



CRA PUBLIC FILE INFORMATION INDEX

The Community Reinvestment Act (CRA) requires financial institutions to maintain a file assessable to public inspection for the information below. This file is updated annually.

Community Support Statement

Community Reinvestment Act Performance Evaluation

Office Locations and Services

Assessment Areas

Maps

Internal Community Reinvestment Act Assessment

Written Comments

Loan to Deposit Ratios

Home Mortgage Disclosure Act Notice



Federal Housing Finance Agency Community Support Statement

FHFA Form 060
OMB Number 2590-0005
Expires 04/30/2026

FHFA Federal Home Loan Bank (FHLBank) Member ID Number: 5224
Name of FHLBank Member Institution: First Savings and Loan Association
Mailing Address: 206 West Center Street
City: Mebane
Submitter Name: Amy Cannady
Work Email: acannady@firstsavingsmebane.com

State: NC
Title: President/CEO

Zip Code: 27302

Part I. Community Reinvestment Act (CRA) Standard:

Most recent CRA rating: Outstanding
Year of most recent CRA rating: 2020

Part II. First-time Homebuyer Standard: All Federal Home Loan Bank members must complete either Section A or B of this part, except that members with "Outstanding" federal CRA ratings need not complete this part. Members should use data or activities for the previous or current calendar year in completing this part.

A. Complete the following two questions: If your Institution did not make, or did not track, mortgage loans to first-time homebuyers, you must complete Section B of this part.

1. Number of mortgage loans made to first-time homebuyers N/A
2. Dollar amount of mortgage loans made to first-time homebuyers N/A

B. Check as many as applicable:

1. Offer in-house first-time homebuyer program (e.g., underwriting, marketing plans, outreach programs) N/A
2. Offer in-house lending products that serve first-time homebuyers or low- and moderate-income homebuyers N/A
3. Offer flexible underwriting standards for first-time homebuyers N/A
4. Participate in nationwide first-time homebuyer programs (e.g., Fannie Mae, Freddie Mac) N/A
5. Participate in federal government programs that serve first-time homebuyers (e.g., FHA, VA, USDA RD) N/A
6. Participate in state or local government programs targeted to first-time homebuyers (e.g., mortgage revenue bond financing) N/A
7. Provide financial support or technical assistance to community organizations that assist first-time homebuyers N/A
8. Participate in loan consortia that make loans to first-time homebuyers N/A
9. Participate in or support special counseling or homeownership education targeted to first-time homebuyers N/A
10. Hold investments or make loans that support first-time homebuyer programs N/A
11. Hold mortgage-backed securities that may include a pool of loans to low- and moderate-income homebuyers N/A
12. Use affiliated lenders, credit union service organizations, or other correspondent, brokerage or referral arrangements with specific unaffiliated lenders, that provide mortgage loans to first-time or low- and moderate-income homebuyers N/A
13. Participate in the Affordable Housing Program or other targeted community investment/development programs offered by the Federal Home Loan Bank N/A
14. Other (attach description of other activities supporting first-time homebuyers; see instructions for Part II) N/A
15. None of the above (attach explanation of any mitigating factors; see instructions for Part II) N/A

If you checked Question 14 or 15, please explain below. If your explanation will exceed 300 characters, please upload a file containing your explanation and supporting documents:

Supporting documents:

Part III. Certification:

By submitting this Community Support Statement, I certify that I am a senior official of the above institution, that I am authorized to provide this information to FHFA, and that the information in this Statement and any attachments is accurate to the best of my knowledge.

Paperwork Reduction Act Statement: Notwithstanding any other provision of the law, no person is required to respond to, nor shall any person be subject to a penalty for failure to comply with, a collection of information subject to the requirements of the Paperwork Reduction Act, unless that collection of information displays a currently valid OMB Control Number.



Office of the
Comptroller of the Currency
Washington, DC 20219

SMALL BANK

PUBLIC DISCLOSURE

February 24, 2020

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

First Savings & Loan Association
Charter Number 705224

206 West Center Street
Mebane, NC 27302-2443

Office of the Comptroller of the Currency

212 South Tryon Street
Suite 700
Charlotte, NC 28281

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

Table of Content

OVERALL CRA RATING	1
DESCRIPTION OF INSTITUTION	2
SCOPE OF THE EVALUATION	3
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	3
STATE RATING	4
STATE OF NORTH CAROLINA	4
LENDING TEST	7
APPENDIX A: SCOPE OF EXAMINATION	A-1
APPENDIX B: SUMMARY OF MMSA AND STATE RATINGS	B-1
APPENDIX C: DEFINITIONS AND COMMON ABBREVIATIONS	C-1
APPENDIX D: TABLES OF PERFORMANCE DATA	D-1

Overall CRA Rating

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

The lending test is rated: Outstanding.

The major factors that support this rating include:

- The Lending Test rating is based on the bank's performance in the state of North Carolina.
- The bank's quarterly average loan-to-deposit (LTD) ratio is reasonable based on the bank's size, financial condition and credit needs of the AA.
- A substantial majority of the bank's loans are inside its assessment area (AA).
- The bank exhibits an excellent geographic distribution of loans in the AA.
- The bank's distribution of loans represents a reasonable penetration among borrowers of different income levels in the AA.
- There are no consumer complaints regarding the bank's CRA performance.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AA, the bank's loan-to-deposit (LTD) ratio is reasonable.

We assessed the institution's quarterly loan-to-deposit (LTD) ratios since the preceding CRA evaluation. The bank's quarterly LTD during the past 20 quarters from March 31, 2014 through December 31, 2018 was 71.53 percent, ranging from a quarterly low of 61.64 percent and a quarterly high of 86.03 percent. In comparison, over the same 20 quarters, the quarterly average LTD ratio among similarly sized financial institutions in North Carolina was 92.58 percent, ranging from a quarterly low of 81.55 percent and a quarterly high of 112.45 percent.

