

# **PUBLIC DISCLOSURE**

August 10, 2021

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

FirstBank Puerto Rico  
Certificate Number: 30387

1519 Ponce De Leon Avenue  
San Juan, Puerto Rico 00908

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

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New York, New York 10118

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 **Satisfactory**.

An institution in this group has a satisfactory 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.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding		X	
High Satisfactory	X		X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			
<i>* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.</i>			

**The Lending Test is rated High Satisfactory.**

- The bank’s volume of lending reflects good responsiveness to the credit needs of the assessment areas.
- A substantial majority of the bank’s lending is within the designated assessment areas.
- The geographic distribution of loans reflects adequate penetration throughout the assessment areas.
- The distribution of borrowers reflects good penetration among retail customers of different income levels and businesses of different sizes.
- The bank is a leader in making community development loans.
- The bank makes extensive use of innovative and/or flexible lending practices in order to serve the assessment areas’ credit needs.

**The Investment Test is rated Outstanding.**

- The bank has an excellent level of community development investments and grants.
- The bank demonstrates excellent responsiveness to credit and community development needs.
- The bank rarely uses innovative and/or complex investments to support community development initiatives.

**The Service Test is rated High Satisfactory.**

- Delivery systems are accessible to essentially all portions of the assessment areas.
- The bank's record of opening and closing branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.
- Services and business hours do not vary in a way that inconveniences portions of the assessment areas, particularly low- and moderate-income geographies, or individuals.
- The bank is a leader in providing community development services.

## DESCRIPTION OF INSTITUTION

### ***Background***

FirstBank Puerto Rico (FirstBank) is a full-service bank headquartered in the Santurce District of San Juan, Puerto Rico (PR), with operations in PR, Southeastern Florida, and the U.S. Virgin Islands (USVI). The bank is a wholly owned subsidiary of First BanCorp, a one-bank holding company also headquartered in San Juan, PR. FirstBank received a “Satisfactory” CRA rating from the Federal Deposit Insurance Corporation (FDIC) during its prior performance evaluation dated August 21, 2018, using the Interagency Large Institution CRA Examination Procedures.

Effective September 1, 2020, First BanCorp acquired Santander Bancorp, a wholly owned subsidiary of Santander Holdings USA, Inc. and the holding company of Banco Santander Puerto Rico (Santander). Santander, with \$5.9 billion in total assets, operated 27 branches throughout PR, which FirstBank retained through the acquisition. Following the acquisition, FirstBank closed two former Santander branches in April 2021, and six branches in July 2021, after considering their proximity to existing branches, the availability of alternative delivery systems, and the low volume of deposits at those branches.

### ***Operations***

FirstBank directly owns several active and inactive subsidiaries: First Management of Puerto Rico, a domestic corporation that holds tax-exempt assets; FirstBank Overseas Corporation, an international banking entity organized under the International Banking Entity Act of Puerto Rico; First Federal Finance Corp (d/b/a Money Express), a finance company specializing in the origination of small consumer loans; and two dormant companies formerly engaged in the management of other real estate owned (OREO) properties. FirstBank’s consumer lending subsidiary, Money Express, is a leader in consumer finance services in PR and operates 28 loan production offices throughout the island. Money Express originated 27,776 consumer loans totaling \$203.7 million during the evaluation period. Examiners considered these loans under the Lending Test. The bank also operates FirstBank Insurance, LLC, an affiliated entity authorized to sell insurance and annuity products in PR, Florida, and the USVI.

FirstBank operates 82 branches, with 64 throughout PR, 10 in southeastern FL, and eight in the USVI. The bank closed 10 branches in PR and 3 branches in USVI during the evaluation period. Of the 13 closed branches, one was located in a low-income census tract, three were located in moderate-income census tracts, five were located in middle-income census tracts, and four were located in upper-income census tracts. In addition, the bank relocated two PR branches during the evaluation period. One branch was located in an upper-income census tract, and one branch was located in a census tract for which no income data is available.

FirstBank offers a wide selection of personal and business loan and deposit products. Deposit products include consumer and business checking, savings, money market, and certificate of deposit accounts. Loan products include residential real estate-secured loans, and a variety of commercial loans and lines of credit.

### ***Ability and Capacity***

As of June 30, 2021, assets totaled \$21.4 billion and loans totaled \$11.4 billion, representing an increase of 72.6 percent and 31.0 percent, respectively, since the previous evaluation. The bank's growth is primarily attributed to the Santander acquisition. The bank reported total securities of \$6.6 billion and total deposits of \$18.1 billion with a net loan-to-deposit ratio of 61.2 percent.

The following table illustrates the loan portfolio.

<b>Loan Portfolio Distribution as of June 30, 2021</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	187,448	1.6
Secured by Farmland	3,641	0.1
Secured by 1-4 Family Residential Properties	3,360,988	29.4
Secured by Multi-family (5 or more) Residential Properties	129,644	1.1
Secured by Nonfarm Nonresidential Properties	2,902,776	25.4
<b>Total Real Estate Loans</b>	<b>6,584,497</b>	<b>57.6</b>
Commercial and Industrial Loans	1,585,625	13.9
Consumer Loans	2,191,550	19.2
Other Loans	1,058,621	9.3
<b>Total Loans</b>	<b>11,420,293</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income.</i>		

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

## **DESCRIPTION OF ASSESSMENT AREAS**

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. FirstBank designated 11 assessment areas, including nine in PR and one each in Florida and the USVI. These assessment areas include the following:

- San Juan-Bayamon-Caguas, PR MSA 41980 (San Juan)
- Arecibo, PR MSA 11640 (Arecibo)
- Guayama, PR MSA 25020 (Guayama)
- Mayaguez, PR MSA 32420 (Mayaguez)
- San German PR MSA 41900 (San German)
- Ponce, PR MSA 38860 (Ponce)
- Yauco, PR MSA 49500 (Yauco)
- Aguadilla-Isabela, PR MSA 10380 (Aguadilla)
- PR Non-MSA 99999
- Miami-Ft. Lauderdale, FL MSA
- USVI Non-MSA Areas

Please refer to the Description of Institution's Operations section within each individual assessment area for more detail regarding those areas.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated August 21, 2018, to the current evaluation dated August 10, 2021. Examiners used the Interagency Large Institution CRA Examination Procedures to evaluate FirstBank's CRA performance. These procedures include the Lending, Investment, and Service Tests (see Appendices for a complete description).

As required by the Interstate Banking and Branch Efficiency Act (IBBEA), examiners assign separate ratings for the bank's performance in PR, the State of Florida, and the USVI. Examiners place significantly more weight on the bank's performance in the PR rated area considering that a vast majority of operations, branches, and lending are in this area.

### **Activities Reviewed**

FirstBank's major product lines, considering its business strategy and the number and dollar volume of loans originated during the evaluation period, are consumer, home mortgage, and small business loans. The bank's record of originating consumer loans contributed more weight to developing overall conclusions than home mortgage and small business loans, due to the larger volume of loans reported during the review period. No other loan types, such as small farm loans, represent a major product line or provide material support for conclusions or ratings; therefore, examiners did not present these products.

Although optional, bank management provided 2018, 2019, and 2020 consumer loans for consideration in this performance evaluation. In 2018, the bank made 46,145 consumer loans totaling \$572.3 million; in 2019, the bank made 58,531 consumer loans totaling \$805.6 million; and in 2020, the bank made 27,101 consumer loans totaling \$506.3 million. Management attributes the decline in 2020 consumer lending to the COVID-19 pandemic. These totals include consumer lending activity by FirstBank and Money Express. FirstBank only offers consumer loans in PR. Since the collection of consumer loan data by financial institutions is optional and not reportable, there is no aggregate data available for comparative analysis. As a result, examiners reviewed 2015 ACS U.S. Census data and loan data for a similarly situated institution headquartered in PR for comparison purposes.

This evaluation also considered all home mortgage loans reported on the bank's 2018, 2019, and 2020 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). In 2018, FirstBank reported 3,620 home mortgage loans totaling \$567.2 million; in 2019, FirstBank reported 3,310 home mortgage loans totaling \$532.0 million; and in 2020, FirstBank reported 3,509 home mortgage loans totaling \$602.9 million. Examiners used 2019 and 2020 aggregate data and 2015 ACS U.S. Census data for comparison purposes.

Furthermore, this evaluation considered all small business loans reported on the bank's 2018, 2019, and 2020 CRA Loan Registers. In 2018, the bank reported 550 small business loans totaling \$93.5 million; in 2019, the bank reported 533 small business loans totaling \$92.1 million; and in 2020, the bank reported 5,814 small business loans totaling \$338.4 million. Management attributes the significant increase in small business loan volume in 2020 to the bank's participation in the Small Business Administration's (SBA's) Paycheck Protection Program (PPP), a SBA-backed loan program that helped businesses keep their workforces employed during the COVID-19 pandemic. Examiners used 2019 aggregate data and 2019-2020 D&B demographic data for comparison purposes. Aggregate data for 2020 was not yet available as of this evaluation date.

For the Lending Test, the Assessment Area Concentration criterion includes reported loan data for each of the three years analyzed; however, the other rating criteria only include loan data for 2019 and 2020, as the bank's performance throughout the rating period was consistent with the years presented.

The Lending Test also considered community development loans and innovative and flexible loans since the prior evaluation. The Investment Test includes both qualified investments purchased prior to the last evaluation that remain outstanding, as well as investments purchased during the current evaluation period. The Service Test includes all community development services that the bank performed since the last evaluation. As stated above, FirstBank acquired Santander on September 1, 2020. Santander's community development activities from its prior CRA performance evaluation in October 2018 through August 2020 are included in this evaluation.

For the Service Test, this evaluation includes a review of the bank's delivery systems for providing retail banking services, including branches and alternative delivery systems, and the impact of branch network changes during the evaluation period. In addition, this evaluation considered the bank's retail banking products and services targeted toward low- and moderate-income individuals or small businesses, including any tailored to meet specific needs in the assessment areas.

This evaluation presents the number and dollar volume of loans. Examiners emphasized performance by number of loans, as the number of loans is a better indicator of the number of individuals and businesses served.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

FirstBank's overall Lending Test performance is rated "High Satisfactory." The bank's performance in the PR and FL rated areas primarily support the overall Lending Test rating. The bank's overall performance is consistent with the conclusions for each rated area. Refer to the individual assessment area sections for detailed discussions of the bank's Lending Test performance in each assessment area.

## Lending Activity

FirstBank’s lending levels reflect good responsiveness to assessment area credit needs. The bank’s lending activity in the PR rated area contributed the greatest weight to this conclusion.

This performance criterion considered FirstBank’s lending in relation to its financial condition and resources. Collectively, the bank made 148,954 consumer, home mortgage, and small business loans totaling approximately \$4.1 billion inside the assessment areas during the review period. Consumer loans totaled 131,777 for \$1.9 billion; home mortgage loans totaled 10,341 for \$1.7 billion; and small business loans totaled 6,836 for \$524.9 million. Of note, FirstBank originated a significant number of PPP loans for area businesses in 2020. Of small business loans inside the assessment area in 2020, 5,260 totaling \$238.0 million were PPP loans.

Refer to the Lending Activity comments in the Lending Test sections for each of FirstBank’s assessment areas for further details.

## Assessment Area Concentration

FirstBank made a substantial majority of its loans within its assessment areas. Please refer to the following table.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Home Mortgage										
2018	3,593	99.3	27	0.7	3,620	563,506	99.3	3,697	0.7	567,203
2019	3,286	99.3	24	0.7	3,310	528,633	99.4	3,342	0.6	531,975
2020	3,462	98.7	47	1.3	3,509	592,980	98.4	9,912	1.6	602,892
<b>Subtotal</b>	<b>10,341</b>	<b>99.1</b>	<b>98</b>	<b>0.9</b>	<b>10,439</b>	<b>1,685,119</b>	<b>99.0</b>	<b>16,951</b>	<b>1.0</b>	<b>1,702,070</b>
Small Business										
2018	550	100.0	0	0.0	550	93,464	100.0	0	0.0	93,464
2019	530	99.4	3	0.6	533	90,626	98.4	1,430	1.6	92,056
2020	5,756	99.0	58	1.0	5,814	333,731	98.6	4,644	1.4	338,375
<b>Subtotal</b>	<b>6,836</b>	<b>99.1</b>	<b>61</b>	<b>0.9</b>	<b>6,897</b>	<b>517,821</b>	<b>98.8</b>	<b>6,074</b>	<b>1.2</b>	<b>523,895</b>
Consumer										
2018	25,685	100.0	0	0.0	25,685	480,055	100.0	0	0.0	480,055
2019	33,542	100.0	0	0.0	33,542	624,097	100.0	0	0.0	624,097
2020	24,314	100.0	0	0.0	24,314	484,007	100.0	0	0.0	484,007
<b>Subtotal</b>	<b>83,541</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>83,541</b>	<b>1,588,159</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>1,588,159</b>
<b>Total</b>	<b>100,718</b>	<b>99.9</b>	<b>159</b>	<b>0.1</b>	<b>100,877</b>	<b>3,791,099</b>	<b>99.4</b>	<b>23,025</b>	<b>0.6</b>	<b>3,814,124</b>

Source: HMDA Reported Data; CRA Reported Data; Bank Data.

**Geographic Distribution**

The geographic distribution of loans reflects adequate penetration throughout the assessment areas. FirstBank’s adequate geographic distribution of loans in the Commonwealth of PR rated area primarily supports this conclusion. Bank performance was consistent throughout the rated areas. Refer to the individual assessment area sections for details.

**Borrower Profile**

The distribution of borrowers reflects good penetration among individuals of different income levels and businesses of different revenue sizes throughout the assessment areas. FirstBank’s performance in the Commonwealth of PR rated area primarily supports this conclusion. Bank performance was consistent throughout the rated areas. Refer to the individual assessment area sections for details.

**Innovative or Flexible Lending Practices**

FirstBank makes extensive use of innovative and flexible lending practices in order to serve the credit needs of its assessment areas. FirstBank offers each of the products discussed below throughout all of its assessment areas. Examiners rated and discussed the bank’s performance under this criterion at the institution level only.

The following table illustrates the volume of loans originated through the bank’s innovative or flexible lending programs by program type and year.

<b>Innovative or Flexible Lending Programs</b>										
<b>Type of Program</b>	<b>2018</b>		<b>2019</b>		<b>2020</b>		<b>2021</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
<i>Home Mortgage</i>										
FHA	575	74,157	1,163	155,323	1,010	139,036	215	32,236	2,963	400,752
VA	95	15,977	213	37,773	274	48,098	41	7,998	623	109,846
FSA/RHS	308	34,756	492	56,572	595	68,851	118	14,209	1,513	174,388
HUD HOME Program	5	198	14	426	11	252	8	427	38	1,303
Homebuyer Dream	0	0	2	29	2	29	2	24	6	82
<i>Commercial</i>										
SBA	8	1,575	11	11,015	5,368	366,660	3,816	203,537	9,203	582,787
SSBCI Title III	0	0	4	2,693	0	0	2	1,143	6	3,836
<b>Totals</b>	<b>991</b>	<b>126,663</b>	<b>1,899</b>	<b>263,831</b>	<b>7,260</b>	<b>622,926</b>	<b>4,202</b>	<b>259,574</b>	<b>14,352</b>	<b>1,272,994</b>

*Source: Bank Data*

Below are details of the bank’s innovative or flexible lending programs.

### ***Federal Housing Administration (FHA) Loan Program***

FHA mortgage loans allow homebuyers to make a minimal down payment, finance a portion of the closing costs, and qualify at higher debt ratios. During the evaluation period, the bank originated 2,963 FHA loans totaling \$400.8 million.

### ***Veterans Administration (VA) Loan Program***

A VA loan is a mortgage loan guaranteed by the U.S. Department of Veterans Affairs. The VA loan offers long-term financing to eligible American veterans or their surviving spouses. This program helps veterans purchase properties with no down payment and provides home financing in areas where private financing is not generally available. During the evaluation period, the bank originated 623 loans totaling \$109.8 million.

### ***Farm Service Agency and Rural Housing Service (FSA/RHS)***

An FSA and RHS mortgage loan offered by the U.S. Department of Agriculture is only available to borrowers with low- and moderate-incomes. In addition, the dwelling must be located in a rural area. Borrowers can finance a loan of up to 100.0 percent of the appraised value. During the evaluation period, the bank originated 1,513 FSA/RHS loans totaling \$174.4 million.

### ***U.S. Department of Housing and Urban Development (HUD) Home Loan Program***

This program provides incentives for localities to fund the acquisition and rehabilitation of affordable housing for low- and moderate-income borrowers. The program provides funds up to \$75,000 for down payment and closing cost assistance to low-income and first-time homebuyers. The bank closed 38 loans totaling \$1.3 million that included HUD's Home Loan Program assistance during the evaluation period.

### ***Homebuyer Dream Program***

During 2020, FirstBank was a participating member of the Federal Home Loan Bank's Homebuyer Dream Program. This program assisted first-time homebuyers with grants up to \$15,000 for closing costs and defrayment of non-profit counseling agency costs. During the evaluation period, the bank closed six homebuyer dream program loans including grants of \$82,000.

### ***Small Business Administration (SBA) Loan Programs***

FirstBank maintains its SBA "Preferred Lender" designation in PR and a "Certified Lender" designation in Florida. The bank participates in the following SBA programs.

- SBA 7(a): A program designed for start-up and existing small businesses that offers loans up to \$5.0 million delivered through commercial lending institutions. This program provides guaranteed financing for a variety of general business purposes, including working capital, machinery and equipment, furniture and fixtures, land and building, leasehold improvements, and under special conditions, debt refinancing. During the evaluation period, the bank originated 18 loans totaling \$2.9 million under this program.
- SBA Express: A part of the SBA 7(a) loan program that offers a loan or line of credit up to \$350,000. Advantages include 50 percent guarantees by the SBA for up to seven years, quick approval and loan settlements, and negotiable interest rates.

During the evaluation period, the bank originated nine loans totaling \$1.9 million under this program.

- SBA 504: An economic development loan program that provides growing businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings. These loans originate through SBA's Certified Development Company program. During the evaluation period, the bank originated three loans totaling \$832,134 under this program.
- SBA CAPLine: A loan program that encourages economic development in historically underutilized business zones (HUBZones). This program, which provides financing up to \$5.0 million, help small businesses meet their short-term and cyclical working capital needs. During the evaluation period, the bank originated three loans totaling \$10.5 million under this program.
- Paycheck Protection Program: In response to the COVID-19 pandemic, the bank originated 9,170 PPP loans to small businesses totaling \$563.8 million during 2020 and 2021.

In addition to the above programs, the bank offers the following programs to assist borrowers who are unable to make loan payments.

- COVID-19 Payment Deferrals: FirstBank provided relief for its customers affected by the COVID-19 pandemic in the form of payment deferrals and fee waivers. The bank granted COVID-19 pandemic deferrals for both commercial and consumer customers, generally for a period of 90 days. As of June 30, 2021, the bank granted deferrals on 836 commercial loans, 126,971 consumer loans, and 10,532 home mortgage loans through this program.
- Earthquake Relief Program: At the end of December 2019 and early January 2020, the southwestern part of PR was struck by a series of seismic events. These earthquakes and related aftershocks damaged several structures, including residences, historical buildings, and high-rise structures in the affected areas. In addition, a power plant that supplied over a quarter of PR's energy was significantly damaged and shut down for over a year. To help borrowers affected by these events, FirstBank established a relief program that provides deferred repayment arrangements, on a case by case basis, to consumer, commercial, and residential mortgage borrowers who were less than 90 days delinquent as of January 7, 2020. As of June 30 2021, the bank granted deferrals on four commercial loans, 1,352 consumer loans, and 129 home mortgage loans.

### **Community Development Loans**

FirstBank is a leader in making community development loans. FirstBank's community development lending activity in the PR rated area primarily supports this conclusion. The bank's performance is consistent throughout the rated areas.

During the evaluation period, the bank originated 196 community development loans totaling \$950.7 million. This activity level represents 6.3 percent of average total assets and 9.6 percent of average total loans since the prior evaluation. FirstBank’s performance represents a 39.9 percent increase since the prior examination, during which time the bank made 91 community development loans for \$679.7 million and was considered a leader in making community development loans.

The above noted total includes 51 loans for \$119.8 million through the PPP. Each of these loans were in amounts greater than \$1 million, and therefore not included in small business loan reporting.

FirstBank’s community development loans primarily helped finance revitalization efforts in low- and moderate-income areas and affordable housing initiatives, consistent with the needs identified by community contacts. The following tables detail community development loans by year and by rated area.

<b>Community Development Lending</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2018 (Partial)	0	0	5	46,050	6	23,152	0	0	<b>11</b>	<b>69,202</b>
2019	16	38,195	9	160,250	14	58,314	7	40,600	<b>46</b>	<b>297,359</b>
2020	12	6,086	10	118,981	32	97,596	49	269,158	<b>103</b>	<b>491,820</b>
YTD 2021	6	6,727	4	34,940	6	14,978	20	35,670	<b>36</b>	<b>92,316</b>
<b>Total</b>	<b>34</b>	<b>51,008</b>	<b>28</b>	<b>360,221</b>	<b>58</b>	<b>194,040</b>	<b>76</b>	<b>345,428</b>	<b>196</b>	<b>950,697</b>

*Source: Bank Data*

<b>Community Development Lending by Rated Area</b>										
<b>Rated Area</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Puerto Rico	10	18,507	28	360,221	39	120,466	41	155,701	<b>118</b>	<b>654,895</b>
Florida	21	29,683	0	0	13	52,376	21	88,849	<b>55</b>	<b>170,908</b>
U.S. Virgin Islands	3	2,818	0	0	6	21,198	14	100,878	<b>23</b>	<b>124,894</b>
<b>Total</b>	<b>34</b>	<b>51,008</b>	<b>28</b>	<b>360,221</b>	<b>58</b>	<b>194,040</b>	<b>76</b>	<b>345,428</b>	<b>196</b>	<b>950,697</b>

*Source: Bank Data*

For additional details on community development loans, please refer to the individual rated areas and assessment areas.

## **INVESTMENT TEST**

The Investment Test is rated “Outstanding.” FirstBank’s excellent level of qualified community development investments and grants primarily supports this rating. The bank’s performance in PR contributed the most weight when arriving at conclusions for the Investment Test.

FirstBank’s overall Investment Test performance is consistent with its performance in the PR and Florida rated areas, and exceeds its performance in the USVI rated area. The sections below discuss the bank’s performance under each Investment Test criterion.

**Investment and Grant Activity**

FirstBank has an excellent level of qualified community development investment and grants. During the evaluation period, the bank reported 489 qualified investments totaling \$193.7 million, which includes 13 new investments totaling \$60.0 million, 43 outstanding prior period investments with a current balance of \$131.5 million, and 433 grants totaling \$2.3 million. Total qualified investments and grants represent 1.3 percent of average total assets and 6.1 percent of average total securities. FirstBank’s performance represents a significant increase from the previous CRA evaluation, at which time the bank made 248 investments and grants totaling \$64.1 million.

FirstBank’s investments and donations primarily supported affordable housing initiatives, community services that benefit low- and moderate-income individuals, and economic development efforts in low- and moderate-income areas. The following tables detail the institution’s qualified investment and grant activity by year and by rated area.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	27	77,047	7	26,503	7	19,729	2	8,189	43	131,468
2018 (Partial)	1	9,226	0	0	0	0	0	0	1	9,226
2019	2	10,500	0	0	1	500	0	0	3	11,000
2020	1	2,000	0	0	1	2,750	0	0	2	4,750
YTD 2021	3	24,000	0	0	4	11,000	0	0	7	35,000
<b>Subtotal</b>	<b>34</b>	<b>122,773</b>	<b>7</b>	<b>26,503</b>	<b>13</b>	<b>33,979</b>	<b>2</b>	<b>8,189</b>	<b>56</b>	<b>191,444</b>
Qualified Grants & Donations	79	576	271	1,234	78	468	5	16	433	2,294
<b>Total</b>	<b>113</b>	<b>123,349</b>	<b>278</b>	<b>27,737</b>	<b>91</b>	<b>34,447</b>	<b>7</b>	<b>8,205</b>	<b>489</b>	<b>193,738</b>
<i>Source: Bank Data</i>										

Qualified Investments by Rated Area										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Puerto Rico	57	72,636	223	27,504	82	24,395	7	8,205	369	132,740
Florida	55	46,713	19	83	5	39	0	0	79	46,835
U.S. Virgin Islands	0	0	36	150	2	13	0	0	38	163
Regional Activities	1	4,000	0	0	2	10,000	0	0	3	14,000
<b>Total</b>	<b>113</b>	<b>123,349</b>	<b>278</b>	<b>27,737</b>	<b>91</b>	<b>34,447</b>	<b>7</b>	<b>8,205</b>	<b>489</b>	<b>193,738</b>
<i>Source: Bank Data</i>										

Below are notable examples of qualified investments that benefit multiple rated areas:

In 2021, the bank made a \$5.0 million commitment in the Altura Capital Fund, a nationwide investment vehicle that deploys long-term capital for minority-owned businesses to foster economic development in low- and moderate-income communities. The bank’s investment in this fund focuses on businesses located in the PR and USVI rated areas. Also in 2021, the bank made a \$5.0 million investment in the Parliament Capital Growth Fund, a PR-focused specialized Small Business Investment Company (SBIC), which focuses in investing in small businesses that meet the SBA guidelines in PR. The Parliament SBIC fund also pursues investment opportunities in the USVI.

Additional details relating to the bank’s qualified community development investments and grants are contained within the respective section for each rated area.

### **Responsiveness to Credit and Community Development Needs**

FirstBank exhibits excellent responsiveness to credit and community development needs. Of the total dollar amount of qualified investments and donations, 63.7 percent benefitted efforts to create affordable housing, and 17.8 percent promoted economic development in low- and moderate-income communities. These investments demonstrate the bank’s responsiveness to identified community development needs.

### **Community Development Initiatives**

FirstBank rarely uses innovative or complex investments to support community development initiatives. While the bank’s qualified investments were responsive to community development needs, they were not particularly innovative or complex.

### **SERVICE TEST**

The Service Test is rated “High Satisfactory.” FirstBank’s performance in PR contributed the most weight in determining the overall Service Test rating. The bank’s overall Service Test performance is consistent with the performance in the PR and USVI rated areas, and exceeds its performance in

the Florida rated area. This section presents the bank’s overall Service Test performance. Separate presentations for the individual assessment areas are included in later sections.

