

PUBLIC DISCLOSURE

November 4, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Bank of Commerce
Certificate Number: 18059

3113 South 25th East
Ammon, Idaho 83406

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 to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			
<i>* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.</i>			

The Lending Test is rated High Satisfactory.

The Bank of Commerce's lending levels reflect excellent responsiveness to assessment area credit needs, and a high percentage of loans are made in the institution's assessment areas. The geographic distribution of loans reflects good distribution throughout the assessment areas; the distribution of borrowers reflects, given the product lines offered by the institution, good penetration among business and farm customers of different size; and the bank exhibits a good record of servicing the credit needs of the most economically disadvantaged areas of the assessment areas, and very small businesses and farms, consistent with safe and sound banking practices. The institution uses flexible lending practices to serve assessment area credit needs and has made a relatively high level of community development loans.

The Investment Test is rated Low Satisfactory.

The Bank of Commerce has an adequate level of qualified community development investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The institution exhibits adequate responsiveness to credit and community development needs and occasionally uses innovative or complex investments to support community development initiatives.

The Service Test is rated High Satisfactory.

The Bank of Commerce's delivery systems are readily accessible to all portions of the institution's assessment areas. Services (including where appropriate, business hours) do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and individuals. The institution provides a relatively high level of community development services. No branches were opened or closed during the evaluation period.

DESCRIPTION OF INSTITUTION

The Bank of Commerce is an Idaho state-chartered, full-service community bank headquartered in Ammon, Idaho. The bank provides community banking services to eastern Idaho and southwestern Montana. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation, dated November 1, 2021, based on Interagency Intermediate Small Institution Examination Procedures.

The institution operates 16 full-service branches: 15 in Idaho and 1 in Montana. The Bank of Commerce provides a variety of deposit services, including personal and business savings and checking accounts, certificates of deposits, health savings accounts, new generation savings and checking accounts, and senior citizen accounts.

The bank also offers a variety of loan products. Loans are available for both personal and business purposes. Personal loans include mortgage and construction, home equity lines of credit, and ready reserve lines of credit. Business loans include small business administration loans, agricultural, real estate, and lines of credit.

Alternative delivery systems include online banking, bill pay, mobile banking, mobile deposit services, remote deposit, and a 24-hour telephone banking service. The Bank of Commerce is a member of the Money Pass Network and the All-point Network, which allows customers access to surcharge-free ATMs nationwide. There were no branching, merger, or acquisition activities since the previous evaluation.

The institution's assets totaled \$2.0 billion as of June 30, 2024, including \$1.4 billion in total loans and \$394.4 million in total securities. Deposits as of the same date totaled \$1.7 billion. The following table details the institution's loan portfolio distribution by loan category.

Loan Portfolio Distribution as of 6/30/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	212,864	15.3
Secured by Farmland	112,407	8.1
Secured by 1-4 Family Residential Properties	105,383	7.6
Secured by Multifamily (5 or more) Residential Properties	57,476	4.1
Secured by Nonfarm Nonresidential Properties	461,359	33.2
Total Real Estate Loans	949,489	68.4
Commercial and Industrial Loans	195,148	14.1
Agricultural Production and Other Loans to Farmers	227,226	16.4
Consumer Loans	9,579	0.7
Obligations of State and Political Subdivisions in the U.S.	9,101	0.7
Other Loans	278	<0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	2,677	0.2
Total Loans	1,388,144	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affected the bank's ability to meet the assessment areas' credit needs over the review period.

DESCRIPTION OF ASSESSMENT AREAS

The Community Reinvestment Act requires each financial institution to define one or more assessment areas within which its performance will be evaluated. The Bank of Commerce designated four assessment areas based on branch location, loan origination activity, and the institution's ability to serve the needs of the communities in which it operates.

The Bank of Commerce's assessment areas have not changed since the previous evaluation, meet the technical requirements of the Community Reinvestment Act, and do not reflect any illegal or arbitrary exclusion of low- or moderate-income areas. The institution's assessment area delineation is illustrated in the following table. Refer to individual assessment areas for additional detail.

Description of Assessment Areas	
Assessment Area	Counties in Assessment Area
Idaho	
Idaho Falls MSA	Bonneville, Butte, and Jefferson
Pocatello MSA	Bannock, and *Power
Idaho Non-MSA	Bingham, Fremont, Madison, Teton, and Power
Montana	
Montana Non-MSA	Beaverhead
<i>Source: Bank Data</i> <i>*Note: Effective July 21, 2023, Power County became Idaho Non-Metropolitan Statistical Area (MSA)</i>	

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated November 1, 2021, to the current evaluation dated November 4, 2024. Examiners used Large Institution Examination Procedures to evaluate The Bank of Commerce's performance. Based primarily on the institution's lending and community development activity, examiners used full-scope examination procedures to evaluate the bank's performance in the Idaho Falls MSA assessment area, the Idaho Non-MSA assessment area, and the Montana Non-MSA assessment area. Limited-scope examination procedures were used to evaluate Pocatello MSA assessment area. A significant majority of the institution's branches are located in the Idaho Falls MSA assessment area, and a majority of lending activity occurred in the Idaho Non-MSA assessment area. As a result, performance in these areas carried the greatest weight in determining the overall rating. Refer to the following table for details.

Rated Area Breakdown of Loans, Deposits, and Branches						
Rated Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Idaho	623,953	95.1	1,591,500	93.2	15	93.8
Montana	32,468	4.9	115,380	6.8	1	6.2
Total	656,421	100.0	1,706,880	100.0	16	100.0
<i>Source: 2021-2023 CRA loan registers; 6/30/2024 FDIC Summary of Deposits; bank data Due to rounding, totals may not equal 100.0 percent</i>						

Activities Reviewed

Examiners determined that small business loans constitute the bank's major product line, followed by small farm loans. This conclusion considered the institution's business strategy and the number and volume of loans originated during the evaluation period. Neither home mortgage loans nor consumer loans represent a major product line for the bank. Consequently, home mortgage and consumer loans offered no material support for conclusions or ratings and were not presented in the analysis. To evaluate the bank's performance under the Lending Test, examiners reviewed the institution's lending activities from 2021 through 2023.

The Bank of Commerce originated 5,324 small business and small farm loans totaling approximately \$748.2 million during the evaluation period. Due to the larger volume of originations, small business loans provided more weight in developing conclusions for the Lending Test. Small business lending performance was evaluated using demographic data from the 2020 U.S. Census, 2023 D&B data, and aggregate small business and small farm data for 2021 and 2022. Aggregate lending data for 2023 is not yet available. Greater weight is given to lending performance compared to aggregate data rather than demographic data, as aggregate lending data is a better indicator of actual lending opportunities. Further, while the evaluation presents the number and dollar volume of loans, examiners emphasize performance by number of loans, which better represents the actual number of individuals and businesses served.

The Bank of Commerce’s small business and small farm lending was largely consistent in 2022 and 2023; however, 2021 small business lending volume is significantly inflated due to the large volume of Paycheck Protection Program lending. Therefore, while all three years of lending activity was analyzed and included in the assessment area concentration table, only 2022 lending activity is presented throughout the rest of the evaluation, as it is representative of the bank’s performance over the entire review period. Refer to the following table for details.

Loan Products Reviewed						
Loan Category	Universe		Reviewed		Presented	
	#	\$(000s)	#	\$(000s)	#	\$(000s)
Small Business	3,817	549,115	3,817	549,115	1,814	335,567
Small Farm	1,507	199,130	1,507	199,130	1,006	136,109
<i>Source: 2021, 2022 and 2023 Reported Loans</i>						

For the community development portions of the Lending, Investment and Service Tests, the institution provided data on community development loans, qualified investments, and community development services from the previous Community Reinvestment Act Evaluation dated November 1, 2021, through the current evaluation date of November 4, 2024. The evaluation of qualified investments also includes the book value of all qualified prior period investments outstanding at the time of this evaluation. Examiners evaluated the institution’s community development activities quantitatively based on its financial capacity, as well as qualitatively based on the impact of those activities on the bank’s assessment areas.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Bank of Commerce's Lending Test performance is rated "High Satisfactory." The bank's performance in each rated area was consistent with this conclusion.

Lending Activity

The institution's lending levels reflect excellent responsiveness to assessment area credit needs. Based on 2023 lending levels, The Bank of Commerce is ranked first among community banks by loan volume and dollar volume, in both small business and small farm loan market share, across each of its assessment areas. Refer to the rated areas for details regarding the bank's lending activity, market share, and market ranking for the products reviewed.

Assessment Area Concentration

A high percentage of loans are made in the institution's assessment areas, as reflected in the following table.

