

COMMUNITY REINVESTMENT ACT PUBLIC FILE

Last updated October 27, 2025



First Federal Savings & Loan Association of
Central Illinois, S.B.

CRA Performance Evaluation

A copy of the public section of First Fed's most recent Community Reinvestment Act Performance Evaluation is included at the end of this document.

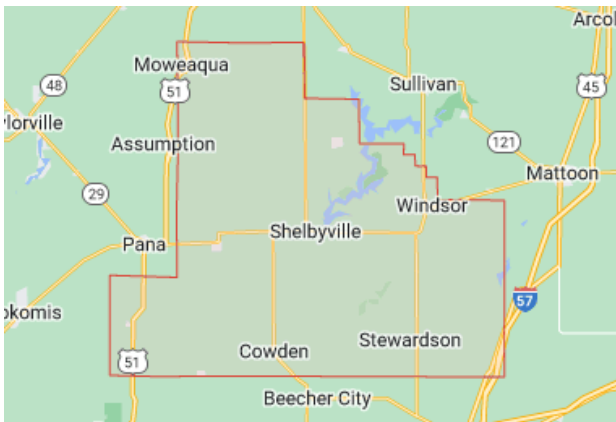
Written CRA-Related Comments

First Fed has not received any comments from the public regarding its performance in meeting community credit needs during the current year and the preceding two calendar years.

CRA Assessment Area

First Fed's CRA assessment area includes all census tracts in Shelby County, IL, and Coles County, IL.

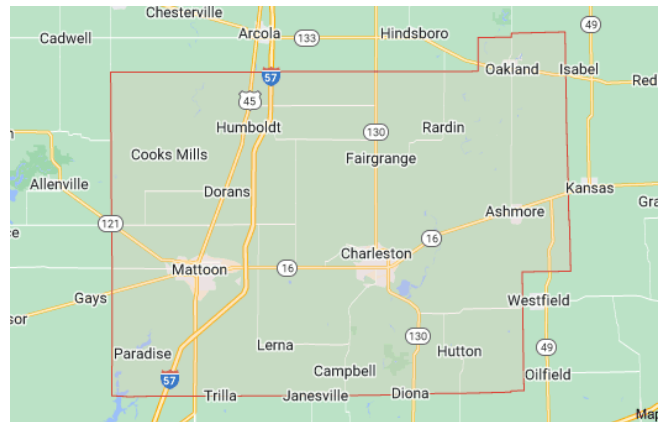
SHELBY COUNTY, IL



Census tracts in Shelby County:

State Code	County Code	Tract Code	Tract Income Level
17	173	9591.00	Upper
17	173	9592.00	Middle
17	173	9593.00	Middle
17	173	9594.00	Middle
17	173	9595.00	Middle
17	173	9596.00	Middle
17	173	9999.99	Middle

COLES COUNTY, IL



Census tracts in Coles County:

State Code	County Code	Tract Code	Tract Income Level
17	029	0001.00	Middle
17	029	0002.00	Middle
17	029	0003.00	Middle
17	029	0004.00	Middle
17	029	0005.00	Moderate
17	029	0006.00	Middle
17	029	0007.01	Upper
17	029	0007.02	Moderate
17	029	0008.00	Middle
17	029	0009.00	Upper
17	029	0010.00	Moderate
17	029	0011.00	Moderate
17	029	0012.00	Middle

Census tract information is from the 2025 FFIEC Census Report at <https://www.ffiec.gov/Census/>.

Bank Branches and ATMs

First Fed has three bank branches.

Branch Location	Census Tract	Lobby Hours		Drive-up Hours	
Shelbyville branch 200 West Main Street Shelbyville, IL 62565	9593.00	Mon – Wed:	8:00 am – 5:00 pm	Mon – Thu:	8:00 am – 5:00 pm
		Fri:	8:00 am – 5:30 pm	Fri:	8:00 am – 5:30 pm
		Thu & Sat:	8:00 am – 12:00 pm	Sat:	8:00 am – 12:00 pm
Windsor branch 1116 Maine Street Windsor, IL 61957	9594.00	Mon – Wed:	8:00 am – 12:00 pm 1:00 pm – 4:00 pm	Mon – Wed:	8:00 am – 12:00 pm 1:00 pm – 4:00 pm
		Fri:	8:00 am – 12:00 pm 1:00 pm – 5:00 pm	Fri:	8:00 am – 12:00 pm 1:00 pm – 5:00 pm
		Thu & Sat:	8:00 am – 12:00 pm	Thu & Sat:	8:00 am – 12:00 pm
Charleston branch 800 West Lincoln Avenue Charleston, IL 61920	0009.00	Mon – Thu:	9:00 am – 4:30 pm	Mon – Thu:	8:30 am – 4:30 pm
		Fri:	9:00 am – 5:00 pm	Fri:	8:30 am – 5:30 pm
				Sat:	8:30 am – 12:00 pm

