PUBLIC DISCLOSURE

November 13, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Finance Factors, Ltd.
Certificate Number: 25158

1164 Bishop Street
Honolulu, Hawaii 96813

Federal Deposit Insurance Corporation
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San Francisco, California 94105

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 operations 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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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income (LMI) neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of ***Finance Factors, Ltd.*** (FFL) *prepared by the* ***Federal Deposit Insurance Corporation*** *(FDIC), the institution's supervisory agency, as of* ***November 13, 2013.*** *The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

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

The Lending Test is rated *Satisfactory*.
The Community Development (CD) **Test is rated *Satisfactory*.**

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment areas (AAs), including LMI neighborhoods, in a manner consistent with its resources and capabilities. The following narrative supports this rating:

The Lending Test

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

- A substantial majority of loans and other lending-related activities are in the institution's AAs.

- The geographic distribution of loans reflects reasonable dispersion throughout the AAs.

- The distribution of borrowers reflects, given the demographics of the AAs, reasonable penetration among individuals of different income levels (including LMI).

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

The Community Development Test

- The institution's CD performance demonstrates adequate responsiveness to CD needs in its AAs through CD loans, qualified investments, and CD services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for CD in the institution's AAs.

Fair Lending or Other Illegal Credit Practices

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

SCOPE OF EVALUATION

This evaluation reflects FFL's CRA performance since its prior CRA Performance Evaluation (PE), dated June 29, 2010. The bank was previously evaluated using intermediate small bank (ISB) evaluation procedures and was assigned a CRA Rating of "Satisfactory." An ISB is a bank that had total assets of at least $296 million as of December 31st of both of the prior 2 calendar years, and less than $1.186 billion as of December 31st of either of the prior 2 calendar years. These thresholds are adjusted annually using the Consumer Price Index. FFL's 2012 year-end total assets were approximately $477 million, and year-end 2011 total assets were approximately $488 million.

An ISB CRA Evaluation consists of two components: the lending test and a CD test.
The current evaluation was conducted at the bank's main office located in Honolulu, Hawaii. During this evaluation, examiners relied on records and reports provided by the bank; regulatory data from the FDIC; demographic and economic information from various government and private agencies including the U.S. Census Bureau, the U.S. Department of Housing and Urban Development (HUD), the U.S. Bureau of Economic Analysis, and D&B; and information gathered as part of the examination process, including two community contacts. Examiners evaluated the institution's CRA performance in the context of the following:

- The current economic environment,
- Demographic characteristics of the AAs,
- Lending opportunities within the AAs,
- Institution financial resources and constraints,
- Competition from other financial institutions,
- Institution product offerings and business strategy, and
- Information derived from community contacts.

As of the September 30, 2013, Consolidated Reports of Condition and Income (Call Report), approximately 65.9 percent of FFL's total loan portfolio was comprised of residential loans (revolving open-end 1 to 4 family residential, closed-end 1 to 4 family residential first lien, closed-end 1 to 4 family residential junior lien, and multi-family residential), 19.2 percent commercial real estate, 15.1 percent construction and land development, and 0.3 percent in consumer loans.

The bank originated 4 small business loans totaling $1.6 million in 2011, and 5 small business loans totaling $1.4 million in 2012. FFL made 4 and 36 consumer loans totaling approximately $86,000 and $513,000 in 2011 and 2012, respectively. The bank did not make any small farm loans during the review period. Small business loans, small farm loans, and consumer loans are not presented in this PE as the bank originated a nominal number of these products and are not representative of FFL's lending focus. Given the bank's loan portfolio composition during the current evaluation period, residential loans originated in 2011, 2012, and the first three quarters of 2013 are the subject of review for this PE. The bank is subject to the reporting requirements of the Home Mortgage Disclosure Act (HMDA). Therefore, FFL's HMDA data for years 2011, 2012 and year-to-date (YTD) 2013 were used in the lending test. Table 1 shows the number of HMDA loans made by FFL by year and AA.

Table 1 – Residential Loans by AA						
AA	2011		2012		YTD 2013	
	#	%	#	%	#	%
Metropolitan Statistical Area (MSA)	87	70.2	202	74.3	124	72.5
Non-MSA	37	29.8	70	25.7	47	27.5
Total	124	100.0	272	100.0	171	100.0
Source: 2011, 2012, and YTD 2013 HMDA Loan Application Registers (LARs)						

The data from the 2000 U.S. Census, 2010 U.S. Census, and 2011 aggregate lending data are shown for comparative purposes in the analyses of the borrower profile and geographic distribution of loans in the institution's combined assessment area (CAA) and individual AAs. Aggregate lending data for 2012 is not presented in the table, but was reviewed in conjunction with this evaluation. The 2000 U.S. Census is used as a comparison for the bank's lending performance in 2011 and the 2010 U.S. Census is used as a comparison for the bank's lending performance in 2012 and YTD 2013.

Throughout this PE, the distribution of the institution's lending performance focuses on the number of loans originated in the bank's AAs. Tables showing the distribution of lending by dollar volume, although reviewed by examiners, are only included for illustrative purposes in this PE. The bank's performance by dollar volume is not substantially different from the performance by number, in most cases.

For the purposes and requirements of CRA, FFL has two AAs, referred to as the MSA and Non-MSA AAs. The MSA AA is Honolulu County, which wholly makes up the Honolulu MSA #26180. The Non-MSA AA is Hawaii County, as well as portions of Kauai and Maui Counties. The MSA AA and Non-MSA AA constitute the bank's CAA. These AAs are based on the location of the bank's main office and full-service branch offices, with the expectation of attracting and retaining a viable customer base within the State of Hawaii. More weight is given to FFL's MSA AA as most of the bank's branches and activities are located within this AA. FFL's AAs conform to the requirements of the CRA regulation and do not arbitrarily exclude any LMI geographies or individuals. Full-scope evaluation procedures were followed for both AAs. Table 2 shows the number of branches located within each AA; the bank does not operate any automated teller machines (ATMs).