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		
	#	%	#	%		\$	%	\$	%	
Small Business										
2021	1,808	90.3	195	9.7	2,003	192,491	90.1	21,057	9.9	213,548
2022	886	89.9	99	10.1	985	166,774	90.2	18,210	9.8	184,984
2023	753	90.8	76	9.2	829	137,063	91.0	13,520	9.0	150,583
Subtotal	3,447	90.3	370	9.7	3,817	496,328	90.4	52,787	9.6	549,115
Small Farm										
2021	418	83.4	83	16.6	501	48,632	77.2	14,389	22.8	63,021
2022	437	82.1	95	17.9	532	56,212	80.3	13,764	19.7	69,976
2023	399	84.2	75	15.8	474	55,249	83.5	10,884	16.5	66,133
Subtotal	1,254	83.2	253	16.8	1,507	160,093	80.4	39,037	19.6	199,130
Total	4,701	88.3	623	11.7	5,324	656,421	87.7	91,824	12.3	748,245
Source: Bank Data										
Due to rounding, totals may not equal 100.0%										

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout The Bank of Commerce's assessment areas. The institution's performance in both Idaho and Montana was consistent with this conclusion.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among business and farm customers of different revenue sizes. The institution's performance in both Idaho and Montana was consistent with this conclusion.

Innovative or Flexible Lending Practices

The institution uses innovative or flexible lending practices to serve assessment area credit needs, as reflected in the following table.

Innovative or Flexible Lending Programs										
Type of Program*	2021		2022		2023		2024		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Bank-wide										
Fannie Mae/Freddie Mac	257	64,831	131	39,485	42	14,289	46	19,819	476	138,424
Federal Housing Administration	13	5,148	9	2,202	11	3,403	11	3,346	44	14,099
SBA 504	-	-	2	3,249	2	15,790	-	-	4	19,039
SBA - 7(a), Express	12	1,487	16	6,667	8	1,266	26	5,781	62	15,201
MOFI	-	-	-	-	-	-	5	1,544	5	1,544
Farm Service Agency	1	328	7	1,414	27	9,579	38	16,671	73	27,992
Veterans Affairs	6	2,022	5	1,318	1	412	1	472	13	4,224
Idaho Programs										
Idaho Housing & Finance Association	1	208	-	-	2	1,240	4	1,136	7	2,584
Home\$tart Grant	1	8	-	-	1	8	1	15	3	31
Montana Programs										
Montana Board of Housing	-	-	-	-	1	254	1	216	2	470
Totals	291	74,032	170	54,335	95	46,241	133	49,000	689	223,608
<i>Source: Bank Data; *Some programs combined for presentation purposes;</i>										

Examiners analyzed performance for this criterion at the institution level since the bank offers all innovative or flexible lending products and programs throughout each rated area and assessment area. As this is the first time the institution was evaluated as a large institution, this criterion was not previously evaluated.

The following are notable examples of flexible lending practices during the review period:

- **Small Business Administration (SBA)** – The SBA 504 loan program provide loans to small businesses with lower down payments with flexible terms. The institution offers SBA 504, 7(a), and Express loans.
- **Federal Housing Administration** – The bank originated government-backed mortgages insured by the Federal Housing Administration. First-time homebuyers often use these loans, which employ flexible features, such as lower minimum credit scores and down payment requirements. This federal program allows lower income individuals to borrow money for the purchase of a home that they might not otherwise be able to afford.

Community Development Loans

The Bank of Commerce made a relatively high level of community development loans throughout its assessment areas, as reflected in the following table.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021 (Partial)	-	-	-	-	-	-	-	-	-	-
2022	1	7,650	-	-	6	19,999	2	22,000	9	49,649
2023	1	12,635	-	-	17	53,534	-	-	18	66,169
YTD 2024	-	-	-	-	1	2,000	2	10,500	3	12,500
Total	2	20,285	-	-	24	75,533	4	32,500	30	128,318
<i>Source: Bank Data</i>										

During the evaluation period, the bank made 30 community development loans totaling \$128.3 million in its designated assessment areas, representing 6.5 percent of average total assets during the review period, and 5.4 percent of average net loans and leases. Community development loans increased significantly from the previous evaluation, where The Bank of Commerce made 8 community development loans totaling \$23.0 million under the Intermediate Small Institution Examination Procedures. No community development loans were made in Montana, or in the Pocatello MSA assessment area in Idaho; however, community development lending opportunities in these assessment areas are relatively limited. Nonetheless, the institution's overall community development lending performance compares favorably to that of similarly-situated institutions.

INVESTMENT TEST

The Bank of Commerce is rated "Low-Satisfactory" in the Investment Test. The institution's performance is consistent with this conclusion in each of its rated areas. Refer to each respective analysis for details. When arriving at the overall Investment Test rating, the institution's dollar volume of community development investments and donations received the most weight, but the qualitative impact to the community's credit needs were a significant rating factor as well.

Investment and Grant Activity

The institution provides an adequate level of qualified community development investments and donations. Community development investments, which include new and prior period investments, combined with grants and donations, total approximately \$11.9 million. The Bank of Commerce invested approximately \$4.6 million in three new qualified investments, as well as \$163,700 in 63 qualified grants and donations during the review period. The institution also maintains approximately \$7.3 million in 6 prior period qualified community development investments.

Qualified Investments by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	-	-	3	5,600	-	-	3	1,683	6	7,283
2021 (Partial)	-	-	-	-	-	-	-	-	-	-
2022	-	-	2	3,805	-	-	-	-	2	3,805
2023	-	-	-	-	-	-	-	-	-	-
YTD 2024	-	-	-	-	-	-	1	620	1	620
Subtotal	-	-	5	9,405	-	-	4	2,303	9	11,708
Grants and Donations	9	33	48	86	3	32	3	13	63	164
Total	9	33	53	9,491	3	32	7	2,316	72	11,872
<i>Source: Bank Data</i>										

Responsiveness to Credit and Community Development Needs

The Bank of Commerce exhibits adequate responsiveness to credit and community development needs. Investments emphasized community services targeting low- and moderate-income individuals. In addition, a significant volume of qualified donations supported revitalization or stabilization of low- or moderate-income geographies and distressed or underserved middle-income nonmetropolitan geographies.

Community Development Initiatives

The bank occasionally uses innovative and/or complex investments to support community development initiatives. The bank's investments are primarily investments in infrastructure and community services supporting schools that primarily serve low- and moderate-income communities. Though not considered particularly innovative and/or complex, the investments are useful and promote community development.

SERVICE TEST

The Bank of Commerce's Service Test is rated "High Satisfactory." The institution's performance is consistent with this conclusion in each of its rated areas. Refer to each respective analysis for details.

Accessibility of Delivery Systems

Delivery systems are readily accessible to all portions of the institution's assessment areas. The Bank of Commerce operates a branch structure throughout Eastern Idaho consisting of 15 full-service branches and one full-service branch in Southwest Montana. The bank also operates 20 proprietary ATMs throughout its assessment areas. The institution offers surcharge-free access to over 24,000 MoneyPass ATMs throughout the country. The bank offers 24-hour telephone banking, online banking and bill pay services and mobile banking.

The following table illustrates the percentage of the bank's branch locations by income level of geography and the percentage of the population located in each area. The bank has no branches in low-income geographies; however, this performance level is only slightly below demographic data, as very few geographies in the bank's assessment area are low-income, and a very limited percentage of the assessment area's population resides in low-income geographies. In moderate-income geographies, The Bank of Commerce's branch presence significantly exceeds the percentage of the assessment area's geographies that are moderate-income, as well as the percentage of the assessment areas' population that resides in moderate-income geographies. Refer to each rated area for details.

Branch and ATM Distribution by Geography Income Level – Bank-wide						
Tract Income Level	Census Tracts		Population		Branches	
	#	%	#	%	#	%
Low	2	2.2	9,821	2.5	0	0.0
Moderate	20	21.7	90,594	23.4	7	43.8
Middle	46	50.0	207,122	53.4	7	43.8
Upper	23	25.0	79,423	20.5	2	12.5
NA	1	1.1	659	0.2	0	0.0
Totals	92	100.0	387,619	100.0	16	100.0
<i>Source: 2020 U.S. Census & Bank Data</i> <i>Due to rounding, totals may not equal 100.0%</i>						

Changes in Branch Locations

No branches were opened or closed since the prior evaluation. Therefore, this criterion does not factor in overall conclusions or ratings.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and/or individuals. All branches offer the bank's full range of business and consumer deposit and lending products; see the Description of Institution for detail. Standard business hours are Monday through Friday from 9:00 a.m. to 5:00 p.m. and extended drive-up hours on Fridays until 6:00 p.m. Business hours may vary slightly by branch according to assessment area needs, but differences are not material. All locations offer drive-up service except for the Idaho Falls, Idaho Downtown location; however, the bank operates four branches that offer drive-up services in Idaho Falls. Refer to each individual analysis for details.

