

PUBLIC DISCLOSURE

July 17, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Three Rivers Bank of Montana
Certificate Number: 21557

233 E Idaho St
Kalispell, Montana 59901

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

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San Francisco, California 94105

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.

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INSTITUTION RATING

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

An institution in this group has an outstanding record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

- The loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A majority of loans are in the bank's AA.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes.
- The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the overall rating.

DESCRIPTION OF INSTITUTION

Three Rivers Bank of Montana (TRB) is a state-chartered community bank headquartered in Kalispell, Montana. TRB is a wholly-owned subsidiary of Great Northern Bancshares, Inc., a one-bank holding company. Since the previous evaluation, the bank has not had any merger or acquisition activity.

The FDIC assigned a rating of "Satisfactory" at the prior Community Reinvestment Act (CRA) Performance Evaluation dated June 24, 2020, based on Interagency Small Institution CRA Examination Procedures.

TRB operates two full service branches in Kalispell, Montana. Since the previous evaluation, the bank has not opened or closed any branches. TRB offers traditional lending and deposit products. The bank offers consumer and business checking, savings, money market accounts, and certificates of deposit. TRB offers consumer and commercial loan products. Loan products include home equity and working capital lines of credit; residential real estate, commercial real estate, and construction loans; loans to purchase automobiles and recreational vehicles; consumer installment loans; credit cards; farm and ranch loans; and Small Business Administration (SBA) loans. In addition, TRB has administered small business loans through the SBA's Paycheck Protection Program (PPP) in response to the COVID-19 pandemic. Other products and services offered by TRB include debit cards, credit cards, and escrow services. Alternative banking services include two automated teller machines and internet, telephone, and mobile banking.

As of the March 31, 2023 Consolidated Reports of Condition and Income (Call Report), assets totaled \$308.1 million and deposits totaled \$281.7 million. Loans represent the bank's primary

asset with total loans equaling \$206.5 million. Real estate loans account for 78.4 percent of the portfolio, with residential and nonfarm nonresidential secured loans accounting for a majority of all loans. The following table illustrates the loan portfolio distribution.

| Loan Portfolio Distribution as of 03/31/2023 | | |
|---|-----------------|--------------|
| Loan Category | \$(000s) | % |
| Construction, Land Development, and Other Land Loans | 41,352 | 20.0 |
| Secured by Farmland | 1,683 | 0.8 |
| Secured by 1-4 Family Residential Properties | 50,135 | 24.3 |
| Secured by Multifamily (5 or more) Residential Properties | 2,114 | 1.0 |
| Secured by Nonfarm Nonresidential Properties | 66,590 | 32.3 |
| Total Real Estate Loans | 161,874 | 78.4 |
| Commercial and Industrial Loans | 34,738 | 16.8 |
| Agricultural Production and Other Loans to Farmers | 5,552 | 2.7 |
| Consumer Loans | 3,995 | 1.9 |
| Obligations of State and Political Subdivisions in the U.S. | 0 | 0.0 |
| Other Loans | 309 | 0.2 |
| Lease Financing Receivable (net of unearned income) | 0 | 0.0 |
| Less: Unearned Income | 0 | 0.0 |
| Total Loans | 206,468 | 100.0 |
| <i>Source: Call Report</i> | | |

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. TRB has designated one AA in Montana, which includes the entirety of Flathead County. The bank’s AA has not changed since the previous evaluation. However, as a result of the 2020 U.S. Census, additional census tract (CT) delineations were added to the AA. Of note, the AA does not contain any low-income CTs. The AA meets regulatory requirements and does not arbitrarily exclude low- or moderate-income (LMI) geographies. Examiners relied on bank records, public financial information, demographic data from the 2020 U.S. Census, 2022 Dun & Bradstreet (D&B) Data, and information obtained from one community contact.

Economic and Demographic Data

The AA contains 2 moderate-, 23 middle-, and 7 upper-income CTs. The table below provides select demographic characteristics of the AA using 2020 U.S. Census and 2022 D&B data.