The LTD ratio is calculated on a bank-wide basis and reflects an improving trend over the 20-quarter period. The institution experienced a significant increase in loan demand beginning 2017, driven by growth in Mebane and nearby cities. The growth contributed to the increasing LTD ratio over the past several quarters.

Lending in Assessment Area

A substantial majority of the bank's loans are inside its assessment area (AA).

The bank originated 82.2 percent of its total loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. During the evaluation period, the bank originated 135 home mortgage loans total and 111 loans inside the bank's AA.

The bank had an increase in loan demand in eastern Guilford County, which is outside of the bank's AA. This consisted of larger dollar amount loans, which caused a decline in the percentage by dollar amount of loans originated inside of the AA.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2016	34	87.2	5	12.8	39	4,092	81.7	914	18.3	5,006
2017	39	83.0	8	17.0	47	5,430	81.2	1,258	18.8	6,688
2018	38	77.6	11	22.4	49	5,957	69.5	2,615	30.5	8,572
Total	111	82.2	24	17.8	135	15,479	76.4	4,787	23.6	20,266

Description of Institution

First Savings and Loan Association (FS&LA) is a single branch, federally chartered, mutual savings association headquartered in Mebane, North Carolina. The bank opened for business in 1909, and currently offers conventional residential mortgages, construction-to-permanent loans, investor-owned residential real estate loans, and refinances. FS&LA also offers deposit products including certificates of deposits (CDs) and passbook savings accounts.

FS&LA operates as a traditional savings association, concentrating on originating home mortgages. As of December 31, 2019, the institution had total assets of \$55.9 million and Tier One Capital of \$12.5 million. Net loans and leases represented 61 percent of total assets, which is comprised solely of residential real estate loans. The bank has identified 1-4 family home mortgages as their primary product, which is consistent with FS&LA's strategy.

Our review consisted of one AA, Alamance County, North Carolina, which is part of the Burlington Metropolitan Statistical Area (MSA). The MSA consists solely of Alamance County.

The bank did not have any branches or deposit-taking ATMs outside of the state. The bank also extends credit in the counties of Orange, southern and central Caswell, and eastern Guilford.

The bank received an "Outstanding" rating during the prior CRA evaluation dated January 5, 2015. There are no known legal, financial, or other factors impeding FS&LA's ability to help meet the credit needs of its AAs.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated First S&LA's CRA performance in its AA of Alamance County, North Carolina. We assessed the bank's CRA performance from January 1, 2016 through December 31, 2018. Lending data from the prior three years indicate that 1-4 family residential mortgages remain the bank's primary lending product.

Selection of Areas for Full-Scope Review

We performed a full-scope review of the bank's AA in Alamance County. In reviewing the bank's lending activity, it was determined that Alamance County AA serves as the bank's only branch location and the majority of the bank's products and services serve the customers within this county.

Please refer to Appendix A, Scope of Examination, for a list of full-scope AAs.

Ratings

The bank's overall rating is based upon the bank's performance in the full-scope AA. The institution only has one rating area, Alamance County in the state of North Carolina.

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

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

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

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

State Rating

State of North Carolina

CRA rating for the State of North Carolina: Outstanding

The Lending Test is rated: Outstanding

The major factors that support this rating include:

- A substantial majority of the bank's loans are inside its assessment area (AA).
- The bank's quarterly average loan-to-deposit (LTD) ratio is reasonable based on the bank's size, financial condition and credit needs of the AA.
- The bank exhibits excellent geographic distribution of loans in the AA.
- The bank exhibits a reasonable distribution of loans to individuals of different income levels, given the product lines offered by the bank.

Description of Institution's Operations in State of North Carolina

FS&LA operates as a traditional savings association with a single branch located in the AA. The bank has identified the Alamance County, NC as its AA, which is part of the Burlington, NC Metropolitan Statistical Area (MSA).

The Alamance County AA is comprised of 36 census tracts, of which, there are no low-income census tracts, nine are moderate-income census tracts, 17 are middle-income census tracts, and 10 are upper-income census tracts. The AA consists of entire cities and counties and does not arbitrarily exclude low- or moderate-income tracts. The population of the AA is approximately 155.3 thousand and families below poverty level increased during the evaluation period from 12.12 percent to 14.4 percent. According to the Bureau of Labor Statistics, the unemployment rate for the AA as of December 2019 was 3.2 percent, slightly below the 3.7 percent unemployment rate for the state of North Carolina. The major employers in Alamance County are the Alamance-Burlington School System, Laboratory Corp. of America, Alamance Regional Medical Center, Elon University, Alamance County Government, the City of Burlington, and Wal-Mart Stores.

FS&LA continues to face strong competition from large, regional, and community banks in the AA. Through June 30, 2019, the Federal Deposit Insurance Corporation (FDIC) reported 16 financial institutions, with 38 offices in Alamance County. Combined, these banks hold approximately \$2.2 billion in deposits. FS&LA's market share was 1.99 percent.

As part of our evaluation, we conducted community contact interviews with three local community organizations to gain insight regarding the economic and housing needs in the institution's assessment area. Our first contact provides services to assist with financial stability, income and employment. The contact expressed a need for affordable housing in areas where the jobs are based. The contact also expressed the need to increase minimum wage to afford housing. Opportunities for local institutions to assist include volunteering for the Volunteer Income Tax Assistance (VITA) program.

