

PUBLIC DISCLOSURE

September 11, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Mt. McKinley Bank
Certificate Number: 19525

500 4th Ave
Fairbanks, Alaska 99701

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

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San Francisco, California 94105

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

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

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

The Lending Test is rated Satisfactory.

The average net 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 areas. The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. The distribution of borrowers reflects excellent penetration among individuals of different income levels (including low- and moderate-income) and among businesses of difference revenue sizes. The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion 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 areas through community development loans; qualified investments, grants, and donations; and community development services. Examiners considered the institution's capacity and the availability and need of community development opportunities in the institution's assessment areas.

DESCRIPTION OF INSTITUTION

Mt. McKinley Bank (MMB) is a state-chartered mutual bank headquartered in Fairbanks, Alaska. MMB has no affiliates or subsidiaries, and there has been no merger or acquisition activity since the previous evaluation. The institution received an "Outstanding" rating at its previous FDIC Performance Evaluation dated October 26, 2021, based on the Interagency Intermediate Small Institution Examination Procedures.

MMB operates five full-service branches in the greater Fairbanks area. Four branches are located in the Fairbanks North Star Borough and one branch is located in the Southeast Fairbanks Census Area. Of the five branches, one is located in a moderate-income census tract and four are located in middle-income tracts. The institution did not open or close any branch locations since the prior evaluation.

As a full-service, community-oriented financial institution, MMB offers traditional deposit and loan products and services to retail and commercial customers. Deposit products include a variety of personal and business checking and savings accounts, money market accounts, retirement accounts, and certificates of deposit. Retail loan products include residential mortgage loans, home equity lines of credit, and personal loans. Home loans include loans through the Federal Housing

Administration, Veterans Administration, and Alaska Housing Financing Corporation, which all offer programs with flexible qualifications for eligible borrowers. Commercial loan products include commercial real estate loans and financing for inventory, business expansion, and working capital. During the evaluation period, the bank participated in the SBA’s Paycheck Protection Program (PPP), providing economic relief to small businesses adversely impacted by the COVID-19 pandemic.

As of June 30, 2024, MMB reported \$637.2 million in total assets and \$535.2 million in total deposits. The bank’s total assets include \$248.9 million in total leases and \$320.9 million in total securities. As shown in the following table, residential loans represent 23.1 percent of the bank’s loan portfolio by dollar volume and commercial and commercial real estate loans represent 68.4 percent. Additionally, MMB originates and sells loans on the secondary market, which are not captured in Call Report data. During the evaluation period, the bank originated and sold 355 home mortgage loans totaling \$91.7 million to the secondary market.

Loan Portfolio Distribution as of 6/30/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	16,401	6.6
Secured by Farmland	-	-
Secured by 1-4 Family Residential Properties	38,914	15.6
Secured by Multifamily (5 or more) Residential Properties	18,719	7.5
Secured by Nonfarm Nonresidential Properties	109,184	43.9
Total Real Estate Loans	166,817	67.0
Commercial and Industrial Loans	60,936	24.5
Agricultural Production and Other Loans to Farmers	-	-
Consumer Loans	2,846	1.1
Obligations of State and Political Subdivisions in the U.S.	1,857	0.7
Other Loans	13	-
Lease Financing Receivable (net of unearned income)	-	-
Less: Unearned Income	-	-
Total Loans	248,870	100.0
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREAS

As detailed in the following table, MMB has designated two contiguous assessment areas within which its CRA performance will be evaluated. There have been no changes to the assessment area delineations since the previous evaluation.

Description of Assessment Areas			
Assessment Area	Borough/Census Area	# of CTs	# of Branches
Fairbanks MSA	Fairbanks North Star Borough	22	4
Alaska Non-MSA	Denali Borough, Southeast Fairbanks Census Area	3	1
Total		25	5
<i>Source: Bank Data, 2020 U.S. Census</i>			

The assessment areas comply with the technical requirements of the CRA and do not arbitrarily exclude low-and moderate-income neighborhoods.

SCOPE OF EVALUATION

General Information

Examiners evaluated MMB’s performance using the Interagency Intermediate Small Institution CRA examination procedures. This review covers the period from the prior evaluation, dated October 26, 2021, to the current evaluation, dated September 11, 2024. Based on the distribution of branches, deposits, and loans, the Fairbanks MSA assessment area received a full-scope review and contributed greater weight to overall conclusions; refer to the following table for details. The Alaska Non-MSA assessment area received a limited-scope review and contributed less weight to overall conclusions.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Fairbanks MSA	241,814	95.1	489,704	94.0	4	80.0
Alaska Non-MSA	12,465	4.9	31,482	6.0	1	20.0
Total	254,279	100.0	521,186	100.0	5	100.0
<i>Source: Bank Records; FDIC Summary of Deposits (6/30/2023)</i>						

Activities Reviewed

Considering MMB’s business strategy, loan portfolio composition, and lending activity during the evaluation period, examiners determined that the bank’s primary product lines are home mortgage and small business loans. Given lending volumes by number, MMB’s home mortgage lending performance contributed greater weight to overall conclusions than its small business lending performance. The bank did not originate any small farm loans and engaged in minimal consumer lending; therefore, these product types were not included in this evaluation. While the evaluation presents the number and dollar volume of loans, examiners emphasize performance by number of loans, which better represents the number of individuals and businesses served.

