

# **PUBLIC DISCLOSURE**

November 17, 2025

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Friendship State Bank  
RSSD# 427241

5908 East Main Street  
Friendship, Indiana 47021

Federal Reserve Bank of Chicago

230 South LaSalle Street  
Chicago, Illinois 60604-1413

NOTE: This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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## INSTITUTION'S CRA RATING

**The Friendship State Bank is rated: Satisfactory**

**The Lending Test is rated: Satisfactory**

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

The Friendship State Bank is meeting the credit needs of the communities within its combined assessment area based on an analysis of lending and community development activities. The loan-to-deposit ratio (LTD) is reasonable given the bank's size, financial condition, its local competitors, and the credit needs of the combined assessment area. A majority of loans were originated in the combined assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the combined assessment area, and loan distribution reflects reasonable penetration among borrowers of different income levels, and businesses of different revenue sizes. Neither The Friendship State Bank nor this Reserve Bank has received any CRA-related complaints since the previous evaluation.

The bank's community development performance demonstrates adequate responsiveness to the needs of its combined assessment area through community development investments, donations, and services. This performance is appropriate considering the bank's capacity, as well as the need and availability of community development opportunities within the bank's combined assessment area.

### SCOPE OF EXAMINATION

The Friendship State Bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) Intermediate Small Bank Institution Examination Procedures. Performance was evaluated in the context of information about the institution and its assessment areas, including the bank's asset size, financial condition, competition, and the economic and demographic characteristics of the assessment areas.

The bank maintains the following two delineated assessment areas: Indiana Non-Metropolitan Statistical Area (Indiana Non-MSA) and Cincinnati, OH-KY-IN Metropolitan Statistical Area (Cincinnati MSA) #17140. The bank's Indiana Non-MSA received a full-scope review based on the bank's operations, deposit market share, branch and automated teller machine (ATM) concentration, and volume of lending. The Cincinnati MSA received a limited scope review due to the bank's limited deposit market share and volume of lending. Performance within the limited review assessment area was evaluated for consistency with the bank's performance in the Indiana Non-MSA full scope review assessment area, although the limited scope review does not affect the bank's CRA rating.

The Lending Test evaluation includes Home Mortgage Disclosure Act (HMDA) reportable loans and a sample of small business loans. These products are considered the bank's primary business

lines based on volume by number and dollar amount. Additionally, the bank's level of community development activity was also evaluated.

Performance within the designated assessment areas was evaluated using intermediate-small bank examination procedures based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – An 11-quarter average loan-to-deposit ratio ending June 30, 2025, was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – The bank's HMDA-reportable loans originated from January 1, 2023, to December 31, 2024, and a sample of small business loans originated from January 1, 2024, to December 31, 2024, were reviewed to determine the percentage of loans originated within the combined assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – The bank's HMDA-reportable loans originated from January 1, 2023, to December 31, 2024, and a sample of small business loans originated from January 1, 2024, to December 31, 2024, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as low- and moderate-income.
- ***Lending to Borrowers of Different Income and to Businesses of Different Sizes*** – The bank's HMDA-reportable loans originated from January 1, 2023, to December 31, 2024, and a sample of small business loans originated from January 1, 2024, to December 31, 2024, were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses with different revenue sizes.
- ***Response to Substantiated Complaints*** – Complaints were reviewed to determine if any were related to the bank's record of helping to meet community credit needs, and the bank's responses to any complaints received were evaluated for appropriateness.
- ***Community Development Activities*** – The bank's responsiveness to community development needs through community development loans, qualified investments, donations, and community development services, from October 18, 2022, through November 17, 2025, were reviewed considering the capacity, need, and availability of such opportunities within the combined assessment area.

In addition, one community representative was contacted in connection with this examination to provide information regarding local economic and socio-economic conditions in the assessment area. The following type of organization was contacted: economic development and affordable housing.

## DESCRIPTION OF INSTITUTION

The Friendship State Bank (FSB) is a wholly owned subsidiary of Friendship Bancorp (FBC), a one-bank financial holding company. Both the bank and the holding company are headquartered in Friendship, Indiana, located near the southeast corner of the state. The bank has three bank-level subsidiaries: Friendship Portfolio Management, Friendship Real Estate Holdings, and Friendship Financial Services. FSB operates its main office in Friendship, Indiana, and eight branches located across its combined assessment area in Indiana, as well as nine full-service automated teller machines (ATM) located at each office.

According to the Uniform Bank Performance Report, the bank reported total assets of \$549.9 million as of September 30, 2025. FSB is primarily a residential real estate lender, representing 53.9 percent of the loan portfolio, followed by commercial lending representing 26.6 percent of the loan portfolio. The bank offers traditional banking products and services throughout its branches.

Details of the composition of the bank’s loan portfolio are provided in the following table.

<b>Composition of Loan Portfolio as of September 30, 2025</b>		
<b>Type</b>	<b>Dollar Volume (\$ in 000s)</b>	<b>% of Portfolio</b>
Residential Real Estate	174,319	53.9
Commercial	86,133	26.6
Consumer	32,368	10.0
Agriculture	30,431	9.4
Total	323,251	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

According to the June 30, 2024 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, FSB ranks third among eleven FDIC-insured financial institutions operating within the combined assessment area. The bank held \$487.5 million in deposits representing 16.4 percent of the total deposit market share. The financial institutions with the largest percentage of deposit market share are First Financial Bank (20.5 percent) and Civista Bank (19.9 percent).

There are no known legal, financial or other factors impeding the bank’s ability to help meet the credit needs in its communities.

The bank was rated Satisfactory under the CRA at its previous evaluation on October 17, 2022.

## DESCRIPTION OF ASSESSMENT AREAS

FSB is an intrastate bank operating in the state of Indiana within two assessment areas: the Indiana Non-MSA and the Cincinnati, OH-KY-IN MSA #17140. The Indiana Non-MSA assessment area includes Jefferson, Ripley, and Switzerland counties in their entirety. The Cincinnati, OH-KY-IN MSA assessment area includes Dearborn and Ohio counties in their entirety. This represents a change in the Cincinnati, OH-KY-IN MSA assessment area since the previous evaluation, in which the bank expanded to include the entirety of Dearborn County, which contains a full-service branch opened in January 2025. The combined assessment area includes a total of 26 census tracts consisting of one low-income, three moderate-income, 18 middle-income, and four upper-income census tracts. The Indiana Non-MSA assessment area has no underserved or distressed middle-income census tracts.

A total of 27,959 families reside within the combined assessment area, of which 10,688 (38.2 percent) reside in the bank's low- and moderate-income census tracts. A total of 47,666 units are located in the combined assessment area, of which 5,782 (12.1 percent) are located in the low- and moderate-income census tracts. Of those units, 2,665 (8.5 percent) are owner-occupied. This is indicative of opportunities for homeownership within these tracts.

A total of 4,000 businesses are located in the combined assessment area, of which 805 (20.2 percent) are located in low- and moderate-income census tracts. Businesses with gross revenues of less than \$1 million represent 91.3 percent of total businesses, evidencing opportunities for small business lending in the combined assessment area.

The following table provides additional 2024 demographic information about the combined assessment area, while 2023 demographic information can be found in Appendix B.

2024 Combined Assessment Area AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	3.8	942	3.4	136	14.4	5,906	21.1
Moderate	3	11.5	1,643	5.9	253	15.4	4,782	17.1
Middle	18	69.2	21,173	75.7	2,176	10.3	6,655	23.8
Upper	4	15.4	4,201	15.0	247	5.9	10,616	38.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>26</b>	<b>100.0</b>	<b>27,959</b>	<b>100.0</b>	<b>2,812</b>	<b>10.1</b>	<b>27,959</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	1,794	899	2.9	50.1	757	42.2	138	7.7
Moderate	3,988	1,766	5.6	44.3	1,566	39.3	656	16.4
Middle	35,072	24,008	76.3	68.5	7,447	21.2	3,617	10.3
Upper	6,812	4,794	15.2	70.4	1,367	20.1	651	9.6
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>47,666</b>	<b>31,467</b>	<b>100.0</b>	<b>66.0</b>	<b>11,137</b>	<b>23.4</b>	<b>5,062</b>	<b>10.6</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	203	5.1	195	5.3	7	2.6	1	1.2
Moderate	602	15.1	544	14.9	50	18.8	8	9.6
Middle	2,584	64.6	2,372	65.0	153	57.5	59	71.1
Upper	611	15.3	540	14.8	56	21.1	15	18.1
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>4,000</b>	<b>100.0</b>	<b>3,651</b>	<b>100.0</b>	<b>266</b>	<b>100.0</b>	<b>83</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>			91.3		6.7		2.1	
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	4	1.3	4	1.4	0	0.0	0	0.0
Middle	233	78.2	231	78.0	2	100.0	0	0.0
Upper	61	20.5	61	20.6	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>298</b>	<b>100.0</b>	<b>296</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>			99.3		0.7		0.0	
Source: 2024 FFIEC Census Data 2024 Data & Business Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### LENDING TEST

FSB’s performance relative to the lending test is Satisfactory. Overall, the bank is meeting the credit needs of its assessment areas based on an analysis of the bank’s lending activities. The loan-to-deposit (LTD) ratio is reasonable given the bank’s size, financial condition, and the credit needs of the combined assessment area. A majority of HMDA-reportable and small business loans were originated within the assessment area. Further, the geographic distribution of loans reflects reasonable dispersion throughout the combined assessment area, and lending activities reflect reasonable penetration among individuals of different income levels, including low- and moderate-income, and to businesses of different revenue sizes.