| Demographic Information of the Assessment Area | | | | | | |
|--|---------|------------|------------------------------|---------------|--------------|------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 32 | 0.0 | 6.3 | 71.9 | 21.9 | 0.0 |
| Population by Geography | 104,357 | 0.0 | 5.0 | 71.8 | 23.2 | 0.0 |
| Housing Units by Geography | 49,145 | 0.0 | 7.2 | 69.2 | 23.5 | 0.0 |
| Owner-Occupied Units by Geography | 29,460 | 0.0 | 4.9 | 71.8 | 23.3 | 0.0 |
| Occupied Rental Units by Geography | 10,465 | 0.0 | 9.0 | 72.3 | 18.7 | 0.0 |
| Vacant Units by Geography | 9,220 | 0.0 | 12.7 | 57.5 | 29.9 | 0.0 |
| Businesses by Geography | 29,887 | 0.0 | 1.9 | 82.4 | 15.7 | 0.0 |
| Farms by Geography | 945 | 0.0 | 1.9 | 77.0 | 21.1 | 0.0 |
| Family Distribution by Income Level | 25,634 | 18.3 | 18.5 | 23.5 | 39.7 | 0.0 |
| Household Distribution by Income Level | 39,925 | 20.4 | 17.7 | 18.8 | 43.0 | 0.0 |
| Median Family Income Non-MSAs - MT | | \$70,967 | Median Housing Value | | | \$317,443 |
| | | | Median Gross Rent | | | \$838 |
| | | | Families Below Poverty Level | | | 6.2% |

Source: 2020 U.S. Census and 2022 D&B Data. Due to rounding, totals may not equal 100.0%. () The NA category consists of geographies that have not been assigned an income classification.*

As shown in the table above, housing values are substantially higher than the median family income in the AA. In addition, there is a significant number of families living below the poverty level. These factors indicate challenges for families to qualify for and obtain home mortgage loans, especially low-income families.

The analysis of small business loans under the Borrower Profile criterion analyzes the distribution of small business loans by gross annual revenue (GAR) of the business. According to 2022 D&B data, there were 29,887 businesses operating in the AA. Listed below are the GARs for these businesses:

- 95.2 percent have GARs of \$1 million or less
- 1.4 percent have GARs of more than \$1 million
- 3.3 percent have unknown revenues

Non-classifiable establishments account for the largest portion of businesses at 44.8 percent; followed by the Services industry, which accounts for 24.3 percent of businesses; and Finance, Insurance, & Real Estate, which accounts for 8.0 percent of businesses. In addition, 48.4 percent of businesses have four or fewer employees, and 97.0 percent of businesses operate out of a single location.

According to data obtained from the Bureau of Labor Statistics, unemployment in Flathead County in 2022 was 3.1 percent, which was slightly above Montana's statewide rate of 2.6 percent, but below the national rate of 3.6 percent.

Competition

The AA has a moderate level of competition for financial services. According to the June 30, 2022 FDIC Deposit Market Share Report, 13 financial institutions operate 34 branch offices in the AA. Of these institutions, TRB ranked 4th with a deposit market share of 7.0 percent. Of the institutions operating in the AA, one national and two state-wide banks hold a significant majority of the deposits in the AA. These three institutions hold 73.6 percent of all deposits in the AA.

Community Contacts

Examiners reviewed a recent community contact interview conducted with a representative from a community development organization that serves Flathead County. The organization serves LMI individuals and families by identifying and using available community resources and services to promote long-term self-sufficiency. The contact indicated that while the area's economic condition has strengthened since the COVID-19 pandemic, livable wages continue to be low, and housing costs continue to be high. Additionally, the contact indicated a need for affordable housing financing, services, and inventory. The contact further stated that there is a housing stock crisis seen throughout the area. The contact reiterated that there was a need for additional financial institution responsiveness to the housing credit needs of the area and that there are opportunities for increased bank involvement that would directly support individuals and families throughout the area.

Credit Needs

Considering the information obtained from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing and small business loans represented the greatest credit needs in the AA.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated June 24, 2020 to the current evaluation date of July 17, 2023. Examiners used the Interagency Small Institution CRA Examination Procedures to evaluate TRB's CRA performance.

Activities Reviewed

Examiners determined that TRB's major product lines are home mortgage and small business loans based on the bank's strategy, loan portfolio composition, and lending activity during the evaluation period. Based on activity by number and dollar volume, home mortgage lending contributes the most weight to overall conclusions. As TRB does not collect or report data under the Home Mortgage Disclosure Act or CRA, examiners selected a sample of home mortgage and small business loans originated in 2022. The selected samples are representative of the bank's performance during the evaluation period. The following table details the universe and samples for

the products reviewed.

| Loan Products Reviewed | | | | |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|
| Loan Category | Universe | | Reviewed | |
| | # | \$(000s) | # | \$(000s) |
| Home Mortgage | 115 | 41,643 | 47 | 16,349 |
| Small Business | 101 | 19,196 | 47 | 11,115 |
| <i>Source: Bank Data</i> | | | | |

