

PUBLIC DISCLOSURE

June 24, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Freedom Bank
Certificate Number: 58010

530 9th St W
Columbia Falls, Montana 59912

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

25 Jessie Street at Ecker Square, Suite 2300
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 COMMUNITY REINVESTMENT ACT (CRA) RATING: This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping meet the credit needs of its assessment area (AA), including low- and moderate-income (LMI) neighborhoods, in a manner consistent with its resources and capabilities.

- The loan-to-deposit (LTD) ratio is reasonable given the institution’s size, financial condition, and credit needs of the AA.
- A substantial majority of the institution’s loans and other lending related activities are inside its 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 revenue sizes.
- The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

DESCRIPTION OF INSTITUTION

Freedom Bank (FB) is a state-chartered community bank headquartered in Columbia Falls, Montana. FB is a wholly-owned subsidiary of Freedom Bancorporation, Inc., a one-bank holding company. FB has no other affiliates or subsidiaries. FB was assigned a rating of “Outstanding” at the prior Community Reinvestment Act (CRA) Performance Evaluation dated October 29, 2018, performed by the Federal Deposit Insurance Corporation based on Interagency Small Institution CRA Examination Procedures.

FB operates out of its sole branch located in Columbia Falls, Montana. Since the previous evaluation, the bank has not opened or closed any branches. The bank is primarily a commercial lender that offers traditional lending and deposit products. The bank offers consumer and business checking, savings, money market accounts, and certificates of deposit. Loan products include commercial real estate loans, commercial loans, lines of credit, construction loans, Small Business Administration loans, home loans, HELOCs, personal lines of credit, and consumer loans. Other products and services offered by FB include debit cards and individual retirement accounts. Alternate banking services include internet, telephone and mobile banking and one ATM located at its main office.

As of the March 31, 2024, Consolidated Reports of Condition and Income (Call Report), assets totaled \$124.8 million and deposits totaled \$109.5 million. Loans represent the bank’s primary asset with total loans equaling \$109.7 million. The following table illustrates the loan portfolio distribution.

Loan Portfolio Distribution as of 03/31/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	15,884	14.5%
Secured by Farmland	2,365	2.2%
Secured by 1-4 Family Residential Properties	24,292	22.1%
Secured by Multifamily (5 or more) Residential Properties	59	0.1%
Secured by Nonfarm Nonresidential Properties	41,612	37.9%
Total Real Estate Loans	84,212	76.8%
Commercial and Industrial Loans	23,017	21.0%
Agricultural Production and Other Loans to Farmers	50	0.0%
Consumer Loans	2,400	2.2%
Obligations of State and Political Subdivisions in the U.S.	0	0.0%
Other Loans	21	0.0%
Lease Financing Receivable (net of unearned income)	0	0.0%
Less: Unearned Income	0	0.0%
Total Loans	109,700	100.0%
<i>Source: Call Report</i>		

Examiner did not identify any financial, legal, or other impediments that affects 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. FB 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 LMI geographies. Examiners relied on bank records, public financial information, demographic data from the 2020 U.S. Census, 2022 and 2023 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 2023 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	45,019	0.0	4.1	81.2	14.7	0.0
Farms by Geography	1,409	0.0	3.8	76.6	19.7	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 FFIEC-Estimated Median Family Income for 2023	\$70,967 \$85,100	Median Housing Value Median Gross Rent Families Below Poverty Level				\$317,443 \$838 6.2%
<i>Source: 2020 U.S. Census; 2023 D&B Data; FFIEC Estimated Median Family Income; (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

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 indicated challenges for families to qualify and obtain home mortgage loans, especially low-income families.

Non-classifiable establishments account for the largest portion of businesses at 43.8 percent; followed by the Service industry, which accounts for 24.9 percent of the businesses; and Finance, Insurance, & Real Estate, which accounts for 8.5 percent of businesses. In addition, 51.0 percent of businesses have four or fewer employees, and 98.0 percent of businesses operate out of a single location.

According to data obtained from the Bureau of Labor Statistics, unemployment in Flathead County in 2023 was 3.5 percent, which was above Montana’s statewide rate of 2.6 percent, but slightly below the national rate of 3.6 percent.

The Federal Financial Institutions Examinations Council (FFIEC) provides updated median family incomes (MFI) that are used to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the AA MFI.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
AA Median Family Income				
2022 (\$81,600)	<\$40,800	\$40,800 to <\$65,280	\$65,280 to <\$97,920	≥\$97,920
2023 (\$85,100)	<\$42,550	\$42,550 to <\$68,080	\$68,080 to <\$102,120	≥\$102,120
<i>Source: FFIEC</i>				