

PUBLIC DISCLOSURE

May 25, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Olympia Federal Savings and Loan Association
Certificate Number: 28599

421 Capitol Way South
Olympia, Washington 98507

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
San Francisco Regional Office

25 Jessie Street at Ecker Square, Suite 2300
San Francisco, California 94105

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

INSTITUTION RATING	1
DESCRIPTION OF INSTITUTION	1
DESCRIPTION OF ASSESSMENT AREAS.....	2
SCOPE OF EVALUATION.....	3
CONCLUSIONS ON PERFORMANCE CRITERIA.....	3
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	8
OLYMPIA MSA ASSESSMENT AREA – Full-Scope Review	8
BELFAIR NON-MSA ASSESSMENT AREA – Full-Scope Review	16
APPENDICES	24
INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA.....	24
GLOSSARY	25

INSTITUTION RATING

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

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

The Lending Test is rated Satisfactory.

Olympia Federal Savings and Loan Association's (OFSL's) loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and AA credit needs. A majority of loans are made within the institution's AA. The bank's geographic distribution of loans reflects reasonable penetration, particularly to LMI geographies, and the borrower profile reflects poor penetration among LMI households. The institution did not receive any CRA-related complaints during the evaluation period.

The Community Development Test is rated Satisfactory.

The institution's community development (CD) performance demonstrates adequate responsiveness to the CD needs of its AA through CD loans, qualified investments, and CD services, as appropriate. Examiners considered the institution's capacity and the need and availability of such opportunities for CD in the AA.

DESCRIPTION OF INSTITUTION

OFSL is a full-service mutual savings institution headquartered in Olympia, Washington, that began operations in January 1, 1906. OFSL received a "Satisfactory" rating at the previous FDIC Performance Evaluation dated April 16, 2018, based on Interagency Small Institution Examination Procedures. The bank was not involved in any merger or acquisition activities since the previous evaluation.

OFSL currently operates eight full-service offices, all of which are in Washington state. Locations include the main office and six branches in Thurston County and an additional branch in Mason County. Of these locations, one is in an upper-income census tract (CT), five are in middle-income CTs, and two are in moderate-income CTs. The bank offers loan products including mortgages, home equity loans, personal loans, auto/boat/recreational vehicle loans, and commercial real estate loans, with an emphasis on mortgage lending. The bank also offers a variety of deposit products including checking, savings, money market deposit accounts, and certificates of deposit. Alternative banking services include online banking, mobile banking, phone banking, online bill pay, and eight bank-owned automated teller machines.

OFSL's financial condition as of March 31, 2021, consists of assets totaling approximately \$801 million, loans totaling approximately \$608 million, and deposits totaling approximately \$660 million. The following table illustrates the bank's loan portfolio.

Loan Portfolio Distribution as of 03/31/2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	44,609	7.3
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	466,206	76.7
Secured by Multifamily (5 or more) Residential Properties	40,829	6.7
Secured by Nonfarm Nonresidential Properties	46,323	7.6
Total Real Estate Loans	597,967	98.4
Commercial and Industrial Loans	4,820	0.8
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	4,130	0.7
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	792	0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	607,709	100.0
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREAS

CRA requires each financial institution to define one or more AAs within which CRA performance will be evaluated. For this purpose, OFSL designated two contiguous counties in Washington state. Each of these counties is analyzed as a separate AA for this evaluation as explained below.

The Olympia MSA AA encompasses all of Thurston County and is part of the Olympia-Lacey-Tumwater, Washington MSA #36500. The Belfair Non-MSA AA encompasses all of Mason County, which is in a non-MSA portion of the state. Both of the AAs are within the larger Seattle-Tacoma-Olympia, Washington CSA #500, but each is analyzed and evaluated individually due to significant differences between the MSA and non-MSA. While the AAs are analyzed separately, certain information is presented on a whole-institution basis. The following table shows the AAs as termed in this evaluation, along with the number of CTs and the number of OFSL branches in each AA.

Description of Assessment Areas			
Assessment Area	Counties in Assessment Area	# of Census Tracts	# of Branches
Olympia MSA	Thurston	50	7
Belfair Non-MSA	Mason	14	1
<i>Source: Bank Records</i>			

The AAs contain whole geographies, do not reflect illegal discrimination, and do not arbitrarily exclude any LMI areas.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated April 16, 2018, to the current evaluation dated May 25, 2021. Examiners used Intermediate Small Institution Examination Procedures to evaluate the institution's performance. Based primarily on OFSL's lending and CD activity, examiners used full-scope examination procedures to evaluate the bank's performance in the Olympia MSA AA and Belfair Non-MSA AA. Given that the majority of the institution's activities during the evaluation period occurred in the Olympia MSA AA, the performance in this area carried the greatest weight in determining the overall rating. Examiners performed a full-scope analysis for the Belfair Non-MSA AA as it was not conducted in the previous two CRA Evaluations. Banks must achieve at least a Satisfactory rating under each test to obtain an overall Satisfactory rating.