Examiners analyzed the universe of home mortgage loans originated and reported pursuant to the HMDA since the previous evaluation. Between 2021 and 2023, the bank originated 698 home mortgage loans totaling \$158.7 million. Examiners compared MMB’s lending performance in each year to the aggregate performance of other HMDA reporting lenders operating within each

assessment area, as well as applicable demographic data. In 2021, demographic comparisons are based on 2015 ACS data, while demographic comparisons in 2022 and 2023 are based on 2020 U.S. Census data. Greater consideration is given to lending performance compared to aggregate data than demographic data, as aggregate data is a better indicator of actual credit demand.

MMB collects but does not report its small business lending data. Examiners analyzed all full calendar years of small business loans originated, purchased and renewed since the previous evaluation. Between 2021 and 2023, the bank made 596 small business loans totaling \$102.3 million, including 217 PPP loans totaling \$28.6 million. Examiners compared MMB’s lending performance in each year to corresponding annual D&B survey data.

For the Community Development Test, examiners considered all community development loans; qualified investments, grants, and donations; and community development service hours provided since the previous evaluation, October 26, 2021, through the current evaluation date. The PPP ended on May 31, 2021; therefore, the Community Development Test does not include any qualified PPP loans.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

MMB’s Lending Test performance is rated Satisfactory.

Loan-to-Deposit Ratio

The average net LTD ratio is reasonable given the institution’s size, financial condition, and assessment area credit needs. As detailed in the following table, MMB’s net LTD ratio, calculated from Call Report data, averaged 42.0 percent over the previous 11 calendar quarters from December 31, 2021 through June 30, 2024. The ratio ranged from a low of 39.1 percent as of September 30, 2022 to a high of 45.7 percent as of June 30, 2024. The net LTD ratio has decreased slightly from the previous evaluation, where it averaged 49.6 percent over 13 calendar quarters.

As detailed in the following table, MMB maintained an average net LTD ratio between the ratios of similarly-situated institutions. Comparable institutions were selected based on asset size, geographic area served, and loan portfolio concentrations.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 6/30/2024 (\$000s)	Average Net LTD Ratio (%)
Mt. McKinley Bank	637,245	42.0
Similarly-Situated Institution #1	501,388	78.0
Similarly-Situated Institution #2	821,554	26.2
<i>Source: Reports of Condition and Income 12/31/2021 – 6/30/2024</i>		

The ratio ranged from a low of 39.1 percent as of September 30, 2022, to a high of 45.7 percent as of June 30, 2024. Total deposits ranged from a low of \$521.2 million as of June 30, 2023 to a high

of \$576.7 million as of September 30, 2022. Net loans have grown from \$221.3 million as of March 31, 2022 to \$244.8 million as of June 30, 2024. As previously noted, the bank originates and sells home mortgages on the secondary market, and these loan totals are not reflected in the Call Report data. During the evaluation period, the bank originated and sold 355 home mortgage loans totaling \$91.7 million to the secondary market.

Assessment Area Concentration

As detailed in the following table, a substantial majority of home mortgage and small business loans by number and dollar volume are originated in the institution’s assessment areas which is consistent from the previous evaluation.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2021	310	100.0	0	0.0	310	71,798	100.0	0	0.0	71,798
2022	231	100.0	0	0.0	231	50,073	100.0	0	0.0	50,073
2023	157	100.0	0	0.0	157	36,867	100.0	0	0.0	36,867
Subtotal	698	100.0	0	0.0	698	158,738	100.0	0	0.0	158,738
Small Business										
2021	326	97.3	9	2.7	335	43,605	96.9	1,395	3.1	45,000
2022	120	96.0	5	4.0	125	23,505	90.4	2,502	9.6	26,007
2023	125	91.9	11	8.1	136	28,431	90.7	2,906	9.3	31,337
Subtotal	571	95.8	25	4.2	596	95,541	93.4	6,803	6.6	102,344
Total	1,269	98.1	25	1.9	1,294	254,279	97.4	6,803	2.6	261,082
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the bank’s assessment areas. This conclusion is supported by a reasonable distribution of loans throughout the Fairbanks MSA assessment area, while performance in the Alaska Non-MSA assessment area was below the overall conclusion. Refer to each respective analysis for details. The assessment areas do not include any low-income census tracts, and examiners focused on the distribution of loans to moderate-income geographies.

Borrower Profile

The distribution of borrower reflects, given the demographics of the assessment areas, excellent penetration among individuals of different income levels and businesses of different revenue sizes.

This conclusion is supported by an excellent distribution of loans in the Fairbanks MSA assessment area, while performance in the Alaska Non-MSA assessment area was below the overall conclusion. Refer to each respective analysis for details. Examiners focused on the percentage of home mortgage loans made to low- and moderate-income borrowers, and on the percentage of small business loans made to businesses with gross annual revenues of \$1 million or less.

