Mountain Pacific bank

COMMUNITY REINVESTMENT ACT PUBLIC FILE

Community Reinvestment Act Notice

Under the Federal Community Reinvestment Act (CRA), the Federal Deposit Insurance Corporation (FDIC) evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations. The FDIC also takes this record into account when deciding on certain applications submitted by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the CRA, including, for example, information about our branches, such as their location and services provided at them; the public section of our most recent CRA Performance Evaluation, prepared by the FDIC; and comments received from the public relating to our performance in helping to meet community credit needs, as well as our responses to those comments. You may review this information today.

At least 30 days before the beginning of each quarter, the FDIC publishes a nationwide list of the banks that are scheduled for CRA examination in that quarter. This list is available from the:

Regional Director, FDIC
Division of Depositor and Consumer Protection
25 Jessie Street at Ecker Square, Suite 2300
San Francisco, CA, 94105-2780

You may send written comments about our performance in helping to meet community credit needs to:

Mark Duffy, Chief Executive Officer
Mountain Pacific Bank
3732 Broadway
Everett, WA 98201

and to the FDIC Regional Director. You may also submit comments electronically through the FDIC's Web site at: http://www.fdic.gov/regulations/cra. Your letter, together with any response by us, will be considered by the FDIC in evaluating our CRA performance and may be made public.

You may ask to look at any comments received by the FDIC Regional Director. You may also request from the FDIC Regional Director an announcement of our applications covered by the CRA filed with the FDIC. We are an affiliate of Mountain Pacific Bancorp, a bank holding company. You may request from the:

Officer in Charge of Supervision, Federal Reserve Bank of San Francisco
101 Market St, MS #615
San Francisco, CA 94105-7702

an announcement of applications covered by the CRA filed by bank holding companies.

1. Written Comments

In 2024, 2025 and through March 31, 2026, Mountain Pacific Bank received no written public comments specifically related to the bank's performance in helping meet community credit needs.

2. CRA Performance Evaluation

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income (LMI) neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community. For Mountain Pacific Bank, CRA Performance Evaluations are conducted by the Federal Deposit Insurance Corporation (FDIC). A copy of the most recent Public Disclosure Report from the FDIC follows this file. Refer to the document at the end of this notice for the latest performance evaluation.

A copy of the FDIC Public Disclosure Report is included at the end of this public file.

3. Branch Office Locations

Everett – Main Office and Headquarters
3732 Broadway
Everett, WA 98201
MSA/MD – 21794 State Code – 53 County Code – 061 Census Tract 0410.00
Lobby Hours: Monday – Friday: 8:30 am - 5:00 pm
Opened – 07/24/2006

Lynnwood
19705 Highway 99
Lynnwood, WA 98036
MSA/MD – 21794 State Code – 53 County Code – 061 Census Tract 0514.01
Lobby Hours: Monday – Friday: 8:30 am - 5:00 pm
Opened – 05/05/2008

Ballard
8550 15th Avenue NW
Seattle, WA 98117
MSA/MD – 42644 State Code – 53 County Code – 033 Census Tract 0016.00
Lobby Hours: Monday – Friday: 8:30 am - 5:00 pm
Opened – 08/04/2025

Burlington
110 Cascade Mall Drive
Burlington, WA 98233
MSA/MD – 34580 State Code – 53 County Code – 057 Census Tract 9518.00
Lobby Hours: Monday – Friday: 8:30 am - 5:00 pm
Opened – 04/29/2019

Bellingham
2200 Rimland Drive Suite 110
Bellingham, WA 98226
MSA/MD – 13380 State Code – 53 County Code – 073 Census Tract 0008.03
Lobby Hours: Monday – Friday: 8:30 am - 5:00 pm
Opened – 07/22/2024

Branch Activity

The following is branch activity from the current year and two previous years.

Facility Name	Activity	Date	Address	MSA/MD Code	State Code	County Code	Census Tract
Ballard Branch	Closed	8/1/2025	2244 NW 56th Street Seattle, WA 98107	42644	53	033	0047.01
Ballard Branch	Opened	8/4/2025	8550 15th Avenue NW Seattle, WA 98117	42644	53	033	0016.00
Bellingham Branch	Opened	7/22/2024	2200 Rimland Drive Suite 110 Bellingham, WA 98226	13380	53	073	0008.03

4. Products & Services

Lending Services	
Consumer	**Business**
Construction Loans *(Primary and secondary residences, wherein the Bank is providing permanent financing, or a firm takeout commitment is in place.)* Home Equity Lines of Credit Home Equity Loans Home Improvement Loans Mortgage/Real Estate Loans *(Loans may be originated for sale to others, and in those cases the underwriting guidelines of the purchaser of the loans may control the terms and conditions of those loans.)* Personal Loans Second Mortgages Consumer Credit Cards	Commercial Real Estate Loans *(Purchase, expansion, remodeling of facilities or to secure the purchase of other assets.)* Construction and Development Loans Equipment Financing Loans Lines of Credit and other loans for working capital for short term operating needs Maritime Loans Professional Loans Business Express Line of Credit Secured Business Express Line of Credit Unsecured Other credit services *(Loans to non-profit organizations, public bodies, and for community development purposes)* Business Credit Cards

	<u>SBA Lending and Government Guaranteed Lending</u> Mountain Pacific Bank is pleased to partner with the Small Business Administration and the U.S. Department of Agriculture to help small businesses achieve their goals.

