

PUBLIC DISCLOSURE

July 24, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Bank
Certificate Number: 14885

331 Dock Street
Ketchikan, Alaska 99901

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.

TABLE OF CONTENTS

INSTITUTION RATING	1
DESCRIPTION OF INSTITUTION	2
DESCRIPTION OF ASSESSMENT AREAS.....	3
SCOPE OF EVALUATION.....	6
CONCLUSIONS ON PERFORMANCE CRITERIA.....	7
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	15
APPENDICES	16
INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA.....	16
GLOSSARY	17

INSTITUTION RATING

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

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

The Lending Test is rated Outstanding.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The institution originated a substantial majority of its home mortgage and small business loans within its assessment area.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects excellent penetration of loans among borrowers of different income levels and businesses of different sizes given the demographics of the assessment area.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Outstanding.

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

DESCRIPTION OF INSTITUTION

Background

First Bank (FB) is a full-service financial institution established in 1924 and headquartered in Ketchikan, Alaska. The bank is a wholly-owned subsidiary of First Bancorp, Inc., a one-bank holding company also located in Ketchikan. The bank maintains a wholly-owned subsidiary, Alaska Escrow and Title Insurance Agency, Inc., which provides title insurance and escrow closing services. The bank also maintains a second wholly-owned subsidiary, Dock Street Building Corporation, which is a company set up to manage FB's branch location buildings. Neither of these wholly-owned subsidiaries offer or transfer loans; thus all lending activity included in this evaluation was provided directly by FB.

The institution received a "Satisfactory" rating at the prior FDIC Performance Evaluation dated July 27, 2020. The rating was based on Interagency Intermediate Small Institution Examination Procedures.

Operations

FB has one designated assessment area and operates nine full-service branches throughout Southeastern Alaska and one additional ATM. Refer to the table under the Description of Assessment Area for details of the assessment area. FB did not close or open any new branches during the review period.

FB primarily focuses on home mortgage lending, but also offers a variety of personal and business loan products that include construction loans, equipment loans, commercial fishing loans, working capital loans, boat loans, auto loans, and personal and business lines of credit. The institution also provides a variety of deposit services including personal and business checking, savings, money market deposit accounts, certificates of deposit, and investment services. Alternative banking services include online banking through which customers may pay bills, transfer funds, make loan payments, view statements and check images, and make mobile deposits. FB also offers remote cash management services to assist business customers with automated clearinghouse originations, wire transfers, payroll direct deposits, and automatic sweep accounts.

Ability and Capacity

At the March 31, 2023 Call Report, FB reported total assets of approximately \$780.0 million, total loans of \$201.9 million, and total deposits of \$738.0 million. The following table depicts the loan portfolio composition.

Loan Portfolio Distribution as of 3/31/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	18,547	9.2
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	30,843	15.3
Secured by Multifamily (5 or more) Residential Properties	9,672	4.8
Secured by Nonfarm Nonresidential Properties	91,660	45.4
Total Real Estate Loans	150,722	74.7
Commercial and Industrial Loans	19,464	9.6
Agricultural Production and Other Loans to Farmers	21,227	10.5
Consumer Loans	10,503	5.2
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	9	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	201,925	100.0
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. FB's designated assessment area consists of six areas and boroughs in a Non-Metropolitan Statistical Area (Non-MSA) and is located in the southeastern portion of the state of Alaska collectively known as Southeast Alaska. The assessment area has not changed since the prior CRA evaluation. The following table lists the areas and boroughs.

The assessment area consists of 0 low-income tract, 2 moderate-income tracts, 10 middle-income tracts, 6 upper-income tracts, and 1 income tract with no designation. During the review period, there were eight distressed and/or underserved Non-MSA middle-income census tracts due to high unemployment and population loss within the assessment area.