Response to Complaints

MMB did not receive any CRA-related complaints since the previous performance evaluation; therefore, this criterion did not impact the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

MMB's Community Development Test performance is rated Outstanding. The institution's community development performance demonstrates excellent responsiveness to community development needs in its assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the institutions capacity and the need and availability of such opportunities for community development in the institution's AAs.

Community Development Loans

During the evaluation period, the bank made 41 community development loans totaling \$45.7 million: 5 loans totaling \$5.6 million in 2021, 14 loans totaling \$9.7 million in 2022, 10 loans totaling \$17.6 million in 2023, and 12 loans in 2024 totaling \$12.8 million. This level of activity represents 7.2 percent of average total assets and 19.7 percent of average total loans. Community development lending decreased from the previous evaluation, where the bank made 44 community development loans totaling \$60.9 million, which represented 11.7 percent of average total assets and 29.8 percent of average total loans. The decrease is partially attributable to a shorter review period. Additionally, the previous evaluation included 8 qualifying community development loans totaling \$13.2 million made as part of the PPP, which ended prior to the review period.

While the MMB's number and dollar volume of qualified community development loans have decreased since the previous evaluation, the bank's performance compares favorably to two similarly situated institutions operating in or near the bank's assessment areas. At 7.2 percent, MMB's total community development loans to average total assets is consistent with that of the comparable banks at 4.6 and 8.5 percent. At 19.7 percent, MMB's community development loans to average total loans exceeds that of the similarly situated institutions at 7.3 and 13.7 percent. Examiners note that the similarly-situated institutions' community development loan totals include a significant volume of qualified PPP loans.

The following table details the bank's community development lending by assessment area and community development purpose. Refer to the full-scope review section for notable examples of community development loans made during the evaluation period.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Fairbanks MSA	1	3	7	1,589	13	26,717	3	10,815	24	39,124
Alaska Non-MSA	-	-	-	-	-	-	17	6,570	17	6,570
Total	1	3	7	1,589	13	26,717	20	17,385	41	45,694

Source: Bank Data

Qualified Investments

During the evaluation period, MMB made \$18.2 million in new investments, held \$17.8 million in prior period investments, and provided \$272,000 in grants and donations. Prior period investments include one municipal bond with an outstanding balance of \$2.0 million to help build to preserve affordable housing throughout the State of Alaska. Qualified investments, grants and donations increased by number and dollar volume from the previous evaluation, where the bank made or retained 18 investments totaling \$27.9 million and 158 donations totaling \$294,000.

MMB’s volume of qualified investment activity represents 5.7 percent of average total assets, which is consistent with the previous evaluation at 5.4 percent and greatly exceeds that of three similarly-situated institutions that range from 0.6 percent to 0.8 percent. MMB’s volume of qualified investment activity represents 11.2 percent of average total securities, which is consistent with the previous evaluation at 11.8 percent and greatly exceeds that of three similarly-situated institutions that range from 1.3 to 3.0 percent.

The following table details the bank’s qualified investments, grants, and donations by assessment area and community development purpose. Refer to the full-scope review section for notable examples of investments and donations made over the evaluation period.

Qualified Investments, Grants, and Donations by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Fairbanks MSA	23	33,118	2	960	-	-	-	-	25	34,078
Alaska Non-MSA	-	-	-	-	-	-	-	-	-	-
Statewide Activity	1	2,009	-	-	-	-	-	-	1	2,009
Subtotal	24	35,127	-	-	-	-	-	-	26	36,087
Qualified Grants and Donations	7	4	137	208	20	50	19	10	183	272
Total	31	35,131	139	1,168	20	50	19	10	209	36,359

Source: Bank Data

Community Development Services

During the evaluation period, MMB staff provided 1,906 hours of qualified community development service: 103 hours in 2021, 653.5 hours in 2022, 910 hours in 2023, and 240 hours in

2024. Total community development service hours increased from the previous evaluation, where employees provided 1,787 qualified hours of service. Using information from the most recent Call Report, MMB’s level of community development service activity represents 21.9 hours per full-time equivalent employee (FTE). This is consistent with the previous evaluation, where the bank provided 21.5 hours per FTE, and greatly exceeds the performance of three similarly-situated institutions that provided between 3.4 and 9.9 hours per FTE. Examiners note that the three similarly-situated institutions’ service hour totals were negatively impacted by reduced in-person community development service opportunities in 2020.

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Fairbanks MSA	338	550	476.5	58	1,422.5
Alaska Non-MSA	-	294.5	-	-	294.5
Statewide/Regional Activities	4	172.5	3	9.5	189
Total	342	1,017	479.5	67.5	1,906
<i>Source: Bank Data</i>					

Total community development service activity includes 189 service hours benefitting the state or regional area that includes both assessment areas. The following are notable examples of such statewide or regional activities.

- Over the review period, one employee provided a total of 85 hours of service on the Board of an organization that provides essential healthcare primarily to low- and moderate-income individuals throughout the state.
- In 2022 and 2023, three employees provided a total of 9.5 hours of service with an organization that promotes the creation of housing to attract new and retain existing residents in underserved areas of Interior Alaska.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

FAIRBANKS MSA – FULL-SCOPE REVIEW

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE FAIRBANKS MSA ASSESSMENT AREA

MMB operates four branches in the Fairbanks MSA assessment area. The assessment area consists of the Fairbanks North Star Borough, which composes the Fairbanks-College, AK MSA in its entirety.

