

# **PUBLIC DISCLOSURE**

May 27, 2025

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First Federal Savings Bank  
Certificate Number: 29056

5001 Davis Lant Drive  
Evansville, Indiana 47715

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

300 South Riverside Plaza, Suite 1700  
Chicago, Illinois 60606

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 areas, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- A substantial majority of loans are in the institution's assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

**The Community Development Test is rated Satisfactory.**

- The institution's community development performance demonstrates adequate responsiveness to community development needs in its assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment areas.

## DESCRIPTION OF INSTITUTION

First Federal Savings Bank (FFSB) is headquartered in Evansville, Indiana, and operates primarily in southwestern Indiana and nearby portions of Kentucky. The bank is a subsidiary of First Bancorp of Indiana, Inc., a single-bank holding company, also headquartered in Evansville. FFSB received a Satisfactory CRA rating at its previous FDIC Performance Evaluation, dated July 21, 2022, based on Intermediate Small Institution CRA Examination Procedures.

FFSB operates ten full-service offices, with nine in Indiana and one in Kentucky. The Kentucky office is new since the previous evaluation and opened in early 2023. This office is located in Henderson County in a middle-income census tract, however, when it was first opened it was in a moderate-income census tract. The bank offers traditional loan products including home mortgage loans, commercial loans, home equity lines of credit, and consumer installment loans. Deposit product offerings include checking, savings, certificates of deposit, and individual retirement accounts. FFSB also provides various alternative banking services including online banking, mobile banking, and on-site ATMs.

As of March 31, 2025, bank assets totaled \$605.1 million, including total loans of \$455.5 million and total securities of \$88.0 million. Deposits totaled \$484.3 million as of the same date. Total assets grew by \$125.8 million or 26.3 percent since the previous evaluation, with loan growth accounting for nearly this entire increase.

The bank remains primarily a residential lender, with one-to-four family home mortgage loans making up approximately half of the bank's total loan portfolio by dollar volume. Commercial loans, including commercial and industrial loans, as well as commercial real estate loans, are the second largest loan category at slightly more than one third of the portfolio. Since the previous evaluation, home mortgage lending has grown as a percentage of the total portfolio, increasing by approximately 9.0 percentage points, while commercial lending experienced a corresponding decrease. The following table provides a breakdown of the loan portfolio as of March 31, 2025.

<b>Loan Portfolio Distribution as of 3/31/2025</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	26,949	5.9
Secured by Farmland	6,134	1.4
Secured by 1-4 Family Residential Properties	226,387	49.7
Secured by Multifamily (5 or more) Residential Properties	25,689	5.6
Secured by Nonfarm Nonresidential Properties	83,826	18.4
<b>Total Real Estate Loans</b>	<b>368,985</b>	<b>81.0</b>
Commercial and Industrial Loans	80,826	17.7
Agricultural Production and Other Loans to Farmers	1,184	0.3
Consumer Loans	3,976	0.9
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	529	0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(0)	(0.0)
<b>Total Loans</b>	<b>455,500</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

## DESCRIPTION OF ASSESSMENT AREAS

FFSB has delineated three assessment areas across two rated areas. The Indiana rated area contains assessment areas in the Evansville, IN Metropolitan Statistical Area (Evansville MSA) and the nonmetropolitan portion of Indiana (Indiana Non-MSA). The Kentucky rated area contains the Kentucky Non-MSA assessment area. Both Indiana assessment areas are unchanged from the previous evaluation. The Kentucky Non-MSA assessment area is new due to the opening of the Henderson branch in 2023. All three assessment areas contain whole counties. The following table outlines the rated areas, assessment areas, and counties within each.

<b>Rated Areas and Assessment Areas</b>		
<b>Rated Area</b>	<b>Assessment Area</b>	<b>Counties</b>
<b>Indiana</b>	Evansville MSA	Posey, Vanderburgh, Warrick
	Indiana Non-MSA	Daviess, Pike
<b>Kentucky</b>	Kentucky Non-MSA	Henderson

The assessment areas consist of whole geographies, do not arbitrarily exclude low- or moderate-income areas, do not reflect illegal discrimination, and otherwise meet the requirements of the CRA regulation. Refer to the separate assessment area sections of this evaluation for more information on each area.

## SCOPE OF EVALUATION

### General Information

This evaluation covers the period from the prior evaluation dated July 21, 2022, to the current evaluation dated May 27, 2025. Examiners evaluated the bank's performance using Intermediate Small Institution CRA Examination procedures, which includes evaluating performance under the Lending Test and Community Development Test. The appendices contain a description of the specific criteria included in each of these tests.

Examiners performed full-scope reviews of the Evansville MSA and Kentucky Non-MSA assessment areas and a limited-scope review of the Indiana Non-MSA assessment area. Within Indiana, the Evansville MSA assessment area carried more weight than the Indiana Non-MSA assessment area as a significant majority of the bank's operations and banking activities are in that area. In contrast, the Indiana Non-MSA assessment area contains a relatively small portion of the overall bank operations, including branches, loans, and deposits. Between the two rated areas, Indiana carried significantly more weight than Kentucky in arriving at the overall performance conclusions as a substantial majority of bank operations and lending activity are in Indiana. As such, the Kentucky Non-MSA received nominal weight in the overall rating based on the newness of the branch and extremely limited loan and deposit activity in the assessment area. The following table provides a breakdown of loans, deposits, and branches among the three assessment areas.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans*		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Evansville MSA	71,889	84.7	397,094	84.7	7	70.0
Indiana Non-MSA	10,986	12.9	68,255	14.6	2	20.0
Kentucky Non-MSA	2,011	2.4	3,320	0.7	1	10.0
<b>Total</b>	<b>84,886</b>	<b>100.0</b>	<b>468,669</b>	<b>100.0</b>	<b>10</b>	<b>100.0</b>

*Sources: Bank Data; FDIC Summary of Deposits (6/30/2024). \*Loans include 2024 home mortgage and small business loans.*

FFSB does not have any affiliate lending relationships, and therefore, this evaluation does not include any affiliate lending activity.

### Activities Reviewed

For the Lending Test, examiners reviewed FFSB's home mortgage and small business lending as these represent the bank's major product lines. Examiners did not review small farm lending as it only makes up a small portion of the overall loan portfolio and is not a primary business focus for the bank. Examiners analyzed all home mortgage loans reported on the bank's 2022, 2023, and 2024 Home Mortgage Disclosure Act (HMDA) loan application registers. The bank collects, but is not required to report, small business loan data. Since this data was readily available, examiners reviewed all small business loans for 2022, 2023, and 2024. The following table summarizes the total origination volume by year for the two products reviewed.

Loan Products Reviewed			
Loan Category	Year	#	\$(000s)
Home Mortgage	2022	439	81,513
	2023	393	109,261
	2024	255	70,249
Small Business	2022	216	35,406
	2023	283	47,124
	2024	155	29,015
<i>Source: Bank Data</i>			

Lending volumes generally declined during the evaluation period, particularly from 2023 to 2024. Increasing interest rates were a primary factor causing this decline as lending became more costly, which led to lower loan demand from both individuals and businesses. Low home inventory levels and fewer listings in the bank's assessment areas also led to decreased HMDA loan origination volumes.