#### Loan-to-Deposit Ratio

FSB had a reasonable loan-to-deposit ratio (considering seasonal variations) given the bank's size, financial condition, the credit needs of its combined assessment area, and taking into account, as appropriate, other lending-related activities such as loan originations for sale to the secondary markets and community development loans and qualified investments. As of June 30, 2025, the bank’s 11-quarter LTD ratio averaged 62.3 percent. Similarly situated competitors were selected based on their asset size, branching locations, and market share within the bank’s assessment area. The LTD ratio has declined since the previous evaluation, when the bank had a 16-quarter average of 71.8 percent. While FSB’s LTD ratio is below the peer average, the institution continues to demonstrate active lending within its assessment areas ranking (in 2024) third out of 146 lenders in the Indiana Non-MSA with 118 HMDA originations and fourth out of 126 lenders in the Cincinnati MSA with 60 HMDA originations. The following table compares the bank’s LTD ratio to its local competitors.

Comparative Loan-to-Deposit Ratios as of June 30, 2025	
Institution	11-Quarter Average (%)
The Friendship State Bank	62.3
Peer Average – Local	75.6
Competitors	
River City Bank – Louisville, KY	83.2
Farmers Bank – Milton, KY	77.7
Napolean State Bank – Napolean, IN	76.5
Consumers National Bank – Minerva, OH	75.0
Unified Bank – Martins Ferry, OH	73.9
FCN Bank National – Brookville, IN	67.4

#### Assessment Area Concentration

FSB made a majority of its loans in the bank’s combined assessment area. During the review

period, the bank originated 85.8 percent of total loans by number and 78.3 percent by dollar amount inside the combined assessment area.

For HMDA-reportable lending, 86.5 percent by number and 78.4 percent by dollar volume of loans were originated within the combined assessment area. FSB originated 82.8 percent by number and 77.5 percent by dollar volume of its small business loans inside its combined assessment area. When compared with the previous evaluation, the proportion of loans originated within the assessment area slightly decreased compared to 87.0 percent by number and 86.2 percent by dollar amount. Despite the decline, the percentage of HMDA-reportable and small business lending within the assessment area indicates the bank is actively serving the credit needs of its community.

The following table summarizes the bank’s lending inside and outside its combined assessment area for HMDA-reportable loans from January 1, 2023, to December 31, 2024, and a sample of small business loans from January 1, 2024, to December 31, 2024.

<b>Lending Inside and Outside the Assessment Area</b>								
<b>Loan Type</b>	<b>Inside</b>				<b>Outside</b>			
	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Home Improvement	39	88.6	2,292	78.1	5	11.4	643	21.9
Home Purchase - Conventional	136	82.9	27,778	75.3	28	17.1	9,096	24.7
Multi-Family Housing	2	100.0	563	100.0	0	0.0	0	0.0
Refinancing	91	91.0	11,617	85.9	9	9.0	1,907	14.1
<b>Total HMDA related</b>	<b>268</b>	<b>86.5</b>	<b>42,250</b>	<b>78.4</b>	<b>42</b>	<b>13.5</b>	<b>11,646</b>	<b>21.6</b>
<b>Small Business related</b>	<b>53</b>	<b>82.8</b>	<b>5,005</b>	<b>77.5</b>	<b>11</b>	<b>17.2</b>	<b>1,452</b>	<b>22.5</b>
<b>Total Loans</b>	<b>321</b>	<b>85.8</b>	<b>47,255</b>	<b>78.3</b>	<b>53</b>	<b>14.2</b>	<b>13,098</b>	<b>21.7</b>

*Note: Percentages may not total 100.0 percent due to rounding.*

### Geographic and Borrower Distribution

The geographic distribution of HMDA-reportable and small business loans reflects reasonable dispersion throughout the assessment areas. In addition, the bank’s distribution of loans to and, as appropriate, other lending-related activities to individuals of different income levels (including low- and moderate-income individuals) and businesses of different sizes is reasonable given the demographics of the bank’s assessment areas. Additional information with respect to the bank’s geographic and borrower distribution is found within the respective assessment area sections.

## **Response to Complaints**

Neither FSB nor this Reserve Bank has received any CRA-related complaints since the previous evaluation.

## **COMMUNITY DEVELOPMENT TEST**

The bank's performance relative to the community development test is Satisfactory. The bank's community development performance demonstrates adequate responsiveness to the needs of the assessment area through community development investments, donations, and services, as appropriate, considering the bank's capacity and the availability of such opportunities for community development in the bank's assessment areas.

### **Lending, Investment, and Services Activities**

During the evaluation period, the bank did not originate any qualified loans, while at the previous evaluation the bank originated one community development qualified loan. Despite this, FSB demonstrates adequate responsiveness to the community development needs of its assessment areas through community development investments, donations, and services. During the evaluation period, no new qualified community investments were made, however, the bank did retain six prior period investments totaling approximately \$4.6 million. When adjusting for variance in review period length from 48 months to 37 months, the bank's current performance in community development investments decreased 51.9 percent by dollar volume when compared to the previous evaluation, as investments at the previous evaluation totaled approximately \$12.5 million.

The bank made 80 qualified community development donations totaling \$75,735, which included one donation (\$100) made to the broader statewide and regional area (BSRA). The majority of qualified investments and donations were made toward community services targeted to low- or moderate-income individuals or geographies, as well as local economic development efforts supporting small businesses. When adjusting for variance in review period length from 48 months to 37 months, the bank's current performance in community development donations increased by 252.0 percent by number and 584.5 percent by dollar volume when compared to the previous evaluation. The bank attributed the increase in community development activity to enhanced internal tracking mechanisms.

During the evaluation period, bank staff provided approximately 880 hours of community development services. A majority of qualified community development services were dedicated to organizations with a community service focus, as well as to organizations with an economic development focus. When adjusting for variance in review period length from 48 months to 37 months, the bank's current performance in community development services increased in number of services conducted by 140.0 percent but decreased by 26.3 percent by number of service hours

when compared to the previous evaluation.

Additional information with respect to the bank’s community development activities is provided in the individual assessment area discussions.

Community Development Activities October 18, 2022 – November 17, 2025								
Assessment Area	Loans		Investments		Donations		Services	
	#	\$	#	\$	#	\$	#	Hours
<b>Full Review</b>								
Indiana Non-MSA	0	0	2	535,000	43	44,500	12	480
<b>Limited Review</b>								
Cincinnati, OH-KY-IN MSA #17140	0	0	4	4,105,000	36	31,135	10	400
<b>Other</b>								
Statewide or Regional Area	0	0	0	0	1	100	0	0
<b>Total Qualified</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>4,640,000</b>	<b>80</b>	<b>75,735</b>	<b>22</b>	<b>880</b>

**FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

**INDIANA NON-METROPOLITAN STATISTICAL AREA (NON-MSA) – FULL REVIEW**

**SCOPE OF EXAMINATION**

Full scope examination procedures were used to evaluate the bank’s performance in the Indiana Non-MSA assessment area. The scope is consistent with the scope of examination described within the institution summary. For further information, refer to the “Scope of Examination” section for details.

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN INDIANA NON-MSA**

The Indiana Non-MSA assessment area consists of 17 census tracts comprised of Jefferson, Ripley, and Switzerland counties in their entireties. Based on the 2024 FFIEC Census Data, the census tract composition includes one moderate-income, 12 middle-income, and four upper-income census tracts. There are no low-income census tracts or distressed or underserved middle-income geographies as designated by the FFIEC within the bank’s assessment area. While the assessment area remains geographically unchanged since the previous evaluation, updated American Community Survey (ACS) data resulted in an increase in the total number of census tracts from 16 to 17, while the moderate-income census tracts decreased from two to one.

*Tract Designation Change Data*

*The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau’s American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.*

<b>Census Tract Designation Changes</b>			
<b>Tract Income Designation</b>	<b>2021 Designations (#)</b>	<b>2022 Designations (#)</b>	<b>Net Change (#)</b>
<b>Low</b>	0	0	0
<b>Moderate</b>	2	1	-1
<b>Middle</b>	12	12	0
<b>Upper</b>	2	4	+2
<b>Total</b>	16	17	+1

*Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015*  
*Source: U. S. Census Bureau: Decennial Census: American Community Survey Data 2016-2020*

Within the assessment area, the bank operates a main office and four branches, with full service ATMS at each location. The main office, located in Friendship, as well as branch locations in Batesville and Versailles, Indiana are located in upper-income census tracts. The Madison and Vevay branches are located in middle-income census tracts.

According to the June 30, 2024 FDIC Market Share Report, FSB ranked third among nine FDIC-insured financial institutions operating in the assessment area. The bank held \$293.3 million in deposits, representing 18.0 percent of the total deposit market share. The top two leaders in market share are First Financial Bank (21.2 percent) and German American Bank (19.2 percent). The nine banks competing for deposits, including FSB, have 25 total offices in the assessment area.

In 2024, FSB ranked third among 146 HMDA-reporters, originating 118 HMDA-reportable loans in the assessment area. In comparison, the first ranked institution, First Financial Bank, originated 222 HMDA loans, and second ranked German American Bank, originated 160 HMDA loans.

Additional assessment area demographic information is provided in the following table. Please refer to Appendix B for 2023 demographic information.

