

PUBLIC DISCLOSURE

May 27, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Peoples Bank
Certificate Number: 6158

3100 Woburn Street
Bellingham, Washington 98226

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

25 Jessie Street at Ecker Square, Suite 2300
San Francisco, California 94105

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

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INSTITUTION RATING

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

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

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

The Lending Test is rated Low Satisfactory.

Lending levels reflect good responsiveness to AA credit needs; a substantial majority of loans were made within the institution's AAs; the geographic distribution of loans reflects adequate penetration through the AAs; and the distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among retail customers of different income levels and business customers of different revenue sizes. The bank exhibits an adequate record of serving the credit needs of the most economically disadvantaged areas of the AAs, low-income individuals, and/or very small businesses, consistent with safe and sound banking practices; has an adequate level of community development (CD) loans; and uses innovative and/or flexible lending practices in order to serve AA credit needs.

The Investment Test is rated High Satisfactory.

Peoples Bank (PB) has a significant level of qualified CD investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. The bank exhibits good responsiveness to credit and CD needs and occasionally uses innovative and/or complex investments to support CD initiatives.

The Service Test is rated Low Satisfactory.

Delivery systems are accessible to essentially all portions of the institution's AAs; to the extent changes have been made, the institution's record of opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals; business hours and services do not vary in a way that inconveniences portions of the AAs, particularly LMI geographies and/or LMI individuals; and the institution provides an adequate level of CD services.

DESCRIPTION OF INSTITUTION

PB is a state-chartered institution headquartered in Bellingham, Washington. The bank is wholly owned by Peoples Bancorp, a one-bank holding company also located in Bellingham. PB does not have any subsidiaries or affiliates. No merger or acquisition activity has occurred since the previous evaluation.

PB offers a broad range of products and services via a network of 23 branch offices throughout the Puget Sound area and north-central portions of Washington. Since the previous evaluation, the bank closed two branches and opened two branches. Please refer to the applicable full-and limited-scope analyses for additional information on the institution's changes to branch locations during the evaluation period. While the bank remains primarily focused on home mortgage lending, PB also offers commercial, consumer, and agricultural loans. Deposit products include personal and business checking, savings, and money market accounts, as well as certificates of deposit.

As of March 31, 2025, assets totaled \$2.4 billion, including total loans of \$1.9 billion and total deposits of \$2.1 billion. There have been no material changes to the financial condition since the previous evaluation. The following table details the bank's loan portfolio distribution by loan category.

Loan Portfolio Distribution as of 3/31/2025		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	101,120	5.2
Secured by Farmland	52,447	2.7
Secured by 1-4 Family Residential Properties	466,531	23.9
Secured by Multifamily (5 or more) Residential Properties	227,669	11.7
Secured by Nonfarm Nonresidential Properties	716,718	36.8
Total Real Estate Loans	1,564,485	80.3
Commercial and Industrial Loans	113,522	5.8
Agricultural Production and Other Loans to Farmers	86,619	4.4
Consumer Loans	179,574	9.2
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	5,349	0.3
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	1,949,549	100.0
<i>Source: Reports of Condition and Income</i>		

The institution received a "Satisfactory" CRA Rating at the previous CRA Performance Evaluation dated December 6, 2021, based on Interagency Large Institution Examination Procedures. Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet AA credit needs.

DESCRIPTION OF ASSESSMENT AREAS

PB's delineated AA consists of five individual AAs; see the following table for details. Refer to each AA for additional information.

Description of Assessment Areas			
Assessment Area	Counties in Assessment Area	# of CTs	# of Branches
Bellingham MSA	Whatcom	54	9
Mt. Vernon-Anacortes MSA	Skagit	42	4
Seattle-Tacoma-Bellevue MSA	King, Snohomish	670	6
Washington Non-MSA	Island	24	2
Wenatchee MSA	Chelan, Douglas	32	2
<i>Source: Bank Data</i>			

In 2023, PB expanded the Seattle-Tacoma-Bellevue MSA to include King County in its entirety in anticipation of proposed CRA guidance that would require large banks to delineate full counties for facility-based AAs. This is a change from the previous evaluation where the bank had delineated specific tracts in King County that were nearest to the institution's branches in the city of Seattle, noting the area was too large to reasonably serve. No other changes were made to the institution's AAs.

SCOPE OF EVALUATION

General Information

Examiners used Interagency Large Institution CRA Examination Procedures to review the bank's performance from the prior evaluation, dated December 6, 2021, to the current evaluation, dated May 27, 2025.

Based on the distribution of branches, deposits and reported loans, the Bellingham MSA AA was selected to receive a full-scope review and contributes the greatest weight to overall conclusions. The Wenatchee MSA AA was also selected for a full-scope review as the area had not received a full-scope review in the prior two evaluations. The remaining AAs were reviewed using limited-scope procedures. The weighting of the AAs follows the same criteria as those noted for the Bellingham MSA AA and begins with the Mt. Vernon-Anacortes MSA AA, followed by the Seattle-Tacoma-Bellevue MSA AA, the Washington Non-MSA AA, and finally the Wenatchee MSA AA.

Activities Reviewed

Based upon the bank's business strategy, and the number and dollar volume of originations reported on the Home Mortgage Disclosure Act loan application registers and CRA loan registers, examiners determined that PB's major product lines are home mortgage and small business loans. Home mortgage loans represent the highest number of loan originations and highest dollar volume of lending activity and contribute the greatest weight in forming conclusions. The following table includes details of the loan products reviewed.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Home Mortgage	2,462	905,720	2,462	905,720
Small Business	804	262,678	804	262,678
Source: Bank Data				

Small farm lending is not included in this evaluation. It doesn't represent a major product line and PB is not a market leader for such loans in any of the bank's AAs. In 2022, PB originated 38 small farm loans totaling approximately \$9.3 million. In 2023, the bank originated 25 small farm loans totaling approximately \$6.3 million and in 2024, PB originated 28 small farm loans totaling approximately \$7.1 million. Consumer lending is also excluded as it doesn't represent a major product line and wasn't requested by the bank for inclusion in the evaluation.

Examiners analyzed and presented full years of lending activity for 2022, 2023 and 2024. Home mortgage and small business lending performance was compared to the aggregate performance of other lenders operating in each AA for 2022 and 2023. Aggregate performance data for 2024 was not available at the time of this evaluation. Demographic comparisons for home mortgage lending are based on 2020 U.S. Census data. D&B data for each year in the evaluation period serves as the demographic comparison for small business lending. Performance analysis is conducted on both the

number and dollar amount of loans; however, performance based on the number of loans carries more weight as it provides a better representation of the actual number of individuals and business served.

Examiners reviewed the bank's delivery systems for providing retail banking services, including branches and alternative delivery systems, and the impact of any branch openings or closings during the evaluation period. A review of PB's retail banking products and services was also conducted to determine the extent to which they are targeted to LMI individuals or small businesses and/or tailored to meet specific needs within the AAs.

Examiners considered all CD lending, investment and service activity from the date of the previous evaluation through the date of the current evaluation in forming CD conclusions. The evaluation of qualified investments includes prior period investments still outstanding at the time of this evaluation. Examiners evaluated CD loans, investments, and services quantitatively based on the financial capacity of the bank, as well as qualitatively based upon AA impact. Examiners also compared the CD performance with PB's previous performance and to similarly situated institution.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

PB's Lending Test performance is rated "Low Satisfactory." Performance in each area is consistent with this conclusion except in the Seattle-Tacoma-Bellevue MSA AA and the Washington Non-MSA, where performance was weaker.

Lending Activity

Lending levels reflect good responsiveness to AA credit needs. Please refer to the Lending Inside and Outside of the Assessment Area table for the number and dollar or originations by year and product and refer to individual AAs for respective market share and market ranks for products analyzed.

Home mortgage lending decreased each year during the evaluation period throughout PB's AAs; however, the institution's market share generally remained stable. Management attributes the substantial decline in volume to housing affordability concerns and elevated interest rates which, without providing significant upfront equity, increased monthly mortgage payments for home buyers. This trend impacted lenders across the industry and is supported by the sharp decrease in home loan originations and number of lenders making such loans as reported in Peer Mortgage Data. Management also noted that strategic changes within the institution's mortgage department resulted in declining home mortgage lending volume. In 2022, PB began the first of two workforce reductions to navigate the market downturn and prepare for a restructuring of the department. The restructuring was designed to create a standalone business unit positioned for long-term sustainability and growth when market conditions improved. Despite these changes, the bank remains focused on making mortgage loans available to members of the community it serves.

PB's small business loan originations also declined during the evaluation period, but to a much lesser extent. Bank management noted staffing shortages during the evaluation contributed to fewer small business loan originations and acknowledges certain competitive disadvantages relative to larger financial institutions that impacted PB's overall performance. In response, management implemented targeted improvements to address lending gaps by streamlining the small business loan application process to decrease burdensome documentation requirements for smaller borrowers and provide funding in a more expeditious manner.

Assessment Area Concentration

A substantial majority of loans are made in the bank's AAs as depicted in the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000)				Total \$(000)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2022	1,068	93.1	79	6.9	1,147	410,678	93.3	29,281	6.7	439,959
2023	636	93.3	46	6.7	682	203,770	92.1	17,447	7.9	221,217
2024	586	92.6	47	7.4	633	227,416	93.0	17,128	7.0	244,544
Subtotal	2,290	93.0	172	7.0	2,462	841,864	92.9	63,856	7.1	905,720
Small Business										
2022	269	90.3	29	9.7	298	84,907	90.9	8,537	9.1	93,444
2023	247	93.2	18	6.8	265	81,551	94.0	5,176	6.0	86,727
2024	232	96.3	9	3.7	241	77,618	94.1	4,889	5.9	82,507
Subtotal	748	93.0	56	7.0	804	244,076	92.9	18,602	7.1	262,678
Total	3,038	93.0	228	7.0	3,266	1,085,940	92.9	82,458	7.1	1,168,398
Source: Bank Data Due to rounding, totals may not equal 100.0%.										

Geographic Distribution

Overall, the geographic distribution of loans reflects adequate penetration throughout the AAs. Performance across all AAs is consistent with this conclusion except the Mt. Vernon-Anacortes MSA and the Seattle-Tacoma-Bellevue MSA AAs, where performance was weaker. Refer to the individual AAs for detail.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among retail customers of different income levels and business customers of different revenue sizes. Performance across all AAs is consistent with this conclusion except for the Seattle-Tacoma-Bellevue MSA AA, where the performance was weaker. Refer to each respective analysis for details on performance.