Home mortgage lending carried greater weight than small business lending when arriving at overall conclusions due to the higher loan origination volume by number and dollar amount during the evaluation period, particularly in Indiana. Within the Kentucky Non-MSA assessment area, examiners only evaluated lending activity from 2023 and 2024 since the bank did not maintain a branch presence in this assessment area prior to 2023. As previously noted, the lending and deposit activity in Kentucky is extremely low and received nominal weight in the overall conclusions.

Examiners evaluated the bank's lending performance through comparisons to 2020 U.S. Census data, 2022-2023 HMDA aggregate data, and 2022-2024 D&B business demographic data. For home mortgage lending, examiners focused primarily on comparisons to HMDA aggregate data. Additionally, while this evaluation presents both the number and dollar volume of loan originations in the analyses, examiners generally focused on performance by number of loans as this is a better indicator of the number of individuals and businesses served.

Finally, for the Community Development Test, examiners considered all community development loans, qualified investments, and community development services since the previous evaluation.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

FFSB demonstrated reasonable performance under the Lending Test. Performance under each Lending Test criterion supports this conclusion. Performance was generally consistent across both rated areas.

### Loan-to-Deposit Ratio

The loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs. FFSB's loan-to-deposit ratio, calculated from Call Report data

over the past 11 calendar quarters, averaged 95.7 percent throughout the review period. The ratio ranged from a low of 86.9 percent as of September 30, 2022, to a high of 101.4 percent as of June 30, 2023. Examiners evaluated the loan-to-deposit ratio through comparisons to similarly situated banks, selected based on asset size, geographic location, and lending focus. As shown in the following table, FFSB's average loan-to-deposit ratio was higher than three of the similarly situated banks and comparable to one bank that also demonstrated more than reasonable performance under this criterion.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 3/31/2025 (\$000s)	Average Net LTD Ratio (%)
<b>First Federal Savings Bank (Evansville, IN)</b>	<b>605,103</b>	<b>95.7</b>
Freedom Bank (Huntingburg, IN)	569,113	96.8
Springs Valley Bank & Trust Company (French Lick, IN)	639,340	89.5
Field & Main Bank (Henderson, KY)	812,816	88.3
The New Washington State Bank (New Washington, IN)	614,653	74.9
<i>Source: Reports of Condition and Income 9/30/2022 – 3/31/2025</i>		

### **Assessment Area Concentration**

A substantial majority of loans are in the institution's assessment areas. As shown in the following table, the bank originated a substantial majority of both home mortgage and small business loans inside the assessment areas in each year of the review period.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2022	408	92.9	31	7.1	439	74,010,156	90.8	7,502,888	9.2	81,513,044
2023	310	78.9	83	21.1	393	78,743,734	72.1	30,517,026	27.9	109,260,760
2024	226	88.6	29	11.4	255	61,321,057	87.3	8,928,210	12.7	70,249,267
Subtotal	944	86.8	143	13.2	1,087	214,074,947	82.0	46,948,124	18.0	261,023,071
Small Business										
2022	182	84.3	34	15.7	216	25,631,000	72.4	9,775,000	27.6	35,406,000
2023	250	88.3	33	11.7	283	37,865,000	80.4	9,259,000	19.6	47,124,000
2024	129	83.2	26	16.8	155	23,564,000	81.2	5,451,000	18.8	29,015,000
Subtotal	561	85.8	93	14.2	654	87,060,000	78.0	24,485,000	22.0	111,545,000
Total	1,505	86.4	236	13.6	1,741	301,134,947	80.8	71,433,124	19.2	372,568,071
Source: Bank Data										
Due to rounding, totals may not equal 100.0%										



### **Geographic Distribution**

Based on performance in Indiana, the geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. Performance was not consistent in the Kentucky rated area largely due to the newness of the sole branch, overall low volume of lending in the assessment area and decreases in the already nominal number of low- and moderate-income census tracts during the review period with only two moderate-income tracts remaining. Further, one of the moderate-income tracts where the bank had its main office and some loan activity was redesignated to a middle-income tract during the review period. Refer to the separate assessment area sections of this evaluation for more detailed information.

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes based on performance in the Indiana areas. Performance was also not consistent in the Kentucky rated area, again, due to the more recent branch opening and overall low volume of lending in the assessment area, rising interest rate environment, and low home mortgage inventory, as well as other performance context factors. Refer to the separate assessment area sections of this evaluation for more detailed information.

### **Response to Complaints**

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

## **COMMUNITY DEVELOPMENT TEST**

FFSB's Community Development Test performance demonstrates adequate responsiveness to community development needs in its assessment areas through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity, the need and availability of such opportunities, and historical performance in evaluating the institution's performance primarily in Indiana, as well as the limited activities derived from the Kentucky branch. Overall descriptions of FFSB's performance for each community development activity are provided in the following sections, and the institution's activities are further discussed within the separate assessment area presentations.

Examiners evaluated FFSB's community development performance through comparisons to three similarly situated banks. Examiners selected these banks based on asset size, geographic location, and lending focus.

### **Community Development Loans**

FFSB originated 13 community development loans totaling \$87.9 million within the assessment areas during the evaluation period. This level of activity represented 14.2 percent of total assets and 18.9 percent of net loans as of March 31, 2025. FFSB's performance represents a decrease by number but a significant increase by dollar volume since the previous evaluation period, during

which the bank made 22 community development loans totaling \$48.5 million. Additionally, the previous evaluation included 6 loans totaling \$11.3 million originated under the Paycheck Protection Program, a federal program that provided emergency assistance to businesses during the COVID-19 pandemic. Given the temporary nature of this program, the bank did not have similar opportunities for such lending during the current evaluation period.

Examiners compared FFSB's performance to the performance of three similarly situated banks. As a percentage of net loans and total assets, the bank originated a higher level of community development loans than the three similarity situated banks. In comparison, for the three similarly situated banks, community development loans to net loans ranged from 2.1 percent to 6.8 percent, and community development loans to total assets ranged from 1.7 percent to 5.6 percent.

The table below presents the overall community development lending by year and community development category.

<b>Community Development Lending</b>										
<b>Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Total</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2022 (Partial)	0	0	1	30,000	3	1,305	0	0	4	31,305
2023	2	410	1	30,000	3	1,483	1	4,388	7	36,281
2024	0	0	0	0	0	0	0	0	0	0
2025 (YTD)	0	0	1	20,000	1	275	0	0	2	20,275
<b>Total</b>	<b>2</b>	<b>410</b>	<b>3</b>	<b>80,000</b>	<b>7</b>	<b>3,063</b>	<b>1</b>	<b>4,388</b>	<b>13</b>	<b>87,861</b>
<i>Source: Bank Data</i>										

### **Qualified Investments**

During the evaluation period, FFSB made 17 qualified investments and donations totaling \$2.2 million. This dollar amount includes grants and donations totaling approximately \$47,000 and this total also includes two prior period investments totaling approximately \$1.3 million. These prior period investments benefitted a broader regional area that includes the assessment areas and supported affordable housing for low-and moderate-income individuals.