2024 IN Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	3,690	19.7
Moderate	1	5.9	381	2.0	77	20.2	3,008	16.1
Middle	12	70.6	14,139	75.5	1,838	13.0	4,127	22.0
Upper	4	23.5	4,201	22.4	247	5.9	7,896	42.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>17</b>	<b>100.0</b>	<b>18,721</b>	<b>100.0</b>	<b>2,162</b>	<b>11.5</b>	<b>18,721</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	1,375	499	2.4	36.3	438	31.9	438	31.9
Middle	24,167	15,590	74.7	64.5	5,818	24.1	2,759	11.4
Upper	6,812	4,794	23.0	70.4	1,367	20.1	651	9.6
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>32,354</b>	<b>20,883</b>	<b>100.0</b>	<b>64.5</b>	<b>7,623</b>	<b>23.6</b>	<b>3,848</b>	<b>11.9</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	235	9.0	221	9.3	11	6.1	3	4.8
Middle	1,768	67.6	1,610	67.9	113	62.8	45	71.4
Upper	611	23.4	540	22.8	56	31.1	15	23.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>2,614</b>	<b>100.0</b>	<b>2,371</b>	<b>100.0</b>	<b>180</b>	<b>100.0</b>	<b>63</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>90.7</b>		<b>6.9</b>		<b>2.4</b>
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	2	0.8	2	0.8	0	0.0	0	0.0
Middle	188	74.9	187	74.8	1	100.0	0	0.0
Upper	61	24.3	61	24.4	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>251</b>	<b>100.0</b>	<b>250</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>				<b>99.6</b>		<b>0.4</b>		<b>0.0</b>
Source: 2024 FFIEC Census Data 2024 Data & Benchmark Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

### Population Characteristics

The following table presents the population trends for the assessment area, the individual counties comprising the assessment area, the entire Indiana Non-MSA, and the state of Indiana from 2015 to 2020. According to the 2020 U.S. Census Bureau demographic data, the assessment area’s population is 71,879. The assessment area experienced a slight increase in population of 0.4 percent between 2015 and 2020. Within the assessment area, the population of both Jefferson and Ripley counties increased by 2.1 percent and 1.3 percent, respectively, while the population of Switzerland County decreased by 7.3 percent. The state of Indiana experienced population growth of 3.3 percent. A community representative attributed the minimal decrease in population, compared to the State of Indiana, to the rural nature of the area, along with an aging population, limited employment opportunities, and a lack of public transportation. In addition, the representative stated that the entire area struggles with low housing inventory in both the rental market and for homeownership. The contact further noted that the area is in need of additional apartment and townhome-styles properties to accommodate both the aging population and younger residents who might not be ready to purchase a home. Additionally, the community representative attributed the slight population increase in both Jefferson and Ripley counties expanded employment opportunities associated with larger companies headquartered in the area.

Population Change			
Area	2015 Population	2020 Population	Percent Change (%)
Assessment Area	71,565	71,879	0.4
Jefferson County	32,453	33,147	2.1
Ripley County	28,612	28,995	1.3
Switzerland County	10,500	9,737	-7.3
Indiana Non-MSA	1,494,638	1,487,563	-0.5
State of Indiana	6,568,645	6,785,528	3.3

*Source: 2011-2015 U.S. Census Bureau American Community Survey  
 2020 U.S. Census Bureau Decennial Census*

### Income Characteristics

According to the 2024 FFIEC U.S. Census Bureau, the assessment area is comprised of 18,721 families, of which 19.7 percent are designated as low-income, 16.1 percent are moderate-income, 22.0 percent are middle-income, and 42.2 percent are upper-income.

The following table compares the median family income (MFI) for the assessment area, the individual counties comprising the assessment area, the entire Indiana Non-MSA, and the state of Indiana from 2015 to 2020. According to the 2016-2020 ACS, the MFI in Jefferson and Switzerland counties is comparable at \$62,802 and \$62,683 respectively, while the MFI in Ripley County is notably higher at \$74,596, which is slightly above the MFI in the state of Indiana at \$73,265. All counties which comprise the assessment area experienced an increase in MFI between 8.8 percent

and 18.6 percent. A community representative stated that the area is primarily rooted in the manufacturing sector which could contribute to the overall income levels in the community.

Median Family Income Change			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percent Change (%)
Assessment Area	59,964	68,113	13.6
Jefferson County	57,703	62,802	8.8
Ripley County	65,519	74,596	13.9
Switzerland County	52,863	62,683	18.6
Indiana Non-MSA	60,746	66,091	8.8
State of Indiana	66,777	73,265	9.7

*Source: 2011 - 2015 U.S. Census Bureau American Community Survey  
 2016 - 2020 U.S. Census Bureau American Community Survey  
 Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.*

### Housing Characteristics

There is a total of 32,354 housing units in the assessment area. The majority of housing units are owner-occupied at 64.5 percent, while 23.6 percent are rental units. Within the assessment area, 11.9 percent of housing units are vacant, which is consistent with the state of Indiana vacancy rate of 10.4 percent.

The following table presents the housing cost burden in the assessment area, the individual counties that comprise the assessment area, the entire Indiana Non-MSA, as well as the state of Indiana. The cost burden is a measure of affordability via a comparative analysis of individuals of different income levels that spend 30.0 percent or more of their income on housing costs. As evidenced by the following table, low-income individuals are generally impacted at a higher rate than moderate-income individuals both as both renters and owners. Of the three counties that comprise the assessment area, Switzerland County has the lowest proportion of renters that meet the cost burdened criteria, at 27.3 percent, while Ripley County has the lowest proportion of owners that meet the cost burdened criteria, at 16.0 percent. Jefferson County has the highest proportion of renters that meet the cost burdened criteria, at 36.5 percent, while Switzerland County has the highest proportion of owners, at 23.6 percent. The proportion of households that meet the cost burden criteria in the state of Indiana is 40.6 percent for renters and 14.6 percent for owners. A community representative stated that housing availability remains constrained throughout the area, with limited inventory in both the rental market and for owner-occupied units. The contact emphasized a particular need for additional apartment and townhome-style developments.

Housing Cost Burden						
Area	Cost Burden – Renters (%)			Cost Burden – Owners (%)		
	Low-Income	Moderate-Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	62.4	22.5	33.8	61.8	33.4	17.8
Jefferson County	63.4	36.2	36.5	56.3	32.0	17.5
Ripley County	63.8	6.1	31.9	63.8	31.6	16.0
Switzerland County	53.3	6.1	27.3	74.3	41.3	23.6
Indiana Non-MSA	65.1	23.5	33.8	56.0	20.4	14.4
State of Indiana	73.9	32.4	40.6	58.6	23.4	14.6
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2017-2021 Comprehensive Housing Affordability Strategy</i>						

## Employment Conditions

The following table presents unemployment statistics for the assessment area, the individual counties that comprise the assessment area, the entire Indiana Non-MSA, as well as the state of Indiana. After a notable increase during the COVID-19 pandemic, the unemployment rate for the assessment area fell to a low of 2.9 percent in 2022, and increased over 2023 and 2024, resulting in a 4.0 percent unemployment rate in 2024. Unemployment rates within the assessment area are, on average, similar to those of the entire Indiana Non-MSA and the state of Indiana over the same time period. A community representative mentioned that Switzerland County has an aging population, lower housing stock and a lack of reliable childcare is also an issue straining local workers which contributes to the unemployment rate within Switzerland County (4.7 percent). Based on the table below Switzerland County has historically experienced higher unemployment rates compared to other rural areas in the state. Further, the representative indicated that it is difficult to attract businesses and individuals to move into the area due to other external factors such as the cost of childcare, lack of affordable housing, and insufficient public transportation options.

Unemployment Rates (%)					
Area	2020	2021	2022	2023	2024
Assessment Area	7.1	3.3	2.9	3.3	4.0
Jefferson County	7.7	3.5	2.9	3.2	4.0
Ripley County	6.0	2.8	2.8	3.2	3.9
Switzerland County	9.2	4.1	3.2	3.7	4.7
Indiana Non-MSA	6.8	3.4	2.9	3.3	4.1
State of Indiana	7.3	3.9	3.1	3.4	4.2
<i>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics</i>					

## **Industry Characteristics**

According to the U.S. Bureau of Labor Statistics, the assessment area contains a diverse employment base that includes both public and private sectors and is most heavily concentrated in the industries of manufacturing, health care and social assistance, and government. A community representative stated that the area is primarily rooted in the manufacturing sector, along with health care and government employment. The contact mentioned that they are seeing some larger private sector companies leave the region for larger cities or overseas. Due to this, the representative mentioned that there has been a local effort to promote employment opportunities and business expansion in the area.

## **Community Representatives**

One community representative was contacted to provide information about local economic and demographic conditions. The representative provided information on housing, employment, and economic development needs within the assessment area. The representative noted that the primary concerns for the area are the low housing stock for both rental and owner-occupied properties, the need for apartment- and townhome-style housing, limited transportation option for residents traveling between cities and for work, and the lack of reliable childcare. It was also noted that multiple local financial institutions are involved with the community, and many times work together to finance the funding of various projects.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN INDIANA NON-MSA**

### **LENDING TEST**

#### **Geographic Distribution of Loans**

FSB demonstrates reasonable geographic distribution of loans throughout the assessment area. An analysis of the geographic distribution of HMDA-reportable loans and a sample of small business loans was conducted to determine the dispersion of loans among the census tract designations within the assessment area, particularly moderate-income census tracts, given the bank's assessment area does not include low-income census tracts.

In 2023, the bank originated HMDA-reportable and small business loans in 100.00 percent of the census tracts in the assessment area. In 2024, the bank originated HMDA-reportable loans in 88.2 percent of the census tracts and small business loans were originated in 70.6 percent of the census tracts in the assessment area. Based on the analysis, there are no conspicuous geographic lending gaps.

Specific to HMDA-reportable lending, due to limited lending activity of home improvement and multi-family, only home purchase and refinance loans will be discussed.

### HMDA-Reportable Lending

The geographic distribution of 2023 and 2024 HMDA-reportable loans reflect reasonable dispersion throughout the assessment area. In 2023, FSB originated two loans, or 2.4 percent of total HMDA-reportable loans, in moderate-income census tracts, which is comparable to both the aggregate of lenders at 3.1 percent, and the percentage of owner-occupied units located in moderate-income census tracts at 2.4 percent. In 2023, the majority (79.5 percent) of the bank's HMDA-reportable loans were originated in middle-income census tracts, which is above both the aggregate of lenders (74.6 percent) and the percentage of owner-occupied units (74.7 percent) in the assessment area. The bank originated 18.1 percent of HMDA-reportable loans in upper-income census tracts, which is below both the aggregate of lenders (22.3 percent) and the owner-occupied units (23.0 percent) located in upper-income census tracts.