Innovative or Flexible Lending Practices

PB uses innovative and/or flexible lending practices to serve AA credit needs. Information reported by the bank is included in the following table. The bank's loan programs are available throughout the bank's AAs; therefore, this criterion is only discussed at the bank-wide section of this evaluation.

Innovative and flexible lending decreased since the previous evaluation, where PB originated 4,397 loans totaling approximately \$820.0 million; however, a large portion of the prior evaluation's loan volume was due to 2,967 SBA Paycheck Protection Program loan originations totaling \$348.3 million. PB's performance is comparable to other similarly situated institutions.

Innovative or Flexible Lending Programs										
Type of Program	2022		2023		2024		YTD 2025		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
SBA 504	14	15,160	4	1,360	10	11,730	7	5,140	35	33,390
SBA 7a	7	2,210	22	12,060	10	7,280	7	4,000	46	25,550
First Time Homebuyer	80	31,748	71	31,500	71	36,473	20	9,225	242	108,946
Manufactured Housing Conventional	24	6,284	18	6,398	10	2,656	-	-	52	15,338
Shelter Bay Tribal Lease Program	16	4,017	14	3,147	8	3,336	-	-	38	10,500
Veterans Affairs	9	4,530	3	800	5	2,852	-	-	17	8,182
Federal Housing Administration	8	3,052	11	5,137	4	2,005	-	-	23	10,194
HomeStyle Renovation	4	1,718	3	1,030	5	1,366	1	570	13	4,684
WA State Housing Home Advantage	2	27	3	469	-	-	-	-	5	496
Refi Now	1	187	-	-	-	-	-	-	1	187
Home Ready	1	330	9	2,006	9	2,471	1	322	20	5,129
Totals	166	69,263	158	63,907	132	70,169	36	19,257	492	222,596
<i>Source: Bank Data</i>										

The following are examples of flexible lending programs offered by the bank.

- The bank originated 81 loans totaling \$58.9 million through the U.S. Small Business Association's (SBA) 504 and 7(a) loan programs. SBA 504 loans provide long-term, fixed rate financing for major fixed assets that promote business growth and job creation. SBA 7(a) loans have additional versatility, offering funds for various needs such as working capital, real estate, and equipment financing.
- PB made 17 loans totaling approximately \$8.2 million through the U.S. Department of Veterans Affairs (VA). VA loans are guaranteed and offered by private lenders and have favorable terms for eligible borrowers, such as lower interest rates, no down payment requirements, and no private mortgage insurance.
- Federal Housing Administration loans (FHA) are guaranteed by the government and provide flexible qualification requirements, making them suitable for borrowers with lower credit scores or smaller down payments. PB made 23 FHA loans totaling \$10.2 million during the evaluation period.
- PB originated 242 First Time Homebuyer loans totaling \$108.9 million. With this program, homebuyers receive a 25 basis point reduction on conventional loans and a 37 basis point reduction on government loans.

Community Development Loans

PB makes an adequate level of CD loans throughout its AAs. Performance was consistent throughout the AAs except the Washington Non-MSA, where there were no CD loans originated. In 2022, PB originated 10 loans totaling approximately \$22.0 million. In 2023, PB originated four loans totaling approximately \$11.0 million. In 2024, PB originated seven loans totaling approximately \$15.0 million, and in 2025, the institution originated two loans totaling approximately \$2.4 million.

Overall, CD lending activity represents 2.0 percent of average total assets and 2.6 percent of average total loans. This performance represents a decrease by number and dollar volume from the prior evaluation where PB made 30 CD loans totaling \$108.5 million. The bank's performance is comparable to that of similarly situated institutions and focused on economic development initiatives, demonstrating good responsiveness for CD lending. The following table details the bank's CD lending by AA and purpose. Refer to the full-scope AAs for further details, including loan originations for each year by CD category and additional examples.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Bellingham MSA	-	-	2	3,415	2	4,500	1	3,000	5	10,915
Mt. Vernon-Anacortes MSA	2	3,554	-	-	5	9,909	-	-	7	13,463
Seattle-Tacoma-Bellevue MSA	-	-	-	-	6	16,571	-	-	6	16,571
Washington Non-MSA	-	-	-	-	-	-	-	-	-	-
Wenatchee MSA	-	-	1	1,000	4	8,500	-	-	5	9,500
Total	2	3,554	3	4,415	17	39,480	1	3,000	23	50,449
<i>Source: Bank Data</i>										

INVESTMENT TEST

PB is rated "High Satisfactory" in the Investment Test. The institution's performance in the Bellingham MSA AA, Mt. Vernon-Anacortes MSA AA, and Seattle-Tacoma-Bellevue MSA AA was consistent with this conclusion. Performance in the Wenatchee MSA AA and Washington Non-MSA AA was below the overall conclusion, though still adequate. Refer to each respective analysis for details. When arriving at the overall Investment Test rating, the institution's dollar volume of CD investments and donations received the most weight, but the qualitative impact to the community's credit needs were a significant rating factor as well.

Investment and Grant Activity

PB has a significant level of qualified CD investment and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. CD investments, which include new and prior period investments, combined with grants and donations, total approximately \$32.7 million. PB invested approximately \$13.6 million in 7 new qualified investments and granted \$787,000 in 53 qualified donations during the review period. In 2022, PB

made 3 investments totaling approximately \$3.1 million. In 2023, the institution made 2 investments totaling \$7.0 million, and in 2024, the bank made 2 investments totaling approximately \$3.5 million. The institution also maintains approximately \$18.3 million in 11 prior period investments.

Total qualified investments represent 1.3 percent of total average assets and 11.7 percent of total average securities as of the March 31, 2025 Call Report. Total qualified investments decreased by number but increased in dollar volume from the previous evaluation when PB made 77 qualified investments and donations totaling \$26.3 million. The dollar volume of investments increased despite the institution's decrease in average total assets from \$2.8 billion at the prior evaluation to approximately \$2.4 billion at this evaluation. The number and dollar volume of donations has also grown significantly since the last evaluation when the institution made 62 donations totaling \$421,000 compared to the 53 donations totaling \$787,000 at the current evaluation. PB's performance compares favorably to similarly situated institutions that are noted as having adequate performance.

PB's qualified investments are comprised of activities that support affordable housing and community services targeting LMI populations. Eight investments totaling approximately \$12.1 million consisted of mortgage-backed securities made in the broader statewide or regional area that includes the institution's AAs. These investments focus on the provision of affordable housing and as a result, every AA received the benefit of qualified CD investments. The bank's regional and statewide CD investments made during the current period include the following:

- In 2023, PB made a \$2.4 million investment in a mortgage-backed security to provide housing for LMI borrowers that included all geographies in the bank's AAs.
- In 2024, the bank made a \$1.1 million investment in Washington State Housing Finance Commission (WSHFC) Single Family Residential Bonds. The WSHFC issues Single Family Residential bonds to finance mortgages for LMI homebuyers in Washington. These bonds are used to purchase mortgages, often in the form of mortgage-backed securities, and are a key part of the WSHFC's efforts to increase homeownership opportunities. This investment was applicable to the state of Washington, including all of PB's AAs.

PB also maintains regional investments that consist of mortgage-backed securities from the prior period which still carry balances on the bank's books. The bank's investments that were made in broader, regional areas from the prior period supported affordable housing for LMI individuals and/or families and include the following:

- PB maintains an investment totaling \$1.5 million that supported affordable housing in the Bellingham, Mt. Vernon-Anacortes, and Wenatchee MSA AAs.
- The bank maintains an investment totaling \$1.2 million that provided affordable housing in the Seattle-Tacoma-Bellevue and Wenatchee MSA AAs.

- PB maintains an investment with a balance of \$414,000 that supported affordable housing in the Bellingham MSA, Seattle-Tacoma-Bellevue MSA, and the Washington Non-MSA AAs.
- The bank maintains an investment with a balance of \$354,000 focused on affordable housing initiatives in the Bellingham and Seattle-Tacoma-Bellevue MSA AAs.
- PB maintains an investment with a balance of \$191,000 that provided affordable housing in the Seattle-Tacoma-Bellevue MSA, Mt. Vernon-Anacortes MSA, Wenatchee MSA, and the Washington Non-MSA AAs.
- The bank maintains a \$4.8 investment that supported affordable housing that impacted geographies throughout all of the bank's AAs.

Refer to each respective full-scope section for specific examples of PB's investments and donations applicable to each area. The following table shows a breakdown of qualified investments and donation activity by area and CD category.

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Bellingham MSA	2	7,000	3	4,868	-	-	-	-	5	11,868
Mt. Vernon-Anacortes MSA	-	-	1	854	-	-	-	-	1	854
Seattle-Tacoma-Bellevue MSA	4	7,056	-	-	-	-	-	-	4	7,056
Washington Non-MSA	-	-	-	-	-	-	-	-	-	-
Wenatchee MSA	-	-	-	-	-	-	-	-	-	-
Statewide Activities	1	1,134	-	-	-	-	-	-	1	1,134
Regional Activities	7	11,049	-	-	-	-	-	-	7	11,049
Subtotal	14	26,239	4	5,722	-	-	-	-	18	31,961
Qualified Grants & Donations	15	36	38	751	-	-	-	-	53	787
Total	29	26,275	42	6,473	-	-	-	-	71	32,748
<i>Source: Bank Data</i>										

Responsiveness to Credit and Community Development Needs

PB exhibits good responsiveness to credit and CD needs. The bank's emphasis on affordable housing investments is responsive to a need for more affordable housing in the AAs identified by community contacts.

Community Development Initiatives

The bank occasionally uses innovative and/or complex investments to support CD initiatives. The majority of the institution's investments help support affordable housing needs in each of PB's AAs. Some are innovative or complex, including low-income housing tax credit (LIHTC) investments.

A LIHTC investment provides tax incentives to encourage individual and corporate investors to invest in the acquisition, development, and rehabilitation of affordable rental housing. The instrument provides an indirect federal subsidy that finances low-income housing. This allows an investor to claim tax credit on their federal income tax return. To qualify for the credit, a project must meet strict requirements to qualify as a low-income project.

PB's current period investments include two LIHTCs that provided funding for two affordable housing projects in the Bellingham MSA AA. The institution also has a prior period LIHTC investment in a project that funded a low-income housing project located in King County, in the Seattle-Tacoma-Bellevue MSA AA.

SERVICE TEST

PB is rated "Low Satisfactory" in the Service Test. The institution's performance in each AA is consistent with this conclusion except for the Wenatchee MSA AA, where the performance is above the overall conclusion.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the institution's AAs. The institution operates a total of 23 branches with 23 proprietary ATMs throughout the 5 AAs, and branch distribution differs to a degree between the AAs.