Our second contact provides housing for the elderly and low-income families. The contact expressed a need for grants to help fund projects such as landscaping for public housing units, and bonds for affordable housing financing. The contact also referenced a program which helps clients obtain affordable mortgage rates. The contact expressed positive and negative perceptions of the local financial institution industry. The contact expressed that financial institutions appear anxious to participate in events and fundraisers; however, they do not reach out to community groups to find out how they can assist low-income families. The contact expressed that institutions could improve by developing a better understanding of the needs of low-income families.

Our third contact provides support and resources for businesses and current and relocating residents to the area, as well as the general public. The contact expressed that Alamance County has been steadily growing; however, most occupations of the citizens of Alamance County are outside the county due to Alamance being between Greensboro and Wake County. The contact expressed a positive view of the local financial institutions' community involvement, stating they help greatly with the organization through events, donations and sponsorships.

Table A – Demographic Information of the Assessment Area						
Assessment Area: 2016 Alamance County, NC MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	36	0.0	19.4	47.2	33.3	0.0
Population by Geography	151,131	0.0	21.9	47.9	30.2	0.0
Housing Units by Geography	65,170	0.0	22.4	48.1	29.5	0.0
Owner-Occupied Units by Geography	40,155	0.0	17.1	48.3	34.6	0.0
Occupied Rental Units by Geography	18,845	0.0	31.7	47.3	21.1	0.0
Vacant Units by Geography	6,170	0.0	28.6	49.3	22.1	0.0
Businesses by Geography	7,958	0.0	18.6	51.3	30.1	0.0
Farms by Geography	278	0.0	7.9	62.2	29.9	0.0
Family Distribution by Income Level	39,987	21.3	17.0	20.7	41.0	0.0
Household Distribution by Income Level	59,000	24.4	16.9	17.7	40.9	0.0
Median Family Income MSA - 15500 Burlington, NC MSA		\$52,806	Median Housing Value			\$138,406
			Median Gross Rent			\$715
			Families Below Poverty Level			12.1%
Source: 2010 U.S. Census and 2016 D&B Data Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

Table A – Demographic Information of the Assessment Area						
Assessment Area: 2017-2018 Alamance County, NC MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	36	0.0	25.0	47.2	27.8	0.0
Population by Geography	155,258	0.0	28.9	46.0	25.0	0.0
Housing Units by Geography	67,804	0.0	28.9	45.7	25.3	0.0
Owner-Occupied Units by Geography	40,273	0.0	22.9	47.8	29.3	0.0
Occupied Rental Units by Geography	21,272	0.0	39.2	41.8	19.0	0.0
Vacant Units by Geography	6,259	0.0	33.1	45.5	21.3	0.0
Businesses by Geography	8,026	0.0	25.7	46.9	27.4	0.0
Farms by Geography	293	0.0	13.3	50.9	35.8	0.0
Family Distribution by Income Level	40,938	21.8	17.8	18.3	42.1	0.0
Household Distribution by Income Level	61,545	23.8	17.2	17.3	41.8	0.0
Median Family Income MSA - 15500 Burlington, NC MSA		\$53,234	Median Housing Value			\$139,707
			Median Gross Rent			\$764
			Families Below Poverty Level			14.4%
Source: 2015 ACS Census and 2018 D&B Data. Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

Scope of Evaluation in North Carolina

We performed a full-scope evaluation on the Alamance County AA using the small bank Community Reinvestment Act (CRA) examination procedures. Based on the bank's strategy and the loans originated during the evaluation period, we determined that home mortgages are the bank's primary loan product.

The evaluation period for home mortgages is January 1, 2016 through December 31, 2018. The evaluation period for the loan-to-deposit ratio is January 1, 2014 through December 31, 2018. No area of review was weighted more heavily when concluding on overall performance in the state.

LENDING TEST

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

Conclusions for Alamance County Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in Alamance County is excellent.

Distribution of Loans by Income Level of the Geography

The bank exhibits excellent geographic distribution of loans in the AA. There were no conspicuous gaps identified in the bank's AA. Based on the 2010 U.S. Census data and the 2015 American Community Survey (ACS) Census data, there are no low-income census tracts in the AA.

Home Mortgage Loans

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

During the 2016 evaluation period, the distribution of home mortgage loans in the moderate-income census tracts exceeds the percentage of owner-occupied housing units in the moderate-income census tracts. The distribution of home mortgage loans in the moderate-income census tracts significantly exceeds aggregate lending in the moderate-income census tract.

During the 2017-2018 evaluation period, the distribution of home mortgage loans in the moderate-income census tracts exceeds the percentage of owner-occupied housing units in the moderate-income census tracts. The distribution of home mortgage loans in the moderate-income census tracts significantly exceeds aggregate lending in the moderate-income census tracts. The bank's distribution of home mortgage loans in the middle-income census tracts is near the percentage owner-occupied housing units in the middle-income census tracts. The bank's distribution of home mortgage loans to middle-income census tracts is slightly below aggregate lending in the middle-income census tracts.

Distribution of Loans by Income Level of the Borrower

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

Home Mortgage Loans

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

During 2016 evaluation period, the banks distribution of home mortgage loans to low-income borrowers significantly exceeded aggregate lending. The banks distribution of home mortgage loans was below the percentage of low-income families. The banks distribution of home mortgage loans to moderate- and middle-income borrowers was below the percentage of moderate- and middle-income families. The banks distribution of home mortgage loans to moderate- and middle-income borrowers is below aggregate lending. The bank does not have a minimum dollar amount for loans, thus increasing the number of loans to low-income borrowers where other lenders may not extend credit to these same borrowers.

During the 2017-2018 evaluation period, the banks distribution of home mortgage loans to low- and moderate-income borrowers was below the percentage of low- and moderate-income families in the AA. The banks distribution of home mortgage loans to low-income borrowers was slightly above aggregate lending. The banks distribution of home mortgage loans to moderate-income borrowers was slightly below the aggregate lending.