In 2024, FSB did not originate any HMDA-reportable loans in moderate-income census tracts. This performance is slightly below both the aggregate and the percentage of owner-occupied units, at 3.3 percent and 2.4 percent, respectively. In 2024, the bank originated 80.6 percent of its HMDA-reportable loans in middle-income census tracts, which is above both the aggregate and the percentage of owner-occupied units at 75.9 percent and 74.7 percent, respectively. Finally, the bank originated 19.4 percent of its HMDA-reportable loans in upper-income census tracts, which is comparable to the aggregate of lenders at 20.8 percent and below the owner-occupied units at 23.0 percent.

The bank's overall performance in 2023 exceeded 2024 figures, specifically within moderate-income tracts, where the bank originated 2.4 percent of HMDA-reportable loans, which is comparable to the aggregate of lenders at 3.1 percent. Given the lower prevalence of moderate-income owner-occupied housing in the assessment area (2.4 percent), the lending opportunities are scarce.

#### *Home Purchase Loans*

In 2024, home purchase loans represented 44.9 percent of the bank's total HMDA-reportable loans in the Indiana Non-MSA assessment area. FSB did not originate any home purchase loans within the sole moderate-income census tract in the Indiana Non-MSA assessment area in 2024. The bank's performance is below the aggregate of lenders at 3.6 percent and slightly below the percentage of owner-occupied units within moderate-income tracts at 2.4 percent. The bank originated 79.5 percent of its home purchase loans in middle-income census tracts which is above the aggregate of lenders at 74.9 percent and the percentage of owner-occupied units located in middle-income census tracts of 74.7 percent. The bank originated 20.5 percent of its home purchase loans in upper-income census tracts, which is consistent with the aggregate at 21.5 percent and the

percentage of owner-occupied units located in upper-income census tracts of 23.0 percent.

### *Refinance Loans*

In 2024, refinance loans represented 37.8 percent of HMDA-reportable loans in the Indiana Non-MSA assessment area. No refinance loans were originated in the sole moderate-income census tract within the Indiana Non-MSA, which is below the aggregate of lenders at 3.8 percent and slightly below the percentage of owner-occupied units in the assessment area at 2.4 percent. In 2024, the bank originated the majority of its refinance loans (81.1 percent) in middle-income census tracts, which is above the aggregate of lenders (77.2 percent) and the percentage of owner-occupied units in middle-income census tracts at 74.7 percent. Additionally, in 2024, the bank originated 18.9 percent of its refinance loans in upper-income census tracts, which is consistent with the aggregate of lenders at 19.0 percent and below the percentage of owner-occupied units located in upper-income tracts (23.0 percent).

The following table summarizes the bank's HMDA-reportable lending in the assessment area during the evaluation period.

Distribution of 2023 and 2024 Home Mortgage Lending By Income Level of Geography													
Assessment Area: IN Non MSA													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2023						2024						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	#%	\$(000)	\$%	\$%	#	%	#%	\$(000)	\$%	\$%	
<b>Home Purchase Loans</b>													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	2.0	3.2	317	3.3	3.4	0	0.0	3.6	0	0.0	3.4	2.4
Middle	38	76.0	73.8	7,398	77.1	72.4	35	79.5	74.9	7,044	78.1	73.3	74.7
Upper	11	22.0	23.0	1,875	19.6	24.2	9	20.5	21.5	1,970	21.9	23.3	23.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
<b>Total</b>	<b>50</b>	<b>100.0</b>	<b>100.0</b>	<b>9,590</b>	<b>100.0</b>	<b>100.0</b>	<b>44</b>	<b>100.0</b>	<b>100.0</b>	<b>9,014</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	4.3	2.2	322	10.0	3.0	0	0.0	3.8	0	0.0	4.0	2.4
Middle	18	78.3	76.7	2,543	78.7	74.6	30	81.1	77.2	3,704	79.5	75.2	74.7
Upper	4	17.4	21.0	365	11.3	22.5	7	18.9	19.0	957	20.5	20.9	23.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
<b>Total</b>	<b>23</b>	<b>100.0</b>	<b>100.0</b>	<b>3,230</b>	<b>100.0</b>	<b>100.0</b>	<b>37</b>	<b>100.0</b>	<b>100.0</b>	<b>4,661</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	2.9	0	0.0	3.0	0	0.0	17	0	0.0	2.0	2.4
Middle	10	100.0	80.0	620	100.0	76.6	14	82.4	81.5	836	77.5	78.0	74.7
Upper	0	0.0	17.1	0	0.0	20.3	3	17.6	16.8	243	22.5	19.9	23.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
<b>Total</b>	<b>10</b>	<b>100.0</b>	<b>100.0</b>	<b>620</b>	<b>100.0</b>	<b>100.0</b>	<b>17</b>	<b>100.0</b>	<b>100.0</b>	<b>1,079</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Multifamily Loans</b>													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	14.3	0	0.0	9.7	0	0.0	10.0	0	0.0	0.0	14
Middle	0	0.0	85.7	0	0.0	90.9	0	0.0	80.0	0	0.0	98.9	70.5
Upper	0	0.0	0.0	0	0.0	0.0	0	0.0	10.0	0	0.0	11	28.1
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Home Mortgage Loans</b>													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	2	2.4	3.1	639	4.8	3.6	0	0.0	3.3	0	0.0	3.1	2.4
Middle	66	79.5	74.6	10,561	78.6	73.2	79	80.6	75.9	11,584	78.5	75.7	74.7
Upper	15	18.1	22.3	2,240	16.7	23.2	19	19.4	20.8	3,170	21.5	21.2	23.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
<b>Total</b>	<b>83</b>	<b>100.0</b>	<b>100.0</b>	<b>13,440</b>	<b>100.0</b>	<b>100.0</b>	<b>98</b>	<b>100.0</b>	<b>100.0</b>	<b>14,754</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: 2024 FFIEC Census Data  
 2016-2020 U.S. Census Bureau: American Community Survey  
 Note: Percentages may not total 100.0 percent due to rounding.

### Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. Within the sample of small business loans reviewed, FSB originated 2.4 percent of its small business loans in moderate-income census tracts, which is below the percentage of total businesses located in moderate-income census tracts at 9.0 percent. A majority (75.6 percent) of the bank’s small businesses loans were originated in middle-income census tracts, which is above the percentage of total businesses located in those geographies at 67.6 percent. The bank originated 22.0 percent of its small business loans in upper-income census tracts, which is consistent with the percentage of total businesses located in those geographies at 23.4 percent.

The following table presents the bank’s geographic distribution of small business loans in 2024.

Distribution of 2024 Small Business Lending By Income Level of Geography					
Assessment Area: IN Non MSA					
Geographic Income Level	Bank Loans				Total Businesses %
	#	%	\$(000)	%	
Low	0	0.0	0	0.0	0.0
Moderate	1	2.4	364	9.9	9.0
Middle	31	75.6	2,676	72.9	67.6
Upper	9	22.0	630	17.2	23.4
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>41</b>	<b>100.0</b>	<b>3,670</b>	<b>100.0</b>	<b>100.0</b>

Source: 2024 FFIEC Census Data  
 2024 Dun & Bradstreet Data  
 2016-2020 U.S. Census Bureau: American Community Survey  
 Note: Percentages may not total 100.0 percent due to rounding.

### Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

FSB demonstrates a reasonable distribution of loans to, and as appropriate, other lending-related activities for individuals of different income levels (including low- and moderate-income individuals) and businesses of different sizes given the demographics of the bank’s assessment area.

Specific to HMDA-reportable lending, due to limited lending activity of home improvement and multi-family, only home purchase and refinance loans will be discussed.

## HMDA-Reportable Loans

The borrower distribution of HMDA-reportable loans reflects reasonable penetration among individuals of different income levels.

In 2023, the bank originated 14.5 percent of its total HMDA-reportable loans to low-income borrowers, which is above the aggregate of 10.5 percent, but below the 19.7 percent of low-income families in the assessment area. Additionally, the bank originated 22.9 percent of its HMDA-reportable loans to moderate-income borrowers, which is slightly below the aggregate of lenders at 24.5 percent, but above the 16.1 percent of moderate-income families in the assessment area. Further, 27.7 percent of HMDA-reportable loans originated by FSB were to middle-income families, which is above both the aggregate of lenders at 24.3 percent and the percentage of middle-income families within the assessment area at 22.0 percent. The bank originated 34.9 percent of its HMDA-reportable loans to upper-income borrowers, which is above the aggregate of 26.0 percent, but below the percentage of upper-income families within the assessment area at 42.2 percent.

In 2024, FSB originated 12.2 percent of its total HMDA-reportable loans to low-income borrowers, which is above the aggregate of lenders at 8.2 percent, but below the 19.7 percent of low-income families in the assessment area. Additionally, the bank originated 26.5 percent of its HMDA-reportable loans to moderate-income borrowers, which is slightly above the aggregate of lenders at 24.0 percent, and significantly above the 16.1 percent of moderate-income families in the assessment area. Further, 17.3 percent of HMDA-reportable loans originated by the bank were to middle-income families, which is below both the aggregate of lenders at 23.6 percent and the percentage of middle-income families within the assessment area at 22.0 percent. The bank originated 40.8 percent of its HMDA-reportable loans to upper-income borrowers, which is significantly above the aggregate of 28.2 percent, and consistent with the percentage of upper-income families within the assessment area at 42.2 percent. The bank originated 3.1 percent of HMDA-reportable loans to borrowers of unknown-income in 2024, which is significantly below the aggregate at 16.1 percent.