FFSB's level of qualified investments represents 0.4 percent of total assets. This volume reflects a slight decrease from the previous evaluation when FFSB maintained qualified investments and donations totaling \$2.8 million. FFSB's level of qualified investments and donations was similar to the levels of two similarly situated banks and below a third similarly situated bank.

The following table presents qualified investments by year and community development category.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	2	1,300	0	0	0	0	0	0	2	1,300
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	0	0
YTD 2025	1	286	0	0	0	0	1	600	2	886
<b>Subtotal</b>	<b>3</b>	<b>1,586</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>600</b>	<b>4</b>	<b>2,186</b>
Qualified Grants & Donations	2	5	8	19	3	23	0	0	13	47
<b>Total</b>	<b>5</b>	<b>1,591</b>	<b>8</b>	<b>19</b>	<b>3</b>	<b>23</b>	<b>1</b>	<b>600</b>	<b>17</b>	<b>2,233</b>
<i>Source: Bank Data</i>										

### **Community Development Services**

During the evaluation period, FFSB provided a total of six community development services, amounting to 62 service hours within the assessment areas, which is a decrease from the prior evaluation. However, this total does not include various retail banking services targeted to low- and moderate-income populations that also received credit under this criterion. Additionally, most of the community development services involve recurring activities, such as an employee providing multiple financial literacy sessions, that are reflected as a single service. Examiners considered these qualitative aspects when evaluating FFSB's performance. The bank's level of community development services was similar to one similarly situated bank and below two banks.

The table below presents community development services by year and community development category.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
2022 (Partial)	1	0	0	0	1
2023	2	1	0	0	3
2024	2	0	0	0	2
2025 (YTD)	0	0	0	0	0
<b>Total</b>	<b>5</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>6</b>
<i>Source: Bank Data</i>					

In addition, the bank offers the New Start Checking Account, designed for low- and moderate-income individuals who have limited experience with traditional bank accounts. The account is available throughout the assessment areas and aims to provide banking services to underserved populations. FFSB has 29 active accounts under this program with 28 new accounts opened during the evaluation period. After one year, the account may be converted to one with no monthly service fees or minimum balance requirements. Furthermore, the bank operates several office locations that primarily serve low- and moderate-income portions of the assessment areas.

Refer to the separate assessment area sections of this evaluation for more information on the bank's community development activities.

## **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.

### **INDIANA**

#### **CRA RATING FOR INDIANA: SATISFACTORY**

**The Lending Test is rated: SATISFACTORY**

**The Community Development Test is rated: SATISFACTORY**

## **DESCRIPTION OF INSTITUTION'S OPERATIONS IN INDIANA**

The Indiana rated area contains the vast majority of the overall bank operations among the two rated areas. Nine of 10 offices and more than 97.0 percent of overall lending and deposit activity are in this rated area. Within Indiana, the bank has delineated two assessment areas: the Evansville MSA and Indiana Non-MSA. These two assessment areas remain unchanged from the prior evaluation.

## **SCOPE OF EVALUATION – INDIANA**

The scope of evaluation for the Indiana rated area is identical to the overall scope of evaluation for the institution. Examiners conducted a full-scope review of the Evansville MSA assessment area and a limited-scope review of the Indiana Non-MSA assessment area. The Evansville MSA assessment area carried the most weight when arriving at overall conclusions for the rated area.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN INDIANA**

### **LENDING TEST**

The Lending Test rating for Indiana is Satisfactory. Both Geographic Distribution and Borrower Profile performance support this rating. Performance was generally consistent in both assessment areas.

#### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. Performance was consistent across both assessment areas. Refer to the separate assessment area sections of this evaluation for more detailed information.

#### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes. Refer to the separate assessment area sections of this evaluation for more detailed information.

### **COMMUNITY DEVELOPMENT TEST**

The Community Development Test rating is Satisfactory for the Indiana rated area. The institution's community development performance demonstrates adequate responsiveness to community development needs throughout the assessment areas. A substantial portion of the bank's total community development activities were carried out in this rated area.

#### **Community Development Loans**

FFSB originated 12 community development loans totaling \$87.6 million during the evaluation period within the Indiana rated area. Community development loans primarily supported community services for low- and moderate-income individuals. Similar to the previous evaluation, most community development lending activity was in the Indiana Non-MSA assessment area as a result of a large loan that was renewed multiple times during the evaluation period. The following table details the community development loans by assessment area and purpose.

Community Development Lending – Indiana Rated Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Evansville MSA	0	0	0	0	2	2,154	3	725	5	2,879
Indiana Non-MSA	1	117	3	80,000	2	183	1	4,388	7	84,688
Statewide and Regional Activities	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1</b>	<b>117</b>	<b>3</b>	<b>80,000</b>	<b>4</b>	<b>2,337</b>	<b>4</b>	<b>5,113</b>	<b>12</b>	<b>87,567</b>
<i>Source: Bank Data</i>										

### Qualified Investments

During the evaluation period, FFSB made 16 qualified investments and donations totaling approximately \$2.2 million in the Indiana rated area. Most qualified investments supported affordable housing for low- and moderate-income individuals. The following table details the qualified investments by assessment area and purpose.

Qualified Investments – Indiana Rated Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Evansville MSA	1	286	0	0	0	0	1	600	2	886
Indiana non-MSA	0	0	0	0	0	0	0	0	0	0
Statewide and Regional Activities	2	1,300	0	0	0	0	0	0	2	1,300
<b>Subtotal</b>	<b>3</b>	<b>1,586</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>600</b>	<b>4</b>	<b>2,186</b>
Qualified Grants & Donations	2	5	7	19	3	23	0	0	12	47
<b>Total</b>	<b>5</b>	<b>1,591</b>	<b>7</b>	<b>19</b>	<b>3</b>	<b>23</b>	<b>1</b>	<b>600</b>	<b>16</b>	<b>2,233</b>
<i>Source: Bank Data</i>										

### Community Development Services

During the evaluation period, FFSB provided five community development services within the Indiana rated area. All five of these community development services were in the Evansville MSA assessment area and supported affordable housing initiatives.

## **EVANSVILLE, IN MSA – Full-Scope Review**

### **DESCRIPTION OF INSTITUTION’S OPERATIONS IN EVANSVILLE, IN MSA**

The Evansville MSA assessment area includes three whole counties: Posey, Vanderburgh, and Warrick. FFSB operates seven full-service offices in this assessment area.

## **Economic and Demographic Data**

The assessment area contains 82 census tracts across the three counties. According to 2020 U.S. Census data, these tracts reflect the following income designations:

- 11 low-income tracts,
- 17 moderate-income tracts,
- 30 middle-income tracts,
- 18 upper-income tracts, and
- 6 tracts with no income designation.

Nearly all the assessment area's low- and moderate-income tracts are in Vanderburgh County, in and around downtown Evansville.