Economic and Demographic Data

The Census Bureau released the updated 2020 U.S. Census data during the evaluation period. The update included changes in the total number of census tracts within the assessment area. In 2021, based on the 2015 ACS, the assessment area consisted of 19 census tracts: 5 moderate-, 10 middle-, and 4 upper-income. Beginning in 2022, based on the 2020 U.S. Census, the assessment area consisted of 22 census tracts: 5 moderate-, 12 middle-, and 5 upper-income.

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

Demographic Information of the Assessment Area						
Fairbanks MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	22	0.0	22.7	54.5	22.7	0.0
Population by Geography	95,655	0.0	23.4	49.1	27.5	0.0
Housing Units by Geography	44,270	0.0	21.9	49.3	28.8	0.0
Owner-Occupied Units by Geography	21,315	0.0	11.8	51.0	37.2	0.0
Occupied Rental Units by Geography	14,884	0.0	35.1	47.5	17.4	0.0
Vacant Units by Geography	8,071	0.0	24.4	48.2	27.4	0.0
Businesses by Geography	11,533	0.0	16.6	62.0	21.4	0.0
Farms by Geography	337	0.0	13.1	54.6	32.3	0.0
Family Distribution by Income Level	23,871	16.9	22.0	20.6	40.6	0.0
Household Distribution by Income Level	36,199	19.6	18.4	20.3	41.7	0.0
Median Family Income MSA - #21820 Fairbanks, AK MSA		\$89,208	Median Housing Value			\$223,955
			Median Gross Rent			\$1,345
			Families Below Poverty Level			3.7%
<i>Source: 2020 U.S. Census and 2023 D&B Data</i> <i>Due to rounding, totals may not equal 100.0 percent</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to Moody’s Analytics as of July 2024, the MSA has a younger population compared with the rest of the U.S. due to the large local military presence, high birthrate, and low death rate. However, the total population has declined for nearly a decade, in part due to a lack of diversity in job opportunities and the area’s high cost of living and business operating costs. According to the 2020 U.S. Census, there are 44,270 housing units in the assessment area, of which 48.1 percent are owner-occupied, 33.6 percent are occupied rental units, and 18.2 percent are vacant. The median housing value of \$223,955 reflects a moderately priced area.

As shown in the following table, data obtained from the U.S. Bureau of Labor and Statistics indicates that unemployment rates in the assessment area were below that of the State of Alaska and consistent with the national average over the review period. According to Moody’s Analytics, job gains since the start of the year have been led by the healthcare and public sectors. The top employers in the area are Fort Wainwright; Eielson Air Force Base; the University of Alaska, Fairbanks; and Foundation Health Partners.

Unemployment Rates				
Area	2021	2022	2023	July 2024
	%	%	%	%
Fairbanks North Star Borough	5.1	3.8	3.8	4.0
State of Alaska	6.4	4.2	4.2	4.4
National Average	5.4	3.7	3.6	4.5
<i>Source: Bureau of Labor Statistics</i>				

Competition

The assessment area has a moderate level of competition for financial services. According to the June 30, 2023 FDIC Deposit Market Share Report, six FDIC-insured financial institutions share \$1.9 billion in total deposits in the assessment area. Of these institutions, MMB ranks 1st in deposit market share with 25.9 percent of the area’s deposits.

Community Contacts

Examiners contacted the Fairbanks office of an organization that administers U.S. Department of Housing and Urban Development programs throughout the State of Alaska. The representative noted that housing stock in the area is often in poor condition and in need of repairs and upgrades, particularly in the rental market. A high proportion of homes in Fairbanks were built during the economic boom in the 1970s and 80s resulting from the construction of the Trans-Alaska Pipeline System. The representative also described a great need for rental and down payment assistance for first-time homebuyers.

Examiners also contacted an organization that promotes economic development in the Fairbanks MSA. According to the representative, economic headwinds in the area include poor air quality and high cost of energy. Public and private sector groups are working to diversify energy usage from fossil fuels to natural gas, which is considerably cheaper and produces lower emissions. The area has a generally higher cost of living and business costs. Transportation and shipping costs result in higher costs of commodities and goods and services for businesses and consumers. Healthcare costs are high, in part due to a reliance on travel nurses who tend to be more expensive than traditional, permanent nursing staff. The contact also described the area’s housing stock as generally aged and in need of rehabilitation, as many homes are not properly weatherized. While residential construction is occurring, there is a need for more units and at a price point achievable for low- and moderate-income residents.

