



PUBLIC DISCLOSURE

May 30, 2023

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

First Federal Savings Bank of Lincolnton
Charter Number 705153

320 E Main St
Lincolnton, NC 28092-3398

Office of the Comptroller of the Currency

101 South Tryon Street, Suite 400
Charlotte, NC 28280

Note: 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, and should not 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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Overall CRA Rating

Institution's CRA Rating: This institution is rated **Satisfactory**.

The lending test is rated: **Satisfactory**.

The community development test is rated: **Satisfactory**.

The major factors that support this rating include:

- The Lending Test rating for First Federal Savings Bank of Lincolnton (FFSB, or bank) is based on the rating for the state of North Carolina.
- The bank's loan-to-deposit (LTD) ratio is more than reasonable considering its size, financial condition, and credit needs in its assessment area (AA).
- A majority of the bank's loans were originated or purchased inside the AA.
- The bank exhibits an excellent geographic distribution of loans in the AA.
- The bank exhibits reasonable distribution of loans to individuals of different income levels.
- The bank exhibits reasonable responsiveness to CD needs in the AA through CD loans, qualified investments, grants and donations, and CD services.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AA, the LTD ratio is more than reasonable.

The bank's LTD ratio is calculated on a bank-wide basis covering the quarters as of June 30, 2019, through December 31, 2022. The bank's average quarterly LTD ratio for the 15 consecutive quarters since the previous Community Reinvestment Act (CRA) evaluation is 81.22 percent. This is notably higher than the average quarterly LTD ratio of 69.75 percent for similar asset-sized institutions that operate within the AA or within the North Carolina and South Carolina area. The bank's average quarterly LTD ratios ranged from a quarterly high of 101.36 percent to a quarterly low of 68.48 percent. The LTD for similar sized asset-sized banks ranged from an average high of 106.65 percent to a quarterly low of 26.66 percent over the same period.

Lending in Assessment Area

A majority of the bank's loans are inside the AA.

The bank originated 64.3 percent of its total loans inside the AA during the evaluation period. This analysis is performed at the bank level, rather than the AA level.

The table illustrates the number and dollar volume of home mortgage loans the bank originated inside and outside of its AAs.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2020	123	68.0	58	32.0	181	28,260	66.7	14,099	33.3	42,359
2021	192	68.3	89	31.7	281	46,290	65.9	23,975	34.1	70,265
2022	137	56.8	104	43.2	241	35,647	51.7	33,237	48.3	68,884
Total	452	64.3	251	35.7	703	110,197	60.7	71,311	39.3	181,508
<i>Source: Bank Data</i>										
<i>Due to rounding, totals may not equal 100.0%</i>										

Description of Institution

FFSB is a federally chartered, mutual savings associated headquartered in Lincolnton, North Carolina and operating within the state. The bank has delineated Lincoln County, North Carolina as its AA. As of December 31, 2022, FFSB has four full-service branches located within Lincoln County, North Carolina. These locations include the main office in Lincolnton and branches located in Denver, Boger City, and Vale. There were no branch closures or openings during the evaluation period.

Lincoln County, NC, consists of eighteen CTs, with no low-income CTs, eight moderate-income CTs, six middle-income CTs, and four upper-income CTs. The majority of the county's population is located in moderate- and middle-income CTs. Due to the 2020 U.S. Census, the moderate-, middle-, and upper-income CTs changed from 33.3 percent, 38.9 percent, and 27.8 percent of total CTs, respectively, to 44.4 percent, 33.3 percent, and 22.2 percent of total CTs, respectively. The bank had two branches located in moderate-income CTs and two branches located in middle-income CTs.

The bank offers a variety of traditional thrift lending and deposit products. In addition to branch locations, it offers online and mobile banking services. Deposit products include savings, checking, money market, and time deposit accounts. Lending products include home mortgages, home equity, construction, commercial real estate, and business loans.

As of December 31, 2022, total assets were \$431.4 million. Tier 1 capital represented 17.02 percent of assets. The bank's loan portfolio totaled \$295.7 million. FFSB's primary product is 1-4 family residential real estate lending representing 81.27 percent of gross loans. This is followed by non-farm/non-residential real estate at 9.60 percent and construction & development at 6.23 percent, respectively, of gross loans.