Community Development Services

The Bank of Commerce provides a relatively high level of community development services in its assessment areas. Bank personnel provided 2,207 community development service hours to organizations throughout the review period. Refer to each rated area analysis for details. Service hours provided by the bank are summarized by year in the following table.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021	2	61	14	46	123
2022	44	432	98	283	857
2023	52	348	122	146	668
YTD 2024	10	351	87	111	559
Total	108	1,192	321	586	2,207
<i>Source: Bank Data</i>					

The majority of service hours were comprised of community services, followed by services in support of revitalization or stabilization, economic development and affordable housing activities.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The Bank of Commerce's compliance with laws relating to discrimination and other illegal credit practices was reviewed, including the Equal Credit Opportunity and Fair Housing Acts. Examiners did not identify any discriminatory or other illegal credit practices.

IDAHO

CRA RATING FOR IDAHO: SATISFACTORY

The Lending Test is rated: High Satisfactory

The Investment Test is rated: Low Satisfactory

The Service Test is rated: High Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN IDAHO

The Bank of Commerce operates 15 full-service branches in Idaho across 3 assessment areas. The institution's Idaho assessment areas remain unchanged since the prior evaluation, except that the Office of Management and Budget redesignated Power County as Non-MSA as of July 21, 2023. Previously, Power County was located in the Pocatello MSA.

The Idaho Falls MSA assessment area is comprised of Bonneville, Butte and Jefferson Counties. The Idaho Non-MSA assessment area is comprised of Bingham, Freemont, Madison, and Teton Counties; and Power County beginning on July 21, 2023. Finally, the Pocatello MSA is comprised of Bannock County and included Power County until July 21, 2023. No new branches were opened in Idaho during the review period, and the institution's assessment areas in Idaho remain unchanged from the previous evaluation. For purposes of this evaluation, the retail aspects of the Lending Test include Power County lending in the Pocatello MSA assessment area. Refer to the individual assessment areas for details regarding assessment area delineations, as well as related demographic and economic information.

SCOPE OF EVALUATION – IDAHO

The scope in Idaho is similar to the overall scope, except that this portion of the evaluation only considers assessment area activity within Idaho. Please refer to the overall Scope of Evaluation at the institutional level for more information on products reviewed, timeframe, and weighting of products. As mentioned earlier, this state accounts for the largest portion of lending and other activities compared to Montana; therefore, performance in Idaho carries the most weight in arriving at overall ratings and conclusions.

The evaluation for Idaho considered the bank operations in three assessment areas. The following table illustrates the volume of lending, deposits and branches within these assessment areas.

Assessment Area Breakdown of Loans, Deposits, and Branches – Idaho						
Assessment Area	Loans		Deposits		Branches	
	#	%	\$(000s)	%	#	%
Idaho Falls MSA	1,482	45.6	867,008	54.5	12	80.0
Idaho Non-MSA	1,484	45.7	702,695	40.5	2	13.3
Pocatello MSA	283	8.7	21,797	5.0	1	6.7
Idaho Total	3,249	100.0	1,591,500	100.0	15	100.0
Source: 2021, 2022, & 2023 Reported Loans; FDIC Summary of Deposits (6/30/2024); Bank Records Due to rounding, totals may not equal 100.0% Power County loans and deposits are included in the Pocatello assessment area totals						

CONCLUSIONS ON PERFORMANCE CRITERIA IN IDAHO

LENDING TEST

The Bank of Commerce’s Lending Test performance in Idaho is rated “High Satisfactory.” The bank’s performance in each Idaho assessment area was consistent with this conclusion.

Lending Activity

Lending levels reflect excellent responsiveness to credit needs in the Idaho assessment areas, considering the number and dollar volume of small business and small farm loans originated and purchased during the evaluation period. Refer to each individual assessment area for details, including the bank’s market share and relative market rank for the products reviewed.

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the Idaho assessment areas. The institution’s performance in the Idaho Falls MSA assessment area and the Pocatello MSA assessment area is consistent with this conclusion. Performance in the Idaho Non-MSA assessment area is below the rated area conclusion.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among business and farm customers of different revenue sizes. The institution’s performance in the Idaho Falls MSA assessment area and the Pocatello MSA assessment area is consistent with this conclusion. Performance in the Idaho Non-MSA assessment area exceeded the rated area conclusion.

Community Development Loans

The Bank of Commerce made a relatively high level of community development loans in the Idaho assessment areas. The institution’s performance in the Idaho Falls MSA assessment area and Idaho Non-MSA assessment area is consistent with this conclusion. Performance in the Pocatello MSA assessment area was below that of the rated area, as no community development loans were made in

the Pocatello MSA assessment area during the review period. The following table details the bank's community development loans by assessment area and purpose.

Community Development Lending by Assessment Area – Idaho										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Idaho Falls MSA	-	-	-	-	11	33,183	2	9,470	13	42,653
Idaho Non-MSA	2	20,285	-	-	13	42,350	2	23,030	17	85,665
Pocatello MSA	-	-	-	-	-	-	-	-	-	-
Total	2	20,285	-	-	24	75,533	4	32,500	30	128,318
<i>Source: Bank Data</i>										

The bank made 30 community development loans in Idaho totaling \$128.3 million. This performance level represents a significant increase from the previous evaluation, during which the bank made 5 community development loans in Idaho totaling \$20.2 million. The majority of community development activities supported economic development initiatives, which has been identified as a need in the Idaho assessment areas. Refer to each respective full- and limited-scope analysis for additional details regarding community development activities in each assessment area.

INVESTMENT TEST

The Bank of Commerce is rated “Low Satisfactory” in the Investment Test for the state of Idaho. The institution's performance in each of its assessment areas was consistent with this conclusion.

Investment and Grant Activity

The Bank of Commerce has an adequate level of qualified community development investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The institution reported 61 qualified investments and donations that total approximately \$7.8 million in the state. This performance level is largely consistent with the prior evaluation when the institution's qualified investments and donations also totaled approximately \$7.8 million. The total amount of new CRA-qualified investments reported was approximately \$1.8 million. The Bank of Commerce held approximately \$6.0 million in prior period investments and reported approximately \$146,000 in grants and donations in the state. The institution was able to penetrate each of its assessment areas in the state with investment, grant or donation activity. The following table illustrates the breakdown of qualified investments and donation activity by area and community development category.

Community Development Qualified Investments by Assessment Area - Idaho										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Idaho Falls MSA	4	22	23	1,038	3	32	2	1,070	32	2,162
Pocatello MSA	5	10	12	271	-	-	-	-	17	281
ID Non-MSA	-	-	9	5,356	-	-	3	13	12	5,369
Total	9	33	44	6,664	3	32	5	1,083	61	7,812
<i>Source: Bank Data</i>										

The majority of community development investments in Idaho were directed toward community services targeting low- and moderate-income populations. Refer to the full-scope assessment areas for further details and notable examples of qualified investments and donations.

Responsiveness to Credit and Community Development Needs

The Bank of Commerce exhibits adequate responsiveness to credit and community development needs. The institution's emphasis on community service initiatives in the state of Idaho is reflective of a need to provide support services to the more economically disadvantaged populations in Idaho.

Community Development Initiatives

The bank occasionally uses innovative and/or complex investments to support community development initiatives. The bank's investments are primarily investments in infrastructure and community services supporting schools that primarily serve low- and moderate-income communities. Though not considered particularly innovative and/or complex, the investments are useful and promote community development.

SERVICE TEST

The Bank of Commerce is rated "High Satisfactory" in the Service Test for the state of Idaho. The institution's performance in each of its assessment areas was consistent with this conclusion.

Accessibility of Delivery Systems

Delivery systems are readily accessible to all portions of the institution's assessment areas. The Bank of Commerce operates a branch structure throughout Eastern Idaho that consists of 15 full-service branches. The bank also operates 16 proprietary ATMs throughout its Idaho assessment areas. The institution offers surcharge-free access to over 24,000 MoneyPass ATMs throughout the country. The bank offers 24-hour telephone banking, online banking and bill pay services and mobile banking.

The following table illustrates the percentage of the bank's branch locations by income level of geography and the percentage of the population located in each area. The bank has no branches in low-income geographies; however, this performance level is only slightly below demographic data, as very few geographies in the bank's assessment area are low-income, and a very limited

percentage of the assessment area's population resides in low-income geographies. In moderate-income geographies, The Bank of Commerce's branch presence significantly exceeds the percentage of the assessment area's geographies that are moderate-income, as well as the percentage of the assessment areas' population that resides in moderate-income geographies. Refer to each full- and limited-scope analysis for a complete discussion of any notable differences.