Table 2 – AA Composition, Branches, and ATMs

AA	MSA	MSA	Counties	Branches	ATMs
MSA	Honolulu MSA	26180	Honolulu	9	-
Non-MSA	NA	NA	Maui, Hawaii, Kauai	4	-
			Total Branches/ATMs	**13**	**-**

Source: Bank Records

To evaluate the institution's CD performance, all qualified CD investments, loans, and services for the review period of June 30, 2010, through November 13, 2013, were reviewed and are included in this PE.

DESCRIPTION OF INSTITUTION

FFL is a state-chartered industrial bank and is a wholly-owned subsidiary of Finance Enterprises, Limited, a privately-held, non-bank holding company located in Honolulu, Hawaii. The institution is headquartered in downtown Honolulu at 1164 Bishop Street. FFL operates 13 branches throughout the state: 9 branches on the Island of Oahu, and 4 branches on the outer Islands of Hawaii, Maui, and Kauai. FFL also operates a loan production office in the United States Territory of Guam. One branch was closed since the previous PE. The bank closed the Chinatown Branch on December 31, 2011, which was located in a low-income census tract (CT).

As of September 30, 2013, FFL had total assets of approximately $482 million, total loans of about $277 million, total deposits just under $394 million, and total equity capital of almost $59 million.

Table 3 - Loan Portfolio Distribution as of September 30, 2013

Loan Type	Dollar Volume (000)	Percentage of Total Loans
Construction and Land Development	41,675	15.1
Secured by Farmland	-	-
Revolving Open-end 1 to 4 Family Residential	39,150	14.1
Closed-end 1 to 4 Family Residential First Lien	116,612	42.1
Closed-end 1 to 4 Family Residential Junior Lien	6,578	2.4
Multi-family Residential	20,114	7.3
Commercial Real Estate	53,191	19.2
Total Real Estate Secured	**277,320**	**100.2**
Loans to Finance Agricultural Production	-	-
Commercial and Industrial Loans	-	-
Consumer Credit Cards	-	-
Other Consumer Revolving Loans	-	-
Closed-end Consumer Loans	901	0.3
Obligations of States and Political Subdivisions	-	-
Other Loans	-	-
Less: Any Unearned Income on Loans	(1,322)	0.5
Total Loans	**276,899**	**100.0**
Source: September 30, 2013, Call Report		

As reflected in Table 3, FFL is primarily a real estate lender (100.2 percent), specializing in construction and land development, residential, and commercial loans. Construction and land development loans comprised 15.1 percent of all real estate-secured loans, while residential and commercial real estate comprised 65.9 percent and 19.2 percent, respectively. In addition to offering real estate loans, FFL offers savings and certificate of deposit account-secured loans, which are a negligible percentage of the bank's loan portfolio for analysis purposes.

There are no legal or financial impediments that prevent the bank from helping to meet the credit needs of its AAs. Financial data does not reveal any trends that would adversely impact the bank's ability to extend credit in its AAs.

DESCRIPTION OF COMBINED ASSESSMENT AREA

CRA requires a bank to identify one or more AAs within which regulatory agencies will evaluate the bank's lending performance. As stated previously, FFL selected the Honolulu MSA and the Non-MSA Counties of Hawaii, Kauai (partial), and Maui (partial) as its CAA. This area was chosen based on the location of the bank's offices and the expectation of attracting and retaining a viable customer base within these areas. FFL's delineated CAA conforms to the requirements of the CRA regulation and does not arbitrarily exclude any LMI geographies or individuals.

The 2010 U.S. Census data is now available and was used in conjunction with the 2000 U.S. Census data. Accordingly, the analysis of the demographic characteristics of the bank's AAs for the years 2011 and 2012 is based on 2000 and 2010 U.S. Census data, respectively.

Demographic Information

In 2011, there were 280 in the bank's CAA, using 2000 U.S. Census data. In 2012, there were 345 CTs in the bank's CAA, using 2010 U.S. Census data.

Tables 4 and 5 show the distribution of CTs within the CAA for 2011 and 2012, and as demonstrated in these tables, approximately 28.6 percent (2000 U.S Census) and 24.5 percent (2010 U.S. Census) of the CTs within the bank's CAA are in LMI geographies for both years.

Table 4 – 2000 Demographic Characteristics of the CAA

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
CTs	280	3.2	25.4	43.9	25.0	2.5
Population by CT Income Level	1,197,710	1.5	25.2	49.8	23.5	-
Owner-Occupied Housing Units by CT Income Level	224,921	0.3	16.2	51.5	32.0	-
Families by Income Level	285,543	20.3	17.9	22.2	39.6	-
Families by CT Income Level	285,543	1.3	23.8	48.9	26.0	-
Median Family Income (MFI) HUD Adjusted MFI for 2011 Households Below Poverty Level		$59,003 $79,530 10.4%	Median Housing Value			$240,610
Source: 2000 U.S. Census Data and 2011 D&B Data						

Table 5 – 2010 Demographic Characteristics of the CAA						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA % of #**
CTs	345	3.7	20.8	41.5	24.4	9.6
Population by CT Income Level	1,360,041	2.6	22.2	50.4	24.7	0.1
Owner-Occupied Housing Units by CT Income Level	262,619	1.0	15.0	51.9	32.1	-
Families by Income Level	308,517	20.4	17.9	22.6	39.1	-
Families by CT Income Level	308,517	2.1	20.3	50.1	27.5	-
MFI HUD Adjusted MFI for 2012 Households Below Poverty Level		$79,419 $79,977 10.0%	Median Housing Value		$521,302	
Source: 2010 U.S. Census Data and 2012 D&B Data						

Economy

According to Moody's Economy.com, Hawaii's economy continues to improve due to increases in tourism, clean energy investment, and recovering construction. The unemployment rate for Hawaii is at 4.6 percent as of June 2013, and the state's unemployment rate is among the lowest in the nation. However; Moody's Economy.com points out that higher mortgage interest rates and house prices raise concerns of housing affordability. Housing affordability is likely to fall, which is important given that Hawaii is already the least affordable market in the nation. Because of Hawaii's isolation, residents also pay a premium for electricity, gasoline and retail goods. Honolulu's economic status is similar to those found for the overall State of Hawaii.