The bank offers online banking with bill pay through its website, mobile banking that includes mobile deposit, telephone banking with automated information and live agents, and electronic statements for convenient access to account data. Zelle is also offered as a portal for customers to receive and send money. Alternative delivery systems are available to customers throughout the bank's AAs and are discussed only in this section.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. During the evaluation period, the institution closed two branches in the Seattle-Tacoma-Bellevue MSA AA. PB also opened two branches: one in the Wenatchee MSA AA and one in the Mt. Vernon-Anacortes MSA AA. Refer to the specific AAs for the impact of branch changes on LMI geographies and/or to LMI individuals.

Reasonableness of Business Hours and Services

Business hours and services do not vary in a way that inconveniences portions of the AAs, particularly LMI geographies and/or LMI individuals. Most branch locations offer the institution's full range of commercial and consumer deposit and lending products; refer to the Description of Institution section for more details. Hours of operation are generally similar throughout the AAs. Six locations offer extended Saturday hours and 13 offer drive-through service. Refer to the applicable full- and limited-scope analyses for additional details.

Community Development Services

PB provides an adequate level of CD services; see the following table. During the evaluation period, bank employees provided a total of 2,093 hours of services to 49 different CD organizations in the bank's AAs. In 2022, bank employees provided a total of 780 service. In 2023, PB employees provided a total of 717 service hours, and in 2024, bank employees provided a total of 500 service hours. To date, employees have provided 96 service hours in 2025. The level of services equals approximately five hours per full-time employee.

By hour, services provided by bank employees declined from the previous evaluation, where the bank provided 2,649 hours of services, which equaled approximately 6 hours per full-time employee on average. Management identified the decrease in service hours during the evaluation period and attributed it to the fact that the Marketing Department had begun coordinating community volunteer events which increased employee participation; however, not all the events were qualified for CRA credit.

The adequacy of the institution's CD service performance is supported by peer comparisons. Most of the hours supported community service initiatives, an identified CD need across all the bank's AAs which demonstrates PB's responsiveness to community credit needs during the review period. Refer to each respective analysis for details on the bank's CD services and examples.

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	# Hours	# Hours	# Hours	# Hours	# Hours
Bellingham MSA	104	757	-	90	951
Mt. Vernon-Anacortes MSA	-	152	39	-	191
Seattle-Tacoma-Bellevue MSA	-	399	18	-	417
Washington Non-MSA	20	173	-	-	193
Wenatchee MSA	21	304	16	-	341
Total	145	1,785	73	90	2,093
<i>Source: Bank Data</i>					

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

BELLINGHAM MSA ASSESSMENT AREA – Full-Scope Review

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

The Bellingham MSA AA is in the northwestern corner of Washington state, bordering British Columbia, Canada to the north and consists of all 54 CTs of Whatcom County. No changes were made to this AA since the previous evaluation.

Economic and Demographic Data

According to 2020 U.S. Census Data, the Bellingham MSA AA contained 1 low-, 12 moderate-, 26 middle-, and 14 upper-income CTs. One CT has no income designation. The following table provides key demographic data for the AA.

Demographic Information of the Assessment Area Bellingham MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	54	1.9	22.2	48.2	25.9	1.9
Population by Geography	226,847	0.9	21.5	52.8	23.0	1.9
Housing Units by Geography	98,000	1.4	20.8	50.2	25.7	2.0
Owner-Occupied Units by Geography	55,361	0.1	14.6	54.9	29.2	1.2
Occupied Rental Units by Geography	33,617	3.6	28.6	47.3	17.0	3.6
Vacant Units by Geography	9,022	0.3	30.4	32.0	36.4	0.9
Businesses by Geography	28,512	5.8	14.1	53.9	24.1	2.1
Farms by Geography	886	0.6	8.6	65.1	24.4	1.4
Family Distribution by Income Level	53,699	19.0	18.9	23.2	38.9	0.0
Household Distribution by Income Level	88,978	23.9	15.7	18.7	41.7	0.0
Median Family Income MSA - 13380 Bellingham, WA MSA		\$83,751	Median Housing Value			\$ 364,713
			Median Gross Rent			\$1,123
			Families Below Poverty Level			7.3%
Source: 2020 Census And 2023 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.						

According to Moody’s Analytics, the Bellingham MSA’s main economic drivers are manufacturing, tourism, and the local university. However, there have been steady job losses in the manufacturing and the leisure and hospitality industries. These losses have offset job gains in the local government. Unemployment rates haven’t reflected job losses because many of those seeking employment have

left the workforce. Western Washington University students and high-paid faculty members are a core part of the consumer base and have a stabilizing effect on the economy, which is exposed to geopolitical tensions that have strained the local tourism industry. The local economy is also weakened by the reliance on low-wage consumer service jobs and the area's high cost of living. Housing costs are high compared to median family incomes, and shortages in housing stock continue to be an issue for affordable homeownership. Top employers are St. Joseph Medical Center, Western Washington University, Lummi Nation, Whatcom Community College, and Haggen Inc. Unemployment rates for Whatcom County remained relatively flat during the evaluation period and were consistent with the rates for the state and slightly above the rates for the nation. See the following table for details.

Bellingham MSA AA - Unemployment Rates			
Area	2022	2023	2024
	%	%	%
Whatcom County	4.1	4.0	4.5
State	4.1	4.2	4.5
National Average	3.6	3.6	4.0
<i>Source: Bureau of Labor Statistics</i>			

Competition

There is a moderate level of competition for financial services in the AA. According to the June 30, 2024 FDIC Deposit Market Share Report, 13 institutions operate 49 branches in AA. PB ranked 1st among these institutions with a market share of 24.3 percent.

Community Contact

Examiners reviewed an existing contact with an individual from an economic development organization. The organization serves to retain and attract livable wage jobs and to assist businesses, entrepreneurs, and local organizations grow and sustain operations. According to the contact, the local economy is stable but vulnerable. Whatcom County shares a border with Canada, and businesses have seen a drastic decline in Canadian visitation in the region, which has negatively impacted the retail and service industries. The contact noted that there is limited housing stock and that the available inventory is extremely expensive. The contact stated that the local financial institutions have been good at serving the credit demands of small businesses, but there are still very small businesses that have trouble obtaining funding through traditional loan products.

Credit and Community Development Needs and Opportunities

Considering information from a community contact, bank management, and demographic data, affordable housing is a primary credit need in the AA. The high cost of AA housing and shortage of available stock indicate a credit need for additional resources for affordable housing initiatives. Demographic and economic data support this conclusion. There are also opportunities to provide flexible financing for microloans for very small businesses that do not qualify for traditional credit.

CONCLUSIONS ON PERFORMANCE CRITERIA IN BELLINGHAM MSA ASSESSMENT AREA

LENDING TEST

The Lending Test performance in the Bellingham MSA AA is consistent with the overall conclusion for the institution.

Lending Activity

PB's lending levels reflect good responsiveness to AA credit needs. Lending product trends and changes impacting staffing in the Bellingham MSA are generally consistent with the overall bank performance; however, the institution's mortgage restructuring had a disproportionate impact on the Bellingham MSA AA and resulted in the loss of eight separate mortgage lenders over the evaluation period. See the bank-wide section for discussion.

According to Peer Mortgage Data, the bank's ranking and market share among other reporting institutions rose during the evaluation period. In 2022, PB ranked 4th among 376 reporting institutions that made a total of 10,737 loans with a market share of 6.9 percent. In 2023, the bank's ranking rose to 2nd among 310 reporting institutions that made a total of 7,015 loans, which resulted in a market share of 6.9 percent. The bank's decreasing home mortgage loan volumes are consistent with the declining trend of originations by reporting lenders.

Peer Small Business Data for 2022 shows the bank was ranked 11th out of 67 reporters that made a total of 5,597 loans with a market share of 2.3 percent. In 2023, PB's rank rose to 9th among 66 reporters that made a total of 5,242 loans for an overall market share of 1.9 percent.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the AA. This conclusion is supported by adequate home mortgage and poor small business geographic distribution performance.

Home Mortgage Loans

The bank's lending performance in low-income tracts was consistent with aggregate lenders in 2022. PB didn't originate any loans in low-income tracts in 2023 or 2024, but demographic data and aggregate performance indicate there is very limited opportunity for originating loans in these geographies. The institution's lending performance in moderate-income tracts was below the rates reported by aggregate lenders during the review period; however, PB's performance is only slightly below demographic data, which is indicative of adequate performance overall.

Geographic Distribution of Home Mortgage Loans Bellingham MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	0.1	0.2	1	0.2	200	0.1
2023	0.1	0.2	0	0.0	0	0.0
2024	0.1	--	0	0.0	0	0.0
Moderate						
2022	14.6	16.5	65	13.2	18,546	9.5
2023	14.6	17.3	40	13.4	10,569	10.6
2024	14.6	--	29	12.7	7,958	9.2
Middle						
2022	54.9	56.8	288	58.3	105,702	54.2
2023	54.9	56.9	191	64.1	63,148	63.2
2024	54.9	--	144	63.2	46,459	53.6
Upper						
2022	29.2	25.4	134	27.1	68,414	35.1
2023	29.2	24.3	66	22.2	26,066	26.1
2024	29.2	--	54	23.7	31,949	36.9
NA						
2022	1.2	1.2	6	1.2	2,126	1.1
2023	1.2	1.2	1	0.3	217	0.2
2024	1.2	--	1	0.4	250	0.3
Total						
2022	100.0	100.0	494	100.0	194,988	100.0
2023	100.0	100.0	298	100.0	100,000	100.0
2024	100.0	--	228	100.0	86,616	100.0
Source: 2020 Census; Bank Data; 2022 and 2023 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%.						

Small Business Loans

Lending in low-income CTs was generally in alignment with demographic data throughout the evaluation period and was above peer data for 2022 and 2023. Lending in moderate-income CTs was well below demographic data and significantly trailed the rates reported by aggregate lenders for 2022 and 2023. The extent to which the bank's performance trailed demographic data and peer performance reflects overall poor performance.