Table 1: Distribution of Loan Portfolio*		
Type of Loan	Balance Outstanding (\$000s)	% of Total Loans
1-4 Family Residential Real Estate	240,290	81.27
Non-Farm/Non-Residential Real Estate	28,373	9.60
Construction & Land Development	18,434	6.23
Commercial and Industrial	3,897	1.32
Multi-family Residential Real Estate	2,955	1.00
Loans to Individuals	1,704	0.58
Other Loans	13	0.00
Total Gross Loans	295,666	100.00

*Source: Schedule RC-C Part I—Loans and Leases as reported in the Consolidated Report of Condition and Income as of December 31, 2022

There are no legal, financial, or other factors impeding the bank’s ability to meet the credit needs within its AA. The bank received a “Satisfactory” rating at the previous CRA evaluation dated April 6, 2020.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The bank’s lending performance was based on an assessment of home mortgages loans originated during the evaluation period of January 1, 2020, through December 31, 2022. Home mortgage loans are the bank’s primary product. Small business and small farms loans were not evaluated due to the bank not originating a sufficient volume in the AA for a meaningful analysis. Performance also included an assessment of CD activities from January 1, 2020, through December 31, 2022. CD activities included CD loans, qualified investments, grants and donations, and services made during the evaluation period.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the “Scope” section under each State Rating for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

The state rating is based on performance in the bank’s only AA in the state, which included a full-scope review of the Lincoln County, North Carolina AA.

Refer to the “Scope” section under the State Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by, or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of North Carolina

CRA rating for North Carolina: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

The major factors that support this rating include:

- The bank exhibits excellent geographic distribution of loans in the AA.
- The bank exhibits reasonable distribution of loans to borrowers of different income levels.
- The bank exhibits reasonable responsiveness to CD needs in the AA through CD loans, qualified investments, grants and donations, and CD services.

Description of Institution's Operations North Carolina

FFSB offers loan and deposit products and services through its four full-service branches with drive-through ATMs within the state of North Carolina. The website provides details on products, services, and business hours. Service and business hours do not vary in a way that inconvenience portions of the bank's AA, particularly in low- and moderate-income geographies. Please refer to the Description of the Institution section for additional details.

Lincoln County, North Carolina AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Lincoln County, NC AA 2020-2021						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	18	0.0	33.3	38.9	27.8	0.0
Population by Geography	79,578	0.0	36.7	37.8	25.5	0.0
Housing Units by Geography	33,864	0.0	36.3	37.7	26.0	0.0
Owner-Occupied Units by Geography	23,191	0.0	32.5	40.3	27.1	0.0
Occupied Rental Units by Geography	6,897	0.0	49.1	29.9	21.0	0.0
Vacant Units by Geography	3,776	0.0	36.1	36.1	27.8	0.0
Businesses by Geography	6,126	0.0	29.6	25.7	44.6	0.0
Farms by Geography	251	0.0	33.5	35.5	31.1	0.0
Family Distribution by Income Level	22,264	23.8	19.2	18.6	38.3	0.0
Household Distribution by Income Level	30,088	25.1	17.3	18.3	39.3	0.0
Median Family Income MSA - 16740 Charlotte-Concord-Gastonia, NC-SC MSA		\$64,187	Median Housing Value			\$172,811
			Median Gross Rent			\$671
			Families Below Poverty Level			10.9%
<i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(* The NA category consists of geographies that have not been assigned an income classification.</i>						