Description of Assessment Area			
Assessment Area	Areas or Boroughs in Assessment Area	# of Census Tracts	# of Branches
Alaska Non-MSA	Juneau City & Borough, Ketchikan Getaway, Petersburg Borough, Prince of Wales-Hyder Census Area, Sitka City & Borough, Wrangell City & Borough	19	9
Total	6	19	9
<i>Source: Bank Data</i>			

The assessment area also contains whole geographies, does not reflect illegal discrimination, and does not arbitrarily exclude any LMI geographies.

Economic and Demographic Data

The following table illustrates select demographic characteristics of the Southeast Alaska Non-MSA assessment area.

Demographic Information of the Assessment Area						
Assessment Area: First Bank Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	19	0.0	10.5	52.6	31.6	5.3
Population by Geography	65,939	0.0	6.4	57.7	35.8	0.1
Housing Units by Geography	31,149	0.0	9.9	56.2	33.8	0.2
Owner-Occupied Units by Geography	17,161	0.0	8.1	52.8	39.0	0.1
Occupied Rental Units by Geography	9,134	0.0	5.6	63.6	30.8	0.0
Vacant Units by Geography	4,854	0.0	24.0	53.9	20.8	1.3
Businesses by Geography	9,012	0.0	3.9	68.9	27.1	0.1
Family Distribution by Income Level	16,134	15.6	15.7	22.9	45.8	0.0
Household Distribution by Income Level	26,295	19.5	14.2	19.9	46.4	0.0
Median Family Income Non-MSAs - AK		\$85,908	Median Housing Value			\$316,804
			Median Gross Rent			\$1,181
			Families Below Poverty Level			5.5%
Source: 2020 U.S. Census and 2022 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

Service industries represent the largest portion of businesses at 42.0 percent within the assessment area, followed by non-classifiable at 13.2 percent, retail trade at 11.0 percent, finance and insurance at 7.3 percent, and construction at 6.9. The vast majority of businesses in the assessment area are very small. The fact that 83.3 percent of businesses have GARs of less than \$0.5 million, 68.5 percent of businesses have four or fewer employees, and 89.4 percent of businesses operate from a single location support this conclusion.

According to the U. S. Bureau of Labor and Statistics, the unemployment rates in Juneau City & Borough and Sitka City & Borough were lower than the state and nation, but the remaining four area and boroughs were generally higher during the review period. The pandemic significantly impacted the assessment area and contributed to the higher unemployment rates. The following table illustrates the unemployment rates areas that comprise the assessment area along with the state and national average rates.

Unemployment Rates			
Areas and Boroughs	2020	2021	2022
	%	%	%
Juneau City & Borough	7.0	4.8	2.8
Ketchikan Gateway Borough	10.2	7.4	3.8
Petersburg Borough	9.1	7.0	5.8
Prince of Wales – Hyder Census Area	9.8	8.2	5.5
Sitka City & Borough	7.3	4.6	2.8
Wrangell City & Borough	9.2	7.5	5.1
State of Alaska	8.3	6.4	4.0
National Average	8.1	5.4	3.6
<i>Source: U.S. Bureau of Labor Statistics</i>			

Competition

According to the June 30, 2022 FDIC Deposit Market Share Report, FB faces competition from four other financial institutions for deposit market share in the assessment area. Including FB, the five FDIC-insured institutions account for 24 banking offices and approximately \$2.1 billion in total deposits within the assessment area. FB's market ranking is 1st overall with 34.5 percent of the assessment area's deposits. One national bank that ranks behind FB operates six branch offices in the assessment area and has a deposit market share of 30.9 percent. These competitor branch figures do not include credit unions that add additional competition in the local marketplace.

Community Contact

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

Examiners contacted a nonprofit economic development organization that provides funding to residents and organizations who were unable to obtain funding from financial institutions in the Ketchikan Gateway Borough. The contact indicated that affordable housing represents the community's primary credit need and that many service workers are struggling to be financially secured. The contact also noted that local financial institutions are actively addressing the credit needs as they are able to address; however, the rising interest rates and high construction costs are presenting challenges in the community.