Geographic Distribution of Small Business Loans Bellingham MSA						
Tract Income Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	5.6	4.7	7	5.3	1,796	4.2
2023	5.8	3.7	5	5.0	1,765	4.8
2024	6.1	--	5	5.4	1,770	5.9
Moderate						
2022	14.2	14.4	9	6.9	2,379	5.5
2023	14.1	14.0	8	7.9	2,634	7.1
2024	13.9	--	7	7.5	1,902	6.4
Middle						
2022	53.6	53.4	62	47.3	21,367	49.6
2023	53.9	57.1	55	54.5	17,580	47.3
2024	53.8	--	53	57.0	15,015	50.4
Upper						
2022	24.4	25.0	45	34.4	14,858	34.5
2023	24.1	23.1	28	27.7	12,563	33.8
2024	24.1	--	23	24.7	8,076	27.1
NA						
2022	2.3	2.5	8	6.1	2,650	6.2
2023	2.1	2.2	5	5.0	2,650	7.1
2024	2.1	--	5	5.4	3,020	10.1
Total						
2022	100.0	100.0	131	100.0	43,050	100.0
2023	100.0	100.0	101	100.0	37,192	100.0
2024	100.0	--	93	100.0	29,783	100.0
Source: 2022, 2023, 2024 D&B Data; Bank Data; 2022, 2023 CRA Aggregate Data Due to rounding, totals may not equal 100.0%.						

Borrower Profile

The distribution of lending reflects adequate penetration among retail customers of different income levels and business customers of different revenue sizes. This conclusion is supported by adequate home mortgage and poor small business lending performance.

Home Mortgage Loans

Lending to low-income borrowers was below demographic data, but consistent with aggregate data in 2022. In 2023, the bank's performance declined, but not by an unreasonable amount. In 2024, PB demonstrated improved performance. In 2022, lending to moderate-income borrowers was slightly

below the rate reported by aggregate data. In 2023, both the performance of the aggregate and the bank declined, with PB's performance remaining slightly below peer. In 2024, PB's performance declined by a larger degree. The bank's performance in relation to the aggregate data throughout the review period is indicative of adequate performance overall.

Distribution of Home Mortgage Loans by Borrower Income Level Bellingham MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	19.0	5.4	24	4.9	3,514	1.8
2023	19.0	4.8	9	3.0	885	0.9
2024	19.0	--	11	4.8	1,334	1.5
Moderate						
2022	18.9	14.6	64	13.0	13,853	7.1
2023	18.9	13.4	35	11.7	5,452	5.5
2024	18.9	--	20	8.8	2,577	3.0
Middle						
2022	23.2	24.2	124	25.1	34,412	17.7
2023	23.2	24.1	80	26.9	16,540	16.5
2024	23.2	--	55	24.1	11,950	13.8
Upper						
2022	38.9	45.5	248	50.2	105,336	54.0
2023	38.9	47.3	159	53.4	63,465	63.5
2024	38.9	--	128	56.1	58,448	67.5
NA						
2022	0.0	10.4	34	6.9	37,873	19.4
2023	0.0	10.4	15	5.0	13,658	13.7
2024	0.0	--	14	6.1	12,307	14.2
Total						
2022	100.0	100.0	494	100.0	194,988	100.0
2023	100.0	100.0	298	100.0	100,000	100.0
2024	100.0	--	228	100.0	86,616	100.0
Source: 2020 Census; Bank Data; 2022 and 2023 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%.						

Small Business Loans

The distribution of small business lending reflects poor penetration to small business borrowers; see the following table. Lending to small businesses in 2022 was well below the aggregate. In 2023, aggregate performance increased slightly, but PB's performance declined. In 2024, the bank's performance declined once again, which is indicative of overall poor performance. Bank

management noted that they were unable to maintain a loan officer at one of the branches in the AA, which contributed to decreased loan production and declining performance.

Distribution of Small Business Loans by Gross Annual Revenue Category Bellingham MSA						
Gross Revenue Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
<= \$1,000,000						
2022	92.2	50.8	44	33.6	10,170	23.6
2023	92.3	53.5	32	31.7	7,325	19.7
2024	91.5	--	27	29.0	4,733	15.9
> \$1,000,000						
2022	2.6	--	87	66.4	32,880	76.4
2023	2.7	--	69	68.3	29,867	80.3
2024	2.6	--	66	71.0	25,050	84.1
Revenue Not Available						
2022	5.1	--	0	0.0	0	0.0
2023	5.0	--	0	0.0	0	0.0
2024	5.9	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	131	100.0	43,050	100.0
2023	100.0	100.0	101	100.0	37,192	100.0
2024	100.0	--	93	100.0	29,783	100.0
Source: 2022, 2023, 2024 D&B Data; Bank Data; 2022, 2023 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.						

Community Development Loans

PB made an adequate level of CD loans in the Bellingham MSA AA; see the following table. CD lending in the AA decreased from the prior evaluation, where the bank originated 12 loans totaling \$21.7 million. Nonetheless, PB's focus on providing loans to economic development demonstrates responsiveness to an identified CD need.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022	-	-	2	3,415	1	2,250	-	-	3	5,665
2023	-	-	-	-	1	2,250	1	3,000	2	5,250
2024	-	-	-	-	-	-	-	-	-	-
Total	-	-	2	3,415	2	4,500	1	3,000	5	10,915
<i>Source: Bank Data</i>										

Examples of CD loan activity include the following:

- In 2022, the bank originated a loan for \$1.8 to a non-profit organization to fund the construction of a daycare facility located in a moderate-income CT that provides discounted rates for LMI individuals.
- In 2022, PB originated a \$2.2 million loan to a business to finance the construction of living quarters for agricultural employees through the H-2A Housing program. The housing is provided at no cost to employees and supports permanent job retention for LMI individuals in the AA.
- In 2023, PB originated a \$3.0 million loan for the construction and permanent financing for 24 apartment units. The property was previously flooded and destroyed and has a FEMA disaster declaration. The institution's CD loan helped to revitalize and stabilize the designated disaster area.

INVESTMENT TEST

Investment Test performance in the Bellingham MSA AA is consistent with the institution overall.

Investment and Grant Activity

PB has a significant level of qualified CD investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. Most of the investments made directly in the AA supported affordable housing in the community, which is a critical need in the AA and demonstrates responsiveness to the identified CD need. The bank also made a large volume of investments and donations that assisted LMI individuals through various community services, which demonstrates additional responsiveness to essential CD needs in the community as there is a relatively high percentage of individuals living below the poverty level. The prior evaluation had a total of \$12.5 million qualified investments and donations, which is comparable to this evaluation and favorable when compared to peer institutions. The following table illustrates the breakdown of qualified investments and donations by year and CD category.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	-	-	2	3,697	-	-	-	-	2	3,697
2022	-	-	1	1,171	-	-	-	-	1	1,171
2023	2	7,000	-	-	-	-	-	-	2	7,000
2024	-	-	-	-	-	-	-	-	-	-
Subtotal	2	7,000	3	4,868	-	-	-	-	5	11,868
Qualified Grants & Donations	4	20	15	685	-	-	-	-	19	705
Total	6	7,020	18	5,553	-	-	-	-	24	12,573
<i>Source: Bank Data</i>										

The following are notable examples of PB's qualified investments in the AA.

- In 2022, PB made an investment totaling \$1.7 million in a general obligation, revenue bond to fund improvements for a school with a majority of students that qualify for the free and reduced lunch program.
- In 2023, the bank utilized the LIHTC program for a \$2 million investment to provide affordable housing for low-income families. The project includes 83 energy-efficient units, with some reserved for formerly homeless individuals.
- In 2023, the bank made a \$5 million LIHTC investment for a senior living community. The community is in a low-income CT where all units are rent-controlled and provide permanent affordable housing for income-qualified seniors.

Responsiveness to Credit and Community Development Needs

PB exhibits good responsiveness to credit and CD needs in the AA. The institution's focus on affordable housing addresses an identified CD need in the AA. Additionally, the bank provided investments and donations towards community services that target underserved communities.

Community Development Initiatives

PB makes significant use of innovative and/or complex investments to support CD initiatives through the use of LIHTCs in the Bellingham MSA AA. Refer to the bank-wide conclusions for details.

SERVICE TEST

The Service Test performance in the Bellingham MSA AA is consistent with the conclusions for the institution.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the institution's AA. PB operates nine full-service branches with ATMs in the AA. One branch, or 11.1 percent, of the institution's branches, is in a low-income CT, which is below the 19.2 percent of branches operated by other institutions in low-income tracts but is well above the AA demographics. A total of two, or 22.2 percent of PB's branches are in moderate-income tracts, which is consistent with demographic data and above the 18.8 percent of branches of other institutions operating branches in moderate-income geographies in the AA.

Regarding the other AA branches, five are in middle-income tracts and one is in an upper-income tract. Mapping of the branch locations demonstrated a consistent distribution of branches throughout the more populous regions in the AA. In addition, one branch in a middle-income tract and one branch in an upper-income tract are in close proximity to nearby moderate-income CTs, improving the accessibility for LMI individuals. Refer to the bank-wide section for more information of alternative delivery systems, which supplement accessibility of delivery systems. The following table provides a breakdown of the institution's branches and ATMs compared to demographic information for the AA's tracts and population.

Branch and ATM Distribution by Geography Income Level Bellingham MSA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	1	1.9	1,939	0.9	1	11.1	1	11.1
Moderate	12	22.2	48,735	21.5	2	22.2	2	22.2
Middle	26	48.2	119,819	52.8	5	55.6	5	55.6
Upper	14	25.9	52,081	23.0	1	11.1	1	11.1
NA	1	1.9	4,273	1.9	0	0.0	0	0.0
Total	54	100.0	226,847	100.0	9	100.0	9	100.0
<i>Source: 2020 Census Data and Institution Records</i>								

Changes in Branch Locations

The institution did not open or close any branches in the AA during the review period; therefore, this criterion was not evaluated for this AA.

Reasonableness of Business Hours and Services

Business hours and services do not vary in a way that inconveniences portions of the Bellingham MSA AA, particularly LMI geographies and/or individuals. Business hours and services are

comparable with the hours and services discussed in the bank-wide section. Saturday hours are provided at three branches. Drive-through service is provided at seven branches, with one branch located in a low-income tract and one in a moderate-income tract. The expanded hours of operations on Saturdays support the institution's overall reasonableness of business hours in the Bellingham MSA AA.

Community Development Services

PB provides an adequate level of CD services to the Bellingham MSA AA. Employees provided a total of 951 service hours to 22 different CD organizations. Performance decreased from the prior evaluation, where employees provided a total of 1,522 service hours. Most of the hours supported CD services for LMI individuals and families, followed by affordable housing initiatives, aligning with CD needs identified in the AA.

