



## PUBLIC DISCLOSURE

July 31, 2023

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Federal Savings Bank  
Charter Number 707101

301 E 9th St  
Rochester, IN 46975-1617

Office of the Comptroller of the Currency

West Lake Center  
4555 Lake Forest Drive, Suite 520  
Blue Ash, OH 45242-3760

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 is based on satisfactory performance in the State of Indiana. First Federal Savings Bank (FFSB or bank) originated a substantial majority of loans in its assessment areas (AAs) with a satisfactory distribution among borrowers and geographies of different income levels.
- The Community Development (CD) Test rating is based on satisfactory performance in the State of Indiana. FFSB demonstrated adequate responsiveness to CD needs in its AAs by engaging in a combination of CD loans, qualified investments, and CD services.

### Loan-to-Deposit Ratio

Considering the bank’s size, financial condition, and credit needs of the AA(s), the bank’s loan-to-deposit ratio (LTD) is more than reasonable. FFSB’s quarterly LTD ratio, as calculated on a bank-wide basis, averaged 89.9 percent over the 12-quarter period ending December 31, 2022. During this timeframe, the LTD ratio ranged from 76.2 percent to 108.4 percent. FFSB’s LTD ratio was the highest among the four banks with headquarters in the AAs and total assets of approximately \$400 to \$740 million. The median LTD ratio for this group was 72.2 percent, and the average LTD for the other three banks was 66.4 percent with a range from 54.6 percent to 83.6 percent.

### Lending in Assessment Area

A substantial majority of the bank’s loans are inside its AAs. The bank originated and purchased 83.3 percent of its total loans inside the bank’s AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

<b>Lending Inside and Outside of the Assessment Area</b>										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	5,784	83.3	1,158	16.7	6,942	1,040,259	75.3	340,794	24.7	1,381,053
<b>Total</b>	<b>5,784</b>	<b>83.3</b>	<b>1,158</b>	<b>16.7</b>	<b>6,942</b>	<b>1,040,259</b>	<b>75.3</b>	<b>340,794</b>	<b>24.7</b>	<b>1,381,053</b>

## Description of Institution

FFSB is a federally chartered stock savings bank and is wholly owned by American Midwest Financial Corporation (AMFC), a unitary, non-diversified savings and loan holding company headquartered in Rochester, Indiana. As a full-service bank, FFSB offers a variety of products and services for personal or business needs. These include home mortgage loans, home equity loans, commercial loans, checking and savings accounts, certificates of deposit, individual retirement accounts, lockboxes, and various online services. FFSB does not have any subsidiaries and did not engage in any merger/acquisition activity during the evaluation period.

FFSB serves seven contiguous counties in northeastern Indiana and offers all banking products and services at each of its six offices. The main office is in Rochester, Indiana, which is in Fulton County. In addition, the bank has two offices in Marshall County, one in Pulaski County, one in Elkhart County, and one in St. Joseph County. Each location has a deposit-taking automated teller machine (ATM) and there is a stand-alone ATM in Marshall County. Based on this market footprint, FFSB has three AAs. Five of the counties are part of the Indiana nonmetropolitan statistical area (IN Non-MSA), one county is in the Elkhart-Goshen, IN MSA (Elkhart MSA), and one county is in the South Bend-Mishawaka, IN-MI MSA (South Bend MSA).

As of December 31, 2022, FFSB had total assets of \$584.2 million and tier 1 capital of \$52.8 million. Deposits totaled \$436.7 million or 74.7 percent of total assets, while gross loans and leases totaled \$478.2 million or 81.8 percent of total assets. FFSB's loans and deposits are concentrated in the IN Non-MSA AA where most of its offices are located. Loan originations and loan portfolio composition reflect a focus on mortgage banking activities. Thus, residential real estate loans are still the primary loan product and comprise most of the loan portfolio. The tables below provide a summary of FFSB's deposit data and loan portfolio composition.

<b>Deposit Data June 30, 2022</b>		
<b>Assessment Area</b>	<b>Deposit Amount (000s)</b>	<b>% of Total Deposits</b>
IN Non-MSA	\$ 382,463	87.1%
Elkhart MSA	\$ 22,406	5.1%
South Bend MSA	\$ 34,197	7.8%
Total	\$ 439,066	100.0%

Source: FDIC Summary of Deposits Report as of June 30, 2022

<b>Loan Portfolio Composition December 22, 2022</b>			
<b>Loan Category</b>	<b>Amount (\$000's)</b>	<b>Percent of Total Loans</b>	<b>Percent of Total Assets</b>
Residential Loans	\$ 424,767	88.8%	72.7%
Farm Loans	\$ 6,241	1.3%	1.1%
Business Loans	\$ 46,429	9.7%	9.0%
Consumer Loans	\$ 682	0.1%	0.1%
Other Loans & Leases	\$ 78	0.0%	0.0%
Total Gross Loans & Leases	\$ 478,197	100.0%	80.9%

Source: Call Report as of December 31, 2022

FFSB's lending activities are consistent with its size, expertise, financial capacity, and local economic conditions. There are no legal, financial, or other factors that affect FFSB's ability to meet the credit needs of its AAs. FFSB received a rating of "Satisfactory" at its prior CRA evaluation dated May 15, 2020.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

This evaluation considers FFSB's CRA performance from January 1, 2020, to December 31, 2022. The OCC assessed this performance using Intermediate Small Bank examination procedures which include a Lending Test and a CD Test. The Lending Test measures FFSB's record of meeting the credit needs of the AAs for its primary loan product, home mortgage loans. The CD Test measures FFSB's responsiveness to the CD needs of the AAs through loans, qualified investments, and services with a CD purpose.

### **Selection of Areas for Full-Scope Review**

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated AAs 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 bank's overall rating is a blend of the state ratings, and where applicable, multistate ratings. FFSB operates in a single state, so its overall rating is the same as the rating for the State of Indiana. The State of Indiana rating is based on performance in all bank AAs. Refer to the "Scope" section under the State of Indiana 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) or 195.28(c), respectively, 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 Bureau of Consumer Financial Protection, 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 Indiana

#### CRA rating for the State of Indiana:

**The Lending Test is rated: Satisfactory**

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

The major factors that support this rating include:

- a satisfactory distribution of home mortgage loans among geographies and borrowers of different income levels;
- a substantial majority of home mortgage loans originated or purchased inside the AAs;
- a more than reasonable LTD ratio; and,
- adequate responsiveness to CD needs through a combination of CD loans, qualified investments, and CD services.