Examiners compared the bank’s home mortgage and small business performance under the Geographic Distribution criteria to the percent of owner-occupied housing units and businesses within the bank’s AA. Examiners compared the bank’s home mortgage and small business performance under the Borrower Profile criterion to the percent of families and business that are LMI or have GARs of \$1 million or less within the AA. The 2020 U.S. Census and 2022 D&B data were used for comparisons. While both the number and dollar volume of loans are presented, greater weight is given to lending performance by number, because it is a better indicator of the number of individuals and businesses served in the community.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

TRB’s “Satisfactory” rating in the Lending Test is supported by a reasonable LTD ratio, a majority of loans originated in the AA, a reasonable dispersion of loans throughout the AA, and a reasonable penetration of loans among individuals of different income levels and business of different sizes.

Loan-to-Deposit Ratio

TRB’s LTD ratio is reasonable given the bank’s size, financial condition, and AA credit needs. The bank’s net LTD ratio, calculated from Call Report data, averaged 75.7 percent over the previous 12 calendar quarters, from June 30, 2020 to March 31, 2023. The ratio ranged from a low of 68.9 percent as of March 31, 2022 to a high of 87.1 percent as of September 30, 2020. The ratio remained relatively stable during the evaluation period, although it has declined slightly since the prior evaluation, when the net LTD ratio averaged 81.6 percent for a period of 24 calendar quarters.

Examiners identified similarly-situated institutions considering asset size, lending focus, and operations in the bank’s AA. The bank’s LTD ratio falls between the two similarly-situated institutions. The following table details the LTD ratios.

| Loan-to-Deposit (LTD) Ratio Comparison | | |
|--|--|---------------------------------|
| Bank | Total Assets as of 03/31/2023 (\$000s) | Average Net LTD Ratio (%) |
| Three Rivers Bank of Montana | 308,069 | 75.7 |
| Similarly-Situated Institution #1 | 184,460 | 68.9 |
| Similarly-Situated Institution #2 | 140,278 | 81.7 |
| <i>Source: Reports of Condition and Income 06/30/2020 - 03/31/2023</i> | | |

Assessment Area Concentration

A majority of loans are in the bank's AA. The following table shows the distribution of home mortgage and small business loans by both number and dollar volume during the evaluation period.

| Lending Inside and Outside of the Assessment Area | | | | | | | | | | |
|--|-----------------|-------------|-----------|-------------|------------|---------------------------------|-------------|--------------|-------------|-------------------|
| Loan Category | Number of Loans | | | | Total # | Dollar Amount of Loans \$(000s) | | | | Total \$(000s) |
| | Inside | | Outside | | | Inside | | Outside | | |
| | # | % | # | % | | \$ | % | \$ | % | |
| Home Mortgage | | | | | | | | | | |
| 2022 | 41 | 87.2 | 6 | 12.8 | 47 | 14,228 | 87.0 | 2,121 | 13.0 | 16,349 |
| Subtotal | 41 | 87.2 | 6 | 12.8 | 47 | 14,228 | 87.0 | 2,121 | 13.0 | 16,349 |
| Small Business | | | | | | | | | | |
| 2022 | 34 | 72.3 | 13 | 27.7 | 47 | 8,379 | 75.4 | 2,736 | 24.6 | 11,115 |
| Subtotal | 34 | 72.3 | 13 | 27.7 | 47 | 8,379 | 75.4 | 2,736 | 24.6 | 11,115 |
| Total | 75 | 79.8 | 19 | 20.2 | 94 | 22,607 | 82.3 | 4,857 | 17.7 | 27,464 |
| <i>Source: Bank Data. Due to rounding, totals may not equal 100.0%</i> | | | | | | | | | | |

Geographic Distribution

The distribution of TRB's loans reflects reasonable dispersion throughout the AA. Examiners based performance on the distribution of loans in moderate-income CTs only, as the AA does not contain any low-income CTs.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the AA. As shown in the table below, the bank's home mortgage lending in moderate-income CTs exceeded the demographic comparison, which represents reasonable performance.

| Geographic Distribution of Home Mortgage Loans | | | | | |
|--|-----------------------------------|-----------|--------------|---------------|--------------|
| Tract Income Level | % of Owner-Occupied Housing Units | # | % | \$(000s) | % |
| Low | | | | | |
| 2022 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate | | | | | |
| 2022 | 4.9 | 3 | 7.3 | 510 | 3.6 |
| Middle | | | | | |
| 2022 | 71.8 | 24 | 58.5 | 8,087 | 56.8 |
| Upper | | | | | |
| 2022 | 23.3 | 14 | 34.1 | 5,631 | 39.6 |
| Totals | | | | | |
| 2022 | 100.0 | 41 | 100.0 | 14,228 | 100.0 |
| <i>Source: 2020 U.S. Census; Bank Data. Due to rounding, totals may not equal 100.0%</i> | | | | | |