Community Development Services Bellingham MSA Assessment Area					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2022	-	333	-	90	423
2023	54	263	-	-	317
2024	42	133	-	-	175
YTD 2025	8	28	-	-	36
Total	104	757	-	90	951
<i>Source: Bank Data</i>					

The following are examples of CD services provided to the AA by PB employees:

- In 2022, a bank officer provided 112 hours of financial expertise and Board service for a local organization that provides housing and financial assistance to at-risk families facing homelessness.
- In 2022 and 2023, a bank officer provided 128 hours of Board service for a non-profit organization that provides childcare and tuition assistance for LMI families.
- During the evaluation period, an officer of the bank provided 52 hours of Board service to a non-profit organization that aids LMI individuals experiencing financial instability by targeting efforts to meet basic needs, achieve economic mobility, and end cycles of poverty.

WENATCHEE MSA ASSESSMENT AREA – Full-Scope Review

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

The Wenatchee MSA AA is in the north-central portion of Washington and consists of all 23 CTs in Chelan County and all 9 CTs in Douglas County, which together form the Wenatchee MSA. No changes were made to this AA since the previous evaluation.

Economic and Demographic Data

According to 2020 U.S. Census Data, the Wenatchee MSA contained 5 moderate-, 20 middle-, and 7 upper-income CTs. There are no low-income CTs within the AA. The following table provides key demographic data for the AA.

Demographic Information of the Assessment Area Wenatchee MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	32	0.0	15.6	62.5	21.9	0.0
Population by Geography	122,012	0.0	16.4	60.6	23.0	0.0
Housing Units by Geography	55,427	0.0	15.6	61.3	23.1	0.0
Owner-Occupied Units by Geography	29,162	0.0	12.1	60.8	27.2	0.0
Occupied Rental Units by Geography	15,656	0.0	22.5	57.9	19.7	0.0
Vacant Units by Geography	10,609	0.0	15.3	67.5	17.2	0.0
Businesses by Geography	12,462	0.0	16.6	57.6	25.8	0.0
Farms by Geography	852	0.0	11.3	66.4	22.3	0.0
Family Distribution by Income Level	30,969	18.5	19.0	21.1	41.5	0.0
Household Distribution by Income Level	44,818	21.5	17.8	19.9	40.8	0.0
Median Family Income MSA - 48300 Wenatchee, WA MSA		\$72,924	Median Housing Value			\$ 314,185
			Median Gross Rent			\$937
			Families Below Poverty Level			7.7%
Source: 2020 Census And 2023 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.						

According to Moody’s Analytics, the AA’s economy is primarily driven by agriculture and tourism. The volatility in these sectors creates some instability within the area. The AA is one of the 10 most agriculture dependent areas in the U.S., and is also dependent on tourism from the larger, surrounding metro areas where economies are slowing down. The housing market has been

hindered by low affordability and higher mortgage interest rates, which presents an obstacle for those trying to secure affordable home ownership. Stemilt Growers Inc., Confluence Health, Crunch Pak, McDougall and Sons Inc., and Alcoa comprise the largest employers in the area.

Unemployment rates among the two counties varied and trended above the rates for Washington and the rest of the nation. See the following table for the AA’s unemployment rates.

Wenatchee MSA AA - Unemployment Rates			
Area	2022	2023	2024
	%	%	%
Chelan County	4.4	4.3	4.7
Douglas County	4.9	4.8	5.1
State	4.1	4.2	4.5
National Average	3.6	3.6	4.0
<i>Source: Bureau of Labor Statistics</i>			

Competition

There is a moderate level of competition for financial services in the AA. According to the June 30, 2024 FDIC Deposit Market Share Report, 11 institutions operate 30 branches in AA. PB ranked 9th among these institutions with a market share of 3.5 percent. The top three institutions consist of large regional banks and a national association that have a combined market share of 61.9 percent.

Community Contact

Examiners contacted an individual from an organization that assists with providing housing assistance for LMI individuals, families, and seasonal migrant workers. The contact reported a lack of affordable housing in the AA and specifically cited a large gap between renters and owners, given the extreme financial obstacles presented to LMI borrowers in obtaining homeownership. The contact stated that LMI individuals need downpayment assistance to qualify for home mortgage loans. The contact also emphasized a need for community services targeted toward LMI individuals, including workforce development. There is an increased demand for skilled labor as technology companies are developing data centers in the local area. According to the contact, the community at large does not possess the requisite skills needed to fill such positions and will require additional education and training.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic data, affordable housing is a primary credit need in the AA. The high cost of housing and disparity in affordability for LMI individuals indicates a need for additional affordable housing initiatives, such as down payment assistance programs. There are also opportunities for providing community services and education to LMI individuals. Additionally, there is a need for economic development and job creation for LMI individuals, including workforce development. Demographic and economic data support this conclusion.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE WENATCHEE MSA ASSESSMENT AREA

LENDING TEST

The Lending Test performance in the Wenatchee MSA AA is consistent with the overall conclusion for the institution.

Lending Activity

PB's lending levels reflect good responsiveness to AA credit needs. Lending product trends in the Wenatchee MSA are generally consistent with the overall bank performance; see the bank wide section for discussion. Changes to the bank's staffing model were particularly impactful in the Wenatchee MSA, given the fact that the bank only operates two branches in the AA. Four lenders left the employment of the bank in 2022 and 2023, and another position was eliminated in 2024 because of the mortgage restructuring.

According to Peer Mortgage Data, the bank's ranking and market share rose among a decreasing pool of other reporting institutions during the evaluation period. In 2022, PB ranked 8th among 308 reporting institutions that made a total of 6,116 loans with a market share of 3.0 percent and in 2023, the bank ranked 5th among 267 reporting institutions that made a total of 3,829 loans, which resulted in a market share of 3.6 percent. PB's decreasing home mortgage loan volumes are in alignment with those reflected in data reported by other lenders.

Peer Small Business Data for 2022 shows the bank was ranked 20th out of 57 reporters that made a total of 2,592 loans with a market share of less than 0.1 percent and in 2023, PB ranked 16th among 44 reporters that made a total of 2,312 loans for an overall market share of less than 0.1 percent.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the AA. This conclusion is supported by adequate home mortgage and excellent small business geographic distribution performance. The Wenatchee MSA AA does not contain any low-income geographies; therefore, the conclusions were based on the bank's lending performance in moderate-income CTs.

Home Mortgage Loans

In 2022, PB's performance of lending in moderate-income CTs was slightly below demographic data and the rates reported by the aggregate. In 2023, PB's performance declined and lagged both demographic and peer data by a wide margin. In 2024, the institution's performance showed notable improvement and was at a level that was more commensurate with demographic data. Management noted that the decrease in lending volume was due to the aforementioned personnel changes during the evaluation period. The institution's performance is adequate overall, given the institution's improved performance in 2024.

Geographic Distribution of Home Mortgage Loans Wenatchee MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
2024	0.0	--	0	0.0	0	0.0
Moderate						
2022	12.1	12.2	11	9.7	2,633	6.3
2023	12.1	12.3	4	5.6	1,094	6.8
2024	12.1	--	8	10.7	2,588	10.3
Middle						
2022	60.8	60.6	74	64.9	28,334	68.1
2023	60.8	60.8	51	71.8	11,816	73.5
2024	60.8	--	42	56.0	14,922	59.5
Upper						
2022	27.2	27.3	29	25.4	10,649	25.6
2023	27.2	26.8	16	22.5	3,160	19.7
2024	27.2	--	25	33.3	7,589	30.2
NA						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.1	0	0.0	0	0.0
2024	0.0	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	114	100.0	41,616	100.0
2023	100.0	100.0	71	100.0	16,070	100.0
2024	100.0	--	75	100.0	25,099	100.0
Source: 2020 Census; Bank Data; 2022 and 2023 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%.						

Small Business Loans

PB's lending in moderate-income tracts was strong and well above demographic data and aggregate performance for each year of the evaluation period. The extent to which the bank's performance exceeded demographic and peer data is illustrative of excellent performance.

Geographic Distribution of Small Business Loans Wenatchee MSA						
Tract Income Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
2024	0.0	--	0	0.0	0	0.0
Moderate						
2022	16.9	16.6	4	20.0	1,301	20.0
2023	16.6	16.3	6	33.3	1,684	34.2
2024	16.2	--	6	20.0	2,583	24.9
Middle						
2022	57.5	59.0	11	55.0	3,389	52.1
2023	57.6	59.7	6	33.3	1,499	30.4
2024	58.1	--	14	46.7	5,675	54.7
Upper						
2022	25.7	24.4	5	25.0	1,812	27.9
2023	25.8	24.1	6	33.3	1,745	35.4
2024	25.8	--	10	33.3	2,121	20.4
NA						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
2024	0.0	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	20	100.0	6,502	100.0
2023	100.0	100.0	18	100.0	4,928	100.0
2024	100.0	--	30	100.0	10,379	100.0
Source: 2022, 2023, 2024 D&B Data; Bank Data; 2022, 2023 CRA Aggregate Data Due to rounding, totals may not equal 100.0%.						

Borrower Profile

The distribution of lending reflects adequate penetration among retail customers of different income levels and business customers of different revenue sizes. This conclusion is supported by adequate home mortgage and small business lending performance.

Home Mortgage Loans

The distribution of home mortgage loans reflects adequate penetration among LMI borrowers; see the following table. In 2022, lending to low-income borrowers was above aggregate data. In 2023, the institution's performance declined in relation to aggregate data, but not by an unreasonable amount. In 2024, the bank's performance improved. In 2022, lending to moderate-income

borrowers was comparable to the rates reported by aggregate and in 2023, PB's performance rose and was above aggregate. In 2024, the bank's performance trended upward again.

Distribution of Home Mortgage Loans by Borrower Income Level Wenatchee MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	18.5	3.7	5	4.4	449	1.1
2023	18.5	2.2	1	1.4	65	0.4
2024	18.5	--	2	2.7	140	0.6
Moderate						
2022	19.0	9.9	11	9.7	1,806	4.3
2023	19.0	7.3	7	9.9	767	4.8
2024	19.0	--	9	12.0	1,630	6.5
Middle						
2022	21.1	20.3	30	26.3	7,731	18.6
2023	21.1	18.9	14	19.7	2,231	13.9
2024	21.1	--	17	22.7	3,668	14.6
Upper						
2022	41.5	57.0	61	53.5	26,593	63.9
2023	41.5	59.8	47	66.2	12,351	76.9
2024	41.5	--	46	61.3	19,461	77.5
NA						
2022	0.0	9.2	7	6.1	5,037	12.1
2023	0.0	11.9	2	2.8	656	4.1
2024	0.0	--	1	1.3	200	0.8
Total						
2022	100.0	100.0	114	100.0	41,616	100.0
2023	100.0	100.0	71	100.0	16,070	100.0
2024	100.0	--	75	100.0	25,099	100.0
Source: 2020 Census; Bank Data; 2022 and 2023 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%.						