The following table details select demographic and economic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Evansville MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	82	13.4	20.7	36.6	22.0	7.3
Population by Geography	269,256	9.7	20.1	39.1	31.0	0.2
Housing Units by Geography	122,339	11.5	21.8	39.9	26.4	0.4
Owner-Occupied Units by Geography	77,717	6.3	17.2	43.6	32.6	0.2
Occupied Rental Units by Geography	33,345	19.6	30.6	34.1	15.2	0.5
Vacant Units by Geography	11,277	23.5	27.2	31.4	16.5	1.4
Businesses by Geography	28,348	9.1	19.3	33.5	31.3	6.8
Farms by Geography	1,238	3.3	9.7	52.1	33.3	1.6
Family Distribution by Income Level	71,053	21.4	18.1	21.2	39.3	0.0
Household Distribution by Income Level	111,062	22.7	16.7	17.5	43.1	0.0
Median Family Income MSA - 21780 Evansville, IN MSA		\$75,095	Median Housing Value			\$139,766
			Median Gross Rent			\$828
			Families Below Poverty Level			8.8%
Sources: 2020 U.S. Census and 2024 D&B Data Due to rounding, totals may not equal 100.0% (* ) The NA category consists of geographies that have not been assigned an income classification.						

According to Moody's Analytics, the Evansville MSA economy is performing largely in line with statewide and national trends, with healthcare and education leading to the recent job growth. The area remains heavily reliant on manufacturing. According to the U.S. Bureau of Labor Statistics data as of March 2025, unemployment in the assessment area was relatively low. Unemployment rates ranged from 2.8 percent in Warrick County to 3.2 percent in Vanderburgh County. All three counties had unemployment rates below the statewide rate of 3.4 percent for this same timeframe.

Major employers in the assessment area include Deaconess Health System, Ascension St. Vincent Health System, and Berry Global, a plastics manufacturer. Additionally, Toyota operates a large automobile manufacturing plant immediately north of the assessment area in Gibson County.

The median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The table below presents the Evansville MSA median family income levels for 2022 through 2024, as updated by the Federal Financial Institutions Examination Council (FFIEC).

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Evansville, IN MSA Median Family Income (21780)</b>				
2022 (\$83,700)	<\$41,850	\$41,850 to <\$66,960	\$66,960 to <\$100,440	≥\$100,440
2023 (\$87,300)	<\$43,650	\$43,650 to <\$69,840	\$69,840 to <\$104,760	≥\$104,760
2024 (\$88,200)	<\$44,100	\$44,100 to <\$70,560	\$70,560 to <\$105,840	≥\$105,840
<i>Source: FFIEC</i>				

### **Competition**

The assessment area is moderately competitive in the market for financial services. According to FDIC Deposit Market Share data as of June 30, 2024, 15 financial institutions operated 70 offices in the assessment area. Of these institutions, FFSB ranked fifth with a 3.3 percent deposit market share. Three large regional banks dominate the market and collectively hold more than 80.0 percent of all assessment area deposits.

According to 2023 HMDA aggregate data, 246 lenders originated or purchased 6,991 home mortgage loans in the assessment area. FFSB ranked 7<sup>th</sup> with a 3.6 percent market share by number of loans. Additionally, FFSB is not required to report small business data under CRA data collection requirements, and therefore, this evaluation does not include direct comparisons to CRA aggregate data. However, the aggregate data helps illustrate the level of demand for small business loans and is therefore included here. According to 2023 CRA aggregate data, 72 institutions originated or purchased 3,867 small business loans in the assessment area, indicating moderate demand.

### **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit and community development needs. This information helps determine what credit and community development needs are available and whether local financial institutions are responsive to these needs.

Examiners reviewed a recent contact with a representative of an economic development organization in the assessment area. The contact stated that local economic conditions are generally good, noting a planned expansion at the Toyota plant in Gibson County, as well as a new solar



power project in nearby Pike County. The contact also noted strong support from local financial institutions in meeting the area's credit needs and supporting economic development efforts.

### **Credit and Community Development Needs and Opportunities**

Considering information from the community contact, bank management, and economic and demographic data, examiners determined that home mortgage and small business loans are primary credit needs of the assessment area. Affordable housing remains in demand as housing costs and rental rates continue to increase. Opportunities for revitalization and stabilization also exist in the assessment area's low- and moderate-income tracts, particularly in and around downtown Evansville.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN EVANSVILLE, IN MSA**

### **LENDING TEST**

The bank demonstrated reasonable performance under the Lending Test in the Evansville MSA assessment area. Both Geographic Distribution and Borrower Profile performance support this conclusion.

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Although the distribution of small business loans is assessed as excellent, reasonable dispersion of the more heavily weighted home mortgage loans supports the overall conclusion.

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. The bank's lending in low-income tracts was slightly above aggregate data in the two years for which this data was available. Lending in low-income tracts declined modestly in 2024 but remained comparable to demographic data. In moderate-income tracts, bank lending slightly exceeded aggregate data in 2022, the year that home mortgage lending volume by number of loans was highest. However, loan volume noticeably decreased in 2023 and 2024 largely due to the rising interest rate environment and low home property inventory. As such, lending performance fell below aggregate and demographic data in 2023 and 2024 but became relatively stable between these two years. Given the bank's solid performance in low-income tracts, and reasonable performance in moderate-income tracts in 2022 when the loan volume was the highest, overall performance under this criterion is reasonable.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Evansville MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	5.5	4.8	16	5.1	939	1.5
2023	5.5	4.9	13	5.2	1,632	2.3
2024	6.3	--	8	4.2	798	1.4
Moderate						
2022	18.1	19.0	60	19.2	5,330	8.6
2023	18.1	20.3	28	11.2	5,101	7.2
2024	17.2	--	20	10.5	2,697	4.7
Middle						
2022	39.3	35.2	116	37.1	23,949	38.7
2023	39.3	35.4	75	30.1	18,814	26.5
2024	43.6	--	69	36.3	18,447	32.2
Upper						
2022	36.9	40.9	120	38.3	31,194	50.5
2023	36.9	39.3	133	53.4	45,516	64.1
2024	32.6	--	92	48.4	35,070	61.2
Not Available						
2022	0.2	0.1	1	0.3	403	0.7
2023	0.2	0.1	0	0.0	0	0.0
2024	0.2	--	1	0.5	270	0.5
Totals						
2022	100.0	100.0	313	100.0	61,814	100.0
2023	100.0	100.0	249	100.0	71,062	100.0
2024	100.0	--	190	100.0	57,282	100.0
Sources: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

### ***Small Business Loans***

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. Although bank lending was below aggregate data in both low- and moderate-income tracts in 2022, the bank demonstrated strong performance in 2023 and 2024. The bank's small business lending exceeded demographic data in both low- and moderate-income tracts in 2023 and 2024. Notably, the bank's lending in low-income tracts was more than double the demographic data in 2023. Similarly, lending in moderate-income tracts was nearly 7.0 percentage points higher than the demographic data in 2024. Given this strong performance throughout the majority of the evaluation period, overall performance under this criterion is excellent.