**Accessibility of Delivery Systems**

Delivery systems are accessible to essentially all portions of FirstBank’s assessment areas. The bank’s current branch distribution and accessible alternative systems for delivering retail banking services to low- and moderate-income individuals and geographies supports this conclusion.

***Branch Distribution***

Overall, FirstBank’s full-service branches are reasonably accessible to essentially all portions of the assessment areas. As seen in the following table, the distribution of branches in low-income tracts exceeds the population percentage by 5.3 percent, which reflects good distribution. The distribution of branches in moderate-income tracts is 12.0 percentage points below the population distribution in these tracts, which does not compare favorably. Refer to the individual rated area’s sections for additional details relating to the bank’s branch distribution.

<b>Branch and ATM Distribution by Geography Income Level</b>								
<b>Tract Income Level</b>	<b>Census Tracts</b>		<b>Population</b>		<b>Branches</b>		<b>ATMs</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	91	4.9	359,554	4.4	8	9.7	23	4.7
Moderate	490	26.4	2,173,665	26.6	12	14.6	158	32.1
Middle	660	35.5	3,105,235	38.0	18	22.0	81	16.4
Upper	526	28.3	2,492,360	30.5	41	50.0	211	42.9
NA	91	4.9	40,858	0.5	3	3.7	19	3.9
<b>Total</b>	<b>1,858</b>	<b>100.0</b>	<b>8,171,672</b>	<b>100.0</b>	<b>82</b>	<b>100.0</b>	<b>492</b>	<b>100.0</b>

*Source: 2015 ACS Data; Bank Data*

***Alternative Delivery Systems***

FirstBank’s alternative delivery systems are accessible to essentially all portions of the assessment areas.

The preceding table shows that the bank’s ATMs in low-income tracts is comparable to the population in low-income census tracts. The bank’s ATMs in moderate-income tracts is 5.5 percentage points above the population in moderate-income tracts, which reflects good distribution. FirstBank added 238 ATMs since the prior evaluation, primarily through the acquisition of Santander in September 2020. The addition of ATMs contributed to a bank-wide increase of nine ATMs in low-income tracts and 114 ATMs in moderate-income tracts. The bank operates at least one ATM in each branch, including branches in low- and moderate-income census tracts. Off-site ATMs are typically located in high traffic areas such as hotels, supermarkets, professional buildings, and numerous CVS Pharmacy locations. Bank customers are not charged a fee when using a FirstBank ATM, and are subject to a nominal withdrawal fee when using an ATM card at non-FirstBank ATMs.

Other alternative delivery systems, offered institution-wide, for remote access to banking services at any location anytime include free mobile and online banking, mobile deposit, bill pay, person-to-person

payments, online mortgage applications, Google Pay, and Samsung Pay. Online banking is accessible in English and Spanish and features an ATM/branch office locator. The bank also offers free, 24-hour customer access to accounts via a toll-free telephone number. Customers can speak with a live customer service representative during extended business hours or access an automated system to obtain loan and deposit information, transfer funds between accounts, reorder checks, and make bill payments.

**Changes in Branch Locations**

To the extent that changes have been made, the institution’s record of opening and closing branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. During the evaluation period, the bank’s branch network changes resulted in a net increase of 14 branches.

In 2020, FirstBank gained 27 branches in PR through the Santander acquisition. Following the acquisition, the bank closed eight of the acquired Santander branches and one existing FirstBank branch to eliminate overlaps with nearby branches in PR. Additional branch closures over the evaluation period include one branch in PR (2018) and three branches in the USVI (2021). The following table illustrates the bank’s branch opening and closing information by rated area and census tract income level.

Net Distribution of Branch Openings/Closings							
Rated Area	# of Branch Openings	# of Branch Closings	Income Level of Census Tract (+/-)				
			Low	Moderate	Middle	Upper	NA
Puerto Rico	27	10	+2	+1	+3	+10	+1
Florida	0	0	0	0	0	0	0
U.S. Virgin Islands	0	3	0	-1	-2	0	0
<b>Total</b>	<b>27</b>	<b>13</b>	<b>+2</b>	<b>0</b>	<b>+1</b>	<b>+10</b>	<b>+1</b>
<i>Source: Bank Records</i>							

**Reasonableness of Business Hours and Services**

Services and business hours do not vary in a way that inconveniences portions of the assessment areas, particularly low- and moderate-income census tracts or individuals. FirstBank offers the same loan and deposit products and similar service hours throughout the assessment areas. Lobby and drive-up hours at branches generally begin at 8:30 A.M. or 9:00 A.M. and conclude between 4:00 P.M. and 5:00 P.M. on weekdays. The majority of locations, including six branches in low-income census tracts and six branches in moderate-income census tracts, have Saturday banking hours from 9:00 A.M. to 1:00 P.M. The days and hours of operation of the bank’s branches are comparable to those of other banks operating in the assessment areas.

**Community Development Services**

FirstBank is a leader in providing community development services. The bank’s performance in PR contributed the greatest weight in arriving at this conclusion. Despite not being considered a leader

in the provision of community development services in Florida, the bank’s strong performance in PR and USVI supports the overall rating. .

During the evaluation period, bank directors, officers, and employees provided 783 instances of financial expertise or technical assistance to community organizations in its assessment areas. These community development services had a primary purpose of affordable housing, community services, and economic development. The number of instances of community development services decreased slightly in 2020 due to the effects of the COVID-19 pandemic. The pandemic significantly impacted branch operations and restricted staff from conducting in-person community development services.

The following tables reflect the bank’s qualifying services by year and by rated area during the evaluation period.

<b>Community Development Services</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2018 (Partial)	4	142	8	0	<b>154</b>
2019	8	256	13	0	<b>277</b>
2020	15	169	13	0	<b>197</b>
YTD 2021	13	140	2	0	<b>155</b>
<b>Total</b>	<b>40</b>	<b>707</b>	<b>36</b>	<b>0</b>	<b>783</b>
<i>Source: Bank Data</i>					

<b>Community Development Services by Rated Area</b>					
<b>Rated Area</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
Puerto Rico	3	582	17	0	<b>602</b>
Florida	33	62	11	0	<b>106</b>
U.S Virgin Islands	4	63	8	0	<b>75</b>
<b>Total</b>	<b>40</b>	<b>707</b>	<b>36</b>	<b>0</b>	<b>783</b>
<i>Source: Bank Data</i>					

Refer to the Service Test section for each of the rated areas for a detailed discussion of the bank’s community development services in those areas.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

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

## COMMONWEALTH OF PUERTO RICO

### CRA RATING FOR PUERTO RICO: SATISFACTORY

The Lending Test is rated: High Satisfactory

The Investment Test is rated: Outstanding

The Service Test is rated: High Satisfactory

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN PUERTO RICO

FirstBank designated nine individual assessment areas consisting of 945 census tracts encompassing the entire island of PR. Eight of the nine assessment areas represent each Metropolitan Statistical Area (MSA) in PR, while the ninth assessment area includes all census tracts in PR not part of a MSA. Effective in 2019, the U.S. Office of Management and Budget (OMB) revised existing MSA delineations and established a new PR MSA (Yauco MSA 49500) that was previously a portion of the Ponce MSA 38660. The PR rated areas account for a collective 86.8 percent of total in-assessment area loans, 73.5 percent of deposits, and 78.0 percent of branches.

#### *Economic and Demographic Data*

The Commonwealth of PR contains 40 low-income census tracts (4.2 percent), 234 moderate-income census tracts (24.8 percent), 377 middle-income census tracts (39.9 percent), and 226 upper-income census tracts (23.9 percent). There are 68 census tracts (7.2 percent) that do not have an income level. These tracts tend to be uninhabited small islands that surround mainland PR, and inland census tracts with limited or no population.

The following table describes each assessment area by MSA number, name, census tract count, and number of branches.

Description of Assessment Areas			
Assessment Area	Assessment Area Name	# of CTs	# of Branches
MSA 41980 - AA #1	San Juan- Bayamon-Caguas	598	48
MSA 10380- AA #2	Aguadilla-Isabella	81	4
MSA 11640 - AA #3	Arecibo	45	2
MSA 25020 - AA #4	Guayama	20	1
MSA 32420 - AA #5	Mayaguez	34	4
MSA 38660 - AA #6	Ponce	71	3
MSA 41900 - AA #7	San German	31	1
MSA 49500 - AA #8	Yauco	32	1
Non-MSA Areas - AA #9	All Non-MSA Census Tracts in PR	33	0
<b>Totals</b>		<b>945</b>	<b>64</b>
<i>Source: Bank Data</i>			

The table below shows demographic information for the Commonwealth of PR.

Demographic Information of the Assessment Area						
Puerto Rico						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	945	4.2	24.8	39.9	23.9	7.2
Population by Geography	3,583,073	3.4	23.2	45.7	27.4	0.3
Housing Units by Geography	1,570,637	3.4	23.3	44.9	27.8	0.5
Owner-Occupied Units by Geography	857,710	1.6	21.4	46.6	30.3	0.1
Occupied Rental Units by Geography	386,492	7.8	26.8	41.7	22.8	0.9
Vacant Units by Geography	326,435	3.0	24.4	44.4	27.1	1.1
Businesses by Geography	23,865	5.1	23.6	29.7	39.1	2.5
Farms by Geography	476	4.4	27.3	42.9	25.2	0.2
Family Distribution by Income Level	879,818	26.7	14.7	15.9	42.8	0.0
Household Distribution by Income Level	1,244,202	27.7	14.1	14.8	43.4	0.0
Families Below Poverty Level		41.8%	Median Housing Value			\$126,712
			Median Gross Rent			\$460
<i>Source: 2015 ACS and 2020 D&amp;B Data. (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Based on the 2015 ACS data, there are 1,570,637 housing units in PR. Of these, 54.6 percent are owner-occupied, 24.6 percent are occupied rental units, and 20.8 percent are vacant. Owner-occupied housing units reflect the opportunity institutions have to originate 1-4 family residential mortgage loans. As shown in the table above, only 1.6 percent of PR’s owner-occupied housing units are in low-income census tracts. This data supports the limited opportunity for originating loans in low-income census tracts in the PR rated area.

Also shown above, 26.7 percent of families in PR are low-income and 14.7 percent are moderate-income. In addition, 41.8 percent of the families have incomes below the poverty threshold. This makes it difficult for these families to qualify for a home mortgage loan or to support a monthly payment, especially when considering PR’s median home value of \$126,712. This limits the bank’s opportunity to originate loans to low- or moderate-income borrowers.

According to 2020 D&B data, there were 23,865 non-farm businesses within the PR rated area. Gross annual revenues (GARs) for these businesses are below:

- 70.0 percent have \$1 million or less.
- 14.3 percent have more than \$1 million.
- 15.7 percent have unknown revenues.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. The largest industries in the PR rated area include services (42.9 percent), retail trade (13.9 percent), and non-classifiable establishments (12.3 percent). In addition, 50.0 percent of area businesses have four or fewer employees, and 83.1 percent operate from a single location. This data suggests there is a good level of opportunity for making loans to small businesses.

Detailed descriptions of economic and demographic data are contained within each individual assessment area.

### ***Economic Overview***

Examiners obtained the following information from the FDIC's Division of Insurance and Research, U.S. Bureau of Labor and Statistics (BLS), Moody's Analytics, Inc. (Moody's Analytics), U.S. Department of Housing and Urban Development (HUD), Federal Emergency Management Agency (FEMA), and other sources of publicly available information.

PR's economic condition is weak as the island slowly recovers from a prolonged recession and downward trends in Gross Domestic Product (GDP), population, and employment since 2006 after the phase out of the Section 936 tax incentive for manufacturers. According to Moody's Analytics, recent gains in the economy are largely attributed to federal disaster-relief spending following Hurricane Maria in 2017, significant earthquakes in 2020, and the COVID-19 pandemic that started in March 2020. Hurricane Maria had a severe effect on the island, causing the most extensive blackout in U.S. history and exacerbating preexisting economic difficulties. In addition to Hurricane Maria, the island has suffered compounded effects of recurrent seismic activity in the southwest region, including a magnitude 6.4 earthquake in January 2020. These natural disasters revealed serious vulnerabilities in the island's public energy, telecommunications, water, health, and transportation systems. Economic forecasts assume that PR will receive \$83 billion in hurricane-related relief from FEMA, HUD, and other sources, \$595 million in earthquake-related relief from FEMA, and \$14 billion in COVID-19 relief from various federal programs, including the CARES Act. However, greater than expected delays in the rollout of federal funding suggest that the disaster relief spending will be more spread out over time. Moody's Analytics predicts that this disaster relief-induced stimulus will support stable but weak economic growth through 2021.

As disaster aid wanes, economic growth may depend on PR's ability to slow the pace at which residents are leaving, and encourage new employers to grow labor force participation. According to the BLS, the annual estimates of the resident population from 2010 through 2020 reflect an 11.3 percent decrease. The pharmaceuticals industry represents an integral sector of the island's economy, though employment in this industry has been cut in half over the past 15 years. While PR's tourism sector is relatively small, it was one of the few growing industries on the island prior to the COVID-19 pandemic. In addition, a developing aerospace industry has emerged in the Aguadilla and Arecibo MSAs and boosted employment in those areas.

The island faces further economic challenges due to a large amount of outstanding debt and unfunded pension liabilities. PR defaulted on over \$1.5 billion in debt between August 2015 and May 2018. In April 2017, Moody's Investors Service downgraded \$13 billion of PR bonds and revised its outlook to "negative" from "developing," due to its outstanding obligations. In response

to the fiscal crisis, Congress passed the PR Oversight, Management, and Economic Security Act (PROMESA) in 2016, which established an oversight structure for fiscal affairs and a process for PR to restructure its debts through the Financial Oversight and Management Board (FOMB). PROMESA also included a provision for the U.S. General Accounting Office to review the island's debt. The FOMB published a revised fiscal plan in May 2020 that noted delays in meaningful progress on education, welfare, and infrastructure reform because of natural disasters and poor implementation. The FOMB fiscal plan projected a further decline in the economy in fiscal years 2022 and 2023, followed by close to zero growth in 2024 and 2025. In November 2020, the FOMB authorized the commencement of negotiations with creditors and other parties for an amended Plan of Adjustment for the Commonwealth.

Examiners considered the effects of ongoing weak economic conditions, as well as adverse fiscal developments in PR since the prior evaluation that impacted FirstBank's operations.

Detailed descriptions of economic and demographic data are contained within each individual assessment area.

### ***Unemployment Data***

Data obtained from the BLS indicates that as of June 2021, the unemployment rate was 8.2 percent territory-wide in PR, compared to 5.9 percent nationwide. The unemployment rate ranged from a low of 3.0 percent (Culebra Municipality) to a high of 16.1 percent (Salinas Municipality). While most unemployment rates decreased throughout the evaluation period, PR's unemployment rate as a whole trended above the national average.

The following table illustrates unemployment rates at the MSA or municipality level (Non-MSA) for each assessment area throughout the evaluation period.

<b>Unemployment Rates</b>				
<b>Area</b>	<b>December 2018</b>	<b>December 2019</b>	<b>December 2020</b>	<b>June 2021</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
San Juan, PR MSA	7.0	7.6	10.1	7.0
Aguadilla, PR MSA	11.9	12.3	11.5	9.8
Arecibo, PR MSA	11.2	12.2	10.6	8.5
Guayama, PR MSA	13.7	14.6	11.0	9.0
Mayaguez, PR MSA	10.6	10.7	10.8	9.0
Ponce, PR MSA	11.5	12.6	11.5	9.8
San German, PR MSA	11.0	11.2	11.1	10.3
Yauco, PR MSA*	--	--	--	--
<i>PR Non-MSA Municipalities:</i>				
Coamo	12.5	13.7	11.8	10.6
Culebra	3.0	3.9	9.8	6.4
Jayuya	9.8	15.3	12.6	13.8
Maricao	13.4	15.0	10.0	12.7
Salinas	13.9	16.1	13.1	10.4
Santa Isabel	12.5	13.4	10.3	10.9
Vieques	10.4	7.0	13.7	12.5
PR Territory-Wide	8.5	9.2	10.5	8.2
Nationwide	3.9	3.6	6.7	5.9
<i>Source: Bureau of Labor Statistics.</i>				
<i>*Yauco MSA established in 2019. BLS Unemployment Data not available at the MSA level.</i>				

## **SCOPE OF EVALUATION – PUERTO RICO**

The scope is similar to the overall scope discussed previously, except that this portion of the evaluation only considers assessment area activity within PR. Please refer to the overall discussion for more information on products reviewed, review timeframe, and weighting of products. Of the three rated areas where FirstBank maintains operations, this area accounts for the most significant portion of lending, deposits, and branches, at 86.8 percent, 73.5 percent, and 78.0 percent, respectively.

The evaluation for the Commonwealth of PR considered bank operations in the following assessment areas: San Juan MSA; Aguadilla MSA; Arecibo MSA; Guayama MSA; Mayaguez MSA; Ponce MSA; San German MSA; Yauco MSA; and PR Non-MSA areas. Examiners selected the San Juan MSA for a full-scope review since this area contains the largest volume of the bank’s lending, deposits, and branches. This MSA received the most weight when drawing conclusions on bank performance.

Examiners determined some of FirstBank’s PR assessment areas have not received a full-scope review during the last two evaluations. To ensure an institution’s CRA performance includes evaluations of less frequently reviewed assessment areas, examiners also selected the Aguadilla

MSA assessment area for a full-scope review. The Aguadilla MSA contains the second largest volume of the bank's lending, deposits, and branches in PR. The remaining seven assessment areas in PR received limited-scope reviews due to their lower volume of lending, deposits, and branches.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN PUERTO RICO**

### **LENDING TEST**

The Lending Test is rated "High Satisfactory." FirstBank's performance in the San Juan MSA carried the most weight in supporting this rating. Refer to the individual assessment area sections for detailed discussions of the bank's Lending Test performance.

#### **Lending Activity**

FirstBank's lending levels reflect good responsiveness to the credit needs in PR. The bank's lending activity in the San Juan MSA contributed the greatest weight to this conclusion. This performance criterion considered FirstBank's lending in relation to its financial condition and resources.

Collectively, FirstBank made 146,086 consumer, home mortgage, and small business loans totaling approximately \$3.5 billion in PR during the review period. Consumer loans totaled 131,717 for \$1.9 billion; home mortgage loans totaled 9,071 for \$1.3 billion; and small business loans totaled 5,298 for \$342.8 million.

Refer to the Lending Activity comments in the Lending Test sections for each of FirstBank's PR assessment areas for further details.

#### **Geographic Distribution**

The geographic distribution of loans reflects adequate penetration throughout the PR rated area. Greater weight is given to the bank's performance in the San Juan MSA as this area accounts for the most significant lending volume. FirstBank's performance in this criterion is consistent throughout the individual PR assessment areas.

#### **Borrower Profile**

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and businesses of different revenue sizes in the PR rated area. FirstBank's good performance in consumer lending primarily supports this conclusion. The bank's performance in the San Juan MSA affords the greatest weight since this area accounts for the most significant lending volume. FirstBank's performance in this criterion is consistent throughout the individual PR assessment areas.

## Community Development Loans

FirstBank is a leader in making community development loans in the PR rated area. Community development lending in the San Juan MSA contributed most to this conclusion. During the evaluation period, the bank originated 118 community development loans totaling \$654.9 million that benefitted PR. This represents 61.1 percent and 68.9 percent of the bank’s total community development loans by number and dollar amount, respectively. The bank’s community development lending is responsive to the credit needs of its assessment areas, particularly in areas that are in need of economic development and revitalization.

Community development lending performance throughout the separate PR assessment areas is consistent with its overall performance. Although the bank did not originate specific community development loans in several of the separate assessment areas, FirstBank originated eight loans totaling \$102.2 million, classified as territory-wide activities, which helped to address credit needs throughout all PR assessment areas.

The following table shows the bank’s community development lending by PR assessment area and purpose. Refer to the individual assessment area sections for details on the bank’s community development loans.

<b>Community Development Lending by Assessment Area</b>										
<b>Assessment Area</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
San Juan, PR MSA	8	18,181	16	205,990	26	73,539	35	138,936	<b>85</b>	<b>436,646</b>
Aguadilla, PR MSA	0	0	0	0	0	0	0	0	<b>0</b>	<b>0</b>
Arecibo, PR MSA	0	0	0	0	1	2,000	2	3,944	<b>3</b>	<b>5,944</b>
Guayama, PR MSA	0	0	0	0	1	1,263	2	4,092	<b>3</b>	<b>5,355</b>
Mayaguez, PR MSA	1	232	1	3,000	2	8,000	1	1,168	<b>5</b>	<b>12,400</b>
Ponce, PR MSA	0	0	5	65,331	5	13,235	1	7,561	<b>11</b>	<b>86,127</b>
San German, PR MSA	1	95	0	0	2	6,178	0	0	<b>3</b>	<b>6,273</b>
Yauco, PR MSA	0	0	0	0	0	0	0	0	<b>0</b>	<b>0</b>
PR Non-MSA Areas	0	0	0	0	0	0	0	0	<b>0</b>	<b>0</b>
PR Territory-Wide	0	0	6	85,900	2	16,250	0	0	<b>8</b>	<b>102,150</b>
<b>Total</b>	<b>10</b>	<b>18,508</b>	<b>28</b>	<b>360,221</b>	<b>39</b>	<b>120,465</b>	<b>41</b>	<b>155,701</b>	<b>118</b>	<b>654,895</b>
<i>Source: Bank Data</i>										

The following are examples of the bank’s territory-wide community development loans during the evaluation period:

- In 2018, the bank was the lead institution in a \$50.0 million participation revolving line of credit to finance working capital costs for a wholesale distributor of prescription medicines to independent drugstores and pharmacies throughout the island. This wholesale distributor provides health services primarily to low- and moderate-income individuals. The company also serves hospitals, government, doctors, specialized pharmacies, and federal programs.

FirstBank retained \$35.0 million of the transaction as lead agent.

- In 2020, the bank originated a \$15.0 million line of credit to cover working capital needs of a coffee manufacturer with operations in six municipalities throughout the island. The manufacturer operates multiple locations in low- and moderate-income census tracts and areas designated as distressed and underserved nonmetropolitan middle-income geographies. Loan proceeds helped retain employment of 136 low- and moderate-income individuals.

## **INVESTMENT TEST**

FirstBank’s Investment Test rating for Puerto Rico is “Outstanding.” The excellent level of qualified community development investments and grants made in the San Juan MSA primarily supports this rating given that most weight is placed on performance in this assessment area when arriving at overall conclusions.

### **Investment and Grant Activity**

FirstBank has an excellent level of qualified community development investments and grants in the PR rated area. During the evaluation period, FirstBank made 369 qualified investments and grants totaling \$132.7 million in PR, which includes six new investments totaling \$14.5 million, 33 outstanding prior period investments with a current balance of \$116.3 million, and 330 grants totaling approximately \$1.9 million. By number and dollar volume, this level represents 75.5 percent and 68.5 percent, respectively, of the bank-wide qualified investment activity.

Several prior period and new equity investments are collateralized by residential properties or small businesses located throughout PR and are classified as PR territory-wide investments. However, grants and donations are classified as assessment area-specific and are presented within the PR rated area as such. The following table shows the bank’s qualified investments by area and by purpose.

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
San Juan, PR MSA	28	50,904	142	22,269	51	15,464	5	6,424	226	95,061
Aguadilla, PR MSA	6	2,161	26	135	1	2	1	3	34	2,301
Arecibo, PR MSA	3	3	13	66	8	29	0	0	24	98
Guayama, PR MSA	1	10	10	56	0	0	0	0	11	66
Mayaguez, PR MSA	0	0	6	4,721	2	5	1	1,779	9	6,505
Ponce, PR MSA	3	8	13	66	1	2	0	0	17	76
San German, PR MSA	3	6	5	12	2	11	0	0	10	29
Yauco, PR MSA	4	154	2	6	4	13	0	0	10	173
PR Non-MSA Areas	1	7,079	5	22	7	19	0	0	13	7,120
PR Territory-Wide	8	12,311	1	150	6	8,850	0	0	15	21,311
<b>Total</b>	<b>57</b>	<b>72,636</b>	<b>223</b>	<b>27,503</b>	<b>80</b>	<b>24,395</b>	<b>7</b>	<b>8,206</b>	<b>369</b>	<b>132,740</b>
<i>Source: Bank Data</i>										

Below are notable examples of the bank’s qualified territory-wide investment activities made during the evaluation period.

- In 2019, the bank invested \$1.0 million in a CRA-qualified investment fund to support community development activities, with a primary focus on affordable housing throughout PR.
- In 2020, the bank invested \$2.8 million in the BluHaus Small Business Fund, a PR-focused specialized Small Business Investment Company (SBIC) designed to provide sources of capital for small businesses operating in PR.
- In 2021, the bank made two investments totaling \$1.0 million in the PR Community Foundation Mutual Fund, which provides direct investments in nonprofit organizations in PR that have an express mission to foster economic development.

### **Responsiveness to Credit and Community Development Needs**

FirstBank’s qualified investments and donations exhibit excellent responsiveness to the credit and community development needs of the PR rated area. The bank’s qualified investments mainly supported affordable housing, community services, and economic development, which are demonstrated community development needs in the area.

### **Community Development Initiatives**

FirstBank rarely uses innovative or complex investments to support community development in the PR rated area.

## SERVICE TEST

FirstBank’s Service Test rating for PR is “High Satisfactory.” The bank’s overall performance under the Service Test is consistent with the performance for each separate PR assessment area. Most weight was given to the bank’s performance in the San Juan MSA as this area contains the largest branch network and delivery system. The following sections discuss FirstBank’s performance under each of the Service Test factors.

### **Accessibility of Delivery Systems**

Delivery systems are accessible to essentially all portions of FirstBank’s assessment areas in PR, which is consistent with the institution overall. The bank’s current branch distribution among low- and moderate-income geographies and the availability of accessible alternative delivery systems supports this conclusion.

#### ***Branch Distribution***

Full-service branches are reasonably accessible to essentially all portions of FirstBank’s assessment areas in PR. Reasonable accessibility of branches in low- and moderate-income geographies supports this conclusion.

