PUBLIC DISCLOSURE

July 13, 2026

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Federal Savings Bank of Washington
Certificate Number: 29710

439 South State Road 57
Washington, Indiana 47501

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

300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

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.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **<u>Outstanding.</u>**

An institution in this group has an outstanding record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. The rating is supported by the following conclusions:

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.

- A substantial majority of loans are in the institution's assessment area.

- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.

- The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among individuals of different income levels (including low- and moderate-income) and reasonable penetration among businesses of different sizes.

- The institution did not receive any CRA-related complaints during the review period; therefore, this criterion did not affect the rating.

DESCRIPTION OF INSTITUTION

First Federal Savings Bank of Washington (FFSBW) is headquartered in Washington, Indiana and principally services Daviess and adjacent counties through its single location. FFSBW is not part of a holding company structure and does not have affiliates. The bank has not initiated any branching activities since the prior evaluation. At its previous CRA Performance Evaluation dated December 3, 2020, the FDIC rated the bank's performance satisfactory based on the Small Institution CRA Examination Procedures. The same procedures were used to evaluate the bank's performance in this cycle and examiners reviewed home mortgage and small business loans again in this cycle.

FFSBW offers residential, commercial, agricultural, and consumer loans, primarily focusing on residential and commercial loans. The bank offers traditional savings, checking, money market, individual retirement, and time-based deposit accounts. Alternative banking services include mobile and internet banking, remote deposit capture, bill pay, and peer-to-peer payments through Zelle. As a complement to teller services, the bank maintains a cash-dispensing only ATM and a drive-up facility.

Since the previous evaluation the bank has modestly grown loans and assets. According to the bank's March 31, 2026, Consolidated Reports of Condition and Income (Call Report), the bank reported total assets of $92.8 million, including total loans of $70.8 million, total deposits of $75.6 million, and securities totaling $6.1 million. As noted in the following table, residential and commercial lending represent 75.7 percent and 13.3 percent of the loan portfolio, respectively.

These continue to be the bank's principal credit products consistent with management's business strategy and focus.

Loan Portfolio Distribution as of 03/31/2026		
Loan Category	**$(000s)**	**%**
Construction, Land Development, and Other Land Loans	$3,350	4.7
Secured by Farmland	$2,849	4.0
Secured by 1-4 Family Residential Properties	$53,602	75.7
Secured by Multifamily (5 or more) Residential Properties	$37	0.1
Secured by Nonfarm Nonresidential Properties	$7,631	10.8
Total Real Estate Loans	**$67,469**	**95.3**
Commercial and Industrial Loans	$1,772	2.5
Agricultural Production and Other Loans to Farmers	$385	0.5
Consumer Loans	$1,192	1.7
Obligations of State and Political Subdivisions in the U.S.	$0	0.0
Other Loans	$0	0.0
Lease Financing Receivable (net of unearned income)	$0	0.0
Less: Unearned Income	$0	0.0
Total Loans	**$70,818**	**100.0**
Source: Reports of Condition and Income 03/31/26		

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

DESCRIPTION OF ASSESSMENT AREA

FFSBW designated one assessment area in Indiana that includes all of Daviess County. Daviess County is in a non-metropolitan statistical area (non-MSA) that borders a portion of the southern corridor of Interstate 69, almost halfway between Indianapolis and Evansville. The assessment area conforms to the CRA regulation and does not arbitrarily exclude low- or moderate-income areas.

Economic and Demographic Data

The assessment area consists of one moderate-income census tract, five middle-income census tracts, and two upper-income census tracts according to the 2020 U.S. Census. Since the previous evaluation, two material changes to the assessment area have occurred. First, the bank removed the census tracts in Martin County. Second, a census tract in Daviess County changed from a middle-income tract to a moderate-income-tract under the 2020 U.S. Census. The following table provides a summary of relevant demographics within the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**N/A* % of #**
Geographies (Census Tracts)	8	0.0	12.5	62.5	25.0	0.0
Population by Geography	33,381	0.0	10.2	67.4	22.4	0.0
Housing Units by Geography	12,565	0.0	13.4	65.2	21.4	0.0
Owner-Occupied Units by Geography	7,985	0.0	8.2	68.5	23.3	0.0
Occupied Rental Units by Geography	3,369	0.0	24.3	60.6	15.2	0.0
Vacant Units by Geography	1,211	0.0	17.4	56.2	26.4	0.0
Businesses by Geography	3,192	0.0	14.4	60.9	24.8	0.0
Farms by Geography	335	0.0	1.8	68.7	29.6	0.0
Family Distribution by Income Level	7,804	15.5	18.7	23.8	42.0	0.0
Household Distribution by Income Level	11,354	24.8	13.7	20.7	40.9	0.0
Indiana Non-MSA Median Family Income		$66,091	Median Housing Value			$ 134,875
			Median Gross Rent			$560
			Families Below Poverty Level			7.9%

Source: 2020 Census And 2025 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.