Credit and Community Development Needs and Opportunities

Based on demographic and economic information, discussions with bank management, and the community contact interviews, the primary credit and community development need in the assessment area are affordable housing. Affordable housing includes both affordable housing rental units and assistance to low- and moderate-income individuals pursuing homeownership. There is a need for home improvement loans, particularly those to fund energy improvements. Finally, there is an opportunity to provide community and essential services to low- and moderate-income individuals, such as healthcare and to assist with energy costs.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE FAIRBANKS MSA ASSESSMENT AREA

LENDING TEST

MMB demonstrates satisfactory responsiveness to community credit needs in the Fairbanks MSA assessment area, considering the institution's capacity and resources. The geographic distribution of home mortgage and small business loans reflects reasonable dispersion throughout the assessment area. The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among individuals of different income levels and businesses of different revenue sizes

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. This conclusion is based on a reasonable dispersion of both home mortgage and small business loans.

Home Mortgage Loans

In 2021, MMB's rate of lending to moderate-income census tracts exceeded demographic and aggregate data. Performance increased in 2022 but was below peer lenders and slightly trailed the percentage of owner-occupied housing units located in the assessment area's moderate-income geographies. In 2023, the bank's distribution of loans to moderate-income areas was below both performance standards. Overall, the geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area.

Geographic Distribution of Home Mortgage Loans						
Fairbanks MSA Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	0.0	0.0	0	0.0	0	0.0
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
Moderate						
2021	6.3	6.7	28	9.3	6,046	8.7
2022	11.8	15.1	24	11.3	5,939	12.8
2023	11.8	14.7	15	9.9	2,937	8.2
Middle						
2021	61.0	68.8	168	56.0	38,983	56.1
2022	51.0	52.7	108	50.9	22,235	47.8
2023	51.0	52.1	85	55.9	19,979	55.9
Upper						
2021	32.7	24.6	104	34.7	24,460	35.2
2022	37.2	32.2	80	37.7	18,362	39.5
2023	37.2	33.1	52	34.2	12,795	35.8
Not Available						
2021	0.0	0.0	0	0.0	0	0.0
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
Totals						
2021	100.0	100.0	300	100.0	69,489	100.0
2022	100.0	100.0	212	100.0	46,536	100.0
2023	100.0	100.0	152	100.0	35,712	100.0
<i>Source: 2015 ACS; 2020 U.S. Census; Bank Data, 2021 - 2023 HMDA Aggregate Data Due to rounding, totals may not equal 100.0 percent</i>						

Small Business Loans

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. In 2021, the bank’s rate of lending in moderate-income tracts was consistent with business demographics of the area. In 2022, MMB’s performance slightly exceeded demographic data, and in 2023 the bank’s rate of small business lending to moderate-income tracts exceeded the percentage of businesses operating in those geographies.

Geographic Distribution of Small Business Loans					
Fairbanks MSA Assessment Area					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2021	0.0	0	0.0	0	0.0
2022	0.0	0	0.0	0	0.0
2023	0.0	0	0.0	0	0.0
Moderate					
2021	20.2	62	20.2	5,174	12.8
2022	17.4	21	17.8	4,978	21.8
2023	16.6	24	19.8	4,348	16.2
Middle					
2021	48.5	143	46.6	16,425	40.6
2022	62.5	62	52.5	10,747	47.1
2023	62.0	67	55.4	16,072	59.9
Upper					
2021	31.3	102	33.2	18,825	46.6
2022	20.1	35	29.7	7,112	31.1
2023	21.4	30	24.8	6,397	23.9
Not Available					
2021	0.0	0	0.0	0	0.0
2022	0.0	0	0.0	0	0.0
2023	0.0	0	0.0	0	0.0
Totals					
2021	100.0	307	100.0	40,424	100.0
2022	100.0	118	100.0	22,837	100.0
2023	100.0	121	100.0	26,817	100.0
<i>Source: 2021 - 2023 D&B Data; Bank Data</i>					
<i>Due to rounding, totals may not equal 100.0 percent</i>					

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among individuals of different income levels and businesses of different revenue sizes. This conclusion is supported by an excellent distribution of home mortgage loans and reasonable distribution of small business loans.

Home Mortgage Loans

As shown in the following table, MMB’s rate of lending to low-income borrowers greatly exceeded the performance of aggregate HMDA lenders in the area in all three years analyzed. The bank’s distribution of loans to moderate-income borrowers exceeded demographic data in 2021 and 2022, slightly trailed aggregate performance in 2021, and exceeded aggregate performance in 2022. Performance declined in 2023 and fell below peer; however, overall the distribution of borrowers reflects excellent penetration among individuals of different income levels.

Distribution of Home Mortgage Loans by Borrower Income Level						
Fairbanks MSA Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	18.4	4.0	24	8.0	2,922	4.2
2022	16.9	4.0	17	8.0	1,969	4.2
2023	16.9	3.0	7	4.6	534	1.5
Moderate						
2021	18.0	19.8	57	19.0	10,214	14.7
2022	22.0	20.6	48	22.6	8,982	19.3
2023	22.0	17.7	24	15.8	4,565	12.8
Middle						
2021	23.8	26.1	81	27.0	19,140	27.5
2022	20.6	28.3	52	24.5	12,046	25.9
2023	20.6	31.8	48	31.6	10,766	30.1
Upper						
2021	39.8	24.7	121	40.3	31,988	46.0
2022	40.6	25.0	87	41.0	21,710	46.7
2023	40.6	33.9	69	45.4	18,290	51.2
Not Available						
2021	0.0	25.3	17	5.7	5,226	7.5
2022	0.0	22.1	8	3.8	1,829	3.9
2023	0.0	13.6	4	2.6	1,557	4.4
Totals						
2021	100.0	100.0	300	100.0	69,489	100.0
2022	100.0	100.0	212	100.0	46,536	100.0
2023	100.0	100.0	152	100.0	35,712	100.0
<i>Source: 2015 ACS; 2020 U.S. Census; Bank Data, 2021 - 2023 HMDA Aggregate Data Due to rounding, totals may not equal 100.0 percent</i>						