Activities Reviewed

Examiners determined that home mortgage loans constitute the bank's single major product line. This conclusion considered OFSL's business strategy and the number and dollar volume of loans originated during the evaluation period. Small business loans did not represent a major product line for the bank, and few were originated during the evaluation period. These amounted to 15 small business loans in 2020 (not including 95 Payroll Protection Program (PPP) loans, which are accounted for as CD loans), 23 small business loans in 2019, and 18 small business loans in 2018. Consumer loans did not represent a major product line, and OFSL did not originate any small farm loans. As such, small business, consumer, and small farm loans offered no material support for conclusions or ratings, and therefore were not presented in the analysis. To evaluate the bank's performance under the Lending Test, examiners reviewed and presented OFSL's lending activities from 2018 through 2020.

OFSL originated 1,300 home mortgage loans totaling approximately \$418.2 million in 2018, 2019, and 2020. Home mortgage lending performance was evaluated using demographic data from the 2015 ACS census and aggregate market data reported under HMDA for 2018 and 2019. Aggregate reported data for 2020 is not yet available.

For the CD Test, OFSL provided data on CD loans, qualified investments, and CD services from the previous CRA Evaluation dated April 16, 2018, through the current evaluation date of May 25, 2021. The evaluation of qualified investments also includes the book value of all qualified prior period investments still outstanding at the time of this evaluation.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

OFSL demonstrated reasonable performance under the Lending Test. The Geographic Distribution, Loan-to-Deposit Ratio, and AA Concentration performances primarily support this conclusion.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and AA credit needs. The ratio, calculated from Call Report data, averaged 101.80 percent over the 12 calendar quarters from June 30, 2018, through March 31, 2021. The ratio ranged from a low of 91.8 percent as of March 31, 2021, to a high of 108.1 percent as of June 30, 2019. The average ratio for the current evaluation reflects an increase from the average ratio of 92.9 percent reported in the previous CRA Evaluation. Examiners reviewed ratios of two other institutions to provide a comparison with the subject bank.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 03/31/2021 (\$000s)	Average Net LTD Ratio (%)
Olympia Federal Savings and Loans Association	\$800,779	101.8%
Institution 1	\$1,995,725	49.4%
Institution 2	708,263	108.1%

Source: Reports of Condition and Income 06/30/2018 to 03/31/2021

There were no comparable institutions with respect to asset size, product mix, or AA configuration. None of these institutions operate offices within OFSL's AAs. Institution 1 is another mutual savings bank operating in eastern Washington and substantially larger in terms of total assets. Institution 2 operates within Washington state, but offers mortgage products sold on the secondary market and services the metropolitan area. Though no reasonably comparable institutions could be found, the table does illustrate a range of other institutions' loan-to-deposit ratios, which provide additional context to OFSL's more than reasonable ratio during the evaluation period.

Assessment Area Concentration

The bank made a majority of home mortgage loans, by number and dollar volume, within its AAs. Refer to the following table.

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										
2018	333	81.0	78	19.0	411	101,130	83.1	20,615	16.9	121,745
2019	265	79.1	70	20.9	335	78,461	79.0	20,823	21.0	99,284
2020	444	80.1	110	19.9	554	157,655	80.0	39,488	20.0	197,143
Total	1,042	80.2	258	19.8	1,300	337,246	80.6	80,926	19.4	418,172

*Source: Bank Data
Due to rounding, totals may not equal 100.0%*

Geographic Distribution

OFSL's overall geographic distribution of home mortgage loans reflects reasonable dispersion throughout the AAs. To evaluate geographic distribution, examiners focused on the percentage by number of loans in LMI CTs compared to demographic information and aggregate data for reported mortgage loans, which provides additional context regarding loan demand. OFSL's performance was consistent across its AAs. Please refer to each respective AA analysis for additional details.

Borrower Profile

Overall, OFSL's distribution of borrowers reflects poor penetration among borrowers of different income levels. This conclusion is based equally on comparison of demographics and market data to OFSL's rate of lending to LMI home mortgage borrowers. OFSL's performance was consistent across its AAs. Please refer to each respective AA analysis for further details.

Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

OFSL demonstrated adequate responsiveness to the CD needs of its AAs. This performance is accomplished through CD loans, qualified investments and donations, and CD services, as appropriate. The rating takes into consideration OFSL's capacity, and the availability and need of such opportunities for CD in its AAs. The CD activities in the AAs for the review period are summarized in the following sections.

Community Development Loans

OFSL originated 127 CD loans totaling approximately \$22.1 million during the evaluation period. This represents 3.1 percent of average total assets and 3.8 percent of average total loans. The majority of the CD loans by number (118 loans totaling approximately \$3.7 million) were toward economic development and revitalization or stabilization purposes that directly supported small businesses impacted by the COVID-19 pandemic within the AA and the broader statewide area. The institution also made 9 additional CD loans totaling approximately \$21.7 million in the AAs. OFSL's performance exceeds the performance from the previous evaluation where CD loans equaled 2.3 percent of total assets and 3.0 percent of total loans.

The concentration of CD loans in the economic development and affordable housing category, by dollar, reflects area needs and the bank's overall emphasis on mortgage lending and providing assistance with PPP lending. OFSL's percentage of loans to total assets represents adequate performance in consideration of performance context and comparable bank CD lending. The following table provides a breakdown of the number and dollar volume of CD loans in the AAs and broader statewide area by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
04/16/2018-12/31/2018	1	180	--	--	--	--	--	--	1	180
2019	5	2,713	--	--	1	1,032	--	--	6	3,745
2020	2	14,428	--	--	56	1,532	13	459	71	16,419
YTD 2021	--	--	--	--	42	1,302	7	404	49	1,706
Total	8	17,321	--	--	99	3,866	20	863	127	22,050

Source: Bank Records

OFSL originated 5 PPP loans totaling \$127,000 in the broader statewide area outside of its AAs. These loans supported job retention and stabilization for LMI individuals and areas. Refer to each individual AA section of this evaluation for additional notable CD loans.

Qualified Investments

OFSL made 259 qualified investments and donations totaling approximately \$7.3 million during the evaluation period, a significant increase of over 661.2 percent since the previous evaluation when investments and donations totaled \$959,000. Qualified investments and donations amounted to 1.0 percent of average assets and 14.1 percent of average securities during the evaluation period. This performance level increased from the previous evaluation, where total investments represented 0.2 percent of average assets 1.3 percent of average securities.

Of the 259 qualified investments in the current period, the majority are categorized under community service, followed by affordable housing. The following table illustrates the CD investments and donations in the AAs and the broader statewide area by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	--	--	1	200	--	--	1	100	2	300
04/16/2018-12/31/2018	--	--	1	300	--	--	--	--	1	300
2019	--	--	--	--	--	--	--	--	--	--
2020	2	4,088	2	1,890	-	-	-	-	4	5,978
YTD 2021	--	--	--	--	--	--	--	--	--	--
Subtotal	2	4,088	4	2,390	-	-	1	100	7	6,578
Qualified Grants & Donations	17	57	229	685	6	21	-	-	252	763
Total	19	4,145	233	3,075	6	21	1	100	259	7,341

Source: Bank Records

Notable examples of qualified investments and donations that benefitted the statewide area described below. Refer to each individual AA section of this evaluation for additional notable qualified investments.

- The bank made a \$3.0 million investment in 2020 supporting an apartment complex in Kitsap County providing 120 affordable units to LMI seniors.
- The bank purchased a \$1.1 million mortgage-backed security in 2020 comprised of loans to LMI borrowers in Thurston and Mason Counties.

Community Development Services

OFSL employees, officers, and directors provided 2,143 qualified CD service hours throughout the AAs since the previous CRA Evaluation. This reflects a 78.3 percent increase from the previous evaluation. The majority of total qualified hours are categorized under community services, followed by economic development and affordable housing. The following table illustrates the CD services in the AAs and broader statewide area by year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
04/16/2018-12/31/2018	12	330	106	-	448
2019	173	725	152	-	1,050
2020	5	455	72	-	532
YTD 2021	36	69	8	-	113
Total	161	1,579	338	-	2,143

Source: Bank Records

Notable examples of CD services that befitted the statewide area are described below. Refer to each individual AA section of this evaluation for additional notable CD services.

- A bank employee provided 60 hours of CD services by serving on the Board of a regional economic development council. The organization supports small businesses and job creation in the AAs.
- A bank employee provided 20 hours of CD services by serving on the Board of a community service organization that funds initiatives supporting health, education, and financial stability for LMI individuals.

In addition to services provided, OFSL operates two branches in moderate-income CTs in the Olympia MSA AA and one branch in a middle-income CT designated as a distressed middle-income nonmetropolitan tract for unemployment. These branch locations demonstrate the availability of banking services to LMI and underserved individuals.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall rating.

