



PUBLIC DISCLOSURE

January 04, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Freehold Savings Bank
Charter Number 705489

68 W Main St
Freehold, NJ 07728-2100

Office of the Comptroller of the Currency

New York Field Office
343 Thornall Street, Suite 610
Edison, NJ 08837

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, 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.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory

The major factors supporting this rating include:

- The bank's level of lending, as reflected by the loan-to-deposit ratio is reasonable given the bank's size and condition, loan demand, competition, and current economic conditions.
- The bank originates a majority of its loans within its assessment area.
- The distribution of loans to borrowers of different incomes is reasonable and comparable to the performance of all lenders.
- The geographic distribution of loans in moderate-income census tracts is reasonable.

SCOPE OF EXAMINATION

We evaluated Freehold Savings Bank's (FSB) Community Reinvestment Act (CRA) performance using the small bank CRA procedures. The evaluation period covers January 1, 2013 through January 4, 2016, and represents the period between the start of the bank's prior and current CRA examinations. The lending test evaluates the bank's record of helping to meet the credit needs of its assessment area through its lending activities. The evaluation period for the lending test covered loans originated between January 1, 2013 and December 31, 2015. FSB is primarily a mortgage lender and the primary loan product, based on originations during the evaluation period, is residential mortgages. This review analyzed the institution's residential real estate loans. For purposes of this evaluation, residential loans include home purchase, home refinance, and home improvement loans reported pursuant to the Home Mortgage Disclosure Act (HMDA). We used the bank's 2013, 2014, and 2015 HMDA data to conduct our analyses and form conclusions regarding the bank's lending performance. We analyzed 2013 HMDA data separately from 2014-2015 HMDA data as the income composition of the bank's assessment area changed due to the revised Metropolitan Delineations made by the Office of Management and Budget effective January 2014. The integrity of the bank's HMDA data was determined to be satisfactory in September 2015.

DESCRIPTION OF INSTITUTION

FSB is a \$292 million mutual thrift headquartered in Freehold, New Jersey. The bank does not have any operating subsidiaries or affiliate activities. In addition to the bank's main office located in Freehold, New Jersey, the institution has one full service branch, also located in Freehold, New Jersey. The main office and the Route 9 office are located in middle and upper-income geographies, respectively. Branch hours are

9:00AM to 4:00PM from Monday through Thursday, with extended hours on Friday. Both the offices have extended drive-up hours from 8:30AM to 5:00PM. The bank's offices are also open on Saturdays from 9:00AM to 12:00PM. No branches were opened or closed during the evaluation period. There have not been any significant changes to FSB's corporate structure since the last CRA examination.

FSB is a full service, intrastate institution, offering a standard array of traditional loan and deposit products for both personal and business customers. In the fourth quarter 2015, the bank added commercial real estate lending to their product lines. The bank's website, www.freeholdsavingsandloan.com, provides a listing and description of its deposit and loan services. The bank offers a variety of different account access alternatives including online banking with bill pay options. The bank operates automated teller machines (ATMs) at both of its offices.

As of September 30 2015, deposits totaled \$151 million, and Net Tier 1 capital was \$35.4 million. The loan portfolio totaled \$49.7 million, or 17 percent of total assets, as of the same date. The following table provides a summary of the loan mix.

Loan Portfolio Summary by Loan Product September 30, 2015	
Loan Category	% of Gross Loans and Leases
1-4 Family Residential Mortgage – Closed End	98.05%
Home Equity	1.6%
Commercial & Industrial	0%
Commercial Real Estate	<1%
Construction and Development	0%
Consumer	< 1%

Source: FDIC Call Report

The bank has no financial or legal impediments to meeting the credit needs of the community. The bank was rated "Satisfactory" using small bank procedures at the last CRA examination dated February 11, 2013.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area (AA) in 2013 consisted of 53 census tracts throughout Monmouth County and Ocean County in New Jersey (NJ) and was part of the Edison-New Brunswick, NJ Metropolitan Division (MD) 20764. FSB's AA complies with the CRA and does not arbitrarily exclude any LMI geographies. According to the 2010 U.S. Census Data, there was one (1.89%) low-income tract, three (5.66%) moderate-income tracts, 27 (50.94%) middle-income tracts, and 21 (39.62%) upper-income tracts, within the bank's AA. One census tract was not assigned an income classification.