Distribution of loans to borrowers of different income levels in the AA is reasonable given the poverty level, high level of competition, and small market share. According to the 2015 ACS Census data, 14.4 percent of families residing within the AA have income below the poverty level. Borrowers below the poverty level are likely unable to afford the traditional products offered by the bank. Based on 2015 ACS Census data, the median family income (MFI) in the AA is \$52,324. The U.S. Federal Housing Finance Agency reports an increase in housing prices in Burlington, NC MSA. In July 2016, the median listing price of homes in the MSA was \$177,650 and increased to \$246,380 by the fourth quarter of 2018. In the first quarter of 2016, the House Pricing Index (HPI) for the MSA was 138.74. The 4th quarter of 2018 reflects an increase in the HPI to 165.43. The index measures the price increase of housing using sales price and appraisal data. As of the fourth quarter of 2018, the HPI for the nation was reported as 265.43.

While the real estate climate in Alamance County remains strong, the bank faces considerable competition from large and regional financial institutions who offer a wider range of products in the AA. FS&LA's deposits represent only 1.99 percent of all market deposits in the AA and ranked 12th out of 16 institutions in the AA.

Responses to Complaints

The bank did not receive any CRA related complaints during the evaluation period.

Appendix A: Scope of Examination

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

Time Period Reviewed:	January 1, 2016 to December 31, 2018	
Bank Products Reviewed:	Home Mortgages	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A	N/A	N/A
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
North Carolina		
Burlington, North Carolina MSA	Full-scope	Alamance County

Appendix B: Summary of State Ratings

RATINGS First Savings & Loan Association	
Overall Bank	Lending Test Rating
First S&LA	Outstanding
MMSA or State:	
North Carolina	Outstanding

Appendix C: Definitions and Common Abbreviations

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

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

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

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

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

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

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

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

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

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

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

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

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

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

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

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

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

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

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

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

Rating Area: A rated area is a state or multistate metropolitan statistical area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan statistical area, the institution will receive a rating for the multistate metropolitan statistical area.

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

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less, and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

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

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

Appendix D: Tables of Performance Data

Content of Standardized Tables

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

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

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

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

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography

2016

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
2016 Alamance Cty NC MSA	34	4,092	100.0	4,797	0.0	0.0	0.0	17.1	20.6	11.6	48.3	44.1	50.8	34.6	35.3	37.6	0.0	0.0	0.0
Total	34	4,092	100.0	4,797	0.0	0.0	0.0	17.1	20.6	11.6	48.3	44.1	50.8	34.6	35.3	37.6	0.0	0.0	0.0

Source: 2010 U.S. Census; 01/01/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.

Due to rounding, totals may not equal 100.0

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography

2017-18

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Alamance Cty NC MSA	77	11,387	100.0	4,924	0.0	0.0	0.0	22.9	27.3	19.9	47.8	45.5	50.0	29.3	27.3	30.0	0.0	0.0	0.0
Total	77	11,387	100.0	4,924	0.0	0.0	0.0	22.9	27.3	19.9	47.8	45.5	50.0	29.3	27.3	30.0	0.0	0.0	0.0

Source: 2015 ACS Census; 01/01/2017 - 12/31/2018 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.

Due to rounding, totals may not equal 100.0

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2016
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
2016 Alamance Cty NC MSA	34	4,092	100.0	4,797	21.3	11.8	4.7	17.0	5.9	14.9	20.7	8.8	20.8	41.0	55.9	40.9	0.0	17.6	18.7
Total	34	4,092	100.0	4,797	21.3	11.8	4.7	17.0	5.9	14.9	20.7	8.8	20.8	41.0	55.9	40.9	0.0	17.6	18.7
Source: 2010 U.S. Census; 01/01/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "-" data not available. Due to rounding, totals may not equal 100.0																			

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2017-18
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Alamance Cty NC MSA	77	11,387	100.0	4,924	21.8	5.2	4.3	17.8	10.4	15.3	18.3	19.5	23.0	42.1	54.5	43.3	0.0	10.4	14.1
Total	77	11,387	100.0	4,924	21.8	5.2	4.3	17.8	10.4	15.3	18.3	19.5	23.0	42.1	54.5	43.3	0.0	10.4	14.1
Source: 2015 ACS Census ; 01/01/2017 - 12/31/2018 Bank Data, 2018 HMDA Aggregate Data, "-" data not available. Due to rounding, totals may not equal 100.0																			

First Savings offers the following mortgage products:

- Conventional home loans for purchase and refinance
- Construction Loans
- Construction Speculative Loans
- Investor Owned Rental Real Estate Loans

First Savings offers the following savings products:

- Passbook Savings Accounts
- Money Market Savings Accounts
- Certificates of Deposit Accounts
- Individual Retirement Accounts

Branch Locations:

First Savings & Loan Association has one location: 206 West Center Street
Mebane, NC 27302

Mailing address: P.O. Box 390
Mebane, NC 27302

Census Tract: 0212.07

Office Hours:

Monday and Friday 9:00-6:00

Tuesday and Thursday 9:00-4:00

Wednesday 9:00-1:00

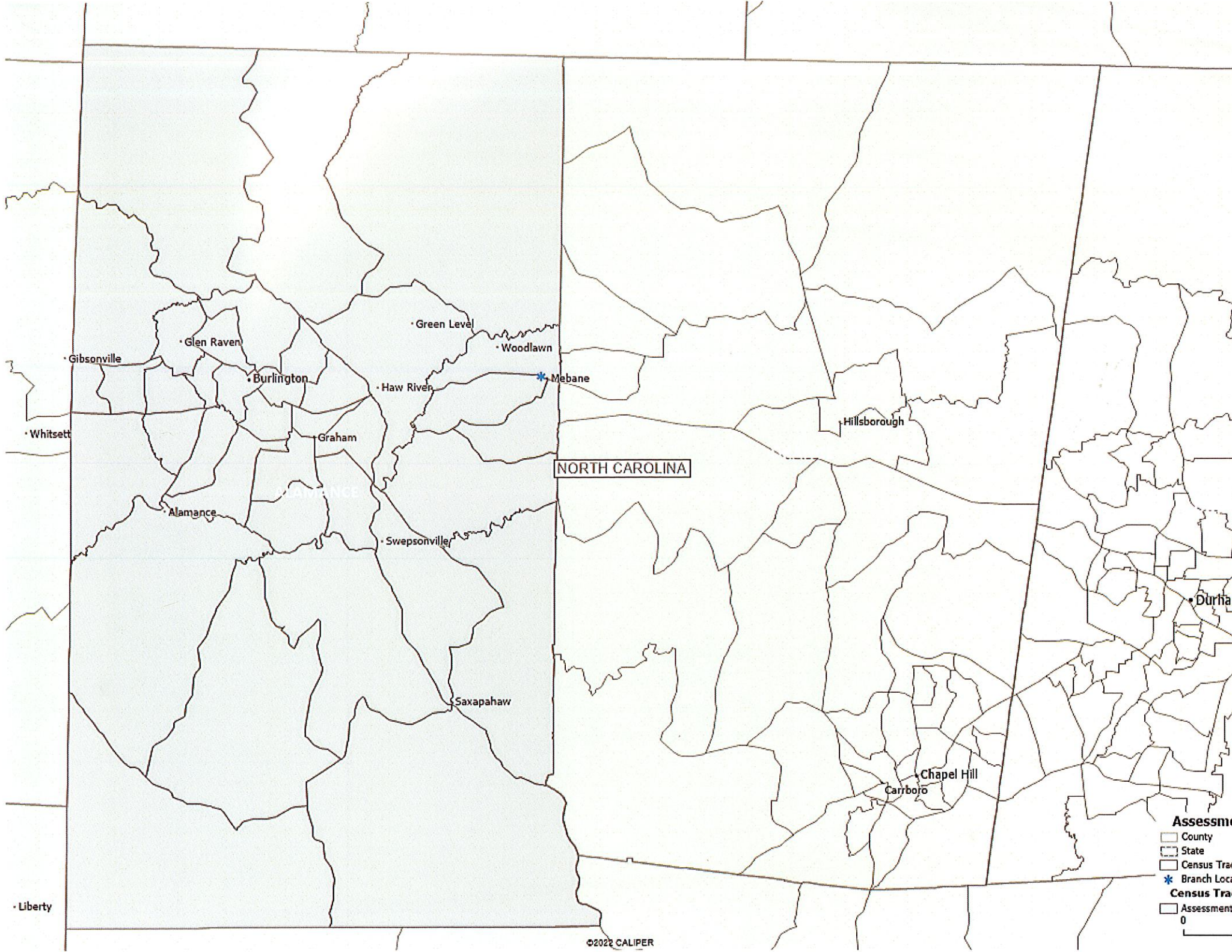
Assessment Areas- First Savings and Loan's Assessment Areas include all of Alamance County and portions of western and central Orange County. This area was determined by the area where the Association has historically originated loans. Alamance County is in the Burlington, NC Metropolitan Statistical Area. Orange County is in the Durham-Chapel Hill, NC Metropolitan Statistical Area.