Credit and Community Development Needs and Opportunities

Considering information from community contacts and demographic and economic data, examiners determined that the assessment area's primary credit and community development needs are home mortgage and small business lending focused on affordable housing and revitalization.

SCOPE OF EVALUATION

General Information

Examiners used the Intermediate Small Institution Examination Procedures to evaluate FB's CRA performance. This evaluation covers the period from the previous evaluation to the current evaluation dated July 24, 2023. Examiners conducted a full scope review of the bank's single assessment area.

Activities Reviewed

Examiners determined that major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy, loan composition, and the number and dollar volume of loans originated during the evaluation period. No other loan types (consumer and small farm loans) represent a major product line; therefore, they are not presented as they provide no material support for conclusions or ratings. Home mortgage lending provided the most weight in determining overall conclusions due to the greater lending volume by dollar amount. Bank records indicate that the lending focus and product mix remained consistent throughout the evaluation period. As such, with the exception of the Assessment Concentration Table, examiners presented home mortgage and small business loans originated in 2022.

FB is not required to collect and report home mortgage data pursuant to the Home Mortgage Disclosure Act. However, the bank collected 2020, 2021, and 2022 home mortgage loans for its own purposes. Accordingly, examiners analyzed and considered all home mortgage loan originations in 2020, 2021, and 2022. This consisted of 620 home mortgage loans totaling \$176.1 million in 2020, 413 loans totaling \$115.7 million in 2021, and 179 loans totaling \$48.8 million in 2022. Examiners compared the bank's home mortgage lending performance under the Geographic Distribution and Borrower Profile criteria to the 2015 ACS (for 2020 and 2021) and 2020 U.S. Census (for 2022) demographic data.

As an Intermediate Small Institution, FB is not required to, and did not, report small business loans. Nevertheless, the bank collected 2020, 2021, and 2022 small business loans for its own purposes. Accordingly, examiners analyzed and considered all small business loans originated in 2020, 2021, and 2022. This consisted of 1,021 small business loans totaling \$72.4 million in 2020, 1,236 loans totaling \$47.8 million in 2021, and 83 loans totaling \$12.1 million in 2022. FB also participated in the SBA's Paycheck Protection Program (PPP). The purpose of the PPP is to provide economic relief to small businesses and certain other entities that have been adversely impacted by the recent coronavirus pandemic. FB originated 881 PPP loans totaling \$42.2 million in 2020, and 1,137 PPP loans totaling \$35.1 million in 2021. These PPP loans ranged in loan amounts from as low as \$400 to as high as \$900,000. Examiners compared the bank's small business lending performance under the Geographic Distribution and Borrower Profile criteria to D&B demographic data.

For the Community Development Test, bank management provided data on qualified community development loans, qualified investments, and community development service activities since the prior CRA evaluation dated July 27, 2020.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

FB demonstrated excellent performance under the Lending Test. The bank's performance under the Geographic Distribution and Borrower Profile criteria support this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. As reflected in the following table, FB's LTD ratio, calculated from Call Report data, averaged 31.1 percent over the past 11 calendar quarters from September 30, 2020, to March 31, 2023. The ratio ranged from a high of 44.5 percent as of September 20, 2020, to a low of 23.2 percent as of September 30, 2022.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 3/31/2023 (\$000s)	Average Net LTD Ratio (%)
First Bank	780,047	31.1
Similarly-Situated Institution #1	521,578	42.4
Similarly-Situated Institution #2	423,091	82.8
Source: Reports of Condition and Income 9/30/2020 - 3/31/2023		

FB maintained a net LTD ratio below similarly-situated institutions, which were selected based on asset size, geographic location, and lending focus. FB's total loans and total deposits remained fairly stable throughout the review period, leading to minimal fluctuations in the LTD ratios over the evaluation period. Bank management stated that the bank has historically maintained a relatively low net LTD ratio due to deposit demand exceeding loan demand. In addition, the bank sells a very large portion of mortgages to the secondary market. During the period, the bank sold 1,110 home mortgage loans totaling \$356.0 million. This was comprised of 557 mortgages totaling \$174.7 million sold in 2020, 428 mortgages totaling \$133.9 million sold in 2021, and 125 mortgages totaling \$47.4 million sold in 2022. The number and dollar amount of mortgages sold on the secondary market is significant considering the size of the bank's loan portfolio and is enough to consider the net LTD level as reasonable.