### Description of Institution's Operations in Indiana

FFSB has six full-service offices that serve a seven-county area in north central Indiana. Each office has a drive-up facility and a deposit-taking ATM. As noted in the Description of Institution section, the counties included in this footprint form three AAs, the IN Non-MSA AA, the Elkhart MSA AA, and the South Bend MSA AA. Each AA meets the requirements of CRA and does not arbitrarily exclude any LMI geographies.

The following information about demographic data, job market, housing cost, competition, and credit needs provides additional performance context for FFSB's operations in each AA.

#### Indiana Non-MSA AA

The Indiana Non-MSA AA includes the counties of Fulton, Kosciusko, Marshall, Pulaski, and Starke. FFSB's main office and three branches are in this AA. According to census data from the 2020 ACS, the main office in Rochester and branch office in Bremen are in a middle-income geography. The branch office in Plymouth is in a low-income geography and the branch office in Winamac is in a moderate-income geography. At the start of the evaluation period, the Rochester and Plymouth offices were in a moderate-income geography per census data from the 2015 ACS.

Demographic Data

The following tables provide a summary of the AA’s demographic data for 2020-2021 and 2022:

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: IN Non-MSA AA (2020-2021)</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	48	0.0	10.4	75.0	14.6	0.0
Population by Geography	181,636	0.0	10.6	74.9	14.5	0.0
Housing Units by Geography	84,057	0.0	10.5	76.1	13.4	0.0
Owner-Occupied Units by Geography	53,172	0.0	8.6	76.2	15.2	0.0
Occupied Rental Units by Geography	15,674	0.0	19.6	70.7	9.7	0.0
Vacant Units by Geography	15,211	0.0	7.5	81.4	11.1	0.0
Businesses by Geography	14,625	0.0	17.1	68.6	14.3	0.0
Farms by Geography	1,340	0.0	3.4	84.1	12.5	0.0
Family Distribution by Income Level	48,278	15.9	18.7	23.9	41.4	0.0
Household Distribution by Income Level	68,846	20.4	15.9	19.9	43.9	0.0
Median Family Income Non-MSAs - IN		\$55,715	Median Housing Value			\$121,860
FFIEC Updated Median Family		\$64,600	Median Gross Rent			\$691
			Families Below Poverty Level			9.0%
<i>Source: 2015 ACS and 2021 D&amp;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.</i>						

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: IN Non-MSA AA (2022)</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	50	2.0	10.0	70.0	18.0	0.0
Population by Geography	182,700	2.0	10.1	70.0	17.9	0.0
Housing Units by Geography	86,197	1.8	10.1	71.4	16.7	0.0
Owner-Occupied Units by Geography	53,280	1.0	7.6	73.3	18.1	0.0
Occupied Rental Units by Geography	17,055	4.6	18.8	64.5	12.1	0.0
Vacant Units by Geography	15,862	1.7	9.0	72.1	17.1	0.0
Businesses by Geography	16,465	4.0	13.4	63.7	18.8	0.0
Farms by Geography	1,473	0.6	5.1	81.9	12.4	0.0



Family Distribution by Income Level	47,518	17.9	18.9	22.2	41.0	0.0
Household Distribution by Income Level	70,335	20.4	17.3	19.1	43.2	0.0
Median Family Income Non-MSAs - IN	\$67,032		Median Housing Value			\$140,517
FFIEC Updated Median Family	\$74,500		Median Gross Rent			\$762
			Families Below Poverty Level			8.1%
<i>Source: 2020 U.S. Census and 2022 D&amp;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.</i>						

Job Market

Business demographic data from the 2020 ACS census and 2022 Dun and Bradstreet shows the primary industries in the five-county AA are services (31%), retail trade (11.2%), and finance, insurance, and real estate (9.5%). In addition, a notable percentage of establishments are categorized as non-classifiable (20.6%). Some of the major employers include:

Major Employers	
Fulton County	Rochester Metal Products and Rochester Community Schools
Kosciusko County	Biomet Manufacturing and LSC Communications
Marshall County	Southwire Company and Nishikawa Copper LLC
Pulaski County	Braunability and Pulaski Memorial Hospital
Starke County	Pathfinder Services Inc and MPI Indiana Fineblanking
<i>Source: STATS Indiana (Data Axle)</i>	

The average annual unemployment rate for each county in the IN Non-MSA AA improved during the three-year evaluation period. The higher rates for 2020 reflect the impact of the COVID-19 pandemic. All counties experienced a significant spike in unemployment in April 2020 that was followed by a gradual recovery through the end of 2021 and continued improvement in 2022. The unemployment rate for four of the five counties remained at or below the statewide rate, while the rate for Starke County remained slightly higher. The following table summarizes these unemployment rates:

Average Annual Unemployment Rates				
	2019	2020	2021	2022
State of Indiana	3.3	7.3	3.9	3.0
Fulton County	3.1	6.7	3.6	3.0
Kosciusko County	2.8	6.3	3.0	2.5
Marshall County	3.1	6.5	2.9	2.6
Pulaski County	3.0	6.2	3.2	2.6
Starke County	4.3	8.2	4.7	3.8
<i>Source: Bureau of Labor Statistics; Rates Not Seasonally Adjusted</i>				

Housing Cost

A home mortgage loan may not be affordable for all LMI families in the AA. As shown in the table below, the median housing value for the AA was at least 3.8 times the annual income of a low-income family and at least 2.4 times the annual income of a moderate-income family. Therefore, some LMI families may not be able to afford and maintain a home or qualify for a mortgage when also considering the down payment requirement, homeowner costs such as taxes and insurance, and other debt payments.