Demographic Information for Full Scope Area: Freehold AA 2013						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	53	1.89	5.66	50.94	39.62	1.89
Population by Geography	281,621	1.28	3.01	47.82	47.80	0.08
Owner-Occupied Housing by Geography	82,446	0.47	3.03	48.58	47.92	0.00
Business by Geography	23,750	1.08	2.97	44.14	51.54	0.27
Farms by Geography	946	0.42	0.63	43.87	55.07	0.00
Family Distribution by Income Level	74,306	13.80	13.93	21.35	50.92	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	20,607	2.49	6.22	56.90	34.35	0.04
Median Family Income HUD Adjusted Median Family Income for 2013 Households Below Poverty Level		91,959 96,600 4%	Median Housing Value Unemployment Rate (2010 US Census)		446,772 3.21%	

Source: 2010 US Census and 2013 HUD updated MFI

The Department of Housing and Urban Development (HUD) annually adjusts the 2010 Census data to update the income levels. The adjusted figures are used in the Lending to Borrowers of Different Incomes section of this Performance Evaluation. The table below indicates the median family income ranges of each income category based on the 2013 HUD adjustment.

Definition of 2013 Income Ranges Used in the Evaluation					
Income Category	Maximum Income in for Income Range				2013 HUD Adjusted Median Family Income (MFI)
	Low	Moderate	Middle	Upper	
% Range of MFI	<50%	50%-<80%	80%-<120%	≥120%	
FSB's AA	48,299	77,279	115,919	115,920	96,600

* Based on 2010 US Census and 2013 HUD updated MFI

The Office of Management and Budget (OMB) revised the Metropolitan Area (MA) and census tract geographic definitions and boundaries in February 2013. Those revisions became effective for CRA purposes on January 1, 2014. While the bank did not alter its assessment area during the evaluation period, demographic data for 2013 are presented separately in this evaluation because the OMB MA changes impacted the bank's assessment area income tract composition and/or HMDA reportable data geocoding. The Median Family Income (MFI) for MD 35614 (\$68,006) is significantly lower than FSB's previous MD 35644 (\$91,959). With the OMB revisions, many of the census tracts were reclassified from low and moderate-income to middle and upper income, which makes lending to low and moderate-income individuals more difficult. Additionally, due to the revisions, there is no longer a low-income tract in FSB's AA as of 2014.

The bank's AA now consists of 53 census tracts throughout Monmouth County and Ocean County in New Jersey (NJ); and is now part of the New York-Wayne-White Plains, NY-NJ Metropolitan Division (MD) 35614. There are no low-income tracts within the bank's new AA. According to the 2010 U.S. Census Data, there are three (5.66%) moderate-income tracts, three (5.66%) middle-income tracts, 46 (86.79) upper-income tracts, and one has not been assigned an income classification.

The overall population of the AA is 281,621 per the 2010 U.S. Census Data. The AA population comprises 92,781 households and 74,306 families. None of the residents reside in low-income geographies, 10,764 (3.82%) reside in moderate-income geographies, 8,822 (3.13%) reside in middle-income geographies, 261,810 (92.97%) reside in upper-income geographies, and 225 (0.08%) reside in geographies where income data was not available. The 2010 U.S. Census Data indicates that 3.03% of families in the AA are considered moderate-income and approximately 4.45% of the households are below the poverty level. The table below provides additional demographic information for the bank's AA in 2014-2015.

Demographic Information for Full Scope Area: Freehold AA 2015						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	53	0.00	5.66	5.66	86.79	1.89
Population by Geography	281,621	0.00	3.82	3.13	92.97	0.08
Owner-Occupied Housing by Geography	82,446	0.00	3.16	2.08	94.76	0.00
Business by Geography	20,320	0.00	3.42	4.00	92.50	0.08
Farms by Geography	857	0.00	0.70	2.10	97.20	0.00
Family Distribution by Income Level	74,306	8.90	9.27	14.17	67.66	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	13,500	0.00	9.04	5.08	85.85	0.03
Median Family Income	68,006	Median Housing Value	446,772			
HUD Adjusted Median Family Income for 2015	71,300	Unemployment Rate (2010 US Census)	3.21%			
Households Below Poverty Level	4%	Ocean County Unemployment Rate **	5.4%			
		Monmouth County Unemployment Rate**	4.4%			

Source: 2010 US Census and 2015 HUD updated MFI

**Data from US Bureau of Labor Statistics as of November 2015.

The table below indicates the median family income ranges of each income category based on the 2015 HUD adjustment.