Table A – Demographic Information of the Assessment Area						
Assessment Area: Lincoln County, NC AA 2022						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	18	0.0	44.4	33.3	22.2	0.0
Population by Geography	86,810	0.0	42.0	36.3	21.7	0.0
Housing Units by Geography	36,655	0.0	43.8	35.6	20.7	0.0
Owner-Occupied Units by Geography	25,486	0.0	41.3	34.7	24.0	0.0
Occupied Rental Units by Geography	8,135	0.0	55.6	34.7	9.6	0.0
Vacant Units by Geography	3,034	0.0	32.7	45.0	22.3	0.0
Businesses by Geography	8,423	0.0	33.8	36.4	29.7	0.0
Farms by Geography	340	0.0	41.8	36.8	21.5	0.0
Family Distribution by Income Level	23,783	23.9	19.6	22.2	34.4	0.0
Household Distribution by Income Level	33,621	27.3	17.1	18.4	37.2	0.0
Median Family Income MSA - 16740 Charlotte-Concord-Gastonia, NC-SC MSA		\$80,486	Median Housing Value			\$205,748
			Median Gross Rent			\$785
			Families Below Poverty Level			9.1%
<i>Source: 2020 U.S. Census and 2022 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Competition for deposits in the Lincoln County AA is fierce. There are nine top lenders with 18 branches in the AA, according to the 2022 Deposit Market Share Report. FFSB is ranked first with 23.88 percent market share based on total deposits. Competitors in the AA include community banks and large national and state banks. The top four institutions, holding 68.15 percent deposit market share in the AA are, FFSB, Bank of America, Fifth Third Bank, and People’s Bank.

FFSB experiences significant competition for home mortgage loans in the AA. According to the 2021 Peer Market Share Report, there were 392 lenders in the market. Since the bank is a non-HMDA reporter, they were not included in this report. The top five lenders in the AA, with a combined market share of 21.68 percent are Rocket Mortgage, Movement Mortgage, Wells Fargo, State Employee’s Credit Union, and Truist Bank.

Lincoln County is included in the Charlotte-Concord-Gastonia NC-SC MSA. According to Moody’s Analytics, the unemployment rate for the Charlotte-Concord-Gastonia MSA during the years of 2020, 2021, and 2022, was 7.1 percent, 4.6 percent, and 3.4 percent, respectively. This compares to the state of North Carolina unemployment rates for 2020, 2021, and 2022 of 5.8 percent, 3.9 percent, and 3.8 percent, respectively. The improvement in the unemployment rate over the period for the MSA and state is due to the lifting of restrictions from the COVID-19

pandemic. Employment performance within the MSA has traditionally been stronger than the state of North Carolina and nationally.

The primary industries in the area include professional and business services, government, retail trade, education and health services, and leisure and hospitality services. The top five employers in the MSA are Atrium Health, Wells Fargo, Walmart, Bank of America, and Novant Health.

The 2015 and 2020 American Community Survey (ACS) U.S. Census data reported single family homes make up most of the housing available within the AA. For the years 2020-2021, there were 33,864 total housing units, with 75.69 percent being single family homes. For 2022, there were 36,655 total housing units, with 76.46 percent being single family homes. Total rental occupied units accounted for 20.37 percent during 2020 and 2021, and 22.19 percent during 2022. Multi-family units in the AA accounted for 3.19 percent of housing units during 2020 and 2021, and 3.53 percent during 2022.

Homeownership for low- and moderate-income (LMI) individuals may be difficult within the AA due to higher median housing prices compared to median family income. Housing prices have significantly increased during the evaluation period. During 2020-2021, the median price for housing was \$172,811 and increased to \$205,748 in 2022. The median family income increased from \$64,187 during 2020-2021, to \$80,486 in 2022. The number of families below the poverty level remains elevated at 9.1 percent for 2022, but has decreased from 10.9 percent during 2020-2021. The development of new low-income or affordable housing within the AA has been minimal. New construction has been focused on higher income bracket single family housing to accommodate the economic and population growth of the overall surrounding areas. Due to the housing conditions and income levels, it is difficult for LMI borrowers to find affordable housing.

Community Contact

As part of the performance evaluation process, the OCC contacts community representatives to gain insight regarding the credit needs and economic conditions of the AA. We reviewed a community contact performed in the AA to determine credit and development needs. The organization's primary mission is to help revitalize communities and provide affordable housing. The organization provides funding from larger, state-wide programs for home repairs, down payment assistance, and affordable housing construction. It also provides home-ownership counseling services. The contact stated that opportunities for local financial institution participation include home mortgages in LMI areas, preserving and expanding affordable housing supply, supporting homebuying counseling and other financial literacy programs, and participating in job training programs.