Small Business Loans

As shown in the following table, MMB’s lending to businesses with gross annual revenues of \$1 million or less in 2021 at 26.4 percent was significantly below business demographics. However, the lending distribution is skewed by the high number of PPP loans originated, as the program did not require the collection of revenue information. All 202 loans originated in 2021 without revenue data were PPP loans. PPP lending was particularly responsive to the credit needs of small businesses during the COVID-19 pandemic.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Fairbanks MSA Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2021	85.9	81	26.4	17,968	44.4
2022	86.6	79	66.9	13,618	59.6
2023	88.1	73	60.3	13,694	51.1
>\$1,000,000					
2021	4.1	24	7.8	7,979	19.7
2022	3.8	39	33.1	9,219	40.4
2023	3.2	48	39.7	13,123	48.9
Revenue Not Available					
2021	10.0	202	65.8	14,477	35.8
2022	9.6	0	0.0	0	0.0
2023	8.7	0	0.0	0	0.0
Totals					
2021	100.0	307	100.0	40,424	100.0
2022	100.0	118	100.0	22,837	100.0
2023	100.0	121	100.0	26,817	100.0
<i>Source: 2021 - 2023 D&B Data; Bank Data</i>					
<i>Due to rounding, totals may not equal 100.0 percent</i>					

Using loan size as a proxy, examiners determined that the PPP loans likely benefitted small businesses in the assessment area. As shown in the following table, a substantial majority of loans by number were in amounts of less than \$50,000. This reflects favorably on the bank’s small business lending performance and demonstrates the bank’s positive response to addressing the needs of small businesses during the pandemic.

Distribution of PPP Loans by Loan Size				
Loan Size	#	%	\$(000s)	%
< \$50,000	125	61.9	2,857	19.7
\$50,000 - \$99,999	38	18.8	2,754	19.0
\$100,000 - \$249,999	29	14.4	4,598	31.8
\$250,000 - \$1,000,000	10	5.0	4,268	29.5
Total	202	100.0	14,477	100.0

Source: 1/1/2021 – 12/31/2021 Bank Data; Due to rounding, totals may not equal 100.0 percent

In 2022, the MMB’s lending performance at 66.9 percent was below demographic data. However, while D&B data serves as a reasonable indicator of small businesses in the assessment area, the survey results do not always reflect actual loan demand or borrowing capacity like aggregate data. Aggregate lending performance of CRA-reporting institutions to businesses with gross annual revenues of \$1 million or less in 2022 was 54.2 percent. In 2023, the bank’s lending performance at 60.3 percent was below demographic data. Aggregate lending data for 2023 was not available at the time of this evaluation. Given these additional considerations, overall the bank’s distribution of borrower reflects reasonable penetration among businesses of different revenue sizes.

COMMUNITY DEVELOPMENT TEST

MMB’s community development performance demonstrates excellent responsiveness to community development needs in the assessment areas through community development loans; qualified investments, grants, and donations; and community development services. Examiners considered the institution’s capacity and the availability and need of such opportunities for community development within the assessment area.

Community Development Loans

MMB’s 24 community development loans totaling \$39.1 million represent a decrease since the previous evaluation, where the bank provided 32 loans totaling \$52.1 million targeting the assessment area. As discussed in the bank wide section, the decline is attributable to a shorter review period and the termination of the SBA’s PPP. The following table details the bank’s community development lending in the assessment area by year and purpose.

Community Development Lending – Fairbanks MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021	-	-	1	200	1	3,437	1	750	3	4,387
2022	1	3	2	500	3	6,452	1	65	7	7,020
2023	-	-	1	200	3	5,329	1	10,000	5	15,529
YTD 2024	-	-	3	689	6	11,499	-	-	9	12,188
Total	1	3	7	1,589	13	26,717	3	10,815	24	39,124

Source: Bank Data

The following are notable examples of the bank’s community development lending in the assessment area:

- In 2024, the bank funded a \$10 million line of credit for working capital and construction costs of a natural gas utility company that will lower energy costs. The activity is particularly impactful to low- and moderate-income individuals and small businesses and will help attract new and retain existing residents and businesses in the assessment area. As noted by a community contact, the high cost of fossil fuels increase the cost of living and business costs in the area.
- In 2021, MMB supported economic development by originating a \$3.4 million loan to a small business, helping to create, retain, and improve jobs in a moderate-income geography.
- In 2024, the bank originated a \$375,000 loan to an organization that provides critical crisis intervention services primarily to low- and moderate-income individuals in the assessment area.