The assessment area's largest classifiable employment sectors include construction (11.0 percent); agriculture, forestry, fishing, and hunting (8.4 percent); retail trade (8.2 percent); and professional, scientific, and technical services (5.9 percent). Major employers in the assessment area include Daviess Community Hospital, Boyd and Sons Incorporated, Walmart Supercenter, Jay C Food Store, Grain Processing Corp., Boyd Grain Inc., North Daviess Community School District, and Eagle Railcar Services.

As shown in the following table, the annual unemployment rate for Daviess County trended consistently lower than state and national unemployment rates during the review period, reflecting a relatively stable labor market.

Unemployment Rates				
Area	2023	2024	2025	April 2026
	%	%	%	%
Daviess County	2.6	3.2	2.9	2.1
State of Indiana	3.4	4.0	3.7	2.8
United States of America	3.6	4.0	4.3	4.0
Source: Bureau of Labor Statistics				

According to 2025 D&B data, there are 3,192 businesses, and 335 farms in the assessment area. Of the area businesses, 74.0 percent of the businesses have four or less employees, 92.0 percent operate from a single location, and a substantial majority have revenues at or below $1.0 million. Examiners compared the bank's small business lending performance to the percentage of businesses reporting gross annual revenues of $1.0 million or less. According to 2025 D&B data, 88.1 percent of area businesses have gross annual revenues at or below $1.0 million, 2.8 percent have gross annual revenues above $1.0 million, and 9.2 percent of businesses did not report revenues.

Examiners used the 2025 Federal Financial Institutions Examination Council (FFIEC)-updated median family income levels (MFI) to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income borrower categories are presented in the following table.

Estimated Median Family Income Ranges					
Year	MFI	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥ 120%
Non-Metro Median Family Income For INDIANA					
2025	$ 84,900	< $42,450	$42,450 to < $67,920	$67,920 to < $101,880	>= $101,880
Source: FFIEC					

Competition

The assessment area's financial services market is modestly competitive. According to the FDIC Deposit Market Share data as of June 30, 2025, eight financial institutions operating 11 full-service offices compete for shares of the assessment area's $955.7 million deposits. FFSBW ranked fourth in market share, holding 12.5 percent of all assessment area deposits. The top three depository institutions hold 75.0 percent of assessment area deposits.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit needs. This information helps determine whether local financial institutions are responsive to these needs. It also indicates what credit opportunities are available.

Examiners contacted a community member working with several county housing agencies. The contact stated that Daviess County lacks reliable public transportation and sufficient affordable housing.

Credit Needs

Based on information provided from the community contact, publicly available data, and other market information, examiners determined that home mortgage and small business lending are the primary credit needs in the assessment area. This conclusion is bolstered by the significant percentage of assessment area businesses with gross annual revenues at or below $1.0 million and the number of assessment area housing units.

SCOPE OF EVALUATION

General Information

The evaluation covers the period from the prior evaluation dated December 3, 2020, to the current evaluation dated July 13, 2026. Examiners used the Interagency Small Institution CRA Examination Procedures to evaluate FFSBW's CRA performance.

Activities Reviewed

Examiners determined that the bank's major product lines are home mortgage and small business loans. This conclusion considered the bank's business focus, portfolio composition, and number and dollar amount of loans originated during the evaluation period. Home mortgage lending received greater weight and consideration over small business performance, as this credit product represents the highest number of credit originations during the review period. Aside from home mortgage and small business lending, no other loan types such as small farm or consumer loans represent major product lines. Therefore, they provided no material support for conclusions or ratings.

In 2025, the bank originated 69 home mortgage loans totaling $9.8 million and 22 small business loans totaling $1.3 million. Examiners sampled 53 of the home mortgage loans (totaling $8.6 million) and reviewed all 22 of the small business loans under the Lending Test. The bank's 2025 home mortgage and small business origination volume is reflective of origination volume throughout the entire review period. Presenting additional origination data would not change material conclusions or the rating.

Examiners used 2020 U.S. Census data as a comparator to assess the bank's mortgage lending performance and 2025 D&B data as a comparator to assess the bank's small business lending performance. While this evaluation presents the number and dollar volume of loans, examiners emphasized performance by the number of loans as it is a better indicator of the number of individuals and businesses served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

FFSBW demonstrated excellent performance under the Lending Test. Excellent geographic distribution and borrower profile performance primarily support the overall rating.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's net LTD ratio averaged 92.7 percent over the 22 calendar quarters from December 31, 2020, through March 31, 2026. The ratio steadily increased during the review period, ranging from a low of 73.4 percent on June 30, 2021, to a high of 97.2 percent on June 30, 2025. Examiners selected comparable institutions based on asset size, geographic location, and lending focus. As shown in the following table, the bank's ratio is near the top end of similarly situated institutions, reflecting reasonable performance.