Geographic Distribution of Small Business Loans					
Assessment Area: Evansville MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2022	7.9	6	5.8	1,156	6.4
2023	8.2	22	21.2	4,489	17.1
2024	9.1	8	12.3	2,083	14.3
Moderate					
2022	20.9	16	15.4	2,312	12.7
2023	20.4	22	21.2	4,196	16.0
2024	19.3	17	26.2	2,621	17.9
Middle					
2022	28.5	16	15.4	4,214	23.2
2023	28.7	12	11.5	3,164	12.0
2024	33.5	13	20.0	4,507	30.9
Upper					
2022	36.1	64	61.5	10,289	56.7
2023	36.3	47	45.2	14,391	54.7
2024	31.3	24	36.9	4,671	32.0
Not Available					
2022	6.6	2	1.9	189	1.0
2023	6.4	1	1.0	50	0.2
2024	6.8	3	4.6	725	5.0
Totals					
2022	100.0	104	100.0	18,160	100.0
2023	100.0	104	100.0	26,290	100.0
2024	100.0	65	100.0	14,607	100.0
Sources: 2022, 2023 & 2024 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%					

## **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes. Both home mortgage and small business performance support this conclusion.

### ***Home Mortgage Loans***

The distribution of home mortgage borrowers reflects reasonable penetration among individuals of different income levels. The bank's lending to both low- and moderate-income borrowers exceeded aggregate data in 2022 when the overall home mortgage lending volume was the highest. Lending to borrowers in both income segments declined in 2023, falling several percentage points below

aggregate data as with the overall decline in home mortgage loan volume. The percentage of lending to low-income borrowers slightly increased in 2024 while lending to moderate-income borrowers decreased. These decreases in the latter years of the evaluation period can be attributed in part to rising interest rates, which made borrowing less affordable, particularly for low- and moderate-income individuals. Given these external factors, in addition to the strong performance in 2022 when home mortgage lending volume was the highest, performance under this criterion is reasonable.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Assessment Area: Evansville MSA</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2022	20.5	12.1	40	12.8	3,012	4.9
2023	20.5	10.8	15	6.0	1,197	1.7
2024	21.4	--	14	7.4	955	1.7
Moderate						
2022	17.6	21.6	71	22.7	7,903	12.8
2023	17.6	21.2	43	17.3	5,688	8.0
2024	18.1	--	25	13.2	2,653	4.6
Middle						
2022	20.8	20.6	75	24.0	10,431	16.9
2023	20.8	20.1	43	17.3	7,172	10.1
2024	21.2	--	37	19.5	5,862	10.2
Upper						
2022	41.2	24.6	105	33.5	32,556	52.7
2023	41.2	26.0	129	51.8	45,821	64.5
2024	39.3	--	94	49.5	33,281	58.1
Not Available						
2022	0.0	21.0	22	7.0	7,913	12.8
2023	0.0	21.9	19	7.6	11,184	15.7
2024	0.0	--	20	10.5	14,531	25.4
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>313</b>	<b>100.0</b>	<b>61,814</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>249</b>	<b>100.0</b>	<b>71,062</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>190</b>	<b>100.0</b>	<b>57,282</b>	<b>100.0</b>
Sources: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

### ***Small Business Loans***

The distribution of small business loans reflects reasonable penetration among businesses of different sizes. As shown in the following table, the bank's lending to businesses with revenues of \$1 million or less trailed the demographic data. However, the bank's performance was comparable to that of a similarly situated bank with reasonable performance under this criterion. Additionally, although FFSB does not report CRA small business loan data, 2023 aggregate small business data reveals that aggregate lending also significantly trails the demographic data, with roughly 50.0 percent of aggregate lending to businesses with revenues of \$1 million or less. Considering these factors and the fact that smaller businesses tend to seek alternate forms of financing, such as home equity lines of credit or credit cards, FFSB's performance is reasonable.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Assessment Area: Evansville MSA</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>≤\$1,000,000</b>					
2022	86.3	42	40.4	11,459	63.1
2023	87.8	56	53.8	10,251	39.0
2024	87.6	31	47.7	5,651	38.7
<b>&gt;\$1,000,000</b>					
2022	4.1	62	59.6	6,701	36.9
2023	3.5	48	46.2	16,039	61.0
2024	3.5	33	50.8	8,896	60.9
<b>Revenue Not Available</b>					
2022	9.7	0	0.0	0	0.0
2023	8.7	0	0.0	0	0.0
2024	8.9	1	1.5	60	0.4
<b>Totals</b>					
<b>2022</b>	<b>100.0</b>	<b>104</b>	<b>100.0</b>	<b>18,160</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>104</b>	<b>100.0</b>	<b>26,290</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>65</b>	<b>100.0</b>	<b>14,607</b>	<b>100.0</b>
Sources: 2022, 2023 & 2024 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

### **COMMUNITY DEVELOPMENT TEST**

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

## **Community Development Loans**

FFSB originated five community development loans totaling approximately \$2.9 million during the evaluation period in this assessment area. Although this is a decrease from the prior evaluation, most community development lending in this assessment area during the prior evaluation period was pandemic-related lending under the Paycheck Protection Program. The following table summarizes the institution's community development lending in the assessment area by year and purpose.

<b>Community Development Lending – Evansville MSA</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2022 (Partial)	0	0	0	0	1	854	2	450	3	1,304
2023	0	0	0	0	1	1,300	0	0	1	1,300
2024	0	0	0	0	0	0	0	0	0	0
2025 (YTD)	0	0	0	0	0	0	1	275	1	275
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2,154</b>	<b>3</b>	<b>725</b>	<b>5</b>	<b>2,879</b>
<i>Source: Bank Data</i>										

The following are notable examples of FFSB's community development loans in this assessment area:

- In 2022, FFSB originated an \$854,000 loan to a small business in the assessment area. The loan supported economic development by creating jobs for low- and moderate-income individuals.
- In 2025, the bank originated a \$275,000 loan that facilitated the development of a retail center with multiple businesses located in a low-income tract, supporting revitalization of that area.

## **Qualified Investments**

During the evaluation period, FFSB made two qualified investments totaling approximately \$886,000 in this assessment area. Additionally, FFSB made grants and donations totaling approximately \$41,000. These grants supported affordable housing, community services for low- and moderate-income individuals, and economic development.

The following table details the bank’s qualified investments and donations in this assessment area.

Qualified Investments – Evansville MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022 (Partial Year)	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	0	0
YTD 2025	1	286	0	0	0	0	1	600	2	886
<b>Subtotal</b>	<b>1</b>	<b>286</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>600</b>	<b>2</b>	<b>886</b>
Qualified Grants & Donations	2	5	5	13	3	23	0	0	10	41
<b>Total</b>	<b>3</b>	<b>291</b>	<b>5</b>	<b>13</b>	<b>3</b>	<b>23</b>	<b>1</b>	<b>600</b>	<b>12</b>	<b>927</b>
<i>Source: Bank Data</i>										

The following are notable examples of FFSB’s qualified investments and donations in this assessment area:

- In 2025, the bank made a \$286,000 investment in a mortgage-backed security collateralized by loans to low- and moderate-income borrowers in the assessment area.
- In 2025, FFSB made a \$2,500 donation to an organization that provides shelter and other essential services to individuals facing homelessness.