Competitive Environment

FFL operates in a highly competitive environment. According to the June 30, 2013, Summary of Deposits, FFL competed with 12 other FDIC-insured banking or savings institutions operating 280 branches within the counties of Hawaii, Honolulu, Kauai, and Maui for deposit and loan customers. The 2013 report shows FFL's deposit market share was 1.2 percent, representing a 7th place ranking.

Enterprise Zones

The Enterprise Zone (EZ) Program targets economically distressed areas throughout Hawaii. Special state and local incentives encourage business investments and promote the creation of new jobs. The EZ Program provides tax incentives to businesses to allow private sector market forces to revive the local economy.

The following locations within each county were designated as EZs and are included in the bank's AAs:

Honolulu County:

- Haleiwa and Part of Waialua
- Waipio
- Urban Honolulu
- Pearl City
- Waiawa
- Mililani Technology Park and parts of Wahiawa
- Waipahu
- Leeward Oahu

Hawaii County:

- Hamakua
- North Kona
- Hilo-Puna
- Ka'u
- South Kona
- North Kohala

Kauai County:

- Lihue
- Kapaa
- North Shore
- South Central Kauai
- West Kauai

Maui County:

- Molokai
- Lanai
- East Maui
- West Maui
- Greater Maui

Community Contact

As part of this PE, two community contacts were conducted. These two community contacts focus on various CD initiatives throughout the Hawaiian Islands, with a focus on affordable housing and economic development. The first community contact mentioned that investments in affordable housing are needed in Hawaii in addition to development of affordable rental properties (multi-family). The contact also stated that there is a need for supporting financial education efforts. The second community contact expressed a need for gap-financing in Hawaii, as there is often a deficit between public funding and the cost of development projects.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE COMBINED ASSESSMENT AREA

LENDING TEST

FFL is rated satisfactory for the lending test. The bank's current performance is comparable to the level of performance noted at the previous PE. The following five components comprise the lending test:

- LTD Ratio,
- AA Concentration,
- Geographic Distribution,
- Borrower Profile, and
- Response to CRA-related complaints.

Of the five components comprising the lending test, geographic distribution and borrower profile comprise the heaviest weighting in determining the overall performance of the bank.

Loan-to-Deposit Ratio

The bank's LTD ratio is reasonable given the institution's size, financial condition, and AA credit needs. This measurement of performance gauges the extent to which an institution invests depositors' funds back into the AAs through lending activity. For this PE, FFL's average LTD ratio is calculated by averaging the ratios of net loans to total deposits as of quarter-end over the last 13 calendar quarters, beginning with quarter-end June 30, 2010, through quarter-end June 30, 2013. Examiners did not identify any comparable institutions due to FFL's unique profile and operations in Hawaii. The bank's LTD ratio is noticeably lower in comparison to the previous PE. Table 6 illustrates FFL's net average LTD ratio during the review period and average over the last four quarters.

Table 6 – LTD Ratio		
Institution	**Ratio Since 06/30/2010**	**Ratio Over Last 4 Quarters**
FFL	66.7%	68.8%
Source: Call Report		

Assessment Area Concentration

FFL originated a substantial majority of loans within its CAA. As illustrated in Table 7, FFL originated 99.2 percent by number and 99.1 percent by dollar volume of all HMDA loans within the CAA in 2011; and 100.0 percent by number and dollar volume of all HMDA loans within the CAA in 2012. Furthermore, FFL made 97.2 percent by number and 98.2 by dollar volume of all HMDA loans within the CAA YTD 2013. These high percentages reflect the bank's commitment to lend within the communities it serves. FFL's performance under this criterion is consistent with the previous PE where 100.0 percent of the bank's loans were made within the CAA.

Table 7 - Distribution of Loans Inside and Outside the AA										
HMDA Loans	Number of Loans					Dollar Amount of Loans				
	Inside AA		Outside AA		Total	Inside AA		Outside AA		Total $
	#	%	#	%		$ (000)	%	$ (000)	%	
2011	124	99.2	1	0.8	125	45.0	99.1	0.4	0.9	45.4
2012	272	100.0	-	-	272	89.7	100.0	-	-	89.7
YTD 2013	171	97.2	5	2.8	176	65.8	98.2	1.2	1.8	67.0
Total	**567**	**99.0**	**6**	**1.0**	**573**	**200.5**	**99.2**	**1.6**	**0.8**	**202.1**
Source: 2011, 2012, and YTD 2013 HMDA LARs										

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion throughout the bank's AAs. The overall performance is consistent with the performance at the previous evaluation. Examiners noted no conspicuous gaps in the geographic distribution of loans.

In 2011, the bank did not originate or purchase any loans located in low-income CTs, while 17.0 percent of the bank's HMDA loans were originated in moderate-income tracts. In 2012, 0.4 and 19.9 percent of the bank's loans were originated in LMI CTs, respectively, which is a slight increase from 2011 dispersion rates. YTD 2013, 1.2 and 15.8 percent of the bank's HMDA loans were originated in LMI CTs, respectively, which is consistent with 2012 performance.