First Fed has ATMs at each of our three branches and at our insurance office in Shelbyville. Some of our ATMs accept deposits.

ATM Location	Accepts Deposits
Shelbyville branch 200 West Main Street Shelbyville, IL 62565	Yes
Shelbyville insurance office 1502 West Main Street Shelbyville, IL 625655	No
Windsor branch 1116 Maine Street Windsor, IL 61957	No
Charleston branch 800 West Lincoln Avenue Charleston, IL 61920	Yes

Branches Opened or Closed

First Fed has not opened or closed any branches during the current year and each of the two prior calendar years.

Products, Services, and Fees

First Fed provides a broad range of bank products and services, listed below. First Fed also offers insurance through our subsidiary, 1st Fed Insurance Services, LLC.

Deposit Products	Loan Products	Other Products/Services
Free Checking Free Checking with Interest 1st Senior Checking 1st Choice Business Checking Money Market Checking 1st Fed Savings Christmas Club Savings Health Savings Certificates of Deposit (CDs) Individual Retirement Accounts (IRAs)	Auto & recreational vehicle loans Share loans Overdraft banking lines of credit Adjustable and fixed rate mortgages Rural Development loans Construction loans Second mortgages Home equity lines of credit Investment property loans Commercial real estate loans Farmland loans Commercial equipment loans Operating lines of credit	ATM/Debit cards Online & mobile banking Mobile deposit Bill pay & P2P payments eStatements Cash management for business Commercial remote deposit capture Wire transfers Cashier checks / bank drafts Overdraft protection Safe deposit boxes (not available at Charleston branch)

Fee Description	Fee Amount
Account research and account balancing	\$25.00 per hour
Chargeback	\$5.00
Check printing fees	Varies by style of check ordered
Continuous overdraft after three days (Fee is charged based on any negative balance, including negative balances caused by bank fees.)	\$5.00
Copy of check	\$5.00
Debit card withdrawal at ATM other than the ones we own or operate	\$1.00
Dormant account fee	\$5.00
Electronic transaction information request	\$5.00
Fax – outgoing	\$3.00
Garnishments/levies	\$50.00
Institution checks (bank drafts) not made out to customer	\$3.00
Nonsufficient funds (A single item presented for payment multiple times, and returned multiple times, may incur multiple charges.)	\$29.00 per each returned check, per each presentment
Overdraft fee (Charged per item for covering overdrafts created by check or draft, in-person withdrawal, or other electronic means.)	\$29.00
Photocopies	\$0.20 per page
Replace lost business debit card or personal identification number (PIN)	\$5.00
Replace lost consumer debit card or personal identification number (PIN)	\$5.00
Special statement	\$2.00
Stop payment	\$25.00
Stop payment renewal	\$20.00
Temporary check	\$0.25
Wire transfer – domestic (incoming or outgoing)	\$25.00
Wire transfer – foreign	\$75.00

Loan-to-Deposit Ratio History

First Fed’s loan-to-deposit ratio for each quarter of the prior calendar year is provided below.

2024 Loan-to-Deposit Ratio by Quarter	
1st Quarter	85.62%
2nd Quarter	84.51%
3rd Quarter	82.74%
4th Quarter	79.74%

PUBLIC DISCLOSURE

August 19, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Federal Savings and Loan Association of Central Illinois, S.B.
Certificate Number: 29645

200 W Main Street
Shelbyville, Illinois 62565

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.