As seen in the following table, the bank’s level of branch distribution in low-income tracts is 7.5 percentage points above the population in low-income census tracts, reflecting good distribution. However, the bank’s level of branches is below the population percentage by 15.4 percentage point in moderate-income tracts, which does not compare favorably.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	40	4.2	121,825	3.4	7	10.9	23	5.1
Moderate	234	24.8	831,273	23.2	5	7.8	144	32.0
Middle	377	39.9	1,637,464	45.7	14	21.9	68	15.1
Upper	226	23.9	981,762	27.4	36	56.3	201	44.7
NA	68	7.2	10,749	0.3	2	3.1	14	3.1
<b>Totals</b>	945	100.0	3,583,073	100.0	64	100.0	450	100.0

*Source: 2015 ACS Census and Bank Data*

#### ***Alternative Delivery Systems***

FirstBank’s alternative delivery systems are accessible to essentially all portions of its assessment areas in PR. The preceding table shows that the distribution of ATMs in low-income tracts is 1.7 percentage points above the population in low-income census tracts. The bank’s ATMs in moderate-income tracts is 8.8 percentage points above the population in moderate-income tracts, which reflects good distribution.

FirstBank added 236 ATMs in PR since the prior evaluation, primarily through the acquisition of

Santander in September 2020. The addition of ATMs in PR contributed to a bank-wide increase of 10 ATMs in low-income tracts and 114 ATMs in moderate-income tracts since the prior evaluation. Refer to the overall Service Test section for specific details of alternative delivery systems available in the PR rated area.

In PR and USVI, FirstBank introduced an upgraded digital banking platform (“Tu Banca Digital”) in 2018 to enhance remote access to banking services for loan and deposit customers. This system update allows customers to perform traditional online banking functions and offers expanded features including access to e-statements and interactive personal finance tools. Customers can also use the digital banking application to deposit checks remotely by transmitting a photograph of the checks. As of July 2021, the platform services 59,000 daily active users, and the average active user accesses the platform five times each month. These alternative delivery channels reduce the need to visit a physical branch for those who may have difficulty doing so because of travel restrictions or transportation costs.

### **Changes in Branch Locations**

To the extent that changes have been made, the institution’s record of opening and closing branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals.

FirstBank acquired 27 new branches in PR through its acquisition of Santander in September 2020. The bank also closed 10 branches, including nine branches located throughout PR between April 2021 and July 2021, and one branch located in the Arecibo MSA in September 2018. FirstBank also relocated two branches in PR into larger and more modern facilities located within the same census tracts as the existing branches. The net effect of branch network changes in PR are two additional branches in low-income census tracts, one additional branch in a moderate-income census tract, three additional branches in middle-income census tracts, 10 additional branches in upper-income census tracts, and one additional branch in a census tract for which income information is not available.

For the vast majority of branch closures, nearby existing branches continue to serve those customers. Examiners determined that the impact of the closures on delivery systems in the low- and moderate-income areas was limited due to the proximity of the closed branches to existing branches and the availability of alternative delivery systems, including online, mobile, and telephone banking. For example, the bank closed one branch located in a low-income census tract after Hurricane Maria caused significant flooding and property damage. In addition, the bank closed two branches located in moderate-income census tracts following the Santander acquisition. In all three cases, there are other FirstBank branches within three miles of each of the closed branches.

### **Reasonableness of Business Hours and Services**

Services do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income census tracts or individuals. FirstBank offers the same loan and deposit products and similar service hours throughout the PR assessment areas. Business hours begin at

8:30 A.M. and conclude at 4:30 P.M., with many branches offering drive-up service and Saturday hours from 9:00 A.M. to 1:00 P.M.

**Community Development Services**

The bank is a leader in providing community development services. FirstBank provided 602 instances of community development services within the PR rated area. The organizations’ missions include affordable housing, community services, and economic development.

The following table shows the bank’s community development services by PR assessment area and purpose. Additional details relating to community development services are contained within the sections for the individual assessment areas.

<b>Community Development Services by Assessment Area</b>					
<b>Assessment Area</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
San Juan, PR MSA	2	466	11	0	<b>479</b>
Aguadilla, PR MSA	0	22	0	0	<b>22</b>
Arecibo, PR MSA	0	5	4	0	<b>9</b>
Guayama, PR MSA	0	11	0	0	<b>11</b>
Mayaguez, PR MSA	0	19	0	0	<b>19</b>
Ponce, PR MSA	1	19	1	0	<b>21</b>
San German, PR MSA	0	20	1	0	<b>21</b>
Yauco, PR MSA	0	4	0	0	<b>4</b>
PR Non-MSA Areas	0	1	0	0	<b>1</b>
PR Territory-wide	0	15	0	0	<b>15</b>
<b>Total</b>	<b>3</b>	<b>582</b>	<b>17</b>	<b>0</b>	<b>602</b>
<i>Source: Bank Data</i>					

Below are notable examples of the bank’s community development services benefitting all of PR.

- FirstBank participates in the Interest on Lawyers Trust Accounts (IOLTA) program. IOLTA accounts are interest-bearing escrow accounts created by lawyers for the benefit of their clients. Interest earned on these accounts is used to support free and legal services to low-income individuals with civil legal problems affecting their most basic needs such as food, shelter, jobs, and access to health care. The Foundation for Access to Justice (FFAJ) gave FirstBank permission to provide this benefit in PR in 2017. The bank has opened 127 IOLTA accounts in PR over the evaluation period.
- Beginning in April 2021, FirstBank promoted the SBA’s Restaurant Revitalization Fund (RRF), a disaster grant program established through the American Rescue Plan. The RRF supports small business owners who were adversely impacted by the COVID-19 pandemic. Bank employees offered individualized services for 11 small businesses during the program’s orientation process and provided expertise on financial planning and budgeting.

## **SAN JUAN-BAYAMON-CAGUAS, PR MSA – Full-Scope Review**

### **DESCRIPTION OF INSTITUTION’S OPERATIONS IN MSA 41980**

This assessment area contains all 598 census tracts within the San Juan MSA 41980 (San Juan MSA). The bank operates 48 of its 82 branch offices and 329 of its 492 ATMs in this assessment area. This assessment area accounted for 68.3 percent of total loans, 61.4 percent of total deposits, and 58.5 percent of the bank’s branches.

The San Juan MSA is PR’s largest MSA, containing 63.3 percent of the total census tracts, 63.2 percent of the total population, 62.6 percent of the total housing units, and 64.0 percent of the total owner-occupied housing units on the island. Additionally, 72.5 percent of all non-farm businesses are located in this MSA.

According to 2015 ACS data, this assessment area consists of 30 (5.0 percent) low-income census tracts, 160 (26.8 percent) moderate-income census tracts, 215 (36.0 percent) middle-income census tracts, and 154 (25.8 percent) upper-income census tracts. This area also includes 39 (6.5 percent) census tracts for which no demographic data is available.

Refer to the overall Scope of the Evaluation section for information regarding sources of data used in this San Juan MSA assessment area review.

#### **Economic and Demographic Data**

The following table illustrates select demographic characteristics for the San Juan MSA assessment area.

Demographic Information of the Assessment Area						
San Juan MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	598	5.0	26.8	36.0	25.8	6.5
Population by Geography	2,263,582	3.8	26.5	40.4	29.0	0.2
Housing Units by Geography	983,154	3.9	26.3	39.3	30.0	0.4
Owner-Occupied Units by Geography	548,972	1.8	24.4	41.2	32.6	0.1
Occupied Rental Units by Geography	245,270	8.8	28.6	37.2	24.8	0.6
Vacant Units by Geography	188,912	3.9	28.8	36.9	29.5	1.0
Businesses by Geography	17,298	5.4	22.6	25.1	44.5	2.3
Farms by Geography	200	5.5	30.5	32.5	31.0	0.5
Family Distribution by Income Level	558,600	26.5	15.0	15.7	42.8	0.0
Household Distribution by Income Level	794,242	28.0	13.9	14.6	43.5	0.0
Median Family Income MSA - 41980 San Juan-Bayamón-Caguas, PR MSA		\$25,617	Median Housing Value			\$140,983
			Median Gross Rent			\$499
			Families Below Poverty Level			37.8%

*Source: 2015 ACS and 2020 D&B Data. (\*) The NA category consists of geographies that have not been assigned an income classification.*

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. There are 983,154 housing units in the San Juan MSA assessment area. Of these housing units, 55.8 percent are owner-occupied, 25.0 percent are occupied rental units, and 19.2 percent are vacant. Owner-occupied housing units provide an indication of the opportunity institutions have to originate 1-4 family residential mortgage loans.

The FFIEC calculates adjusted median family income figures annually. Examiners used the 2019 and 2020 FFIEC-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion.

The following table illustrates the low-, moderate-, middle-, and upper-income categories for the San Juan MSA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
<b>San Juan-Bayamón-Caguas, PR MSA Median Family Income (41980)</b>				
2019 (\$28,300)	<\$14,150	\$14,150 to <\$22,640	\$22,640 to <\$33,960	≥\$33,960
2020 (\$27,700)	<\$13,850	\$13,850 to <\$22,160	\$22,160 to <\$33,240	≥\$33,240

*Source: FFIEC*

According to 2020 D&B data, there were 17,298 businesses. GARs for these businesses are below.

- 69.7 percent have \$1 million or less,
- 16.1 percent have more than \$1 million, and
- 14.2 percent have unknown revenues.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. Service industries represent the largest portion of businesses at 42.8 percent; followed by retail trade (13.1 percent); non-classifiable establishments (11.1 percent); and wholesale trade (8.4 percent). In addition, 49.6 percent of area businesses have four or fewer employees, and 83.2 percent operate from a single location.

According to the BLS, the June 2021 unemployment rate was 7.0 percent for the San Juan MSA, 8.2 percent for PR, and 5.9 percent nationwide.

### **Competition**

There are a limited number of financial institutions competing for deposits in the San Juan MSA. According to 2020 FDIC Deposit Market Share data, 11 financial institutions operated 211 branch locations within the San Juan MSA assessment area. Of these institutions, FirstBank ranked 4<sup>th</sup> with an 8.1 percent deposit market share.

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2020, 53 lenders reported 22,680 residential mortgage loans originated or purchased. FirstBank ranked 2<sup>nd</sup> out of this group of lenders with a market share of 9.8 percent. The top home mortgage lender, Banco Popular, accounted for 52.2 percent of total market share.

There is also a high level of competition for small business loans. In 2019, 38 lenders reported 13,984 small business loans originated or purchased. FirstBank ranked 8<sup>th</sup> out of this group of lenders with a market share of 2.3 percent. The three most prominent small business lenders, Banco Popular, American Express, FSB, and Citibank, N.A., accounted for 78.5 percent of total market share.

As previously stated, market share data for consumer loans is not available, as banks do not report consumer loan originations.

### **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit and community development needs. This information helps examiners determine whether local financial institutions are responsive to assessment area credit and community development needs. It also helps examiners determine what credit and community development opportunities are available. Examiners contacted a new third party in this assessment area.

This contact was with the director of a non-profit community development organization serving San Juan and adjoining neighborhoods. The organization's mission is to promote social and economic development through workforce development training, financial counseling for entrepreneurs, and affordable housing for low- and moderate-income families. The contact identified affordable housing and housing-related assistance as primary area needs. According to the contact, there are opportunities for banks to either finance the construction of affordable housing or donate better quality repossessed real estate to community organizations for rehabilitation into affordable housing units. The contact believes that the donated properties are often in such poor condition that it is cost prohibitive, and banks' processes for approving donations of such properties are not effective. The contact also stated that small businesses need working capital loans during the current COVID-19 pandemic. The contact spoke positively about the organization's involvement with financial institutions in the past; however, the contact noted a recent significant decline in the availability of grants and financing options for affordable housing.

Examiners also reviewed a recent contact with the director of a non-profit organization providing essential community services to low- and moderate-income individuals and families in San Juan. The programs, tailored to economically disadvantaged populations, include financial education, healthcare, and legal services. The organization receives funding through federal and local government programs, as well as private donations.

The contact emphasized that low- and moderate-income individuals need financial education to establish or re-establish their credit. Specifically, the contact stated that the area's elderly population generally have limited incomes, and lack a basic understanding of how to remedy issues with their credit scores and debts. The contact also commented that there is a demand for affordable housing to offer alternatives for individuals facing elevated housing costs in the San Juan area. The contact would like to see institutions offer a wider array of default resolution programs to assist in lowering the mortgage foreclosure rate. The contact also identified an opportunity for financial institutions to participate in the community through home purchase down payment and closing cost assistance.

### **Credit and Community Development Needs and Opportunities**

Considering information from the community contacts, bank management, and demographic data, examiners determined the San Juan MSA assessment area has specific credit and community development needs. There remains a need for affordable home mortgage loans and loan products with flexible terms due to high unemployment rates, low median income levels, and the relatively high cost of housing. There is also a need for smaller commercial loans for affordable housing. Additionally, the limited availability of affordable housing reflects a need for the construction of affordable housing units. Last, there is a need for financial education and technical assistance, particularly for first-time homebuyers, the elderly, and small business owners. Financial institutions could help meet the assessment area credit and community development needs by building stronger partnerships with local community development groups.

## CONCLUSIONS ON PERFORMANCE CRITERIA IN MSA 41980

### LENDING TEST

FirstBank's performance in the San Juan MSA is consistent with its overall performance. The bank's performance under the criteria of Lending Activity and Borrower Profile primarily support this conclusion.

#### **Lending Activity**

The bank's lending levels reflects good responsiveness to assessment area credit needs within the San Juan MSA assessment area. Over the evaluation period, the bank originated 102,271 home mortgage, consumer, and small business loans totaling nearly \$2.7 billion in this assessment area. Home mortgage loans totaled 6,641 for \$1.0 billion, consumer loans totaled 91,647 for \$1.4 billion, and small business loans totaled 3,983 for \$279.4 million. As stated above, FirstBank ranked 2<sup>nd</sup> in home mortgage lending and 8<sup>th</sup> in small business lending, by number, out of all lenders lending in the San Juan MSA.

#### **Geographic Distribution**

The geographic distribution of loans reflects adequate penetration throughout the San Juan MSA assessment area.

#### ***Consumer Loans***

The geographic distribution of consumer loans reflects adequate performance throughout the San Juan MSA assessment area. Consumer loan analysis includes loans originated by the bank's subsidiary, Money Express. As previously discussed, there is no aggregate data available for this category of loans since collection of consumer loan data by financial institutions is optional and not reportable.

Examiners compared the bank's consumer lending to the percentage of households within each census tract income level. FirstBank's performance in low- and moderate-income census tracts was slightly below the percentage of households in those tracts in both 2019 and 2020. Furthermore, the bank's performance in both low- and moderate-income census tracts was consistent with a similarly situated institution headquartered in PR. Overall, this represents adequate performance. The following table presents the distribution of consumer loans in the assessment area for 2019 and 2020.

<b>Geographic Distribution of Consumer Loans</b>					
<b>San Juan MSA</b>					
<b>Tract Income Level</b>	<b>% of Households</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>					
2019	3.9	1,061	2.6	12,515	2.2
2020	3.9	464	2.4	7,560	2.0
<b>Moderate</b>					
2019	25.7	9,893	24.6	135,421	23.5
2020	25.7	4,649	24.3	84,690	22.9
<b>Middle</b>					
2019	39.9	17,882	44.5	249,019	43.3
2020	39.9	8,358	43.7	156,898	42.5
<b>Upper</b>					
2019	30.2	11,332	28.2	177,629	30.9
2020	30.2	5,629	29.4	119,413	32.3
<b>Not Available</b>					
2019	0.3	59	0.1	715	0.1
2020	0.3	37	0.2	624	0.2
<b>Totals</b>					
<b>2019</b>	<b>100.0</b>	<b>40,227</b>	<b>100.0</b>	<b>575,299</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>19,137</b>	<b>100.0</b>	<b>369,185</b>	<b>100.0</b>
<i>Source: 2015 ACS Data; Bank Data.</i>					

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects adequate penetration throughout the San Juan MSA assessment area. Examiners focused on the percentage, by number, of loans in low- and moderate-income census tracts.

FirstBank's performance in low-income census tracts was below aggregate performance and demographic data in 2019 and 2020. Opportunities in these census tracts are limited, as only 1.8 percent of all owner-occupied housing units are located in low-income census tracts.

FirstBank's performance in moderate-income census tracts was below aggregate and demographic data in 2019. The bank's performance remained below these comparison metrics in 2020 despite an increase in lending in moderate-income census tracts. Market share data supports the bank's adequate performance. In 2020, FirstBank ranked 2<sup>nd</sup> out of 45 lenders that made loans in moderate-income census tracts, by number, with an 8.1 percent market share. This is consistent with the bank's overall market rank (2<sup>nd</sup>) and market share (9.8 percent) in the San Juan MSA assessment area.

Considering the comparisons and performance context, the bank’s performance of lending in the area’s low- and moderate-income census tracts is adequate. The following table depicts the distribution of home mortgage loans in the assessment area for 2019 and 2020.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>San Juan MSA</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2019	1.8	1.5	10	0.5	974	0.3
2020	1.8	1.5	10	0.5	908	0.3
<b>Moderate</b>						
2019	24.4	15.3	250	11.8	27,455	8.3
2020	24.4	16.3	298	13.4	34,430	9.6
<b>Middle</b>						
2019	41.2	36.6	754	35.5	91,994	27.9
2020	41.2	37.3	739	33.2	98,192	27.5
<b>Upper</b>						
2019	32.6	46.0	1,110	52.2	208,624	63.2
2020	32.6	44.6	1,171	52.7	222,411	62.3
<b>Not Available</b>						
2019	0.1	0.4	1	0.0	1,050	0.3
2020	0.1	0.3	5	0.2	1,144	0.3
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>2,125</b>	<b>100.0</b>	<b>330,096</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>2,223</b>	<b>100.0</b>	<b>357,085</b>	<b>100.0</b>
<i>Source: 2015 ACS Data; HMDA Reported Data; HMDA Aggregate Data; "--" data not available.</i>						

### ***Small Business Loans***

The geographic distribution of small business loans reflects adequate penetration throughout the San Juan MSA. Examiners compared FirstBank’s performance to demographic and aggregate data.

In 2019, FirstBank’s performance in low-income census tracts was below aggregate performance and demographic data. FirstBank’s number of loans in low-income census tracts increased sharply in 2020, consistent with overall small business volume attributed to PPP lending, while performance remained below area demographics.

In 2019, FirstBank’s lending in moderate-income census tracts trailed demographic data but exceeded aggregate data. In 2020, FirstBank’s lending volume increased in moderate-income census tracts, but remained below area demographics. Overall, these trends and comparisons reflect

adequate performance. The following table depicts the distribution of the bank’s small business loans by census tract income level.

<b>Geographic Distribution of Small Business Loans</b>						
<b>San Juan MSA</b>						
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2019	5.5	3.6	8	2.5	950	2.0
2020	5.4	--	98	3.0	4,715	2.7
<b>Moderate</b>						
2019	22.8	18.0	59	18.6	6,943	14.7
2020	22.6	--	480	14.5	27,235	15.4
<b>Middle</b>						
2019	24.9	26.3	93	29.3	11,941	25.3
2020	25.1	--	949	28.6	40,061	22.7
<b>Upper</b>						
2019	44.3	51.2	156	49.2	27,087	57.4
2020	44.5	--	1,767	53.2	101,859	57.8
<b>Not Available</b>						
2019	2.5	0.9	1	0.3	300	0.6
2020	2.3	--	26	0.8	2,450	1.4
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>317</b>	<b>100.0</b>	<b>47,221</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>--</b>	<b>3,320</b>	<b>100.0</b>	<b>176,320</b>	<b>100.0</b>
<i>Source: 2019 &amp; 2020 D&amp;B Data; CRA Reported Data; CRA Aggregate Data, "--" data not available.</i>						

### **Borrower Profile**

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and businesses of different revenue sizes in the San Juan MSA. The bank’s performance of consumer lending primarily supports this conclusion.

### ***Consumer Loans***

The distribution of consumer loans reflects good penetration to individuals of different income levels, including low- and moderate-income borrowers. Examiners used the percentage of households within each income level to measure the opportunities to originate consumer loans to borrowers of different income levels and compared the bank’s performance to a similarly situated institution.

FirstBank’s level of lending to low-income borrowers was below area demographics in 2019 and 2020; however, the bank’s performance to moderate-income borrowers far exceeded demographics in 2019 and 2020. In addition, FirstBank’s performance was above the similarly situated institution’s performance in lending to low-income borrowers, and was comparable in lending to moderate-income borrowers within the San Juan MSA. Overall, these comparisons reflect good performance. The following table illustrates the 2019 and 2020 borrower distribution of consumer loans.

<b>Distribution of Consumer Loans by Borrower Income Level</b>					
<b>San Juan MSA</b>					
<b>Borrower Income Level</b>	<b>% of Households</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>					
2019	28.0	7,833	19.5	53,463	9.3
2020	28.0	2,366	12.4	18,246	4.9
<b>Moderate</b>					
2019	13.9	12,598	31.3	147,246	25.6
2020	13.9	6,123	32.0	92,883	25.2
<b>Middle</b>					
2019	14.6	9,554	23.8	155,119	27.0
2020	14.6	4,707	24.6	96,354	26.1
<b>Upper</b>					
2019	43.5	10,242	25.5	219,471	38.1
2020	43.5	5,941	31.0	161,702	43.8
<b>Not Available</b>					
2019	0.0	0	0.0	0	0.0
2020	0.0	0	0.0	0	0.0
<b>Totals</b>					
<b>2019</b>	<b>100.0</b>	<b>40,227</b>	<b>100.0</b>	<b>575,299</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>19,137</b>	<b>100.0</b>	<b>369,185</b>	<b>100.0</b>
<i>Source: 2015 ACS Data; Bank Data.</i>					

### ***Home Mortgage Loans***

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is adequate. Examiners compared the bank’s home mortgage lending to the percentage of families within each income category and aggregate lending data.

In 2019, FirstBank’s lending to low-income borrowers was below the aggregate and demographic data. In 2020, the bank’s lending to low-income borrowers was consistent with aggregate performance and remained below demographic data. The significant disparity between aggregate

and demographic data on low-income families reflects the difficulties that low-income families face qualifying for a home mortgage loan.

FirstBank’s lending to moderate-income borrowers was below demographic data and slightly below aggregate performance in 2019 and 2020. Market share data for 2020 supports the bank’s adequate performance in making loans to moderate-income borrowers. In lending to borrowers of this income level, FirstBank ranked 3<sup>rd</sup> out of 22 lenders with an 8.2 percent market share. This market share is slightly below the bank’s overall market share of 9.8 percent. The following table shows the distribution of home mortgage loans for 2019 and 2020.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>San Juan MSA</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2019	26.5	1.0	10	0.5	593	0.2
2020	26.5	0.3	6	0.3	302	0.1
<b>Moderate</b>						
2019	15.0	6.7	122	5.7	9,409	2.9
2020	15.0	4.2	73	3.3	6,128	1.7
<b>Middle</b>						
2019	15.7	13.1	296	13.9	28,807	8.7
2020	15.7	8.3	227	10.2	23,495	6.6
<b>Upper</b>						
2019	42.8	49.0	1,354	63.7	247,833	75.1
2020	42.8	33.9	1,295	58.3	242,704	68.0
<b>Not Available</b>						
2019	0.0	30.3	343	16.1	43,454	13.2
2020	0.0	53.3	622	28.0	84,457	23.7
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>2,125</b>	<b>100.0</b>	<b>330,096</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>2,223</b>	<b>100.0</b>	<b>357,085</b>	<b>100.0</b>

*Source: 2015 ACS Data; HMDA Reported Data; HMDA Aggregate Data; "--" data not available.*

### ***Small Business Loans***

The distribution of borrowers reflects excellent penetration among businesses of different sizes.

In 2019, First Bank’s lending to businesses with GARs of \$1 million or less exceeded demographic and aggregate data. Market share data for 2019 reflects that FirstBank’s market rank (7<sup>th</sup>) and market share (2.8 percent) lending to businesses with GARs of \$1 million or less exceeds its overall market rank (8<sup>th</sup>) and market share (2.3 percent). This data further supports the bank’s excellent performance.

In 2020, the bank’s lending to businesses with GARs of \$1 million or less decreased significantly as a percentage of total loans. This decrease is primarily due to the number of PPP loans the bank originated in 2020. Since the PPP does not require lenders to collect business revenue information, a significant portion of the bank’s small business loans do not report revenues. When excluding these loans, the bank made 151 of 240 small business loans, or 62.9 percent, to businesses with GARs of \$1 million or less. The following table illustrates the distribution of small business loans by GAR category.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>						
<b>San Juan MSA</b>						
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>						
2019	67.2	57.1	216	68.1	21,452	45.4
2020	69.7	--	151	4.5	16,065	9.1
<b>&gt;\$1,000,000</b>						
2019	18.0	--	101	31.9	25,769	54.6
2020	16.1	--	89	2.7	31,624	17.9
<b>Revenue Not Available</b>						
2019	14.8	--	0	0.0	0	0.0
2020	14.2	--	3,080	92.8	128,631	73.0
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>317</b>	<b>100.0</b>	<b>47,221</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>--</b>	<b>3,320</b>	<b>100.0</b>	<b>176,320</b>	<b>100.0</b>
<i>Source: 2019 &amp; 2020 D&amp;B Data; CRA Reported Data; CRA Aggregate Data; "--" data not available.</i>						

### **Community Development Loans**

FirstBank is a leader in making community development loans within the San Juan MSA assessment area. During the evaluation period, the bank originated 85 community development loans totaling \$436.6 million that benefitted this assessment area. The bank’s community development lending performance in this assessment area represents 43.4 percent and 45.9 percent of the total community development loans by number and dollar volume, respectively. In addition, FirstBank originated eight loans totaling \$102.2 million, classified as territory-wide activities that serve all of PR, including this assessment area. The bank’s community development loans primarily supported economic development and revitalization of low- and moderate-income areas in the San Juan MSA. The following table shows community development lending in this area by activity year and community development purpose.

<b>Community Development Lending San Juan MSA</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2018 (Partial)	0	0	2	6,800	5	12,700	0	0	7	19,500
2019	3	16,793	8	156,250	3	6,800	2	7,600	16	187,443
2020	4	1,298	2	8,000	15	45,968	22	109,520	43	164,786
YTD 2021	1	90	4	34,940	3	8,071	11	21,816	19	64,917
<b>Total</b>	<b>8</b>	<b>18,181</b>	<b>16</b>	<b>205,990</b>	<b>26</b>	<b>73,539</b>	<b>35</b>	<b>138,936</b>	<b>85</b>	<b>436,646</b>
<i>Source: Bank Data</i>										

Below are notable examples of community development loans in the San Juan MSA.