Branch and ATM Distribution by Geography Income Level - Idaho						
Tract Income Level	Census Tracts		Population		Branches	
	#	%	#	%	#	%
Low	2	2.2	9,821	2.6	0	0.0
Moderate	20	22.5	90,594	24.0	7	46.7
Middle	43	48.3	197,751	52.3	6	40.0
Upper	23	25.8	79,423	21.0	2	13.3
NA	1	1.1	659	0.2	0	0.0
Total	89	100.0	378,248	100.0	15	100.0
<i>Source: 2020 U.S. Census & Bank Data</i>						

Changes in Branch Locations

No branches were opened or closed in Idaho since the prior evaluation. Therefore, this criterion does not factor in overall conclusions or ratings.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate- income geographies and/or individuals. All bank branches in each Idaho assessment area offer the bank's full range of business and consumer deposit and lending products. Standard business hours are Monday through Friday from 9:00 a.m. to 5:00 p.m. and extended drive-up hours on Fridays until 6:00 p.m. Business hours may vary slightly by branch according to assessment area needs but differences are not material. All Idaho locations offer drive-up service except for the Idaho Falls, Idaho Downtown location; however, the bank operates four other locations that offer drive-up services in Idaho Falls.

Community Development Services

The Bank of Commerce provides a relatively high level of community development services in its Idaho assessment areas. Bank personnel provided 1,881 community development service hours to organizations in Idaho throughout the review period. Refer to each full- and limited-scope analysis for details. Service hours provided by bank personnel in Idaho are summarized by assessment area and community development purpose in the following table.

Community Development Services by Assessment Area - Idaho					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Idaho Falls MSA	-	326	-	80	406
Pocatello MSA	8	303	-	215	526
Idaho Non-MSA	-	169	-	40	209
Regional Activities	100	172	321	147	740
Total	108	970	321	482	1,881
<i>Source: Bank Data</i>					

The majority of service hours were comprised of community services, followed by service in support of revitalization or stabilization, economic development and affordable housing activities.

IDAHO FALLS MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE IDAHO FALLS MSA ASSESSMENT AREA

The Idaho Falls MSA assessment area is located in eastern Idaho, bordering Wyoming. The assessment area is comprised of Bonneville, Butte, and Jefferson Counties in Idaho.

Economic and Demographic Data

The following table provides select demographic characteristics of the assessment area based on the 2020 U.S. Census data.

Demographic Information of the Assessment Area						
Assessment Area: Idaho Falls MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	31	0.0	25.8	51.6	22.6	0.0
Population by Geography	157,429	0.0	22.2	56.5	21.4	0.0
Housing Units by Geography	54,612	0.0	25.6	54.6	19.8	0.0
Owner-Occupied Units by Geography	36,492	0.0	18.5	59.2	22.3	0.0
Occupied Rental Units by Geography	14,245	0.0	41.8	46.0	12.2	0.0
Vacant Units by Geography	3,875	0.0	32.9	42.0	25.1	0.0
Businesses by Geography	24,243	0.0	23.5	47.1	29.4	0.0
Farms by Geography	1,092	0.0	27.6	46.4	26.0	0.0
Family Distribution by Income Level	36,462	18.0	20.3	22.1	39.6	0.0
Household Distribution by Income Level	50,737	21.8	16.6	20.7	41.0	0.0
Median Family Income MSA - #26820 Idaho Falls, ID MSA		\$73,934	Median Housing Value			\$202,495
			Median Gross Rent			\$885
			Families Below Poverty Level			7.5%
Source: 2020 U.S. Census and 2023 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.						

Based on 2023 D&B data, there are 25,335 businesses and farms operating in the assessment area. Service industries represent the largest portion of businesses at 33.1 percent; followed by non-classifiable establishments at 23.6 percent; finance, insurance and real estate at 11.7 percent; and retail trade at 8.6 percent. Additionally, 64.1 percent of the assessment area’s businesses employ 4 or fewer employees, and 94.1 percent operate from a single location.

According to Moody’s Analytics as of September 2024, economic strengths of the assessment area include low business costs, strong population growth, and high quality of life. Economic

weaknesses include an above-average cost of living. The top employers in the area are Battelle Energy Alliance, Melaleuca Inc., Fluor Idaho LLC and Eastern Idaho Regional Medical Center.

Per the U.S. Bureau of Labor Statistics, except for Butte County, unemployment levels in the assessment area are generally below the state and national averages. The following table illustrates unemployment levels for the Idaho Falls MSA assessment area compared to Idaho and the nation.

Unemployment Rates			
Area	2021	2022	2023
	%	%	%
Bonneville County	2.9	2.5	2.6
Butte County	4.3	3.9	3.9
Jefferson County	2.7	2.4	2.6
Idaho	3.6	2.8	3.1
National Average	5.3	3.6	3.6
Source: Bureau of Labor Statistics			

Competition

The June 30, 2024, FDIC Deposit Market Share Report lists The Bank of Commerce with the greatest deposit share of 10 depository institutions with a 27.7 percent market share in the assessment area.

Community Contact(s)

As part of this evaluation, examiners reviewed a community contact interview with a representative from an organization that promotes economic development by facilitating strategic partnerships and providing technical assistance to startup and existing small businesses in the assessment area. According to the contact, rising interest rates have made obtaining business and economic development financing more difficult; however, the contact noted that local financial institutions are generally meeting the credit needs of the community. Further, the contacts stated that the local community is largely opposed to multi-family affordable housing developments despite limited affordable housing stock. The contact also attributes the low volume of affordable housing to a lack of land-use planning that would incentivize developers to take on such projects.

Credit and Community Development Needs and Opportunities

Based on economic and demographic data, information obtained from bank management, and a community contact, examiners determined that affordable housing is the primary community development need in the assessment area. There is an additional need and opportunity for economic development community development activities.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE IDAHO FALLS MSA ASSESSMENT AREA

LENDING TEST

The Bank of Commerce's Lending Test performance in the assessment area is consistent with the conclusions for the Idaho rated area.

Lending Activity

Lending levels reflect excellent responsiveness to assessment area credit needs. CRA Aggregate Reports reflect that The Bank of Commerce is the most active small business lender of 66 lenders with a 36.9 percent market share by dollar volume in the assessment area. The Bank of Commerce is the fourth most active small business lender by number of loans with 8.9 percent market share; however, this performance is still considered excellent because the top three banks in market share by number of loans are large national credit card lenders with an average loan size under \$30,000. The fifth, sixth, and seventh most active small business lenders by number of loans are also credit card lenders. The institution is also the most active small farm lender of 13 lenders with 67.8 percent of the market share by dollar volume and 46.7 percent of the market share by number of loans.

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the assessment area. This conclusion is supported by a geographic distribution of small business loans that reflects good penetration throughout the assessment area, and a distribution of small farm loans that reflects adequate penetration throughout the assessment area.

Small Business Loans

The geographic distribution of small business loans reflects good penetration throughout the assessment area as reflected in the following table.

Geographic Distribution of Small Business Loans						
Assessment Area: Idaho Falls MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	0.0	0.0	0	0.0	0	0.0
Moderate						
2022	23.8	21.3	80	22.4	15,668	18.8
Middle						
2022	46.9	49.2	156	43.7	37,274	44.6
Upper						
2022	29.3	29.5	121	33.9	30,595	36.6
Not Available						
2022	0.0	0.0	0	0.0	0	0.0
Totals						
	100.0	100.0	357	100.0	83,537	100.0
Source: 2022 D&B Data; Bank Data; 2022 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

While the assessment area includes no low-income geographies, the institution's performance in moderate-income geographies slightly exceeded peer small business lending and is considered good.

Small Farm Loans

The geographic distribution of small farm loans reflects adequate penetration throughout the assessment area as reflected in the following table.

Geographic Distribution of Small Farm Loans						
Assessment Area: Idaho Falls MSA						
Tract Income Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	0.0	0.0	0	0.0	0	0.0
Moderate						
2022	28.0	39.5	55	39.0	7,735	36.0
Middle						
2022	46.3	45.2	67	47.5	11,533	53.6
Upper						
2022	25.7	15.3	19	13.5	2,234	10.4
Not Available						
2022	0.0	0.0	0	0.0	0	0.0
Totals						
	100.0	100.0	141	100.0	21,502	100.0
Source: 2022 D&B Data; Bank Data; 2022 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

The assessment area includes no low-income geographies; however, the institution's small farm lending performance in moderate-income geographies is comparable to peer small farm lending and is considered adequate.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among business and farm customers of different revenue sizes. This conclusion is supported by a distribution of small business borrowers that reflects good penetration among business customers of different revenue sizes, and a distribution of small farm borrowers that reflects excellent penetration among farm customers of different revenue sizes.