Deposit Services	
Consumer	**Business**
Green Checking Hat Trick Checking Home Run Checking Simple Checking Premier Checking Ultimate Checking Personal Sweep Checking Money Market Money Market Plus Regular Savings Personal Certificates of Deposit Health Savings Account Individual Retirement Accounts (CD) CDARS ICS (Insured Cash Sweep)	Analysis Checking Business Checking Business Checking (Non-Profit) Business Sweep Checking Low-Volume Checking Business Money Market Business Money Market Plus Business Savings Business Certificates of Deposit Interest on Lawyers Trust Accounts (IOLTA) Interest on Real Estate Trust Accounts (IRETA)

Other Products and Services	
Consumer	**Business**
CDARS ICS (Insured Cash Sweep) Mobile Deposit Network Deposits Online Banking Online Bill Payment Personal Debit Cards Person to Person (P2P) Payments Safe Deposit Boxes Wire Transfer – Domestic & International	ACH Origination ACH Positive Pay Business Debit Cards Business Online Bill Payment Cash Management CDARS Check Positive Pay ICS (Insured Cash Sweep) Merchant Services Mobile Branch Service Network Deposits Online Banking Remote Deposit Capture Safe Deposit Boxes Wire Transfer – Domestic & International

24 Hour Access

Mountain Pacific Bank offers a debit card for accessing any of our automatic teller machines located at the Everett, Lynnwood, Ballard, and Burlington Branches, or any ATM that can be accessed through our affiliate networks, and to access your checking account to make purchases from merchants. Mountain Pacific Bank offers a night drop at its Everett, Lynnwood, Ballard, and Burlington locations where customers can make deposits after hours and processed promptly the next business day. Mountain Pacific Bank offers no fee Online Banking and Online Bill Payment, whereby customers can perform substantially all banking functions from a computer or mobile device.

SERVICES AND FEES SCHEDULE

The following fees and charges may be assessed against your account:

GENERAL SERVICES AND FEES	
Cashier's Check	$7.00 each
Check Orders	Varies by the style of check
Collections	$25.00 Domestic / $50.00 Foreign each item
Debit Card Replacement	$12.00 / $50.00 rush
Deposited Item Return	$5.00 each
Dormant Account Fee	$5.00 monthly
Foreign Currency Order	$20.00 each
Inactive Account Fee	$5.00 monthly
International Draft – Canadian	$15.00 each
International Draft – Other Currency	$25.00 each
Legal Action	$100.00 each
Notary Services – Customer	Free
Notary Services – Non-Customer	$5.00 each
Overdraft Fee	$25.00 per item, $100.00 maximum fee per day
Research/Documentation Request (15 minute minimum)	$30.00 per hour, charged in 15 minute increments
Returned Item Fee	$25.00 per item, $100.00 maximum fee per day
Safe Deposit Box Rental	$20.00 - $95.00 annually, rent varies by box size
Safe Deposit Box Drilling	At cost
Stop Payment	$30.00 each
Wire Transfer – Incoming Domestic or International	$15.00 each
Wire Transfer – Outgoing Domestic	$20.00 each
Wire Transfer – Outgoing International	$40.00 each
Wire Transfer – Returned Wire	$5.00 each
BUSINESS SERVICES AND FEES (APPLICABLE IN ADDITION TO GENERAL SECTION ABOVE)	
ACH Origination Fee	$15.00 monthly
Business Debits and Credits (Low-Volume Checking and Business Checking)	$0.20 per item exceeding transaction item limit
Cash Management - Standard Product	$25.00 monthly
Cash Management - Enhanced Product	$40.00 monthly
Cash Management - View Only Product Set Up	$15.00 one time
Mobile Branch Service – Up to three pickups weekly	$30.00 monthly
Positive Pay – ACH and/or Check	$15.00 monthly
Remote Deposit Capture	$50.00 monthly
Remote Deposit Capture Setup	$100.00 one time
ANALYSIS ACCOUNT SERVICES AND FEES (APPLICABLE IN ADDITION TO BUSINESS AND GENERAL SECTIONS ABOVE)	
ACH Debits and Credits	$0.10 per item
Currency Ordering/Depositing	$1.00 charged per $1,000.00
Debit and Credits	$0.20 per item
Deposit Item Local/Non-Local Fed	$0.20 per item
Remote Capture Items	$0.20 per item
Fees for non-standard services will be assessed at the bank's discretion.	

5. Communities We Serve

Mountain Pacific Bank maintains offices in Washington State. Mountain Pacific Bank's CRA Assessment Areas consist of King and Snohomish County within the Seattle-Tacoma-Bellevue Metropolitan Statistical Area, Skagit County, within the Mount Vernon-Anacortes Metropolitan Statistical Area, and Whatcom County, within the Bellingham Metropolitan Statistical Area.

Census Tracts by County

Geographies in **bold font** denote an office in that tract.

King County

0001.01	0008.00	0018.00	0031.00
0001.02	0009.00	0019.00	0032.01
0002.01	0010.00	0020.00	0032.02
0002.02	0011.00	0021.00	0033.01
0003.00	0012.01	0022.00	0033.02
0004.02	0012.02	0024.00	0034.00
0004.03	0013.00	0025.00	0035.00
0004.04	0014.00	0026.00	0036.01
0005.00	0015.00	0027.00	0036.02
0006.01	**0016.00**	0028.00	0038.00
0006.02	0017.01	0029.00	0039.00
0007.00	0017.02	0030.00	0040.00