<b>Housing Value vs Annual Income</b>		
	<b>2021</b>	<b>2022</b>
Median Housing Value (MHV)	\$121,860	\$140,517
Median Family Income (MFI)	\$64,600	\$74,500
Low Income Level (<50% MFI)	\$32,300	\$37,250
Moderate-Income Level (<80% MFI)	\$51,680	\$59,600
<i>Source: 2015 and 2020 ACS Census; 2021 and 2022 Updated FFIEC MFI</i>		

Competition

Competition for deposits is strong given the number and size of the financial institutions with offices in the AA. As of June 30, 2022, FDIC deposit data shows FFSB and 19 other FDIC-insured national, regional, and local banks operate 67 offices in the five-county AA. FFSB’s four offices with deposits of almost \$382.5 million represent a market share of 8.8 percent. This share ranks FFSB third among the group. The top two banks, Lake City Bank and 1<sup>st</sup> Source Bank, hold 53.9 percent of the market share.

Strong competition for home mortgage loans also exists. Aggregate HMDA data for 2021 shows 317 lenders originated or purchased 9,571 home mortgage loans. The 2022 data shows 273 lenders originated or purchased 6,013 home mortgage loans. FFSB was the top lender in 2021 with 1,152 loans for a market share of 12 percent. Other top lenders were Ruoff Mortgage Company, Lake City Bank, Rocket Mortgage, and 1<sup>st</sup> Source Bank. In 2022, FFSB ranked second with 636 loans for a market share of 10.6 percent. The top lender in 2022 was Lake City Bank and FFSB was followed by Ruoff Mortgage Company, Teachers Credit Union, and 1<sup>st</sup> Source Bank.

Community Contact

The OCC considered comments from a community contact regarding credit and community development needs and opportunities. The contact from a community action agency that serves northeast Indiana noted an increase in the need for transportation and childcare in 2022-2023. The contact further stated there is still a need for affordable housing units.

According to the contact, the agency regularly seeks bank investors for various activities. Opportunities for banks to invest include:

- affordable mortgages for clients of the agency’s homebuyer counseling clients;
- construction financing for multi-family projects;
- a grant, investment, or matching funds for loan loss reserves;
- operating support or permanent financing;

- FHLB sponsor to access grants and low-cost financing;
- investment in small business pools;
- service on the board of directors or loan review committee; and,
- bank referrals to the agency for customers that do not qualify for bank loans.

Elkhart MSA AA

The Elkhart MSA AA consists of Elkhart County. FFSB has one branch office in Elkhart. According to census data from the 2020 ACS, the Elkhart office is in a moderate-income geography. At the start of the evaluation period, this office was in a low-income geography per census data from the 2015 ACS.

Demographic Data

The following tables provide a summary of the AA’s demographic data for 2020-2021 and 2022:

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Elkhart MSA AA (2020-2021)</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	36	2.8	19.4	63.9	13.9	0.0
Population by Geography	200,685	1.0	19.3	59.5	20.3	0.0
Housing Units by Geography	77,880	1.5	18.9	61.0	18.6	0.0
Owner-Occupied Units by Geography	48,955	0.4	12.3	63.7	23.7	0.0
Occupied Rental Units by Geography	21,484	3.1	30.6	56.7	9.6	0.0
Vacant Units by Geography	7,441	4.3	28.7	55.5	11.6	0.0
Businesses by Geography	17,051	1.2	16.7	62.8	19.4	0.0
Farms by Geography	664	0.2	7.1	61.9	30.9	0.0
Family Distribution by Income Level	50,577	19.0	18.1	23.4	39.5	0.0
Household Distribution by Income Level	70,439	21.6	17.2	20.6	40.6	0.0
Median Family Income MSA - 21140 Elkhart-Goshen, IN MSA		\$55,551	Median Housing Value			\$121,127
FFIEC Updated Median Family		\$67,500	Median Gross Rent			\$708
			Families Below Poverty Level			12.4%
<i>Source: 2015 ACS and 2021 D&amp;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.</i>						

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Elkhart MSA AA (2022)</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	45	4.4	22.2	48.9	24.4	0.0
Population by Geography	207,047	4.2	20.5	49.7	25.6	0.0
Housing Units by Geography	79,389	4.8	22.3	51.5	21.4	0.0
Owner-Occupied Units by Geography	50,964	2.3	16.9	53.5	27.3	0.0
Occupied Rental Units by Geography	21,398	9.4	31.4	49.1	10.2	0.0
Vacant Units by Geography	7,027	8.6	33.8	45.0	12.7	0.0
Businesses by Geography	19,424	2.8	20.1	54.1	23.0	0.0
Farms by Geography	741	1.5	10.8	45.9	41.8	0.0
Family Distribution by Income Level	50,204	19.2	18.5	22.7	39.7	0.0
Household Distribution by Income Level	72,362	22.2	17.2	19.6	40.9	0.0
Median Family Income MSA - 21140 Elkhart-Goshen, IN MSA		\$70,610	Median Housing Value			\$148,353
FFIEC Updated Median Family		\$83,600	Median Gross Rent			\$807
			Families Below Poverty Level			8.8%
<i>Source: 2020 U.S. Census and 2022 D&amp;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>						

**Job Market**

Business demographic data from the 2020 ACS Census and 2022 Dun and Bradstreet shows the primary industries in the AA are services (29.8%), retail trade (11%), and finance, insurance, and real estate (10.7%). In addition, a notable percentage of establishments are categorized as non-classifiable (24.2%). Some of the major employers in Elkhart County include:

<b>Major Employers</b>	
Elkhart, IN	Norfolk Southern and Elkhart General Hospital
Goshen, IN	Always in Stone Monument and Keystone RV
Middlebury, IN	Jayco
<i>Source: STATS Indiana (Data Axle)</i>	

The average annual unemployment rate for Elkhart County improved during the three-year evaluation period. The higher annual rate for 2020 reflects the impact of the COVID-19 pandemic. Elkhart County experienced a spike in unemployment in April 2020 that was followed by a gradual recovery through the end of 2021. In 2022, the unemployment rate remained relatively stable and lower than the statewide rate. The following table summarizes these unemployment rates:

Average Annual Unemployment Rates				
	2019	2020	2021	2022
State of Indiana	3.3	7.3	3.9	3.0
Elkhart County	3.1	7.7	2.8	2.5

*Source: Bureau of Labor Statistics; Rates Not Seasonally Adjusted*

Housing Cost

A home mortgage loan may not be affordable for all LMI families in the AA. As shown in the table below, the median housing value for the AA was at least 3.5 times the annual income of a low-income family and at least 2.2 times the annual income of a moderate-income family. Therefore, some LMI families may not be able to afford and maintain a home or qualify for a mortgage when also considering the down payment requirement, homeowner costs such as taxes and insurance, and other debt payments.