Small Business Loans

The distribution of small business borrowers reflects good penetration among business customers of different revenue sizes as reflected in the following table.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Idaho Falls MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	90.6	50.9	194	54.3	30,528	36.5
>\$1,000,000						
2022	2.5	--	140	39.2	47,783	57.2
Revenue Not Available						
2022	6.9	--	23	6.4	5,226	6.3
Totals						
	100.0	100.0	357	100.0	83,537	100.0
Source: 2022 D&B Data; Bank Data; 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%						

The 2022 distribution of the institution's small business borrowers exceeds the peer small business lending performance and is considered good.

Small Farm Loans

The distribution of small farm borrowers reflects excellent penetration among farm customers of different revenue sizes as reflected in the following table.

Distribution of Small Farm Loans by Gross Annual Revenue Category						
Assessment Area: Idaho Falls MSA						
Gross Revenue Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	97.0	69.1	111	78.7	16,061	74.7
>\$1,000,000						
2022	2.2	--	26	18.4	4,335	20.2
Revenue Not Available						
2022	0.8	--	4	2.8	1,106	5.1
Totals						
	100.0	100.0	141	100.0	21,502	100.0
Source: 2022 D&B Data; Bank Data; 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%						

The distribution of the institution's 2022 small farm loans to farms with revenues of \$1.0 million or less significantly exceeded peer small farm lenders and is considered excellent.

Community Development Loans

The Bank of Commerce made a relatively high level of community development loans in the assessment area, comprising 13 community development loans totaling \$42.7 million. Community development lending increased significantly from the previous evaluation, where 4 community development loans totaling \$7.0 million were made in the assessment area. Total community development loans include 11 economic development loans totaling \$33.2 million.

The following is an example of a community development loan benefitting the assessment area during the evaluation period:

- A \$5.8 million loan was made in 2024 to finance the construction of a new aquifer recharge pond. The aquifer fueled by the pond provides drinking water for one-third of the state's population and is the target of stabilization efforts by the Idaho Water Resource Board.

INVESTMENT TEST

The Bank of Commerce has an adequate level of community development investments and donations in the Idaho Falls MSA assessment area, exhibits adequate responsiveness to credit and community development needs, and makes occasional use of innovative or complex investments to support community development initiatives.

Investment and Grant Activity

The Bank of Commerce has an adequate level of community development investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The institution reported 31 qualified investments and donations that total approximately \$1.7 million in the assessment area. This performance level represents a significant increase from the previous evaluation when the institution made 23 donations in the assessment area totaling approximately \$41,000. A total of 2 investments totaling \$1.6 million supported initiatives that revitalize and stabilize moderate-income geographies in Idaho Falls. The remaining 29 donations totaling \$97,000 were made to organizations that support affordable housing economic development, or community services in the assessment area.

Listed below are notable examples of the institution's community development investments and donations in the assessment area:

- In 2022, the institution made a \$995,000 investment in a bond used for the purpose of financing the acquisition and rehabilitation of approximately two acres of real property, as well as school facilities in a moderate-income geography in Idaho Falls.
- In 2022, the institution made a \$620,000 investment to improve real estate owned by the City of Idaho Falls in a moderate-income geography and develop essential municipal infrastructure.

Responsiveness to Credit and Community Development Needs

The Bank of Commerce exhibits adequate responsiveness to credit and community development needs. The institution's investments predominantly emphasize the revitalization and stabilization of Idaho Falls' moderate-income geographies.

Community Development Initiatives

The bank occasionally uses innovative and/or complex investments to support community development initiatives. The bank's investments are primarily investments in infrastructure, and donations predominantly represent community services targeting low- and moderate-income populations. Though not considered particularly innovative and/or complex, the investments are useful and promote community development.

SERVICE TEST

The Bank of Commerce's delivery systems are readily accessible to all portions of the institution's assessment areas. Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and/or individuals. The institution provides a relatively high level of community development service hours to organizations in the Idaho Falls MSA assessment area throughout the review period. Finally, no branches were opened or closed since the prior evaluation.

Accessibility of Delivery Systems

Delivery systems are readily accessible to all portions of the institution's assessment areas. In moderate-income geographies the percentage of the bank's branches significantly exceeds the demographic data, while the assessment area includes no low-income geographies. Refer to the following table for details.

Branch and ATM Distribution by Geography Income Level – Idaho Falls MSA						
Tract Income Level	Census Tracts		Population		Branches	
	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0
Moderate	8	25.8	34,879	22.2	3	37.5
Middle	16	51.6	88,889	56.5	4	50.0
Upper	7	22.6	33,661	21.4	1	12.5
NA	0	0.0	0	0.0	0	0.0
Total	31	100.0	157,429	100.0	8	100.0
<i>Source: 2020 U.S. Census & Bank Data</i>						

Changes in Branch Locations

No branches were opened or closed in the Idaho Falls MSA assessment area since the prior evaluation.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and/or individuals. This conclusion is consistent with the state of Idaho and the institution. Refer to the state of Idaho analysis for details.

Community Development Services

The institution provided a relatively high level of community development services in the Idaho Falls MSA assessment area. During the evaluation period, bank personnel provided 406 hours of community development services. The majority of these were community services targeting low- and moderate-income populations, while the remaining hours supported initiatives that revitalize and stabilize moderate-income geographies in the assessment area.

The following is an example of a community development service provided by bank employees in the assessment area during the evaluation period:

- The bank provided 58 hours of board service over the review period to an organization helping to revitalize a moderate-income census tract in Bonneville County by offering free consultation and technical assistance to local startups.

IDAHO NON-MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE IDAHO NON-MSA ASSESSMENT AREA

The Idaho non-MSA assessment area is comprised of five counties in Eastern Idaho. Fremont Madison and Teton Counties are contiguous and border Montana to the east. Bingham and Power Counties are also contiguous, while the five counties comprising the Idaho non-MSA assessment area are bisected by Jefferson and Bonneville Counties.

Economic and Demographic Data

The following table provides select demographic characteristics of the assessment area based on the 2020 U.S. Census data.

Demographic Information of the Assessment Area						
Assessment Area: Idaho Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	32	3.1	15.6	40.6	37.5	3.1
Population by Geography	125,923	5.7	26.3	42.2	25.3	0.5
Housing Units by Geography	46,646	6.1	20.1	40.6	33.0	0.2
Owner-Occupied Units by Geography	24,137	2.6	10.1	53.1	34.0	0.2
Occupied Rental Units by Geography	12,087	16.2	39.4	31.8	12.3	0.3
Vacant Units by Geography	10,422	2.4	20.8	21.9	54.5	0.4
Businesses by Geography	15,395	4.5	17.9	44.7	32.2	0.6
Farms by Geography	1,158	2.2	5.7	61.3	29.6	1.1
Family Distribution by Income Level	27,619	22.3	16.4	20.4	40.9	0.0
Household Distribution by Income Level	36,224	23.3	14.3	18.2	44.1	0.0
Median Family Income Non-MSAs - ID		\$62,532	Median Housing Value			\$230,847
			Median Gross Rent			\$754
			Families Below Poverty Level			13.1%
Source: 2020 U.S. Census and 2023 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.						

Based on the 2023 D&B data, there are 16,553 businesses and farms operating in the assessment area. Service industries represent the largest portion of businesses at 32.2 percent; followed by non-classifiable establishments at 24.8 percent; finance, insurance and real estate at 10.9 percent; and retail trade at 8.6 percent. Additionally, 62.6 percent of the assessment areas’ businesses employ 4 or fewer employees, and 93.9 percent operate from a single location.

According to Moody’s Analytics as of August 2024, economic strengths of the state include above-average population growth and affordability compared to the West Coast. Economic weaknesses include an abundance of low-wage service jobs and below-average educational attainment. The top employers in the state are St. Luke’s Health System, Walmart Inc., and Micron Technology.

Per the U.S. Bureau of Labor Statistics, except for Power County, unemployment levels in the assessment area are generally below the state and national averages. The following table illustrates unemployment levels for the Idaho Non-MSA assessment area compared to Idaho and the nation.

Unemployment Rates			
Area	2021	2022	2023
	%	%	%
Bingham County	3.3	2.8	3.1
Fremont County	3.0	2.7	2.6
Madison County	2.2	1.9	2.2
Power County	4.0	3.3	3.8
Teton County	2.9	2.2	2.3
State	3.6	2.8	3.1
National Average	5.3	3.6	3.6
Source: Bureau of Labor Statistics			

Competition

The June 30, 2024, FDIC Deposit Market Share Report lists The Bank of Commerce with the greatest deposit share of 10 depository institutions with a 37.8 percent market share in the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE IDAHO NON-MSA ASSESSMENT AREA

LENDING TEST

The Bank of Commerce’s Lending Test performance in the Idaho non-MSA assessment area is consistent with the conclusions for the Idaho rated area.