TABLE OF CONTENTS

INSTITUTION RATING	1
DESCRIPTION OF INSTITUTION	2
DESCRIPTION OF ASSESSMENT AREA	3
SCOPE OF EVALUATION	6
CONCLUSIONS ON PERFORMANCE CRITERIA.....	7
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	11
APPENDICES	12
SMALL BANK PERFORMANCE CRITERIA.....	12
GLOSSARY	13

INSTITUTION RATING

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

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

First Federal Savings and Loan Association of Central Illinois, S.B.'s satisfactory Community Reinvestment Act (CRA) performance under the Small Institution Criteria supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's performance.

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

DESCRIPTION OF INSTITUTION

Background

First Federal Savings and Loan Association of Central Illinois (First Federal) is headquartered in Shelbyville, Illinois and operates in Shelby and Coles Counties. First Federal is a mutual savings bank, and it has one wholly owned subsidiary, 1st Fed Insurance Services, LLC, d/b/a Killam & England Insurance Agency, that was established in February 2017. First Federal received a Satisfactory rating at its previous FDIC CRA Performance Evaluation dated August 15, 2018, using the Small Institution CRA Examination Procedures.

Operations

First Federal operates three full-service branches in its assessment area in central Illinois; two are in Shelby County (Shelbyville and Windsor) and one is in Coles County (Charleston). First Federal offers loan products including home mortgage, commercial, consumer, and agricultural loans, focusing on home mortgage and commercial lending. The institution provides a variety of deposit services including checking, savings, money market deposit accounts, and certificates of deposit. Alternative banking services include internet and mobile banking, electronic bill pay, and four bank-owned automated teller machines. The bank did not open or close any branches, and no merger activity occurred since the previous evaluation.

Ability and Capacity

According to the June 30, 2024 Consolidated Reports of Condition and Income (Call Report), First Federal reported total assets of \$203.4 million, total loans of \$147.9 million, and total deposits of \$172.9 million. Additionally, the bank's investment portfolio totaled \$36.2 million, an increase of \$21.8 million since last performance evaluation. The loan portfolio is shown in the following table.

Loan Portfolio Distribution as of 06/30/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	5,494	3.7
Secured by Farmland	4,929	3.3
Secured by 1-4 Family Residential Properties	52,496	35.5
Secured by Multifamily (5 or more) Residential Properties	3754	2.5
Secured by Nonfarm Nonresidential Properties	50,654	34.2
Total Real Estate Loans	117,327	79.3
Commercial and Industrial Loans	19,222	13.0
Agricultural Production and Other Loans to Farmers	1,787	1.2
Consumer Loans	9493	6.4
Obligations of State and Political Subdivisions in the U.S.	67	<0.1
Other Loans	5	<0.1
Lease Financing Receivable (net of unearned income)	-	0.0
Less: Unearned Income		
Total Loans	147,901	100
<i>Source: Call Report</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to delineate one of more AAs within which the agencies evaluate a bank's CRA performance. The AA designated by First Federal conforms to the requirements of the CRA regulation, consists of whole, contiguous census tracts in which the bank's main and branch offices are located, does not reflect illegal discrimination, and does not arbitrarily exclude any low- or moderate-income areas. Effective March 20, 2019, the Board of Directors of First Federal removed Moultrie County from the institution's assessment area, noting that there are no branches or a significant level of lending activities in the county. The new CRA assessment area consists of Shelby and Coles Counties in their entirety. The following sections discuss demographic and economic information for the assessment area.

Economic and Demographic Data

The assessment area includes all 19 census tracts in Shelby and Coles Counties, which are located in the non-metropolitan area of Illinois. These tracts have the following income designations according to the 2020 U.S. Census Data; the table that follows shows select demographics of the assessment area.

- 5 moderate-income tracts (all in Coles),
- 11 middle-income tracts
- 3 upper-income tracts (1 in Shelby, 2 in Coles)