OLYMPIA MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE OLYMPIA MSA ASSESSMENT AREA

OFSL operates seven full-service branches, including the main office, in the Olympia MSA AA. This AA includes all of Thurston County. The AA also contains 84.6 percent of OFSL's CRA-applicable loans originated within the AAs during the evaluation period, as well as 92.5 percent of the total deposits, and 87.5 percent of total branches. The following sections provide details regarding economic and demographic conditions for the AA and information obtained from community contacts.

Economic and Demographic Data

The following table illustrates select demographic characteristics of the Olympia MSA AA.

Demographic Information of the Assessment Area						
Assessment Area: Olympia MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	50	0.0	20.0	56.0	22.0	2.0
Population by Geography	262,723	0.0	20.9	57.3	21.9	0.0
Housing Units by Geography	110,904	0.0	21.1	57.2	21.8	0.0
Owner-Occupied Units by Geography	66,262	0.0	18.0	54.8	27.2	0.0
Occupied Rental Units by Geography	36,369	0.0	26.3	61.4	12.3	0.0
Vacant Units by Geography	8,273	0.0	22.3	57.4	20.4	0.0
Businesses by Geography	23,756	0.0	23.7	53.7	22.6	0.0
Farms by Geography	838	0.0	23.2	47.3	29.6	0.0
Family Distribution by Income Level	68,238	19.7	17.8	23.6	39.0	0.0
Household Distribution by Income Level	102,631	22.0	16.0	21.4	40.6	0.0
Median Family Income MSA - 36500 Olympia-Lacey-Tumwater, WA MSA		\$74,420	Median Housing Value			\$236,622
			Median Gross Rent			\$1,071
			Families Below Poverty Level			8.5%
<i>Source: 2015 ACS and 2020 D&B Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The following table contains unemployment information for the AA compared to state and national averages.

Unemployment Rates: Thurston County, Washington			
Area	2018	2019	2020
	%	%	%
Thurston County – MSA #36500	4.9	4.9	8.3
State	4.4	4.2	8.4
National Average	3.9	3.7	8.1
<i>Source: Bureau of Labor Statistics</i>			

According to the 2015 ACS census, the population in Thurston County is 262,723. The county is made up of 50 CTs, of which 0 are low-income, 10 are moderate-income, 28 are middle-income, 11 are upper-income, and 1 has no income category. The AA has 110,904 housing units, of which 59.7 percent are owner-occupied, 32.8 percent are rental units, and 7.5 percent are vacant. According to Moody's Analytics, the major industries in the AA include manufacturing, government, education and health services, and retail trade. Top employers in

the AA include Providence Hospital, Safeway, Walmart, Nisqually Red Wind Casino Corp, and Lucky Eagle Casino.

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

Median Family Income Ranges				
Olympia-Lacey-Tumwater, WA MSA Median Family Income (36500)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2018 (\$77,700)	<\$38,850	\$38,850 to <\$62,160	\$62,160 to <\$93,240	≥\$93,240
2019 (\$83,700)	<\$41,850	\$41,850 to <\$66,960	\$66,960 to <\$100,440	≥\$100,440
2020 (\$86,700)	<\$43,350	\$43,350 to <\$69,360	\$69,360 to <\$104,040	≥\$104,040
<i>Source: FFIEC</i>				

Competition

The Olympia MSA AA reflects a competitive market among financial service providers. According to the FDIC Summary of Deposits data as of June 30, 2020, there were 17 financial institutions operating a total of 53 full-service branches within the AA. Among these, OFSL ranked 4th with a total market share of 11.1 percent. Market share reports for 2019 show that OFSL ranked 24th by dollar volume of HMDA-reportable loans originated and purchased out of 414 total lenders reporting activity in the Olympia MSA AA.

Community Contact(s)

As part of this evaluation, examiners conducted a community contact in the Olympia MSA AA that focused on housing needs, which is the applicable product analyzed under the lending test. Examiners conducted a community contact with a representative of an organization that focuses on various aspects of housing within the AA. The contact noted that increased economic activity has increased the demand for housing. The contact also expressed median home prices increasing, topped with shortages in housing inventory, resulting in most homes being outbid. The contact also acknowledged some shortages with respect to affordable housing. Concern over limited availability of affordable housing is consistent with historical responses from past community contacts with other organizations and housing groups. The contact concluded that local financial institutions were doing a satisfactory job of meeting community credit needs.