Lending Activity

Lending levels reflect excellent responsiveness to assessment area credit needs. CRA Aggregate Reports reflect that The Bank of Commerce is the most active small business lender of 62 lenders with a 41.3 percent market share by dollar in the assessment area. The Bank of Commerce is the second most active small business lender by number of loans with 12.1 percent market share; however, this performance is still considered excellent. Other than The Bank of Commerce, the top 10 small business lenders in the assessment area by number of loans are large national credit card lenders with

an average loan size under \$30,000. The institution is also the most active small farm lender of 15 lenders with 71.5 percent of the market share by dollar volume and 48.6 percent by number of loans.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the assessment area. This conclusion is supported by a geographic distribution of small business loans that reflects adequate penetration throughout the assessment area, and a distribution of small farm loans that reflects good penetration throughout the assessment area.

Small Business Loans

The geographic distribution of small business loans reflects adequate penetration throughout the assessment area as reflected in the following table.

Geographic Distribution of Small Business Loans						
Assessment Area: Idaho Non-MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	5.0	2.9	9	2.4	2,087	3.6
Moderate						
2022	17.9	13.4	47	12.3	8,574	14.7
Middle						
2022	44.4	45.3	194	50.9	33,823	57.9
Upper						
2022	32.0	37.5	129	33.9	13,804	23.6
Not Available						
2022	0.7	0.8	2	0.5	153	0.3
Totals						
	100.0	100.0	381	100.0	58,441	100.0
Source: 2022 D&B Data; Bank Data; 2022 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

The institution's geographic distribution of small business loans slightly trails the aggregate in both low- and moderate-income geographies. This performance level is considered adequate.

Small Farm Loans

The geographic distribution of small farm loans reflects good penetration throughout the assessment area as reflected in the following table:

Geographic Distribution of Small Farm Loans						
Assessment Area: Idaho Non-MSA						
Tract Income Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	2.2	0.0	0	0.0	0	0.0
Moderate						
2022	4.8	3.6	13	5.7	831	3.0
Middle						
2022	62.3	70.7	164	71.3	21,065	75.5
Upper						
2022	29.7	24.8	53	23.0	5,998	21.5
Not Available						
2022	0.9	0.8	0	0.0	0	0.0
Totals						
	100.0	100.0	230	100.0	27,894	100.0
Source: 2022 D&B Data; Bank Data; 2022 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Aggregate small farm lending data reveals that no small farm loans were made by any institutions in the assessment area's low-income geographies; however, the distribution of The Bank of Commerce's loans in moderate-income geographies exceeds the aggregate lending data. This performance level is considered good.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, excellent penetration among business and farm customers of different revenue sizes. This conclusion is supported by a distribution of small business borrowers that reflects excellent penetration among business customers of different revenue sizes, and a distribution of small farm borrowers that reflects excellent penetration among farm customers of different revenue sizes.

Small Business Loans

The distribution of small business loans reflects excellent penetration among business customers of different revenue sizes as reflected in the following table.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Idaho Non-MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	91.4	55.9	264	69.3	31,591	54.1
>\$1,000,000						
2022	2.0	--	86	22.6	22,322	38.2
Revenue Not Available						
2022	6.6	--	31	8.1	4,528	7.7
Totals						
	100.0	100.0	381	100.0	58,441	100.0
Source: 2022 D&B Data; Bank Data; 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%						

The distribution of the institution's small business borrowers significantly exceeds the aggregate and is considered excellent. The institution's performance by dollar lags that by number; however, this performance is still considered excellent because smaller businesses tend to have a more limited borrowing capacity.

Small Farm Loans

The distribution of small farm borrowers also reflects excellent penetration among farm customers of different revenue sizes as reflected in the following table.

Distribution of Small Farm Loans by Gross Annual Revenue Category						
Assessment Area: Idaho Non-MSA						
Gross Revenue Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	96.2	63.5	204	88.7	22,158	79.4
>\$1,000,000						
2022	3.6	--	22	9.6	5,264	18.9
Revenue Not Available						
2022	0.2	--	4	1.7	472	1.7
Totals						
	100.0	100.0	230	100.0	27,894	100.0
Source: 2022 D&B Data; Bank Data; 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%						

The distribution of the institution's small farm loans to farms with gross annual revenues of \$1.0 million or less significantly exceeded peer small farm lending performance and is considered excellent.

Community Development Loans

The Bank of Commerce made a relatively high level of community development loans in the assessment area, comprising 17 community development loans totaling \$85.7 million. Community development lending increased significantly from the previous evaluation, where no community development loans were made in the assessment area. Total community development loans include 13 economic development loans totaling \$42.4 million, 2 revitalization or stabilization loans totaling \$23.0 million, and 2 affordable housing loans totaling \$ 20.3 million

The following are examples of community development loan benefitting the assessment area during the evaluation period:

- In 2022, the bank made a \$18.3 million loan to finance the creation of a new landfill, to revitalize and stabilize surrounding distressed or underserved and low- or moderate-income areas in Madison County by meeting a need for increased landfill capacity in the Idaho Non-MSA assessment area.
- In 2023, the bank made a \$6.0 million economic development loan to refinance the construction of a new building for a local small business. These funds allowed for the business to relocate and expand, adding 18 new permanent positions for low- or moderate-income individuals.

INVESTMENT TEST

The Bank of Commerce has an adequate level of community development investments and donations in the Idaho Non-MSA assessment area, exhibits adequate responsiveness to credit and community development needs, and makes occasional use of innovative or complex investments to support community development initiatives.

Investment and Grant Activity

The Bank of Commerce has an adequate level of community development investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The institution reported 13 qualified investments and donations that total approximately \$5.8 million in the assessment area. This performance level represents a decrease from the previous evaluation when the institution made 13 investments and donations in the assessment area totaling approximately \$7.5 million. A total of 9 investment and donations totaling \$5.4 million supported organizations that provide community services targeting low- and moderate-income populations, while the remaining 4 investments and donations totaling approximately \$463,000 supported initiatives that revitalize and stabilize moderate-income geographies in the assessment area.

Listed below are notable investments that were made during prior period and continue to be impactful in the assessment area.

Prior Period Investments

- The institution invested \$4.5 million in a bond that finances the construction and improvement of a school district that primarily serves students from low- and moderate-income families.
- The institution provided an \$810,000 investment to construct a gymnasium and performing arts center at a high school in the assessment area that serves students from low- and moderate-income families.
- The institution provided a \$450,000 investment in a renewal plan to improve public facilities and poorly maintained or underdeveloped properties in a distressed middle-income nonmetropolitan geography.

Responsiveness to Credit and Community Development Needs

The Bank of Commerce exhibits adequate responsiveness to credit and community development needs. The institution's investments predominantly emphasize community services targeting low- and moderate-income populations, which has been identified as a need in the assessment area.

Community Development Initiatives

The bank occasionally uses innovative and/or complex investments to support community development initiatives. The bank's investments are primarily investments in community services

supporting schools that primarily serve low- and moderate-income communities, and infrastructure improvements in low- and moderate-income geographies. Though not considered particularly innovative and/or complex, the investments are useful and promote community development.

SERVICE TEST

The Bank of Commerce’s delivery systems are readily accessible to all portions of the institution’s assessment areas. Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and/or individuals. The institution provides a relatively high level of community development service hours to organizations in the Idaho Non-MSA assessment area throughout the review period. Finally, no branches were opened or closed since the prior evaluation.

Accessibility of Delivery Systems

Delivery systems are readily accessible to all portions of the institution’s assessment areas. In moderate-income geographies the percentage of the bank’s branches significantly exceeds the demographic data, while the assessment area includes no low-income geographies. Refer to the following table for details:

Branch and ATM Distribution by Geography Income Level						
Assessment Area: Idaho Non-MSA						
Tract Income Level	Census Tracts		Population		Branches	
	#	%	#	%	#	%
Low	1	3.1	7,208	5.7	0	0.0
Moderate	5	15.6	33,084	26.3	3	50.0
Middle	13	40.6	53,085	42.2	2	33.3
Upper	12	37.5	31,887	25.3	1	16.7
NA	1	3.1	659	0.5	0	0.0
Totals	32	100.0	125,923	100.0	6	100.0
<i>Source: 2020 U.S. Census & Bank Data Due to rounding, totals may not equal 100.0%</i>						

Changes in Branch Locations

No branches were opened or closed in the Idaho non-MSA assessment area since the prior evaluation.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and/or individuals. This

conclusion is consistent with the state of Idaho and institution. Refer to the state of Idaho analysis for details.