The bank's overall performance in 2023 is generally consistent with 2024 figures.

### *Home Purchase Loans*

In 2024, home purchase loans represented 44.9 percent of the bank's total HMDA-reportable loans in the Indiana Non-MSA assessment area. In 2024, FSB originated 9.1 percent of its home purchase loans to low-income borrowers, which is above the aggregate of lenders at 5.6 percent and significantly below the percentage of low-income families within the assessment area at 19.7 percent. The bank originated 25.0 percent of its home purchase loans to moderate-income borrowers, which is consistent with the aggregate of lenders at 25.1 percent and above the percentage of moderate-income families within the assessment area at 16.1 percent. Additionally,

the bank originated 15.9 percent of its home purchase loans to middle-income borrowers, which is below both the aggregate of lenders and the percentage of middle-income families within the assessment area at 23.9 percent and 22.0 percent, respectively. The bank originated 45.5 percent of its home purchase loans to upper-income borrowers, which is significantly above the aggregate of lenders at 24.7 percent, and slightly above the percentage of upper-income families within the assessment area at 42.2 percent. Finally, the bank originated 4.5 percent of its home purchase loans in unknown census tracts, which is significantly below the aggregate of lenders at 20.7 percent.

#### *Refinance Loans*

In 2024, refinance loans represented 37.8 percent of HMDA-reportable loans in the Indiana Non-MSA assessment area. In 2024, FSB originated 13.5 percent of its refinance loans to low-income borrowers, which is comparable to the aggregate at 12.3 percent and below the percentage of low-income families within the assessment area at 19.7 percent. The bank originated 27.0 percent of its refinance loans to moderate-income borrowers, which is slightly above the aggregate of lenders at 24.1 percent and significantly above the percentage of moderate-income families within the assessment area at 16.1 percent. Additionally, 13.5 percent of the bank's refinance loans were originated to middle-income borrowers, which is below both the aggregate and the percentage of middle-income families within the assessment area, at 19.7 percent and 22.0 percent, respectively. In 2024, 43.2 percent of FSB's refinance loans were originated to upper-income borrowers, which is significantly above the aggregate at 25.8 percent, and consistent with the percentage of upper-income families within the assessment area at 42.2 percent. Finally, the bank originated 2.7 percent of its refinance loans in unknown census tracts, which is significantly below the aggregate of lenders at 18.2 percent.

The following table summarizes the bank's HMDA-reportable lending in the assessment area during the evaluation period.

Distribution of 2023 and 2024 Home Mortgage Lending By Borrower Income Level													
Assessment Area: IN Non MSA													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2023						2024						
	Bank			Agg			Bank			Agg			
	#	%	\$	#	%	\$	#	%	\$	#	%	\$	
<b>Home Purchase Loans</b>													
Low	8	16.0	8.2	707	7.4	4.8	4	9.1	5.6	347	3.8	2.7	19.7
Moderate	10	20.0	26.5	1,563	16.3	20.7	11	25.0	25.1	1,393	15.5	17.4	16.1
Middle	14	28.0	24.3	2,649	27.6	24.5	7	15.9	23.9	1,293	14.3	23.1	22.0
Upper	18	36.0	21.9	4,671	48.7	31.1	20	45.5	24.7	5,321	59.0	34.9	42.2
Unknown	0	0.0	19.2	0	0.0	19.0	2	4.5	20.7	660	7.3	21.9	0.0
<b>Total</b>	<b>50</b>	<b>100.0</b>	<b>100.0</b>	<b>9,590</b>	<b>100.0</b>	<b>100.0</b>	<b>44</b>	<b>100.0</b>	<b>100.0</b>	<b>9,014</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>													
Low	3	13.0	13.9	141	4.4	8.3	5	13.5	12.3	410	8.8	6.6	19.7
Moderate	6	26.1	23.8	559	17.3	17.7	10	27.0	24.1	1,129	24.2	18.0	16.1
Middle	5	21.7	20.3	708	21.9	19.1	5	13.5	19.7	579	12.4	18.2	22.0
Upper	9	39.1	28.2	1,822	56.4	37.9	16	43.2	25.8	2,393	51.3	30.3	42.2
Unknown	0	0.0	13.9	0	0.0	17.0	1	2.7	18.2	150	3.2	26.8	0.0
<b>Total</b>	<b>23</b>	<b>100.0</b>	<b>100.0</b>	<b>3,230</b>	<b>100.0</b>	<b>100.0</b>	<b>37</b>	<b>100.0</b>	<b>100.0</b>	<b>4,661</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>													
Low	1	10.0	9.1	40	6.5	7.0	3	17.6	9.8	90	8.3	6.6	19.7
Moderate	3	30.0	22.3	103	16.6	19.0	5	29.4	23.1	360	33.4	18.6	16.1
Middle	4	40.0	30.9	415	66.9	27.8	5	29.4	30.1	286	26.5	33.0	22.0
Upper	2	20.0	33.7	62	10.0	42.4	4	23.5	35.8	343	31.8	41.0	42.2
Unknown	0	0.0	4.0	0	0.0	3.8	0	0.0	12	0	0.0	0.7	0.0
<b>Total</b>	<b>10</b>	<b>100.0</b>	<b>100.0</b>	<b>620</b>	<b>100.0</b>	<b>100.0</b>	<b>17</b>	<b>100.0</b>	<b>100.0</b>	<b>1,079</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Home Mortgage Loans</b>													
Low	12	14.5	10.5	888	6.6	5.9	12	12.2	8.2	847	5.7	3.9	19.7
Moderate	19	22.9	24.5	2,225	16.6	19.5	26	26.5	24.0	2,882	19.5	17.3	16.1
Middle	23	27.7	24.3	3,772	28.1	23.4	17	17.3	23.6	2,158	14.6	22.3	22.0
Upper	29	34.9	26.0	6,555	48.8	34.3	40	40.8	28.2	8,057	54.6	35.4	42.2
Unknown	0	0.0	14.7	0	0.0	17.0	3	3.1	16.1	810	5.5	21.1	0.0
<b>Total</b>	<b>83</b>	<b>100.0</b>	<b>100.0</b>	<b>13,440</b>	<b>100.0</b>	<b>100.0</b>	<b>98</b>	<b>100.0</b>	<b>100.0</b>	<b>14,754</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Source: 2024 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.													

*Small Business Loans*

The distribution of small business loans reflects reasonable penetration among businesses of different revenue sizes. Within the sample of small business loans originated in 2024, 65.9 percent by number were to businesses with gross revenues equal to or less than \$1 million. The bank's performance is significantly below the presence of total small businesses operating in the assessment area, at 90.7 percent. However, 77.8 percent of the bank's loans originated to businesses with annual revenues of \$1 million or less were in amounts of \$100,000 or less. These loans are considered the most beneficial to small businesses and demonstrate the bank's willingness to meet

the credit needs of small businesses. Finally, loans to businesses with unknown revenue information represented 24.4 percent of the sample. The absence of revenue on these particular loans limits the ability to fully assess the bank’s penetration among businesses with gross annual revenues equal to or less than \$1 million. Nonetheless, the loans with known revenue provide a reasonable basis for evaluating performance.

The following table presents the bank’s borrower distribution of small business loans in 2024.

<b>Distribution of 2024 Small Business Lending By Revenue Size of Businesses</b>					
<b>Assessment Area: IN Non MSA</b>					
	<b>Bank Loans</b>				<b>Total Businesses %</b>
	<b>#</b>	<b>#%</b>	<b>\$(000)</b>	<b>%</b>	
<b>By Revenue</b>					
<b>\$1 Million or Less</b>	27	65.9	2,502	68.2	90.7
<b>Over \$1 Million</b>	4	9.8	568	15.5	6.9
<b>Revenue Unknown</b>	10	24.4	600	16.3	2.4
<b>Total</b>	41	100.0	3,670	100.0	100.0
<b>By Loan Size</b>					
<b>\$100,000 or Less</b>	30	73.2	856	23.3	
<b>\$100,001 - \$250,000</b>	6	14.6	824	22.5	
<b>\$250,001 - \$1 Million</b>	5	12.2	1,990	54.2	
<b>Total</b>	41	100.0	3,670	100.0	
<b>By Loan Size and Revenues \$1 Million or Less</b>					
<b>\$100,000 or Less</b>	21	77.8	605	24.2	
<b>\$100,001 - \$250,000</b>	2	7.4	257	10.3	
<b>\$250,001 - \$1 Million</b>	4	14.8	1,640	65.5	
<b>Total</b>	27	100.0	2,502	100.0	
<i>Source: 2024 FFIEC Census Data                      2024 Dun &amp; Bradstreet Data                      2016-2020 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

### COMMUNITY DEVELOPMENT TEST

FSB demonstrates adequate responsiveness to the community development needs of its assessment area through community development investments, donations, and services, considering the bank’s capacity and the need and availability of such opportunities.

**Loans**

During this evaluation, the bank made no new qualified community development loans within its assessment area. While at the previous evaluation, the bank originated one loan totaling \$346,000 dedicated towards community services.

**Investments**

During the evaluation period, no new qualified community investments were made; however, the bank did retain two prior period investments within the Indiana Non-MSA assessment area totaling \$535,000. These investments were dedicated towards community services and affordable housing initiatives.

Additionally, within the Indiana Non-MSA, the bank made 43 qualified community development donations totaling \$44,500. This represents a notable increase from the previous evaluation where the bank contributed 20 donations within the Indiana Non-MSA totaling \$9,795.

**Services**

During the evaluation period, bank staff provided 480 qualified community development service hours within the assessment area. These service hours were focused on community service activities that benefited low- and moderate-income individuals, as well as activities that benefited area economic development.