Credit and Community Development Needs and Opportunities

The community contact described above noted that there is a need for greater availability of affordable housing in the AA. In addition to identifying the need, the contact's highlight on limited availability of affordable housing stock suggested that opportunities to finance lower-priced housing may be subject to the constraint of limits on available properties to purchase.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE OLYMPIA MSA ASSESSMENT AREA

LENDING TEST

OFSL demonstrated reasonable performance under the geographic distribution analysis and poor performance under the borrower profile analysis in the Olympia MSA AA.

Geographic Distribution

The geographic distribution of home mortgage loans reflects a reasonable dispersion throughout the Olympia MSA AA. The following table details OFSL's residential lending distribution by CT income level for the Olympia MSA AA.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Olympia MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	--	0	0.0	0	0.0
Moderate						
2018	18.0	18.9	40	14.0	12,061	13.4
2019	18.0	18.0	37	16.5	11,082	16.3
2020	18.0	--	42	11.3	14,347	10.3
Middle						
2018	54.8	56.3	136	47.6	41,707	46.2
2019	54.8	57.2	106	47.3	28,969	42.5
2020	54.8	--	191	51.3	73,046	52.4
Upper						
2018	27.2	24.7	110	38.5	36,454	40.4
2019	27.2	24.9	81	36.2	28,116	41.2
2020	27.2	--	139	37.4	52,073	37.3
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	--	0	0.0	0	0.0
Totals						
2018	100.0	100.0	286	100.0	90,222	100.0
2019	100.0	100.0	224	100.0	68,167	100.0
2020	100.0	--	372	100.0	139,467	100.0

Source: 2015 ACS; Bank Data, 2018 & 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

There are no low-income CTs in the Olympia MSA AA. Although the performance was slightly below aggregate performance and demographic data for both 2018 and 2019, the performance in moderate-income CTs trended upwards by percentage of number of loans. In 2018, the bank created initiatives with nonprofit organizations and launched an affordable lending product targeted to LMI geographies. The targeted efforts launched in 2018 resulted positively in 2019 with an increase in lending in moderate-income CTs.

In 2020, the performance trended downwards in moderate-income CTs and was below demographic data. However, aggregate performance for 2020 is not yet available. Thus, 2020 performance will not be weighted heavily in the overall conclusions.

Borrower Profile

The distribution of borrowers reflects poor penetration of LMI individuals within the Olympia MSA AA. The following table illustrates the distribution of home mortgage loans.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Olympia MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	19.7	3.6	5	1.7	531	0.6
2019	19.7	3.9	11	4.9	1,021	1.5
2020	19.7	--	13	3.5	1,326	1.0
Moderate						
2018	17.8	16.5	24	8.4	4,132	4.6
2019	17.8	15.5	20	8.9	3,252	4.8
2020	17.8	--	36	9.7	6,495	4.7
Middle						
2018	23.6	27.7	56	19.6	10,682	11.8
2019	23.6	27.2	48	21.4	9,872	14.5
2020	23.6	--	82	22.0	21,391	15.3
Upper						
2018	39.0	38.1	180	62.9	57,450	63.7
2019	39.0	33.0	117	52.2	43,610	64.0
2020	39.0	--	200	53.8	77,608	55.6
Not Available						
2018	0.0	14.2	21	7.3	17,428	19.3
2019	0.0	20.4	28	12.5	10,412	15.3
2020	0.0	--	41	11.0	32,647	23.4
Totals						
2018	100.0	100.0	286	100.0	90,222	100.0
2019	100.0	100.0	224	100.0	68,167	100.0
2020	100.0	--	372	100.0	139,467	100.0
<i>Source: 2015 ACS; Bank Data, 2018 & 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

In 2018, OFSL's penetration among low-income borrowers was significantly below demographic data but nearly equaled of aggregate data, which is also low and is a reflection of limited availability of affordable properties available for purchase by low-income borrowers in the Olympia MSA AA. However, in 2019, the penetration among low-income borrowers

exceeded aggregate performance, given the implementation of an affordable lending product targeted to LMI borrowers through a non-profit organization.

OFSL underperforms both aggregate performance and demographic data to a more significant degree in the moderate-income category, where aggregate performance was closer to demographic data. Based on this underperformance in the moderate-income category, OFSL demonstrated poor performance for lending to LMI residential borrowers in the Olympia MSA AA.

It is important to note that OFSL’s business model limits the bank’s ability to be comparable to aggregate lenders. Presently, the bank does not offer Veteran Affairs loans, which is a prevalent product in this AA given the proximity to a military base. Additionally, the bank does not sell its mortgage loans in the secondary market, whereas most aggregate lenders do. However, these factors do not mitigate the poor level of lending to LMI individuals, and the performance is similar to the prior evaluation, where the distribution of borrowers was also poor.