The assessment area demographics represent little change from the 2010 Census data utilized during the previous evaluation, when the same area was comprised 18 census tracts; 2 moderate-, 13 middle-, 2 upper-, and one census tract where the income designation was not available. In 2019, the tract for which income data was unavailable at the last examination contained Eastern Illinois University in Charleston, Illinois. This tract designation was changed to moderate-income based on the 2020 Census data.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	19	0.0	26.3	57.9	15.8	0.0
Population by Geography	67,853	0.0	26.9	57.8	15.3	0.0
Housing Units by Geography	34,109	0.0	26.8	57.6	15.6	0.0
Owner-Occupied Units by Geography	19,946	0.0	17.5	66.2	16.3	0.0
Occupied Rental Units by Geography	10,184	0.0	44.6	41.0	14.4	0.0
Vacant Units by Geography	3,979	0.0	27.9	57.0	15.1	0.0
Businesses by Geography	5,322	0.0	28.3	57.9	13.8	0.0
Farms by Geography	465	0.0	8.0	79.8	12.3	0.0
Family Distribution by Income Level	18,154	22.0	19.3	21.9	36.7	0.0
Household Distribution by Income Level	30,130	26.3	16.5	18.3	38.9	0.0
Median Family Income Non-MSAs - IL		\$68,958	Median Housing Value			\$102,545
			Median Gross Rent			\$680
			Families Below Poverty Level			11.0%
Source: 2020 U.S. Census and 2023 D&B Data Due to rounding, totals may not equal 100.0% *The NA category consists of geographies that have not been assigned an income classification.						

The 2023 FFIEC-updated median family income level is used to analyze home mortgage loans and consumer loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
IL NA Median Family Income (99999)				
2023: \$82,300	<\$41,150	\$41,150 to <\$65,840	\$65,840 to <\$98,760	≥\$98,760
<i>Source: FFIEC</i>				

The Demographic Information table above shows there are 34,109 housing units in the assessment area, and 58.5 percent are owner-occupied. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

Gross annual revenues (GARs) for businesses are below.

- 83.0 percent have \$1 million or less
- 3.4 percent have more than \$1 million
- 13.6 percent have unknown revenues

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. Services represent the largest portion of businesses at 33.8 percent; followed by non-classified establishments at 17.1 percent; retail trade at 12.3 percent; finance, insurance, and real estate at 9.0 percent; and agriculture, forestry, and fishing at 8.0 percent. Almost two-thirds (62.7 percent) of area businesses have four or fewer employees, and 86.9 percent operate from a single location.

The following table shows unemployment rates obtained from the Illinois Department of Employment Security. The data show that unemployment rates from each county in the assessment area and the state and national averages either remained steady or declined since the COVID-19 Pandemic. These statistics indicate the economy in the assessment area has generally been improving throughout the evaluation period.

Unemployment Rates				
Area	2021	2022	2023	June 2024
	%	%	%	%
Shelby County	4.4	4.2	4.4	5.4
Coles County	5.3	4.4	4.4	5.9
Illinois	6.1	4.6	4.5	6.1
National Average	5.3	3.6	3.6	4.3
<i>Source: IL Dept. of Employment Security</i>				

The largest employers in the assessment area are International Paper, Sarah Bush Lincoln Health Center, Eastern Illinois University, Consolidated Communications, Blue Cross Blue Shield, and Rural King.

Competition

The assessment area is moderately competitive in the market for financial services. According to the FDIC Summary of Deposits as of June 30, 2023, 18 financial institutions operated 35 branches within the assessment area. These institutions reported \$2.557 billion in deposits. First Federal has three of the branches and ranks 4th in total deposits with a 6.3 percent market share.

First Federal is not required to collect and report data under the Home Mortgage Disclosure Act (HMDA), and it has not elected to do so. Therefore, the analysis of home mortgage lending does not include comparisons to aggregate data. The aggregate data does indicate that there is a significant level of competition for home mortgage loans with 146 lenders originating or purchasing 851 home mortgage loans located within the assessment area in 2023. The number of lenders reporting home mortgage loans in the assessment area has decreased by 5.8 percent since 2018, and the number of loans has declined by 30.9 percent.

Similarly, First Federal is not required to collect or report small business loan data, and it has not elected to do so. Therefore, the analysis of small business loans does not include comparisons to aggregate data; however, the aggregate data reflects the level of demand for small business loans. In 2023, there were 1,006 small business loans originated in the assessment area by 52 lenders. The number of lenders reporting small business loans in the assessment area has increased by 18.2 percent and the number of loans has increased by 7.8 percent since last evaluation in 2018.

Community Contact

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

Examiners contacted a representative of an economic development organization in the assessment area. The representative opined that the area suffers from a shortage of labor, which is causing some of businesses to increase their wages. Additionally, the housing stock is low and additional housing is needed at all levels. The contact was not aware of any unmet credit needs and stated that all of the area financial institutions are active and involved in the communities.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage loans, small business loans, and consumer loans are all credit needs within the community.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated August 15, 2018, to the current evaluation dated August 19, 2024. Examiners used the Small Institution CRA Examination Procedures to evaluate First Federal's CRA performance. The bank's overall CRA rating is based on its performance in the assessment area, where a majority of its lending and deposit activities took place.