Definition of 2015 Income Ranges Used in the Evaluation					
Income Category	Maximum Income in for Income Range				2015 HUD Adjusted Median Family Income (MFI)
	Low	Moderate	Middle	Upper	
% Range of MFI	<50%	50%-<80%	80%-<120%	≥120%	
FSB's AA	35,649	57,039	85,559	85560	71,300

* Based on 2010 US Census and 2015 HUD updated MFI

Competition for deposits and loans is strong within FSB's AA, particularly from larger regional and multi-state financial institutions. The Federal Deposit Insurance Corporation's Institutions Deposit Market Share Report, as of June 30, 2015, indicates 34 institutions operate branches within the AA. FSB ranks 24th with deposit market share of approximately 0.40 percent. Competitors include Hudson City Savings Bank, Ocean First Bank, and Investors Bank. Larger regional banks that provide further competition and are deposit share leaders include Wells Fargo, NA; TD Bank, NA; Bank of America, NA; Santander Bank, N.A.; PNC Bank, NA; and JP Morgan Chase Bank, NA.

Per the Bureau of Labor Statistics (BLS), the economy within the New York-Jersey City-White Plains Metropolitan Division (MD 35614) is in recovery with a decrease in the MSA unemployment rate over the last twelve months. The BLS report indicates that the economic recovery in the MD 35614 has outperformed the United States economic recovery. The unemployment rate in 2015 for MSA 35614, the State of New Jersey, and nationally each exhibited a declining trend. Data from the BLS indicates that the unemployment rate for the state of New Jersey as of November 2015 was 5.3% compared to the previous year unemployment rate of 6.3 percent. The national unemployment rate decreased from 5.8 percent to 5.0 percent year over year. Unemployment rates within MSA 35614 as of November 2015 were 4.8 percent, down from 6.1 percent a year ago. The unemployment rate for 2015 within the bank's AA were 5.4 percent and 4.4 percent for Ocean and Monmouth counties, respectively.

The local economy in FSB's AA is driven by healthcare, education, and retail services. Major employers within Monmouth County are Meridian Health System; County of Monmouth; Central State Healthcare Systems; Monmouth Medical Center; Commvault; and Saker Shoprite. The top employers in Ocean County consist of Saint Barnabas Health Care Systems-Community/Kimball/Behavioral Health/Ambulatory Care; Six Flags Theme Park; Inc., Georgian Court University; Naval Engineering Station-Naval Air Warfare Center; Toms River Regional School System; and Ocean County government.

In assessing the bank's performance, we contacted a local non-profit organization whose purpose is to provide affordable housing for low and moderate-income families, community services targeting low- and moderate-income individuals, and economic

development assistance. The director of the organization described the economic conditions of the AA as improving, although at a slow pace. Despite the improving economy, the contact indicated that the high cost of living and unemployment continue to strain the incomes of low- and moderate-income families. Additionally, there are still some families awaiting Hurricane Sandy relief assistance to rebuild homes. The director indicated that they work with a variety of banks within the AA, and had a positive view of their performance. They indicated that banks have donated to the organizations objectives. Additionally, banks within the AA have created their own mortgage programs that assist low- and moderate-income families in obtaining a home. However, the director did note that conventional mortgages for the clients they serve are taking longer to process compared to Federal Housing Administration backed loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

FSB's overall performance under the lending test is satisfactory. Our evaluation concentrated on the bank's record of originated residential real estate loans, its primary loan product. In reaching our overall conclusions, we placed more weight on the bank's performance in lending to borrowers of different incomes than to its geographic distribution of loans. There are no low-income census tracts within the bank's AA due to the OMB revised delineations, and moderate-income census tracts do not represent a substantial portion of the bank's AA. Significant competition further affects the bank's opportunities to lend in moderate-income census tracts. We also considered the bank's loan-to-deposit (LTD) ratio, its level of lending inside versus outside its AA, and the bank's history of consumer complaints.