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the AA. As shown in the table below, the bank's small business lending in moderate-income CTs exceeded the demographic comparison, which represents reasonable performance.

| Geographic Distribution of Small Business Loans | | | | | |
|---|-----------------|-----------|--------------|--------------|--------------|
| Tract Income Level | % of Businesses | # | % | \$(000s) | % |
| Low | | | | | |
| 2022 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate | | | | | |
| 2022 | 1.8 | 1 | 2.9 | 252 | 3.0 |
| Middle | | | | | |
| 2022 | 82.4 | 20 | 58.8 | 4,975 | 59.4 |
| Upper | | | | | |
| 2022 | 15.7 | 13 | 38.2 | 3,152 | 37.6 |
| Totals | | | | | |
| 2022 | 100.0 | 34 | 100.0 | 8,379 | 100.0 |
| <i>Source: 2022 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i> | | | | | |

Borrower Profile

The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels and businesses of different sizes.

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. Although the bank’s lending to low-income individuals was below the demographic comparison, considering the performance context, this distribution is reasonable. The AA consists of 6.2 percent of families that are below the AA poverty level, which indicates a reduced capacity to borrow. Further, the median housing value in the AA is more than four times the median family income, which further constrains opportunities for LMI individuals, and particularly low-income individuals, to purchase homes. Further, the bank’s lending in moderate-income CTs exceeded the demographic comparison, which also represents reasonable performance. Examiners focused on the percentage of home mortgage loans made to LMI individuals by the number of loans, as detailed in the following table.

| Distribution of Home Mortgage Loans by Borrower Income Level | | | | | |
|---|----------------------|-----------|--------------|-----------------|--------------|
| Borrower Income Level | % of Families | # | % | \$(000s) | % |
| Low | | | | | |
| 2022 | 18.3 | 4 | 9.8 | 400 | 2.8 |
| Moderate | | | | | |
| 2022 | 18.5 | 9 | 22.0 | 1,364 | 9.6 |
| Middle | | | | | |
| 2022 | 23.5 | 7 | 17.1 | 2,707 | 19.0 |
| Upper | | | | | |
| 2022 | 39.7 | 20 | 48.8 | 9,231 | 64.9 |
| Not Available | | | | | |
| 2022 | 0.0 | 1 | 2.4 | 526 | 3.7 |
| Totals | | | | | |
| 2022 | 100.0 | 41 | 100.0 | 14,228 | 100.0 |

Source: 2020 U.S. Census; Bank Data. Due to rounding, totals may not equal 100.0%

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. Although the bank’s distribution of small business loans is less than the demographic comparison, considering the performance context, this performance is reasonable. In 2021, the aggregate percentage of small business loans that went to businesses with GARs of \$1 million or less in the AA was significantly less than the percentage of businesses in the AA with GARs of \$1 million or less. Although not used as a direct comparison, the aggregate lending level indicates that demand is significantly below the demographic level. The percentage of businesses is only used as an indicator of business demographics in the AA; it is not considered an absolute indicator of loan

demand. Examiners focused on the percentage of small business loans made to businesses with GARs of \$1 million or less by the number of loans, as detailed in the following table.

| Distribution of Small Business Loans by Gross Annual Revenue Category | | | | | |
|---|------------------------|-----------|--------------|-----------------|--------------|
| Gross Revenue Level | % of Businesses | # | % | \$(000s) | % |
| <=\$1,000,000 | | | | | |
| 2022 | 95.2 | 21 | 61.8 | 5,017 | 59.9 |
| >\$1,000,000 | | | | | |
| 2022 | 1.4 | 13 | 38.2 | 3,362 | 40.1 |
| Revenue Not Available | | | | | |
| 2022 | 3.3 | 0 | 0.0 | 0 | 0.0 |
| Totals | | | | | |
| 2022 | 100.0 | 34 | 100.0 | 8,379 | 100.0 |
| <i>Source: 2022 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i> | | | | | |

Response to Complaints

The bank has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners considered the bank’s compliance with the laws relating to discrimination, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

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.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

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).

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 (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., 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 Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

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 (e.g., 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.

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 (also known as non-MSA): 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.