Summary of CD Activities Indiana Non-MSA October 18, 2022, to November 17, 2025										
Type of Activity	Affordable Housing		Economic Development		Revitalize/Stabilize		Community Services		Totals	
	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours
<b>Loans</b>	0	0	0	0	0	0	0	0	0	0
<b>Investments</b>	1	500,000	0	0	0	0	1	35,000	2	535,000
<b>Donations</b>	1	500	13	19,680	1	500	28	23,820	43	44,500
<b>Services</b>	0	0	4	160	0	0	8	320	12	480

**CINCINNATI, OH-KY-IN MSA #17140 – LIMITED REVIEW**

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN CINCINNATI, OH-KY-IN MSA #17140**

The bank’s assessment area is comprised of Dearborn and Ohio counties in their entirety. The bank maintains four full service-branches, each equipped with a full-service ATM and drive-through all located in middle-income census tracts within the assessment area. The assessment area is comprised of nine census tracts, including one low-income, two moderate-income, and six middle-income census tracts. Since the previous evaluation, the bank expanded its assessment area to include the entirety of Dearborn County and opened a full-service branch office (with an ATM and drive-through) in January 2025.

*Tract Designation Change Data*

*The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau’s American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.*

<b>Census Tract Designation Changes</b>			
<b>Tract Income Designation</b>	<b>2021 Designations (#)</b>	<b>2022 Designations (#)</b>	<b>Net Change (#)</b>
<b>Low</b>	0	1	+1
<b>Moderate</b>	3	2	-1
<b>Middle</b>	4	6	+2
<b>Upper</b>	0	0	0
<b>Total</b>	7	9	+2

*Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015*  
*Source: U. S. Census Bureau: Decennial Census: American Community Survey Data 2016-2020*

According to the June 30, 2024 FDIC Deposit Market Share Report, FSB ranked fourth among seven FDIC-insured financial institutions operating within the assessment area. The bank held \$194.2 million in deposits, representing 14.4 percent of the total deposit market share in the assessment area. The financial institutions comprising the largest percentage of the deposit market share in the area are Civista Bank (36.2 percent), First Financial Bank (19.6 percent), and U.S. Bank National Association (15.1 percent).

In 2024, the bank ranked fourth among 126 HMDA-reporters, originating 60 HMDA-reportable loans. In comparison, the first ranked institution, Civista Bank, originated 114 HMDA-reportable loans, and second ranked Nations Reliable Lending, LLC, originated 80 HMDA-reportable loans.

Additional assessment area demographic information is provided in the following table. Please refer to Appendix B for 2023 borrower demographic tables.

2024 Cincinnati, OH-KY-IN MSA 17140 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	11.1	942	10.2	136	14.4	2,216	24.0
Moderate	2	22.2	1,262	13.7	176	13.9	1,774	19.2
Middle	6	66.7	7,034	76.1	338	4.8	2,528	27.4
Upper	0	0.0	0	0.0	0	0.0	2,720	29.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>9</b>	<b>100.0</b>	<b>9,238</b>	<b>100.0</b>	<b>650</b>	<b>7.0</b>	<b>9,238</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	1,794	899	8.5	50.1	757	42.2	138	7.7
Moderate	2,613	1,267	12.0	48.5	1,128	43.2	218	8.3
Middle	10,905	8,418	79.5	77.2	1,629	14.9	858	7.9
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>15,312</b>	<b>10,584</b>	<b>100.0</b>	<b>69.1</b>	<b>3,514</b>	<b>22.9</b>	<b>1,214</b>	<b>7.9</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	203	14.6	195	15.2	7	8.1	1	5.0
Moderate	367	26.5	323	25.2	39	45.3	5	25.0
Middle	816	58.9	762	59.5	40	46.5	14	70.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>1,386</b>	<b>100.0</b>	<b>1,280</b>	<b>100.0</b>	<b>86</b>	<b>100.0</b>	<b>20</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>92.4</b>		<b>6.2</b>		<b>1.4</b>
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	2	4.3	2	4.3	0	0.0	0	0.0
Middle	45	95.7	44	95.7	1	100.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>47</b>	<b>100.0</b>	<b>46</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>				<b>97.9</b>		<b>2.1</b>		<b>0.0</b>
Source: 2024 FFIEC Census Data 2024 Data & Benchmark Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN CINCINNATI, OH-KY-IN MSA**

<b>Assessment Area</b>	<b>Lending Test</b>	<b>Community Development Test</b>
Cincinnati, OH-KY-IN MSA	Consistent	Exceeds

The institution's lending performance in the area is consistent, the institution's community development performance for the institution exceeds; however, it does not change the rating for the institution state.

**LENDING TEST**

**Geographic Distribution of Loans**

Distribution of 2023 and 2024 Home Mortgage Lending By Income Level of Geography													
Assessment Area: Cincinnati, OH-KY-IN MSA 17140													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2023						2024						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	#	\$	%	\$	#	%	#	\$	%	\$	
<b>Home Purchase Loans</b>													
Low	1	6.3	119	35	11	7.7	1	3.8	12.7	172	2.9	10.1	8.5
Moderate	2	12.5	134	199	6.3	11.3	3	11.5	12.5	456	7.6	11.6	12.0
Middle	13	81.3	74.7	2,923	92.6	81.0	22	84.6	74.8	5,389	89.6	78.4	79.5
Upper	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
<b>Total</b>	<b>16</b>	<b>100.0</b>	<b>100.0</b>	<b>3,157</b>	<b>100.0</b>	<b>100.0</b>	<b>26</b>	<b>100.0</b>	<b>100.0</b>	<b>6,017</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>													
Low	2	13.2	10.1	322	19.0	6.6	0	0.0	9.4	0	0.0	7.3	8.5
Moderate	1	9.1	10.1	150	8.9	9.8	2	10.0	13.5	179	8.8	12.0	12.0
Middle	8	72.7	79.8	1,220	72.1	83.6	18	90.0	77.1	1,855	91.2	80.8	79.5
Upper	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
<b>Total</b>	<b>11</b>	<b>100.0</b>	<b>100.0</b>	<b>1,692</b>	<b>100.0</b>	<b>100.0</b>	<b>20</b>	<b>100.0</b>	<b>100.0</b>	<b>2,034</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>													
Low	1	25.0	4.9	20	9.9	3.7	0	0.0	7.0	0	0.0	4.5	8.5
Moderate	0	0.0	11.7	0	0.0	7.6	0	0.0	8.0	0	0.0	6.5	12.0
Middle	3	75.0	83.5	182	90.1	88.7	8	100.0	85.0	391	100.0	89.0	79.5
Upper	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
<b>Total</b>	<b>4</b>	<b>100.0</b>	<b>100.0</b>	<b>202</b>	<b>100.0</b>	<b>100.0</b>	<b>8</b>	<b>100.0</b>	<b>100.0</b>	<b>391</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Multifamily Loans</b>													
Low	0	0.0	33.3	0	0.0	28.8	0	0.0	0.0	0	0.0	0.0	11.9
Moderate	1	50.0	33.3	238	42.3	30.7	0	0.0	100.0	0	0.0	100.0	54.6
Middle	1	50.0	33.3	325	57.7	41.5	0	0.0	0.0	0	0.0	0.0	33.6
Upper	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
<b>Total</b>	<b>2</b>	<b>100.0</b>	<b>100.0</b>	<b>563</b>	<b>100.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Home Mortgage Loans</b>													
Low	4	12.1	11.0	377	6.7	7.4	1	1.9	10.8	172	2.0	8.0	8.5
Moderate	4	12.1	12.6	587	10.5	10.9	5	9.3	12.3	635	7.5	22.0	12.0
Middle	25	75.8	76.3	4,650	82.8	81.6	48	88.9	76.8	7,635	90.4	69.7	79.5
Upper	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.1	0	0.0	0.4	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
<b>Total</b>	<b>33</b>	<b>100.0</b>	<b>100.0</b>	<b>5,614</b>	<b>100.0</b>	<b>100.0</b>	<b>54</b>	<b>100.0</b>	<b>100.0</b>	<b>8,442</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: 2024 FFIEC Census Data  
 2016-2020 U.S. Census Bureau: American Community Survey  
 Note: Percentages may not total 100.0 percent due to rounding.

<b>Distribution of 2024 Small Business Lending By Income Level of Geography</b>					
<b>Assessment Area: Cincinnati, OH-KY-IN MSA 17140</b>					
<b>Geographic Income Level</b>	<b>Bank Loans</b>				<b>Total Businesses %</b>
	<b>#</b>	<b>#%</b>	<b>\$(000)</b>	<b>\$%</b>	
<b>Low</b>	1	8.3	24	1.8	14.6
<b>Moderate</b>	1	8.3	300	22.5	26.5
<b>Middle</b>	10	83.3	1,011	75.7	58.9
<b>Upper</b>	0	0.0	0	0.0	0.0
<b>Unknown</b>	0	0.0	0	0.0	0.0
<b>Tract-Unk</b>	0	0.0	0	0.0	
<b>Total</b>	12	100.0	1,335	100.0	100.0

Source: 2024 FFIEC Census Data  
 2024 Dun & Bradstreet Data  
 2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