Loan-to-Deposit Ratio

FSB's loan to deposit ratio (LTD) is reasonable give the bank's size, strategy, financial condition, and assessment area credit needs. FSB's lending opportunities have been adversely affected by weak loan demand, economic conditions, and fierce competition. FSB's net LTD ratio averaged 31 percent during the fifteen quarters since the last CRA examination, with a quarterly low of 30 percent and a quarterly high of 33 percent. The LTD ratio does not reflect all mortgage activity as the bank participates in the Federal Home Loan Bank's Mortgage Partnership Finance Program and sells mortgage loans to the FHLB. Since 2013, FSB has sold twenty-six loans totaling approximately \$5 million. FSB's LTD ratio was lower when compared to five similarly situated financial institutions serving its assessment area. The other five banks had an average net loan-to-deposit ratio of 84 percent, with a range of 65 percent to 99 percent during the last 15 quarters.

Lending in Assessment Area

A majority of FSB's primary loan products originated are to consumers located within the bank's AA. FSB originated 70 percent by number and 68 percent by dollar amount of loans in the AA. The following table details the bank's lending within the AA by number and dollar amount of loans.

FSB's Loans Originated In and Outside of the Assessment Area						
Loan Type	% Inside Area		% Outside Area		Total	
	#	\$(000)	#	\$(000)	#	\$(000)
Home Purchase	16	2,611	11	2,594	27	\$5,205
Home Refinance	24	4,465	13	2,454	37	6,919
Home Improvement	76	11,782	25	3,877	101	15,659
Total	116	18,858	49	8,925	165	27,783

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

FSB's lending performance to borrowers of different incomes meets the standards of satisfactory performance given the credit needs within the AA, current lending opportunities, demographic changes, and a comparison of competitor performance.

During the evaluation period, the level of home mortgage, home improvement, and home refinance loans originated to low-income borrowers was lower than the HMDA aggregate data. In addition, the percentage of lending to low-income borrowers within the AA during the review period was below the percentage of low-income families in the AA. Since the percentage of loans made to low-income borrowers is lower than both the aggregate industry and demographic comparators, the bank's distribution of home purchase loans to low-income borrowers demonstrates poor distribution.

However, this performance is considered reasonable and is mitigated by several factors. The overall low levels of lending to LMI borrowers in the AA, as displayed by the aggregate lending data, is indicative of limited lending opportunities within the AA. High levels of competition coupled with the high cost of living limits lending opportunities to LMI borrowers. The 2010 U.S Census Data indicates that the average median home price in the AA is \$447 thousand, a significant increase when compared to the \$221 thousand 2000 U.S Census Data. Additionally, the 2015 HUD updated median family income (MFI) is \$71,300. This means that a low-income person earns less than \$35,650. Based on these statistics, it would be difficult for a low-income individual to meet the criteria for home ownership. Additionally, the fierce competition within FSB's AA further limits lending opportunities. According to the 2014 Peer Mortgage Market Share Data Report, home mortgage lending in the AA is dominated by larger institutions, with the top six institutions accounting for approximately 34 percent of the market.

In addition, the bank's ability to lend to individuals classified as low or moderate-income was adversely affected by the revised Metropolitan Delineations made by the Office of Management and Budget in 2014. The revised delineations decreased the amount of individuals classified as low and moderate income within the bank's AA. The counties that comprise the bank's AA were moved from the Edison-New Brunswick, NJ Metropolitan Division, which had a median family income of \$96,600 to the New York-

Jersey City-White Plains, NY-NJ Metropolitan Division, which has a median family income of \$71,300. Borrower income classifications are derived directly from the median family income figure. Due to the decrease in the AA's MFI caused by the revised delineations, the number of individuals classified as low- and moderate-income within the bank's AA declined significantly from 28 percent in 2013 to 18 percent in 2014. This resulted in fewer opportunities for the bank to make loans to borrowers classified as low-income borrowers.

FSB's distribution of home purchase, home improvement, and home refinance loans to moderate-income borrowers demonstrates excellent distribution. The level of home loans to moderate-income borrowers exceeds the aggregate industry distribution. In addition, FSB's level of home loans exceeds the percentage of moderate-income families in the AA.