Housing Value vs Annual Income		
	2021	2022
Median Housing Value (MHV)	\$121,127	\$148,353
Median Family Income (MFI)	\$67,500	\$83,600
Low Income Level (<50% MFI)	\$33,750	\$41,800
Moderate-Income Level (<80% MFI)	\$54,000	\$66,880

*Source: 2015 and 2020 ACS Census; 2021 and 2022 Updated FFIEC MFI*

Competition

Competition for deposits is strong due to the number and size of financial institutions with offices in the AA. As of June 30, 2022, FDIC deposit data showed FFSB and 15 other FDIC-insured national, regional, and local banks operated 52 offices in Elkhart County. FFSB’s one office with deposits of \$22.4 million represented a market share of 0.5 percent. This share ranks FFSB 12<sup>th</sup> among the group. The top five banks, JPMorgan Chase, Lake City, 1<sup>st</sup> Source, First State Bank of Middlebury, and Keybank, hold 91.1 percent of the market share.

Strong competition for home mortgage loans also exists. Aggregate HMDA data for 2021 shows 250 lenders originated or purchased 9,517 home mortgage loans. The 2022 data shows 222 lenders originated or purchased 6,645 home mortgage loans. FFSB ranked eighth with a market share of 3.9 percent in 2021 but slipped to tenth with a market share of 3.2 percent in 2022. The total market share of the top five lenders equaled 31.9 percent in 2021 and 32.7 percent in 2022. Interra Credit Union was the top lender both years with a market share of 10.6 percent in 2021 and 12.8 percent in 2022. Other top lenders include Cardinal Financial Company, Rocket Mortgage, Ruoff Mortgage, First State Bank of Middlebury for 2021 and Cardinal Financial Company, Lake City, Teachers Credit Union, and 1<sup>st</sup> Source for 2022.

Community Contact

The OCC considered comments from a community contact involved with community development for the City of Elkhart. The contact noted housing in Elkhart is unaffordable to residents of extremely low- and very low-income. The contact also noted much of the existing housing stock was built before 1970 and needs repaired. Many homes are owned by seniors or

low-income homeowners that cannot afford a loan to replace a roof or make other emergency repairs. The contact also pointed out that the city’s housing studies indicate that many commuters would likely move to the area if there were more quality housing and more diversity in the housing stock. There is demand for rental housing and affordable for-sale homes, but the cost to build housing has risen dramatically over the past four years. This creates a need for subsidies to incent developers to build more housing.

Based on these needs, opportunities for bank involvement include:

- gap financing;
- LIHTC investors;
- construction financing for multi-family rental projects;
- loan loss reserve grants, investments, or matching funds;
- operating support for the city’s non-profit partners;
- permanent financing;
- FHLB sponsor/member to access grants and low-cost financing; and,
- civic leadership and advocacy at the state level.

South Bend MSA AA

The South Bend MSA AA consists of St. Joseph County. FFSB has one branch office in Mishawaka. According to census data from the 2020 ACS, Mishawaka office is in a moderate-income geography. At the start of the evaluation period, this office was in a low-income geography per census data from the 2015 ACS.

Demographic Data

The following tables provide a summary of the AA’s demographic data for 2020-2021 and 2022:

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: South Bend MSA AA (2020-2021)</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	75	14.7	25.3	34.7	25.3	0.0
Population by Geography	267,246	8.9	17.9	41.8	31.3	0.0
Housing Units by Geography	115,351	10.8	18.5	45.0	25.7	0.0
Owner-Occupied Units by Geography	69,843	4.9	15.0	44.4	35.7	0.0
Occupied Rental Units by Geography	32,162	19.9	22.4	48.0	9.7	0.0
Vacant Units by Geography	13,346	19.8	27.4	40.6	12.2	0.0
Businesses by Geography	23,301	12.1	17.8	41.9	28.3	0.0
Farms by Geography	599	4.2	11.2	41.7	42.9	0.0
Family Distribution by Income Level	65,126	22.1	16.7	20.1	41.2	0.0

Household Distribution by Income Level	102,005	23.8	16.8	17.7	41.7	0.0
Median Family Income MSA - 43780 South Bend-Mishawaka, IN-MI MSA		\$57,692	Median Housing Value			\$112,830
FFIEC Updated Median Family		\$72,700	Median Gross Rent			\$710
			Families Below Poverty Level			13.3%
<i>Source: 2015 ACS and 2021 D&amp;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.</i>						

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: South Bend MSA AA (2022)</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	82	11.0	25.6	32.9	29.3	1.2
Population by Geography	272,912	7.0	23.7	38.2	30.3	0.7
Housing Units by Geography	117,050	7.1	26.0	38.4	27.9	0.6
Owner-Occupied Units by Geography	70,887	4.1	18.5	38.9	38.1	0.4
Occupied Rental Units by Geography	33,493	11.9	38.0	37.8	11.5	0.9
Vacant Units by Geography	12,670	11.3	36.0	37.3	14.2	1.3
Businesses by Geography	27,170	6.4	25.5	35.3	32.1	0.7
Farms by Geography	677	3.8	16.4	47.3	32.1	0.4
Family Distribution by Income Level	63,705	20.4	17.2	22.0	40.4	0.0
Household Distribution by Income Level	104,380	24.8	16.4	17.8	41.0	0.0
Median Family Income MSA - 43780 South Bend-Mishawaka, IN-MI MSA		\$70,437	Median Housing Value			\$128,492
FFIEC Updated Median Family		\$77,500	Median Gross Rent			\$804
			Families Below Poverty Level			10.6%
<i>Source: 2020 U.S. Census and 2022 D&amp;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.</i>						

***Job Market***

Business demographic data from the 2020 ACS Census and 2022 Dun and Bradstreet shows the primary industries in the AA are services (34.3%), finance, insurance, and real estate (10.9%), and retail trade (10.5%). In addition, a notable percentage of establishments are categorized as non-classifiable (26.3%). Some of the major employers in St. Joseph County include:

<b>Major Employers</b>	
South Bend, IN	University of Notre Dame, St. Joseph County, and Meijer
Mishawaka, IN	AM General Manufacturing
Granger, IN	Indiana Toll Road Concession Company
<i>Source: STATS Indiana (Data Axle)</i>	

The average annual unemployment rate for St. Joseph County improved during the three-year evaluation period. The higher annual rate for 2020 reflects the impact of the COVID-19 pandemic. St. Joseph County experienced a spike in unemployment in April 2020 that was followed by a gradual recovery through the end of 2021. For 2022, unemployment was comparable to the pre-pandemic level and remained slightly higher than the statewide rate. The following table summarizes these unemployment rates:

<b>Average Annual Unemployment Rates</b>				
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
State of Indiana	3.3	7.3	3.9	3.0
St Joseph County	3.5	8.6	4.6	3.4
<i>Source: Bureau of Labor Statistics; Rates Not Seasonally Adjusted</i>				

### Housing Cost

A home mortgage loan may not be affordable for all LMI families in the AA. As shown in the table below, the median housing value for the AA was at least 3.1 times the annual income of a low-income family and at least 1.9 times the annual income of a moderate-income family. Therefore, some LMI families may not be able to afford and maintain a home or qualify for a mortgage when also considering the down payment requirement, homeowner costs such as taxes and insurance, and other debt payments.

<b>Housing Value vs Annual Income</b>		
	<b>2021</b>	<b>2022</b>
Median Housing Value (MHV)	\$112,830	\$128,492
Median Family Income (MFI)	\$72,700	\$77,500
Low Income Level (<50% MFI)	\$36,350	\$38,750
Moderate-Income Level (<80% MFI)	\$58,160	\$62,000
<i>Source: 2015 and 2020 ACS Census; 2021 and 2022 Updated FFIEC MFI</i>		

### Competition

Competition for deposits is strong due to the number and size of financial institutions with offices in the AA. As of June 30, 2022, FDIC deposit data showed FFSB and 13 other FDIC-insured national, regional, and local banks operated 61 offices in St. Joseph County. FFSB's one office with deposits of \$34.2 million represented a market share of 0.6 percent, ranking them 11<sup>th</sup>. The primary competitor is 1<sup>st</sup> Source Bank with 53.2 percent of the market share. The top five banks, 1<sup>st</sup> Source, PNC Bank, Lake City, JPMorgan Chase, and Keybank, hold 83.4 percent of the market share.



Strong competition for home mortgage loans also exists. Aggregate HMDA data for 2021 shows 340 lenders originated or purchased 13,294 home mortgage loans. The 2022 data shows 293 lenders originated or purchased 8,761 home mortgage loans. FFSB ranked seventh with a market share of 4 percent in 2021 but slipped to eighth with a market share of 3.6 percent in 2022. The total market share of the top five lenders equaled 38.7 percent in 2021 and 41.1 percent in 2022. Notre Dame Federal Credit Union was the top lender both years with a market share of 11.5 percent in 2021 and 12.2 percent in 2022. Other top lenders include Teachers Credit Union, 1<sup>st</sup> Source Bank, Ruoff Mortgage Company, and Rocket Mortgage for 2021 and Teachers Credit Union, 1<sup>st</sup> Source Bank, Hallmark Home Mortgage Company, and Ruoff Mortgage for 2022.

### Community Contact

The OCC considered comments from two community contacts involved with affordable housing in the City of South Bend. One contact stated the homeless population is growing due to the pandemic, which caused high unemployment and inability to pay rent. Eviction moratoriums ended in early 2022 and private landlords began evicting tenants for nonpayment. The contact believes the homeless population would have remained stable had there not been a pandemic. In addition, the contact noted there are areas of “non-consideration” where it takes longer to get city resources. There is a lot of development happening near Notre Dame, but the rest of South Bend is developing at a slower rate. According to the contact, there is an opportunity for financial institutions to get involved with the financing to build new public housing. The contact also feels there is an opportunity to offer less predatory options to affordable housing residents in general.

The other contact mentioned there is a waitlist for affordable rental housing and high demand for affordable single-family housing for homeownership. The contact stated the housing market in South Bend is experiencing a transition with excessive valuations for market rate housing near the campus of Notre Dame University. New public housing is planned, and financing is needed. Several deals involving low-income housing tax credits (LIHTC) are pending with the state. The contact mentioned other possible community development opportunities include support for a newly formed Community Development Financial Institution (CDFI) in South Bend or funding for a financial capabilities program.

## **Scope of Evaluation in Indiana**

Examiners performed a full-scope review of all three AAs in Indiana. Refer to the Table in Appendix A: Scope of Examination for additional information. If the conclusion for the loan distribution differed among the AAs, the OCC weighted the result for each AA based on the concentration of offices, home mortgage loan originations, and deposit activities. Therefore, the performance in the Indiana Non-MSA received the most weight.

## **Conclusions in Respect to Performance Tests in Indiana**

### **Lending Test**

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

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on full-scope reviews, the bank's lending performance in the state of Indiana is reasonable. FFSB's performance in the IN Non-MSA is AA is excellent and performance in the Elkhart MSA AA and South Bend MSA AA is reasonable.

### **Distribution of Loans by Income Level of the Geography**

The bank exhibits a reasonable geographic distribution of loans in the state. OCC placed more weight on FFSB's performance in moderate-income geographies as these areas have a higher percentage of owner-occupied housing units (OOHUs). OCC also gave more weight to performance in 2020-2021 due to the higher volume of loans for this period.

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

##### IN Non-MSA AA

The overall geographic distribution of FFSB's home mortgage loans in the IN Non-MSA AA is excellent. The performance in moderate-income CTs for 2020-2021 and in the low-income CT for 2022 is excellent.