0041.01	0069.00	0097.02	0205.00
0041.02	0070.01	0098.01	0206.00
0042.01	0070.02	0098.02	0207.00
0042.02	0071.01	0099.00	0208.00
0043.01	0071.02	0100.01	0209.00
0043.02	0072.01	0100.02	0210.00
0044.01	0072.02	0101.01	0211.00
0044.02	0072.03	0101.02	0213.00
0045.00	0073.01	0102.00	0214.00
0046.00	0073.02	0103.01	0215.00
0047.01	0073.03	0103.02	0216.00
0047.02	0074.03	0104.01	0217.01
0047.03	0074.04	0104.02	0217.02
0048.00	0074.05	0105.01	0218.02
0049.01	0074.06	0105.02	0218.03
0049.02	0075.01	0106.01	0218.04
0050.00	0075.02	0106.02	0219.03
0051.00	0075.03	0107.01	0219.04
0052.01	0076.00	0107.02	0219.05
0052.02	0077.00	0108.00	0219.06
0053.03	0078.00	0109.00	0220.01
0053.04	0079.01	0110.01	0220.03
0053.05	0079.02	0110.02	0220.05
0053.06	0080.02	0111.01	0220.06
0053.07	0080.03	0111.02	0221.01
0054.01	0080.04	0112.00	0221.02
0054.02	0081.01	0113.00	0222.01
0056.00	0081.02	0114.01	0222.03
0057.00	0082.00	0114.02	0222.04
0058.01	0083.00	0115.00	0222.05
0058.03	0084.01	0116.01	0223.00
0058.04	0084.02	0116.02	0224.01
0059.01	0085.00	0117.00	0224.02
0059.02	0086.00	0118.01	0225.01
0060.00	0087.00	0118.02	0225.02
0061.00	0088.00	0119.01	0226.03
0062.00	0089.00	0119.02	0226.04
0063.00	0090.00	0120.00	0226.05
0064.00	0091.00	0121.00	0226.06
0065.00	0092.00	0201.00	0227.01
0066.00	0093.00	0202.00	0227.02
0067.01	0094.00	0203.01	0227.03
0067.02	0095.00	0203.02	0228.02
0067.03	0096.00	0204.01	0228.03
0068.00	0097.01	0204.02	0228.04

0228.05	0250.07	0279.01	0297.02
0229.01	0250.08	0279.02	0298.03
0229.02	0251.01	0280.00	0298.04
0230.00	0251.03	0281.00	0298.05
0231.00	0251.04	0282.00	0298.06
0232.01	0252.01	0283.00	0299.01
0232.02	0252.02	0284.02	0299.02
0233.00	0253.02	0284.03	0300.03
0234.01	0253.03	0285.00	0300.05
0234.03	0253.04	0286.00	0300.06
0234.04	0254.01	0287.00	0300.07
0235.00	0254.02	0288.01	0300.08
0236.01	0255.00	0288.02	0301.01
0236.03	0256.01	0289.01	0301.02
0236.04	0256.02	0289.02	0302.01
0237.01	0257.02	0290.01	0302.03
0237.02	0257.03	0290.03	0302.04
0238.01	0257.04	0290.04	0303.04
0238.05	0258.03	0291.01	0303.05
0238.06	0258.04	0291.02	0303.06
0238.07	0258.05	0292.03	0303.08
0238.08	0258.06	0292.05	0303.09
0239.01	0260.01	0292.06	0303.10
0239.02	0260.03	0292.07	0303.11
0240.01	0260.04	0292.08	0303.12
0240.02	0261.01	0293.04	0303.13
0241.00	0261.02	0293.05	0303.14
0242.00	0262.00	0293.06	0304.03
0243.01	0263.00	0293.07	0304.04
0243.02	0264.00	0293.08	0304.05
0244.00	0265.00	0293.09	0304.06
0245.00	0266.00	0294.03	0304.07
0246.01	0267.00	0294.05	0305.01
0246.02	0268.01	0294.06	0305.03
0247.01	0268.02	0294.07	0305.04
0247.03	0270.00	0294.08	0306.00
0247.04	0271.00	0295.04	0307.00
0248.00	0272.00	0295.05	0308.01
0249.01	0273.00	0295.06	0308.02
0249.02	0274.00	0295.07	0309.01
0249.04	0275.00	0295.08	0309.02
0249.05	0276.00	0296.02	0310.00
0250.01	0277.01	0296.03	0311.01
0250.05	0277.02	0296.04	0311.02
0250.06	0278.00	0297.01	0312.02

0312.04	0319.08	0322.17	0323.25
0312.06	0319.09	0322.18	0323.26
0312.07	0319.10	0322.19	0323.27
0312.08	0319.11	0322.20	0323.28
0313.01	0319.12	0322.21	0323.30
0313.02	0319.13	0322.22	0323.31
0314.00	0320.02	0322.23	0323.32
0315.01	0320.03	0322.24	0323.33
0315.02	0320.05	0322.25	0324.01
0316.01	0320.06	0323.07	0324.02
0316.03	0320.07	0323.11	0325.00
0316.04	0320.08	0323.13	0326.01
0316.05	0320.10	0323.15	0326.03
0317.04	0320.11	0323.16	0326.04
0317.05	0321.02	0323.17	0326.05
0317.07	0321.03	0323.18	0327.03
0317.08	0321.04	0323.19	0327.04
0317.09	0322.07	0323.20	0327.05
0317.10	0322.11	0323.21	0327.06
0318.00	0322.13	0323.22	0328.00
0319.04	0322.15	0323.23	9901.00
0319.06	0322.16	0323.24	

<u>Snohomish County</u>

0401.00	0416.06	0419.06	0509.00
0402.00	0416.07	0419.07	0510.00
0403.00	0416.09	0420.01	0511.00
0404.00	0416.10	0420.03	0512.00
0405.00	0417.01	0420.04	0513.01
0407.00	0417.03	0420.05	0513.02
0408.00	0417.04	0420.06	**0514.01**
0409.00	0418.05	0501.01	0514.02
0410.00	0418.08	0501.02	0515.00
0411.00	0418.09	0502.00	0516.01
0412.01	0418.10	0503.00	0516.02
0412.02	0418.12	0504.02	0517.01
0413.01	0418.13	0504.03	0517.02
0413.03	0418.14	0504.04	0518.02
0413.04	0418.15	0505.01	0518.03
0414.00	0418.16	0505.02	0518.04
0415.00	0419.01	0506.00	0519.12
0416.01	0419.04	0507.00	0519.13
0416.05	0419.05	0508.00	0519.14