COMMUNITY DEVELOPMENT TEST

OFSL’s CD performance demonstrates adequate responsiveness to CD needs in the Olympia MSA AA through CD loans, qualified investments and donations, and CD services, considering the bank’s capacity, the availability, and need of such opportunities for CD in this AA.

Community Development Loans

OFSL originated 114 CD loans totaling \$21.7 million in the AA during the evaluation period. This includes 105 PPP loans totaling \$3.3 million and 9 additional CD loans totaling \$18.4 million. The CD lending performance exceeds the performance at the prior evaluation, where CD loans comprised 16 CD loans totaling \$13.6 million. The following table illustrates the CD loans in the AA by year and purpose.

Community Development Lending Assessment Area: Olympia MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
04/16/2018 – 12/31/2018	1	180	--	--	--	--	--	--	1	180
2019	5	2,713	--	--	1	1,032	--	--	6	3,745
2020	2	14,428	--	--	50	1,390	11	423	63	16,241
YTD 2021	--	--	--	--	37	1,115	7	404	44	1,519
Total	8	17,321	--	--	88	3,537	18	827	114	21,685

Source: Bank Records

Notable examples of the CD loans in the AA include the following:

- In 2020, OFSL funded a \$13.9 million loan in Thurston County to build a housing development comprised of 82 affordable units for LMI families.

- In 2019, OFSL funded a \$1.2 million loan in Thurston County for 28 affordable housing units rented to LMI families and individuals in the Olympia MSA AA.

Qualified Investments

OFSL had 236 qualified investments and donations totaling \$2.6 million in the Olympia MSA AA during the evaluation. This performance exceeds the previous evaluation, where the qualified investments in the Olympia MSA AA consisted of 158 qualified donations in the amount of \$500,000. The following table illustrates the qualified investments in the AA by year and purpose.

Qualified Investments Assessment Area: Olympia MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	-	-	-	-	-	-	-	-	-	-
04/16/2018-12/31/2018	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-
2020	-	-	2	1,890	-	-	-	-	2	1,890
YTD 2021	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	2	1,890	-	-	-	-	2	1,890
Qualified Grants & Donations	17	57	212	642	5	19	--	--	234	718
Total	17	57	214	2,532	5	19	--	--	236	2,608
<i>Source: Bank Records</i>										

Notable examples of qualified investments and donations include the following:

- In 2020, OFSL invested in two municipal bonds totaling \$1.9 million to support a school district that primarily serves LMI students in the Olympia MSA AA.
- From 2019 to 2020, OFSL donated three times totaling \$7,500 to an organization in Thurston County whose primary mission is to facilitate home repair for LMI populations in need.

Community Development Services

During the evaluation period, bank employees, officers and directors volunteered 1,755 CD service hours in the Olympia MSA AA. This is a significant increase from the previous evaluation where bank employees, officers, and directors volunteered 1,142 hours. The following table illustrates the number of CD service hours in the AA by year and purpose.

Community Development Services Assessment Area: Olympia MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
04/16/2018- 12/31/2018	12	262	46	--	320
2019	108	575	152	--	835
2020	5	399	72	--	476
YTD 2021	36	69	8	--	113
Total	161	1,316	278	--	1,755
<i>Source: Bank Records</i>					

Notable examples of community development services include the following:

- A bank employee served on the Board for a non-profit organization that provides affordable housing services to LMI families in the Olympia MSA AA.
- A bank executive serves on the Board of a local economic development organization that provides financial and operational assistance to small businesses in the Olympia MSA AA.

BELFAIR NON-MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE BELFAIR NON-MSA ASSESSMENT AREA

The Belfair Non-MSA AA consists of Mason County, Washington. The sole branch provides the full range of credit and financial services offered by the bank. The AA contains 15.4 percent of OFSL’s CRA-applicable loans originated within the AAs during the evaluation period, as well as 7.5 percent of the total deposits, and 12.5 percent of the total branches. The following sections provide details regarding economic and demographic conditions for the AA and information obtained from community contacts.

Economic and Demographic Data

The following table illustrates select demographic characteristics of the Belfair Non-MSA AA.