Lending opportunities in low-income CTs are limited, as evidenced by the low percentage of owner-occupied housing units. The bank's lending performance in low-income CTs in 2011, 2012, and YTD 2013 is consistent with the percentage of owner-occupied housing units and performance of other HMDA lenders in the bank's CAA.

In 2011, the bank's lending dispersion in moderate-income CTs was slightly above the percentage of owner occupied housing units (16.2) and above the performance of other HMDA lenders in the bank's CAA (12.7). In 2012 and YTD 2013, the bank continued to slightly exceed the percentage of owner occupied housing units (15.0).

Tables 8 illustrates the distribution of HMDA loans by number and CT income level in the CAA for 2011, 2012, and YTD 2013, respectively. For comparison purposes, the percentage of families by CT income level within the CAA is also shown.

Table 8 – HMDA Loan Geographic Distribution for the CAA									
CT Income Level	**2000 Owner-Occupied Housing Units**	**2010 Owner-Occupied Housing Units**	**2011 Aggregate Lending Data**	**2011 Bank**		**2012 Bank**		**YTD 2013 Bank**	
	%	%	%	#	%	#	%	#	%
Low	0.3	1.0	0.5	-	-	1	0.4	2	1.2
Moderate	16.2	15.0	12.7	21	17.0	54	19.9	27	15.8
Middle	51.5	51.9	51.0	67	54.0	115	42.3	74	43.3
Upper	32.0	32.1	35.5	36	29.0	101	37.0	68	39.7
N/A	-	-	0.3	-	-	1	0.4	0	0.0
Total	**100.0**	**100.0**	**100.0**	**124**	**100.0**	**272**	**100.0**	**171**	**100.0**
Source: 2000 and 2010 U.S. Census; 2011 Aggregate Lending Data; and 2011,2012, and YTD 2013HMDA LARs									

Borrower Profile

The distribution of borrowers reflects, given the demographics of the CAA, reasonable penetration of loans among customers of different income levels. Similar to the geographic distribution analysis, the analysis of the bank's performance under this criterion was based on a review of HMDA-reported residential mortgage loans originated in the bank's CAA during the review period. The bank's level of performance under this criterion is unchanged since the previous PE.

Tables 9 illustrate the distribution of HMDA loans by number and borrower income level within the CAA for 2011 and 2012. For comparison purposes, the table includes the percentage of families within the CAA by reported income levels.

Table 9 - HMDA Loan Borrower Profile for the CAA									
Borrower Income Level	**2000 Families**	**2010 Families**	**2011 Aggregate Data**	**2011 Bank**		**2012 Bank**		**YTD 2013 Bank**	
	%	%	%	#	%	#	%	#	%
Low	20.3	20.4	4.4	9	7.3	19	7.0	12	7.0
Moderate	17.9	17.9	14.8	21	16.9	38	14.0	29	17.0
Middle	22.2	22.6	24.4	29	23.4	67	24.6	40	23.4
Upper	39.6	39.1	47.6	46	37.1	129	47.4	80	46.8
Income Not Reported	-	-	8.8	19	15.3	19	7.0	10	5.8
Total	**100.0**	**100.0**	**100.0**	**124**	**100.0**	**272**	**100.0**	**171**	**100.0**
Source: 2000 and 2010 U.S. Census; 2011 Aggregate Lending Data; 2011, 2012, and YTD 2013 HMDA LARs									

In 2011, the bank's penetration among LMI borrowers at 7.3 and 16.9 percent, respectively, was above the 2011 aggregate lending data of 4.4 and 14.8 percent. However, the bank's performance trails the 2000 U.S. Census percentage of families in LMI CTs of 20.3 and 17.9 percent, respectively. The bank's 2012 penetration rate continued to exceed aggregate data in 2012. In addition, the bank's 2012 (7.0 and 14.0) and YTD 2013 (7.0 and 17.0) LMI penetration rates continued to trail the 2010 U.S. Census percentage of families in LMI CTs (20.4 and 17.9).

Aggregate lending data is a better gauge of the bank's performance as it represents the performance of all other HMDA-applicable banks that operate in the CAA. In addition, housing affordability in Hawaii makes it difficult for LMI borrowers to be able to afford to purchase a home. Given these factors, the bank's performance is reasonable.

Response to Complaints

A review of FDIC records, as well as the bank's CRA public file, did not reveal any complaints relating to the bank's CRA performance since the previous evaluation.

COMMUNITY DEVELOPMENT TEST

FFL's overall CD test performance is satisfactory. The bank's CD performance demonstrates adequate responsiveness to CD loans, qualified investments, and CD services, as appropriate, considering the institution's capacity and the need and availability for CD in the CAA. The evaluation of FFL's CD performance is based upon a combination of the following four performance criteria:

- The number and amount of CD loans,
- The number and amount of qualified investments,
- The extent to which the bank provides CD services, and

- The bank's responsiveness to credit needs through such activities as CD lending, investment, and services.

Community Development Lending

FFL's CD lending performance is adequate. The bank originated 16 CD loans totaling approximately $22.2 million, which is 8.0 percent of the bank's total loans. Performance during this review period is somewhat consistent with activity reported at the previous evaluation. The primary focus of the CD loans was economic development ($19.9 million), followed by affordable housing ($2.2 million), which benefited both AAs. The dollar volume of qualified CD loans represents 4.6 percent of total assets and 37.4 percent of total equity capital as of the September 30, 2013, Call Report. Table 10 breaks down the CD loans originated each year since the previous evaluation.