Small Business Loans

The distribution of small business lending reflects adequate penetration to small business borrowers; see the following table. Lending to small businesses in 2022 was well above the aggregate data. In 2023, PB's performance declined sharply to a level that was below peer data. In 2024, the institution's performance showed significant improvement and was indicative of adequate performance overall.

Distribution of Small Business Loans by Gross Annual Revenue Category Wenatchee MSA						
Gross Revenue Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
<= \$1,000,000						
2022	90.9	55.1	13	65.0	3,586	55.2
2023	90.9	55.4	7	38.9	1,065	21.6
2024	90.3	--	16	53.3	5,773	55.6
> \$1,000,000						
2022	2.4	--	7	35.0	2,916	44.9
2023	2.4	--	11	61.1	3,863	78.4
2024	2.5	--	14	46.7	4,606	44.4
Revenue Not Available						
2022	6.8	--	0	0.0	0	0.0
2023	6.7	--	0	0.0	0	0.0
2024	7.2	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	20	100.0	6,502	100.0
2023	100.0	100.0	18	100.0	4,928	100.0
2024	100.0	--	30	100.0	10,379	100.0
Source: 2022, 2023, 2024 D&B Data; Bank Data; 2022, 2023 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.						

Community Development Loans

PB made an adequate level of CD loans in the Wenatchee MSA AA; see the following table. CD lending in the AA decreased from the prior evaluation, where the bank originated 10 CD loans totaling \$41.7 million. Nonetheless, PB demonstrates responsiveness to the AA's credit needs as a majority of CD lending dollars were directed to economic development activities, which created and retained jobs for LMI individuals, demonstrating an adequate performance.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022	-	-	-	-	1	2,000	-	-	1	2,000
2023	-	-	-	-	-	-	-	-	-	-
2024	-	-	1	1,000	3	6,500	-	-	4	7,500
Total	-	-	1	1,000	4	8,500	-	-	5	9,500
Source: Bank Data										

Examples of CD loan activity include the following:

- In 2022, PB made a \$2.0 million economic development loan to an agricultural business to create and retain local area jobs for LMI individuals in the AA's largest industry.
- In 2024, the bank originated a loan for \$1.0 million to a non-profit organization that provides essential services such as housing, food, and supplemental programs to LMI individuals and families. This loan was responsive to the identified CD need for community services to LMI individuals.
- In 2024, the bank originated an economic development loan for \$2.5 million to a business that provides jobs for agricultural workers. The funds promote economic development by supporting job creation and retention in the community.

INVESTMENT TEST

The Investment Test performance in the Wenatchee MSA AA is below the overall conclusion for the institution, though still adequate.

Investment and Grant Activity

PB has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The institution did not make investments specifically directed to the Wenatchee MSA AA; however, the AA benefited from four prior period regional and statewide investments and two current period investments directed toward providing affordable housing within geographies that included the Wenatchee MSA AA. Please refer to the bank-wide discussion of the institution's investment activities for details regarding regional and statewide investments.

PB also made 10 CD donations totaling \$15,000 in addition to the noted investment activities. This performance marks a decline from the prior evaluation where the institution's qualified investment and grant activity consisted of 12 donations totaling \$43,000. The following are notable examples of PB's donations during the evaluation period.

- During the evaluation period, PB made 3 donations totaling \$4,500 to an organization that provides affordable homeownership opportunities to LMI individuals that reside in the AA.
- PB made 3 donations totaling \$4,500 over the evaluation period to a non-profit organization that provides health and wellness services for LMI individuals. Funding covers medical and prescription costs for those who are unable to pay.
- During the evaluation period, PB made 4 investments totaling \$6,000 to a non-profit organization that provides food services and various social programs for LMI youth.

Responsiveness to Credit and Community Development Needs

PB exhibits adequate responsiveness to credit and CD needs in the AA. The majority of the institution's investments support affordable housing initiatives which is an identified CD need.

Community Development Initiatives

PB rarely uses innovative and/or complex investments to support CD initiatives in the Wenatchee MSA AA. The institution did not employ any innovative and/or complex investments during the current evaluation period. Refer to the bank-wide conclusions for details.

SERVICE TEST

The Service Test performance in the Wenatchee MSA AA is above the conclusions for the institution.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the institution's AA. PB operates two branches with ATMs in the AA.

The bank doesn't operate any branches in moderate-income tracts, which is below demographic data and the 17.2 percentage of branches operated by other institutions in the AA. However, both of PB's AA branches border three moderate-income tracts that are less than a mile from the branches. Refer to the bank-wide section for more information of alternative delivery systems, which supplement accessibility of delivery systems. The following table provides details regarding the distribution of the bank's two branches operated in this AA by census tract income level.

Branch and ATM Distribution by Geography Income Level Wenatchee MSA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	5	15.6	20,034	16.4	0	0.0	0	0.0
Middle	20	62.5	73,948	60.6	2	100.0	2	100.0
Upper	7	21.9	28,030	23.0	0	0.0	0	0.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	32	100.0	122,012	100.0	2	100.0	2	100.0
<i>Source: 2020 Census Data and Institution Records</i>								

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has improved the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The institution opened one branch in a middle-income tract in the city of Wenatchee, which directly borders three moderate-income tracts and provides increased accessibility for LMI geographies.

Reasonableness of Business Hours and Services

Business hours and services do not vary in a way that inconveniences portions of the Wenatchee MSA AA, particularly LMI geographies and/or individuals. Business hours and services are consistent with the hours and services discussed in the bank-wide section. Drive-through service is available at both branches and extended Saturday hours are provided at one location. The expanded hours of operations on Saturdays support the institution's overall reasonableness of business hours in the Wenatchee MSA AA.

Community Development Services

PB provides a relatively high level of services to the Wenatchee MSA AA. Employees provided a total of 341 service hours to 6 separate CD organizations. Performance increased from the prior evaluation, where bank employees provided 183 service hours. Service hours nearly doubled from the prior evaluation, demonstrating management's support for employees in their provision of CD services. The institution's focus on community service activities reflects responsiveness to an identified CD need. Refer to the following table for the AA's CD service activities.

Community Development Services Wenatchee MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2022	3	186	-	-	189
2023	5	49	-	-	54
2024	13	69	-	-	82
YTD 2025	-	-	16	-	16
Total	21	304	16	-	341
<i>Source: Bank Data</i>					

The following are examples of services provided within the AA by PB employees:

- During the evaluation period, a bank officer provided 185 service hours serving on the Board of an organization that provides health care for LMI individuals and underserved people in the AA. The organization primarily serves Medicaid eligible patients.
- An employee provided 21 hours of Board service to an organization that helps LMI families obtain affordable housing. The organization offers revolving loan programs where, every time a participating homeowner pays back the downpayment used to buy their home, a percentage of the principal is returned to the program to help new families purchase their first home.

OTHER ASSESSMENT AREAS – Limited-Scope Review

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LIMITED-SCOPE REVIEW ASSESSMENT AREAS

Conclusions for the three Washington AAs reviewed using limited-scope examination procedures are summarized in the following table. The conclusions inconsistent with the bank-wide performance did not alter the bank's overall performance rating. Examiners drew conclusions regarding the bank's CRA performance from reviewing available facts and data, including performance figures, aggregate lending data comparisons, and demographic information. New and prior period investments made in the larger statewide or regional area may not be reflected in the following tables; however, they are discussed in detail under the Investment Test in the bank-wide Conclusions on Performance Criteria.

Assessment Area	Lending Test	Investment Test	Service Test
Mt. Vernon-Anacortes MSA	Consistent	Consistent	Consistent
Seattle-Tacoma-Bellevue MSA	Below	Consistent	Consistent
Washington Non-MSA	Below	Below	Consistent

Facts and data supporting conclusions for each limited-scope AA follow, beginning with a summary of the institution's operations and activities followed by each limited-scope AA's geographic distribution and borrower profile tables by loan type. Descriptions of the limited-scope AAs, including changes to individual AAs, demographic data, and market share information are included in the Appendix.

Mt. Vernon-Anacortes MSA

PB operates four branches in the AA. The bank did not open or close any branches during the evaluation period. The branch distribution is above the overall conclusion for the bank's performance. Two branches provide drive-through services and one branch provides extended hours of operation on Saturdays.

Activity	#	\$
Small Business Loans	170	48,619
Home Mortgage Loans	491	167,380
Small Farm Loans	-	-
Community Development Loans	7	13,463
Investments (New)	1	854
Investments (Prior Period)	-	-
Donations	15	48
CD Services	191 hours	-
<i>Source: Bank Data</i>		

Geographic Distribution and Borrower Profile

Geographic Distribution of Home Mortgage Loans Mt. Vernon-Anacortes MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
2024	0.0	--	0	0.0	0	0.0
Moderate						
2022	16.1	16.3	30	13.2	9,582	11.1
2023	16.1	16.9	11	8.7	3,622	10.3
2024	16.1	--	16	11.8	2,775	6.0
Middle						
2022	61.3	60.8	152	66.7	56,042	65.1
2023	61.3	60.2	89	70.1	24,006	68.5
2024	61.3	--	86	63.2	30,709	66.5
Upper						
2022	22.6	22.8	46	20.2	20,481	23.8
2023	22.6	22.9	27	21.3	7,440	21.2
2024	22.6	--	34	25.0	12,723	27.5
NA						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
2024	0.0	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	228	100.0	86,105	100.0
2023	100.0	100.0	127	100.0	35,068	100.0
2024	100.0	--	136	100.0	46,207	100.0
Source: 2020 Census; Bank Data; 2022 and 2023 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%.						

Geographic Distribution of Small Business Loans Mt. Vernon-Anacortes MSA						
Tract Income Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
2024	0.0	--	0	0.0	0	0.0
Moderate						
2022	20.9	19.9	10	17.0	2,792	15.2
2023	20.8	20.5	11	18.6	2,070	13.5
2024	20.9	--	6	11.5	1,585	10.6
Middle						
2022	63.0	65.1	45	76.3	13,511	73.5
2023	63.5	64.0	43	72.9	12,049	78.7
2024	63.8	--	42	80.8	11,687	78.3
Upper						
2022	16.2	15.0	4	6.8	2,071	11.3
2023	15.8	15.5	5	8.5	1,196	7.8
2024	15.2	--	4	7.7	1,658	11.1
NA						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
2024	0.0	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	59	100.0	18,374	100.0
2023	100.0	100.0	59	100.0	15,315	100.0
2024	100.0	--	52	100.0	14,930	100.0
Source: 2022, 2023, 2024 D&B Data; Bank Data; 2022, 2023 CRA Aggregate Data Due to rounding, totals may not equal 100.0%.						