Distribution of 2023 and 2024 Home Mortgage Lending By Borrower Income Level													
Assessment Area: Cincinnati, OH-KY-IN MSA 17140													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2023						2024						
	Bank			Agg			Bank			Agg			
	#	#%	\$%	\$(000)	\$%	\$%	#	#%	\$%	\$(000)	\$%	\$%	
<b>Home Purchase Loans</b>													
Low	1	6.3	17.3	35	11	10.4	3	11.5	13.1	194	3.2	8.1	24.0
Moderate	3	13.8	29.7	371	118	26.3	4	15.4	26.6	783	13.0	21.8	19.2
Middle	5	31.3	21.9	1209	38.3	25.3	8	30.8	20.7	2,030	33.7	21.5	27.4
Upper	6	37.5	14.1	1417	44.9	19.9	9	34.6	18.4	2,618	43.5	25.8	29.4
Unknown	1	6.3	17.1	125	4.0	13.5	2	7.7	21.1	392	6.5	22.9	0.0
<b>Total</b>	<b>15</b>	<b>100.0</b>	<b>100.0</b>	<b>3,157</b>	<b>100.0</b>	<b>100.0</b>	<b>26</b>	<b>100.0</b>	<b>100.0</b>	<b>6,017</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>													
Low	2	13.2	21.3	216	12.8	14.9	5	25.0	16.1	393	19.3	10.7	24.0
Moderate	3	27.3	29.8	357	21.1	25.8	5	25.0	28.3	424	20.8	23.4	19.2
Middle	2	13.2	25.5	404	23.9	27.8	4	20.0	22.4	499	24.5	23.2	27.4
Upper	4	36.4	14.4	715	42.3	19.0	3	15.0	15.2	391	19.2	20.7	29.4
Unknown	0	0.0	9.0	0	0.0	12.6	3	15.0	17.9	327	16.1	22.1	0.0
<b>Total</b>	<b>11</b>	<b>100.0</b>	<b>100.0</b>	<b>1,692</b>	<b>100.0</b>	<b>100.0</b>	<b>20</b>	<b>100.0</b>	<b>100.0</b>	<b>2,034</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>													
Low	1	25.0	21.4	76	37.6	15.6	1	12.5	10.0	55	14.1	7.5	24.0
Moderate	2	50.0	29.1	90	44.6	25.3	4	50.0	29.0	165	42.2	22.3	19.2
Middle	0	0.0	21.4	0	0.0	20.8	2	25.0	29.0	85	21.7	25.6	27.4
Upper	1	25.0	28.2	36	17.8	38.4	1	12.5	28.0	86	22.0	39.8	29.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	4.0	0	0.0	4.8	0.0
<b>Total</b>	<b>4</b>	<b>100.0</b>	<b>100.0</b>	<b>202</b>	<b>100.0</b>	<b>100.0</b>	<b>8</b>	<b>100.0</b>	<b>100.0</b>	<b>391</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Home Mortgage Loans</b>													
Low	4	12.9	19.4	327	6.5	12.3	9	16.7	14.3	642	7.6	8.9	24.0
Moderate	8	25.8	28.6	818	16.2	25.6	13	24.1	27.5	1,372	16.3	22.3	19.2
Middle	7	22.6	23.3	1,613	31.9	25.2	14	25.9	22.6	2,614	31.0	22.0	27.4
Upper	11	35.5	16.8	2,168	42.9	21.2	13	24.1	19.3	3,095	36.7	26.0	29.4
Unknown	1	3.2	12.0	125	2.5	15.9	5	9.3	16.3	719	8.5	20.9	0.0
<b>Total</b>	<b>31</b>	<b>100.0</b>	<b>100.0</b>	<b>5,051</b>	<b>100.0</b>	<b>100.0</b>	<b>54</b>	<b>100.0</b>	<b>100.0</b>	<b>8,442</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Source: 2024 FFIEC Census Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													
Multifamily loans are not included in the borrower distribution analysis.													

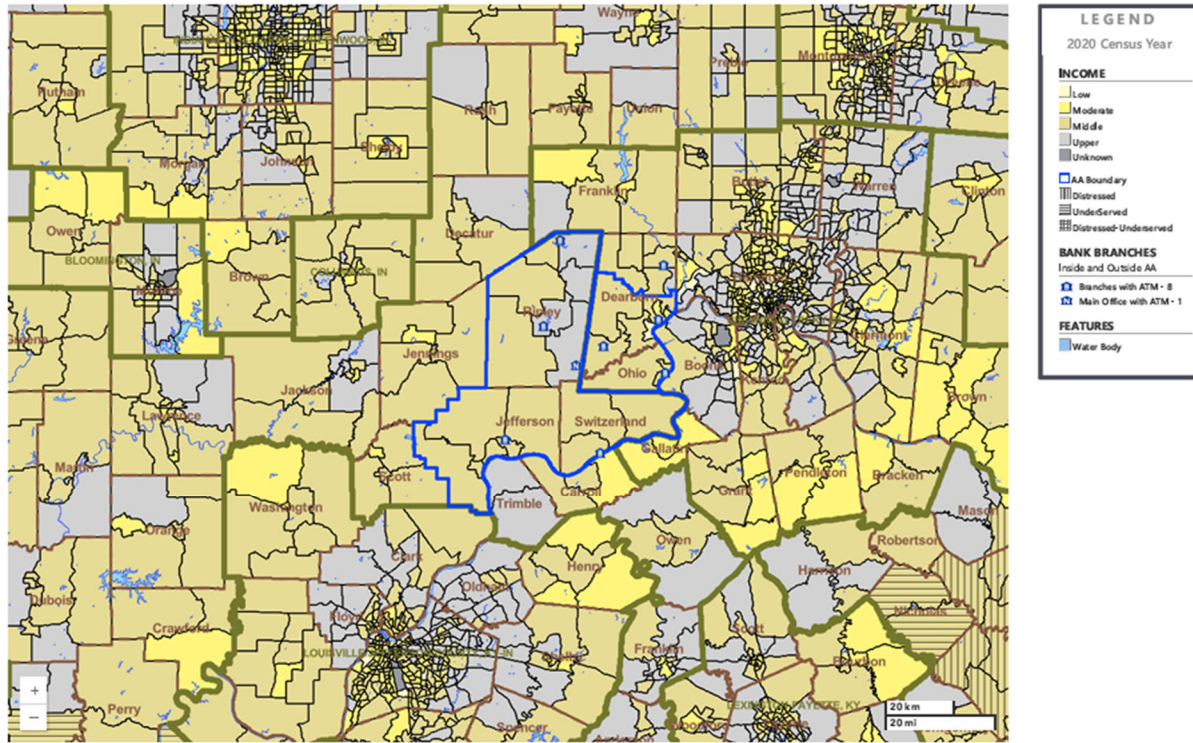
<b>Distribution of 2024 Small Business Lending By Revenue Size of Businesses</b>					
<b>Assessment Area: Cincinnati, OH-KY-IN MSA 17140</b>					
	<b>Bank Loans</b>				<b>Total Businesses %</b>
	<b>#</b>	<b>#%</b>	<b>\$(000)</b>	<b>\$%</b>	
<b>By Revenue</b>					
<b>\$1 Million or Less</b>	7	58.3	454	34.0	92.4
<b>Over \$1 Million</b>	3	25.0	404	30.3	6.2
<b>Revenue Unknown</b>	2	16.7	477	35.7	1.4
<b>Total</b>	12	100.0	1,335	100.0	100.0
<b>By Loan Size</b>					
<b>\$100,000 or Less</b>	8	66.7	358	26.8	
<b>\$100,001 - \$250,000</b>	2	16.7	327	24.5	
<b>\$250,001 - \$1 Million</b>	2	16.7	650	48.7	
<b>Total</b>	12	100.0	1,335	100.0	
<b>By Loan Size and Revenues \$1 Million or Less</b>					
<b>\$100,000 or Less</b>	6	85.7	254	55.9	
<b>\$100,001 - \$250,000</b>	1	14.3	200	44.1	
<b>\$250,001 - \$1 Million</b>	0	0.0	0	0.0	
<b>Total</b>	7	100.0	454	100.0	
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.					

**COMMUNITY DEVELOPMENT TEST**

The institution’s community development performance in the Cincinnati, OH-KY-IN MSA exceeds performance within the Indiana Non-MSA; particularly, community development investments greatly exceeded investments within the Indiana Non-MSA during the evaluation period. However, performance does not impact the overall rating.

Summary of CD Activities Cincinnati, OH-KY-IN MSA October 18, 2022, to November 17, 2025										
Type of Activity	Affordable Housing		Economic Development		Revitalize/ Stabilize		Community Services		Totals	
	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours
<b>Loans</b>	0	0	0	0	0	0	0	0	0	0
<b>Investment</b>	0	0	3	3,605,000	0	0	1	500,000	4	4,105,000
<b>Donations</b>	1	1,500	7	17,250	1	500	27	11,885	36	31,135
<b>Services</b>	0	0	4	160	0	0	6	240	10	400

### APPENDIX A – Map of Assessment Areas



APPENDIX B – 2023 DEMOGRAPHIC AND LENDING TABLES

2023 Combined Assessment Area AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	3.8	942	3.4	136	14.4	6,018	21.5
Moderate	3	11.5	1,643	5.9	253	15.4	4,902	17.5
Middle	18	69.2	21,173	75.7	2,176	10.3	6,656	23.8
Upper	4	15.4	4,201	15.0	247	5.9	10,383	37.1
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>26</b>	<b>100.0</b>	<b>27,959</b>	<b>100.0</b>	<b>2,812</b>	<b>10.1</b>	<b>27,959</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	1,794	899	2.9	50.1	757	42.2	138	7.7
Moderate	3,988	1,766	5.6	44.3	1,566	39.3	656	16.4
Middle	35,072	24,008	76.3	68.5	7,447	21.2	3,617	10.3
Upper	6,812	4,794	15.2	70.4	1,367	20.1	651	9.6
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>47,666</b>	<b>31,467</b>	<b>100.0</b>	<b>66.0</b>	<b>11,137</b>	<b>23.4</b>	<b>5,062</b>	<b>10.6</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	211	5.0	202	5.2	8	2.9	1	1.2
Moderate	645	15.3	586	15.2	50	18.1	9	10.6
Middle	2,704	64.0	2,488	64.4	156	56.5	60	70.6
Upper	663	15.7	586	15.2	62	22.5	15	17.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>4,223</b>	<b>100.0</b>	<b>3,862</b>	<b>100.0</b>	<b>276</b>	<b>100.0</b>	<b>85</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				91.5		6.5		2.0
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	4	1.3	4	1.3	0	0.0	0	0.0
Middle	242	78.1	240	77.9	2	100.0	0	0.0
Upper	64	20.6	64	20.8	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>310</b>	<b>100.0</b>	<b>308</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>				99.4		0.6		0.0
Source: 2023 FFIEC Census Data 2023 Data & Benchmark Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