0519.16	0521.04	0525.06	0532.01
0519.17	0521.05	0526.03	0532.02
0519.18	0521.07	0526.04	0533.01
0519.21	0521.08	0526.05	0533.02
0519.22	0521.12	0526.06	0534.00
0519.26	0521.13	0526.07	0535.05
0519.27	0521.14	0527.01	0535.06
0519.28	0521.19	0527.06	0535.07
0519.29	0521.20	0527.07	0535.08
0519.30	0521.21	0527.08	0535.09
0519.31	0521.22	0527.09	0535.10
0519.32	0522.03	0527.10	0535.11
0519.33	0522.04	0527.11	0536.03
0519.34	0522.06	0528.03	0536.04
0519.35	0522.07	0528.05	0536.05
0519.36	0522.08	0528.07	0536.06
0519.37	0522.10	0528.08	0537.00
0519.38	0522.11	0528.09	0538.01
0520.04	0523.01	0528.10	0538.02
0520.05	0523.02	0529.03	0538.03
0520.06	0524.01	0529.04	9400.01
0520.07	0524.02	0529.05	9400.02
0520.08	0525.02	0529.06	9900.02
0520.09	0525.04	0531.01	9901.00
0520.10	0525.05	0531.02	

Skagit County

9402.01	9501.00	9515.01	9523.04
9403.01	9508.01	9515.02	9524.01
9403.02	9508.02	9515.03	9524.03
9404.01	9508.03	9516.00	9524.04
9404.02	9509.00	9517.00	9524.05
9404.03	9510.00	**9518.00**	9525.00
9405.00	9511.01	9519.00	9526.00
9406.00	9511.02	9521.00	9527.00
9407.00	9512.00	9522.00	9901.00
9408.01	9513.00	9523.01	
9408.02	9514.00	9523.03	

Whatcom County

0001.01	0008.05	0101.03	0105.05
0001.02	0008.07	0102.01	0105.06

0002.01	0008.08	0102.02	0106.00
0002.02	0008.09	0103.01	0107.01
0002.03	0009.02	0103.02	0107.02
0003.01	0009.03	0103.03	0109.00
0003.02	0009.04	0104.05	0110.00
0004.01	0010.00	0104.06	9400.01
0004.02	0011.01	0104.07	9400.02
0005.01	0011.02	0104.08	
0005.02	0012.02	0104.09	
0006.00	0012.03	0104.10	
0007.00	0012.04	0104.11	
0008.03	0101.01	0105.03	
0008.04	0101.02	0105.04	

6. Mountain Pacific Bank Historical Loan to Deposit Ratio

Date	Loan To Deposit Ratio (%)
12/31/2025	109.55
9/30/2025	101.44
6/30/2025	105.35
3/31/2025	102.02
12/31/2024	99.56
9/30/2024	99.18
6/30/2024	111.27
3/31/2024	105.93

7. Home Mortgage Disclosure Act Notice

The HMDA data about our residential mortgage lending are available online for review. The data show geographic distribution of loans and applications; ethnicity, race, sex, age, and income of applicants and borrowers; and information about loan approvals and denials. These data are available online at the Consumer Financial Protection Bureau's Web site (www.consumerfinance.gov/hmda). HMDA data for many other financial institutions are also available at this Web site.

PUBLIC DISCLOSURE

February 5, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Mountain Pacific Bank
Certificate Number: 58341

3732 Broadway
Everett, Washington 98201

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

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INSTITUTION RATING

INSTITUTION'S 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.

The Lending Test is rated Satisfactory.

The loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs. The bank made a majority of its small business and home mortgage loans in the assessment area. The geographic distribution of loans reflects excellent dispersion throughout the assessment area, and the borrower profile reflects poor penetration among businesses of different sizes and individuals of different income levels.

The institution did not receive any CRA-related complaints during the evaluation period.

The Community Development Test is rated Outstanding.

The institution demonstrates excellent responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services, as appropriate. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment area.

DESCRIPTION OF INSTITUTION

Mountain Pacific Bank is a state-chartered, full-service commercial bank that began operations in July 2006, and wholly owned by Mountain Pacific Bancorp, Incorporated in July 2019. Mountain Pacific Bank and Mountain Pacifica Bancorp, Incorporated are headquartered in Everett, Washington. Also in 2019, Mountain Pacific Bank formed Mountain Pacific Insurance Services, Incorporated to provide brokerage services of financial institution insurance products such as flood insurance, forced place insurance and real estate owned insurance. Mountain Pacific Bank received a “Satisfactory” rating at the previous FDIC Performance Evaluation dated December 29, 2020, based on Interagency Small Institution Examination Procedures. The bank was not involved in any merger or acquisition activities since the previous evaluation.

Mountain Pacific Bank operates four full-service branches located in Everett, Burlington, Ballard, and Lynnwood, Washington. There were no branch relocation during the review period; however, the recent 2020 U.S. Census affected the location of three branches’ geographies since the prior evaluation. The Lynnwood Branch that was in a low-income census tract at the prior evaluation is now in a moderate-income census tract in Snohomish County. Also the Everett Branch that was in a moderate-income census tract in Snohomish County is now in a middle-income tract. Similarly, the Burlington Branch that was in a moderate-income tract in Skagit County is now in a middle-income geography. The Ballard Branch was not affected by the reassignment and remains in a middle-income census tract in King County.

Mountain Pacific Bank offers commercial, agricultural, home mortgage, and consumer loan products, with a primary focus on commercial lending. The institution offers consumer credit products mostly as a convenience for existing commercial customers, and these products do not represent a significant percentage of its overall lending activity. Mountain Pacific Bank also offers loan programs through Small Business Administration (SBA), and provides personal and business banking products; including checking and regular savings accounts, certificates of deposits, money market deposit accounts, individual retirement accounts, and health savings accounts.