2013:

2013 Distribution of FSB's Home Purchase Loans By Borrower Income Level in the Assessment Area				
Borrower Income Category	% of Loans	% of \$ Volume	% Family Distribution	% of Aggregate (or Peers)
Low	0	0	13.80	5.63
Moderate	28.57	6.17	13.93	20.25
Middle	42.86	62.55	21.35	26.21
Upper	28.57	31.28	50.92	47.90
Total # or \$	100	100	100	100

**Based on 2010 U.S. Census and 2013 HMDA data*

2013 Distribution of FSB's Home Improvement Loans By Borrower Income Level in the Assessment Area				
Borrower Income Category	% of Loans	% of \$ Volume	% Family Distribution	% of Aggregate (or Peers)
Low	2.78	1.54	13.80	6.05
Moderate	16.67	7.72	13.93	15.26
Middle	22.22	14.49	21.35	23.95
Upper	58.33	76.25	50.92	54.74
Total # or \$	100	100	100	100

**Based on 2010 U.S. Census and 2013 HMDA data*

2013 Distribution of FSB's Home Mortgage Refinance Loans By Borrower Income Level in the Assessment Area				
Borrower Income Category	% of Loans	% of \$ Volume	% Family Distribution	% of Aggregate (or Peers)
Low	0	0	13.80	5.61
Moderate	20.00	13.67	13.93	14.43
Middle	6.67	9.91	21.35	24.83
Upper	73.33	76.42	50.92	55.14
Total # or \$	100	100	100	100

**Based on 2010 U.S. Census and 2013 HMDA data*

2014- 2015

2014-2015 Distribution of FSB's Home Purchase Loans By Borrower Income Level in the Assessment Area				
Borrower Income Category	% of Loans	% of \$ Volume	% Family Distribution	% of Aggregate (or Peers)
Low	0	0	8.90	1.60
Moderate	11.11	6.80	9.27	7.67
Middle	33.33	21.95	14.17	18.61
Upper	55.56	71.25	67.66	72.11
Total # or \$	100	100	100	100

**Based on 2010 U.S. Census and 2014-2015 HMDA data*

2014-2015 Distribution of FSB's Home Improvement Loans By Borrower Income Level in the Assessment Area				
Borrower Income Category	% of Loans	% of \$ Volume	% Family Distribution	% of Aggregate (or Peers)
Low	5.00	1.78	8.90	3.17
Moderate	10.00	9.45	9.27	4.61
Middle	22.50	13.56	14.17	14.70
Upper	62.50	75.22	67.66	77.52
Total # or \$	100	100	100	100

**Based on 2010 U.S. Census and 2014-2015 HMDA data*

2014-2015 Distribution of FSB's Home Mortgage Refinance Loans By Borrower Income Level in the Assessment Area				
Borrower Income Category	% of Loans	% of \$ Volume	% Family Distribution	% of Aggregate (or Peers)
Low	0	0	8.90	1.93
Moderate	22.22	11.36	9.27	6.45
Middle	44.44	37.12	14.17	16.08
Upper	33.33	51.52	67.66	75.54
Total # or \$	100	100	100	100

**Based on 2010 U.S. Census and 2014-2015 HMDA data*

Geographic Distribution of Loans

FSB's lending to geographies of different income levels within its AA reflects reasonable distribution, meeting the standard for satisfactory performance in this criterion. There are no low-income geographies and only three moderate-income geographies in the AA. The bank's lending in the moderate-income geographies is in line with the aggregate industry distribution and is proportionate to the population percentage within those geographies. As previously noted, less emphasis was placed on the geographic distribution test as the bank's AA has no low-income geographies and moderate-income geographies do not represent a substantial portion of the AA.

Home Purchase Loans

In 2013, the percentage of home purchase loans in moderate-income geographies significantly exceeds the HMDA industry aggregate, indicating excellent distribution. The percentage of home purchase loans in moderate-income geographies also exceeds the percentage of moderate-income families.