Activities Reviewed

Examiners determined that the bank's major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy, and the number and dollar volume of loans originated during the evaluation period.

Based on Call Report data, home mortgage loans and commercial loans represent 85.3 percent of outstanding loans by dollar as of June 30, 2024. Examiner review determined that 2023 is a representative year. As such, 2023 data for major product lines will be presented in the evaluation.

Small farm loans account for 3.3 percent of total loans outstanding and will not be reviewed because they are not a strategic focus for the bank.

In 2023, home mortgage loans accounted for 31.8 percent of the number of loans originated and 34.3 percent of the dollars originated; small business loans accounted for 18.0 percent of the number of loans originated and 54.6 percent of the dollars originated.

All loans originated within the delineated assessment area in 2023 were included in the geographic distribution criterion for both loan products; however, a sample of both loan products was reviewed for the borrower profile criterion. In 2023, First Federal originated 152 home mortgage loans totaling \$21.3 million and 78 small business loans totaling \$10.5 million. The home mortgage sample is comprised of 47 loans totaling \$7.9 million. The small business sample consists of 30 small business loans totaling \$3.3 million. The bank's performance for home mortgage lending is compared to the 2020 Census data. In addition, D&B data for 2023 is used as a comparative factor for small business lending performance.

Examiners reviewed the number and dollar volume of home mortgage and small business. Of the two, home mortgages were weighted more heavily in this evaluation. While number and dollar volume are presented, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of individuals and businesses served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

First Federal demonstrated reasonable performance in the Small Bank CRA criteria. Loan-to-deposit Ratio, Assessment Area Concentration, and Borrower Profile performance support this conclusion.

Loan-to-Deposit Ratio

The net loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. The bank's net loan-to-deposit ratio averaged 78.8 percent over the past 24 quarters from September 30, 2018 through June 30, 2024. The ratio ranged from a low of 63.9 percent as of March 31, 2022 to a high of 88.9 percent as of December 31, 2018. The ratio decreased during the COVID-19 pandemic and has gradually increased since March 30, 2022; it is 84.5 percent as of June 30, 2024. First Federal's net loan-to-deposit ratio compares favorably to institutions similar in asset size, lending focus, and branching structure. See table below.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 06/30/2024 (\$000s)	Average Net LTD Ratio (%)
Examined Institution Name	203,379	78.8
Similarly Situated Institution #1	363,614	68.3
Similarly Situated Institution #2	112,590	44.7
Similarly Situated Institution #3	332,599	58.4
Similarly Situated Institution #4	219,014	55.1
Similarly Situated Institution #5	247,589	60.5
<i>Source: Call Reports 09/30/2018-06/30/2024</i>		

Assessment Area Concentration

First Federal made a majority of the loans analyzed for this evaluation within its assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	120	78.9	32	21.1	152	15,262	71.7	6,026	28.3	21,288
Small Business	46	59.0	32	41.0	78	4,911	46.6	5,618	53.4	10,529
Total	166	100	64	100	230	20,173	100	11,644	100	31,817
Source: Bank Data Due to rounding, totals may not equal 100.0% Dollar amounts for Home Mortgage and Small Business loans are multiplied by 1000.										

The home mortgage loans inside the assessment area exceeded 71 percent both by number and dollar volume. Small business loans were 59 percent by number and 46.6 percent by dollar volume. The dollar volume of small business loans inside the assessment area is lower than the number of loans inside the assessment area because some of the existing relationships have had commercial lending opportunities within the bank's market area, which includes counties adjacent to the designated assessment area. Examiners considered the number of loans because it is a better indicator of the number of individuals and businesses served.

Geographic Distribution

The geographic distribution of loans reflects poor dispersion throughout the assessment area. First Federal's lending within the moderate-income tracts is significantly below the demographic for each category of loan reviewed. Examiners focused on the percentage by number of loans in the moderate-income tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects poor dispersion throughout the assessment area.