### **Community Development Services**

FFSB staff provided five instances of community development services in the assessment area during the evaluation period. All five of these services supported affordable housing for low- and moderate-income individuals. Additionally, several of the services are reflected as one instance but involve recurring activities. For example, various bank employees provided multiple instances of financial and credit counseling to low-income families. One service also involved a bank employee who prepared and conducted 19 mortgage loan closings for low-income borrowers through Habitat for Humanity of Evansville.

Furthermore, in this assessment area, FFSB has two offices located within moderate-income census tracts. These office locations increase access to banking services for residents residing in those census tract segments.

## NONMETROPOLITAN INDIANA – Limited-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN NONMETROPOLITAN INDIANA

The Indiana Non-MSA assessment area includes Daviess and Pike counties, which is unchanged from the previous evaluation. FFSB operates two full-service offices in this assessment area, with one in each county.

The assessment area includes 12 tracts, of which one is moderate-income, eight are middle-income, and three are upper-income. The moderate-income tract is in Washington in Daviess County. The following table details select demographic and economic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Indiana Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	12	0.0	8.3	66.7	25.0	0.0
Population by Geography	45,631	0.0	7.5	69.3	23.2	0.0
Housing Units by Geography	18,352	0.0	9.2	69.1	21.7	0.0
Owner-Occupied Units by Geography	12,445	0.0	5.3	71.9	22.9	0.0
Occupied Rental Units by Geography	4,203	0.0	19.4	64.5	16.0	0.0
Vacant Units by Geography	1,704	0.0	12.4	60.3	27.3	0.0
Businesses by Geography	4,218	0.0	10.2	67.5	22.3	0.0
Farms by Geography	477	0.0	1.0	69.4	29.6	0.0
Family Distribution by Income Level	11,095	15.1	18.9	24.0	42.0	0.0
Household Distribution by Income Level	16,648	22.9	15.6	20.4	41.2	0.0
Median Family Income Non-MSAs – IN		\$66,091	Median Housing Value			\$126,085
			Median Gross Rent			\$564
			Families Below Poverty Level			7.4%
Sources: 2020 U.S. Census and 2024 D&B Data Due to rounding, totals may not equal 100.0% (* ) The NA category consists of geographies that have not been assigned an income classification.						

Daviess County contains nearly three quarters of the assessment area’s total population. As of March 2025, unemployment in Daviess County was low, at 2.5 percent. Unemployment was higher in Pike County, at 3.7 percent, which was also slightly above the Indiana statewide rate of 3.4 percent for this same timeframe. Major employers in the assessment area include Daviess Community Hospital and AES Indiana, which operates a large power plant in Pike County.



## CONCLUSIONS ON PERFORMANCE CRITERIA IN NON-METROPOLITAN INDIANA

### LENDING TEST

FFSB's lending performance in this assessment area is fairly consistent with the lending performance in the Evansville MSA assessment area that was reviewed using full-scope examination procedures. However, as previously noted, the assessment area received less weight in overall conclusions based on a smaller branching structure (two offices) and significantly lower loan and deposit activities.

### Geographic Distribution

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Indiana Non-MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2022	5.3	7.2	10	11.5	1,064	10.2
2023	5.3	5.6	3	5.8	197	4.1
2024	5.3	--	4	13.3	316	12.2
Middle						
2022	71.9	69.5	56	64.4	5,958	56.9
2023	71.9	71.5	40	76.9	3,725	76.9
2024	71.9	--	22	73.3	1,874	72.1
Upper						
2022	22.9	23.3	21	24.1	3,444	32.9
2023	22.9	22.9	9	17.3	921	19.0
2024	22.9	--	4	13.3	408	15.7
Totals						
2022	100.0	100.0	87	100.0	10,465	100.0
2023	100.0	100.0	52	100.0	4,843	100.0
2024	100.0	--	30	100.0	2,598	100.0
Sources: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Geographic Distribution of Small Business Loans					
Assessment Area: Indiana Non-MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate					
2022	10.6	2	8.0	593	9.6
2023	10.3	2	4.9	159	1.9
2024	10.2	1	3.6	89	1.1
Middle					
2022	67.5	12	48.0	2,063	33.5
2023	67.9	15	36.6	2,849	34.2
2024	67.5	15	53.6	3,958	47.2
Upper					
2022	21.9	11	44.0	3,500	56.9
2023	21.8	24	58.5	5,331	63.9
2024	22.3	12	42.9	4,341	51.8
Totals					
2022	100.0	25	100.0	6,156	100.0
2023	100.0	41	100.0	8,339	100.0
2024	100.0	28	100.0	8,388	100.0
Sources: 2022, 2023 & 2024 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%					

## **Borrower Profile**

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Assessment Area: Indiana Non-MSA</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2022	15.4	11.4	9	10.3	343	3.3
2023	15.4	10.9	8	15.4	552	11.4
2024	15.1	--	7	23.3	287	11.0
Moderate						
2022	19.4	24.1	31	35.6	2,608	24.9
2023	19.4	23.0	18	34.6	1,059	21.9
2024	18.9	--	6	20.0	607	23.3
Middle						
2022	23.8	24.6	18	20.7	2,439	23.3
2023	23.8	26.2	11	21.2	843	17.4
2024	24.0	--	8	26.7	860	33.1
Upper						
2022	41.4	26.3	27	31.0	4,660	44.5
2023	41.4	24.3	13	25.0	1,812	37.4
2024	42.0	--	8	26.7	782	30.1
Not Available						
2022	0.0	13.6	2	2.3	415	4.0
2023	0.0	15.6	2	3.8	577	11.9
2024	0.0	--	1	3.3	62	2.4
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>87</b>	<b>100.0</b>	<b>10,466</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>52</b>	<b>100.0</b>	<b>4,843</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>30</b>	<b>100.0</b>	<b>2,598</b>	<b>100.0</b>
Sources: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Indiana Non-MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤\$1,000,000					
2022	87.2	14	56.0	2,384	38.7
2023	87.9	15	36.6	1,789	21.5
2024	88.6	13	46.4	3,439	41.0
>\$1,000,000					
2022	3.0	11	44.0	3,772	61.3
2023	2.8	26	63.4	6,550	78.5
2024	2.6	15	53.6	4,949	59.0
Revenue Not Available					
2022	9.8	0	0.0	0	0.0
2023	9.3	0	0.0	0	0.0
2024	8.8	0	0.0	0	0.0
<b>Totals</b>					
<b>2022</b>	<b>100.0</b>	<b>25</b>	<b>100.0</b>	<b>6,156</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>41</b>	<b>100.0</b>	<b>8,339</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>28</b>	<b>100.0</b>	<b>8,388</b>	<b>100.0</b>
Sources: 2022, 2023 & 2024 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%					

## COMMUNITY DEVELOPMENT TEST

FFSB's community development performance in this assessment area is consistent with the community development performance in the Evansville MSA assessment area that was reviewed using full-scope examination procedures. Similar to the previous evaluation, a substantial majority of overall community development lending occurred in this assessment area as a result of a large loan to a hospital that was renewed multiple times during the evaluation period. The hospital primarily serves low- and moderate-income individuals, including uninsured patients and those receiving Medicaid.