- In 2020-2021, the AA had no low-income CTs and five moderate-income CTs. FFSB's percentage of home mortgage loans originated or purchased in the moderate-income CTs exceeded the percentage of OOHUs and aggregate percentage for all reporting lenders.
- In 2022, the AA had one low-income CT and five moderate-income CTs. FFSB's percentage of home mortgage loans in low-income CTs exceeded the percentage of home mortgage loans and aggregate percentage for all reporting lenders. The percentage of home mortgage loans in the moderate-income CTs was below the percentage of OOHUs and aggregate percentage for all reporting lenders.

##### Elkhart MSA AA

The overall geographic distribution of FFSB's home mortgage loans in the Elkhart MSA AA is reasonable. Performance in both low- and moderate-income CTs in 2020-2021 and 2022 is reasonable.

- In 2020-2021, the AA had one low-income CT and seven moderate-income CTs. FFSB's percentage of home mortgage loans originated and purchased in both the low- and moderate-income CTs was below the percentage of OOHUs and aggregate percentage for all reporting lenders. Performance in the low-income CT is weaker than performance in the moderate-income CTs, yet still reasonable given the small number of OOHUs in the low-income CT. There were just 179 OOHUs in the low-income CT. Per aggregate data,

there were a total of 34 loans originated and purchased by all reporting lenders and no lender originated more than three loans either year.

- In 2022, the AA had two low-income CTs and ten moderate-income CTs. FFSB's percentage of home mortgage loans originated and purchased in the low-income CTs was well below the percentage of home mortgage loans and aggregate percentage for all reporting lenders. The percentage of home mortgage loans originated and purchased in moderate income CTs was below the percentage of OOHUs and aggregate percentage for all reporting lenders. Performance in the low-income CTs is weaker than performance in the moderate-income CTs, yet still reasonable given the limited number of OOHUs in the low-income CTs. There were 1,184 OOHUs in the low-income CTs. Per aggregate data, there were a total of 159 loans originated and purchased by 49 lenders. The top lender originated 15 loans, while FFSB and 29 other lenders originated one or two loans.

### South Bend MSA AA

The overall geographic distribution of FFSB's home mortgage loans in the South Bend MSA AA is reasonable. Performance in both low- and moderate-income CTs in 2020-2021 and 2022 is reasonable given the significant competition in the AA. In addition, FFSB lacks a physical presence in the city of South Bend where the LMI CTs are concentrated.

- In 2020-2021, the AA had 11 low-income CTs and 19 moderate-income CTs. FFSB's percentage of home mortgage loans originated or purchased in both the low- and moderate-income CTs was well below the percentage of OOHUs and aggregate percentage for all reporting lenders. The top three lenders in the low-income CTs captured a market share of 28.9 percent for 2020 and 25.4 percent for 2021. The top three lenders in the moderate-income CTs captured a market share of 26.5 for 2020 and 28.8 for 2021.
- In 2022, the AA had nine low-income CTs and 21 moderate income CTs. FFSB's percentage of home mortgage loans originated and purchased in the low-income CTs was well below the percentage of OOHUs and aggregate percentage for all reporting lenders. The percentage of home mortgage loans originated and purchased in the moderate-income CTs was below the percentage of home mortgage. The top three lenders in the low-income CTs captured a market share of 33.6 percent while the top three lenders in the moderate-income CTs captured a market share of 26.7 percent.

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

### ***Lending Gap Analysis***

The OCC reviewed summary reports and maps and did not identify any unexplained, conspicuous gaps in the lending distribution of FFSB's home mortgage loans.

## **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. The OCC considered several factors that likely limited lending opportunities to LMI borrowers, including housing costs in relation to median family income, percentage of families below poverty, strong competition, pandemic environment, and rising interest rates. The OCC also gave more weight to performance in 2020-2021 due to the higher volume of loans for this period.

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

#### IN Non-MSA AA

The overall borrower distribution of loans in the IN Non-MSA is excellent. Performance among moderate-income borrowers is excellent for both 2020-2021 and 2022.

- In 2020-2021, FFSB's percentage of home mortgage loans to moderate-income borrowers exceeded the percentage of moderate-income families and the aggregate percentage for all reporting lenders. FFSB's percentage of home mortgage loans to low-income borrowers was well below the percentage of low-income families, but near the aggregate percentage for all reporting lenders.
- In 2022, FFSB's percentage of home mortgage loans to moderate-income borrowers exceeded the percentage of moderate-income families the aggregate percentage for all reporting lenders. FFSB's percentage of home mortgage loans to low-income borrowers was below the percentage of low-income families, but near the aggregate percentage for all reporting lenders.

#### Elkhart MSA AA

The overall borrower distribution of loans in the Elkhart MSA AA is reasonable. Performance among moderate-income borrowers is reasonable for both 2020-2021 and 2022.

- In 2020-2021, FFSB's percentage of home mortgage loans to moderate-income borrowers exceeded the percentage of moderate-income families and was near the aggregate percentage for all reporting lenders. FFSB's percentage of home mortgage loans to low-income borrowers was well below the percentage of low-income families, but near the aggregate percentage for all reporting lenders.
- In 2022, FFSB's percentage of home mortgage loans to moderate-income borrowers exceeded the percentage of moderate-income families and was below the aggregate percentage for all reporting lenders. FFSB's percentage of home mortgage loans to low-income borrowers was well below the percentage of low-income families and below the aggregate percentage for all reporting lenders.

#### South Bend MSA AA

The overall borrower distribution of loans in the South Bend MSA AA is reasonable. Performance among low- and moderate-income borrowers is reasonable for both 2020-2021 and 2022.

- In 2020-2021, FFSB’s percentage of home mortgage loans to moderate-income borrowers exceeded the percentage of moderate-income families and was below the aggregate percentage for all reporting lenders. FFSB’s percentage of home mortgage loans to low-income borrowers was well below the percentage of low-income families and below the aggregate percentage for all reporting lenders.
- In 2022, FFSB’s percentage of home mortgage loans to moderate-income borrowers was near the percentage of moderate-income families and below the aggregate percentage for all reporting lenders. FFSB’s percentage of home mortgage loans to low-income borrowers was well below the percentage of low-income families and below the aggregate percentage for all reporting lenders.

Refer to Table P in the state of Indiana section of appendix D for the facts and data used to evaluate the borrower distribution of the bank’s home mortgage loan originations and purchases.

**Responses to Complaints**

FFSB did not receive any complaints regarding its CRA performance during the evaluation period.