In addition, the bank’s alternative banking services include 24-hour access to automated teller machines (ATMs) located at the Everett, Lynnwood, and Burlington Branches, or any ATM that can be accessed through the affiliated networks, telephone and wire transfers, on-line and mobile banking; free on-line bill payment, mobile branch deposit pickup, and remote deposit capture.

The financial condition as of December 31, 2023, consists of assets totaling approximately $672.0 million, loans totaling approximately $558.7 million, and deposits totaling approximately $536.0 million. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 12/31/2023		
Loan Category	**$(000s)**	**%**
Construction, Land Development, and Other Land Loans	50,162	9.0
Secured by Farmland	4,122	0.7
Secured by 1-4 Family Residential Properties	98,286	17.6
Secured by Multifamily (5 or more) Residential Properties	35,562	6.4
Secured by Nonfarm Nonresidential Properties	289,045	51.7
Total Real Estate Loans	**477,177**	**85.4**
Commercial and Industrial Loans	44,541	8.0
Agricultural Production and Other Loans to Farmers	22,926	4.1
Consumer Loans	848	0.1
Other Loans	13,250	2.4
Total Loans	**558,742**	**100.0**
Source: Reports of Condition and Income		

There are no legal, financial, or other impediments that would limit the bank's ability to meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas in which to evaluate its CRA performance. Mountain Pacific Bank delineates Skagit, Snohomish, and King Counties in the Seattle-Tacoma-Olympia, WA CSA #500. Mountain Pacific Bank's contiguous assessment area includes the Mount Vernon-Anacortes, WA MSA #34580 and the Seattle-Bellevue-Kent, WA MSA #42644. The assessment area remains the same as the prior evaluation. The following sections discuss economic and demographic information, as well as the assessment area's credit needs.

Economic and Demographic Data

The assessment area consists of 712 contiguous census tracts; 42 census tracts in Skagit County in the Mount Vernon-Anacortes, WA MSA #34580, and 175 census tracts in Snohomish County and 495 census tracts in King County within the Seattle-Bellevue-Kent, WA MSA #42644. According to the 2020 U.S. Census, census tract income designations within the assessment are as follows:

- 32 low-income census tracts,
- 156 moderate-income census tracts,
- 291 middle-income census tracts,
- 216 upper-income census tracts, and
- 17 tracts with no income designation.

Of the 32 low-income census tracts, 24 census tracts are in King County and 8 census tracts are in Snohomish County. Of the 156 moderate-income census tracts, 96 census tracts are in King County, 52 census tracts are in Snohomish County, and 8 census tracts are in Skagit County.

In addition, the impacts of 2020 U.S. Census relating to low- and moderate-income geographies within the assessment area are as follows:

- An increase of six low-income census tracts
    - King County gained four low-income census tracts
    - Snohomish County gained three low-income census tracts
    - Skagit County lost the only low-income census tract; resulting in zero low-income geography
- An increase of 26 moderate-income census tracts
    - King County gained 16 moderate-income census tracts
    - Snohomish County gained seven moderate-income census tracts
    - Skagit County gained three moderate-income tracts.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	712	4.5	21.9	40.9	30.3	2.4
Population by Geography	3,227,155	4.5	23.2	39.9	31.0	1.4
Housing Units by Geography	1,320,751	4.8	21.9	39.8	31.9	1.6
Owner-Occupied Units by Geography	746,131	2.4	18.7	43.3	35.2	0.5
Occupied Rental Units by Geography	502,008	8.3	26.5	34.9	27.1	3.2
Vacant Units by Geography	72,612	4.7	22.9	38.7	31.7	2.0
Businesses by Geography	493,372	5.1	17.9	38.6	37.0	1.4
Family Distribution by Income Level	774,608	20.5	17.9	21.3	40.3	0.0
Household Distribution by Income Level	1,248,139	23.4	16.8	18.4	41.5	0.0
Median Family Income MSA - #34580 Mount Vernon-Anacortes, WA MSA		$82,149	Median Housing Value			$571,510
Median Family Income MSA - #42644 Seattle-Bellevue-Kent, WA		$116,853	Median Gross Rent			$1,654
			Families Below Poverty Level			5.1%

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.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of small business loans to the distribution of businesses by gross annual revenue (revenue) level. According to 2023 D&B data, service industries represent the largest portion of businesses at 36.8 percent, followed by non-classified establishments at 27.4 percent, finance, insurance and real estate at 10.8 percent, retail trade at 8.2 percent, and construction at 6.1 percent, transportation and communication at 4.0 percent, wholesale trade at 2.4 percent and manufacturing at 2.2 percent.

Furthermore, 60.4 percent of the businesses employ four or fewer employees, and 94.9 percent of the businesses operate from a single location. These factors indicate that the majority of businesses in the assessment area are small.

According to a Moody’s report dated November 2023, the top employers in the Seattle-Bellevue-Kent MSA included Amazon, Boeing, Microsoft, the University of Washington, and Providence Health & Services. In the Mount Vernon-Anacortes MSA, the top employers included Skagit Valley Health, Draper Valley Farms, Island Hospital, Janicki Industries, and the Puget Sound Refinery per a July 2023 Moody’s report.

Examiners also used the 2023 FFIEC-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	**Low <50%**	**Moderate 50% to <80%**	**Middle 80% to <120%**	**Upper ≥120%**
Mount Vernon-Anacortes, WA MSA Median Family Income (34580)				
2023 ($86,100)	<$43,050	$43,050 to <$68,880	$68,880 to <$103,320	≥$103,320
Seattle-Bellevue-Kent, WA Median Family Income (42644)				
2023 ($134,600)	<$67,300	$67,300 to <$107,680	$107,680 to <$161,520	≥$161,520
Source: FFIEC				

The Geographic Distribution criterion compares home mortgages loans to distribution of ownership occupied housing units. Opportunities for home mortgage lending in the assessment area are restricted, as only 56.5 percent of the housing units are owner-occupied; the remaining units are occupied rental at 38.0 percent and vacant units at 5.5 percent. Housing costs are relatively less affordable in the assessment area, as a median housing cost of $571,510 is significantly above the United States average of $417,700.