## **Community Development Loans**

Community Development Lending – Indiana Non-MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022 (Partial)	0	0	1	30,000	0	0	0	0	1	30,000
2023	1	117	1	30,000	2	183	1	4,388	5	34,688
2024	0	0	0	0	0	0	0	0	0	0
YTD 2025	0	0	1	20,000	0	0	0	0	1	20,000
<b>Total</b>	<b>1</b>	<b>117</b>	<b>3</b>	<b>80,000</b>	<b>2</b>	<b>183</b>	<b>1</b>	<b>4,388</b>	<b>7</b>	<b>84,688</b>
Source: Bank Data										

## **Qualified Investments**

The bank did not make any qualified investments in this assessment area.

## **Community Development Services**

The bank did not provide any community development services in this assessment area.

## **KENTUCKY – Full-Scope Review**

### **CRA RATING FOR KENTUCKY: SATISFACTORY**

The Lending Test is rated: **SATISFACTORY**

The Community Development Test is rated: **SATISFACTORY**

## **DESCRIPTION OF INSTITUTION’S OPERATIONS IN KENTUCKY**

The Kentucky Non-MSA assessment area includes all of Henderson County, which is directly across the Ohio River from Evansville, Indiana. FFSB operates one full-service office that was opened in early 2023 in this assessment area.

## **Economic and Demographic Data**

The assessment area contains 14 tracts, of which two are moderate-income, nine are middle-income, and three are upper-income. The assessment area does not contain any low-income tracts.

The following table details select demographic and economic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Kentucky Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	14	0.0	14.3	64.3	21.4	0.0
Population by Geography	44,793	0.0	8.7	65.4	25.9	0.0
Housing Units by Geography	20,577	0.0	9.7	66.2	24.2	0.0
Owner-Occupied Units by Geography	11,925	0.0	5.4	66.6	28.0	0.0
Occupied Rental Units by Geography	6,837	0.0	14.7	67.9	17.5	0.0
Vacant Units by Geography	1,815	0.0	18.7	57.4	23.9	0.0
Businesses by Geography	3,791	0.0	13.4	65.0	21.6	0.0
Farms by Geography	268	0.0	3.4	74.3	22.4	0.0
Family Distribution by Income Level	12,517	17.8	12.6	19.3	50.4	0.0
Household Distribution by Income Level	18,762	28.8	16.2	18.0	37.0	0.0
Median Family Income Non-MSAs – KY		\$53,778	Median Housing Value			\$122,212
			Median Gross Rent			\$701
			Families Below Poverty Level			14.3%
Sources: 2020 U.S. Census and 2024 D&B Data Due to rounding, totals may not equal 100.0% (* ) The NA category consists of geographies that have not been assigned an income classification.						

Prior to 2024, Henderson County was part of the Evansville, IN-KY MSA and contained one low-income and four moderate-income tracts. After removal from the MSA, Henderson County no longer contains any low-income and only two moderate-income tracts, which limits the demand and opportunity for lending and community development activities in these tracts. FFSB's Henderson branch was in a moderate-income tract at the time it was opened but is now in a middle-income tract.

The Kentucky Non-MSA assessment area has higher unemployment and poverty rates than the bank's two Indiana assessment areas. As of March 2025, the unemployment rate in Henderson County was 5.8 percent, which was also higher than the Kentucky statewide rate of 5.5 percent for this same timeframe. Additionally, at 14.3 percent, the percentage of assessment area families below the poverty level was more than 5.0 percentage points higher than either Indiana assessment area. Major employers in the assessment area include Deaconess Health System and Gibbs Die Casting Corporation.

The table below presents the assessment area median family income levels for 2023 and 2024, as updated by the FFIEC.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
<b>Evansville, IN-KY MSA Median Family Income (21780)</b>				
2023 (\$87,300)	<\$43,650	\$43,650 to <\$69,840	\$69,840 to <\$104,760	≥\$104,760
<b>Nonmetropolitan Kentucky Median Family Income (99999)</b>				
2024 (\$66,100)	<\$33,050	\$33,050 to <\$52,880	\$52,880 to <\$79,320	≥\$79,320
<i>Source: FFIEC</i>				

### **Competition**

The assessment area is moderately competitive in the market for financial services. According to FDIC Deposit Market Share data as of June 30, 2024, 8 financial institutions operated 11 offices in the assessment area. Of these institutions, FFSB ranked the lowest with a 0.3 percent deposit market share.

According to 2023 HMDA aggregate data, 105 lenders originated or purchased 883 home mortgage loans in the assessment area. FFSB ranked 18<sup>th</sup> with a 1.0 percent market share by number of loans. According to 2023 CRA aggregate data, 42 institutions originated or purchased 612 small business loans in the assessment area, indicating moderate demand.

### **Community Contact**

Examiners conducted one community contact with an affordable housing organization that serves this assessment area. The contact specified that primary needs include affordable housing, assistance to small businesses, and targeted skill set training to assist individuals in being successful in the workforce. Additionally, the contact emphasized the need for increased financial education, including building a positive credit profile and saving for homeownership. A down payment assistance program was identified as a critical need to support prospective homebuyers, as individuals in the community have challenges building sufficient savings for a down payment. Regarding business credit needs, the contact noted that individuals in the community are interested in starting small businesses but often lack the knowledge on how to begin. A small business incubator was identified as a potentially beneficial resource to provide technical assistance, mentorship, and access to capital.

### **Credit and Community Development Needs and Opportunities**

Considering the information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing, small business loans, and financial education represent primary needs in the assessment area. Other community development needs include community services for low-and moderate-income individuals, job creation, and assistance to establish and grow small businesses.

## **SCOPE OF EVALUATION – KENTUCKY**

The scope of evaluation for the Kentucky rated area is essentially the same as the overall scope of evaluation for the institution. However, given that FFSB did not have an office presence in Kentucky until early 2023, examiners did not analyze lending activity prior to 2023 in this rated area. Examiners conducted a full-scope review of the Kentucky Non-MSA assessment area, which is the only assessment area in this rated area.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN KENTUCKY**

### **LENDING TEST**

The bank demonstrated reasonable performance under the Lending Test in this rated area. In arriving at overall conclusions, examiners considered the bank's newer and limited presence in this area, low overall lending volumes to date, and tract income changes during the evaluation period. As such, as previously mentioned, the performance in this rated area received nominal weight in the overall conclusions drawn and overall CRA rating.

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable performance throughout the assessment area. Both home mortgage and small business lending performance support this conclusion.

#### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. Although the bank did not originate any home mortgage loans in low- or moderate-income tracts, this is reasonable given the demographics of the assessment area and the bank's low overall volume of lending in this assessment area. Throughout the evaluation period, Henderson County experienced a shortage of housing and a decreasing number of houses listed for sale. Beginning in 2024, the assessment area no longer included any low-income tracts as a result of Henderson County's removal from the Evansville, IN-KY MSA. With this change, the number of moderate-income tracts also declined, and in 2024, these tracts only contained 5.4 percent of all owner-occupied housing units in the assessment area. As such, home mortgage lending opportunities are limited in the two moderate-income tracts that remain. Given the limited lending opportunity in moderate-income tracts, along with the bank's low overall volume of lending in this assessment area, performance under this criterion is reasonable.