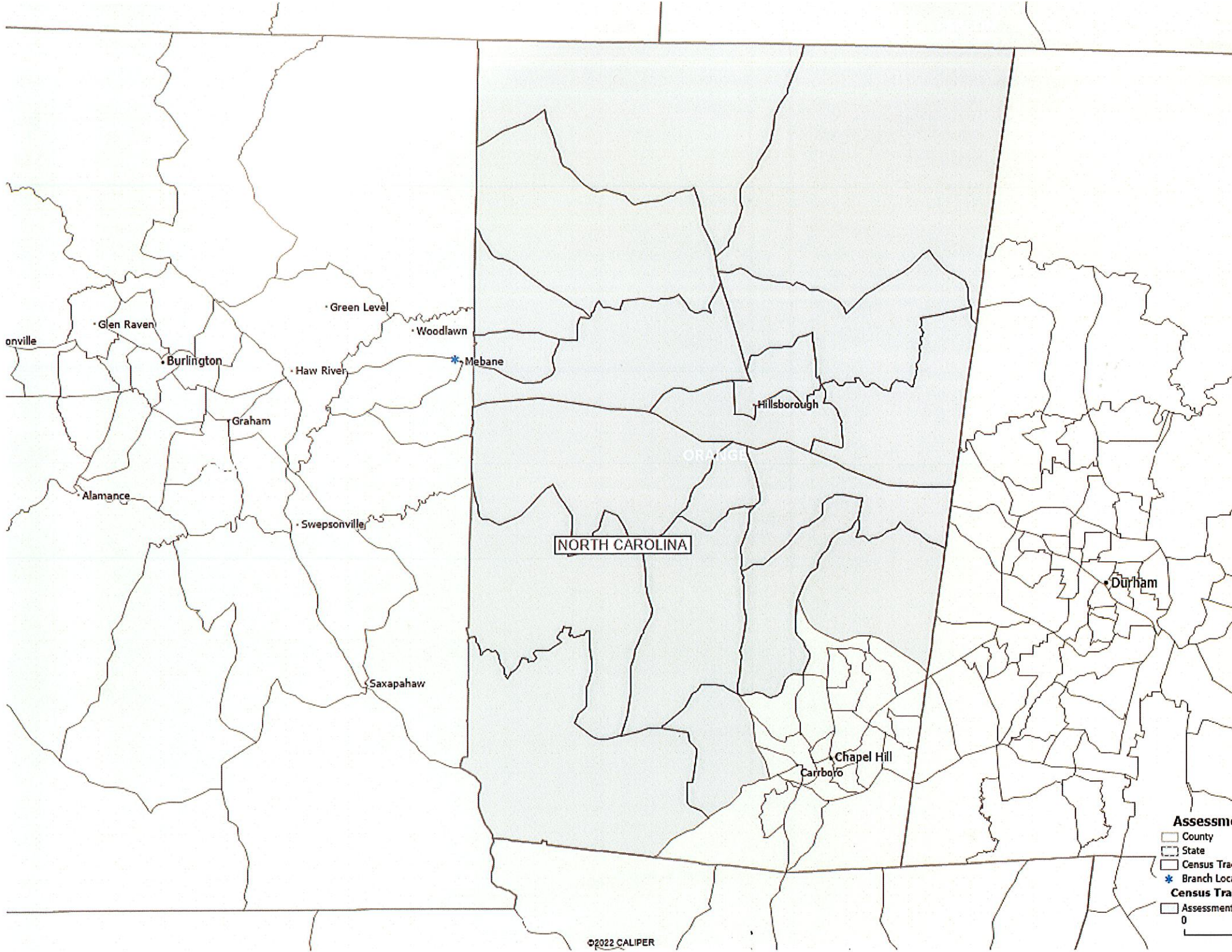
ALAMANCE COUNTY CENSUS TRACTS

Tract Code	Tract Income Level	Distressed or Under-served Tract
0201.00	Middle	No
0202.00	Low	No
0203.01	Moderate	No
0203.02	Moderate	No
0204.00	Moderate	No
0205.01	Middle	No
0205.02	Moderate	No
0206.01	Upper	No
0206.02	Upper	No
0207.01	Middle	No
0207.02	Moderate	No
0208.01	Middle	No
0208.02	Moderate	No
0209.01	Middle	No
0209.02	Upper	No
0210.00	Low	No
0211.01	Moderate	No
0211.02	Moderate	No
0212.01	Middle	No
0212.04	Middle	No
0212.05	Upper	No
0212.06	Middle	No
0212.07	Moderate	No
0213.00	Middle	No
0214.00	Upper	No
0215.00	Middle	No
0216.00	Upper	No
0217.01	Upper	No
0217.02	Upper	No
0217.03	Upper	No
0218.01	Middle	No
0218.02	Middle	No
0218.03	Middle	No
0219.01	Upper	No
0219.02	Middle	No
0220.01	Middle	No
0220.02	Moderate	No

ORANGE COUNTY CENSUS TRACTS

Tract Code	Tract Income Level	Distressed or Under-served Tract
0107.01	Upper	No
0108.02	Middle	No
0108.03	Middle	No
0108.04	Moderate	No
0109.02	Middle	No
0109.03	Upper	No
0109.04	Moderate	No
0110.01	Upper	No
0110.02	Upper	No
0111.03	Middle	No
0111.04	Moderate	No
0111.05	Middle	No
0111.06	Middle	No
0111.07	Upper	No
0112.04	Upper	No
0112.08	Upper	No
0112.09	Middle	No
0112.10	Middle	No
0112.11	Upper	No





REPORT TO THE BOARD OF DIRECTORS

CRA PERFORMANCE

2023 ANNUAL REPORT

INTRODUCTION

This report is the internal assessment of First Savings and Loan Association's compliance and performance with the Community Reinvestment Act. The period covered is from January 1, 2023, through December 31, 2023. First Savings is subject to a Compliance Examination by the Office of The Comptroller of the Currency regarding CRA performance.

PURPOSE

The purpose of this assessment is to inform the Board of Directors of the Association's performance in relation to CRA and lending trends for future policies and procedures.

Prepared by:

Ricky N. Smith
Director

ASSESSMENT AREA

First Savings remains the only mutual institution in the assessment area among a diverse banking community including local community banks and larger money center institutions. According to the FDIC, seventeen financial institutions with forty-seven offices operate in Alamance County. First Savings is one of the few remaining institutions that makes mortgage decisions locally and does not sell its mortgage loans.

The Association's primary assessment area covers all thirty-six census tracts in Alamance County. The Association also extends credit in eastern Orange, southern and central Caswell County, and eastern Guilford County.

The rise in mortgage loan interest rates that began in 2022 continued into 2023, leveling off in the fourth quarter. The national average 30-year fixed rate mortgage that stood at 6.42% on December 31, 2022, climbed to 7.79% by October. Rates began to ease in November, ending the year at 6.61%

Realtor.com reported that in November 2023, the median listing home price in Mebane, stood at \$381,000 with prices remaining flat year-over-year compared to rapid rise in prices in 2022. The median home sold price fell to \$355,000 from December 2022's high of \$379,000. The average days on market rose from its low of eleven days in March of 2022, to seventy-seven days at the end of 2023. Realtor.com noted that Alamance County's median listing home price in Alamance County, NC was \$340,000 which was also flat year-over-year with the median home selling price at \$318,500. The average days on market for Alamance County in November was forty-eight days. Redfin reported in November 2023, that home prices in North Carolina were up 3.6% compared to last year, selling for a median price of \$362,200.

PERFORMANCE CRITERIA

The Association serves the community by origination and servicing the following type loans:

- 1) Conventional Home Mortgage Loans for home purchases, refinances and construction-permanent
- 2) Loans for Investor-Owned Rental Real Estate for purchase, construction, and refinance.

Loan/Deposit Analysis

First Savings remains a residential portfolio lender extending long term fixed rate loans secured by residential real estate, funding these loans with short term savings accounts. Deposits are accepted only from the Association's assessment area. Interest rate increases during the year created liquidity issues forcing institutions to raise rates to avoid deposit runoffs. Despite the volatility in rates, First Savings deposit levels have remained fairly constant. The Loan Deposit Ratio has remained stable for the past two years.