Assessment Area Concentration

FB originated a substantial majority of home mortgage and small business loans inside the assessment area, as depicted 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		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2020	614	99.0	6	1.0	620	174,966	99.4	1,095	0.6	176,061
2021	409	99.0	4	1.0	413	114,855	99.2	890	0.8	115,745
2022	178	99.4	1	0.6	179	44,886	92.0	3,900	8.0	48,786
Subtotal	1,201	99.1	11	0.9	1,212	334,707	98.3	5,885	1.7	340,592
Small Business										
2020	942	92.3	79	7.7	1,021	68,365	94.5	3,995	5.5	72,360
2021	1,116	90.3	120	9.7	1,236	43,096	90.2	4,667	9.8	47,763
2022	82	98.8	1	1.2	83	12,035	99.6	47	0.4	12,082
Subtotal	2,140	91.5	200	8.5	2,340	123,496	93.4	8,709	6.6	132,205
Total	3,341	94.1	211	5.9	3,552	458,203	96.9	14,594	3.1	472,797
Source: Bank Data Due to rounding, totals may not equal 100.0%										

Geographic Distribution

The geographic distribution of loans reflects excellent penetration throughout the assessment area. The bank's excellent home mortgage and small business lending performance supports this conclusion. Examiners focused on the percentage of loans located in moderate-income census tracts since the bank's assessment area has no low-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. Although the performance level in the moderate-income census tracts is slightly below demographics, this is excellent as lending opportunity is relatively limited within the two moderate-income tracts in the assessment area. Demographic data supports this conclusion as the vacancy unit rate in the moderate-income tract in Prince of Wales-Hyder Census Area is 43.5 percent and in Wrangell City & Borough is 31.8 percent. Also, the percent of families below the poverty level in the moderate-income tract in Prince of Wales-Hyder Census Area is 18.1 percent and in Wrangell City & Borough is 8.0 percent. In addition, the excellent performance level is supplemented with the 42.5 percentage (45 of 106) of home mortgage originations originated in distressed and underserved Non-MSA middle-income tracts within the assessment area.

Furthermore, examiners also reviewed the most recent aggregate data for contextual purposes. Although examiners do not compare the bank's performance directly against aggregate data, the 2022 aggregate performance was 2.5 percent within the moderate-income census tracts, reflecting very limited opportunity and further supporting the bank's excellent performance level.

Geographic Distribution of Home Mortgage Loans					
Assessment Area: First Bank Non-MSA					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low					
2022	0.0	0	0.0	0	0.0
Moderate					
2022	8.1	13	7.3	2,086	4.6
Middle					
2022	52.8	106	59.6	26,739	59.6
Upper					
2022	39.0	59	33.1	16,061	35.8
Not Available					
2022	0.1	0	0.0	0	0.0
Totals					
2022	100.0	178	100.0	44,886	0.0
<i>Source: 2020 U.S. Census; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion. The performance in moderate-income tracts far exceeded demographics; refer to the following table. The bank's performance level consistently exceeded demographics during the review period. The excellent performance level is supplemented with the 44.2 percent (23 of 52) of small business loan originations in the distressed and underserved middle-income tracts in the assessment area.

