably dispersed throughout its AA. Examiners place particular emphasis on lending activity in low- and moderate-income CTs. BOM's geographic distribution of small business loans reflects reasonable dispersion throughout the AA. The following table details the bank's distribution of small business loans.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low					
2016	0.0	0	0.0	0	0.0
2017	11.2	1	20.0	172	16.8
Moderate					
2016	25.5	2	18.2	753	17.3
2017	19.4	0	0.0	0	0.0
Middle					
2016	51.7	7	63.6	3,302	75.8
2017	55.3	4	80.0	854	83.2
Upper					
2016	22.8	2	18.2	299	6.9
2017	14.0	0	0.0	0	0.0
<b>Total</b>					
<b>2016</b>	<b>100.0</b>	<b>11</b>	<b>100.0</b>	<b>4,354</b>	<b>100.0</b>
<b>2017</b>	<b>100.0</b>	<b>5</b>	<b>100.0</b>	<b>1,026</b>	<b>100.0</b>

*Source: 2016-2017 D&B Data, 2016-2017 Bank Records; Due to rounding totals may not equal 100.0 percent.*

The geographic distribution compares BOM's lending in low- and moderate-income CTs to D&B data, which estimates the number of small businesses located in these CTs for 2016 and 2017. The 2016 aggregate large bank data is used to determine the demand for loans in these CTs in 2016. The Missoula MSA #33540 did not have any low-income CTs in 2016. However,

with the 2015 ACS Census data one of the moderate-income CTs was changed to a low-income CT, this data is used for lending comparisons for 2017.

As previously stated the composition of the AA, based on 2015 ACS data, includes 1 low-, 3 moderate-, 13 middle-, and 3 upper-income CTs. The 2015 ACS data is used to determine the income level of the CT for 2017 lending. The 2010 Census data is used to determine the income level of the CT for 2016 lending. Using 2010 Census data, the 2016 AA included 4 moderate-, 11 middle-, and 5 upper-income CTs. The low- and moderate-income CTs are located in downtown Missoula for both data sets.

In 2016, the institution made 2 small business loans or 18.2 percent by number of loans in the four moderate-income CTs. This performance is comparable to the 2016 D&B data, which shows that 25.5 percent of the small businesses were located in moderate-income CTs and that the bank reached 18.2 percent of those businesses. The 2016 aggregate small business data reported lending in moderate-income CTs at 20.5 percent of loans, (aggregate data shows the demand for small business loans in moderate-income CTs) and the institution's lending performance shows a reasonable distribution of loans in moderate-income CTs.

In 2017, the institution made 1 loan or 20.0 percent of the loans originated in the low-income tract. This performance exceeded the 11.2 percent of businesses located in the low-income CT, as reported by D&B. The institution did not make any loans in the three moderate-income CTs in 2017. The decrease in lending in moderate-income CTs is attributed to the high level of competition from larger financial institutions for the small business lending. As previously mentioned there is a high level of competition within the AA for loans of any type by large community, regional, statewide and national banks. Specifically, the market entrance of a large statewide retail bank in late 2016, had a significant impact on competition within the AA. Given the mitigating factors, the institutions geographic distribution reflects a reasonable dispersion given the bank's asset size.

### **Borrower Profile**

The institution's distribution of small business borrowers reflects excellent penetration among businesses of different revenue sizes. The following table shows the institution's distribution of small business loans by GAR.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>≤ \$1,000,000</b>					
2016	84.9	9	81.8	3,327	76.4
2017	85.1	5	100.0	1,026	100.0
<b>&gt; \$1,000,000</b>					
2016	5.7	2	18.2	1,027	23.6
2017	5.5	-	0.0	-	0.0
<b>Revenue Not Available</b>					
2016	9.5				
2017	9.4				
<b>Total</b>					
2016	<b>100.0</b>	<b>11</b>	<b>100.0</b>	<b>4,354</b>	<b>100.0</b>
2017	<b>100.0</b>	<b>5</b>	<b>100.0</b>	<b>1,026</b>	<b>100.0</b>

*Source: 2016-2017 D&B Data, 2016-2017 Bank Records*

In 2016 and 2017, the institution made 9 and 5 loans to businesses with GARs of \$1 million or less representing 81.8 and 100.0 percent, respectively. Performance in 2016 compares favorably to the percentage of businesses in the AA with GARs of \$1 million or less and performance in 2017 significantly exceeds the percentage of businesses in the AA with GARs of \$1 million or less. This analysis further supports that the institution is meeting the credit needs of its AA.

**Response to Complaints**

BOM has not received any CRA-related complaints since the previous PE. Therefore this performance criterion did not affect the Lending Test rating.

**DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners did not identify any evidence of discriminatory or other illegal credit practices. Therefore this consideration did not affect the institution’s overall CRA rating.

## GLOSSARY

**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 area/assessment area.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan 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.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**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 non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family 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).

**Family Income:** Includes the income of all members of a family that are age 15 and older.

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and 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 such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Disclosure Loan Application Register (HMDA LAR):** The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

**Home Mortgage Loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase 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.

**Household Income:** Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).



**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 area/assessment area.

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Micropolitan Statistical Area:** CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

**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 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 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area:** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

**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.

**Rated Area:** A rated area is a state or multistate metropolitan area. 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 metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Loan:** A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**Upper-Income:** Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.