Table 10 – CD Lending

AA	Total		Affordable Housing		CD Services		Economic Development		Revitalization or Stabilization	
2011	**#**	**$ (000)**	**#**	**$(000)**	**#**	**$(000)**	**#**	**$(000)**	**#**	**$(000)**
MSA	3	11,788	-	-	-	-	3	11,788	-	-
Non-MSA	1	1,300	-	-	-	-	1	1,300	-	-
Total - 2012	**4**	**13,088**			**-**	**-**	**4**	**13,088**	**-**	**-**
2012										
MSA	6	4,904	1	159	-	-	5	4,745	-	-
Non-MSA	-	-	-	-	-	-	-	-	-	-
Total - 2012	**6**	**4,904**	**1**	**159**	**-**	**-**	**5**	**4,745**	**-**	**-**
YTD 2013										
MSA	4	1,839	4	1,839	-	-	-	-	-	-
Non-MSA	2	2,350	1	250	-	-	1	2,100	-	-
Total – YTD 2013	**6**	**4,189**	**5**	**2,089**	-	-	**1**	**2,100**	-	-
Grand Total	**16**	**22,181**	**6**	**2,248**	-	-	**10**	**19,933**	-	-

Source: Bank Records

The following are examples of CD loans made by FFL during the review period:

- A $1 million loan for a multi-family residential rental property located in a moderate-income CT, which supported affordable housing efforts.

- A $400,000 loan to finance a 12-unit residential property located in a moderate-income CT benefitting LMI individuals.

- A $1.3 million commercial loan for a business located within an EZ.

Qualified Investments

FFL's CD investment and donation performance is adequate. Qualified investments are defined by CRA as any lawful investment, deposit, membership share, or grant that has as its primary purpose CD. Qualified investments may serve the bank's AAs or a broader statewide or regional area that includes the bank's AAs.

The dollar volume of qualified CD investments represents 0.0 percent of total assets, and 0.2 percent of total equity capital as of September 30, 2013, Call Report. Although the bank's investments during this period decreased from the last PE, donations increased since the last evaluation.

Table 11 details the number and dollar volume of qualified CD investments made or held by type and AA since the previous evaluation.

Table 11 – CD Investments										
AA	**Total**		**Affordable Housing**		**Economic Development**		**CD Services**		**Revitalization or Stabilization**	
2010	**#**	**$**	**#**	**$**	**#**	**$**	**#**	**$**	**#**	**$**
MSA	1	56,259	1	56,259	-	-	-	-	-	-
Non-MSA	-	-	-	-	-	-	-	-	-	-
Total - 2010	**1**	**56,259**	**1**	**56,259**	-	-	-	-	-	-
2011										
MSA	1	9,120	1	9,120	-	-	-	-	-	-
Non-MSA	-	-	-	-	-	-	-	-	-	-
Total - 2012	**1**	**9,120**	**1**	**9,120**	-	-	-	-	-	-
2012										
MSA	2	46,816	2	46,816	-	-	-	-	-	-
Non-MSA	-	-	-	-	-	-	-	-	-	-
Total - 2012	**2**	**46,816**	**2**	**46,816**	-	-	-	-	-	-
YTD 2013										
MSA	-	-	-	-	-	-	-	-	-	-
Non-MSA	-	-	-	-	-	-	-	-	-	-
Total – YTD 2013	-	-	-	-	-	-	-	-	**-**	**-**
Grand Total	**4**	**112,195**	**4**	**112,195**	-	-	-	-	-	-
Source: Bank Records										

The following are examples of CD investments made by FFL during the review period:

- A $56,250 investment which supported the creation of 84 affordable housing units.
- A $22,800 investment benefitting the development of 46 affordable housing units.
- A $24,016 investment which financed the creation of 30 affordable housing units.

Table 12 details the number and dollar volume of qualified CD donations made or held by type and AA since the previous evaluation.

Table 12 – CD Donations										
AA	**Total**		**Affordable Housing**		**Economic Development**		**CD Services**		**Revitalization or Stabilization**	
2010	**#**	**$**	**#**	**$**	**#**	**$**	**#**	**$**	**#**	**$**
MSA	9	15,496	2	5,500	-	-	7	9,996	-	-
Non-MSA	-	-	-	-	-	-	-	-	-	-
Total - 2010	**9**	**15,496**	**2**	**5,500**	**-**	**-**	**7**	**9,996**	**-**	**-**
2011										
MSA	7	6,200	1	100	-	-	6	6,100	-	-
Non-MSA	-	-	-	-	-	-	-	-	-	-
Total - 2011	**7**	**6,200**	**1**	**100**	**-**	**-**	**6**	**6,100**	**-**	**-**
2012										
MSA	7	5,300	1	100	-	-	6	5,200	-	-
Non-MSA	-	-	-	-	-	-	-	-	-	-
Total - 2012	**7**	**5,300**	**1**	**100**	**-**	**-**	**6**	**5,200**	**-**	**-**
YTD 2013										
MSA	6	9,250	1	1,000	-	-	5	8,250	-	-
Non-MSA	-	-	-	-	-	-	-	-	-	-
Total – YTD 2013	**6**	**9,250**	**1**	**1,000**	**-**	**-**	**5**	**8,250**	**-**	**-**
Grand Total	**29**	**36,246**	**5**	**6,700**	-	-	**24**	**29,546**	**-**	**-**
Source: Bank Records										

As illustrated in Tables 11 and 12, the distribution of qualified investments and donations by dollar volume were uneven among the bank's two individual AAs. All of the investments and donations by dollar volume benefitted the MSA AA. The uneven distribution of investments correlates with the bank's branch presence between the two AAs and the population within the State of Hawaii. Approximately 70.1 percent of the population is located within the MSA AA based on the 2010 U.S. Census.