Loan to Deposit Ratio

<u>Year</u>	<u>Deposits</u>	<u>Mortgage Loan Portfolio</u>	<u>Ratio</u>
2023	\$42,501,118	\$32,825,963	77%
2022	42,434,069	33,051,677	78%
2021	45,841,588	30,816,947	67%
2020	44,914,360	33,241,744	74%
2019	42,212,121	35,274,478	84%

Distribution of Credit

The Association continues to originate, service and portfolio 100% of mortgage loans and no low-moderate-income areas are excluded in the extension of credit. After experiencing its second-best lending year on record in 2022, lending for 2023 fell sharply as mortgage rates upward trend that began in 2022 continued into 2023. First Savings originated twenty-three mortgage loans for the year with a volume of \$5,471,500. The lowest loan volume since 2016. Operating under a true savings and loan model, First Savings funds its loan portfolio with short-term deposits. The rapid rise in short-term funding rates, fueled by competition for funds resulted in continued margin compression.

Five Year Mortgage Loan History

<u>Year</u>	<u>Loan Originations</u>	<u>Volume</u>	<u>%Increase/Decrease</u>	<u>Average Loan Amount</u>
2023	23	\$ 5,471,500	-46%	\$237,891
2022	42	11,917,900	+88%	283,760
2021	33	6,353,300	-20%	192,520
2020	48	7,911,600	+30%	164,830
2019	35	6,090,600	-38%	174,020

LOAN CATEGORIES

With rates trending higher, refinances fell sharply, comprising just 22% of loan volume for the year. Purchase loans, which accounted one third of originations in recent years, fell for the second straight year accounting for just 5% of total loans. Loan demand continued in construction lending, accounting for 73% of loan concentration for the year.

The ability to underwrite and portfolio mortgage loans allows First Savings latitude in lending decisions. Home financing can be a complicated experience for borrowers with limited financial resources who often have fewer lending options. Mortgage brokers and direct lenders such as Quicken Loans have an advantage capturing a larger share of qualified applicants with good credit ratings and higher income.

First Savings continues to serve the Mebane community and the assessment area by offering loan products and savings accounts. The Association is aware of community development and redevelopment programs within the assessment area and continues to provide credit opportunities to all segments of the community including low- and moderate-income people. The Association is a member of Centrant Community Capital, a division of the North Carolina Bankers Association that provides long term funding for housing projects. The Association had not participated with Centrant

in the past.

(%) Represents the percent of total loan volume.

<u>Loan Type</u>	<u>Refinance</u>	<u>Construction</u>	<u>Purchase</u>
2023	\$1,217,500 (22%)	\$3,969,000 (73%)	\$ 285,000 (5%)
2022	4,855,500 (41%)	6,180,400 (52%)	882,000 (7%)
2021	2,241,000 (35%)	2,133,000 (34%)	1,979,300 (31%)
2020	3,552,400 (45%)	1,880,800 (24%)	2,478,400 (31%)
2019	1,611,000 (27%)	2,567,000 (42%)	1,912,600 (31%)

The average loan amount fell sharply in both refinances and construction lending and remained unchanged for purchase loans.

Average loan Amount-Owner Occupied-30 yr.

	<u>Refinance</u>	<u>Construction</u>	<u>Purchase</u>
2023	\$152,190	\$305,310	\$ 245,000
2022	256,633	376,385	244,000
2021	140,060	304,710	197,930
2020	136,631	268,686	165,227
2019	141,570	320,880	154,280

First Savings prevailing rate on a 30-year owner occupied mortgage began 2023 at 6.75% and ended the year at 7.75%. The chart below shows the average loan extended for all three loan categories.

Average Interest Rate- Owner Occupied-30yr.

	<u>Refinance</u>	<u>Construction</u>	<u>Purchase</u>
2023	7.01%	7.08%	*4.25%
2022	5.45	5.17	5.50
2021	4.93	4.69	5.16
2020	4.42	4.61	4.39
2019	4.68	4.73	5.05

(* One owner occupied construction loan was extended at 4.25 percent and closed after several months of construction delays. During that time, interest rates rose significantly.)

IORR Lending

Although overall lending was down for the year, lending for the purpose of buying, refinancing rental real estate or construction-spec remained consistent accounting for 17% of loan volume. Four of these loans were extended in low to moderate income areas. One of these loans was a rental purchase, two were refinances and one new construction.

	<u>Loans Originated</u>	<u>Volume</u>	<u>%of Total Loan Volume</u>
2023	7	\$ 935,000	17%
2022	9	1,840,500	15%
2021	6	379,500	6%
2020	14	1,526,600	19%
2019	7	704,700	12%

Lending in Moderate Income Areas

After experiencing its best lending in LMI areas since 2002, LMI lending fell sharply. As noted above, these four loans were IORR or spec-construction loans.

<u>Year</u>	<u>Loans Originate</u>	<u>Volume</u>	<u>Percent of Total Volume</u>
2023	4	\$ 445,000	8%
2022	9	2,640,000	22%
2021	5	451,000	7%
2020	12	1,170,200	15%
2019	5	285,300	4%

Savings Accounts:

The Association offers passbook accounts that can be opened and maintained for \$25.00, those with low to moderate incomes to establish a savings plan. This minimum is well below other institutions and there are no fees or service charges associated with these accounts.

GEOGRAPHIC DISTRIBUTION

First Savings assessment area includes all thirty-six census tracts in Alamance County. The following data shows the breakdown of loans originated by census tracts.