Geographic Distribution of Small Business Loans					
Assessment Area: First Bank Non-MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2022	0.0	0	0.0	0	0.0
Moderate					
2022	3.9	11	13.4	915	6.9
Middle					
2022	68.9	52	63.4	11,864	76.4
Upper					
2022	27.1	19	13.2	2,012	16.7
Not Available					
2022	0.1	0	0.0	0	0.0
Totals					
2022	100.0	82	100.0	12,035	100.0
Source: 2022 D&B Data; Bank Data.. Due to rounding, totals may not equal 100.0%					

Borrower Profile

The distribution of borrowers reflects excellent penetration among individuals of different income levels and businesses of different sizes in the assessment area. The bank's excellent home mortgage and small business lending performance support this conclusion.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is excellent. The bank's excellent lending performance to moderate-income borrowers supports this conclusion.

Although home mortgage lending to low-income borrowers trailed demographic data, lending to moderate-income borrowers far exceeded demographics. Lending opportunity was relatively limited to low-income families as the high housing cost presents challenges for low-income families wanting to purchase homes in the assessment area. Homeownership is expensive for low-income families making \$40,100 or less, as the median housing value is \$316,804, coupled with major renovation costs as the average median house in the assessment area was built in 1979. Also, low-income families would not likely qualify for a conventional home mortgage loan, and homeownership is not affordable for the 5.5 percent of families that are below the poverty level. These factors help explain the difference between bank performance of lending to low-income borrowers and the percentage of low-income families in the assessment area.

Furthermore, examiners reviewed the most recent aggregate data to determine the demand level for contextual purposes. In 2022, the aggregate level for low-income borrowers was 2.9 percent and for

moderate-income borrowers was 14.9 percent. Although examiners do not compare the bank's performance directly against aggregate data, this data demonstrates that the bank's lending to both low-income and moderate-income borrowers exceeded aggregate data by a good margin.

Distribution of Home Mortgage Loans by Borrower Income Level					
Assessment Area: First Bank Non-MSA					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low					
2022	15.6	9	5.1	1,244	2.8
Moderate					
2022	15.7	37	20.8	6,874	15.3
Middle					
2022	22.9	35	19.7	6,839	15.2
Upper					
2022	45.8	95	53.4	29,844	66.5
Not Available					
2022	0.0	2	1.1	85	0.2
Totals					
2022	100.0	178	100.0	44,886	100.0
Source: 2020 U.S. Census; Bank Data. Due to rounding, totals may not equal 100.0%					

Small Business Loans

The distribution of small business loans reflects excellent penetration among businesses with revenue of \$1 million or less. The performance level exceeded demographics; refer to the following table. This performance level is excellent as not all of those businesses reported in D&B data seek traditional commercial financing, and actual small businesses lending opportunities tend to significantly fall below the D&B percentage of the assessment area's businesses that report revenues of \$1 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: First Bank Non-MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2022	84.1	71	86.6	9,345	77.6
>\$1,000,000					
2022	3.6	11	13.4	2,690	22.4
Revenue Not Available					
2022	12.3	0	0.0	0	0.0
Totals					
2022	100.0	82	100.0	12,035	100.0
Source: 2022 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

FB demonstrated excellent responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities.

Community Development Loans

Overall, the bank's community development lending performance improved since the prior CRA evaluation. FB's community development lending increased by 21.0 percent by dollar volume from the previous evaluation period, during which the bank originated 172 community development loans totaling \$55.8 million. The current level of activity represents 9.0 percent of average total assets and 31.1 percent of average total loans since the prior CRA evaluation. The majority of the loans were directed towards affordable housing efforts, specifically addressing a community development need identified by the community contact. This activity level exceeded the performance of similarly-situated banks.

Of the 159 community development loans, 64 loans totaling \$19.4 million are PPP loans that qualified for community development purposes. The bank also originated four community development loans totaling \$12.0 million that were not within the assessment area but benefitted the Southeast Alaska Region. Examiners considered these loans in the Community Development Test analysis, as management was responsive to the community development needs of the assessment area overall.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020 (Partial)	2	6,242	1	750	-	-	-	-	3	6,992
2021	45	17,752	-	-	-	-	65	19,465	110	37,217
2022	28	13,522	3	4,576	-	-	7	2,756	38	20,854
2023 (YTD)	8	2,429	-	-	-	-	-	-	8	2,429
Total	83	39,945	4	5,326	-	-	72	22,221	159	67,492
<i>Source: Bank Data</i>										

The following are notable examples of community development loans in the assessment area.