Community Development Services

The institution provided a relatively high level of community development services in the Idaho non-MSA assessment area. During the evaluation period, bank personnel provided 209 hours of community development services. The majority of these were community services targeting low- and moderate-income populations, while the remaining hours supported initiatives that revitalize and stabilize moderate-income geographies in the assessment area.

The following is an example of a community development service provided by bank employees in the assessment area during the evaluation period.

- In 2022, an employee provided 126 hours of board service to an organization that reviews cases of individuals who may need an appointed guardian. The vast majority of individuals utilizing this essential community service are low-income individuals.

OTHER ASSESSMENT AREA – Limited-Scope Review

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LIMITED-SCOPE ASSESSMENT AREA

The following table summarizes the bank's performance in the Idaho assessment area evaluated using limited-scope procedures as compared to the bank's performance in the Idaho Falls MSA assessment area. Examiners based conclusions on a review of available facts and data, aggregate lending comparisons and demographic information. The conclusions from the areas reviewed using limited-scope procedures did not alter the institution's overall performance rating.

Assessment Area	Lending Test	Investment Test	Service Test
Pocatello MSA	Consistent	Consistent	Consistent

The following facts and data support the conclusions for the limited-scope assessment area. Also included are details regarding the number and dollar volume of small business, small farm, and community development loans originated during the review period; qualified investments (new and prior period) and donations during the review period; and community development services for the review period. Unless otherwise noted, branch distribution and service hours are consistent with Idaho overall, and products, services, and alternative delivery systems are discussed at the institution level.

Geographic Distribution and Borrower Profile – Pocatello MSA Assessment Area

Geographic Distribution of Small Business Loans						
Assessment Area: Pocatello MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	3.2	4.0	3	3.3	590	3.7
Moderate						
2022	27.1	25.8	23	25.0	4,756	29.6
Middle						
2022	53.2	54.7	62	67.4	10,118	63.1
Upper						
2022	16.5	15.5	4	4.3	577	3.6
Not Available						
2022	0.0	0.0	0	0.0	0	0.0
Totals						
	100.0	100.0	92	100.0	16,041	100.0
Source: 2022 D&B Data; Bank Data; 2022 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Geographic Distribution of Small Farm Loans						
Assessment Area: Pocatello MSA						
Tract Income Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	0.6	0.0	0	0.0	0	0.0
Moderate						
2022	11.6	7.4	7	36.8	563	23.6
Middle						
2022	76.9	91.6	12	63.2	1,821	76.4
Upper						
2022	10.9	1.1	0	0.0	0	0.0
Not Available						
2022	0.0	0.0	0	0.0	0	0.0
Totals						
	100.0	100.0	19	100.0	2,384	100.0
Source: 2022 D&B Data; Bank Data; 2022 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Pocatello MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	88.5	52.2	55	59.8	6,805	42.4
>\$1,000,000						
2022	2.6	--	28	30.4	6,856	42.7
Revenue Not Available						
2022	8.9	--	9	9.8	2,380	14.8
Totals						
	100.0	100.0	92	100.0	16,041	100.0
Source: 2022 D&B Data; Bank Data; 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%						

Distribution of Small Farm Loans by Gross Annual Revenue Category						
Assessment Area: Pocatello MSA						
Gross Revenue Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	96.6	57.9	17	89.5	2,022	84.8
>\$1,000,000						
2022	2.1	--	2	10.5	362	15.2
Revenue Not Available						
2022	1.3	--	0	0.0	0	0.0
Totals						
	100.0	100.0	19	100.0	2,384	100.0
Source: 2022 D&B Data; Bank Data; 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%						

MONTANA

CRA RATING FOR MONTANA: SATISFACTORY

The Lending Test is rated: High Satisfactory

The Investment Test is rated: Low Satisfactory

The Service Test is rated: High Satisfactory

SCOPE OF EVALUATION – MONTANA

The Montana Non-MSA assessment area was evaluated using full-scope procedures. Based on loan volume, small business lending performance was given the most weight, followed by small farm lending performance.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN MONTANA

The Bank of Commerce operates one full-service branch in Montana, located in a single assessment area in Southwest Montana, comprised of Non-MSA Beaverhead County. No new branches were opened in Montana during the review period, and the institution’s Montana Non-MSA assessment area remains unchanged from the previous evaluation.

Economic and Demographic Data

The following table provides select demographic characteristics of the assessment area based on the 2020 U.S. Census data.

Demographic Information of the Assessment Area						
Assessment Area: Montana Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	3	0.0	0.0	100.0	0.0	0.0
Population by Geography	9,371	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	5,361	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	2,686	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	1,517	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	1,158	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	1,631	0.0	0.0	100.0	0.0	0.0
Farms by Geography	186	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	2,458	21.3	20.3	21.0	37.4	0.0
Household Distribution by Income Level	4,203	31.1	17.7	15.8	35.4	0.0
Median Family Income Non-MSAs - MT		\$70,967	Median Housing Value			\$211,211
			Median Gross Rent			\$684
			Families Below Poverty Level			7.4%
Source: 2020 U.S. Census and 2023 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.						

Based on 2023 D&B data, there are 1,817 businesses and farms operating in the assessment area. Service industries represent the largest portion of businesses at 35.3 percent; followed by non-classifiable establishments at 13.9 percent; agriculture, forestry and fishing at 10.9 percent; and retail trade at 9.2 percent. Additionally, 74.7 percent of the assessment area's businesses employ 4 or fewer employees, and 94.2 percent operate from a single location.

According to Moody's Analytics as of August 2024, economic strengths of the state include a low cost of doing business compared with most of the West, and positive migration trends. Economic weaknesses include below-average incomes and an unfavorable age structure. The top employers in the state are Billings Clinic, Malmstrom Air Force Base, Benefits Health System and the University of Montana.

Per the U.S. Bureau of Labor Statistics, unemployment levels in the assessment area are generally below the state and national averages. The following table illustrates unemployment levels for the Montana Non-MSA assessment area compared to Montana and the nation.

Unemployment Rates			
Area	2021	2022	2023
	%	%	%
Beaverhead County	2.8	2.4	2.4
State	3.4	2.7	2.9
National Average	5.3	3.6	3.6
<i>Source: Bureau of Labor Statistics</i>			

Competition

The June 30, 2024, FDIC Deposit Market Share Report lists The Bank of Commerce with the second greatest deposit share of three depository institutions with a 34.2 percent market share in the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MONTANA

LENDING TEST

Lending Activity

Lending levels reflect excellent responsiveness to assessment area credit needs. CRA Aggregate Reports reflect that The Bank of Commerce is the most active small business lender of 34 lenders with a 47.0 percent market share by dollar in the assessment area. The institution is the second most active small business lender by number of loans with a 15.7 percent market share. The institution is also the most active small farm lender of 11 lenders with 53.1 percent of the market share by dollar volume, and 45.6 percent market share by number of loans.

Geographic Distribution

The Montana non-MSA assessment area includes no low- or moderate-income geographies. Therefore, this criterion does not factor in overall conclusions or ratings for the state of Montana.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among business customers and small farm borrowers of different revenue sizes. This conclusion is supported by a distribution of small business borrowers that reflects good penetration among business customers of different revenue sizes and a distribution of small farm borrowers that reflects excellent penetration among farm customers of different revenue sizes.

Small Business Loans

The distribution of small business borrowers reflects good penetration among business customers of different revenue sizes as reflected in the following table.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Montana Non-MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	88.6	59.7	37	66.1	3,159	36.1
>\$1,000,000						
2022	2.5	--	19	33.9	5,596	63.9
Revenue Not Available						
2022	8.9	--	0	0.0	0	0.0
Totals						
	100.0	100.0	56	100.0	8,755	100.0
Source: 2022 D&B Data; Bank Data; 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%						

The 2022 distribution of the institution's small business borrowers exceeds the peer small business lending performance and is considered good.

Small Farm Loans

The distribution of small farm borrowers reflects excellent penetration among farm customers of different revenue sizes as reflected in the following table.

Distribution of Small Farm Loans by Gross Annual Revenue Category						
Assessment Area: Montana Non-MSA						
Gross Revenue Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	98.7	72.5	44	93.6	4,047	91.3
>\$1,000,000						
2022	0.0	--	2	4.3	350	7.9
Revenue Not Available						
2022	1.3	--	1	2.1	35	0.8
Totals						
	100.0	100.0	47	100.0	4,432	100.0
Source: 2022 D&B Data; Bank Data; 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%						

The distribution of the institution's 2022 small farm loans to farms with revenues of \$1.0 million or less significantly exceeded peer small farm lenders and is considered excellent.