2023 Cincinnati, OH-KY-IN MSA 17140 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	11.1	942	10.2	136	14.4	2,257	24.4
Moderate	2	22.2	1,262	13.7	176	13.9	1,823	19.7
Middle	6	66.7	7,034	76.1	338	4.8	2,523	27.3
Upper	0	0.0	0	0.0	0	0.0	2,635	28.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>9</b>	<b>100.0</b>	<b>9,238</b>	<b>100.0</b>	<b>650</b>	<b>7.0</b>	<b>9,238</b>	<b>100.0</b>
Housing Units by Tract	Housing Type by Tract							
	Owner-occupied				Rental		Vacant	
	#	% by tract	% by unit	#	% by unit	#	% by unit	
Low	1,794	899	8.5	50.1	757	42.2	138	7.7
Moderate	2,613	1,267	12.0	48.5	1,128	43.2	218	8.3
Middle	10,905	8,418	79.5	77.2	1,629	14.9	858	7.9
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>15,312</b>	<b>10,584</b>	<b>100.0</b>	<b>69.1</b>	<b>3,514</b>	<b>22.9</b>	<b>1,214</b>	<b>7.9</b>
Total Businesses by Tract	Businesses by Tract & Revenue Size							
	Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
	#	%	#	%	#	%	#	%
Low	211	14.2	202	14.7	8	9.2	1	4.5
Moderate	410	27.7	365	26.6	39	44.8	6	27.3
Middle	861	58.1	806	58.7	40	46.0	15	68.2
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>1,482</b>	<b>100.0</b>	<b>1,373</b>	<b>100.0</b>	<b>87</b>	<b>100.0</b>	<b>22</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>92.6</b>	<b>5.9</b>	<b>1.5</b>		
Total Farms by Tract	Farms by Tract & Revenue Size							
	Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	2	3.8	2	3.8	0	0.0	0	0.0
Middle	51	96.2	50	96.2	1	100.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>53</b>	<b>100.0</b>	<b>52</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>				<b>98.1</b>	<b>1.9</b>	<b>0.0</b>		
Source: 2023 FFIEC Census Data 2023 Data & Business Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

**APPENDIX C – Scope of Examination**

SCOPE OF EXAMINATION			
<b>TIME PERIOD REVIEWED</b>	Lending Test: Loan-to-Deposit Ratio: December 31, 2022, to June 30, 2025 HMDA-Reportable Loans: January 1, 2023, to December 31, 2024 Small Business Loans: January 1, 2024, to December 31, 2024  Community Development Test: October 18, 2022, to November 17, 2025		
<b>FINANCIAL INSTITUTION</b>			<b>PRODUCTS REVIEWED</b>
The Friendship State Bank			HMDA-Reportable Loans Small Business Loans
<b>AFFILIATE(S)</b>	<b>AFFILIATE RELATIONSHIP</b>		<b>PRODUCTS REVIEWED</b>
None	None		None
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Indiana Non-MSA	Full Scope Review	N/A	N/A
Cincinnati, OH-KY-IN #14170	Limited Scope Review	N/A	N/A

## APPENDIX D – Glossary

**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. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Affordability ratio:** To determine housing affordability, the affordability ratio is calculated by dividing median household income by median housing value. This ratio allows the comparison of housing affordability across assessment areas and/or communities. An area with a high ratio generally has more affordable housing than an area with a low ratio.

**Aggregate lending:** The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

**American Community Survey Data (ACS):** The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.<sup>1</sup>

**Area Median Income (AMI):** AMI means –

1. The median family income for the MSA, if a person or geography is located in an MSA, or for the metropolitan division, if a person or geography is located in an MSA that has been subdivided into metropolitan divisions; or
2. The statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment area:** Assessment area means a geographic area delineated in accordance with section 228.41

**Automated teller machine (ATM):** An automated teller machine means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed or money lent.

**Bank:** Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an

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<sup>1</sup> Source: FFIEC press release dated October 19, 2011.

uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

**Branch:** Branch refers to a staffed banking facility approved as a branch, whether shared or unshared, including, for example, a mini-branch in a grocery store or a branch operated in conjunction with any other local business or nonprofit organization.

**Census tract:** Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Combined Statistical Area (CSAs):** Adjacent metropolitan statistical areas/metropolitan divisions (MSA/MDs) and micropolitan statistical areas may be combined into larger Combined Statistical Areas based on social and economic ties as well as commuting patterns. The ties used as the basis for CSAs are not as strong as the ties used to support MSA/MD and micropolitan statistical area designations; however, they do bind the larger area together and may be particularly useful for regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted on the basis of median income figures for MSA/MDs and the applicable state-wide non metropolitan median income figure.

**Community Development:** The financial supervisory agencies have adopted the following definition for community development:

1. Affordable housing, including for multi-family housing, for low- and moderate-income households;
2. Community services tailored to meet the needs of low- and moderate-income individuals;
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
4. Activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definitions of community development. Activities that revitalize or stabilize:

- 1) Low- or moderate-income geographies;
- 2) Designated disaster areas; or
- 3) Distressed or underserved nonmetropolitan middle-income geographies

designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:

- a. Rates of poverty, unemployment or population loss; or
- b. Population size, density and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density and dispersion if they help to meet essential community services including the needs of low- and moderate-income individuals.

**Community Development Loan:** A community development loan means a loan that:

- 1) Has as its primary purpose community development; and
- 2) Except in the case of a wholesale or limited purpose bank –
  - a. Has not been reported or collected by the bank or an affiliate for consideration in the bank’s assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family housing loan (as described in the regulation implementing the Home Mortgage Disclosure Act); and
  - b. Benefits the bank’s assessment area(s) or a broader statewide or regional area that includes the bank’s assessment area(s).

**Community Development Service:** A community development service means a service that:

- 1) Has as its primary purpose community development; and
- 2) Is related to the provision of financial services.

**Consumer loan:** 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 of loans: motor vehicle, credit card, other consumer secured loan, includes loans for home improvement purposes not secured by a dwelling, and other consumer unsecured loan, includes loans for home improvement purposes not secured.

**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).

**Fair market rent:** Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to

permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

**Full review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and amount of qualified investments) and qualitative factors (for example, innovativeness, complexity and responsiveness).

**Geography:** A census tract delineated by the U.S. Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act:** The statute that requires certain mortgage lenders that do business or have banking offices in metropolitan statistical areas to file annual summary reports of their mortgage lending activity. The reports include data such as the race, gender and income of the applicant(s) and the disposition of the application(s) (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Are defined in conformance with the definitions of home mortgage activity under the Home Mortgage Disclosure Act and include closed end mortgage loans secured by a dwelling and open-end lines of credit secured by a dwelling. This includes loans for home purchase, refinancing and loans for multi-family housing. It does not include loans for home improvement purposes that are not secured by a dwelling.

**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.

**Income Level:** Income level means:

- 1) Low-income – an individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a census tract;
- 2) Moderate-income – an 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 census tract;

- 3) Middle-income – an 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 census tract; and
- 4) Upper-income – an 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 census tract.

*Additional Guidance: .12(m) Income Level: The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level).*

**Limited-purpose bank:** This term refers to a bank that offers only a narrow product line such as credit card or motor vehicle loans to a regional or broader market and for which a designation as a limited-purpose bank is in effect, in accordance with section 228.25(b).

**Limited review:** Performance under the Lending, Investment, and Services test is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, amount of investments and branch office distribution).

**Loan location:** Under this definition, a loan is located as follows:

- 1) Consumer loan is located in the census tract where the borrower resides;
- 2) Home mortgage loan is located in the census tract where the property to which the loan relates is located;
- 3) Small business and small farm loan is located in the census tract where the main business facility or farm is located or where the loan proceeds have been applied as indicated by the borrower.

**Loan production office:** This term refers to a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

**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 MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) 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 it and half below it.

**Metropolitan Area:** A metropolitan statistical area (MSA) or a metropolitan division (MD) as

defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a single core population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area.

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

**Nonmetropolitan area:** This term refers to any area that is not located in a metropolitan statistical area or metropolitan division. Micropolitan statistical areas are included in the definition of a nonmetropolitan area; a micropolitan statistical area has an urban core population of at least 10,000 but less than 50,000.

**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:** This term refers to any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated area:** This term refers to a state or multistate metropolitan area. For institutions with domestic branch offices in one state only, the institution's CRA rating is the state's rating. If the institution maintains domestic branch offices in more than one state, the institution will receive a rating for each state in which those branch offices are located. If the institution maintains domestic branch offices in at least two states in a multistate metropolitan statistical area, the institution will receive a rating for the multistate metropolitan area.

**Small Bank:** This term refers to a bank that as of December 31 of either of the prior two calendar years, had assets of less than \$1.252 billion. Intermediate small bank means a small bank with assets of at least \$313 million as of December 31 of both of the prior two calendar years and less than \$1.252 billion as of December 31 of either of the prior two calendar years.

*Annual Adjustment: The dollar figures in paragraph (u)(1) of this section shall be adjusted annually and published by the Board, based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for each 12-month period ending in November, with rounding to the nearest million.*

**Small Business Loan:** This term refers to a loan that is included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. The loans have original amounts of \$1 million or less and are either secured nonfarm, nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** This term refers to a loan that is included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income. These loans have original amounts of \$500 thousand or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**Wholesale Bank:** This term refers to a bank that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with section 228.25(b).