Geographic Distribution of Home Mortgage Loans						
Assessment Area: Kentucky Non-MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	3.2	2.2	0	0.0	0	0.0
2024	0.0	--	0	0.0	0	0.0
Moderate						
2023	18.1	20.2	0	0.0	0	0.0
2024	5.4	--	0	0.0	0	0.0
Middle						
2023	67.5	69.9	8	88.9	2,486	87.6
2024	66.6	--	4	66.7	1,054	73.1
Upper						
2023	11.2	7.8	1	11.1	353	12.4
2024	28.0	--	2	33.3	388	26.9
Totals						
2023	100.0	100.0	9	100.0	2,839	100.0
2024	100.0	--	6	100.0	1,442	100.0
Sources: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

### ***Small Business Loans***

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. Essentially all of the bank's small business lending in this assessment area consists of relatively small dollar loans to a single commercial borrower. Through 2023, that borrower's business was located in a moderate-income tract. Therefore, more than 95.0 percent of the bank's small business loans in 2023 were in moderate-income tracts, substantially exceeding the demographic data. However, the income designation of that tract changed to middle-income in 2024, and the assessment area no longer contains any low-income tracts. Consequently, the bank did not originate any loans in the remaining moderate-income tracts in 2024. Given the unique distribution of bank lending in this assessment area, along with census tract income designation changes, overall performance is reasonable.

Geographic Distribution of Small Business Loans					
Assessment Area: Kentucky Non-MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2023	10.7	0	0.0	0	0.0
2024	0.0	0	0.0	0	0.0
Moderate					
2023	29.1	100	95.2	1,813	56.0
2024	13.4	0	0.0	0	0.0
Middle					
2023	54.3	5	4.8	1,423	44.0
2024	65.0	36	100.0	569	100.0
Upper					
2023	6.0	0	0.0	0	0.0
2024	21.6	0	0.0	0	0.0
Totals					
2023	100.0	105	100.0	3,236	100.0
2024	100.0	36	100.0	569	100.0
Sources: 2023 & 2024 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%					

## **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes. Both home mortgage and small business lending performance support this conclusion.

### ***Home Mortgage Loans***

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. The bank did not originate any home mortgage loans to low- or moderate-income borrowers in 2023. In 2024, the bank originated one loan to a low-income borrower, which was comparable to demographic data but with the overall low loan origination volume, it skews the percentages. The bank did not originate any loans to moderate-income borrowers in 2024.

However, within the two remaining moderate-income census tracts in 2024, 17.8 percent of families residing in these tract segments are low-income, 12.6 percent are moderate-income, 14.3 percent have incomes below the poverty level, and the median family income is only \$53,778. Further, the percentage of owner-occupied housing units is only 5.4 percent with median housing values at \$122,212, which correlates to the low number of available and affordable homes on the market for sale and those that are end up in bidding wars between applicants. In addition, there are only two new construction subdivision projects that started in either late 2024 or early 2025. The bank is currently working with the major builder of 300 new construction homes to help address the

housing shortages where it would finance the completed new construction home and lock in the rate with the builder paying the seller's costs. In addition, the scope of the second builder is to house those with disabilities with a large mission of addressing homelessness in the assessment area. Collectively, these are challenges that low- and moderate-income families face in identifying an affordable property and obtaining a loan, as well as limits the demand and opportunities for banks to lend in the assessment area. Additionally, given that the bank did originate 15 home mortgage loans in this assessment area between both years and is working with a major builder to address the housing shortages reflects that it is seeking to help the community in which it operates and is expected to serve. As such, the performance under this criterion is reasonable.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Assessment Area: Kentucky Non-MSA</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2023	25.6	11.3	0	0.0	0	0.0
2024	17.8	--	1	16.7	41	2.8
Moderate						
2023	18.5	24.6	0	0.0	0	0.0
2024	12.6	--	0	0.0	0	0.0
Middle						
2023	22.4	19.5	1	11.1	180	6.3
2024	19.3	--	1	16.7	134	9.3
Upper						
2023	33.5	27.1	7	77.8	2,199	77.5
2024	50.4	--	4	66.7	1,267	87.9
Not Available						
2023	0.0	17.6	1	11.1	460	16.2
2024	0.0	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>	<b>2,839</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>6</b>	<b>100.0</b>	<b>1,442</b>	<b>100.0</b>
Sources: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

### ***Small Business Loans***

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. The bank did not originate any loans to businesses in this revenue category in 2023 or 2024. However, as noted previously, nearly all of FFSB's small business loan originations in this assessment area were relatively small-dollar loans (less than \$20,000 on average) to a single commercial used auto and leasing sales borrower with gross annual revenues over a million dollars. This borrower in turn provides financing to its customers when selling inventory. As such, this

relationship promotes the availability of credit to borrowers in small-dollar amounts in the assessment area and supports reasonable performance under this criterion.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Assessment Area: Kentucky Non-MSA</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
≤\$1,000,000					
2023	85.3	0	0.0	0	0.0
2024	85.6	0	0.0	0	0.0
>\$1,000,000					
2023	3.3	105	100.0	3,236	100.0
2024	3.2	36	100.0	569	100.0
Revenue Not Available					
2023	11.4	0	0.0	0	0.0
2024	11.1	0	0.0	0	0.0
<b>Totals</b>					
<b>2023</b>	<b>100.0</b>	<b>105</b>	<b>100.0</b>	<b>3,236</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>36</b>	<b>100.0</b>	<b>569</b>	<b>100.0</b>
Sources: 2023 & 2024 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%					

## COMMUNITY DEVELOPMENT TEST

FFSB demonstrated reasonable responsiveness to the community development needs of the Kentucky Non-MSA assessment area through community development loans, qualified investments, and community development services. Although the volume of community development activities in this assessment area was limited, examiners considered the bank's new presence, along with the fact that a very small percentage of overall bank operations are in this assessment area, when evaluating bank performance.

### Community Development Loans

FFSB originated one community development loan totaling approximately \$293,000 during the evaluation period in the assessment area. The funds were for a multi-family property with below-market rents, which supports affordable housing for low- and moderate-income families in the assessment area.

### Qualified Investments

FFSB made one qualified donation of \$500 in this assessment area. This donation supported a community organization that provides various services to low- and moderate-income individuals.

### **Community Development Services**

FFSB provided one community development service in this assessment area. This service supported a nonprofit focused on improving education and development outcomes for children in a low-income portion of the assessment area. Additionally, when the bank opened the Henderson branch in 2023, it was in a moderate-income tract. However, due to subsequent tract income changes, this branch is now located in a middle-income tract.

## **APPENDICES**

### **INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA**

#### **Lending Test**

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

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

#### **Community Development Test**

The Community Development Test considers the following criteria:

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

## SUMMARY OF RATINGS FOR RATED AREAS

<b>Rated Area</b>	<b>Lending Test</b>	<b>Community Development Test</b>	<b>Rating</b>
INDIANA	Satisfactory	Satisfactory	Satisfactory
KENTUCKY	Satisfactory	Satisfactory	Satisfactory

## 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.

**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.