Community Development Services

The bank's CD service performance reflects adequate responsiveness to the CD needs of the bank's CAA. A total of 498 hours were dedicated by bank employees to CD services. The 53 instances reflect participation by several officers, managers, and employees that assisted various non-profit and community-based organizations within the CAA. Table 13 details the bank's CD services within each AA by year and type.

Table 13 – CD Services

AA	Total		Affordable Housing		Economic Development		CD Services		Revitalization or Stabilization	
2010	**#**	**Hours**	**#**	**Hours**	**#**	**Hours**	**#**	**Hours**	**#**	**Hours**
MSA	9	80	1	12	1	12	7	56	-	-
Non-MSA	-	-	-	-	-	-	-	-	-	-
Total – 2010	**9**	**80**	**1**	**12**	**1**	**12**	**7**	**56**	**-**	**-**
2011										
MSA	11	110	2	27	2	27	7	56	-	-
Non-MSA	-	-	-	-	-	-	-	-	-	-
Total - 2011	**11**	**110**	**2**	**27**	**2**	**27**	**7**	**56**	**-**	**-**
2012										
MSA	15	152	2	27	2	27	11	98	-	-
Non-MSA	-	-	-	-	-	-	-	-	-	-
Total - 2012	**15**	**152**	**2**	**27**	**2**	**27**	**11**	**98**	**-**	**-**
YTD 2013										
MSA	18	156	2	17	2	17	14	122	-	-
Non-MSA	-	-	-	-	-	-	-	-	-	-
Total – YTD 2013	**18**	**156**	**2**	**17**	**2**	**17**	**14**	**122**	**-**	**-**
Grand Total	**53**	**498**	**7**	**83**	**7**	**83**	**39**	**332**	**-**	**-**

Source: Bank Records

The following are examples of CD services provided by FFL employees:

- An FFL employee served 96 hours as a board member for an organization supporting affordable housing efforts.
- An FFL employee served 72 hours on the board for an organization promoting financial education.
- An FFL employee served 80 hours on a loan committee for an organization which supports affordable housing finance.

Responsiveness to CD Lending, Investment, and Service Needs

FFL's CD performance demonstrates an adequate level of responsiveness to CD needs within its CAA. As mentioned by the community contacts that were conducted, there is a need for affordable housing throughout the State of Hawaii. FFL has adequately responded to this need by the level of affordable housing loans, investments, and CD services which promote affordable housing efforts.

METROPOLITAN AREAS EVALUATED USING FULL-SCOPE

EVALUATION PROCEDURES

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE METROPOLITAN STATISITCAL ASSESSMENT AREA

FFL is headquartered in the MSA AA. A majority of the bank's branches and business operations are located in this AA, as described in the description of the CAA. Accordingly, more weight is assigned to the bank's performance in this AA.

FFL operates 9 branches in the MSA AA (69.2 percent of all branches). The branches offer the same credit products and financial services as described in the CAAs. The MSA AA accounts for 73.0 percent of all residential mortgage loan originations analyzed and 82.1 percent of its deposits within the CAA.

As noted previously, the AA includes the County of Honolulu. According to the 2000 U.S. Census, the MSA AA contained 217 CTs; 8 were low-income, 64 were moderate-income, 79 were middle-income, 60 were upper-income, and 6 did not have an income designation. Based on the 2010 U.S. Census, the MSA AA now contains 244 CTs; 12 are low-income, 57 are moderate-income, 93 are middle-income, 70 are upper-income, and 12 do not have an income designation.

Competition and Market Share Profile

Similar to the CAA, FFL operates in a highly competitive environment. According to the June 30, 2013, FDIC Summary of Deposits, FFL competed with 12 other FDIC-insured banking or savings institutions operating 182 branches within the County of Honolulu for deposit and loan customers. The 2013 report shows FFL's deposit market share was 1.2 percent, representing 7th place ranking.

CONCLUSIONS WITH RESPECT TO PEFORMANCE TESTS IN THE METROPOLITAN STATISITCAL AREA ASSESSMENT AREA

Overall, the CRA performance within the MSA AA did not materially differ from the bank's performance in the CAA.

LENDING TEST

Geographic Distribution of Loans

The bank's geographic distribution performance in this AA is reasonable and consistent with the overall performance in the CAA. Examiners noted no conspicuous gaps in the geographic distribution of loans.

In 2011, the bank did not originate or purchase any loans located in low-income CTs, while 18.4 percent of the bank's HMDA loans were originated in moderate-income tracts. In 2012, 0.5 and 18.8 percent of the bank's loans were originated in LMI CTs, respectively. YTD 2013, 1.6 and 15.3 percent of the bank's HMDA loans were originated in LMI CTs, respectively. The bank's performance remained relatively consistent during the review period.

As previously mentioned, lending opportunities in low-income CTs are limited, as evidenced by the low percentage of owner-occupied housing units. The bank's lending performance in low-income CTs in 2011, 2012, and YTD 2013 is consistent with the percentage of owner-occupied housing units and performance of other HMDA lenders in the bank's CAA.

In 2011, the bank's lending dispersion in moderate-income CTs was slightly above the percentage of owner occupied housing units (16.1) and above the performance of other HMDA lenders in the bank's CAA (13.5). In 2012 and YTD 2013, the bank continued to slightly exceed the percentage of owner occupied housing units (13.2).

Table 14 shows FFL's geographic distribution performance in relation to the owner-occupied housing units and 2011 aggregate lending data.