ALAMANCE COUNTY

Loans were originated in fourteen of the thirty-six census tracts in Alamance County. The highest volume (\$1,200,00) were construction loans originated in census tract 213.00 which is the northeast section of the county.

* **Denotes Moderate Income Area**

* **Denotes City of Mebane**

<u>CENSUS TRACT</u>	<u>LOANS ORIGINATED</u>	<u>LOAN VOLUME</u>
201.00	0	\$ 0
202.00*	0	0
203.00*	0	0
203.01*	0	0
203.02*	0	0
204.00*	0	0
205.01	0	0
205.02*	0	0
206.01	0	0
206.02	0	0
207.01	0	0
207.02*	1	105,000
208.01	0	0
208.02*	1	40,000
209.01	0	0
209.02	0	0
210.00*	1	115,000
211.01*	0	0
211.02*	0	0
212.01	1	215,000
212.04	0	0
212.05 Mebane	0	0
212.06 Mebane	2	340,000
212.07* Mebane	1	185,000
213.00	2	1,200,000
214.00	1	170,000
215.00	0	0
216.00	1	275,000
217.01	1	190,000
217.02	1	157,500
217.03	1	210,000
218.01	2	410,000
218.02*	0	0
218.03	1	172,000
219.01	0	0
219.02	0	0
220.01	0	0
220.02*	0	0
TOTAL	16	\$3,784,500

Credit Extended Outside the Assessment Area

First Savings extended 29% of its loan volume (7 loans) outside the Association's primary assessment area in Orange, Caswell and one in Person County.

Loan Distribution by Income Level

The data below shows the incomes levels of owner-occupied houses are as a percentage of all loans extended. As noted on the chart below, housing affordability is extremely difficult for lower income households. First Savings extension of credit continues to trend towards higher income applicants. For 2022 and 2023, 65% and 64% respectively of loan applicants had an annual income of \$100,000 or higher. The average income for an owner-occupied home loan extended in 2023 was \$124,710. The National Association of Realtors reported in November 2023 that the median household income for home buyers jumped to \$107,000 from \$88,000 in 2022, underscoring the increasing income required to purchase a home.

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
\$100,000 & ABOVE	64%	65%	34%	46%	51%
75,000 - 99,000	18%	6	13	19	34
50,000 - 74,000	18%	16	40	14	14
25,000 - 49,000	0	13	10	21	1
24,000 & BELOW	0	0	3	0	0
TOTAL*	100%				

Loans Extended to Individuals with Incomes of Less Than 80% of Median Family Income:

First Savings extended one loan to an applicant whose incomes were less than 80% of the median family income for Alamance County. This particular loan category has been strong, reflecting the flexibility of the Association as a portfolio lender, to offer lending opportunities to applicants with lower incomes.

<u>Year</u>	<u>Loans Originated</u>	<u>Volume</u>	<u>% of Total Loan Volume</u>	<u>Average Loan</u>
2023	1	\$130,000	>1%	\$130,000
2022	7	813,000	7%	116,140
2021	5	753,000	13%	150,600
2020	4	215,700	3%	53,930
2019	4	411,000	7%	102,750

REVIEW OF COMPLAINTS/WITHDRAWALS-DENIALS

First Savings did not receive any complaints regarding CRA performance during the past year. The Association did not have any loan denials or loans that were approved but not accepted. There was only one loan withdrawal during the year by a minority applicant who applied for a

construction loan. After the initial application appointment, the borrowers failed to contact First Savings or provide the necessary financial information to continue the loan process. After several unsuccessful attempts to contact the borrower, the loan was considered withdrawn.

	<u>Denials / Withdrawals/</u>		<u>Approved but not accepted</u>
2023	0	1	0
2022	0	12	0
2021	1	8	0
2020	2	6	1
2019	5	5	1

CONCLUSIONS/RECOMMENDATIONS

Based on the Small Institution's Performance Criteria, First Savings continues to serve the credit needs of the community in an exceptional manner consistent with the asset size of the institution and credit competition.

Loan demand plummeted as mortgage rates reached twenty-year highs in 2023. While some predict mortgage rates to fall in 2024, these anticipated rate cuts could take months to come about. Although lending fell sharply as a whole for the year, construction loans continued to be the highest concentration for the Association, accounting for 73% of total loans. Lending in low/moderate income areas fell and most loans extended were to investors providing rental housing. No mortgage loans were bought or sold by the institution during the year. First Savings did not receive any written comments or complaints related to CRA performance. First Savings received an Outstanding Performance Rating on a CRA Examination by the OCC in 2020.

The Association's performance based on the critical areas of the Small Institution's Assessment demonstrates that the institution is serving the credit needs of all segments of the Assessment Area in an exceptional manner. It is imperative that the Association continue its commitment to the community as a local thrift. The establishment and implementation of a successful and effective CRA Program should always be an integral component of the institution's lending and saving practices. The Board must continue to play an active role in the direction and focus of the Association's resources and determine how the institution can best serve the community.

Written Comments regarding CRA

January 1, 2023

First Savings has not received any written comments.

Loan to Deposit Ratio

	Mortgage Loans	Deposits	Loan to Deposit Ratio
March 31, 2023	\$33,728,995	\$43,960,099	77%
June 30, 2023	\$34,772,660	\$42,652,624	82%
September 30, 2023	\$34,591,200	\$42,705,469	81%
December 31, 2023	\$35,246,642	\$42,646,642	83%

Home Mortgage Disclosure Act Notice

The HMDA data about our residential mortgage lending are available online for review. The data show geographic distribution of loans and applications; ethnicity, race, sex, age, and income of applicants and borrowers; and information about loan approvals and denials. These data are available online at the Consumer Financial Protection Bureau's Web site (www.consumerfinance.gov/hmda). HMDA data for many other financial institutions are also available at this Web site.