Loan-to-Deposit Ratio Comparison		
Bank	**Total Assets as of 03/31/2026 ($000s)**	**Average Net LTD Ratio (%)**
First Federal Savings Bank of Washington	**92,818**	**92.7**
Owen County State Bank	391,553	81.1
Farmers and Mechanics Federal Savings Bank	115,965	60.4
Bedford Federal Savings Bank	285,547	96.4
Source: Reports of Condition and Income 12/31/2020-03/31/2026		

Assessment Area Concentration

As indicated in the table that follows, a substantial majority of the bank's loans were inside the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	**Number of Loans**				**Total #**	**Dollar Amount of Loans $(000)**				**Total $(000)**
	Inside		**Outside**			**Inside**		**Outside**		
	#	**%**	**#**	**%**		**$**	**%**	**$**	**%**	
Home Mortgage										
2025	43	81.1	10	18.9	53	7,145	82.9	1,476	17.1	8,621
Small Business										
2025	19	86.4	3	13.6	22	1,719	87.6	244	12.4	1,963
Source: Imported Bank Data *Due to rounding, totals may not equal 100.0%.*										

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. This conclusion is supported by excellent home mortgage lending in the assessment area.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. As shown in the following table, FFSBW's extensive lending in the moderate-income tract far exceeded the demographic comparator, nearly tripling the percentage of owner-occupied housing units.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	**% of Owner-Occupied Housing Units**	**#**	**%**	**$(000s)**	**%**
Moderate					
2025	8.2	10	23.3	937	13.1
Middle					
2025	68.5	21	48.8	4,406	61.7
Upper					
2025	23.3	12	27.9	1,802	25.2
NA					
2025	0.0	0	0.0	0	0.0
Total					
2025	**100.0**	**43**	**100.0**	**7,145**	**100.0**
Source: 2020 Census; Imported Bank Data *Due to rounding, totals may not equal 100.0%.*					

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. As shown in the following table, FFSBW's limited lending in the moderate-income tract is slightly less than, but comparable to the demographic comparator.

Geographic Distribution of Small Business Loans					
Tract Income Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
Moderate					
2025	14.4	2	10.5	258	15.0
Middle					
2025	60.9	11	57.9	1,034	60.2
Upper					
2025	24.8	6	31.6	427	24.8
NA					
2025	0.0	0	0.0	0	0.0
Total					
2025	**100.0**	**19**	**100.0**	**1,719**	**100.0**
Source: 2025 D&B Data; Bank Data *Due to rounding, totals may not equal 100.0%.*					

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. This conclusion is supported by excellent home mortgage and reasonable small business lending performances.

Home Mortgage Loans

The distribution of borrowers reflects excellent penetration among individuals of different income levels. As noted in the following table, FFSBW's lending to low-income borrowers greatly exceeds the demographic comparator. This is especially noteworthy considering that 7.9 percent of families live below the poverty level and may not be in the market for a home. Performance in lending to moderate-income borrowers is slightly less than, but comparable to the demographic comparator.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	**% of Families**	**#**	**%**	**$(000s)**	**%**
Low					
2025	15.5	10	23.3	920	12.9
Moderate					
2025	18.7	7	16.3	1,354	19.0
Middle					
2025	23.8	6	14.0	1,091	15.3
Upper					
2025	42.0	20	46.5	3,780	52.9
NA					
2025	0.0	0	0.0	0	0.0
Total					
2025	**100.0**	**43**	**100.0**	**7,145**	**100.0**
Source: 2020 Census; Imported Bank Data *Due to rounding, totals may not equal 100.0%.*					

Small Business Loans

The distribution of small business borrowers reflects reasonable penetration among businesses of different income levels. As noted in the table that follows, the bank's performance for businesses with revenues at or below $1.0 million is consistent with the D&B demographic, reflecting reasonable performance.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
<= $1,000,000					
2025	88.1	16	84.2	1,477	85.9
> $1,000,000					
2025	2.8	3	15.8	242	14.1
Revenue Not Available					
2025	9.2	0	0.0	0	0.0
Total					
2025	**100.0**	**19**	**100.0**	**1,719**	**100.0**
Source: 2025 D&B Data; Bank Data *Due to rounding, totals may not equal 100.0%.*					

Response to Complaints

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners reviewed the bank's compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act, and did not identify any discriminatory or other illegal credit practices.

APPENDICES

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).

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.

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.

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.

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.

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 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.

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.