- In 2020, FB originated a \$2.3 million loan to finance a 69-space mobile home park providing affordable housing alternatives to permanent low- and moderate-income families in Ketchikan Getaway.
- In 2022, FB originated a \$2.5 million loan to a qualified organization that provides healthcare services to 90.0 percent of clients who qualify for Medicaid.
- In 2022, FB originated an \$876,000 loan to a qualified organization that provide emergency counseling, shelter, long-term care and work opportunities for trouble youth; 70.0 percent of these at-risk youths are from low- and moderate-income families.

Qualified Investments

Overall, the bank's performance level improved significantly since the prior CRA evaluation. By dollar, qualified investments increased by \$4.2 million (692.1 percent) from the previous CRA evaluation period, during which the bank made 150 qualified investments totaling \$611,000. The bank made three new impactful investments, which are detailed as notable investments on the following page. The current level of activity represents 0.6 percent of average total assets and 1.3 percent of average total investments, compared to the prior evaluation's ratios of 0.1 percent of average total assets and 0.2 percent of average total investments.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	-	-	-	-	-	-	1	583	1	583
2020	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	2	3,250	2	3,250
2022	1	1,000	-	-	-	-	-	-	1	1,000
YTD 2023	-	-	-	-	-	-	-	-	-	-
Subtotal	1	1,000	-	-	-	-	3	3,833	4	4,833
Qualified Grants & Donations	-	-	3	15	-	-	-	-	3	15
Total	1	1,000	3	15	-	-	3	3,833	7	4,848
<i>Source: Bank Data</i>										

The following are notable examples of qualified investments in the assessment area.

- In 2021, the bank invested in a \$1.3 million bond to revitalize and stabilize an underserved rural area. The funds are for a project expansion that provides affordable power to residents in Sitka City & Borough.
- In 2021, the bank invested in a \$2.0 million bond to revitalize and stabilize a distressed and underserved rural area. The funds were used to upgrade the primary power delivery systems benefitting the residents in Petersburg Borough.
- In 2022, the bank invested in a \$1.0 million housing project bond to provide 49 affordable housing units to low- and moderate-income senior residents in Ketchikan Gateway.

Community Development Services

During the evaluation period, FB's management and employees provided 44 instances of financial expertise or technical assistance to 12 different community development-related organizations in the assessment area. The current performance level is comparable to prior CRA evaluation of 1,326 hours. The activity level exceeded one similar situated institution but trailed the other similarly situated institution. The following table details the institution's community development services by community development type and year.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	# Hours	# Hours	# Hours	# Hours	# Hours
2020 (Partial)	68	65	181	-	314
2021	82	218	190	-	490
2022	72	191	143	-	406
2023 (YTD)	9	100	-	-	109
Total	231	574	514	-	1,319
<i>Source: Bank Data</i>					

The following are notable examples of community development services.

- A bank Director provided 80 hours as a Board member of a qualified organization that provides homeless day services for shelter, food, permanent housing location, job search services, and medical care coordination to the homeless population.
- A bank manager provided 87 hours as a Board member of a qualified organization that provides life skills and budgeting classes, and financial education to low- and moderate-income women in Wrangell.
- A bank executive provided 270 hours as a Board member of a qualified organization that promotes job creation and employment retention in distressed and underserved rural geographies.
- A bank executive serves provided 60 hours as a Board member of a qualified organization that works with high schools in which 71.0 percent of the students are enrolled in the Free and Reduced School Nutrition Program.

In addition, the branches and ATM dispersion demonstrates the availability of banking services to low- and moderate-income individuals. FB operates one branch and one ATM in a moderate-income tract and three branches and four ATMs in distressed and underserved Non-MSA middle-income census tracts within the assessment area.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall rating.

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 financial 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.