Scope of Evaluation in North Carolina

FFSB's AA consists of Lincoln County, North Carolina. We performed a full-scope review of the AA. Home mortgage loans were the primary loan product for the evaluation period.

The analysis for borrower and geographic distribution is based on loan originations of home mortgage loans during the evaluation period. Home mortgage loan data was analyzed using

Home Mortgage Disclosure Act Loan Register (HMDA-LAR) information. Although the bank is a non-HMDA reporter, we analyzed a sample of loans originated during the evaluation period using internal HMDA LAR data. For 2022, peer lending data was not available for comparison given the timing of our evaluation.

No area of the review was weighted more heavily when concluding on the overall performance in the state.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NORTH CAROLINA

LENDING TEST

The bank's performance under the Lending Test in North Carolina is rated Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's lending performance in the state of North Carolina is reasonable.

Distribution of Loans by Income Level of the Geography

The bank exhibits excellent geographic distribution of loans in the state.

Home Mortgage Loans

Refer to the Tables O in the state of North Carolina section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations.

The bank exhibits excellent distribution of home mortgage loans across geographies of different income levels in the AA.

During the 2020 and 2021 period, bank origination of loans to borrowers in moderate-income CTs exceeds the percentage of owner-occupied housing units in those tracts. The percentage of loans to borrowers in moderate-income CTs also exceeds aggregate peer lending data.

During 2022, the percentage of loans to borrowers in moderate-income CTs exceeds the percentage of owner-occupied housing units.

There are no low-income census tracts in the AA.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a reasonable distribution of loans to individuals of different income levels given the product lines offered by the bank.

Home Mortgage Loans

Refer to Tables P in the state of North Carolina section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations.

For the 2020 and 2021 evaluation period, the percentage of loans to low-income borrowers was above the percentage of aggregate lending, but well below the percentage of low-income families. The percentage of loans to moderate-income borrowers was consistent with the percentage of aggregate loans, but below the percentage of moderate-income families.

During the 2022 evaluation period, the percentage of loans made to low-income borrowers was well-below the percentage of low-income families. The percentage of loans made to moderate-income borrowers was near the percentage of moderate-income families.

In evaluating the bank's borrower income distribution, we considered the need for affordable housing and the rise in housing prices that may impact the bank's ability to originate loans to LMI borrowers. As mentioned earlier, 9.1 percent of families within the AA are below the poverty level. Given that median housing prices have risen to \$205,748, it has become increasingly difficult for these families to afford housing within the AA. According to Moody's Analytics the Housing Affordability Index has declined during the evaluation period to below the North Carolina and national averages evidencing housing has become relatively more expensive.

Responses to Complaints

There were no CRA related complaints during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test in the state of North Carolina is rated Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on a full scope review, the bank exhibits adequate responsiveness to community development needs in the state through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the AA.

Number and Amount of Community Development Loans

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank’s level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

Community Development Loans				
Assessment Area	Total			
	#	% of Total #	\$(000’s)	% of Total \$
Lincoln County, NC	13	100.0	2,342	100.0

FFSB demonstrated satisfactory responsiveness to CD needs by offering qualified CD loans to LMI individuals within the AA. During the evaluation period, the bank extended 13 loans totaling \$2.34 million, representing 3.12 percent of tier 1 capital. CD loans promoted economic development through the creation of affordable housing for LMI individuals and provided financing for vital services in LMI communities. Notable loans to support CD activities included:

- Approximately \$465,000 to purchase interests in 11 loans to fund affordable multi-family housing development.
- \$1.4 million to refinance a local volunteer fire station which serves an LMI community.