- In 2019, the bank originated a \$110.5 million loan to refinance the existing debt originally used to fund improvements of three hospitals and finance equipment for a new spinal surgical unit. Two hospitals and the surgical unit are located in or adjacent to low-income census tracts in the San Juan MSA, and provide essential health services primarily to low- and moderate-income individuals in the assessment area.
- During 2020 and 2021, FirstBank made 31 loans totaling \$79.1 million to small businesses in the assessment area through the SBA’s PPP, which met the definition of community development. These loans responded to the needs of local businesses affected by the COVID-19 pandemic.

## **INVESTMENT TEST**

FirstBank’s Investment Test performance in the San Juan MSA assessment area is consistent with its overall performance.

### **Investment and Grant Activity**

FirstBank has an excellent level of qualified community development investments, grants, and donations in the San Juan MSA assessment area. The bank reported 226 qualified investments and grants totaling \$95.1 million in this assessment area. Qualified investments include one new equity investment of \$9.2 million, 18 prior period investments with a current book value of \$84.5 million, and 207 grants totaling \$1.3 million. This activity accounts for 56.3 percent of the bank’s total qualified investments. In addition, the bank maintains 13 prior period and new qualified equity investments totaling \$20.3 million that benefit all of PR, including the San Juan MSA assessment area. The following table shows investments and donations in this area by activity year and community development purpose.

Qualified Investments San Juan MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	8	41,354	4	21,650	5	15,129	1	6,410	18	84,543
2018 (Partial)	1	9,226	0	0	0	0	0	0	1	9,226
2019	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0	0
YTD 2021	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>9</b>	<b>50,580</b>	<b>4</b>	<b>21,650</b>	<b>5</b>	<b>15,129</b>	<b>1</b>	<b>6,410</b>	<b>19</b>	<b>93,769</b>
Qualified Grants & Donations	19	324	138	619	46	335	4	14	207	1,292
<b>Total</b>	<b>28</b>	<b>50,904</b>	<b>142</b>	<b>22,269</b>	<b>51</b>	<b>15,464</b>	<b>5</b>	<b>6,424</b>	<b>226</b>	<b>95,061</b>
<i>Source: Bank Data</i>										

Below are notable examples of the bank's qualified investments and donations:

- In 2018, the bank refinanced general obligation bonds of \$9.2 million used by the Bayamon municipality to implement infrastructure projects consistent with the municipality's housing and urban development objectives for low- and moderate-income individuals and families. Proceeds supported affordable home ownership, rehabilitated substandard housing, and extended leases of units with rental subsidies.
- In 2018, the bank donated \$115,000 in the form of a 10-unit multi-family building for the purpose of relocating low- and moderate-income individuals while restoration of the San Juan eco-system and lagoon dredging took place.
- In 2019, the bank donated \$25,000 to an organization that provides education and resources to entrepreneurs to advance the development needs of small businesses in the assessment area. The bank's donation helped expand existing financial management programs.
- In 2020, the bank donated \$20,000 to a non-profit organization that provides educational support for a public Montessori school located in a low-income census tract in the assessment area. The bank's donation helped fund an after-school summer camp for 150 students and youth sports programs for low-income families.
- In 2021, the bank donated \$15,000 to a non-profit organization whose mission is to promote progress for residents of low-income communities and the unemployed through capacity building programs. For example, the organization launched an entrepreneurial training workshop for young adults seeking employment that included financial education sessions and technical training.

**Responsiveness to Credit and Community Development Needs**

The bank’s qualified investments and donations exhibit excellent responsiveness to the credit and community development needs of the San Juan MSA assessment area. FirstBank made a significant volume of donations that support affordable housing needs, community development services, and economic development activities. These investments demonstrate the bank’s excellent responsiveness to identified community development needs.

**Community Development Initiatives**

FirstBank rarely uses innovative or complex investments to support community development initiatives.

**SERVICE TEST**

FirstBank’s Service Test performance in the San Juan MSA assessment area is consistent with its overall performance.

**Accessibility of Delivery Systems**

Delivery systems are accessible to essentially all portions of the San Juan MSA assessment area. FirstBank’s branch distribution in this assessment area and the availability of alternative delivery systems support this conclusion.

***Branch Distribution***

FirstBank’s full-service branches are reasonably accessible to essentially all portions of the San Juan MSA assessment area. As seen in the following table, the bank’s distribution of branches in low-income tracts is 6.6 percentage points above the population in those tracts, reflecting good distribution. However, the bank’s distribution of branches in moderate-income tracts is below the population percentage by 20.2 percentage points, which does not compare favorably.

<b>Branch and ATM Distribution by Geography Income Level San Juan MSA</b>								
<b>Tract Income Level</b>	<b>Census Tracts</b>		<b>Population</b>		<b>Branches</b>		<b>ATMs</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	30	5.0	87,106	3.8	5	10.4	15	4.6
Moderate	160	26.8	600,548	26.5	3	6.3	99	30.1
Middle	215	36.0	914,579	40.4	8	16.6	44	13.4
Upper	154	25.8	656,210	29.0	31	64.6	161	48.9
NA	39	6.5	5,139	0.2	1	2.1	10	3.0
<b>Totals</b>	<b>598</b>	<b>100.0</b>	<b>2,263,582</b>	<b>100.0</b>	<b>48</b>	<b>100.0</b>	<b>329</b>	<b>100.0</b>
<i>2015 ACS Data; Bank Data</i>								

### ***Alternative Delivery Systems***

FirstBank's alternative delivery systems are accessible to all portions of the San Juan MSA assessment area. The preceding table shows that the bank's distribution of ATMs in low-income tracts is comparable to the population in low-income census tracts. The bank's distribution of ATMs in moderate-income tracts is 3.6 percentage points above the population in moderate-income tracts, which reflects good distribution. Refer to the overall Service Test section for specific details of alternative delivery systems available in the San Juan MSA.

### **Changes in Branch Locations**

FirstBank's opening and closing of branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. During the evaluation period, the bank acquired 20 branches and closed six branches in this assessment area. The branch network changes resulted in one additional branch in a low-income census tract, one in a moderate-income census tract, two in middle-income census tracts, and 10 in upper-income census tracts.

While the closure of branches had an impact on the bank's branch distribution, the closings did not adversely affect the accessibility of delivery systems. The decision to close these branches was influenced by the close proximity of existing branches and physical damage caused by significant earthquakes in 2020.

### **Reasonableness of Business Hours and Services**

The bank's business hours and services do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. Branch hours vary, but generally begin at 8:30 A.M. and end at 4:30 P.M. on weekdays. Most branches, including all eight located in low- and moderate-income census tracts, have Saturday banking hours from 9:00 A.M. and 1:00 P.M. These hours are consistent with other banks located in the San Juan MSA.

### **Community Development Services**

FirstBank is a leader in providing community development services throughout the San Juan MSA assessment area. The bank provided 479 instances of community development services in the assessment area. In addition, the bank provided 15 instances of community development services to organizations that serve all of PR, including this assessment area. The following table shows community development services in this area by activity year and community development purpose.

Community Development Services San Juan MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2018 (Partial)	0	106	4	0	110
2019	1	171	2	0	174
2020	1	117	3	0	121
YTD 2021	0	72	2	0	74
<b>Total</b>	<b>2</b>	<b>466</b>	<b>11</b>	<b>0</b>	<b>479</b>
<i>Source: Bank Data</i>					

Below are notable examples of community development services conducted in the San Juan MSA.

- An Executive Vice President serves on the Board of a non-profit organization that provides life skills training, advocacy, and support for disadvantaged children in the assessment area. The organization is located in a moderate-income census tract, and a majority of participants are low- or moderate-income. In this role, the Executive Vice President provides leadership skills and assists with fundraising initiatives.
- A CRA specialist serves as a committee member of a local affordable housing organization that provides permanent housing for low- and moderate-income families. The organization engages in new home construction and provides education to families designed to guide them through the home buying process. The employee provided services to this organization throughout the evaluation period.
- Four employees provided technical assistance and financial expertise during a first-time homebuyer seminar targeted to low-income families. FirstBank partnered with a local municipality's housing authority to administer the seminar, and a majority of participants qualified for the homeownership program under HUD's Section 8 requirements.
- An officer provided guidance for small- and medium-sized start-up businesses on improving personal credit and business plan development to obtain commercial financing through alternative capital access.

## **AGUADILLA-ISABELA, PR MSA – Full-Scope Review**

### **DESCRIPTION OF INSTITUTION’S OPERATIONS IN MSA 10380**

This assessment area contains all 81 census tracts within the Aguadilla-Isabela, PR MSA 10380 (Aguadilla MSA). The bank operates 4 of its 82 branches and 38 of its 492 ATMs in this assessment area. This assessment area accounts for 6.3 percent of loans, 3.4 percent of total deposits, and 4.9 percent of the bank’s branches.

Of the bank’s nine PR MSA assessment areas, the Aguadilla MSA contains 8.6 percent of the total census tracts, 9.1 percent of the total population, 9.3 percent of the total housing units, and 9.0 percent of the total owner-occupied housing units. Additionally, 6.8 percent of all non-farm businesses are located in this assessment area.

According to 2015 ACS census data, the Aguadilla MSA assessment area consists of 2 (2.5 percent) low-income census tracts, 19 (23.5 percent) moderate-income census tracts, 39 (48.1 percent) middle-income census tracts, and 16 (19.8 percent) upper-income census tracts. This area also includes five (6.2 percent) census tracts for which no demographic data is available.

Refer to the overall Scope of the Evaluation section for information regarding sources of data used in this Aguadilla MSA assessment area review.

#### **Economic and Demographic Data**

The following table illustrates select demographic characteristics for this assessment area.

Demographic Information of the Assessment Area						
Aguadilla MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	81	2.5	23.5	48.1	19.8	6.2
Population by Geography	325,921	1.4	21.8	54.8	22.0	0.0
Housing Units by Geography	145,862	1.6	22.1	55.6	20.7	0.0
Owner-Occupied Units by Geography	73,550	0.9	19.3	56.9	22.9	0.0
Occupied Rental Units by Geography	36,882	2.3	28.6	50.8	18.3	0.0
Vacant Units by Geography	35,430	2.1	21.2	58.0	18.7	0.0
Businesses by Geography	1,631	4.1	24.6	49.5	21.8	0.0
Farms by Geography	77	9.1	28.6	41.6	20.8	0.0
Family Distribution by Income Level	80,862	26.4	14.7	15.9	43.0	0.0
Household Distribution by Income Level	110,432	26.8	14.6	15.2	43.4	0.0
Median Family Income MSA - 10380 Aguadilla-Isabela, PR MSA		\$18,267	Median Housing Value			\$108,420
			Median Gross Rent			\$408
			Families Below Poverty Level			49.8%
<i>Source: 2015 ACS and 2020 D&amp;B Data; FFIEC Estimated Median Family Income; (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to U.S. Census data, there are 145,862 housing units in the Aguadilla MSA. Of these, 50.4 percent are owner-occupied, 25.3 percent are occupied rental units, and 24.3 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. As shown in the table above, only 0.9 percent (662) of the assessment area's owner-occupied housing units are located in the two low-income census tracts. In addition, 19.3 percent of the owner-occupied housing units are located in moderate-income census tracts. This data suggests that there are relatively limited opportunities to originate 1-4 family residential mortgage loans in geographies of these income levels, particularly the two low-income census tracts.

Also shown above, 26.4 percent of the assessment area's families are low-income and 14.7 percent are moderate-income. In addition, 49.8 percent of the families in the assessment area have incomes below the poverty threshold. This data highlights the difficulties families face when trying to qualify for a home mortgage loan or support a monthly mortgage payment, particularly with the assessment area's \$108,420 median home value. This data further reflects the challenges lenders face in originating home mortgage loans to low- and moderate-income individuals.

The FFIEC calculates adjusted MFI figures annually. Examiners used the 2019 and 2020 FFIEC-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table illustrates the low-, moderate-, middle-, and upper-income categories for the Aguadilla MSA assessment area.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Aguadilla-Isabela, PR MSA Median Family Income (10380)</b>				
2019 (\$19,800)	<\$9,900	\$9,900 to <\$15,840	\$15,840 to <\$23,760	≥\$23,760
2020 (\$21,400)	<\$10,700	\$10,700 to <\$17,120	\$17,120 to <\$25,680	≥\$25,680
<i>Source: FFIEC</i>				

According to 2020 D&B data, there were 1,631 non-farm businesses within the Aguadilla MSA. GARs for these businesses follow:

- 74.6 percent have \$1 million or less.
- 7.4 percent have more than \$1 million.
- 18.0 percent have unknown revenues.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. Service industries represent the largest portion of businesses at 42.4 percent; followed by non-classifiable establishments (16.9 percent); retail trade (15.9 percent); construction (6.3 percent); and manufacturing (5.3 percent). In addition, 50.8 percent of area businesses have four or fewer employees, and 85.5 percent operate from a single location. This data indicates that opportunities exist for small business lending in the assessment area.

The June 2021 unemployment rate was 9.8 percent for this assessment area, 8.2 percent for PR territory-wide, and 5.9 percent nationwide.

### **Competition**

There are a limited number of large, multi-billion dollar institutions competing for deposits in the Aguadilla MSA. In total, there were five financial institutions operating 20 branches in the assessment area. Of these institutions, FirstBank ranked 2<sup>nd</sup> by total dollars deposited with a 16.8 percent deposit market share.

There is a high level of competition for residential mortgage loans in the Aguadilla MSA. In 2020, 39 lenders reported originating or purchasing 1,476 residential mortgage loans. FirstBank ranked 2<sup>nd</sup> out of this group of lenders, with a market share of 15.0 percent by number of loans. The most prominent home mortgage lender, Banco Popular, captured 46.0 percent of the total market share.

There is a moderate level of competition for small business loans within the Aguadilla MSA assessment area. In 2019, 14 lenders reported originating or purchasing 1,392 small business loans. FirstBank ranked 4<sup>th</sup> out of this group of lenders, with a market share of 3.7 percent. The most prominent small business lender, Banco Popular, accounted for 67.7 percent of total market share.

As previously mentioned, market share is not available for consumer loan originations.

## **Credit and Community Development Needs and Opportunities**

Based on information from bank management and demographic data, examiners determined that the Aguadilla MSA assessment area would benefit from loans that target low- and moderate-income families and homebuyer education programs. As 41.1 percent of the area's families are low- and moderate-income, and 20.2 percent of the owner-occupied housing units are in the low- and moderate-income census tracts, opportunities exist for lenders to target these markets.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN MSA 10380**

### **LENDING TEST**

FirstBank's Lending Test performance in the Aguadilla MSA assessment area is consistent with its overall performance. The following sections discuss the bank's performance under each of the Lending Test factors.

#### **Lending Activity**

Lending levels reflect good responsiveness to the credit needs of this assessment area. FirstBank made 6.9 percent of its home mortgage, 6.0 percent of its small business, and 6.3 percent of its consumer loans, (by number) in this assessment area. This volume of lending reflects good responsiveness to the credit needs of the assessment area given the percentage of the bank's branches and deposits in the Aguadilla MSA.

#### **Geographic Distribution**

The geographic distribution of loans reflects adequate performance throughout the Aguadilla MSA.

#### ***Consumer Loans***

The geographic distribution of consumer loans reflects adequate penetration throughout the Aguadilla MSA. While the evaluation of consumer lending includes a comparison of the bank's performance to a similarly situated bank, aggregate data is not available for this product type to provide an additional measure of performance.

In 2019 and 2020, FirstBank's level of lending slightly exceeded the percentage of households in low-income census tracts. FirstBank's consumer lending performance in moderate-income census tracts was relatively consistent with the percentage of households located in those tracts in both 2019 and 2020. The bank's performance was also consistent with the similarly situated institution. Overall, these trends and comparisons reflect adequate performance. The following table illustrates the distribution of consumer loans and demographic data by census tract income level.

<b>Geographic Distribution of Consumer Loans</b>					
<b>Aguadilla MSA</b>					
<b>Tract Income Level</b>	<b>% of Households</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>					
2019	1.4	85	2.2	878	1.9
2020	1.4	39	2.5	583	2.5
<b>Moderate</b>					
2019	22.4	752	19.4	8,588	19.0
2020	22.4	324	20.9	4,763	20.4
<b>Middle</b>					
2019	54.9	2,220	57.3	25,548	56.5
2020	54.9	865	55.8	12,776	54.8
<b>Upper</b>					
2019	21.4	816	21.1	10,181	22.5
2020	21.4	321	20.7	5,178	22.2
<b>Not Available</b>					
2019	0.0	0	0.0	0	0.0
2020	0.0	0	0.0	0	0.0
<b>Totals</b>					
<b>2019</b>	<b>100.0</b>	<b>3,873</b>	<b>100.0</b>	<b>45,195</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>1,549</b>	<b>100.0</b>	<b>23,300</b>	<b>100.0</b>
<i>Source: 2015 ACS Data; Bank Data.</i>					

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects adequate penetration throughout the Aguadilla MSA assessment area.

In 2019, FirstBank’s performance in low-income census tracts was slightly below aggregate performance and demographic data. In 2020, the bank’s lending in low-income census tracts increased and was consistent with aggregate and demographic data. Opportunities in these census tracts are limited, as only 0.9 percent of all owner-occupied housing units are located in low-income census tracts.

In 2019, FirstBank’s performance in moderate-income census tracts was slightly below aggregate performance and demographic data. In 2020, the bank’s level of lending in moderate-income tracts decreased and was below aggregate and demographic data. Market share data supports the bank’s adequate performance. In 2020, FirstBank ranked 2<sup>nd</sup> out of 24 lenders that made loans in moderate-income census tracts, by number, with a 10.7 percent market share. This market rank and share is in line with its overall market rank (2<sup>nd</sup>) and market share (15.0 percent) in the Aguadilla

MSA. The following table depicts the distribution of home mortgage loans in the assessment area for 2019 and 2020.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Aguadilla MSA</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2019	0.9	0.7	1	0.4	65	0.2
2020	0.9	0.9	2	0.9	166	0.5
<b>Moderate</b>						
2019	19.3	16.0	37	15.1	4,266	13.8
2020	19.3	16.5	26	11.8	3,180	10.0
<b>Middle</b>						
2019	56.9	54.5	130	53.1	16,943	54.8
2020	56.9	53.6	122	55.2	17,344	54.8
<b>Upper</b>						
2019	22.9	28.8	77	31.4	9,651	31.2
2020	22.9	28.9	71	32.1	10,980	34.7
<b>Not Available</b>						
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	0.0	0	0.0	0	0.0
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>245</b>	<b>100.0</b>	<b>30,925</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>221</b>	<b>100.0</b>	<b>31,670</b>	<b>100.0</b>
<i>Source: 2015 ACS Data; HMDA Reported Data; HMDA Aggregate Data; "--" data not available.</i>						

### ***Small Business Loans***

The geographic distribution of small business loans reflects adequate penetration throughout the Aguadilla MSA assessment area. FirstBank exceeded area demographics and outperformed aggregate lenders in the low-income census tracts in 2019. While the bank’s overall loan volume increased in low-income tracts in 2020, the percentage of loans was slightly below demographics.

In 2019, FirstBank’s lending in moderate-income census tracts was below aggregate data and area demographics. In 2020, FirstBank’s lending increased in moderate-income census tracts due to PPP lending, but remained below area demographics. Overall, these trends and comparisons reflect adequate performance. The following table displays the distribution of the bank’s small business loans by census tract income level.

Geographic Distribution of Small Business Loans						
Aguadilla MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	5.1	3.6	6	11.5	500	19.5
2020	4.1	--	11	3.4	133	1.6
Moderate						
2019	25.3	19.0	5	9.6	863	33.6
2020	24.6	--	48	14.9	2,024	24.3
Middle						
2019	48.0	54.1	29	55.8	970	37.8
2020	49.5	--	200	62.1	4,854	58.3
Upper						
2019	21.5	23.2	12	23.1	232	9.0
2020	21.8	--	63	19.6	1,308	15.7
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>52</b>	<b>100.0</b>	<b>2,565</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>--</b>	<b>322</b>	<b>100.0</b>	<b>8,319</b>	<b>100.0</b>
<i>Source: 2019 &amp; 2020 D&amp;B Data; CRA Reported Data; CRA Aggregate Data; "--" data not available.</i>						

### **Borrower Profile**

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and businesses of different revenue sizes in the Aguadilla MSA. The bank's performance of consumer and small business lending supports this conclusion.

### ***Consumer Loans***

The distribution of consumer loans to individuals of different income levels, including low- and moderate-income borrowers, is good. While the overall evaluation of consumer lending includes a comparison of the bank's performance to a similarly situated bank, aggregate data is not available for this product type.

FirstBank's level of lending to low-income borrowers was significantly below area demographics in 2019 and 2020; however, the bank's performance to moderate-income borrowers far exceeded demographics during these years. In addition, FirstBank outperformed the similarly situated institution in lending to low- and moderate-income borrowers within the Aguadilla MSA. Overall,

these trends and comparisons reflect good performance. The following table illustrates the distribution of consumer loans and demographic data by income level.

<b>Distribution of Consumer Loans by Borrower Income Level</b>					
<b>Aguadilla MSA</b>					
<b>Borrower Income Level</b>	<b>% of Households</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>					
2019	26.8	259	6.7	1,299	2.9
2020	26.8	115	7.4	707	3.0
<b>Moderate</b>					
2019	14.6	1,050	27.1	7,767	17.2
2020	14.6	507	32.7	4,868	20.9
<b>Middle</b>					
2019	15.2	1,158	29.9	12,140	26.9
2020	15.2	378	24.4	5,263	22.6
<b>Upper</b>					
2019	43.4	1,406	36.3	23,989	53.1
2020	43.4	549	35.4	12,462	53.5
<b>Not Available</b>					
2019	0.0	0	0.0	0	0.0
2020	0.0	0	0.0	0	0.0
<b>Totals</b>					
<b>2019</b>	<b>100.0</b>	<b>3,873</b>	<b>100.0</b>	<b>45,195</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>1,549</b>	<b>100.0</b>	<b>23,300</b>	<b>100.0</b>
<i>Source: 2015 ACS Data; Bank Data.</i>					

### ***Home Mortgage Loans***

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is adequate.

First Bank did not originate any loans to low-income borrowers in the Aguadilla MSA in 2019 or 2020. Market share data reflects extremely limited opportunity for institutions to originate home mortgage loans to low-income borrowers in this assessment area. For example, aggregate data for 2020 reveals that only three lenders originated a single loan each to low-income borrowers in this assessment area.

First Bank’s lending to moderate-income borrowers was below demographic data but exceeded aggregate performance in 2019. In 2020, the bank’s lending to moderate-income borrowers remained below demographic data and was consistent with aggregate performance. The following table displays the distribution of loans by borrower income level.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Aguadilla MSA</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2019	26.4	0.5	0	0.0	0	0.0
2020	26.4	0.2	0	0.0	0	0.0
<b>Moderate</b>						
2019	14.7	2.9	8	3.3	444	1.4
2020	14.7	2.2	5	2.3	401	1.3
<b>Middle</b>						
2019	15.9	11.8	33	13.5	2,619	8.5
2020	15.9	6.6	21	9.5	1,898	6.0
<b>Upper</b>						
2019	43.0	65.5	193	78.8	26,536	85.8
2020	43.0	52.7	156	70.6	24,407	77.1
<b>Not Available</b>						
2019	0.0	19.3	11	4.5	1,327	4.3
2020	0.0	38.3	39	17.6	4,964	15.7
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>245</b>	<b>100.0</b>	<b>30,925</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>221</b>	<b>100.0</b>	<b>31,670</b>	<b>100.0</b>
<i>Source: 2015 ACS Data; HMDA Reported Data; HMDA Aggregate Data; "--" data not available.</i>						

### ***Small Business Loans***

The distribution of borrowers reflects excellent penetration among businesses of different sizes. In 2019, FirstBank's lending to businesses with GARs of \$1 million or less exceeded aggregate performance and demographic data. Market share data further supports the bank's excellent performance. Market share data for 2019 reflects that FirstBank's market share (4.3 percent) lending to businesses with GARs less than \$1 million exceeds its overall market share (3.7 percent).

In 2020, the bank's lending to businesses with GARs of \$1 million or less decreased significantly as a percentage of total loans. As mentioned previously, this decrease is due to the large number of PPP loans the bank originated in 2020, for which banks were not required to collect GAR information. Excluding PPP loans, 29 of 32 loans in 2020 were to small businesses. The following table reflects the distribution of small business loans by GAR category.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Aguadilla MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	73.3	70.3	40	76.9	1,702	66.4
2020	74.6	--	29	9.0	1,602	19.3
>\$1,000,000						
2019	7.8	--	12	23.1	863	33.6
2020	7.4	--	3	0.9	912	11.0
Revenue Not Available						
2019	18.9	--	0	0.0	0	0.0
2020	18.0	--	290	90.1	5,805	69.8
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>52</b>	<b>100.0</b>	<b>2,565</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>--</b>	<b>322</b>	<b>100.0</b>	<b>8,319</b>	<b>100.0</b>
<i>Source: 2019 &amp; 2020 D&amp;B Data; CRA Reported Data; CRA Aggregate Data; "--" data not available.</i>						

### **Community Development Lending**

FirstBank did not originate any community development loans directly in the Aguadilla MSA; however, the bank originated eight loans totaling \$102.2 million, classified as territory-wide activities that serve all of PR, including this assessment area. The lack of community development activity is not unreasonable considering the smaller volume and percentage of lending activity, branches, and deposits in this assessment area. It reflects a decrease of two community development loans since the prior evaluation.

### **INVESTMENT TEST**

FirstBank's Investment Test performance in the Aguadilla MSA assessment area is rated "High Satisfactory." The bank's significant level of qualified community development investments and grants primarily supports this rating. FirstBank's Investment Test performance in this assessment area is below its performance in the San Juan MSA assessment area and the PR rated area.

### **Investment and Grant Activity**

FirstBank has a significant level of qualified community development investments and grants in the Aguadilla MSA. The bank maintains one prior period equity investment with a current book value of \$2.2 million and made donations totaling \$149,000 in this assessment area. In addition, the bank maintains 13 prior period and new qualified equity investments totaling \$20.3 million that benefit all of PR, including the Aguadilla MSA. The following table shows the bank's investments and donations in the Aguadilla MSA by year and community development purpose.

<b>Qualified Investments Aguadilla MSA</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Prior Period	1	2,152	0	0	0	0	0	0	1	2,152
2018 (Partial)	0	0	0	0	0	0	0	0	0	0
2019	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0	0
YTD 2021	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>1</b>	<b>2,152</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2,152</b>
Qualified Grants & Donations	5	9	26	135	1	2	1	3	33	149
<b>Total</b>	<b>6</b>	<b>2,161</b>	<b>26</b>	<b>135</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>34</b>	<b>2,301</b>
<i>Source: Bank Data</i>										

Below are notable examples of the bank’s qualified donations in the Aguadilla MSA.