The U.S. Bureau of Labor Statistics data indicated that the preliminary annual 2023 unemployment rates varied within the assessment area. The Mount Vernon-Anacortes MSA unemployment rate was 4.5 percent, higher than the Seattle- Bellevue-Kent MSA unemployment rate of 3.6 percent. The Washington State unemployment rate was 4.0 percent, while the national unemployment rate was lower reporting at 3.6 percent.

Competition

The bank operates in a highly competitive market for financial services. FDIC Deposit Market Share data for 2022 indicated that 66 institutions operated 688 full-service branches in the assessment area. Mountain Pacific Bank ranked 21st among these institutions and had a total of 0.3 percent deposit market share. Top five banks were national banks, collectively holding 59.8 percent of market share.

Although aggregate data does not serve as a direct point of comparison, examiners reviewed the 2022 aggregate lending, which is the most recent year of available data, to understand the competitive market for home mortgage and small business lending. The competition is unlikely to have changed dramatically between 2022 and 2023, the year of analysis.

Aggregate data from 2022 showed 107 lenders reported 48,957 small business loan originations. The top five lenders were national banks originating approximately 76.1 percent of all business loans in the assessment area. This data supports the high level of competition for small business loans in the assessment area.

Similarly, there is also a high level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders in the assessment area. Aggregate data from 2022 showed 702 lenders reported 160,703 home mortgage originations. The top five lenders, including a credit union, three national banks and a mortgage broker, collectively accounted for 32.3 percent of market shares.

Community Contact

As part of the evaluation process, examiners contact organizations active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether the local financial institutions are responsive to the particular needs in the community. It also shows what credit and community development opportunities are available in the assessment area.

Examiners contacted a representative of an economic development organization that advises small businesses in the area. The contact stated that there is a need for startup funding and grants to help small businesses grow, and that some small businesses have been seeking alternative financing to avoid traditional higher rate loans. The contact also stated that the organization has been referring small businesses to obtain funding from a financial institution where they have a deposit account. Lastly, the contact wished to see additional funding for financial literacy programs.

Credit and Community Development Needs and Opportunities

Considering information from community contacts, bank management, and demographic and economic data, examiners determined that small business assistance and financial literacy are the primary credit and community development needs in the area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated December 29, 2020, to the current evaluation dated February 5, 2024. Examiners used the Intermediate Small Institution Examination Procedures to evaluate the institution's performance. These procedures include two tests; the CRA Small Bank Lending Test and the Community Development Test. Examiners conducted a full-scope review of the bank's single assessment area. Banks must achieve a least a "Satisfactory" rating under each test to obtain an overall "Satisfactory" rating.

Activities Reviewed

Examiners determined that the major product lines are small business and home mortgage loans. This conclusion came considered the bank's business strategy, loan composition, and the number and dollar volume of loans originated during the evaluation period. Small business lending performance provided the most weight in determining overall conclusions due the lending volume. Small farm lending performance was not included in the review as it does not represent a major product line by number or volume and provides no material support for conclusions.

As an intermediate small institution, the bank is not required to collect and report small business loan data and did not do so during the evaluation period. However, management provided a list of all small business loans originated in 2023. Examiners validated the information and evaluated the entire universe of small businesses originated from January 1, 2023 through December 31, 2023. During the review period, the bank originated 104 commercial loans totaling approximately $29.1 million. D&B data provided the standard of comparison for these loans. Examiners compared the small business lending performance under the Geographic Distribution and Borrower Profile criteria to D&B demographic data.

At the prior evaluation, the bank was not a HMDA reporter, and home mortgage lending was not a major product line. During the review period, in 2021 and 2022, the bank was not a reporter and did not collect home mortgage lending data. However, in 2023, Mountain Pacific Bank became a HMDA reporter by meeting the reporting threshold of 25 mortgage loan originations. Due to timing, management had not reported its loan data at the time of this evaluation. As such, examiners validated and considered all of unreported 2023 home mortgage lending. Examiners compared 2023 home mortgage lending performance under the Geographic Distribution and Borrower Profile criteria to 2023 D&B demographic data as 2023 aggregate data was not available at the time of this evaluation.

For the Lending Test, examiners reviewed the number and dollar volume of small business and home mortgage loans. While examiners present the number and dollar volume of loans, the evaluation emphasized performance by number of loans, as it is a better indicator of the number of businesses and families served. All applicable years of data for both the small business and home mortgage lending were reviewed. Management confirmed that the 2023 lending is representative of the entire evaluation period. The following table provides a summary of the products reviewed.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	$(000s)	#	$(000s)
Small Business	104	29,075	104	29,075
Home Mortgage	25	24,065	25	24,065
Source: Bank Data				

For the Community Development Test, management provided data on community development loans, qualified investments, and community development services since the prior CRA evaluation dated December 29, 2020.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Overall, Mountain Pacific Bank's Lending Test performance is Satisfactory. A poor borrower profile is mitigated by an excellent geographic distribution and more than reasonable level of lending.

Loan-to-Deposit Ratio

The net loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs. The net loan-to-deposit ratio, calculated from Call Report data, averaged 96.2 percent over the past 13 calendar quarters from December 31, 2020 to December 31, 2023. The ratio ranged from a low of 86.0 percent as of March 31, 2022 to a high of 119.7 percent as of June 30, 2023, and varied throughout the evaluation period; declining in the first half before increasing in the latter. The average net loan-to-deposit ratio compares favorably to three other similarly situated institution, as shown in the following table. Examiners selected comparable institutions based on their asset size, market area, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 12/31/2023 ($000s)	Average Net LTD Ratio (%)
Mountain Pacific Bank	**671,997**	**96.2**
Similarly-Situated Institution #1	647,555	43.4
Similarly-Situated Institution #2	604,917	57.9
Similarly-Situated Institution #3	592,611	90.6
Similarly-Situated Institution #4	629,694	109.2
Source: Call Reports, Reports of Condition and Income 12/31/2020 - 12/31/2023		

Assessment Area Concentration

The bank originated a majority of small business and home mortgage loans, by number and dollar volume, in the assessment area. See the following table below.