Qualified Investments

As shown in the following table, MMB’s volume of qualified investments, grants, and donations increased from the previous evaluation, where the bank made or retained 17 investments totaling \$25.9 million and 101 donations totaling \$261,000. The vast majority of investments supported affordable housing initiatives, which was identified as the primary community development need in the assessment area. The following table details the bank’s qualified investments, grants, and donations by year and purpose.

Qualified Investments, Grants, and Donations – Fairbanks MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	14	14,847	2	960	-	-	-	-	16	15,807
2021	2	6,598	-	-	-	-	-	-	2	6,598
2022	1	2,120	-	-	-	-	-	-	1	2,120
2023	4	6,703	-	-	-	-	-	-	4	6,703
YTD 2024	2	2,850	-	-	-	-	-	-	2	2,850
Subtotal	23	33,118	-	-	-	-	2	960	25	34,078
Qualified Grants & Donations	5	1	101	188	20	50	7	3	133	242
Total	28	33,119	103	1,148	20	50	9	963	158	34,320
<i>Source: Bank Data</i>										

The following are notable examples of qualified investments and donations targeted to the assessment area over the evaluation period:

- MMB retained 2 prior period investments with an outstanding balance of \$960,000 to

support a hospital that provides essential healthcare services to the assessment area and primarily serves low- and moderate-income residents. Healthcare services for low- and moderate-income residents was identified as a community development need in the area.

- In 2023 and 2024, the bank made donations totaling \$30,000 to an organization that supports the economic development of small businesses in the Fairbanks MSA with a focus on creating and improving jobs for low- and moderate-income individuals and in the assessment area’s moderate-income geographies.
- Over the evaluation period, the bank made 12 donations totaling \$4,625 to 2 food banks, helping to address food insecurity among low- and moderate-income individuals in the assessment area.

Community Development Services

MMB’s 1,422.5 hours of qualified community development service hours represent an increase from the previous evaluation, where bank employees provided 1,189 hours of service to organizations benefitting the assessment area. The following table details the service hours by year and community development purpose.

Community Development Services – Fairbanks MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021	11	20.5	30	4.5	66
2022	76	204	126.5	18.5	425
2023	230.5	258	239	26	753.5
YTD 2024	20.5	67.5	81	9	178
Total	338	550	476.5	58	1,422.5
<i>Source: Bank Data</i>					

The following are notable examples of qualified community development services provided to organizations benefitting the assessment area:

- Over the evaluation period, an employee provided a total of 47 hours of service on the finance committee of an organization dedicated to the economic development of small businesses in the Fairbanks MSA. The economic development initiatives will create and improve jobs for low- and moderate-income individuals.
- Over the evaluation period, five employees provided a total of 332 hours of service in various roles with an organization that works to preserve and develop affordable housing for low- and moderate-income individuals.
- Over the evaluation period, an employee provided a total of 162 hours of service on the Board of an organization that provides food, shelter, and counseling to low- and moderate-income individuals in the assessment area.

ALASKA NON-MSA – LIMITED SCOPE REVIEW

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

MMB operates one branch in the Alaska Non-MSA assessment area. The assessment area consists of the Denali Borough and Southeast Fairbanks Census Area, which are not part of MSAs as designated by the Office of Management and Budget. The 2020 U.S. Census did not result in changes to the number of census tracts or their income designations. The assessment area consists of three census tracts: one moderate-, one middle-, and one upper-income. Over the review period, the middle-income census tract was designated an underserved geography by the FFIEC due to its rural and remote nature. The following table provides select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Alaska Non-MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	3	0.0	33.3	33.3	33.3	0.0
Population by Geography	8,427	0.0	25.1	55.7	19.2	0.0
Housing Units by Geography	5,575	0.0	29.3	40.9	29.8	0.0
Owner-Occupied Units by Geography	2,271	0.0	25.9	47.6	26.5	0.0
Occupied Rental Units by Geography	742	0.0	38.3	45.0	16.7	0.0
Vacant Units by Geography	2,562	0.0	29.7	33.7	36.6	0.0
Businesses by Geography	943	0.0	24.2	46.7	29.2	0.0
Farms by Geography	49	0.0	12.2	75.5	12.2	0.0
Family Distribution by Income Level	1,803	20.6	15.2	22.9	41.3	0.0
Household Distribution by Income Level	3,013	28.5	13.7	17.3	40.5	0.0
Median Family Income Non-MSAs - AK		\$85,908	Median Housing Value			\$201,113
			Median Gross Rent			\$893
			Families Below Poverty Level			6.7%

*Source: 2020 U.S. Census and 2023 D&B Data
Due to rounding, totals may not equal 100.0 percent
(*) The NA category consists of geographies that have not been assigned an income classification.*

The assessment area has a moderate level of competition for financial services. According to the June 30, 2023 FDIC Deposit Market Share Report, 4 FDIC-insured financial institutions share \$146.8 million in total deposits in the assessment area. Of these institutions, MMB ranks 4th in deposit market share with 16.0 percent of the area’s deposits.