- In 2019, the bank donated \$5,000 to a non-profit organization that serves children and adults with developmental disabilities through advocacy, education, training, and other specialized services. A majority of those served by this organization are low- or moderate-income.
- In 2019, the bank donated \$2,000 to a non-profit organization that supports the elderly population in this assessment area. The organization provides a variety of social services with a focus on education, fraud prevention, and emotional well-being. This donation helped provide a year of housekeeping services for 12 low-income elderly individuals.

### **Responsiveness to Credit and Community Development Needs**

FirstBank’s qualified investments and donations exhibit good responsiveness to the credit and community development needs of the Aguadilla MSA assessment area. The bank’s qualified investments mainly supported affordable housing and community services.

### **Innovativeness or Complexity of Qualified Investments**

FirstBank rarely uses innovative or complex investments to support community development initiatives.

### **SERVICE TEST**

The bank’s performance in the Aguadilla MSA under the Service Test is consistent with its overall performance.

**Accessibility of Delivery Systems**

Delivery systems are accessible to essentially all portions of the Aguadilla MSA assessment area. FirstBank’s branch distribution in this assessment area and the availability of alternative systems for delivering retail banking services support this conclusion.

***Branch Distribution***

The bank’s full-service branches are accessible to essentially all portions of the Aguadilla MSA assessment area. As shown in the following table, the distribution of branches in low-income tracts is 23.6 percentage points above the population in those two tracts, reflecting excellent distribution. The distribution of branches in moderate-income tracts is above the population percentage by 3.2 percentage points in that census tract income level, reflecting good distribution.

<b>Branch and ATM Distribution by Geography Income Level Aguadilla MSA</b>								
<b>Tract Income Level</b>	<b>Census Tracts</b>		<b>Population</b>		<b>Branches</b>		<b>ATMs</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	2	2.5	4,563	1.4	1	25.0	3	7.9
Moderate	19	23.5	71,051	21.8	1	25.0	14	36.8
Middle	39	48.1	178,605	54.8	2	50.0	10	26.3
Upper	16	19.7	71,702	22.0	0	0.0	11	29.0
NA	5	6.2	0	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>81</b>	<b>100.0</b>	<b>325,921</b>	<b>100.0</b>	<b>4</b>	<b>100.0</b>	<b>38</b>	<b>100.0</b>

*Source: 2015 ACS Census; Bank Data.*

***Alternative Delivery Systems***

FirstBank’s alternative delivery systems are accessible to all portions of the Aguadilla MSA assessment area. The preceding table shows that the bank’s ATMs in low-income tracts is 6.5 percentage points above the population in tracts of this income level, which reflects good distribution. The bank’s ATMs in moderate-income tracts is 15.0 percentage points above the population in this income level of census tract, reflecting excellent distribution. Refer to the overall Service Test section for specific details of alternative delivery retail banking systems available in the Aguadilla MSA.

**Changes in Branch Locations**

FirstBank’s opening and closing of branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.

FirstBank maintains 4.9 percent of its branches within the Aguadilla MSA. During the evaluation period, the bank acquired two branches following the Santander acquisition, and later closed one of these branches in July 2021. Both of these branches were located in low-income census tracts.

The branch closure did not adversely affect the accessibility of delivery systems in this assessment area, since another FirstBank branch is located approximately one mile from the closed office.

**Reasonableness of Business Hours and Services**

The bank’s business hours and services do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. Business hours at branch locations begin at 8:30 A.M. and conclude at 4:30 P.M. on weekdays. All four branches are open on Saturdays from 9:00 A.M. until 1:00 P.M. These hours are consistent with other banks located in the Aguadilla MSA.

**Community Development Services**

FirstBank provided an adequate level of community development services within this assessment area. Since the last evaluation, the bank provided 22 of its community development services to 15 different community development-related organizations in this assessment area.

The following table shows community development services in this area by activity year and community development purpose.

Community Development Services Aguadilla MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2018 (Partial)	0	1	0	0	1
2019	0	13	0	0	13
2020	0	3	0	0	3
YTD 2021	0	5	0	0	5
<b>Total</b>	<b>0</b>	<b>22</b>	<b>0</b>	<b>0</b>	<b>22</b>
<i>Source: Bank Data</i>					

Below are notable examples of community development services conducted in the Aguadilla MSA.

- An assistant manager presented a financial exploitation seminar for an organization providing day care services for low-and moderate-income senior citizens. The employee provided educational literature and answered questions on detecting and preventing fraud.
- Two employees conducted a personal savings workshop for students at an elementary school located in the Aguadilla MSA. Over 90.0 percent of school students receive free or reduced-price lunches.

## STATE OF FLORIDA

CRA RATING FOR THE STATE OF FLORIDA: **SATISFACTORY**

The Lending Test is rated: **High Satisfactory**

The Investment Test is rated: **Outstanding**

The Service Test is rated: **Low Satisfactory**

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN FLORIDA

This assessment area includes Broward County in the Fort Lauderdale-Pompano Beach-Sunrise, FL Metropolitan Division (MD) 22744, and Miami-Dade County in the Miami-Miami Beach-Kendall, FL MD 33124. The two counties are contiguous and part of the larger Miami-Fort Lauderdale-West Palm Beach, FL MSA 33100 (Miami-Ft. Lauderdale MSA). The bank operates 10 of its 82 branches throughout the assessment area. The assessment area accounts for 12.1 percent of the bank's in-assessment area loans, 12.2 percent of its branches, and 15.6 percent of its total deposits.

#### **Economic and Demographic Data**

The Miami-Ft. Lauderdale MSA assessment area contains 50 low-income census tracts (5.7 percent), 250 moderate-income census tracts (28.4 percent), 267 middle-income census tracts (30.3 percent), and 294 upper-income census tracts (33.4 percent). There are 20 census tracts (2.3 percent) for which no demographic data is available.

The following table illustrates select demographic characteristics of the Miami-Ft. Lauderdale MSA assessment area.

Demographic Information of the Assessment Area						
Miami-Ft. Lauderdale, FL MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	881	5.7	28.4	30.3	33.4	2.3
Population by Geography	4,482,194	5.3	29.4	31.7	33.2	0.4
Housing Units by Geography	1,813,287	5.4	28.0	31.1	35.2	0.4
Owner-Occupied Units by Geography	878,517	2.4	23.1	32.9	41.5	0.1
Occupied Rental Units by Geography	633,920	9.5	36.6	30.1	23.3	0.5
Vacant Units by Geography	300,850	5.4	24.6	27.5	41.8	0.7
Businesses by Geography	890,975	3.8	22.0	27.8	45.0	1.4
Farms by Geography	10,262	4.2	25.5	28.0	41.8	0.4
Family Distribution by Income Level	998,068	23.3	16.9	17.7	42.2	0.0
Household Distribution by Income Level	1,512,437	25.3	15.6	16.5	42.6	0.0
Median Family Income MSA - 22744 Fort Lauderdale-Pompano Beach-Sunrise, FL		\$61,809	Median Housing Value			\$226,994
Median Family Income MSA - 33124 Miami-Miami Beach-Kendall, FL		\$49,264	Median Gross Rent			\$1,185
			Families Below Poverty Level			14.5%

*Source: 2015 ACS and 2020 D&B Data. FFIEC Estimated Median Family Income; (\*) The NA category consists of geographies that have not been assigned an income classification.*

There are 1,813,287 housing units. Of these, 48.4 percent are owner-occupied, 35.0 percent are occupied rental units, and 16.6 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

Examiners use the FFIEC-updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories. These categories are based on the 2019 and 2020 FFIEC-updated median family income of the MSA.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Fort Lauderdale-Pompano Beach-Sunrise, FL Median Family Income (22744)</b>				
2019 (\$68,600)	<\$34,300	\$34,300 to <\$54,880	\$54,880 to <\$82,320	≥\$82,320
2020 (\$74,800)	<\$37,400	\$37,400 to <\$59,840	\$59,840 to <\$89,760	≥\$89,760
<b>Miami-Miami Beach-Kendall, FL Median Family Income (33124)</b>				
2019 (\$54,900)	<\$27,450	\$27,450 to <\$43,920	\$43,920 to <\$65,880	≥\$65,880
2020 (\$59,100)	<\$29,550	\$29,550 to <\$47,280	\$47,280 to <\$70,920	≥\$70,920
<i>Source: FFIEC</i>				

According to 2020 D&B data, there were 890,975 businesses in the assessment area. GARs for these businesses are below.

- 93.1 percent have \$1 million or less,
- 2.7 percent have more than \$1 million, and
- 4.2 percent have unknown revenues.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. Service industries represent the largest portion of businesses at 38.3 percent; followed by non-classifiable establishments (29.8 percent); finance, insurance, and real estate (10.4 percent); and retail trade (8.6 percent). In addition, 60.4 percent of area businesses have four or fewer employees, and 97.0 percent operate from a single location.

BLS data shows that unemployment rates at the county, state, and national levels held steady or decreased during the evaluation period, until the COVID-19 pandemic in March 2020. The June 2021 unemployment rates reflect the effects of the COVID-19 pandemic. The following table presents year-end and current unemployment rates for the assessment areas counties, as well as the state and national levels since 2018.

<b>Unemployment Rates</b>				
<b>Area</b>	<b>December 2018</b>	<b>December 2019</b>	<b>December 2020</b>	<b>June 2021</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Broward County, FL	3.2	2.9	4.2	5.8
Miami-Dade County, FL	2.9	1.7	7.9	7.1
State of Florida	3.4	2.9	4.2	5.7
Nationwide	3.9	3.6	6.7	5.9
<i>Source: Bureau of Labor Statistics</i>				

### **Competition**

There is a highly competitive market for financial services within the Miami-Ft. Lauderdale MSA assessment area. According to 2020 FDIC Deposit Market Share data, 92 financial institutions operated 1,071 branch locations within this assessment area. Of these institutions, FirstBank ranked 21<sup>st</sup> with a 0.7 percent deposit market share.

Aggregate data reveals significant competition for home mortgage loans in this assessment area. In 2020, 927 lenders reported 159,527 originated or purchased home mortgage loans. FirstBank ranked 61<sup>st</sup> out of this group of lenders with a market share of 0.3 percent. The top three home mortgage lenders, Quicken Loans, United Wholesale Mortgage, and Wells Fargo Bank, N.A., accounted for 18.1 percent of total market share.

There is also significant competition for small business loans among banks, credit unions, and non-depository lenders operating in this assessment area. In 2019, 202 lenders reported 217,823 originated or purchased small business loans. FirstBank ranked 66<sup>th</sup> out of this group of lenders, with a market share of less than 0.1 percent. The three most prominent small business lenders, American Express, FSB, Bank of America, N.A., and JPMorgan Chase Bank, NA., captured 59.7 percent of total market share.

### **Community Contact**

Examiners reviewed a recent contact with the executive vice president of a Community Development Financial Institution (CDFI) serving the Miami-Ft. Lauderdale assessment area. The CDFI is tailored to meet the needs of clients located in distressed communities, with a primary focus on supporting entrepreneurs through microloans and technical assistance programs. The contact noted that the southeastern portion of Florida contains more small businesses and entrepreneurs than the rest of the state. In addition, the contact stated that the majority of area small businesses are owned by low- and moderate-income households that are under-served by the traditional banking system. The contact believes that opportunities exist for financial institutions to offer small dollar loans for these businesses, which would aid low- and moderate-income individuals in remaining employed. The contact believes that financial institutions need to be more creative in providing alternative access to capital to allow entrepreneurs to grow their businesses. Furthermore, the contact emphasized a growing need for working capital loans and other loan accommodations for small businesses impacted by the COVID-19 pandemic.

### **Credit and Community Development Needs and Opportunities**

Based on information from the community contact and demographic data, examiners determined that small business loans and affordable housing loans represent the assessment area's greatest credit needs. In particular, there is a need for loan programs accommodating small business owners and start-ups who are enduring ongoing hardships caused by the COVID-19 pandemic. The significant percentage of businesses with GARs of \$1 million or less supports this conclusion. Additionally, there appears to be a demand for affordable rental housing, with 46.1 percent of occupied rental housing located in the low- and moderate-income areas. The increase in unemployment in the assessment area from 2019 to 2020 indicates that the COVID-19 pandemic had an adverse impact on the area's economy, which reflects an opportunity for support from financial institutions to recover from the pandemic. Area community development needs include financial education for small business entrepreneurs and credit counseling services to assist low-income individuals in qualifying for home mortgage loans.

## **SCOPE OF EVALUATION – FLORIDA**

The scope is similar to the overall scope discussed previously, except that this portion of the evaluation only considers assessment area activity within Florida, specifically the Miami-Ft. Lauderdale, FL MSA. Examiners conducted a full-scope review for the Miami-Ft. Lauderdale MSA assessment area, as this is the only assessment area in Florida. Please refer to the overall discussion for more information on products reviewed, review timeframe, and weighting of products. Examiners did not analyze consumer loans, as the bank only offers consumer loans in PR.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN FLORIDA**

### **LENDING TEST**

FirstBank is rated “High Satisfactory” in the Lending Test for Florida. The bank’s performance in Lending Activity and Borrower Profile primarily support this conclusion.

#### **Lending Activity**

The bank’s lending levels reflect good responsiveness to assessment area credit needs. During the evaluation period, FirstBank originated 2,283 home mortgage and small business loans totaling \$492.0 million in the Miami-Ft. Lauderdale MSA assessment area. Home mortgage loans totaled 1,270 for \$359.2 million, and small business loans totaled 1,013 for \$132.8 million. FirstBank’s home mortgage lending activity remained stable over the evaluation period, while small business lending activity increased significantly in 2020 due to the bank’s participation in the PPP. As stated above, FirstBank ranked 61<sup>st</sup> in home mortgage lending and 66<sup>th</sup> in small business lending, by number, out of all lenders operating in the Miami-Ft. Lauderdale MSA.

#### **Geographic Distribution**

The geographic distribution of loans reflects excellent penetration throughout the Miami-Ft. Lauderdale MSA assessment area. Examiners focused on the bank’s percentage by number of loans in low- and moderate-income tracts.

#### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects excellent penetration throughout the Miami-Ft. Lauderdale MSA assessment area.

FirstBank’s performance in low-income census tracts significantly exceeded aggregate performance and demographic data in 2019. Despite decreased volume in 2020, the bank’s performance of lending in low-income tracts continued to trend well above aggregate performance and demographics. FirstBank’s lending performance in moderate-income census tracts exceeded aggregate performance and was below demographic data in 2019. In 2020, the bank’s performance was below aggregate and demographic data.

Market share data supports the bank’s excellent performance. In 2020, FirstBank ranked 22<sup>nd</sup> out of 282 lenders that made loans in low-income census tracts, by number, with a 1.1 percent market share. Market share data also reflects that FirstBank ranked 62<sup>nd</sup> of 539 lenders that made loans in moderate-income census tracts, by number, with a 0.3 percent market share. These market rankings are higher than or consistent with the bank’s overall market rank (61<sup>st</sup>) and market share (0.3 percent) in the Miami-Ft. Lauderdale assessment area. The following table illustrates the distribution of home mortgage loans by census tract income level.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Miami-Ft. Lauderdale, FL MSA</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2019	2.4	2.1	59	16.2	7,684	7.2
2020	2.4	1.7	30	5.8	4,498	3.1
<b>Moderate</b>						
2019	23.1	20.5	81	22.2	25,872	24.1
2020	23.1	17.9	88	17.0	15,814	10.9
<b>Middle</b>						
2019	32.9	32.9	87	23.8	19,756	18.4
2020	32.9	32.1	94	18.2	26,085	17.9
<b>Upper</b>						
2019	41.5	44.1	133	36.4	52,658	49.1
2020	41.5	48.0	290	56.1	93,782	64.5
<b>Not Available</b>						
2019	0.1	0.4	5	1.4	1,372	1.3
2020	0.1	0.3	15	2.9	5,177	3.6
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>365</b>	<b>100.0</b>	<b>107,341</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>517</b>	<b>100.0</b>	<b>145,355</b>	<b>100.0</b>
<i>Source: 2015 ACS Data; HMDA Reported Data; HMDA Aggregate Data; "--" data not available.</i>						

***Small Business Loans***

The geographic distribution of small business loans reflects excellent penetration. Examiners compared the bank’s small business lending to the percentage of businesses within each census tract category and aggregate lending data for 2019.

In 2019, FirstBank’s small business lending in low- and moderate-income census tracts was above demographics and aggregate data. In 2020, the bank’s small business lending volume increased in low- and moderate-income census tracts, slightly exceeding demographic data. The following table displays the distribution of loans by census tract income level.

Geographic Distribution of Small Business Loans						
Miami-Ft. Lauderdale, FL MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	3.9	4.1	4	9.3	1,303	6.3
2020	3.8	--	39	4.2	5,394	6.0
Moderate						
2019	22.2	22.3	11	25.6	5,244	25.5
2020	22.0	--	203	22.1	22,098	24.6
Middle						
2019	27.9	26.8	10	23.3	5,113	24.9
2020	27.8	--	197	21.5	11,690	13.0
Upper						
2019	44.6	45.3	17	39.5	8,185	39.8
2020	45.0	--	452	49.2	47,571	52.9
Not Available						
2019	1.4	1.4	1	2.3	700	3.4
2020	1.4	--	27	2.9	3,175	3.5
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>43</b>	<b>100.0</b>	<b>20,545</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>--</b>	<b>918</b>	<b>100.0</b>	<b>89,928</b>	<b>100.0</b>
<i>Source: 2019 &amp; 2020 D&amp;B Data; CRA Reported Data; CRA Aggregate Data; "--" data not available.</i>						

## **Borrower Profile**

The distribution of borrowers reflects good penetration among individuals of different income levels and businesses of different revenue sizes. The bank's good performance in home mortgage lending primarily supports this conclusion. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers and small business loans to businesses with GARs of \$1 million or less.

### ***Home Mortgage Loans***

The distribution of home mortgage loans represents good penetration among retail customers of different income levels, including low- and moderate-income borrowers. Examiners compared FirstBank's home mortgage lending performance to applicable demographic and aggregate data.

In 2019, FirstBank's lending to low-income borrowers was below area demographics and exceeded aggregate performance. The bank's level of lending to low-income borrowers remained stable in 2020, continuing to exceed aggregate data. The bank's lending to moderate-income borrowers

exceeded aggregate performance but was below demographic data in 2019. In 2020, the bank's performance was comparable to aggregate performance and remained below area demographics. The following table reflects the distribution of home mortgage loans among retail customers of different income levels for 2019 and 2020.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Miami-Ft. Lauderdale, FL MSA</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2019	23.3	2.5	14	3.8	784	0.7
2020	23.3	1.6	14	2.7	1,055	0.7
<b>Moderate</b>						
2019	16.9	8.2	41	11.2	3,705	3.5
2020	16.9	8.3	41	7.9	5,202	3.6
<b>Middle</b>						
2019	17.7	18.2	47	12.9	6,838	6.4
2020	17.7	17.8	90	17.4	18,407	12.7
<b>Upper</b>						
2019	42.2	53.1	197	54.0	59,863	55.8
2020	42.2	53.9	328	63.4	106,301	73.1
<b>Not Available</b>						
2019	0.0	17.9	66	18.1	36,152	33.7
2020	0.0	18.4	44	8.5	14,389	9.9
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>365</b>	<b>100.0</b>	<b>107,341</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>517</b>	<b>100.0</b>	<b>145,355</b>	<b>100.0</b>
<i>Source: 2015 ACS Data; HMDA Reported Data; HMDA Aggregate Data; "--" data not available.</i>						

### ***Small Business Loans***

The distribution of small business loans reflects adequate penetration to businesses with GARs of \$1 million or less. Examiners compared the bank's small business lending to the percentage of businesses with GARs of \$1 million or less and aggregate lending data for 2019.

In 2019, FirstBank's performance was below area demographics and aggregate performance. Notably, aggregate lenders originated fewer than 50.0 percent of their small business loans to businesses with GARs of \$1 million or less, which supports the conclusion that FirstBank's loan penetration is adequate. In 2020, FirstBank's performance declined, primarily due to the significant number of loans originated through the SBA's PPP that do not contain revenue information. Excluding PPP loans, the bank's percentage of loans made to small businesses in 2020 increases (30.0 percent); however, this performance remains below area demographics.

Market share data for 2019 reflects a competitive market for small business loans and further supports the bank’s adequate performance. Among the institutions reporting the origination or purchase of small business loans to businesses with GARs of \$1 million or less, market share data reflects that only 44 of the area’s 202 lenders reported more than five loans. By number of loans, the top five lenders, all large national banking institutions and commercial credit card issuers, accounted for 80.2 percent of the market share. FirstBank’s market rank in lending to businesses with GARs of \$1 million or less (35<sup>th</sup>) compares favorably to the bank’s overall market rank (66<sup>th</sup>).

The following table reflects the distribution of small business loans by GAR level.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>						
<b>Miami-Ft. Lauderdale, FL MSA</b>						
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>						
2019	92.1	48.6	18	41.9	7,203	35.1
2020	93.1	--	21	2.3	8,358	9.3
<b>&gt;\$1,000,000</b>						
2019	3.3	--	25	58.1	13,342	64.9
2020	2.7	--	49	5.3	19,278	21.4
<b>Revenue Not Available</b>						
2019	4.6	--	0	0.0	0	0.0
2020	4.2	--	848	92.4	62,292	69.3
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>43</b>	<b>100.0</b>	<b>20,545</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>--</b>	<b>918</b>	<b>100.0</b>	<b>89,928</b>	<b>100.0</b>

*Source: 2019 & 2020 D&B Data; CRA Reported Data; CRA Aggregate Data; "--" data not available.*

### **Community Development Lending**

FirstBank is a leader in making community development loans within the Miami-Ft. Lauderdale MSA assessment area. The bank made 55 community development loans totaling \$170.9 million that specifically benefited the assessment area. This represents 28.1 percent and 18.0 percent of the bank’s total community development loans by number and dollar volume, respectively. The bank’s community development loans primarily supported affordable housing and revitalization of low- and moderate-income areas. The following table shows the bank’s community development lending by activity year and purpose.

<b>Community Development Lending Miami-Ft. Lauderdale, FL MSA</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2018 (Partial)	0	0	0	0	1	10,452	0	0	1	10,452
2019	10	18,689	0	0	0	0	0	0	10	18,689
2020	7	4,587	0	0	10	39,018	15	79,831	32	123,436
YTD 2021	4	6,406	0	0	2	2,907	6	9,018	12	18,331
<b>Total</b>	<b>21</b>	<b>29,682</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>52,377</b>	<b>21</b>	<b>88,849</b>	<b>55</b>	<b>170,908</b>
<i>Source: Bank Data</i>										

Below are notable examples of the bank’s community development loans in the assessment area.

- In 2019, the bank refinanced a \$2.9 million loan secured by a 62-unit multi-family property located in a moderate-income census tract in Miami-Dade County. All 62 units provide affordable rents, as designated by the HUD’s Fair Market Rent (FMR) guidelines.
- In 2020 and 2021, the bank made 17 loans totaling \$28.5 million in the assessment area through the SBA’s PPP, which met the definition of community development. These loans were made in response to the needs of local businesses affected by the COVID-19 pandemic that served low- and moderate-income areas in the assessment area.

### **INVESTMENT TEST**

FirstBank’s Investment Test rating in Florida is “Outstanding.” The excellent level of qualified community development investment and grants supports this rating.

### **Investment and Grant Activity**

FirstBank has an excellent level of qualified community development investments, grants, and donations in the Miami-Ft. Lauderdale MSA assessment area. The bank maintains 13 prior period and new qualified equity investments totaling \$36.7 million that benefit the assessment area. In addition to these equity investments, the bank made 65 grants and donations totaling \$183,000 that benefit this assessment area. The following table shows the bank’s qualified investments, grants, and donations by activity year and purpose.

<b>Qualified Investments Miami-Ft. Lauderdale, FL MSA</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Prior Period	10	15,152	0	0	0	0	0	0	10	15,152
2018 (Partial)	0	0	0	0	0	0	0	0	0	0
2019	1	9,500	0	0	0	0	0	0	1	9,500
2020	1	2,000	0	0	0	0	0	0	1	2,000
YTD 2021	1	10,000	0	0	0	0	0	0	1	10,000
<b>Subtotal</b>	<b>13</b>	<b>36,652</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>36,652</b>
Qualified Grants & Donations	41	62	19	82	5	39	0	0	65	183
<b>Total</b>	<b>54</b>	<b>36,714</b>	<b>19</b>	<b>82</b>	<b>5</b>	<b>39</b>	<b>0</b>	<b>0</b>	<b>78</b>	<b>36,835</b>
<i>Source: Bank Data</i>										

Below are notable examples of the bank’s investments and donations in the assessment area.

- Prior to the review period and still outstanding, the bank purchased nine MBSs with a current book value of \$14.7 million. The underlying collateral for these MBSs consists of residential mortgages to low- and moderate-income borrowers in the assessment area.
- The bank made eight donations totaling \$25,000 to various organizations throughout the assessment area. The bank designated these donations to provide needed equipment and emergency relief in response to the COVID-19 pandemic.
- During the evaluation period, the bank made three donations totaling \$20,000 to a university scholarship program. Scholarships are awarded to students from low- and moderate-income families who are the first generation in their families to earn a college degree.

### **Responsiveness to Credit and Community Development Needs**

FirstBank’s qualified investments and donations exhibit excellent responsiveness to the credit and community development needs of the Miami-Ft. Lauderdale MSA assessment area. Of the \$36.8 million in qualified investments, 99.7 percent benefitted affordable housing needs of low- and moderate-income individuals in the assessment area. These investments demonstrate the bank’s responsiveness to affordable housing, which is an identified community development need.

### **Community Development Initiatives**

First Bank rarely uses innovative or complex investments to support community development initiatives in this assessment area.

**SERVICE TEST**

FirstBank’s Service Test rating for Florida is “Low Satisfactory.” The bank’s performance under the Accessibility of Delivery Systems and Community Development Services criterion primarily support this conclusion. The following sections discuss FirstBank’s performance under each of the Service Test factors.

**Accessibility of Delivery Systems**

Delivery systems are reasonably accessible to essentially all portions of Miami-Ft. Lauderdale MSA assessment area. Reasonably accessible branch distribution and alternative delivery systems to low- and moderate-income individuals and geographies supports this conclusion.

***Branch Distribution***

FirstBank’s full-service branches are reasonably accessible to essentially all portions of the Miami-Ft. Lauderdale MSA, including low- and moderate-income geographies.