Table 14 – HMDA Loan Geographic Distribution for the MSA AA

CT Income Level	2000 Owner-Occupied Housing Units	2010 Owner-Occupied Housing Units	2011 Aggregate Lending Data	2011 Bank		2012 Bank		YTD 2013 Bank	
	%	%	%	#	%	#	%	#	%
Low	0.4	1.1	0.6	-	-	1	0.5	2	1.6
Moderate	16.1	13.2	13.5	16	18.4	38	18.8	19	15.3
Middle	43.5	46.6	43.4	39	44.8	77	38.1	48	38.7
Upper	40.0	39.1	42.1	32	36.8	85	42.1	55	44.4
N/A	-	-	0.4	-	-	1	0.5	0	0.0
Total	**100.0**	**100.0**	**100.0**	**87**	**100.0**	**202**	**100.0**	**124**	**100.0**

Source: 2000 and 2010 U.S. Census; 2011 Aggregate Lending Data; and 2011, 2012, and YTD 2013 HMDA LARs

Borrower Profile

The bank's borrower profile performance in this AA is reasonable and consistent with the overall performance in the CAA

In 2011, the bank's penetration among LMI borrowers at 5.8 and 13.8 percent, respectively, was above the 2011 aggregate lending data of 3.9 and 14.6 percent. However, the bank's performance trails the 2000 U.S. Census percentage of families in LMI CTs of 20.3 and 17.9

percent, respectively. The bank's 2012 penetration rate (4.0 and 15.8) continued to exceed aggregate data in 2012, while trailing the 2010 U.S. Census percentage of families. The bank's YTD 2013 penetration among low-income borrowers trails the 2010 U.S. Census percentage of families; however, the bank's lending performance to moderate-income borrowers has improved, which now exceeds the percentage of families.

As previously mentioned, aggregate lending data is a better gauge of the bank's performance as it represents the performance of all other HMDA-applicable banks that operate in the AA. In addition, housing affordability in Hawaii makes it difficult for LMI borrowers to be able to afford to purchase a home. The bank's overall borrower profile performance in this AA is reasonable.

Table 15 compares the bank's borrower profile performance in relation to the percentage of families and 2011 aggregate data.

Table 15 - HMDA Loan Borrower Profile for the MSA AA

Borrower Income Level	2000 Families	2010 Families	2011 Aggregate Data	2011 Bank		2012 Bank		YTD 2013 Bank	
	%	%	%	#	%	#	%	#	%
Low	20.3	19.8	3.9	5	5.8	8	4.0	8	6.5
Moderate	17.9	18.2	14.6	12	13.8	32	15.8	25	20.1
Middle	22.3	22.8	24.7	23	26.4	45	22.3	32	25.8
Upper	39.5	39.2	46.7	30	34.5	99	49.0	50	40.3
Income Not Reported	-	-	10.1	17	19.5	18	8.9	9	7.3
Total	**100.0**	**100.0**	**100.0**	**87**	**100.0**	**202**	**100.0**	**124**	**100.0**

Source: 2000 and 2010 U.S. Census; 2011 Aggregate Lending Data; and 2011, 2012, and YTD 2013 HMDA LARs

COMMUNITY DEVELOPMENT TEST

FFL's overall CD performance within the MSA AA is adequate and consistent with the institution's performance in the CAA. Refer to the CAA CD test for a more detailed analysis of all CD activity.

Community Development Lending

The bank originated 13 CDLs totaling $18.5 million in the MSA AA, which is considered adequate responsive to CD needs in this AA. These loans helped to provide affordable housing and economic development throughout the MSA AA. As indicated by the community contacts, affordable housing is the biggest need throughout the bank's CAA.

Community Development Investments

The number and dollar amount of qualified investments and donations within the MSA AA is adequate. All 4 of the bank's investments amounting to $112,195 benefitted the MSA AA. In addition, all 29 donations amounting to $36,246 were made to organizations located within the MSA AA.

Community Development Services

The extent of FFL's CD services within the MSA AA is adequate. All of the recorded hours of CD services were directed towards the MSA AA. Refer to the CAA analysis for further details.

Responsiveness to Identified Community Development Needs

FFL's responsiveness to identified CD needs within the MSA AA is adequate. The bank's activities include all three categories of CD activity (loans, investments, and services) and usually focused on the AA's biggest need: affordable housing.

NON-METROPOLITAN AREAS EVALUATED USING FULL-SCOPE EVALUATION PROCEDURES

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE NON-METROPOLITAN STATISTICAL AREA ASSESSMENT AREA

FFL's Non-MSA AA consists of Hawaii County and parts of Kauai County (excluding the islands of Lehua and Niihau) and Maui County (excluding the islands of Kahoolawe, Lanai, and Molokai).

FFL operates 4 branches in the Non-MSA AA (30.8 percent of all branches), 2 branches on the Island of Hawaii, and 1each on the Islands of Kauai and Maui. The branches offer the same credit products and financial services as described in the CAA section. The Non-MSA AA accounts for 27.0 percent of all residential mortgage loan originations analyzed and only 17.7 percent of its deposits within the CAA. As such, less weight was placed on the analysis of this AA relative to the MSA AA.

According to the 2000 U.S. Census data, the Non-MSA AA had 63 CTs in the AA; 1 was low-income, 7 were moderate-income, 44 were middle income, 10 were upper-income, and 1 did not have an income designation. Based on the 2010 U.S. Census data of the 101 CTs in the AA, 1 was low-income, 15 are moderate-income, 50 are middle-income, 14 are upper-income, and 21 do not have an income designation.

<u>Competition and Market Share Profile</u>

Competition within the AA is strong. As of June 30, 2013, FFL competed with 8 other FDIC-insured banking or savings institutions operating 91 offices within the AA. FFL's market share of deposits within this AA was 1.2 percent, representing a 6th place ranking. Additionally, FFL competes with national banks, regional or state-wide banks, finance companies, mortgage companies, and other financial service providers for deposit and loan customers throughout the AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE NON-METROPOLITAN STATISTICAL AREA ASSESSMENT AREA

LENDING TEST

Overall CRA performance within the AA was reasonable and did not materially differ from the bank's lending performance in the CAA.