2013 Distribution of FSB's Home Purchase Loans By Census Tract Income Level in the Assessment Area				
Census Tract Income Category	% of Loans	% of \$ Volume	% Owner Occupied	% of Aggregate (or Peers)
Low	0	0	0.47	0.55
Moderate	14.29	18.35	3.03	2.45
Middle	42.86	35.45	48.58	48.55
Upper	42.86	46.21	47.92	48.45
Total # or \$	100	100	100	100

**Based on 2010 U.S. Census and 2013 HMDA data*

During 2014-2015, the bank did not originate any home purchase loans in moderate-income geographies, however this is considered reasonable performance. The aggregate lending data indicates limited lending opportunities as only approximately three percent of all home purchase loans within the bank's AA were originated in

moderate-income tracts in 2014-2015. In addition, there are only three moderate-income tracts within the AA, which also indicates limited lending opportunities. Additionally, the percentage of owner occupied housing within the moderate-income tracts is low at only four percent further limiting lending opportunities.

2014-2015 Distribution of FSB's Home Purchase Loans By Census Tract Income Level in the Assessment Area				
Census Tract Income Category	% of Loans	% of \$ Volume	% Owner Occupied	% of Aggregate (or Peers)
Low	0	0	0.00	0.00
Moderate	0	0	3.16	2.47
Middle	11.11	2.12	2.08	1.78
Upper	88.89	97.88	94.76	95.75
Total # or \$	100	100	100	100

**Based on 2010 U.S. Census and 2014-2015 HMDA data*

Home Improvement/Home Refinance Loans

In 2013, the bank did not originate any home improvement or home refinance loans to moderate-income geographies, however this is considered reasonable performance. Our review of aggregate lender data for home improvement and home refinance loans indicates limited lending opportunities as only two percent of all home improvement and home refinance loans originated within the bank's AA were originated in moderate-income geographies. Additionally, only three percent of owner occupied housing is located in moderate-income geographies.

2013 Distribution of FSB's Home Improvement Loans By Census Tract Income Level in the Assessment Area				
Census Tract Income Category	% of Loans	% of \$ Volume	% Owner Occupied	% of Aggregate (or Peers)
Low	0	0	0.47	0.25
Moderate	0	0	3.03	1.52
Middle	41.67	30.93	48.58	46.21
Upper	58.33	69.07	47.92	52.02
Total # or \$	100	100	100	100

**Based on 2010 U.S. Census and 2013 HMDA data*

2013 Distribution of FSB's Home Mortgage Refinance Loans By Census Tract Income Level in the Assessment Area				
Census Tract Income Category	% of Loans	% of \$ Volume	% Owner Occupied	% of Aggregate (or Peers)
Low	0	0	0.47	0.60
Moderate	0	0	3.03	1.77
Middle	46.67	40.51	48.58	44.71
Upper	53.33	59.49	47.92	52.92
Total # or \$	100	100	100	100

**Based on 2010 U.S. Census and 2013 HMDA data*

In 2014-2015, the percentage of home improvement loans to moderate-income geographies significantly exceeds the performance of other federally regulated lenders, reflecting excellent distribution. Lending to moderate-income families also exceeded the percentage of moderate-income families.

2014-2015 Distribution of FSB's Home Improvement Loans By Census Tract Income Level in the Assessment Area				
Census Tract Income Category	% of Loans	% of \$ Volume	% Owner Occupied	% of Aggregate (or Peers)
Low	0.00	0	0.00	0.00
Moderate	7.50	9.21	3.16	1.28
Middle	12.50	12.37	2.08	2.30
Upper	80.00	78.42	94.76	96.43
Total # or \$	100	100	100	100

**Based on 2010 U.S. Census and 2014-2015 HMDA data*

In 2014-2015, FSB did not originate any home refinance loans to moderate-income geographies, however this is considered reasonable performance. Our review of aggregate lending data for home refinance loans indicates limited lending opportunities as only three percent of all home refinance loans originated within the bank's AA were originated in moderate-income geographies. Additionally, only three percent of owner occupied housing is located in moderate-income geographies.

2014-2015 Distribution of FSB's Home Mortgage Refinance Loans By Census Tract Income Level in the Assessment Area				
Census Tract Income Category	% of Loans	% of \$ Volume	% Owner Occupied	% of Aggregate (or Peers)
Low	0.00	0	0.00	0.00
Moderate	0.00	0	3.16	2.55
Middle	0.00	0	2.08	2.32
Upper	100	100	94.76	95.13
Total # or \$	100	100	100	100

**Based on 2010 U.S. Census and 2014-2015 HMDA data*

Responses to Complaints

FSB did not receive any CRA related complaints since the last CRA examination.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.