Distribution of Home Mortgage Loans by Borrower Income Level Mt. Vernon-Anacortes MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	17.9	4.3	6	2.6	1,038	1.2
2023	17.9	3.5	2	1.6	218	0.6
2024	17.9	--	5	3.7	1,680	3.6
Moderate						
2022	19.4	11.3	21	9.2	4,757	5.5
2023	19.4	11.2	9	7.1	530	1.5
2024	19.4	--	23	16.9	3,647	7.9
Middle						
2022	23.2	23.9	51	22.4	12,152	14.1
2023	23.2	26.6	40	31.5	6,706	19.1
2024	23.2	--	32	23.5	6,099	13.2
Upper						
2022	39.5	48.8	141	61.8	57,060	66.3
2023	39.5	46.9	68	53.5	22,466	64.1
2024	39.5	--	66	48.5	25,265	54.7
NA						
2022	0.0	11.7	9	4.0	11,098	12.9
2023	0.0	11.8	8	6.3	5,148	14.7
2024	0.0	--	10	7.4	9,516	20.6
Total						
2022	100.0	100.0	228	100.0	86,105	100.0
2023	100.0	100.0	127	100.0	35,068	100.0
2024	100.0	--	136	100.0	46,207	100.0
Source: 2020 Census; Bank Data; 2022 and 2023 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%.						

Distribution of Small Business Loans by Gross Annual Revenue Category Mt. Vernon-Anacortes MSA						
Gross Revenue Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
<= \$1,000,000						
2022	89.5	56.7	27	45.8	8,064	43.9
2023	89.5	56.4	18	30.5	3,610	23.6
2024	88.6	--	21	40.4	5,109	34.2
> \$1,000,000						
2022	2.8	--	32	54.2	10,310	56.1
2023	2.9	--	41	69.5	11,705	76.4
2024	2.9	--	31	59.6	9,821	65.8
Revenue Not Available						
2022	7.6	--	0	0.0	0	0.0
2023	7.7	--	0	0.0	0	0.0
2024	8.5	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	59	100.0	18,374	100.0
2023	100.0	100.0	59	100.0	15,315	100.0
2024	100.0	--	52	100.0	14,930	100.0
Source: 2022, 2023, 2024 D&B Data; Bank Data; 2022, 2023 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.						

Seattle-Tacoma-Bellevue MSA

PB operates six branches in AA. The bank opened one branch in a middle-income tract during the evaluation period. The institution also closed two branches, with one in a moderate-income tract and one in a middle-income tract. The branch distribution is consistent with the overall performance conclusion for the bank.

Activity	#	\$
Small Business Loans	140	54,367
Home Mortgage Loans	242	113,435
Small Farm Loans	-	-
Community Development Loans	6	16,571
Investments (New)	1	1,096
Investments (Prior Period)	3	5,960
Donations	8	18
CD Services	417 hours	-
Source: Bank Data		

Geographic Distribution and Borrower Profile

Geographic Distribution of Home Mortgage Loans Seattle-Tacoma-Bellevue MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	2.5	2.5	2	1.8	190	0.4
2023	2.5	2.8	0	0.0	0	0.0
2024	3.7	--	0	0.0	0	0.0
Moderate						
2022	18.8	19.0	17	15.6	4,071	9.3
2023	18.8	20.5	8	13.3	2,115	8.4
2024	17.6	--	8	11.0	4,017	9.1
Middle						
2022	42.4	43.3	59	54.1	26,775	60.9
2023	42.4	43.8	32	53.3	14,215	56.6
2024	41.3	--	34	46.6	21,114	47.6
Upper						
2022	35.8	34.6	31	28.4	12,944	29.4
2023	35.8	32.4	20	33.3	8,791	35.0
2024	36.7	--	31	42.5	19,203	43.3
NA						
2022	0.5	0.6	0	0.0	0	0.0
2023	0.5	0.6	0	0.0	0	0.0
2024	0.7	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	109	100.0	43,980	100.0
2023	100.0	100.0	60	100.0	25,121	100.0
2024	100.0	--	73	100.0	44,334	100.0
<i>Source: 2020 Census; Bank Data; 2022 and 2023 HMDA Aggregate Data</i> <i>Due to rounding, totals may not equal 100.0%.</i>						

Geographic Distribution of Small Business Loans Seattle-Tacoma-Bellevue MSA						
Tract Income Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	5.8	5.7	4	8.3	450	2.9
2023	5.9	5.2	3	6.3	1,196	6.3
2024	7.7	--	0	0.0	0	0.0
Moderate						
2022	19.2	19.3	8	16.7	2,250	14.3
2023	19.8	18.1	8	16.7	3,400	17.9
2024	17.8	--	9	20.5	5,252	26.8
Middle						
2022	37.7	38.3	21	43.8	8,754	55.6
2023	37.7	38.3	28	58.3	9,751	51.4
2024	39.1	--	19	43.2	8,888	45.3
Upper						
2022	36.3	35.5	14	29.2	3,797	24.1
2023	35.6	37.3	9	18.8	4,638	24.4
2024	34.3	--	15	34.1	4,991	25.4
NA						
2022	1.0	1.3	1	2.1	500	3.2
2023	1.0	1.2	0	0.0	0	0.0
2024	1.2	--	1	2.3	500	2.6
Total						
2022	100.0	100.0	48	100.0	15,751	100.0
2023	100.0	100.0	48	100.0	18,985	100.0
2024	100.0	--	44	100.0	19,631	100.0
Source: 2022, 2023, 2024 D&B Data; Bank Data; 2022, 2023 CRA Aggregate Data Due to rounding, totals may not equal 100.0%.						

Distribution of Home Mortgage Loans by Borrower Income Level Seattle-Tacoma-Bellevue MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	18.1	5.7	9	8.9	838	2.0
2023	18.1	4.8	1	1.9	81	0.4
2024	17.4	--	0	0.0	0	0.0
Moderate						
2022	16.4	13.4	12	11.9	3,069	7.5
2023	16.4	13.5	7	13.5	1,423	6.5
2024	16.2	--	6	9.5	1,068	3.0
Middle						
2022	21.0	22.4	29	28.7	8,036	19.6
2023	21.0	22.3	11	21.2	2,624	11.9
2024	21.3	--	9	14.3	2,218	6.3
Upper						
2022	44.5	48.4	48	47.5	19,009	46.3
2023	44.5	46.5	29	55.8	17,313	78.4
2024	45.1	--	45	71.4	30,093	84.8
NA						
2022	0.0	10.1	3	3.0	10,074	24.6
2023	0.0	12.9	4	7.7	630	2.9
2024	0.0	--	3	4.8	2,121	6.0
Total						
2022	100.0	100.0	101	100.0	41,026	100.0
2023	100.0	100.0	52	100.0	22,071	100.0
2024	100.0	--	63	100.0	35,500	100.0
Source: 2020 Census; Bank Data; 2022 and 2023 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%.						

Distribution of Small Business Loans by Gross Annual Revenue Category Seattle-Tacoma-Bellevue MSA						
Gross Revenue Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
<= \$1,000,000						
2022	92.7	54.4	21	45.7	6,547	45.4
2023	92.8	56.7	17	38.6	5,889	32.5
2024	92.2	--	14	35.0	5,192	28.2
> \$1,000,000						
2022	2.3	--	25	54.4	7,864	54.6
2023	2.3	--	27	61.4	12,220	67.5
2024	2.3	--	26	65.0	13,194	71.8
Revenue Not Available						
2022	5.0	--	0	0.0	0	0.0
2023	4.9	--	0	0.0	0	0.0
2024	5.5	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	46	100.0	14,411	100.0
2023	100.0	100.0	44	100.0	18,109	100.0
2024	100.0	--	40	100.0	18,386	100.0
Source: 2022, 2023, 2024 D&B Data; Bank Data; 2022 and 2023 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.						

Washington Non-MSA

PB operates two branches in the AA and both provide drive-through services. The bank did not open or close any branches during the evaluation period. The branch distribution is consistent with the bank's overall performance.

Activity	#	\$
Small Business Loans	47	10,596
Home Mortgage Loans	285	99,614
Small Farm Loans	-	-
Community Development Loans	-	-
Investments (New)	-	-
Investments (Prior Period)	-	-
Donations	1	1
CD Services	193 hours	-
Source: Bank Data		

Geographic Distribution and Borrower Profile

Geographic Distribution of Home Mortgage Loans Washington Non-MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
2024	0.0	--	0	0.0	0	0.0
Moderate						
2022	0.1	0.3	1	0.8	250	0.5
2023	0.1	0.1	0	0.0	0	0.0
2024	0.1	--	0	0.0	0	0.0
Middle						
2022	37.2	43.3	50	38.2	17,019	36.3
2023	37.2	43.4	30	37.5	8,836	32.1
2024	37.2	--	27	36.5	6,425	25.5
Upper						
2022	62.7	56.4	80	61.1	29,674	63.2
2023	62.7	56.4	50	62.5	18,675	67.9
2024	62.7	--	47	63.5	18,735	74.5
NA						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
2024	0.0	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	131	100.0	46,943	100.0
2023	100.0	100.0	80	100.0	27,511	100.0
2024	100.0	--	74	100.0	25,160	100.0
<i>Source: 2020 Census; Bank Data; 2022 and 2023 HMDA Aggregate Data</i> <i>Due to rounding, totals may not equal 100.0%.</i>						

Geographic Distribution of Small Business Loans Washington Non-MSA						
Tract Income Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
2024	0.0	--	0	0.0	0	0.0
Moderate						
2022	2.4	1.1	0	0.0	0	0.0
2023	2.4	1.2	0	0.0	0	0.0
2024	2.4	--	0	0.0	0	0.0
Middle						
2022	34.5	34.8	10	76.9	1,080	42.0
2023	35.1	35.1	11	52.4	3,168	61.7
2024	34.9	--	9	69.2	2,336	80.7
Upper						
2022	63.1	64.1	3	23.1	1,490	58.0
2023	62.5	63.7	10	47.6	1,963	38.3
2024	62.7	--	4	30.8	559	19.3
NA						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
2024	0.0	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	13	100.0	2,570	100.0
2023	100.0	100.0	21	100.0	5,131	100.0
2024	100.0	--	13	100.0	2,895	100.0
Source: 2022, 2023, 2024 D&B Data; Bank Data; 2022, 2023 CRA Aggregate Data Due to rounding, totals may not equal 100.0%.						