**Community Development Test**

The bank’s performance under the Community Development Test in the state of Indiana is rated Satisfactory.

**Conclusions for Areas Receiving Full-Scope Reviews**

Based on full-scope reviews, 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 bank’s AAs.

**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 qualify as CD loans.

<b>Community Development Loans</b>				
Assessment Area	Total			
	#	% of Total #	\$ (000’s)	% of Total \$
IN Non-MSA AA	51	53.1	1,910	54.2
Elkhart MSA AA	2	2.1	45	1.3
South Bend MSA AA	38	39.6	1,534	43.6
Statewide	5	5.2	32	0.9
Total	96	100.00	3,522	100.00

### In Non-MSA AA

FFSB originated 51 CD loans totaling \$1.9 million or 4.1 percent of allocated Tier 1 capital. These loans, which supported identified credit needs for affordable housing, small businesses, and healthcare, included the following:

- Loans totaling \$793,000 made through the Small Business Administration's Paycheck Protection Program (SBA PPP). These loans helped 48 businesses keep their workforce employed during the COVID-19 pandemic.
- A loan for \$895,000 to a community development company that financed construction of a spec home in a rural community with an identified need for affordable housing. This construction project also supported workforce development by providing work for local high school students in the building trades program.
- A \$166,000 loan to purchase medical equipment for a rural, non-profit hospital.
- A \$56,000 loan to a sole proprietor that helped retain a business in a moderate-income CT.

### Elkhart MSA AA

FFSB originated two CD loans totaling \$45,010 or 1.7 percent of allocated Tier 1 capital. Both loans were made through the SBA's PPP, which helped the businesses keep their workforce employed during the COVID-19 pandemic.

### South Bend MSA AA

FFSB originated 38 CD loans totaling \$1.5 million or 37.3 percent of allocated Tier 1 capital. These loans, which supported identified credit needs for small businesses and affordable housing, included the following:

- Two loans totaling \$1.3 million to finance the land purchase, construction, and equipment for a new retail business. The business will create 15 new permanent jobs, including LMI positions.
- A total of \$229,471 for 30 loans made through participation with the city of South Bend's homeownership assistance program. This program provides a 20 percent forgivable down payment equity loan to help first-time homebuyers with the purchase. FFSB's participation represents approximately 10 percent of the total funded amount.
- Loans totaling \$78,069 made through the SBA's PPP. These loans helped six businesses keep their workforce employed during the COVID-19 pandemic.

### Statewide

FFSB originated five CD loans totaling \$32,619 or 0.1 percent of Tier 1 capital. All loans were made through the SBA's PPP, which helped the businesses keep their workforce employed during the COVID-19 pandemic.

## 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)
IN Non-MSA AA			2	1,040	2	4.7	1,040	16.9		
Elkhart MSA AA	1	200	8	18	9	20.9	218	3.6		
South Bend MSA AA	2	2,431	28	604	30	69.7	3,035	49.5		
Regional/Statewide	2	1,844			2	4.7	1,844	30.0		
<b>Total</b>	<b>5</b>	<b>4,475</b>	<b>38</b>	<b>1,662</b>	<b>43</b>	<b>100.0</b>	<b>6,137</b>	<b>100.0</b>		

\* 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.

### IN Non-MSA AA

FFSB has total qualified investments of \$1 million. These investments include \$936,863 in two municipal bonds for a school corporation that has a majority of students from LMI families and \$103,376 in donations. The donations primarily supported several organizations that provide affordable housing or community services for LMI individuals or families, including a homeless shelter, food bank, community foundations, Habitat for Humanity, United Way, and Boys and Girls Club. In addition, FFSB's annual donations supported a revitalization/stabilization project in downtown Rochester and the Banzai financial literacy program for various schools.

### Elkhart MSA AA

FFSB has total qualified investments of \$218,972 in the Elkhart MSA AA. Most of this amount represents a prior period investment in the Solomon Hess SBA Loan Fund that supports economic development. The remainder consists of \$18,343 in donations made during the evaluation period. These donations primarily supported financial literacy or food for LMI students, repairs/renovations for LMI homeowners, and COVID relief funds.

### South Bend MSA AA

FFSB has total qualified investments of \$3 million in the South Bend MSA AA. The largest portion of this amount relates to prior period investments in funds that support affordable housing and economic development. FFSB has a \$1 million investment in the Cinnaire Indiana Community Fund 19-4, a low-income housing tax credit fund for construction of housing targeted to homeless persons with mental illness and/or chronic addiction. In addition, FFSB invested \$554,369 in a municipal bond issued by the South Bend Redevelopment Authority and donated \$49,395 during the evaluation period. The largest donations supported financial literacy

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

programs, a homeless shelter, food backpacks for LMI students, and the building fund for a neighborhood center with childcare, health services, and other charities.

### Regional/Statewide

FFSB has two prior period investments totaling \$1.8 million in the regional/statewide area. These investments include:

- A \$1.2 million investment in a LIHTC fund, Cinnaire Indiana Community Fund 19-2. This fund supports affordable housing projects throughout Indiana.
- The \$628,000 portion of the investment in the Solomon Hess SBA loan fund that was not allocated to a specific AA as of December 31, 2022. The fund actively looks to acquire CRA-eligible CD loans in the bank's targeted AAs and re-deploys the unallocated funds on a best-efforts basis.

### **Extent to Which the Bank Provides Community Development Services**

FFSB employees provided 1,072 hours of volunteer service to various organizations that support affordable housing, economic development, and community services for LMI individuals or families. These employees often volunteered in a leadership role by serving as a director or committee member for the organization.

### IN Non-MSA AA

Twenty FFSB employees volunteered 758 hours of financial expertise. Many of these employees served as a board or committee member for organizations that provide community services or affordable housing to LMI individuals. In addition, 13 employees spent 122 hours teaching financial literacy in schools where more than half of the students are from LMI families.

### Elkhart MSA AA

A FFSB employee spent 55 hours serving as a board member for a non-profit that provides a food pantry, emergency financial assistance, and a kid's summer lunch program.