Three of the five moderate-income census tracts in Coles County are adjacent to the Eastern Illinois University campus and near the institution's Charleston branch. Based on the 2020 Census data, these three tracts include high levels of multi-family units, which is common for areas serving college students; multi-family units represent 34.6 percent of the total housing units in this area. In addition, 65.8 percent of available housing units, whether categorized as a multi-family or 1-4-unit dwelling, are rentals and 25.2 percent of all housing units are owner occupied. The remaining two moderate-income census tracts are 11 miles from the Charleston branch in Mattoon, Illinois. Nonetheless, there are lending opportunities in this market. First Federal's percentage of home loans is less than half of the percentage of owner-occupied homes in the moderate-income tracts, reflecting poor performance.

Although the bank is not required to collect or report HMDA data pursuant to the reporting requirements of the CRA, aggregate data provides insight into the level of home mortgage lending and loan demand within the AA. First Federal's performance in moderate-income tracts falls significantly below aggregate data for 2023, which was 27.5 percent.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Moderate	17.5	10	8.3	687	3.2
Middle	66.2	97	80.8	18,069	85.4
Upper	16.3	13	10.8	2,413	11.4
Not Available	0.0	--	--	--	--
Total	100.0	120	100	21,169	100
<i>Source: 2020 U.S. Census; Bank Data Due to rounding, totals may not equal 100.0%</i>					

Small Business Loans

The geographic distribution of small business loans reflects poor dispersion throughout the assessment area. First Federal's percentage of small business loans is significantly below the percentage of business in the moderate-income census tracts. As previously mentioned, one of the moderate-income tracts is largely comprised of Eastern Illinois University and adjacent housing community. The bank attributes the lower number of loans in the tract that contains EIU and the adjacent (northern) tract to the number of rentals and the type of financing those would require. Nonetheless, the institution has made loans secured by rental properties and multi-family units. Aggregate data was not available for small business lending for 2023.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	28.3	2	4.3	232	4.7
Middle	57.9	39	84.8	2,921	59.5
Upper	13.8	5	10.9	1,758	35.8
Not Available	0.0	--	--	--	--
Totals	100.0	46	100	4,911	100
Source: 2023 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%					

Borrower Profile

The distribution of loans to borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes in the assessment area. First Federal's lending to low- and moderate-income borrowers and to businesses with GARs of \$1 million or less supports this conclusion. Examiners focused on the percentage by number of loans to low- and moderate-income borrowers and to businesses with GARs of \$1 million or less.

Home Mortgage Loans

Overall, First Federal's lending to low- and moderate-income borrowers for home mortgage loans is reasonable based on the percentage of loans in those categories. The bank's percentage of lending to moderate-income borrowers is comparable to the percentage of families in that category. When considering lending to low-income borrowers, it is noted that 11.0 percent of the families in the assessment area are below the poverty level. Borrowers whose income is below the poverty level have difficulties meeting down payment and debt-to-income ratio requirements for traditional home mortgage loans. Considering these facts, First Federal's percentage of lending to low-income borrowers is excellent.

The following table reflects the bank's distribution of home mortgage loans by borrower income levels.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	22.0	10	21.3	1,113	13.9
Moderate	19.3	10	21.3	1,103	13.8
Middle	21.9	11	23.4	980	12.3
Upper	36.7	15	31.9	4,793	59.9
Not Available	0.0	1	2.1	10	0.1
Total	100.0	47	100	7,999	100
Source: 2020 U.S. Census; Bank Data Due to rounding, totals may not equal 100.0%					

Small Business Loans

The distribution of small business loans reflects reasonable penetration of business with GARs of \$1 million or less. First Federal's percentage of lending to businesses with GARs of \$1 million or less is similar to the percentages of businesses in this income category as reported by D&B.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤\$1,000,000	83.0	26	86.7	2,091	62.7
>\$1,000,000	3.4	4	13.3	1,246	37.3
Revenue Not Available	13.6	--	--	--	--
Total	100.0	30	100	3,337	100
<i>Source: 2023 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Response to Complaints

No written complaints regarding the bank's CRA performance were received within the evaluation period; therefore, this criterion did not affect the rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's compliance with 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 evidence of discriminatory or other illegal practices; therefore, this consideration did not affect the overall CRA rating.

APPENDICES

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).

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.

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.

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.

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.

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 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.

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.