The following table shows that the bank’s distribution of branches in low-income geographies exceeds the population in these tracts by 4.7 percentage points, which reflects good distribution. Additionally, the bank’s percentage of branches in moderate-income tracts is comparable to the population in these tracts. Examiners afforded more weight to performance in moderate-income tracts given the greater portion of the population residing in these areas compared to low-income tracts.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	50	5.7	238,530	5.3	1	10.0	0	0.0
Moderate	250	28.4	1,315,661	29.4	3	30.0	3	20.0
Middle	267	30.3	1,418,649	31.7	1	10.0	1	6.7
Upper	294	33.3	1,489,783	33.2	5	50.0	10	66.6
NA	20	2.3	19,571	0.4	0	0.0	1	6.7
<b>Totals</b>	881	100.0	4,482,194	100.0	10	100.0	15	100.0

*Source: 2015 ACS Data; Bank Data*

***Alternative Delivery Systems***

FirstBank’s alternative delivery systems are reasonably accessible to essentially all portions of the assessment area. The bank does not operate an ATM in low-income geographies in the Miami-Ft. Lauderdale MSA; however, examiners recognize that only 5.3 percent of the area’s population reside in these geographies. The bank’s level of ATMs in moderate-income tracts is 9.4 percentage points below the population in these tracts, which does not compare favorably. Refer to the overall Service Test section for details on alternative delivery systems available in the Miami-Ft. Lauderdale MSA.

### Changes in Branch Locations

The bank did not open or close any branches in the Miami-Ft. Lauderdale MSA assessment area during the evaluation period.

### Reasonableness of Business Hours and Services

Bank business hours and services do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. Branch hours are convenient and comparable to other local financial institutions. Business hours are 9:00 A.M. to 4:00 P.M., Monday through Friday, with most branches offering extended drive-up hours until 5:00 P.M. FirstBank offers similar loan and deposit products throughout the Miami-Ft. Lauderdale MSA assessment area.

### Community Development Services

FirstBank provides a relatively high level of community development services throughout the Miami-Ft. Lauderdale MSA. Since the last evaluation, the bank provided 106 instances of community development services within this assessment area. Notably, the number of instances performed remained relatively stable over the evaluation period, despite the disruptions caused by the COVID-19 pandemic in 2020.

The following table shows the bank’s community development service by activity year and purpose.

<b>Community Development Services Miami-Ft. Lauderdale, FL MSA</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2018 (Partial)	4	19	2	0	<b>25</b>
2019	5	24	4	0	<b>33</b>
2020	14	9	5	0	<b>28</b>
YTD 2021	10	10	0	0	<b>20</b>
<b>Total</b>	<b>33</b>	<b>62</b>	<b>11</b>	<b>0</b>	<b>106</b>

*Source: Bank Data*

Below are notable examples of the bank’s community development services in this assessment area.

- In response to the COVID-19 pandemic, an employee presented 23 virtual home buying workshops in conjunction with affordable housing authorities located in this assessment area. These 8-hour workshops incorporated technical assistance on the mortgage application process and requirements. The employee presented 13 workshops in 2020 and 10 workshops in 2021.

- A Vice President serves on the Board of a non-profit organization whose mission is to create lasting solutions to the problems of hunger and homelessness. The organization serves low-income families and offers food and housing, as well as medical, social, and educational services at no charge. In this role, the Vice President provides consulting services and assists with fundraising initiatives.

## U.S. VIRGIN ISLANDS

**CRA RATING FOR U.S. Virgin Islands: SATISFACTORY**

**The Lending Test is rated: Low Satisfactory**

**The Investment Test is rated: Low Satisfactory**

**The Service Test is rated: High Satisfactory**

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN U.S. VIRGIN ISLANDS

This assessment area includes the entire USVI, specifically the Non-MSA areas encompassing the islands of Saint Croix, Saint John, and Saint Thomas. The bank operates 8 of its 82 branches throughout the assessment area. The assessment area comprises 1.1 percent of the bank’s in-assessment area loans, 9.8 percent of its branches, and 10.9 percent of its total deposits. Therefore, performance in the USVI assessment area received less weight than performance in the PR and the Florida assessment areas when arriving at the overall rating and conclusions.

#### **Economic and Demographic Data**

The USVI assessment area contains 1 low-income census tracts (3.1 percent), 7 moderate-income census tracts (21.9 percent), 16 middle-income census tracts (50.0 percent), and 5 upper-income census tracts (15.6 percent). There are three census tracts (9.4 percent) for which no demographic data is available.

The ACS data from the U.S. Census is not available for the USVI. As a result, no demographic data pertaining to population and housing is presented in this analysis. Notably, 7 of the 16 middle-income census tracts are designated as distressed non-MSA census tracts.

The FFIEC-updated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories are presented in the following table. These categories are based on the 2019 and 2020 FFIEC-updated median family income of the MSA.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>VI NA Median Family Income (99999)</b>				
2019 (\$55,700)	<\$27,850	\$27,850 to <\$44,560	\$44,560 to <\$66,840	≥\$66,840
2020 (\$57,900)	<\$28,950	\$28,950 to <\$46,320	\$46,320 to <\$69,480	≥\$69,480
<i>Source: FFIEC</i>				

According to 2020 D&B data, there were 2,109 businesses. GARs for these businesses are below.

- 78.3 percent have \$1 million or less,
- 10.0 percent have more than \$1 million, and
- 11.7 percent have unknown revenues.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. Service industries represent the largest portion of businesses at 44.1 percent; followed by non-classifiable establishments (15.2 percent); retail trade (12.0 percent); and finance, insurance, and real estate (6.3 percent). In addition, 59.1 percent of area businesses have four or fewer employees, and 87.6 percent operate from a single location.

The U.S. BLS does not collect unemployment information on the USVI.

### ***Competition***

There are a limited number of banks competing for assessment area deposits. According to 2020 FDIC Deposit Market Share data, 10 financial institutions operated 29 branches in the USVI. Of these institutions, FirstBank ranked 2<sup>nd</sup> with a 33.2 percent deposit market share.

Since banks are not required to report HMDA loan data in the USVI, no market share information on home mortgage loans is available.

There is a moderate level of competition for small business loans among banks. In 2019, 24 lenders reported a total of 991 small business loans originated or purchased. FirstBank ranked 6<sup>th</sup> out of this group of lenders, with a market share of 3.4 percent. The three most prominent small business lenders, American Express, FSB, JPMorgan Chase Bank, N.A., and Citibank, N.A., accounted for 79.2 percent of total market share.

## **SCOPE OF EVALUATION – U.S. VIRGIN ISLANDS**

The scope is similar to the overall scope discussed previously, except that this portion of the evaluation only considers assessment area activity within the USVI. Examiners conducted a full-scope review for the USVI Non-MSA assessment area, as this is the only assessment area in the USVI. Please refer to the overall discussion for more information on products reviewed, review timeframe, and weighting of products. Examiners did not analyze consumer loans, as the bank only offers consumer loans in PR.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN U.S. VIRGIN ISLANDS**

### **LENDING TEST**

An overall “Low Satisfactory” rating is assigned under the Lending Test. The bank’s performance under the criteria of Lending Activity, Geographic Distribution, and Borrower Profile support this conclusion.

## **Lending Activity**

The bank's lending levels reflect adequate responsiveness to assessment area credit needs. During the evaluation period, the bank originated 594 home mortgage and small business loans totaling \$62.0 million in the USVI. Home mortgage loans totaled 69 for \$19.9 million, and small business loans totaled 525 for \$42.1 million. FirstBank's home mortgage lending activity remained stable over the evaluation period, while small business lending activity increased significantly in 2020 due to the bank's participation in the PPP.

As noted previously, market share information on home mortgage loans is not available as banks are not required to report such data for USVI. For small business lending, FirstBank ranked 6<sup>th</sup> out of 24 CRA data-reporting institutions that originated or purchased 991 small business loans in the USVI Non-MSA assessment area in 2019. The total number of small business loans made by FirstBank inside the assessment area in 2019 represents a 3.4 percent market share.

## **Geographic Distribution**

The geographic distribution of loans reflects adequate penetration. Examiners focused on the bank's percentage by number of loans in low- and moderate-income census tracts.

### ***Home Mortgage Loans***

The geographic distribution of residential mortgage loans reflects adequate penetration throughout the USVI Non-MSA assessment area. As noted under the overall Scope of the Evaluation section, to gauge a bank's home mortgage lending performance, examiners use 2019 and 2020 aggregate data and 2015 ACS U.S. Census data for comparison purposes. As noted above, banks are not required to collect or report home mortgage lending data in the USVI.

As such, there is no aggregate lending or U.S. Census data available for comparison.

In 2019, the bank did not make any loans in the assessment area's one low-income census tract, and it originated two loans in moderate-income census tracts. In 2020, the bank's performance was identical to performance in 2019. This performance is slightly below the bank's performance during the prior evaluation, at which time the bank made no loans in low-income tracts and six loans in moderate-income tracts. Given the lack of other comparative factors, the bank's performance is adequate.

### ***Small Business Loans***

The geographic distribution of small business loans reflects adequate penetration. Although banks are not required to report HMDA data for lending in the USVI, large banks are required to report CRA data for this area. Therefore, examiners compared the bank's small business lending to the percentage of businesses within each census tract income level and aggregate lending data for 2019.

Examiners were unable to draw meaningful conclusions on FirstBank's small business lending in low-income census-tracts in the USVI, as less than 0.1, rounded to 0.0 percent, of the area's businesses are located in those tracts. In 2019, the bank's performance of lending in moderate-income census tracts was below demographic data and slightly below aggregate performance, which is a better indicator of demand. In 2020, FirstBank's lending volume increased significantly within

moderate-income census tracts; however, this performance remained below demographics. Overall, these trends and comparisons reflect adequate performance. The following table displays the distribution of the bank’s small business loans by census tract income level.

<b>Geographic Distribution of Small Business Loans</b>						
<b>USVI Non-MSA Areas</b>						
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	--	1	0.2	190	0.7
<b>Moderate</b>						
2019	86.2	43.7	13	38.2	3,492	37.0
2020	86.6	--	159	34.3	10,191	36.0
<b>Middle</b>						
2019	10.4	45.3	20	58.8	5,875	62.2
2020	9.9	--	244	52.6	14,055	49.6
<b>Upper</b>						
2019	0.2	10.7	1	2.9	75	0.8
2020	0.2	--	60	12.9	3,874	13.7
<b>Not Available</b>						
2019	3.3	0.3	0	0.0	0	0.0
2020	3.3	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>34</b>	<b>100.0</b>	<b>9,442</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>--</b>	<b>464</b>	<b>100.0</b>	<b>28,310</b>	<b>100.0</b>
<i>Source: 2019 &amp; 2020 D&amp;B Data; ; CRA Reported Data; CRA Aggregate Data; "--" data not available.</i>						

### **Borrower Profile**

The distribution of borrowers reflects adequate penetration among retail customers of different income levels and businesses of different revenue sizes. However, little weight was placed on this criterion due to the lack of comparative factors available to conduct the analysis.

### ***Home Mortgage Loans***

As referenced earlier, aggregate lending data and demographics are not available for comparative purposes. In 2019, the bank did not originate any loans to low-income borrowers and originated one loan to moderate-income borrowers. In 2020, the bank made no loans to low- or moderate-income borrowers. This performance is slightly below FirstBank’s performance during the prior evaluation, where the bank made one loan to a low-income borrower and three loans to moderate-income borrowers.

***Small Business Loans***

The distribution of small business loans reflects adequate penetration to businesses with GARs of \$1 million or less. Examiners compared the bank’s small business lending to the percentage of businesses with GARs of \$1 million or less and aggregate lending data for 2019.

In 2019, FirstBank’s performance was below area demographics and consistent with aggregate performance. Although the bank’s lending activity increased significantly in 2020, its percentage of loans to businesses with GARs of \$1 million or less declined due to the large number of PPP loans for which revenue is not reportable. Notwithstanding the PPP loans, 10 of 19 small business loans (52.6 percent) in 2020 were to businesses with GARs of \$1 million or less, which exceeds performance in 2019. The following table reflects the distribution of small business loans by GAR level.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>						
<b>USVI Non-MSA Areas</b>						
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>						
2019	73.6	48.8	16	47.1	3,111	32.9
2020	78.3	--	10	2.2	622	2.2
<b>&gt;\$1,000,000</b>						
2019	12.4	--	18	52.9	6,331	67.1
2020	10.1	--	9	1.9	3,043	10.7
<b>Revenue Not Available</b>						
2019	14.0	--	0	0.0	0	0.0
2020	11.7	--	445	95.9	24,645	87.1
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>34</b>	<b>100.0</b>	<b>9,442</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>--</b>	<b>464</b>	<b>100.0</b>	<b>28,310</b>	<b>100.0</b>

*Source: 2019 & 2020 D&B Data; CRA Reported Data; CRA Aggregate Data; "--" data not available.*

**Innovative or Flexible Lending Practices**

FirstBank makes extensive use of innovative and flexible lending practices in order to serve the credit needs of the USVI. In addition to the innovative or flexible lending practices described at the institution level, the bank offers the following program that is exclusive to the USVI:

***State Small Business Credit Initiative (SSBCI) Title III Program***

The SSBCI Program offers guaranteed loans through the USVI Economic Development Authority that support small businesses in the USVI. The USVI participates in the Small Business Jobs Act of 2010, which created the SSBCI to strengthen programs that support lending to local small

businesses. The bank’s participation in the SSBCI program helps small businesses and manufacturers gain access to capital to create jobs and sustain their operations. During the evaluation period, the bank originated six loans totaling \$3.8 million under this program.

**Community Development Lending**

FirstBank is a leader in making community development loans within the USVI Non-MSA assessment area. The bank made 23 community development loans totaling \$124.9 million that specifically benefited the assessment area. This level of community development lending compares favorably to the prior evaluation when the bank, noted as a leader, originated 10 community development loans totaling \$195.5 million. The following table shows the bank’s community development lending by activity year and purpose.

<b>Community Development Lending USVI Non-MSA Areas</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2018 (Partial)	0	0	0	0	0	0	0	0	0	0
2019	2	2,618	0	0	4	18,643	5	33,000	11	54,261
2020	1	200	0	0	2	2,555	8	66,051	11	68,806
YTD 2021	0	0	0	0	0	0	1	1,827	1	1,827
<b>Total</b>	<b>3</b>	<b>2,818</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>21,198</b>	<b>14</b>	<b>100,878</b>	<b>23</b>	<b>124,894</b>
<i>Source: Bank Data</i>										

Below are notable examples of the bank’s community development loans in the assessment area.

- In 2019, the bank refinanced a \$12.0 million construction loan secured by a commercial shopping complex located in a distressed middle-income census tract in St. Croix. The complex is located in a Tax Increment Financing (TIF) district as designated by the VI Economic Development Authority. The TIF program identifies economically underserved areas and provides tax incentives for private developers to support development. This financing provides permanent job creation and retention for low- and moderate-income individuals.
- In 2020, the bank originated a \$15.0 million line of credit to a local authority that distributes potable water and electrical power to private citizens, businesses, and government agencies throughout the assessment area. The company is located in a distressed middle-income tract, and proceeds will be used to rehabilitate community facilities that provide water service to 12,000 customers and electric service to approximately 55,000 clients.

**INVESTMENT TEST**

FirstBank’s Investment Test performance in the USVI is rated “Low Satisfactory.” The following sections discuss the bank’s performance under each of the Investment Test factors.

## **Investment and Grant Activity**

FirstBank has an adequate level of qualified community development investments, grants, and donations. Although there are no prior period or new qualified equity investments in this assessment area, the bank made 38 grants and donations totaling \$163,000 that specifically benefit this assessment area. A significant percentage (94.7 percent) of qualified grants and donations support community services for low- and moderate-income individuals throughout USVI. Below are examples of the bank's grants and donations in the assessment area.

- In 2018, the bank donated \$10,000 to a non-profit organization that supports small business development in the USVI. The proceeds funded outreach initiatives informing small businesses of available lending programs and resources.
- In 2021, the bank donated \$4,500 to a non-profit community service organization serving the USVI. The non-profit assists the homeless population as well as low- and moderate-income individuals and families by offering counseling, a food pantry, and health services.

## **Responsiveness to Credit and Community Development Needs**

FirstBank exhibits adequate responsiveness to credit and community economic development needs within this assessment area. The bank made a reasonable volume of donations that support community development services and economic development activities.

## **Community Development Initiatives**

The bank rarely uses innovative and/or complex investments to support community development initiatives in this assessment area.

## **SERVICE TEST**

FirstBank's Service Test rating for the USVI is "High Satisfactory." The following sections discuss the bank's performance under each of the Service Test factors.

## **Accessibility of Delivery Systems**

Delivery systems are accessible to essentially all portions of the USVI Non-MSA assessment area. FirstBank's branch distribution in this assessment area and the availability of alternative systems for delivering retail banking services support this conclusion.

### ***Branch Distribution***

The bank's full-service branches are accessible to essentially all portions of the USVI Non-MSA assessment area. As seen in the following table, the bank does not operate a branch in the area's one low-income census tract; however, the bank's level of branches is 23.3 percentage points above the population percentage in moderate-income census tracts. In addition, the bank operates a branch in a distressed nonmetropolitan middle-income geography in this assessment area. Overall, this reflects good distribution.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	1	3.1	2,235	2.1	0	0.0	0	0.0
Moderate	7	21.9	28,410	26.7	4	50.0	11	40.8
Middle	16	50.0	54,798	51.5	3	37.5	12	44.4
Upper	5	15.6	20,962	19.7	0	0.0	0	0.0
NA	3	9.4	0	0.0	1	12.5	4	14.8
<b>Totals</b>	32	100.0	106,405	100.0	8	100.0	27	100.0

*Source: 2015 ACS Data; Bank Data*

### ***Alternative Delivery Systems***

FirstBank’s alternative delivery systems are accessible to all portions of the USVI Non-MSA assessment area. The preceding table shows that the bank does not operate any ATMs in the area’s one low-income census tract. The percentage of ATMs in moderate-income census tracts is 14.1 percentage points above the population percentage in tracts of that income level. Refer to the overall and PR rated area Service Test sections for specific details of alternative delivery retail banking systems, including Tu Banca Digital, available in the USVI Non-MSA assessment area.

### **Changes in Branch Locations**

The bank’s opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. FirstBank closed three branches in the USVI, including one branch in a moderate-income census tract, and two branches in middle-income census tracts. For all three closures, nearby existing branches continue to serve these customers. Specifically regarding the branch closure in the moderate-income geography, there is an existing bank branch 1.3 miles from the closed branch in a moderate-income geography.

### **Reasonableness of Business Hours and Services**

Bank business hours and services do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. Business hours generally begin between 8:30 A.M. and 9:00 A.M. and conclude on 4:00 P.M., Monday through Thursday. Six of the eight bank branches have extended hours on Fridays, including all four branches located in moderate-income census tracts. In addition, three branches offer drive-up service and Saturday hours from 9:00 A.M. to 1:00 P.M. The days and hours of operation of the bank’s branches are comparable to those of other banks operating in the assessment area.

### **Community Development Services**

FirstBank is a leader in providing community development services throughout the USVI. The bank provided 75 instances of community development services, which reflects an increase of 87.5 percent since the last evaluation, at which time the bank was rated “Low Satisfactory” under this

factor. Consideration was given to the limited number of bank employees located in the USVI and the fact that the branches, population, and community development opportunities are situated on three separate islands. The following table shows the bank’s community development services by year and purpose.

<b>Community Development Services USVI Non-MSA Areas</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2018 (Partial)	0	4	0	0	<b>4</b>
2019	1	17	5	0	<b>23</b>
2020	0	18	3	0	<b>21</b>
YTD 2021	3	24	0	0	<b>27</b>
<b>Total</b>	<b>4</b>	<b>63</b>	<b>8</b>	<b>0</b>	<b>75</b>
<i>Source: Bank Data</i>					

Below are notable examples of the bank’s community development services.

- Four senior executives presented two days of workshops for existing and prospective business owners experiencing hardships after Hurricanes Maria and Irma. The bank offered expertise in marketing, finances, and business strategies for participating entrepreneurs.
- Two managers presented a series of financial education seminars to students in grades 5-8 at three separate public schools in this assessment area. The presentation provided an overview of the importance of saving from a young age. A substantial majority of students at each of these three schools qualify for free or reduced-price lunches.

## OTHER ASSESSMENT AREAS – LIMITED-SCOPE REVIEWS

### CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LIMITED-SCOPE ASSESSMENT AREAS

The table below outlines performance conclusions for the remaining seven assessment areas in PR that received limited-scope reviews. As reflected in the table, the bank’s performance was consistent with its performance in the areas subject to a full-scope review (San Juan and Aguadilla MSAs). Examiners arrived at these conclusions through a review of available facts and data, aggregate lending data comparisons, and demographic information. The conclusions from these limited-scope reviews did not impact the institution’s overall performance rating.

Assessment Area	Lending Test	Investment Test	Service Test
Arecibo MSA #11640	Consistent	Consistent	Consistent
Guayama MSA #25020	Consistent	Consistent	Consistent
Mayaguez MSA #32420	Consistent	Consistent	Consistent
Ponce MSA #38660	Consistent	Consistent	Consistent
San German MSA #41900	Consistent	Consistent	Consistent
Yauco MSA #49500	Consistent	Consistent	Consistent
Non-MSA Areas #99999	Consistent	Consistent	Consistent

The sections below present facts and data supporting conclusions for each limited-scope assessment area, beginning with a summary of FirstBank’s operations and activities within each limited-scope assessment area, followed by Geographic Distribution and Borrower Profile tables by loan type. The Appendix includes demographic data and deposit market share information for the limited-scope assessment areas.

#### Arecibo, PR MSA

This assessment area contains all 4 municipalities and 45 census tracts within the Arecibo MSA. The bank operates 2 of its 82 branches in this assessment area. The assessment area accounts for 4.3 percent of the bank’s loans (by number), 2.4 percent of its branches, and 1.3 percent of its total deposits. FirstBank’s loan and deposit product offerings and service hours in the Arecibo MSA assessment area are consistent with those offered throughout the PR rated area. The bank’s branch distribution and alternative delivery systems in the Arecibo MSA are consistent with the institution overall. The following table details FirstBank’s lending and community development activity in the Arecibo MSA over the review period.

<b>Activity</b>	<b>#</b>	<b>\$(000s)</b>
Small Business Loans	167	10,499
Home Mortgage Loans	531	59,509
Consumer Loans	5,659	73,910
Community Development Loans	3	5,944
Investments (New)	0	0
Investments (Prior Period)	0	0
Donations	24	98
CD Services	9	--

### **Guayama, PR MSA**

This assessment area contains all 3 municipalities and 20 census tracts in the Guayama MSA. The bank operates 1 of its 82 branches in this assessment area. The assessment area accounts for 2.3 percent of the bank’s loans (by number), 1.2 percent of its branches, and 0.5 percent of its total deposits. FirstBank’s loan and deposit product offerings and service hours in the Guayama MSA assessment area are consistent with those offered throughout the PR rated area. The bank’s branch distribution and alternative delivery systems in the Guayama MSA are consistent with the institution overall. The following table details FirstBank’s activity in the Guayama MSA over the review period.

<b>Activity</b>	<b>#</b>	<b>\$(000s)</b>
Small Business Loans	42	1,393
Home Mortgage Loans	105	8,681
Consumer Loans	3,301	53,168
Community Development Loans	3	5,355
Investments (New)	0	0
Investments (Prior Period)	0	0
Donations	11	66
CD Services	11	--

### **Mayaguez, PR MSA**

This assessment area contains all 3 municipalities and 34 census tracts in the Mayaguez MSA. The bank operates 4 of its 82 branches in this assessment area. The assessment area accounts for 2.6 percent of the bank’s loans (by number), 4.9 percent of its branches, and 2.5 percent of its total deposits. FirstBank’s loan and deposit product offerings and service hours in the Mayaguez MSA assessment area are consistent with those offered throughout the PR rated area. The bank’s branch distribution and alternative delivery systems within the Mayaguez MSA are consistent with the institution overall. The following table details FirstBank’s activity in the Mayaguez MSA over the review period.

<b>Activity</b>	<b>#</b>	<b>\$(000s)</b>
Small Business Loans	201	13,235
Home Mortgage Loans	117	12,018
Consumer Loans	3,489	39,813
Community Development Loans	5	12,399
Investments (New)	0	0
Investments (Prior Period)	3	6,482
Donations	6	23
CD Services	19	--

### **Ponce, PR MSA**

This assessment area contains all 4 municipalities and 71 census tracts in the Ponce MSA. The bank operates 3 of its 82 branches in the assessment area. The assessment area accounts for 5.7 percent of the bank's loans (by number), 3.7 percent of its branches, and 2.9 percent of its total deposits. FirstBank's loan and deposit product offerings and service hours in the Ponce MSA assessment area are consistent with those offered throughout the PR rated area. The bank's branch distribution and alternative delivery systems within the Ponce MSA are consistent with the institution overall. The following table details FirstBank's activity in the Ponce MSA over the review period.

<b>Activity</b>	<b>#</b>	<b>\$(000s)</b>
Small Business Loans	235	14,695
Home Mortgage Loans	446	52,516
Consumer Loans	7,803	101,499
Community Development Loans	11	86,127
Investments (New)	0	0
Investments (Prior Period)	0	0
Donations	17	75
CD Services	21	--

### **San German, PR MSA**

This assessment area contains all 4 municipalities and 31 census tracts in the San German MSA. The bank operates 1 of its 82 branches in the assessment area. The assessment area accounts for 3.0 percent of the bank's loans (by number), 1.2 percent of its branches, and 0.8 percent of its total deposits. FirstBank's loan and deposit product offerings and service hours in the San German MSA assessment area are consistent with those offered throughout the PR rated area. The bank's branch distribution and alternative delivery systems within the San German MSA are consistent with the institution overall. The following table details FirstBank's activity in the San German MSA over the review period.

<b>Activity</b>	<b>#</b>	<b>\$(000s)</b>
Small Business Loans	169	5,304
Home Mortgage Loans	229	26,319
Consumer Loans	4,132	51,370
Community Development Loans	3	6,273
Investments (New)	0	0
Investments (Prior Period)	0	0
Donations	10	29
CD Services	21	--

### **Yauco, PR MSA**

This assessment area contains all 4 municipalities and 32 census tracts in the Yauco MSA. The bank operates one of its 82 branches throughout the assessment area. The assessment area accounts for 2.4 percent of the bank’s loans (by number), 1.2 percent of its branches, and 0.7 percent of its total deposits. FirstBank’s loan and deposit product offerings and service hours in the Yauco MSA assessment area are consistent with those offered throughout the PR rated area. The bank’s branch distribution and alternative delivery systems within the Yauco MSA are consistent with the institution overall. The following table details FirstBank’s activity in the Yauco MSA over the review period.