### South Bend MSA AA

Six FFSB employees volunteered 260 hours of financial expertise. One employee spent 115 hours serving as a board and committee member for three different organizations that provide affordable housing or community services to LMI families. In addition, four employees volunteered 104 hours to the financial literacy program of an organization that targets services to adults, teens, and children living below poverty.



## 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 metropolitan and nonmetropolitan areas 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”).

<b>Time Period Reviewed:</b>	01/01/2020 to 12/31/2022	
<b>Bank Products Reviewed:</b>	Home mortgage loans CD loans, qualified investments, CD services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None	Not Applicable	Not Applicable
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>State of Indiana</b>		
In Non-MSA	Full Scope	Fulton, Kosciusko, Marshall, Pulaski, and Starke Counties
Elkhart-Goshen, IN MSA	Full Scope	Elkhart County
South Bend-Mishawaka, IN-MI MSA	Full Scope	St. Joseph County

### Appendix B: Summary of MMSA and State Ratings

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RATINGS			
First Federal Savings Bank			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
<b>First Federal Savings Bank</b>	<b>Satisfactory</b>	<b>Satisfactory</b>	<b>Satisfactory</b>
MMSA or State:			
<b>State of Indiana</b>	<b>Satisfactory</b>	<b>Satisfactory</b>	<b>Satisfactory</b>

## Appendix C: Definitions and Common Abbreviations

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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

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### 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 30<sup>th</sup> 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 Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

- Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents aggregate peer data for the years the data is available. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer 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 households in those geographies.
- Table V. Assessment Area Distribution of Consumer 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 households by income level in each MMSA/assessment area.



<b>Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography</b>																				<b>2020-21</b>
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	
Elkhart MSA	874	169,526	18.9	9,517	0.4	0.2	0.3	12.3	9.3	10.4	63.7	67.8	65.1	23.7	22.7	24.2	0.0	0.0	0.0	
IN Non-MSA	2,572	436,408	55.6	9,571	0.0	0.0	0.0	8.6	10.7	8.9	76.2	72.4	73.1	15.2	16.9	18.0	0.0	0.0	0.0	
South Bend MSA	1,176	225,729	25.4	13,294	4.9	2.6	3.8	15.0	6.0	10.5	44.4	46.2	46.8	35.7	45.2	38.9	0.0	0.0	0.0	
<b>Total</b>	<b>4,622</b>	<b>831,663</b>	<b>100.0</b>	<b>32,382</b>	<b>2.1</b>	<b>0.7</b>	<b>1.6</b>	<b>12.3</b>	<b>9.2</b>	<b>10.0</b>	<b>59.7</b>	<b>64.9</b>	<b>59.9</b>	<b>25.9</b>	<b>25.2</b>	<b>28.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	

*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%*

<b>Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography</b>																				<b>2022</b>
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	
Elkhart MSA	211	35,615	18.2	6,645	2.3	0.9	2.4	16.9	12.8	14.9	53.5	60.7	51.7	27.3	25.6	31.0	0.0	0.0	0.0	
IN Non-MSA	636	102,661	54.7	6,013	1.0	2.2	1.1	7.6	5.5	8.8	73.3	73.3	68.5	18.1	19.0	21.5	0.0	0.0	0.0	
South Bend MSA	315	70,320	27.1	8,761	4.1	1.3	2.9	18.5	14.3	18.9	38.9	43.8	38.1	38.1	40.6	39.7	0.4	0.0	0.4	
<b>Total</b>	<b>1,162</b>	<b>208,596</b>	<b>100.0</b>	<b>21,419</b>	<b>2.6</b>	<b>1.7</b>	<b>2.2</b>	<b>14.7</b>	<b>9.2</b>	<b>14.8</b>	<b>53.6</b>	<b>63.0</b>	<b>50.9</b>	<b>28.9</b>	<b>26.1</b>	<b>31.9</b>	<b>0.2</b>	<b>0.0</b>	<b>0.1</b>	

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

<b>Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower</b>																			<b>2020-21</b>
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
Elkhart MSA	874	169,526	18.9	9,517	19.0	6.6	7.0	18.1	21.3	21.7	23.4	27.6	25.6	39.5	43.9	32.2	0.0	0.6	13.4
IN Non-MSA	2,572	436,408	55.6	9,571	15.9	6.3	6.6	18.8	20.9	18.1	23.9	24.9	22.3	41.4	47.3	37.3	0.0	0.6	15.7
South Bend MSA	1,176	225,729	25.4	13,294	22.1	7.5	13.5	16.7	20.4	23.3	20.1	26.8	20.5	41.2	44.5	28.8	0.0	0.9	13.8
<b>Total</b>	<b>4,622</b>	<b>831,663</b>	<b>100.0</b>	<b>32,382</b>	<b>19.3</b>	<b>6.7</b>	<b>9.6</b>	<b>17.7</b>	<b>20.8</b>	<b>21.3</b>	<b>22.2</b>	<b>25.9</b>	<b>22.5</b>	<b>40.7</b>	<b>45.9</b>	<b>32.3</b>	<b>0.0</b>	<b>0.6</b>	<b>14.3</b>

*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%*

<b>Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower</b>																			<b>2022</b>
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
Elkhart MSA	211	35,615	18.2	6,645	19.2	9.0	11.3	18.5	21.8	24.8	22.7	26.1	26.3	39.7	40.8	24.8	0.0	2.4	12.8
IN Non-MSA	636	102,661	54.7	6,013	17.9	9.7	10.5	18.9	23.0	20.8	22.2	23.7	24.5	41.0	41.0	32.6	0.0	2.5	11.6
South Bend MSA	315	70,320	27.1	8,761	20.4	10.5	15.3	17.2	16.5	20.9	22.0	24.8	21.4	40.4	43.8	29.8	0.0	4.4	12.7
<b>Total</b>	<b>1,162</b>	<b>208,596</b>	<b>100.0</b>	<b>21,419</b>	<b>19.3</b>	<b>9.8</b>	<b>12.7</b>	<b>18.1</b>	<b>21.0</b>	<b>22.1</b>	<b>22.3</b>	<b>24.4</b>	<b>23.8</b>	<b>40.4</b>	<b>41.7</b>	<b>29.0</b>	<b>0.0</b>	<b>3.0</b>	<b>12.4</b>

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