<u>Geographic Distribution of Loans</u>

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the Non-MSA AA. Examiners noted no conspicuous gaps in the geographic distribution of loans.

The bank did not make any HMDA loans located in low-income CTs in 2011, 2012, and YTD 2013. However, opportunities are limited as evidenced by the low percentage of owner-occupied housing units. The bank's lending performance in low-income CTs is consistent with the performance of other HMDA lenders in the bank's CAA.

In 2011, 2012, and YTD 2013; 13.5, 22.9, and 17.0 percent of the bank's HMDA loans were originated in moderate-incomes CTs, respectively. The bank's performance in 2011 and 2012 exceeds the aggregate lending data. The bank's 2011 lending performance trails the 2000 U.S. Census percentage of owner-occupied housing units; while the performance in 2012 increased significantly and slightly exceeded the 2010 U.S. Census percentage of owner-occupied housing units.

Table 16 details the distribution of home mortgage loans within the AA by income category of CTs. Aggregate lending data for 2012 is not presented in the table, but was reviewed in conjunction with this evaluation.

Table 16 – HMDA Loan Geographic Distribution for the Non-MSA AA

CT Income Level	2000 Owner-Occupied Housing Units	2010 Owner-Occupied Housing Units	2011 Aggregate Lending Data	2011 Bank		2012 Bank		YTD 2013 Bank	
	%	%	%	#	%	#	%	#	%
Low	-	0.7	-	-	-	-	-	-	-
Moderate	16.4	18.7	10.4	5	13.5	16	22.9	8	17.0
Middle	69.8	62.6	75.4	28	75.7	38	54.3	26	55.3
Upper	13.8	18.0	14.2	4	10.8	16	22.8	13	27.7
N/A	-	-	-	-	-	-	-	0	0.0
Total	**100.0**	**100.0**	**100.0**	**37**	**100.0**	**70**	**100.0**	**47**	**100.0**

Source: 2000 and 2010 U.S. Census; 2011 Aggregate Lending Data; and 2011, 2012, and YTD 2013 HMDA LARs

Borrower Profile

The distribution of borrowers reflects, given the demographics of the Non-MSA AA, reasonable penetration among individuals of different income levels.

In 2011, 10.9 and 24.3 percent of HMDA loans were made to LMI borrowers, respectively, which significantly exceeds the 2011 aggregate lending data. The bank's 2011 performance exceeds the 2000 U.S. Census percentage of families in moderate-income CTs, but trails the same comparison for families in low-income CTs.

In 2012, 15.7 and 8.6 percent of HMDA loans were made to LMI borrowers, respectively. The bank's low-income borrower penetration rate continued to exceed the aggregate data, while the moderate-income borrower penetration rate now trails the aggregate data by half. In addition, the bank's performance trails the 2010 U. S. Census percentage of families in LMI CTs.

YTD 2013, 8.5 percent of HMDA loans were made to LMI borrowers, respectively. The bank's performance has declined significantly from 2011 lending performance and continues to trail the 2010 U.S. Census percentage of families in LMI CTs.

Given the declining trend, the bank's overall performance is reasonable. Table 17 details the distribution of home mortgage loans to borrowers by income level. Aggregate lending data for 2012 is not presented in the table, but was reviewed in conjunction with this evaluation.

Table 17 - HMDA Loan Borrower Profile for the Non-MSA AA

Borrower Income Level	2000 Families	2010 Families	2011 Aggregate Data	2011 Bank		2012 Bank		YTD 2013 Bank	
	%	%	%	#	%	#	%	#	%
Low	20.4	21.8	5.8	4	10.9	11	15.7	4	8.5
Moderate	17.9	17.1	15.5	9	24.3	6	8.6	4	8.5
Middle	21.9	22.1	23.5	6	16.2	22	31.4	8	17.1
Upper	39.8	39.0	50.4	16	43.2	30	42.9	30	63.8
Income Not Reported	-	-	4.8	2	5.4	1	1.4	1	2.1
Total	**100.0**	**100.0**	**100.0**	**37**	**100.0**	**70**	**100.0**	**47**	**100.0**

Source: 2000 and 2010 U.S. Census; 2011 Aggregate Lending Data; and 2011, 2012, and YTD 2013 HMDA LARs

COMMUNITY DEVELOPMENT TEST

FFL's overall CD performance within the Non-MSA AA is generally adequate. Refer to the CAA CD test for a more detailed analysis of all CD activity.

Community Development Loans

FFL made 3 CD loans totaling approximately $3.7 million. These loans supported economic development and affordable housing efforts with the Non-MSA AA. The CD loans made in the Non-MSA AA during this evaluation period increased from the prior PE.

Community Development Investments and Donations

The bank did not make any CD investments or donations in this AA during the review period.

Community Development Services

The bank did not make any CD investments or donations in this AA during the review period.

Responsiveness to Identified Community Development Needs

FFL's CD performance demonstrates an overall adequate level of responsiveness to the CD needs of the AA through CD loans. Although the bank did not generate any CD investments, donations, or services; the bank's CD performance within this AA has improved overall compared to the last PE. Therefore, total CD activities have improved from the last PE.

GLOSSARY

GEOGRAPHY TERMS

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

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

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000) in New England. An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

HOUSING TERMS

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

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

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.

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

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

INCOME TERMS

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

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

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

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.

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

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

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

OTHER TERMS

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.

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

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the agencies, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of LMI individuals.

Home mortgage loans: Includes home purchase, home refinance, and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans and loans for the purchase of manufactured homes.

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

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Reports 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.