**CONCLUSIONS ON PERFORMANCE CRITERIA IN THE
ALASKA NON-MSA ASSESSMENT AREA**

LENDING TEST

MMB’s lending performance in the Alaska Non-MSA assessment area is below the lending performance in the Fairbanks MSA assessment area, which was reviewed using full-scope examination procedures; however, it does not change the conclusion for the institution overall.

Geographic Distribution of Home Mortgage Loans						
Alaska Non-MSA Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	0.0	0.0	0	0.0	0	0.0
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
Moderate						
2021	28.6	11.3	0	0.0	0	0.0
2022	25.9	14.3	1	5.3	145	4.1
2023	25.9	10.5	0	0.0	0	0.0
Middle						
2021	45.7	73.9	9	90.0	2,150	93.1
2022	47.6	69.4	16	84.2	3,019	85.3
2023	47.6	79.8	5	100.0	1,156	100.0
Upper						
2021	25.7	14.8	1	10.0	159	6.9
2022	26.5	16.3	2	10.5	374	10.6
2023	26.5	9.7	0	0.0	0	0.0
Not Available						
2021	0.0	0.0	0	0.0	0	0.0
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
Totals						
2021	100.0	100.0	10	100.0	2,309	100.0
2022	100.0	100.0	19	100.0	3,537	100.0
2023	100.0	100.0	5	100.0	1,156	100.0
<i>Source: 2015 ACS; 2020 U.S. Census; Bank Data, 2021 - 2023 HMDA Aggregate Data Due to rounding, totals may not equal 100.0 percent</i>						

Geographic Distribution of Small Business Loans					
Alaska Non-MSA Assessment Area					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2021	0.0	0	0.0	0	0.0
2022	0.0	0	0.0	0	0.0
2023	0.0	0	0.0	0	0.0
Moderate					
2021	28.7	1	5.3	126	4.0
2022	27.2	0	0.0	0	0.0
2023	24.2	0	0.0	0	0.0
Middle					
2021	45.7	14	73.7	2,641	83.0
2022	46.8	2	100.0	668	100.0
2023	46.7	4	100.0	1,614	100.0
Upper					
2021	25.6	4	21.1	414	13.0
2022	26.0	0	0.0	0	0.0
2023	29.2	0	0.0	0	0.0
Not Available					
2021	0.0	0	0.0	0	0.0
2022	0.0	0	0.0	0	0.0
2023	0.0	0	0.0	0	0.0
Totals					
2021	100.0	19	100.0	3,181	100.0
2022	100.0	2	100.0	668	100.0
2023	100.0	4	100.0	1,614	100.0
<i>Source: 2021 - 2023 D&B Data; Bank Data Due to rounding, totals may not equal 100.0 percent</i>					

Distribution of Home Mortgage Loans by Borrower Income Level						
Alaska Non-MSA Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	18.9	3.2	0	0.0	0	0.0
2022	20.6	7.7	6	31.6	771	21.8
2023	20.6	2.4	0	0.0	0	0.0
Moderate						
2021	18.1	10.6	1	10.0	188	8.1
2022	15.2	13.8	3	15.8	466	13.2
2023	15.2	15.3	1	20.0	25	2.2
Middle						
2021	24.9	31.8	1	10.0	135	5.8
2022	22.9	29.1	5	26.3	1,160	32.8
2023	22.9	33.9	2	40.0	474	41.0
Upper						
2021	38.2	27.6	8	80.0	1,986	86.0
2022	41.3	27.0	4	21.1	924	26.1
2023	41.3	35.5	2	40.0	657	56.9
Not Available						
2021	0.0	26.9	0	0.0	0	0.0
2022	0.0	22.4	1	5.3	218	6.1
2023	0.0	12.9	0	0.0	0	0.0
Totals						
2021	100.0	100.0	10	100.0	2,309	100.0
2022	100.0	100.0	19	100.0	3,537	100.0
2023	100.0	100.0	5	100.0	1,156	100.0
<i>Source: 2015 ACS; 2020 U.S. Census; Bank Data, 2021 - 2023 HMDA Aggregate Data Due to rounding, totals may not equal 100.0 percent</i>						

Distribution of Small Business Loans by Gross Annual Revenue Category					
Alaska Non-MSA Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2021	76.9	6	31.6	1,935	60.8
2022	78.1	1	50.0	450	67.4
2023	83.7	0	0.0	0	0.0
>\$1,000,000					
2021	5.1	2	10.5	388	12.2
2022	4.8	1	50.0	218	32.6
2023	3.5	4	100.0	1,614	100.0
Revenue Not Available					
2021	18.0	11	57.9	858	27.0
2022	17.2	0	0.0	0	0.0
2023	12.8	0	0.0	0	0.0
Totals					
2021	100.0	19	100.0	3,181	100.0
2022	100.0	2	100.0	668	100.0
2023	100.0	4	100.0	1,614	100.0
<i>Source: 2021 - 2023 D&B Data; Bank Data Due to rounding, totals may not equal 100.0 percent</i>					

COMMUNITY DEVELOPMENT TEST

MMB’s community development performance in the Alaska Non-MSA assessment area is below the lending performance in the Fairbanks MSA assessment area, which was reviewed using full-scope examination procedures; however, it does not change the conclusion for the institution overall.

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.