<b>Activity</b>	<b>#</b>	<b>\$(000s)</b>
Small Business Loans	73	2,771
Home Mortgage Loans	125	13,962
Consumer Loans	3,398	40,009
Community Development Loans	0	0
Investments (New)	0	0
Investments (Prior Period)	0	0
Donations	10	173
CD Services	4	--

### **Non-MSA Areas**

This assessment area contains all seven municipalities in PR that are not located in any MSA (PR Non-MSA). The bank does not operate a branch in this assessment area. The assessment area accounts for 2.9 percent of the bank’s loans (by number). FirstBank’s loan and deposit product offerings in the Non-MSA assessment area are consistent with those offered throughout the PR rated area. The bank’s available alternative delivery systems within the PR Non-MSA are consistent with the institution overall. The following table details FirstBank’s activity in the PR Non-MSA over the review period.

<b>Activity</b>	<b>#</b>	<b>\$(000s)</b>
Small Business Loans	30	3,098
Home Mortgage Loans	200	21,507
Consumer Loans	4,118	60,710
Community Development Loans	0	0
Investments (New)	0	0
Investments (Prior Period)	1	7,079
Donations	12	42
CD Services	1	--

## Geographic Distribution and Borrower Profile

### Consumer Loans

#### *Geographic Distribution*

Assessment Area Distribution of Consumer Loans by Income Category of the Geography – 2019													
Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts	
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Arecibo MSA	2,535	31,888	17.6	1.9	0.9	15.0	12.1	58.5	59.1	24.5	28.0	0.0	0.0
Guayama MSA	1,456	22,866	10.1	3.5	4.0	4.7	4.0	77.2	77.1	14.6	16.7	0.0	0.0
Mayaguez MSA	1,615	18,922	11.2	5.4	3.4	25.0	26.7	36.4	38.8	29.6	30.0	3.6	1.1
Non-MSA AA	1,834	26,213	12.7	0.0	0.0	19.0	19.5	64.1	62.7	17.0	17.8	0.0	0.0
Ponce MSA	3,510	43,469	24.3	7.3	5.7	22.9	21.1	35.5	34.1	33.4	38.2	1.0	1.0
San German MSA	1,872	23,477	13.0	0.0	0.0	12.2	12.1	64.7	62.2	23.1	25.7	0.0	0.0
Yauco MSA	1,609	18,236	11.1	0.0	0.0	10.1	11.4	68.6	62.6	21.3	26.0	0.0	0.0
<b>Total</b>	<b>14,431</b>	<b>185,071</b>	<b>100.0</b>	<b>2.6</b>	<b>2.0</b>	<b>15.6</b>	<b>15.3</b>	<b>57.8</b>	<b>56.6</b>	<b>23.4</b>	<b>26.0</b>	<b>0.6</b>	<b>0.1</b>

*Source: 2015 ACS data; 1/1/2019 - 12/31/2019 Bank Data.*

**Assessment Area Distribution of Consumer Loans by Income Category of the Geography – 2020**

Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts	
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Arecibo MSA	1,121	18,531	17.5	1.9	0.9	15.0	13.4	58.5	55.9	24.5	29.8	0.0	0.0
Guayama MSA	694	14,459	10.8	3.5	3.0	4.7	3.7	77.2	78.4	14.6	14.8	0.0	0.0
Mayaguez MSA	716	10,957	11.2	5.4	3.6	25.0	27.1	36.4	39.0	29.6	28.4	3.6	2.0
Non-MSA AA	857	17,217	13.3	0.0	0.0	19.0	18.8	64.1	61.8	17.0	19.4	0.0	0.0
Ponce MSA	1,524	27,590	23.8	7.3	4.9	22.9	20.5	35.5	35.8	33.4	37.9	1.0	0.9
San German MSA	864	14,266	13.4	0.0	0.0	12.2	10.9	64.7	60.5	23.1	28.6	0.0	0.0
Yauco MSA	639	10,766	10.0	0.0	0.0	10.1	11.0	68.6	62.6	21.3	28.3	0.0	0.0
<b>Total</b>	<b>6,415</b>	<b>113,786</b>	<b>100.0</b>	<b>2.6</b>	<b>1.8</b>	<b>15.6</b>	<b>15.1</b>	<b>57.8</b>	<b>56.3</b>	<b>23.4</b>	<b>26.7</b>	<b>0.6</b>	<b>0.1</b>

*Source: 2015 ACS data; 1/1/2020 - 12/31/2020 Bank Data.*

***Borrower Profile***

<b>Assessment Area Distribution of Consumer Loans by Income Category of the Borrower – 2019</b>													
<b>Assessment Area:</b>	<b>Total Consumer Loans</b>			<b>Low-Income Borrowers</b>		<b>Moderate-Income Borrowers</b>		<b>Middle-Income Borrowers</b>		<b>Upper-Income Borrowers</b>		<b>Not Available-Income Borrowers</b>	
	<b>#</b>	<b>\$</b>	<b>% of Total</b>	<b>% of Households</b>	<b>% Bank Loans</b>	<b>% of Households</b>	<b>% Bank Loans</b>	<b>% of Households</b>	<b>% Bank Loans</b>	<b>% of Households</b>	<b>% Bank Loans</b>	<b>% of Households</b>	<b>% Bank Loans</b>
Arecibo MSA	2,535	31,888	17.6	27.1	17.7	14.5	30.8	15.9	22.4	42.5	29.0	0.0	0.0
Guayama MSA	1,456	22,866	10.1	26.8	10.2	14.6	31.4	15.8	23.6	42.8	34.9	0.0	0.0
Mayaguez MSA	1,615	18,922	11.2	29.0	16.4	13.9	30.0	13.5	25.4	43.5	28.2	0.0	0.0
Non-MSA AA	1,834	26,213	12.7	25.8	6.0	13.9	31.5	14.9	27.2	45.4	35.4	0.0	0.0
Ponce MSA	3,510	43,469	24.3	27.9	9.8	13.7	31.9	14.2	23.2	44.2	35.1	0.0	0.0
San German MSA	1,872	23,477	13.0	26.7	10.8	14.7	29.0	14.7	28.0	43.9	32.2	0.0	0.0
Yauco MSA	1,609	18,236	11.1	29.2	8.3	15.6	25.2	16.9	30.6	38.3	35.9	0.0	0.0
<b>Total</b>	<b>14,431</b>	<b>185,071</b>	<b>100.0</b>	27.5	11.3	14.4	30.0	15.1	25.8	43.0	32.9	0.0	0.0
<i>Source: 2015 ACS data; 1/1/2019 - 12/31/2019 Bank Data.</i>													

Assessment Area Distribution of Consumer Loans by Income Category of the Borrower – 2020													
Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers	
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Arecibo MSA	1,121	18,531	17.5	27.1	6.3	14.5	29.7	15.9	24.7	42.5	39.3	0.0	0.0
Guayama MSA	694	14,459	10.8	26.8	3.2	14.6	15.9	15.8	26.1	42.8	54.9	0.0	0.0
Mayaguez MSA	716	10,957	11.2	29.0	15.6	13.9	28.1	13.5	26.3	43.5	30.0	0.0	0.0
Non-MSA AA	857	17,217	13.3	25.8	4.3	13.9	27.2	14.9	23.0	45.4	45.5	0.0	0.0
Ponce MSA	1,524	27,590	23.8	27.9	7.0	13.7	27.6	14.2	23.0	44.2	42.5	0.0	0.0
San German MSA	864	14,266	13.4	26.7	5.9	14.7	15.7	14.7	27.8	43.9	50.5	0.0	0.1
Yauco MSA	639	10,766	10.0	29.2	6.3	15.6	20.0	16.9	29.7	38.3	44.0	0.0	0.0
<b>Total</b>	<b>6,415</b>	<b>113,786</b>	<b>100.0</b>	27.5	6.9	14.4	23.5	15.1	25.8	43.0	43.8	0.0	0.0

Source: 2015 ACS data; 1/1/2020 - 12/31/2020 Bank Data.

## Home Mortgage Loans

### *Geographic Distribution*

**Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography – 2019**

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Arecibo MSA	171	18,899	31.0	749	0.5	0.0	2.4	13.2	11.7	14.2	59.4	55.6	53.5	27.0	32.7	29.9	0.0	0.0	0.0
Guayama MSA	36	2,858	6.5	333	1.5	0.0	1.5	3.5	8.3	3.6	78.5	75.0	80.5	16.5	16.7	14.4	0.0	0.0	0.0
Mayaguez MSA	38	3,392	6.9	279	1.6	0.0	0.4	21.5	10.5	16.8	39.6	42.1	33.7	36.1	44.7	44.8	1.2	2.6	4.3
Non-MSA AA	50	6,032	9.1	440	0.0	0.0	0.0	17.3	18.0	18.0	65.4	56.0	55.5	17.4	26.0	26.6	0.0	0.0	0.0
Ponce MSA	141	15,404	25.6	931	3.9	0.7	1.5	20.4	7.8	12.1	37.9	41.1	32.9	37.4	49.6	52.8	0.4	0.7	0.6
San German MSA	81	9,890	14.7	637	0.0	0.0	0.0	9.1	3.7	4.7	66.8	55.6	43.5	24.2	40.7	51.8	0.0	0.0	0.0
Yauco MSA	34	3,796	6.2	258	0.0	0.0	0.0	10.6	11.8	8.9	66.9	50.0	58.5	22.4	38.2	32.6	0.0	0.0	0.0
<b>Total</b>	<b>551</b>	<b>60,270</b>	<b>100.0</b>	<b>3,627</b>	<b>1.4</b>	<b>0.2</b>	<b>1.0</b>	<b>14.8</b>	<b>9.8</b>	<b>11.3</b>	<b>56.1</b>	<b>51.9</b>	<b>48.0</b>	<b>27.5</b>	<b>37.8</b>	<b>39.2</b>	<b>0.2</b>	<b>0.4</b>	<b>0.5</b>

Source: 2015 ACS data; 1/1/2019 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data; "--" data not available.

**Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography – 2020**

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Arecibo MSA	154	18,098	30.7	1,188	0.5	0.0	1.1	13.2	12.3	18.0	59.4	57.1	52.0	27.0	30.5	28.9	0.0	0.0	0.0
Guayama MSA	33	2,926	6.6	530	1.5	3.0	1.1	3.5	0.0	1.9	78.5	72.7	78.5	16.5	24.2	18.5	0.0	0.0	0.0
Mayaguez MSA	35	4,216	7.0	356	1.6	0.0	0.6	21.5	14.3	14.3	39.6	28.6	36.8	36.1	54.3	42.4	1.2	2.9	5.9
Non-MSA AA	66	6,455	13.2	795	0.0	0.0	0.0	17.3	16.7	16.2	65.4	53.0	55.3	17.4	30.3	28.4	0.0	0.0	0.0
Ponce MSA	117	15,407	23.4	1,476	3.9	0.9	2.9	20.4	10.3	10.2	37.9	32.5	35.1	37.4	56.4	51.1	0.4	0.0	0.7
San German MSA	64	7,584	12.8	772	0.0	0.0	0.0	9.1	7.8	6.0	66.8	45.3	46.4	24.2	46.9	47.7	0.0	0.0	0.0
Yauco MSA	32	4,184	6.4	364	0.0	0.0	0.0	10.6	0.0	3.0	66.9	56.3	57.1	22.4	43.8	39.8	0.0	0.0	0.0
<b>Total</b>	<b>501</b>	<b>58,871</b>	<b>100.0</b>	<b>5,481</b>	<b>1.4</b>	<b>0.4</b>	<b>1.2</b>	<b>14.8</b>	<b>10.4</b>	<b>11.2</b>	<b>56.1</b>	<b>48.3</b>	<b>49.1</b>	<b>27.5</b>	<b>40.7</b>	<b>38.0</b>	<b>0.2</b>	<b>0.2</b>	<b>0.6</b>

Source: 2015 ACS data; 1/1/2020 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data; "--" data not available.

**Borrower Profile**

<b>Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower – 2019</b>																			
	<b>Total Home Mortgage Loans</b>				<b>Low-Income Borrowers</b>			<b>Moderate-Income Borrowers</b>			<b>Middle-Income Borrowers</b>			<b>Upper-Income Borrowers</b>			<b>Not Available-Income Borrowers</b>		
<b>Assessment Area:</b>	<b>#</b>	<b>\$</b>	<b>% of Total</b>	<b>Overall Market</b>	<b>% Families</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	<b>% Families</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	<b>% Families</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	<b>% Families</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	<b>% Families</b>	<b>% Bank Loans</b>	<b>Aggregate</b>
Arecibo MSA	171	18,899	31.0	749	26.2	0.6	0.8	14.5	11.1	7.7	17.0	19.9	12.8	42.2	59.1	49.7	0.0	9.4	29.0
Guayama MSA	36	2,858	6.5	333	24.9	--	0.9	14.4	25.0	11.1	17.3	11.1	18.3	43.5	41.7	36.3	0.0	22.2	33.3
Mayaguez MSA	38	3,392	6.9	279	28.3	--	0.4	13.1	10.5	7.2	16.6	13.2	14.0	42.1	71.1	57.3	0.0	5.3	21.1
Non-MSA AA	50	6,032	9.1	440	26.2	--	0.2	14.0	4.0	4.8	15.3	10.0	12.7	44.6	66.0	60.7	0.0	20.0	21.6
Ponce MSA	141	15,404	25.6	931	27.9	--	0.2	12.7	5.7	4.8	15.0	13.5	13.2	44.3	60.3	56.1	0.0	20.6	25.7
San German MSA	81	9,890	14.7	637	27.5	--	0.2	14.2	2.5	2.2	16.6	14.8	10.7	41.7	66.7	65.3	0.0	16.0	21.7
Yauco MSA	34	3,796	6.2	258	29.0	--	0.0	16.6	--	0.4	16.2	20.6	10.9	38.3	73.5	64.7	0.0	5.9	24.0
<b>Total</b>	<b>551</b>	<b>60,270</b>	<b>100.0</b>	<b>3,627</b>	<b>27.2</b>	<b>0.2</b>	<b>0.4</b>	<b>14.0</b>	<b>8.0</b>	<b>5.4</b>	<b>16.1</b>	<b>15.6</b>	<b>13.0</b>	<b>42.7</b>	<b>61.7</b>	<b>55.8</b>	<b>0.0</b>	<b>14.5</b>	<b>25.4</b>

*Source: 2015 ACS data; 1/1/2019 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data; "--" data not available.*

**Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower – 2020**

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Arecibo MSA	154	18,098	30.7	1,188	26.2	--	0.3	14.5	1.9	2.9	17.0	10.4	9.3	42.2	53.9	34.8	0.0	33.8	52.7
Guayama MSA	33	2,926	6.6	530	24.9	--	0.0	14.4	--	1.9	17.3	9.1	6.6	43.5	39.4	32.1	0.0	51.5	59.4
Mayaguez MSA	35	4,216	7.0	356	28.3	--	0.6	13.1	--	4.2	16.6	11.4	7.9	42.1	68.6	43.5	0.0	20.0	43.8
Non-MSA AA	66	6,455	13.2	795	26.2	--	0.0	14.0	1.5	1.5	15.3	7.6	8.1	44.6	31.8	33.6	0.0	59.1	56.9
Ponce MSA	117	15,407	23.4	1,476	27.9	--	0.0	12.7	1.7	2.0	15.0	7.7	6.6	44.3	56.4	32.5	0.0	34.2	58.9
San German MSA	64	7,584	12.8	772	27.5	--	0.1	14.2	--	0.4	16.6	4.7	5.1	41.7	54.7	52.3	0.0	40.6	42.1
Yauco MSA	32	4,184	6.4	364	29.0	--	0.0	16.6	--	0.3	16.2	--	3.6	38.3	37.5	29.7	0.0	62.5	66.5
<b>Total</b>	<b>501</b>	<b>58,871</b>	<b>100.0</b>	<b>5,481</b>	<b>27.2</b>	<b>--</b>	<b>0.1</b>	<b>14.0</b>	<b>1.2</b>	<b>1.9</b>	<b>16.1</b>	<b>8.0</b>	<b>7.1</b>	<b>42.7</b>	<b>50.7</b>	<b>36.4</b>	<b>0.0</b>	<b>40.1</b>	<b>54.5</b>

Source: 2015 ACS data; 1/1/2020 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data; "--" data not available.

## Small Business Loans

### Geographic Distribution

Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography – 2019																			
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Arecibo MSA	23	1,884	27.4	715	7.4	0.0	3.6	21.1	13.0	17.9	59.3	69.6	54.8	12.3	17.4	23.6	0.0	0.0	0.0
Guayama MSA	1	50	1.2	183	10.4	0.0	14.2	12.8	0.0	9.3	71.6	100.0	59.0	5.2	0.0	17.5	0.0	0.0	0.0
Mayaguez MSA	15	3,824	17.9	661	2.4	0.0	0.9	27.7	20.0	25.1	28.1	40.0	29.8	26.0	13.3	22.2	15.8	26.7	21.9
Non-MSA AA	4	402	4.8	359	0.0	0.0	0.0	36.5	25.0	22.3	49.5	75.0	59.3	13.9	0.0	18.4	0.0	0.0	0.0
Ponce MSA	19	2,571	22.6	988	8.2	15.8	6.7	36.1	31.6	22.3	16.2	21.1	23.8	35.7	31.6	44.4	3.8	0.0	2.8
San German MSA	14	1,005	16.7	516	0.0	0.0	0.0	16.5	14.3	16.7	46.8	64.3	48.1	36.8	21.4	35.3	0.0	0.0	0.0
Yauco MSA	8	1,117	9.5	299	0.0	0.0	0.0	13.1	0.0	3.3	69.3	75.0	79.9	17.6	25.0	16.7	0.0	0.0	0.0
<b>Total</b>	<b>84</b>	<b>10,853</b>	<b>100.0</b>	<b>3,721</b>	<b>4.7</b>	<b>3.6</b>	<b>3.3</b>	<b>26.9</b>	<b>17.9</b>	<b>19.0</b>	<b>40.5</b>	<b>53.6</b>	<b>43.9</b>	<b>24.2</b>	<b>20.2</b>	<b>29.2</b>	<b>3.7</b>	<b>4.8</b>	<b>4.6</b>

Source: 2019 D&B Data; 1/1/2019 - 12/31/2019 Bank Data; 2019 CRA Aggregate Data; "--" data not available.

**Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography – 2020**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Arecibo MSA	125	5,509	17.1	--	6.9	5.6	--	19.1	17.6	--	61.6	49.6	--	12.4	27.2	--	0.0	0.0	--
Guayama MSA	38	1,193	5.2	--	10.4	7.9	--	11.9	10.5	--	72.4	57.9	--	5.2	23.7	--	0.0	0.0	--
Mayaguez MSA	167	8,702	22.8	--	2.1	1.8	--	27.1	32.9	--	25.6	25.2	--	28.5	26.3	--	16.8	13.8	--
Non-MSA AA	25	2,534	3.4	--	0.0	0.0	--	41.5	32.0	--	40.9	40.0	--	17.6	28.0	--	0.0	0.0	--
Ponce MSA	182	8,168	24.9	--	8.6	5.5	--	33.8	25.8	--	16.3	30.8	--	37.6	36.3	--	3.7	1.6	--
San German MSA	139	3,375	19.0	--	0.0	0.0	--	16.7	5.8	--	46.9	36.7	--	36.4	57.6	--	0.0	0.0	--
Yauco MSA	56	1,373	7.7	--	0.0	0.0	--	14.1	10.7	--	67.9	64.3	--	17.9	25.0	--	0.0	0.0	--
<b>Total</b>	<b>732</b>	<b>30,854</b>	<b>100.0</b>	--	<b>4.7</b>	<b>3.1</b>	--	<b>26.5</b>	<b>20.5</b>	--	<b>39.2</b>	<b>38.1</b>	--	<b>25.8</b>	<b>34.7</b>	--	<b>3.8</b>	<b>3.6</b>	--

Source: 2020 D&B Data; 1/1/2020 - 12/31/2020 Bank Data; "--" data not available.

***Borrower Profile***

<b>Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues – 2019</b>											
<b>Assessment Area:</b>	<b>Total Loans to Small Businesses</b>				<b>Businesses with Revenues &lt;= 1MM</b>			<b>Businesses with Revenues &gt; 1MM</b>		<b>Businesses with Revenues Not Available</b>	
	<b>#</b>	<b>\$</b>	<b>% of Total</b>	<b>Overall Market</b>	<b>% Businesses</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	<b>% Businesses</b>	<b>% Bank Loans</b>	<b>% Businesses</b>	<b>% Bank Loans</b>
Arecibo MSA	23	1,884	27.4	715	66.5	69.6	61.5	12.9	30.4	20.6	0.0
Guayama MSA	1	50	1.2	183	59.6	100.0	71.6	10.0	0.0	30.4	0.0
Mayaguez MSA	15	3,824	17.9	661	67.1	46.7	62.6	14.7	53.3	18.2	0.0
Non-MSA AA	4	402	4.8	359	71.1	100.0	72.4	6.3	0.0	22.6	0.0
Ponce MSA	19	2,571	22.6	988	68.0	52.6	59.5	12.9	47.4	19.1	0.0
San German MSA	14	1,005	16.7	516	69.9	64.3	68.2	9.8	35.7	20.3	0.0
Yauco MSA	8	1,117	9.5	299	62.4	87.5	64.5	9.0	12.5	28.7	0.0
<b>Total</b>	<b>84</b>	<b>10,853</b>	<b>100.0</b>	<b>3,721</b>	<b>67.3</b>	<b>64.3</b>	<b>63.9</b>	<b>11.6</b>	<b>35.7</b>	<b>21.2</b>	<b>0.0</b>
<i>Source: 2019 D&amp;B Data; 1/1/2019 - 12/31/2019 Bank Data; 2019 CRA Aggregate Data; "--" data not available.</i>											

**Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues – 2020**

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Arecibo MSA	125	5,509	17.1	--	69.1	8.0	--	11.3	1.6	19.6	90.4
Guayama MSA	38	1,193	5.2	--	61.2	7.9	--	9.7	2.6	29.1	89.5
Mayaguez MSA	167	8,702	22.8	--	69.3	7.8	--	13.5	1.2	17.3	91.0
Non-MSA AA	25	2,534	3.4	--	73.4	12.0	--	5.9	0.0	20.8	88.0
Ponce MSA	182	8,168	24.9	--	70.8	6.6	--	11.1	6.0	18.1	87.4
San German MSA	139	3,375	19.0	--	72.4	14.4	--	9.1	0.7	18.6	84.9
Yauco MSA	56	1,373	7.7	--	65.1	21.4	--	8.5	3.6	26.4	75.0
<b>Total</b>	<b>732</b>	<b>30,854</b>	<b>100.0</b>	<b>--</b>	<b>69.8</b>	<b>10.0</b>	<b>--</b>	<b>10.4</b>	<b>2.6</b>	<b>19.9</b>	<b>87.4</b>

*Source: 2020 D&B Data; 1/1/2020 - 12/31/2020 Bank Data; "--" data not available.*

## APPENDICES

### LARGE 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) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
  - i. The proportion of the bank's lending in the bank's assessment area(s);
  - ii. The dispersion of lending in the bank's assessment areas(s); and
  - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
  - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
  - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
  - iii. Small business and small farm loans by loan amount at origination; and
  - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

#### **Investment Test**

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

## Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

## SCOPE OF EVALUATION

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
<b>MSA/Non MSA</b>						
AA1 San Juan #41980	2,690,341	65.8	6,459,322	61.4	48	58.6
AA2 Aguadilla-Isabela #10380	195,529	4.8	357,119	3.4	4	4.9
AA3 Arecibo #11640	143,918	3.5	141,064	1.3	2	2.4
AA4 Guayama #25020	63,242	1.5	53,703	0.5	1	1.2
AA5 Mayaguez #32420	65,066	1.6	258,815	2.5	4	4.9
AA6 Ponce #38660	168,710	4.1	301,805	2.9	3	3.6
AA7 San German #41900	82,993	2.0	80,732	0.8	1	1.2
AA8 Yauco #49500	56,742	1.4	71,568	0.7	1	1.2
AA9 Non-MSA Areas #99999	85,315	2.1	0	0.0	0	0.0
<b>PR Subtotal</b>	<b>3,551,856</b>	<b>86.8</b>	<b>7,724,128</b>	<b>73.5</b>	<b>64</b>	<b>78.0</b>
AA10 Miami-Ft. Lauderdale #33100	492,018	12.1	1,642,912	15.6	10	12.2
AA11 USVI Non-MSA #99999	43,166	1.1	1,146,779	10.9	8	9.8
<b>Total</b>	<b>4,087,040</b>	<b>100.0</b>	<b>10,513,819</b>	<b>100.0</b>	<b>82</b>	<b>100.0</b>
<i>Source: Bank Data; consumer, home mortgage, and small business loans reported 2018-2020. FDIC 2020 Summary of Deposits</i>						

## SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Investment Test	Service Test	Rating
Commonwealth of PR	High Satisfactory	Outstanding	High Satisfactory	Satisfactory
Florida	High Satisfactory	Outstanding	Low Satisfactory	Satisfactory
USVI	Low Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory

## DESCRIPTION OF LIMITED-SCOPE ASSESSMENT AREAS

### Arecibo, PR MSA

This assessment area contains all 4 municipalities and 45 census tracts within the Arecibo MSA. Of the bank’s nine PR assessment areas, this MSA contains 4.8 percent of the total census tracts, 5.4 percent of the total population, 5.3 percent of the total housing units, and 5.9 percent of the total owner-occupied housing units. Additionally, 3.6 percent of all non-farm businesses are located in this assessment area.

According to 2015 ACS census data, this assessment area consists of 1 (2.2 percent) low-income census tract, 9 (20.0 percent) moderate-income census tracts, 22 (48.9 percent) middle-income census tracts, and 9 (20.0 percent) upper-income census tracts. This area also includes four (8.9 percent) census tracts for which no demographic data is available. The following table illustrates select demographic characteristics for this assessment area.