Demographic Information of the Assessment Area						
Assessment Area: Belfair Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	14	0.0	14.3	64.3	21.4	0.0
Population by Geography	60,791	0.0	9.6	66.2	24.2	0.0
Housing Units by Geography	32,605	0.0	6.2	70.0	23.8	0.0
Owner-Occupied Units by Geography	17,719	0.0	6.3	66.4	27.3	0.0
Occupied Rental Units by Geography	5,307	0.0	13.0	73.1	13.9	0.0
Vacant Units by Geography	9,579	0.0	2.2	75.1	22.7	0.0
Businesses by Geography	3,796	0.0	5.4	73.6	21.0	0.0
Farms by Geography	246	0.0	4.1	75.2	20.7	0.0
Family Distribution by Income Level	15,047	18.1	18.0	22.8	41.1	0.0
Household Distribution by Income Level	23,026	23.3	14.3	18.0	44.3	0.0
Median Family Income Non-MSAs – WA		\$58,240	Median Housing Value			\$208,751
			Median Gross Rent			\$867
			Families Below Poverty Level			10.8%
<i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to the 2015 ACS census, the population in Mason County is 60,791. The county is made up of 14 CTs, of which 0 are low-income, 2 are moderate-income, 9 are middle-income, 3 are upper-income, and none designated as NA. All of the bank’s middle-income CTs are designated as distressed middle-income nonmetropolitan tracts for unemployment. There are 32,605 housing units in the Belfair Non-MSA AA. Of these, 54.3 percent are owner-occupied, 16.3 percent are occupied rental units, and 29.4 percent are vacant.

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

Median Family Income Ranges				
Non-MSA WA Median Family Income				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2018 (\$65,000)	<\$32,500	\$32,500 to <\$52,000	\$52,000 to <\$78,000	≥\$78,000
2019 (\$63,500)	<\$31,750	\$31,750 to <\$50,800	\$50,800 to <\$76,200	≥\$76,200
2020 (\$65,500)	<\$32,750	\$32,750 to <\$52,400	\$52,400 to <\$78,600	≥\$78,600
<i>Source: FFIEC</i>				

Competition

The Belfair Non-MSA AA reflects a competitive market among financial service providers. According to the FDIC Summary of Deposits data as of June 30, 2020, there were 6 financial institutions operating a total of 8 full-service branches within the AA. Among these, OFSL ranked 5th with a total market share of 11.3 percent. Market share reports for 2019 show that OFSL ranked 24th by dollar volume of HMDA-reportable loans originated and purchased out of 296 total lenders reporting activity in the Belfair Non-MSA AA.

Community Contact(s)

As part of this evaluation, examiners conducted a community contact in the Belfair Non-MSA AA that focused on housing needs, which is the applicable product analyzed under the lending test. Examiners conducted a community contact with a representative of an organization that focused on various aspects of housing within the AA. The contact noted that there is very little inventory of housing overall, which is creating challenges for LMI borrowers. There has been a recent increase in custom homes. However, these custom homes are not targeted to LMI individuals or families. With home values continuing to increase, the contact stated that there has been an increase of trailer homes that are being occupied by LMI individuals or families.

Credit and Community Development Needs and Opportunities

The community contact described above noted that there is a need for greater availability of affordable housing in the AA. In addition to identifying the need, the contact’s highlight on limited availability of affordable housing stock suggested that opportunities to finance lower-priced housing may be subject to the constraint of limits on available properties to purchase.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE BELFAIR NON-MSA ASSESSMENT AREA

LENDING TEST

OFSL demonstrated reasonable performance under the geographic distribution analysis and poor performance under the borrower profile analysis in the Belfair Non-MSA AA

Geographic Distribution

The geographic distribution of home mortgage loans reflects a reasonable dispersion throughout the Belfair Non-MSA AA. The following table details OFSL's residential lending distribution by CT income level for the Belfair Non-MSA AA.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Belfair Non-MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	--	0	0.0	0	0.0
Moderate						
2018	17.6	16.3	7	14.9	1,614	14.8
2019	6.3	7.0	0	0.0	0	0.0
2020	6.3	--	1	1.4	100	0.6
Middle						
2018	64.5	64.5	33	70.2	7,407	67.9
2019	66.4	67.8	30	73.2	7,030	68.3
2020	66.4	--	52	72.2	13,445	73.9
Upper						
2018	17.8	19.2	7	14.9	1,887	17.3
2019	27.3	25.2	11	26.8	3,265	31.7
2020	27.3	--	19	26.4	4,644	25.5
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	--	0	0.0	0	0.0
Totals						
2018	100.0	100.0	47	100.0	10,908	100.0
2019	100.0	100.0	41	100.0	10,295	100.0
2020	100.0	--	72	100.0	18,189	100.0
<i>Source: 2015 ACS; Bank Data, 2018 & 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

The bank has no low-income CTs in the Belfair Non-MSA AA. The performance was slightly below aggregate and demographic data for 2018. However, in 2019, the performance decreased significantly with no lending in the moderate-income CTs. This performance was consistent with aggregate performance and demographic data where the percentages decreased by more than half

from 2018 to 2019. In 2020, lending in moderate-income CTs was minimal and below demographic data. However, aggregate performance for 2020 is not yet available. Thus, 2020 performance will not be weighted heavily in the overall conclusions.