Community Development Loans

The institution made no community development loans in Montana during the review period. This performance level remains unchanged since the previous evaluation.

INVESTMENT TEST

The Bank of Commerce has an adequate level of community development investments and donations in Montana, exhibits adequate responsiveness to credit and community development needs, and makes occasional use of innovative or complex investments to support community development initiatives.

Investment and Grant Activity

The Bank of Commerce has an adequate level of qualified community development investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The institution reported 11 qualified investments and donations that total approximately \$4.1 million in the state. By dollar, this performance level represents an increase from the previous evaluation where the institution made 19 qualified investments and donations totaling \$1.5 million. A total of nine investments and donations totaling \$2.8 million supported initiatives that support community services targeting low- and moderate-income populations in the assessment area. The remaining two investments totaling \$1.2 million supported initiatives that revitalize and stabilize distressed or underserved middle-income geographies in the assessment area.

Listed below are notable current and prior period investment examples of the institution's community development investments and donations in the assessment area.

New Investment

- In 2022, the institution refinanced a \$2.8 million bond that supports a school district that serves students from low- and moderate-income families.

Prior Period Investments

- The institution invested approximately \$975,000 in a bond to finance infrastructure improvements at a high school located in a distressed nonmetropolitan middle-income geography.
- The institution invested \$258,035 in a bond that finances the construction of street improvements in a distressed nonmetropolitan middle-income geography in the City of Dillon.

Responsiveness to Credit and Community Development Needs

The Bank of Commerce exhibits adequate responsiveness to credit and community development needs. The institution's investments predominantly emphasized community services that target low- and moderate-income populations, and the revitalization and stabilization of the assessment area's distressed nonmetropolitan middle-income geographies.

Community Development Initiatives

The bank occasionally uses innovative and/or complex investments to support community development initiatives. The bank's investments are primarily investments in infrastructure and community services supporting schools that primarily serve low- and moderate-income communities. Though not considered particularly innovative and/or complex, the investments are useful and promote community development.

SERVICE TEST

The Bank of Commerce's delivery systems are accessible to essentially all portions of the institution's assessment areas. Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and/or individuals. The institution provides a relatively high level of community development service hours to organizations in Montana throughout the review period. Finally, no branches were opened or closed since the prior evaluation.

Accessibility of Delivery Systems

The Bank of Commerce's delivery systems are accessible to essentially all portions of the institution's assessment areas. The institution's sole branch location is located in a middle-income geography, and the assessment area includes no low- or moderate-income geographies. Refer to the following table for details.

Branch and ATM Distribution by Geography Income Level						
Assessment Area: Montana Non-MSA						
Tract Income Level	Census Tracts		Population		Branches	
	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0
Middle	3	100.0	9,371	100.0	1	100.0
Upper	0	0.0	0	0.0	0	0.0
NA	0	0.0	0	0.0	0	0.0
Totals	3	100.0	9,371	100.0	1	100.0
<i>Source: 2020 U.S. Census & Bank Data</i> <i>Due to rounding, totals may not equal 100.0%</i>						

Changes in Branch Locations

No branches were opened or closed in the Montana Non-MSA assessment area since the prior evaluation.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and/or individuals. The bank operates a single branch in Montana.

Community Development Services

The institution provided a relatively high level of community development services in Montana. During the evaluation period, bank personnel provided 326 hours of community development services. The majority of these were community services targeting low- and moderate-income populations, while the remaining hours supported initiatives that revitalize or stabilize distressed or underserved nonmetropolitan middle-income geographies in the Montana Non-MSA assessment area.

The following are examples of community development services provided by bank employees in the assessment area during the review period.

- Throughout the review period, two employees provided 193 hours of community services by serving on the board of a local development organization.
- Throughout the review period one employee provided 100 hours board service to an organization dedicated to revitalizing a town in a distressed or underserved middle-income census tract.

APPENDICES

LARGE 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) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
 - i. The proportion of the bank's lending in the bank's assessment area(s);
 - ii. The dispersion of lending in the bank's assessment areas(s); and
 - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
 - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
 - iii. Small business and small farm loans by loan amount at origination; and
 - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

SCOPE OF EVALUATION

The Bank of Commerce	
Scope of Examination: Full- scope reviews were performed on the following assessment areas: <ul style="list-style-type: none">• Idaho Falls, ID MSA• Idaho Non-MSA• Montana Non-MSA Limited-scope review was performed on the following assessment area: <ul style="list-style-type: none">• Pocatello, ID MSA	
Time Period Reviewed:	11/1/2021 to 11/4/2024
Products Reviewed: Small Business Loans: 1/1/2021 – 12/31/2023 Small Farm Loans: 1/1/2021 – 12/31/2023	

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Investment Test	Service Test	Rating
Idaho	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
Montana	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory

DESCRIPTION OF LIMITED-SCOPE ASSESSMENT AREAS

Idaho Rated

Pocatello MSA

This assessment area consists of Bannock County. As mentioned earlier, prior to July 2023, the assessment area included Power County; however, on July 21, 2023, the Office of Management and Budget redesignated Power County as Idaho Non-MSA. The bank operates one full-service branch office in this assessment area. The following sections provide details regarding economic and demographic conditions of the assessment area.

Economic and Demographic Data

The following table provides select demographic characteristics of the assessment area based on the 2020 U.S. Census data.

Demographic Information of the Assessment Area						
Assessment Area: Pocatello MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	24	4.2	29.2	50.0	16.7	0.0
Population by Geography	87,018	3.0	26.0	55.0	15.9	0.0
Housing Units by Geography	34,550	3.2	27.8	55.8	13.2	0.0
Owner-Occupied Units by Geography	21,681	2.5	21.2	58.7	17.6	0.0
Occupied Rental Units by Geography	9,988	4.6	39.7	49.9	5.8	0.0
Vacant Units by Geography	2,881	3.0	36.3	54.5	6.2	0.0
Businesses by Geography	10,676	3.5	29.6	49.5	17.4	0.0
Farms by Geography	356	1.1	17.7	66.6	14.6	0.0
Family Distribution by Income Level	20,266	18.6	19.5	21.1	40.8	0.0
Household Distribution by Income Level	31,669	22.9	16.7	18.9	41.5	0.0
Median Family Income MSA - #38540 Pocatello, ID MSA		\$66,208	Median Housing Value			\$168,432
			Median Gross Rent			\$686
			Families Below Poverty Level			9.4%
Source: 2020 U.S. Census and 2023 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.						

Based on 2023 D&B data, there are 11,032 businesses and farms operating in the assessment area. Service industries represent the largest portion of businesses at 35.1 percent; followed by non-classifiable establishments at 22.9 percent; finance, insurance and real estate at 10.8 percent; and retail trade at 9.8 percent. Additionally, 62.2 percent of the assessment area's businesses employ 4 or fewer employees, and 91.9 percent operate from a single location.

According to Moody’s Analytics as of July 2024, economic strengths of the assessment area include strong population growth and a favorable age structure. Economic weaknesses include few high-wage job opportunities and low average incomes. The top employers in the area are Idaho State University and Portneuf Medical Center.

Per the U.S. Bureau of Labor Statistics, unemployment levels in the assessment area are generally consistent with the state of Idaho, and below national averages. The following table illustrates unemployment levels for the Pocatello MSA assessment area compared to Idaho and the nation.

Unemployment Rates			
Area	2021	2022	2023
	%	%	%
Bannock County	3.6	2.9	3.1
Idaho	3.6	2.8	3.1
National Average	5.3	3.6	3.6
<i>Source: Bureau of Labor Statistics</i>			

Competition

The June 30, 2024, Deposit Market Share Report shows that The Bank of Commerce ranked 10th out of 10 FDIC-insured institutions competing within the assessment area, with a total of 2.2 percent of the deposit market share.

The Bank of Commerce operates one full-service branch in the assessment area, located in a moderate-income geography. The institution’s presence in the moderate-income geography increases accessibility to these geographies. The Pocatello MSA branch operates with standard hours and maintains a drive-up facility. The bank does not offer Saturday hours at any of its branches. No branches were opened or closed since the previous evaluation.

Activity	#	\$ (000s)
Small Business Loans	283	40,794
Small Farm Loans	61	6,542
Community Development Loans	-	-
Investments (New)	-	-
Investments (Prior Period)	-	-
Donations	16	31
Community Development Services	526	-
<i>Source: Bank Data</i>		

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.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

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.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography 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 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent 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 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 (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 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 (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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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 (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.

Qualified Investment: A 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 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 Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating 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 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.