Lending Inside and Outside of the Assessment Area										
Loan Category	**Number of Loans**				**Total**	**Dollar Amount of Loans $(000s)**				**Total**
	Inside		**Outside**			**Inside**		**Outside**		
	#	**%**	**#**	**%**	**#**	**$**	**%**	**$**	**%**	**$(000s)**
Small Business										
2023	86	82.7	18	17.3	104	22,550	77.6	6,525	22.4	29,075
Subtotal	**86**	**82.7**	**18**	**17.3**	**104**	**22,550**	**77.6**	**6,525**	**22.4**	**29,075**
Home Mortgage										
2023	21	84.0	4	16.0	25	19,525	81.1	4,540	18.9	24,065
Subtotal	**21**	**84.0**	**4**	**16.0**	**25**	**19,525**	**81.1**	**4,540**	**18.9**	**24,065**
Total	**107**	**82.9**	**22**	**17.1**	**129**	**42,075**	**79.2**	**11,065**	**20.8**	**53,140**
Source: Bank Data *Due to rounding, totals may not equal 100.0%*										

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. Excellent performance in small business lending and reasonable performance in mortgage lending support this conclusion; as mentioned above, small business lending is heavily weighted.

Small Business

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. The following table illustrates lending performance that exceeded the percentage of businesses in low- and moderate-income census tracts.

Geographic Distribution of Small Business Loans					
Tract Income Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
Low					
2023	5.1	10	11.6	2,744	12.2
Moderate					
2023	17.9	25	29.1	8,409	37.3
Middle					
2023	38.6	37	43.0	8,062	35.8
Upper					
2023	37.0	13	15.1	3,321	14.7
Not Available					
2023	1.4	1	1.2	14	0.1
Totals					
2023	**100.0**	**86**	**100.0**	**22,550**	**100.0**
Source: 2023 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%					

Home Mortgage

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. As depicted in the following table, lending performance level in low-income tracts is excellent; exceeding twice the demographic data of percentage of owner-occupied housing units. Lending performance level in moderate-income tract is reasonable despite trailing demographics from a contextual perspective. The bank's portfolio mortgage lending is mostly comprised of accommodation loans to business clients. These loans are not the traditional 30-year fixed rate mortgages, but typically 7-year loans offered to business owners who wouldn't otherwise be able to qualify for a traditional home loan. Given the bank's limited product line of primarily non-traditional portfolio mortgage loans, and excellent performance level in low-income census tracts, Mount Pacific Bank's overall lending in low- and moderate-income tracts is reasonable.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	**% of Owner-Occupied Housing Units**	**#**	**%**	**$(000s)**	**%**
Low					
2023	2.4	1	4.8	420	2.2
Moderate					
2023	18.7	1	4.8	200	1.0
Middle					
2023	43.3	13	61.9	11,402	58.4
Upper					
2023	35.2	6	28.6	7,503	38.4
Not Available					
2023	0.5	0	0.0	0	0.0
Totals					
2023	**100.0**	**21**	**100.0**	**19,525**	**100.0**

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

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, poor penetration among businesses of different revenue sizes and borrowers of different income levels. The poor performance of small business supports this conclusion. Examiners focused on the percentage by number of small business loans to businesses with revenue of $1 million or less, as well as the number of home loans to low- and moderate-income borrowers.

Small Business

The distribution of small business loans reflects poor penetration to businesses with revenue of $1 million or less. Small business lending performance significantly trailed demographics to businesses with revenue of $1 million or less. As mentioned earlier, examiners do not compare small business lending performance to aggregate as the bank is not a reporter; however, examiners reviewed aggregate lending by other institutions in the assessment area in 2022 to determine the demand for small business loans of small businesses with revenue of $ 1 million or less as a gauge from an analysis perspective. The 2022 aggregate data revealed the demand was 54.2 percent. Although the data is 2022, aggregate data does not vary much from year-to-year, and 2023 aggregate was not available at the evaluation. Management stated that due to the higher interest rate environment, small businesses with revenue of $1 million or less are more reluctant to borrow and are resorting to savings to lower their operation costs. The bank's overall lending level is significant lower compared to the prior evaluation's excellent lending performance.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000					
2023	92.2	30	34.9	6,303	27.9
>$1,000,000					
2023	2.4	56	65.1	16,247	72.1
Revenue Not Available					
2023	5.5	0	0.0	0	0.0
Totals					
2023	**100.0**	**86**	**100.0**	**22,550**	**100.0**
Source: 2023 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%					

Home Mortgage

The borrower profile of home mortgage loans reflects reasonable penetration among borrowers of different income levels. While the bank's record of lending to low-income borrowers lags the demographic data, the rate of lending is generally reasonable, as a low-income family making $43,050 or less would not likely qualify for a home mortgage loan, considering the median housing value of $571,510. The lending performance to moderate-income families is reasonable and is comparable to the percentage of moderate-income families in the assessment area.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	**% of Families**	**#**	**%**	**$(000s)**	**%**
Low					
2023	20.5	1	4.8	612	3.1
Moderate					
2023	17.9	4	19.0	2,629	13.5
Middle					
2023	21.3	4	19.0	4,547	23.3
Upper					
2023	40.3	6	28.6	5,434	27.8
Not Available					
2023	0.0	6	28.6	6,303	32.3
Totals					
2023	**100.0**	**21**	**100.0**	**19,525**	**100.0**
Source: 2020 U.S. Census; Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0%					

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

The institution demonstrated excellent responsiveness to the community development needs in its assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area.