As stated earlier, all of the middle-income CTs in the Belfair Non-MSA AA are designated as distressed middle-income nonmetropolitan tracts for unemployment. The performance in the distressed middle-income CTs exceeded both aggregate performance and demographic data. Overall, geographic distribution is adequate.

Borrower Profile

The distribution of borrowers reflects poor penetration of LMI individuals within the Belfair Non-MSA AA. The following table illustrates the distribution of home mortgage loans.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Belfair Non-MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	18.1	4.1	0	0.0	0	0.0
2019	18.1	3.8	3	7.3	138	1.3
2020	18.1	--	1	1.4	73	0.4
Moderate						
2018	18.0	15.0	7	14.9	838	7.7
2019	18.0	12.0	2	4.9	267	2.6
2020	18.0	--	5	6.9	637	3.5
Middle						
2018	22.8	26.8	4	8.5	556	5.1
2019	22.8	21.9	7	17.1	1,179	11.5
2020	22.8	--	12	16.7	2,199	12.1
Upper						
2018	41.1	38.8	33	70.2	8,768	80.4
2019	41.1	42.6	28	68.3	8,566	83.2
2020	41.1	--	51	70.8	14,648	80.5
Not Available						
2018	0.0	15.3	3	6.4	746	6.8
2019	0.0	19.8	1	2.4	145	1.4
2020	0.0	--	3	4.2	631	3.5
Totals						
2018	100.0	100.0	47	100.0	10,908	100.0
2019	100.0	100.0	41	100.0	10,295	100.0
2020	100.0	--	72	100.0	18,189	100.0
<i>Source: 2015 ACS; Bank Data, 2018 & 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

The performance was inconsistent in the Belfair Non-MSA AA to LMI borrowers. In 2018, the bank made no loans to low-income borrowers. However, in 2019, the bank exceeded aggregate performance.

In 2018, the bank’s performance to moderate-income borrowers was comparable to aggregate performance and only slightly under demographic data. However, in 2019, the performance to moderate-income borrowers was significantly below both aggregate performance and demographic data. The performance in 2020 was not weighted heavily since aggregate data is not available; however, performance was significantly below demographic data.

Overall, the bank reflects poor penetration of LMI individuals within the Belfair Non-MSA AA given the inconsistencies in performance to LMI borrowers.

COMMUNITY DEVELOPMENT TEST

OFSL's CD performance demonstrates adequate responsiveness to CD needs in the Belfair Non-MSA AA through CD loans, qualified investments and donations, and CD services, considering the bank's capacity, the availability, and need of such opportunities for CD in this AA.

Community Development Loans

The bank originated 8 CD loans totaling \$236,000 in the Belfair Non-MSA AA. The loans were PPP loans that supported economic development by retaining jobs for LMI individuals during the COVID-19 pandemic. This performance exceeds the previous evaluation where the bank did not originate any CD loans in the Belfair Non-MSA AA.

Qualified Investments

OFSL had 15 qualified investments totaling \$633,000 in the Belfair Non-MSA AA during the evaluation period including 3 debt investments totaling \$600,000 and 12 qualified donations in the amount of \$33,000. Of that total, 14 investments for \$533,000 supported community services for LMI individuals and 1 investment of \$100,000 revitalized and stabilized LMI areas. This performance exceeds the previous evaluation, where OFSL had 2 qualified debt investments totaling \$435,000 and made 10 qualified donations in the amount of \$19,800 in the Belfair Non-MSA AA.

Notable examples of community development services include the following:

- In 2018, OFSL invested in a \$300,000 school bond of which the benefitting school is primarily comprised of students from LMI families.

Community Development Services

During the evaluation period, bank employees, officers and directors volunteered 319 CD service hours in the Belfair Non-MSA AA. This is a significant increase from the previous evaluation where bank employees, officers, and directors volunteered 60 hours. The following table illustrates the CD service hours in the AA by year and purpose.

Community Development Services Assessment Area: Belfair Non-MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
04/16/2018- 12/31/2018	--	48	--	--	48
2019	65	150	--	--	215
2020	--	56	--	--	56
YTD 2021	--	--	--	--	--
Total	65	254	--	--	319

Notable examples of community development services include the following:

- A bank employee served on the Board for a non-profit organization that provides community services programs and housing assistance to LMI families in Mason County.

APPENDICES

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
 - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

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

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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

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

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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

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

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

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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

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

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.