<b>Demographic Information of the Assessment Area</b>						
<b>Arecibo MSA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	45	2.2	20.0	48.9	20.0	8.9
Population by Geography	193,243	1.9	14.2	59.1	24.7	0.0
Housing Units by Geography	82,749	1.8	15.4	58.4	24.4	0.0
Owner-Occupied Units by Geography	47,016	0.5	13.2	59.4	27.0	0.0
Occupied Rental Units by Geography	20,585	5.3	19.1	56.7	18.9	0.0
Vacant Units by Geography	15,148	1.2	17.0	58.0	23.7	0.0
Businesses by Geography	864	6.9	19.1	61.6	12.4	0.0
Farms by Geography	76	2.6	9.2	71.1	17.1	0.0
Family Distribution by Income Level	50,488	26.2	14.5	17.0	42.2	0.0
Household Distribution by Income Level	67,601	27.1	14.5	15.9	42.5	0.0
Median Family Income MSA - 11640 Arecibo, PR MSA		\$20,181	Median Housing Value			\$108,635
			Median Gross Rent			\$401
			Families Below Poverty Level			45.7%
<i>Source: 2015 ACS Data; 2020 D&amp;B Data. FFIEC Estimated Median Family Income; (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

As shown above, 26.2 percent of the assessment area’s families are low-income and 14.5 percent are moderate-income. In addition, 45.7 percent of the families in the assessment area have incomes below the poverty threshold. This makes it difficult for these families to qualify for a home mortgage loan or to support a monthly payment, especially when considering the assessment area’s median home value of \$108,635.

According to 2020 D&B data, there were 864 non-farm businesses within the Arecibo MSA. GARs for these businesses follow:

- 69.1 percent have \$1 million or less.
- 11.3 percent have more than \$1 million.
- 19.6 percent have unknown revenues.

Service industries represent the largest portion of businesses at 41.1 percent; followed by retail trade (16.3 percent); non-classifiable establishments (12.8 percent); agriculture, forestry and fishing (8.8 percent); and construction (8.0 percent). In addition, 53.7 percent of area businesses have four or fewer employees, and 87.2 percent operate from a single location. This data suggests that banks have small business loan opportunities in the assessment area.

### ***Competition***

There are a limited number of large, multi-billion dollar institutions competing for the Arecibo MSA area deposits. According to 2020 FDIC Deposit Market Share data, 5 financial institutions operated 10 branch locations within the Arecibo MSA. Of these institutions, FirstBank ranked 2<sup>nd</sup> with a 12.1 percent deposit market share.

There is a high level of competition for residential mortgage loans in the Arecibo MSA. In 2020, 38 lenders reported originating or purchasing 1,188 residential mortgage loans. FirstBank ranked 2<sup>nd</sup> out of this group of lenders, with a market share of 13.0 percent by number of loans. The most prominent home mortgage lender, Banco Popular, accounted for over 47.0 of total market share.

There is also a high level of competition for small business loans within the Arecibo MSA assessment area. In 2019, 19 lenders reported 792 small business loans originated or purchased. FirstBank ranked 5<sup>th</sup> out of this group of lenders, with a market share of 2.9 percent by number of loans. The most prominent small business lender, Banco Popular, accounted for 60.4 percent of total market share.

In regard to consumer loans, market share data is not available, as banks do not report consumer loan originations.

### **Guayama, PR MSA**

This assessment area contains all 3 municipalities and 20 census tracts within the Guayama MSA. Of the bank's nine PR assessment areas, this MSA contains 2.1 percent of the total census tracts, 2.3 percent of the total population, 2.3 percent of the total housing units, and 2.4 percent of the total owner-occupied housing units. Additionally, 1.1 percent of all non-farm businesses are located in this assessment area.

According to 2015 ACS census data, this assessment area consists of 1 (5.0 percent) low-income census tract, 1 (5.0 percent) moderate-income census tract, 13 (65.0 percent) middle-income census tracts, and 2 (10.0 percent) upper-income census tracts. This area also includes three (15.0 percent)

census tracts for which no demographic data is available. The following table illustrates select demographic characteristics for this assessment area.

Demographic Information of the Assessment Area						
Guayama MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	20	5.0	5.0	65.0	10.0	15.0
Population by Geography	81,159	3.7	3.9	78.9	13.5	0.0
Housing Units by Geography	36,144	3.7	4.5	77.9	13.9	0.0
Owner-Occupied Units by Geography	20,396	1.5	3.5	78.5	16.5	0.0
Occupied Rental Units by Geography	7,500	9.1	8.1	73.5	9.3	0.0
Vacant Units by Geography	8,248	4.4	3.7	80.1	11.7	0.0
Businesses by Geography	268	10.4	11.9	72.4	5.2	0.0
Farms by Geography	7	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	18,797	24.9	14.4	17.3	43.5	0.0
Household Distribution by Income Level	27,896	26.8	14.6	15.8	42.8	0.0
Median Family Income MSA - 25020 Guayama, PR MSA		\$17,448	Median Housing Value			\$94,564
			Median Gross Rent			\$308
			Families Below Poverty Level			51.4%
<i>Source: 2015 ACS Data; 2020 D&amp;B Data. FFIEC Estimated Median Family Income; (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

As shown above, 24.9 percent of the assessment area’s families are low-income and 14.4 percent are moderate-income. In addition, 51.4 percent of the families in the assessment area have incomes below the poverty threshold. This makes it difficult for these families to qualify for a home mortgage loan or to support a monthly payment, especially when considering the assessment area’s median home value of \$94,564.

According to 2020 D&B data, there were 268 non-farm businesses within the Guayama MSA. GARs for these businesses follow:

- 61.2 percent have \$1 million or less.
- 9.7 percent have more than \$1 million.
- 29.1 percent have unknown revenues.

Service industries represent the largest portion of businesses at 42.2 percent; followed by retail trade (17.5 percent); non-classifiable establishments (14.2 percent); manufacturing (6.3 percent); and public administration (6.0 percent). In addition, 44.8 percent of area businesses have four or fewer employees, and 73.1 percent operate from a single location. This data suggests that banks have small business loan opportunities in the assessment area.

### ***Competition***

There are a limited number of large, multi-billion dollar institutions competing for the Guayama MSA area deposits. According to 2020 FDIC Deposit Market Share data, three financial institutions operated five branch locations within the Guayama MSA. Of these institutions, FirstBank ranked 3<sup>rd</sup> with a 12.0 percent deposit market share.

There is a high level of competition for residential mortgage loans in the Guayama MSA. In 2020, 24 lenders reported originating or purchasing 530 residential mortgage loans. FirstBank ranked 3<sup>rd</sup> out of this group of lenders, with a market share of 6.2 percent by number of loans. The two most prominent home mortgage lenders, Banco Popular and the Home Mortgage Bankers Corporation, captured 66.4 percent of the total market share.

There is a moderate level of competition for small business loans within the Guayama MSA assessment area. In 2019, 13 lenders reported 187 small business loans originated or purchased. FirstBank ranked 12<sup>th</sup> out of this group of lenders, with a market share of 0.5 percent by number of loans. The most prominent small business lender, Banco Popular, accounted for 80.2 percent of total market share.

In regard to consumer loans, market share data is not available, as banks do not report consumer loan originations.

### **Mayaguez, PR MSA**

This assessment area contains all 3 municipalities and 34 census tracts within the Mayaguez MSA. Of the bank's nine PR assessment areas, this MSA contains 3.6 percent of the total census tracts, 3.1 percent of the total population, 3.4 percent of the total housing units, and 2.9 percent of the total owner-occupied housing units. Additionally, 3.3 percent of all non-farm businesses are located in this assessment area.

According to 2015 ACS census data, this assessment area consists of 1 (2.9 percent) low-income census tract, 11 (32.4 percent) moderate-income census tracts, 11 (32.4 percent) middle-income census tracts, and 8 (23.5 percent) upper-income census tracts. This area also includes three (8.8 percent) census tracts for which no demographic data is available. The following table illustrates select demographic characteristics for this assessment area.

Demographic Information of the Assessment Area						
Mayaguez MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	34	2.9	32.4	32.4	23.5	8.8
Population by Geography	109,569	5.1	23.9	38.0	29.9	3.1
Housing Units by Geography	52,916	4.5	25.2	36.2	28.7	5.4
Owner-Occupied Units by Geography	24,804	1.6	21.5	39.6	36.1	1.2
Occupied Rental Units by Geography	15,189	11.6	30.6	31.3	18.9	7.7
Vacant Units by Geography	12,923	1.8	25.7	35.6	26.0	10.9
Businesses by Geography	794	2.1	27.1	25.6	28.5	16.8
Farms by Geography	11	0.0	45.5	18.2	36.4	0.0
Family Distribution by Income Level	25,764	28.3	13.1	16.6	42.1	0.0
Household Distribution by Income Level	39,993	29.0	13.9	13.5	43.5	0.0
Median Family Income MSA - 32420 Mayagüez, PR MSA		\$21,062	Median Housing Value			\$98,241
			Median Gross Rent			\$384
			Families Below Poverty Level			43.4%
<i>Source: 2015 ACS Data; 2020 D&amp;B Data. FFIEC Estimated Median Family Income; (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

As shown above, 28.3 percent of the assessment area’s families are low-income and 13.1 percent are moderate-income. In addition, 43.4 percent of the families in the assessment area have incomes below the poverty threshold. This makes it difficult for these families to qualify for a home mortgage loan or to support a monthly payment, especially when considering the assessment area’s median home value of \$98,241.

According to 2020 D&B data, there were 794 non-farm businesses within the Mayaguez MSA. GARs for these businesses follow:

- 69.3 percent have \$1 million or less.
- 13.5 percent have more than \$1 million.
- 17.2 percent have unknown revenues.

Service industries represent the largest portion of businesses at 43.1 percent; followed by retail trade (16.8 percent); non-classifiable establishments (13.0 percent); and wholesale trade (6.9 percent). In addition, 49.1 percent of area businesses have four or fewer employees, and 79.6 percent operate from a single location. This data suggests that banks have small business loan opportunities in the assessment area.

### **Competition**

There are a limited number of large, multi-billion dollar institutions competing for the Mayaguez MSA area deposits. According to 2020 FDIC Deposit Market Share data, 4 financial institutions

operated 15 branch locations within the Mayaguez MSA. Of these institutions, FirstBank ranked 3<sup>rd</sup> with a 15.4 percent deposit market share.

There is a high level of competition for residential mortgage loans in the Mayaguez MSA. In 2020, 25 lenders reported originating or purchasing 356 residential mortgage loans. FirstBank ranked 2<sup>nd</sup> out of this group of lenders, with a market share of 9.8 percent by number of loans. The most prominent home mortgage lender, Banco Popular, captured 58.2 percent of the total market share.

There is also a high level of competition for small business loans within the Mayaguez MSA assessment area. In 2019, 21 lenders reported 711 small business loans originated or purchased. FirstBank ranked 6<sup>th</sup> out of this group of lenders, with a market share of 2.1 percent by number of loans. The two most prominent small business lenders, Banco Popular and American Express National Bank, accounted for over 79.0 percent of total market share.

In regard to consumer loans, market share data is not available, as banks do not report consumer loan originations.

### **Ponce MSA**

This assessment area contains all 4 municipalities and 71 census tracts within the Ponce MSA. Of the bank's nine PR assessment areas, this MSA contains 7.5 percent of the total census tracts, 6.9 percent of the total population, 6.6 percent of the total housing units, and 6.8 percent of the total owner-occupied housing units. Additionally, 6.2 percent of all non-farm businesses are located in this assessment area.

According to 2015 ACS census data, this assessment area consists of 5 (7.0 percent) low-income census tracts, 20 (28.2 percent) moderate-income census tracts, 22 (31.0 percent) middle-income census tracts, and 20 (28.2 percent) upper-income census tracts. This area also includes four (5.6 percent) census tracts for which no demographic data is available. The following table illustrates select demographic characteristics for this assessment area.

Demographic Information of the Assessment Area						
Ponce MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	71	7.0	28.2	31.0	28.2	5.6
Population by Geography	248,960	7.3	22.3	36.2	32.8	1.5
Housing Units by Geography	102,895	7.1	24.7	34.8	32.3	1.1
Owner-Occupied Units by Geography	58,489	3.9	20.4	37.9	37.4	0.4
Occupied Rental Units by Geography	27,952	14.4	28.1	30.4	25.0	2.0
Vacant Units by Geography	16,454	6.0	34.1	31.1	26.6	2.1
Businesses by Geography	1,469	8.6	33.8	16.3	37.6	3.7
Farms by Geography	21	4.8	42.9	14.3	38.1	0.0
Family Distribution by Income Level	61,967	27.9	12.7	15.0	44.3	0.0
Household Distribution by Income Level	86,441	27.9	13.7	14.2	44.2	0.0
Median Family Income MSA - 38660 Ponce, PR MSA		\$19,514	Median Housing Value			\$101,064
			Median Gross Rent			\$392
			Families Below Poverty Level			48.9%
<i>Source: 2015 ACS Data; 2020 D&amp;B Data. FFIEC Estimated Median Family Income; (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

As shown above, 27.9 percent of the assessment area’s families are low-income and 12.7 percent are moderate-income. In addition, 48.9 percent of the families in the assessment area have incomes below the poverty threshold. This makes it difficult for these families to qualify for a home mortgage loan or to support a monthly payment, especially when considering the assessment area’s median home value of \$101,064.

According to 2020 D&B data, there were 1,469 non-farm businesses within the Ponce MSA. GARs for these businesses follow:

- 70.8 percent have \$1 million or less.
- 11.1 percent have more than \$1 million.
- 18.1 percent have unknown revenues.

Service industries represent the largest portion of businesses at 43.8 percent; followed by retail trade (16.1 percent); non-classifiable establishments (15.1 percent); construction (6.5 percent); and wholesale trade (5.2 percent). In addition, 50.0 percent of area businesses have four or fewer employees, and 80.5 percent operate from a single location. This data suggests that banks have small business loan opportunities in the assessment area.

### **Competition**

There are a limited number of large, multi-billion dollar institutions competing for the Ponce MSA area deposits. According to 2020 FDIC Deposit Market Share data, 4 financial institutions operated

19 branch locations within the Ponce MSA. Of these institutions, FirstBank ranked 4<sup>th</sup> with a 12.5 percent deposit market share.

There is a high level of competition for residential mortgage loans in the Ponce MSA. In 2020, 29 lenders reported originating or purchasing 1,476 residential mortgage loans. FirstBank ranked 4<sup>th</sup> out of this group of lenders, with a market share of 7.9 percent by number of loans. The most prominent home mortgage lender, Banco Popular, captured 54.8 percent of the total market share.

There is also a high level of competition for small business loans within the Ponce MSA assessment area. In 2019, 25 lenders reported 1,068 small business loans originated or purchased. FirstBank ranked 7<sup>th</sup> out of this group of lenders, with a market share of 1.8 percent by number of loans. The two most prominent small business lenders, Banco Popular and American Express National Bank, accounted for over 70.7 percent of total market share.

In regard to consumer loans, market share data is not available, as banks do not report consumer loan originations.

### **San German MSA**

This assessment area contains all 4 municipalities and 31 census tracts within the San German MSA. Of the bank's nine PR assessment areas, this MSA contains 3.3 percent of the total census tracts, 3.7 percent of the total population, 4.3 percent of the total housing units, and 3.4 percent of the total owner-occupied housing units. Additionally, 2.3 percent of all non-farm businesses are located in this assessment area.

According to 2015 ACS census data, this assessment area consists of 4 (12.9 percent) moderate-income census tracts, 18 (58.1 percent) middle-income census tracts, and 6 (19.4 percent) upper-income census tracts. This area also includes three (9.7 percent) census tracts for which no demographic data is available. The following table illustrates select demographic characteristics for this assessment area.

Demographic Information of the Assessment Area						
San German MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	31	0.0	12.9	58.1	19.4	9.7
Population by Geography	133,534	0.0	11.6	64.2	24.1	0.0
Housing Units by Geography	67,976	0.0	10.5	61.5	28.1	0.0
Owner-Occupied Units by Geography	28,775	0.0	9.1	66.8	24.2	0.0
Occupied Rental Units by Geography	16,262	0.0	17.8	60.9	21.3	0.0
Vacant Units by Geography	22,939	0.0	7.0	55.2	37.8	0.0
Businesses by Geography	539	0.0	16.7	46.9	36.4	0.0
Farms by Geography	34	0.0	17.6	58.8	23.5	0.0
Family Distribution by Income Level	30,609	27.5	14.2	16.6	41.7	0.0
Household Distribution by Income Level	45,037	26.7	14.7	14.7	43.9	0.0
Median Family Income MSA - 41900 San Germán, PR MSA		\$19,414	Median Housing Value			\$111,514
			Median Gross Rent			\$394
			Families Below Poverty Level			48.1%
<i>Source: 2015 ACS Data; 2020 D&amp;B Data. FFIEC Estimated Median Family Income; (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

As shown above, 27.5 percent of the assessment area’s families are low-income and 14.2 percent are moderate-income. In addition, 48.1 percent of the families in the assessment area have incomes below the poverty threshold. This makes it difficult for these families to qualify for a home mortgage loan or to support a monthly payment, especially when considering the assessment area’s median home value of \$111,514.

According to 2020 D&B data, there were 539 non-farm businesses within the San German MSA. GARs for these businesses follow:

- 72.4 percent have \$1 million or less.
- 9.1 percent have more than \$1 million.
- 18.5 percent have unknown revenues.

Service industries represent the largest portion of businesses at 48.4 percent; followed by non-classifiable establishments (15.4 percent); retail trade (14.5 percent); and agriculture, forestry and fishing (6.3 percent). In addition, 59.0 percent of area businesses have four or fewer employees, and 87.0 percent operate from a single location. This data suggests that banks have small business loan opportunities in the assessment area.

### **Competition**

There are two financial institutions operating five branches in the San German MSA. According to 2020 FDIC Deposit Market Share data, Banco Popular captured 89.5 percent of the assessment

area's deposit market share by dollars deposited. FirstBank ranked 2<sup>nd</sup> by total dollars deposited with a 10.5 percent deposit market share.

There is a high level of competition for residential mortgage loans in the San German MSA. In 2020, 32 lenders reported originating or purchasing 772 residential mortgage loans. FirstBank ranked 2<sup>nd</sup> out of this group of lenders, with a market share of 8.3 percent by number of loans. Banco Popular captured 57.4 percent of the total market share.

There is a moderate level of competition for small business loans within the San German MSA assessment area. In 2019, 16 lenders reported 553 small business loans originated or purchased. FirstBank ranked 5<sup>th</sup> out of this group of lenders, with a market share of 2.5 percent. The most prominent small business lender, Banco Popular, accounted for 70.0 percent of total market share.

In regard to consumer loans, market share data is not available, as banks do not report consumer loan originations.

### **Yauco, PR MSA**

This assessment area contains all 4 municipalities and 32 census tracts within the Yauco MSA. Of the bank's nine PR assessment areas, this MSA contains 3.4 percent of the total census tracts, 2.8 percent of the total population, 2.9 percent of the total housing units, and 2.9 percent of the total owner-occupied housing units. Additionally, 1.6 percent of all non-farm businesses are located in this assessment area.

According to 2015 ACS census data, this assessment area consists of 3 (9.4 percent) moderate-income census tracts, 19 (59.4 percent) middle-income census tracts, and 7 (21.9 percent) upper-income census tracts. This area also includes three (9.4 percent) census tracts for which no demographic data is available. The following table illustrates select demographic characteristics for this assessment area.

Demographic Information of the Assessment Area						
Yauco MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	32	0.0	9.4	59.4	21.9	9.4
Population by Geography	100,893	0.0	10.8	64.4	24.7	0.0
Housing Units by Geography	43,778	0.0	11.6	67.3	21.1	0.0
Owner-Occupied Units by Geography	22,999	0.0	10.6	66.9	22.4	0.0
Occupied Rental Units by Geography	7,144	0.0	8.3	74.1	17.6	0.0
Vacant Units by Geography	13,635	0.0	14.9	64.5	20.5	0.0
Businesses by Geography	390	0.0	14.1	67.9	17.9	0.0
Farms by Geography	12	0.0	8.3	66.7	25.0	0.0
Family Distribution by Income Level	22,234	29.0	16.6	16.2	38.3	0.0
Household Distribution by Income Level	30,143	29.2	15.6	16.8	38.3	0.0
Median Family Income MSA - 49500 Yauco, PR MSA		\$16,753	Median Housing Value			\$86,050
			Median Gross Rent			\$355
			Families Below Poverty Level			54.2%
<i>Source: 2015 ACS Data; 2020 D&amp;B Data. FFIEC Estimated Median Family Income; (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

As shown above, 29.0 percent of the assessment area’s families are low-income and 16.6 percent are moderate-income. In addition, 54.2 percent of the families in the assessment area have incomes below the poverty threshold. This makes it difficult for these families to qualify for a home mortgage loan or to support a monthly payment, especially when considering the assessment area’s median home value of \$86,050.

According to 2020 D&B data, there were 390 non-farm businesses within the Yauco MSA. GARs for these businesses follow:

- 65.1 percent have \$1 million or less.
- 8.5 percent have more than \$1 million.
- 26.4 percent have unknown revenues.

Service industries represent the largest portion of businesses at 44.9 percent; followed by retail trade (16.4 percent); non-classifiable establishments (13.8 percent); construction (6.2 percent); and manufacturing (5.1 percent). In addition, 45.1 percent of area businesses have four or fewer employees, and 75.9 percent operate from a single location. This data suggests that banks have small business loan opportunities in the assessment area.

### **Competition**

There are a limited number of large, multi-billion dollar institutions competing for the Yauco MSA area deposits. According to 2020 FDIC Deposit Market Share data, three financial institutions

operated seven branch locations within the Yauco MSA. Of these institutions, FirstBank ranked 3<sup>rd</sup> with a 15.4 percent deposit market share. In total, there were 6 financial institutions operating 20 branches in the assessment area. Of these institutions, FirstBank ranked 5<sup>th</sup> by total dollars deposited with a 13.6 percent deposit market share.

There is a high level of competition for residential mortgage loans in the Yauco MSA. In 2020, 21 lenders reported originating or purchasing 364 residential mortgage loans. FirstBank ranked 3<sup>rd</sup> out of this group of lenders, with a market share of 8.8 percent by number of loans. Banco Popular captured 58.5 percent of the total market share.

There is a moderate level of competition for small business loans within the Yauco MSA assessment area. In 2019, 13 lenders reported 308 small business loans originated or purchased. FirstBank ranked 6<sup>th</sup> out of this group of lenders, with a market share of 2.6 percent by number of loans. The most prominent small business lender, Banco Popular, accounted for 69.2 percent of total market share.

In regards to consumer loans, market share data is not available, as banks do not report consumer loan originations.

### **PR Non-MSA**

This assessment area contains all seven municipalities in PR that are not located in any MSA (PR Non-MSA). Of the bank's nine PR assessment areas, this MSA contains 3.5 percent of the total census tracts, 3.5 percent of the total population, 3.5 percent of the total housing units, and 3.8 percent of the total owner-occupied housing units. Additionally, 2.6 percent of all non-farm businesses are located in this assessment area.

According to 2015 ACS census data, this assessment area consists of 7 (21.2 percent) moderate-income census tracts, 18 (54.5 percent) middle-income census tracts, and 4 (12.1 percent) upper-income census tracts. This area also includes four (12.1 percent) census tracts for which no demographic data is available. The following table illustrates select demographic characteristics for this assessment area.

Demographic Information of the Assessment Area						
PR Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	33	0.0	21.2	54.5	12.1	12.1
Population by Geography	126,212	0.0	17.8	64.8	17.3	0.0
Housing Units by Geography	55,163	0.0	18.6	64.0	17.4	0.0
Owner-Occupied Units by Geography	32,709	0.0	17.3	65.4	17.4	0.0
Occupied Rental Units by Geography	9,708	0.0	24.7	59.6	15.8	0.0
Vacant Units by Geography	12,746	0.0	17.3	64.0	18.7	0.0
Businesses by Geography	612	0.0	41.5	40.8	17.6	0.0
Farms by Geography	38	0.0	50.0	34.2	15.8	0.0
Family Distribution by Income Level	30,497	26.2	14.0	15.3	44.6	0.0
Household Distribution by Income Level	42,417	25.8	13.9	14.9	45.4	0.0
Median Family Income Non-MSAs - PR		\$19,388	Median Housing Value			\$95,072
			Median Gross Rent			\$421
			Families Below Poverty Level			48.4%

*Source: 2015 ACS Data; 2020 D&B Data. FFIEC Estimated Median Family Income; (\*) The NA category consists of geographies that have not been assigned an income classification.*

As shown above, 26.2 percent of the assessment area’s families are low-income and 14.0 percent are moderate-income. In addition, 48.4 percent of the families in the assessment area have incomes below the poverty threshold. This makes it difficult for these families to qualify for a home mortgage loan or to support a monthly payment, especially when considering the assessment area’s median home value of \$95,072.

According to 2020 D&B data, there were 612 non-farm businesses within the PR Non-MSA. GARs for these businesses follow:

- 73.4 percent have \$1 million or less.
- 5.9 percent have more than \$1 million.
- 20.7 percent have unknown revenues.

Service industries represent the largest portion of businesses at 41.8 percent; followed by non-classifiable establishments (22.5 percent); retail trade (13.9 percent); and agriculture, forestry and fishing (6.2 percent). In addition, 51.3 percent of area businesses have four or fewer employees, and 85.3 percent operate from a single location. This data suggests that banks have small business loan opportunities in the assessment area.

**Competition**

There are two financial institutions operating eight branches in the PR Non-MSA. According to 2020 FDIC Deposit Market Share data, Banco Popular captured 87.5 percent of the assessment

area's deposit market share by dollars deposited. FirstBank ranked 2<sup>nd</sup> by total dollars deposited with a 12.5 percent deposit market share.

There is a high level of competition for residential mortgage loans in the PR Non-MSA. In 2020, 30 lenders reported originating or purchasing 795 residential mortgage loans. FirstBank ranked 2<sup>nd</sup> out of this group of lenders, with a market share of 8.3 percent by number of loans. The most prominent home mortgage lender, Banco Popular, captured 52.6 percent of the total market share.

There is a moderate level of competition for small business loans within the PR Non-MSA assessment area. In 2019, 17 lenders reported 389 small business loans originated or purchased. FirstBank ranked 9<sup>th</sup> out of this group of lenders, with a market share of 1.0 percent by number of loans. The most prominent small business lender, Banco Popular, accounted for 64.8 percent of total market share.

In regard to consumer loans, market share data is not available, as banks do not report consumer loan originations.

## GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

**Community Development Loan:** A loan that:

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

**Community Development Service:** A service that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Micropolitan Statistical Area:** CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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