The community development performance level significantly increased overall since the prior evaluation and exceeded the performance level of similarly-situated institutions.

Community Development Loans

Management made $94.4 million in community development loans, consisting of $59.8 million (63.4 percent) of Non-PPP loans and $34.6 million (36.4 percent) of PPP loans, as reflected in the following Non-PPP Lending table and PPP Lending table. This performance level represents 16.3 percent of average total assets and 19.8 percent of average total loans. Management has increased its performance level by approximately $13.1 million or 16.0 percent compared to the prior evaluation of approximately $81.3 million. The bank's activity level exceeded the level of similarly situated banks.

Overall, management has been responsive to the community development needs of the assessment area. As such, examiners considered community development loans that management made outside the assessment area, but benefitted the regional geographies within the CSA. Specifically, included in the following Community Development Lending - Non-PPP Loan table are 5 Non-PPP community development loans totaling approximately $23.8 million. Of these 5 community development loans, 3 loans totaling approximately $20.6 million were directed toward economic development and 1 loan approximately $1.9 million was directed toward revitalization in 2023, and 1 loan approximately $1.3 million was directed toward affordable housing that benefitted low- and moderate-income individuals and families in 2021. Similarly, included in the following Community Development Lending – PPP Loan table are 49 PPP loans totaling approximately $4.4 million; of which 39 loans totaling approximately $3.5 million that management directed toward economic development and 10 loans totaling approximately $0.9 million toward revitalization.

Community Development Lending – Non-PPP Loans

Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)
2021	3	2,605	1	200	-	-	4	6,504	**8**	**9,309**
2022	3	5,791	-	-	1	485	1	3,800	**5**	**10,076**
2023	3	17,950	-	-	3	20,579	1	1,905	**7**	**40,434**
YTD 2024	-	-	-	-	-	-	-	-	-	-
Total	**9**	**26,346**	**1**	**200**	**4**	**21,064**	**6**	**12,209**	**20**	**59,819**

Source: Bank Data ; Year-to-date (YTD)

Community Development Lending – PPP Loans

Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)
2021	-	-	-	-	224	22,586	108	11,952	**332**	**34,583**
Total	**-**	**-**	**-**	**-**	**224**	**22,586**	**108**	**11,952**	**332**	**34,583**

Source: Bank Data

Management made the following notable loans in the assessment area:

- In 2023, a $15 million loan to construct a 67-unit apartment building in an economic opportunity zone that supports revitalization and stabilization of two moderate-income geographies in Sedro-Woolley in Skagit County.

- In 2023, a $2 million loan to fund an 11-unit apartment building located in a multifamily property tax exemption area designated by the city of Shoreline supporting affordable housing options in King County.

- In 2022, a $4.6 million loan to construct a 30-unit apartment building in a low-income geography in Everett, Snohomish County. The borrower participates in a tax abatement program that limits rents to certain thresholds.

Qualified Investments

Overall, management significantly improved investment performance level since the prior evaluation of 22 qualified grants and donations totaling $47,300 and no qualified investment. At this evaluation, the bank made approximately $8.4 million in qualified investments represents, which represents 1.5 percent of average total assets and 55.1 percent of average total investments. This performance level exceeded the performance level of similarly situated banks.

Qualified Investments										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
Prior Period	-	-	-	-	-	-	-	-	**-**	**-**
2021	-	-	-	-	-	-	-	-	**-**	**-**
2022	-	-	-	-	-	-	-	-	**-**	**-**
2023	3	8,003	-	-	1	150	-	-	**4**	**8,153**
YTD 2024	-	-	-	-	1	200	-	-	**1**	**200**
Subtotal	**3**	**8,003**	**-**	**-**	**2**	**350**	**-**	**-**	**5**	**8,353**
Qualified Grants & Donations	5	17	47	84	-	-	-	-	**52**	**101**
Total	**8**	**8,020**	**47**	**84**	**2**	**350**	**-**	**-**	**57**	**8,454**
Source: Bank Data										

Management made the following notable qualified investments in 2023:

- A $5 million bond to finance a 110-unit affordable housing complex benefitting low- and moderate-income residents of Bothell in the Seattle metropolitan area.

- A $3 million qualified investment to acquire income-restricted affordable multifamily properties, mostly benefitting low- and moderate-income families in King County.

Community Development Services

Bank employees and managers provided 1,267 hours of financial expertise and technical assistance to 29 different affordable housing-related and community development-related organizations. This performance level is a 42.3 percent increase from the prior evaluation of 706 hours. This performance level exceeded performance of similarly situated banks.

Community Development Services					
Activity Year	**Affordable Housing**	**Community Services**	**Economic Development**	**Revitalize or Stabilize**	**Totals**
	#	**#**	**#**	**#**	**#**
2021	44	225	-	-	**269**
2022	68	272	14	-	**354**
2023	52	508	58	-	**618**
YTD 2024	4	22	-	-	**26**
Total	**168**	**1,027**	**72**	**-**	**1,267**
Source: Bank Data					

Below are notable community development services:

- A bank employee served on the Board of an economic development agency that facilitates professional advice and technical assistance to small businesses throughout the review period.

- A bank employee served on the Finance Committee and Board of a non-profit organization servicing a low-income census tract that provides employment services to individuals with disabilities in 2023.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDICES

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

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

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

Community Development Test

The Community Development Test considers the following criteria:

1) The number and amount of community development loans;
2) The number and amount of qualified investments;
3) The extent to which the bank provides community development services; and
4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

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. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution 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 institution:

(i) Has not been reported or collected by the institution or an affiliate for consideration in the institution'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 institution's assessment area(s) or a broader statewide or regional area including the institution'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 <u>financial</u> services; and

(3) Has not been considered in the evaluation of the institution'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 (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

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

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

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.

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.