Distribution of Home Mortgage Loans by Borrower Income Level Washington Non-MSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	12.9	2.6	2	1.5	302	0.6
2023	12.9	2.9	1	1.3	122	0.4
2024	12.9	--	2	2.7	131	0.5
Moderate						
2022	16.6	8.4	11	8.4	1,581	3.4
2023	16.6	7.7	4	5.0	338	1.2
2024	16.6	--	12	16.2	1,414	5.6
Middle						
2022	22.8	20.5	25	19.1	6,946	14.8
2023	22.8	20.4	12	15.0	3,008	10.9
2024	22.8	--	10	13.5	1,353	5.4
Upper						
2022	47.8	53.5	92	70.2	37,864	80.7
2023	47.8	57.0	57	71.3	21,947	79.8
2024	47.8	--	49	66.2	21,837	86.8
NA						
2022	0.0	15.0	1	0.8	250	0.5
2023	0.0	12.0	6	7.5	2,096	7.6
2024	0.0	--	1	1.4	425	1.7
Total						
2022	100.0	100.0	131	100.0	46,943	100.0
2023	100.0	100.0	80	100.0	27,511	100.0
2024	100.0	--	74	100.0	25,160	100.0
Source: 2020 Census; Bank Data; 2022 and 2023 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%.						

Distribution of Small Business Loans by Gross Annual Revenue Category Washington Non-MSA						
Gross Revenue Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
<= \$1,000,000						
2022	93.4	61.6	9	69.2	2,205	85.8
2023	93.4	62.3	15	71.4	4,396	85.7
2024	93.1	--	10	76.9	2,545	87.9
> \$1,000,000						
2022	1.3	--	4	30.8	365	14.2
2023	1.3	--	6	28.6	735	14.3
2024	1.4	--	3	23.1	350	12.1
Revenue Not Available						
2022	5.3	--	0	0.0	0	0.0
2023	5.3	--	0	0.0	0	0.0
2024	5.6	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	13	100.0	2,570	100.0
2023	100.0	100.0	21	100.0	5,131	100.0
2024	100.0	--	13	100.0	2,895	100.0
Source: 2022, 2023, 2024 D&B Data; Bank Data; 2022, 2023 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.						

APPENDICES

LARGE BANK PERFORMANCE CRITERIA

Lending Test

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

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

Investment Test

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

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

Service Test

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

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

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

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

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

SCOPE OF EVALUATION

Peoples Bank	
Scope of Examination: Full scope reviews were performed on the following assessment areas within the noted rated area: State of Washington: Bellingham MSA Assessment Area Wenatchee MSA Assessment Area Limited scope reviews were performed on the following assessment areas within the noted rated area: State of Washington: Mt. Vernon-Anacortes MSA Assessment Area Seattle-Tacoma-Bellevue MSA Assessment Area Washington Non-MSA Assessment Area	
Time Period Reviewed:	12/6/2021 to 5/27/2025
Products Reviewed: Home Mortgage: 1/1/2022 – 12/31/2024 Small Business: 1/1/2022 – 12/31/2024	

DESCRIPTION OF LIMITED-SCOPE ASSESSMENT AREAS

Mt. Vernon-Anacortes MSA

The AA is in the northwest portion of Washington and comprised of Skagit County, which forms the Mt. Vernon-Anacortes MSA. It consists of 8 moderate-, 26 middle- and 7 upper-income CTs. There are no low-income CTs, and one CT has no income designation. No changes were made to the AA during the evaluation period.

Demographic Information of the Assessment Area Mt. Vernon-Anacortes MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	42	0.0	19.1	61.9	16.7	2.4
Population by Geography	129,523	0.0	21.0	60.4	18.6	0.0
Housing Units by Geography	54,317	0.0	20.1	60.3	19.6	0.0
Owner-Occupied Units by Geography	34,465	0.0	16.1	61.3	22.6	0.0
Occupied Rental Units by Geography	14,798	0.0	29.9	59.4	10.8	0.0
Vacant Units by Geography	5,054	0.0	18.9	55.7	25.4	0.0
Businesses by Geography	13,826	0.0	20.8	63.5	15.8	0.0
Farms by Geography	503	0.0	12.1	74.0	13.9	0.0
Family Distribution by Income Level	33,252	17.9	19.4	23.2	39.5	0.0
Household Distribution by Income Level	49,263	22.4	17.3	19.9	40.5	0.0
Median Family Income MSA - 34580 Mount Vernon-Anacortes, WA MSA		\$82,149	Median Housing Value			\$ 347,325
			Median Gross Rent			\$1,157
			Families Below Poverty Level			6.9%
Source: 2020 Census And 2023 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.						

According to the June 30, 2024 FDIC Market Share Data, 13 financial institutions operated 37 full-service branches within the AA. Of these institutions, PB ranked 3rd, with 10.0 percent deposit market share. The top two institutions consist of large, regional banks and hold 34.0 percent of the total market share.

In 2022, PB ranked 2nd with a home mortgage lending market share of 5.9 percent among 320 lenders who reported 6,489 home mortgage loans. In 2023, PB ranked 2nd again, with a market share of 5.7 percent among 272 lenders who reported home mortgage 7,015 loans.

In 2022, PB ranked 10th with a small business lending market share of 2.2 percent among 53 lenders who reported 2,675 small business loans. In 2023, PB ranked 10th with a market share of 2.4 percent among 49 lenders who reported 2,392 small business loans.

Seattle-Tacoma-Bellevue MSA

The AA is in the western part of Washington on the Puget Sound and is comprised of King and Snohomish Counties, which form the Seattle-Tacoma-Bellevue MSA. It consists of 37 low-, 136 moderate-, 276 middle- and 205 upper-income CTs. Sixteen CTs have no income designation. In 2023, PB expanded the Seattle-Tacoma-Bellevue MSA to include King County in its entirety, which is a change from the previous evaluation where the bank had delineated specific tracts in the county that were nearest to the institution's branches in the city of Seattle, noting the area was too large to reasonably serve. No other changes were made to the AA since the previous evaluation.

Demographic Information of the Assessment Area Seattle-Tacoma-Bellevue-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	670	4.8	22.1	39.6	31.2	2.4
Population by Geography	3,097,632	4.7	23.2	39.1	31.5	1.5
Housing Units by Geography	1,266,434	5.0	22.0	39.0	32.4	1.7
Owner-Occupied Units by Geography	711,666	2.5	18.8	42.4	35.8	0.5
Occupied Rental Units by Geography	487,210	8.5	26.4	34.1	27.6	3.3
Vacant Units by Geography	67,558	5.1	23.2	37.4	32.1	2.2
Businesses by Geography	375,054	5.9	19.8	37.7	35.6	1.0
Farms by Geography	2,898	2.0	15.7	44.6	37.0	0.7
Family Distribution by Income Level	741,356	20.6	17.8	21.2	40.4	0.0
Household Distribution by Income Level	1,198,876	23.4	16.8	18.3	41.5	0.0
Median Family Income MD - 42644 Seattle-Bellevue-Kent, WA MD		\$116,853	Median Housing Value			\$ 581,125
			Median Gross Rent			\$1,668
			Families Below Poverty Level			5.0%
Source: 2020 Census And 2023 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.						

There is a high degree of competition for financial services in the AA. According to the June 30, 2024 FDIC Market Share Data, 43 financial institutions operated 592 full-service branches within the AA. Of these institutions, PB ranked 28th, with a deposit market share of 0.2 percent. The top three financial institutions are comprised of large, national associations and hold 55.8 percent of the total deposit market share.

In 2022, PB ranked 103rd with a home mortgage lending market share of 0.1 percent among 697 lenders who reported 154,436 home mortgage loans. In 2023, PB ranked 557th with a market share of less than 0.1 percent among 642 lenders who reported 87,715 home mortgage loans.

In 2022, PB ranked 43rd with a small business lending market share of less than 0.1 percent among 160 lenders who reported 87,130 small business loans. In 2023, PB ranked 83rd with a market share of less than 0.1 percent among 159 lenders who reported 86,396 small business loans.

Washington Non-MSA

The AA is in northwest Washington and is situated north of the city of Seattle. The county is made up of several islands, primarily Whidbey Island and Camano Island. It consists of 2 moderate- 10 middle-, and 11 upper-income CTs. There are no low-income CTs and one CT has no income designation. No changes were made to the AA during the evaluation period.

Demographic Information of the Assessment Area Washington Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	24	0.0	8.3	41.7	45.8	4.2
Population by Geography	86,857	0.0	7.9	43.3	48.9	0.0
Housing Units by Geography	42,270	0.0	4.2	39.4	56.4	0.0
Owner-Occupied Units by Geography	25,127	0.0	0.1	37.2	62.7	0.0
Occupied Rental Units by Geography	10,199	0.0	16.5	54.9	28.6	0.0
Vacant Units by Geography	6,944	0.0	0.9	24.8	74.3	0.0
Businesses by Geography	8,924	0.0	2.4	35.1	62.5	0.0
Farms by Geography	196	0.0	0.0	33.2	66.8	0.0
Family Distribution by Income Level	24,157	12.9	16.6	22.8	47.8	0.0
Household Distribution by Income Level	35,326	15.8	13.2	18.7	52.4	0.0
Washington Non-MSA Median Family Income		\$70,452	Median Housing Value			\$ 366,337
			Median Gross Rent			\$1,206
			Families Below Poverty Level			5.3%
Source: 2020 Census And 2023 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.						

According to the June 30, 2024 FDIC Market Share Data, 8 financial institutions operated 16 full-service branches within the AA. Of these institutions, PB ranked 5th, with a 6.6 percent deposit market share. The top three institutions were comprised of large regional banks and national associations, which account for 70.6 percent of the total deposit market share.

In 2022, PB ranked 4th with a home mortgage lending market share of 3.8 percent among 303 lenders who reported 5,559 home mortgage loans. In 2023, PB ranked 4th with a market share of 3.9 percent among 245 lenders who reported 3,398 home mortgage loans.

In 2022, PB ranked 14th with a small business lending market share of 0.8 percent among 45 lenders who reported 1,545 small business loans. In 2023, PB ranked 12th with a market share of 1.5 percent among 39 lenders who reported 1,325 small business loans.

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

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

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

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

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

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

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

Community Development Loan: A loan that:

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

Community Development Service: A service that:

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

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (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.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

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

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.