Number and Amount of Qualified Investments

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000’s)	#	\$(000’s)	#	% of Total #	\$(000’s)	% of Total \$	#	\$(000’s)
Lincoln County	4	10	11	16	15	100.0	26	100.0	0	0

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

FFSB demonstrated adequate responsiveness to CD needs within the AA during the evaluation period. The bank made 11 qualified donations to five organizations totaling approximately \$16.3 thousand. Additionally, the bank donated \$1,500 to a soup kitchen outside the AA. Notable donations included:

- \$12,500 to an organization that provides food and emergency financial assistance to LMI families within the AA
- \$1,000 to a homeless shelter which provides temporary housing
- \$400 to an organization that offers food and medical services to LMI and uninsured individuals in the AA.

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

Extent to Which the Bank Provides Community Development Services

FFSB demonstrated adequate responsiveness to CD needs when offering qualifying services to LMI individuals within the AA during the evaluation period. Three of the employees provided expertise related to financial literacy to their respective organization by functioning as a Treasurer or Board Member who is responsible for funding decisions. These employees volunteer a sufficient amount of time to these organizations on a monthly basis.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSA(s) and non-MSA(s) that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

Time Period Reviewed:	January 1, 2020 to December 31, 2022	
Bank Products Reviewed:	Home Mortgages, Community Development Loans, Qualified Investments, Community Development Services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Not Applicable	Not Applicable	Not Applicable
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
State of North Carolina		
Lincoln County, NC AA	Full-Scope	The AA includes all census tracts in Lincoln County. Lincoln County, NC is part of the Charlotte-Concord-Gastonia, North Carolina-South Carolina Metropolitan Statistical Area (MSA). However, the AA does not include other counties in the MSA.

Appendix B: State Ratings

RATINGS FIRST FEDERAL SAVINGS BANK OF LINCOLNTON			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State Rating
First Federal Savings Bank of Lincolnton	Satisfactory	Satisfactory	Satisfactory
State:			
North Carolina	Satisfactory	Satisfactory	Satisfactory

(*) The Lending Test and Community Development Test carry equal weight in the overall rating.

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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, other secured consumer loans, and other unsecured consumer loans.

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, which 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).

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, 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 conduct 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, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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 state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties 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 percent 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 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

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 qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rating Area: A rated area is a state or multi-state metropolitan statistical 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 multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

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

Small Loan(s) to Farm(s): 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 or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.

Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2020-21
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Lincoln County, NC	315	74,550	100.0	6,425	0.0	0.0	0.0	32.5	33.3	21.4	40.3	54.0	28.1	27.1	12.7	50.5	0.0	0.0	0.0
Total	315	74,550	100.0	6,425	0.0	0.0	0.0	32.5	33.3	21.4	40.3	54.0	28.1	27.1	12.7	50.5	0.0	0.0	0.0

Source: 2015 ACS; 01/01/2020 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2022
Assessment Area:	Total Home Mortgage Loans			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Lincoln County, NC	137	35,647	100.0	0.0	0.0	--	41.3	59.9	--	34.7	32.8	--	24.0	7.3	--	0.0	0.0	--	
Total	137	35,647	100.0	0.0	0.0	--	41.3	59.9	--	34.7	32.8	--	24.0	7.3	--	0.0	0.0	--	

Source: 2020 U.S. Census; 01/01/2022 - 12/31/2022 Bank Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2020-21
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Lincoln County, NC	315	74,550	50.0	6,425	23.8	8.3	5.6	19.2	15.2	15.6	18.6	21.6	20.3	38.3	45.4	41.9	0.0	9.5	16.7
Total	315	74,550	50.0	6,425	23.8	8.3	5.6	19.2	15.2	15.6	18.6	21.6	20.3	38.3	45.4	41.9	0.0	9.5	16.7

Source: 2015 ACS ; 01/01/2020 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2022
Assessment Area:	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	% of Total	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
Lincoln County, NC	137	35,647	100.0	23.9	7.3	--	19.6	18.2	--	22.2	26.3	--	34.4	39.4	--	0.0	8.8	--	
Total	137	35,647	100.0	23.9	7.3	--	19.6	18.2	--	22.2	26.3	--	34.4	39.4	--	0.0	8.8	--	

Source: 2020 U.S. Census ; 01/01/2022 - 12/31/2022 Bank Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

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