



PUBLIC DISCLOSURE

August 19, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Federal Bank of Ohio
Charter Number 700041

140 N Columbus St
Galion, OH 44833-1909

Office of the Comptroller of the Currency

West Lake Center
4555 Lake Forest Drive, Suite 610
Blue Ash, OH 45242-3760

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

INSTITUTION'S CRA RATING: Satisfactory

The primary factors supporting this rating include:

- First Federal Bank of Ohio's (First Federal or FFB) loan-to-deposit (LTD) ratio is reasonable.
- FFB originated a substantial majority of its loans within the assessment areas (AA).
- FFB's lending activities reflect a reasonable penetration among borrowers of different incomes.
- FFB's lending activities reflect a reasonable geographic distribution.

SCOPE OF EXAMINATION

The OCC conducted a Community Reinvestment Act (CRA) evaluation to assess First Federal's record of meeting the credit needs of its community. The evaluation period was from January 1, 2014 to June 30, 2016. We used information from FFB's Home Mortgage Disclosure Act (HMDA) Loan Application Register (LAR), which we validated during a HMDA data integrity examination in March 2016.

Based on our review of loan originations during the evaluation period and the composition of the loan portfolio as of June 30, 2016, residential real estate is FFB's primary lending product. Our review focused on home purchase, home improvement, and home refinance loans. We used only loans originated within the AAs in our analysis of borrower and geographic distributions.

Loan Origination and Purchased Participations from January 1, 2014 to June 30, 2016				
	% Number of Loans		% Dollars of Loans	
Loan Type	# of Loans	%	\$000s	%
Residential RE	673	67.77%	\$66,676,781	84.51%
Commercial/CRE	14	1.41%	\$4,300,715	5.45%
Consumer	210	21.15%	\$2,921,056	3.70%
HELOC	81	8.16%	\$2,920,300	3.70%
Farm	15	1.51%	\$2,078,000	2.63%
Total	993	100.00%	\$78,896,852	100.00%

Source: 2014, 2015, and year-to-date June 30, 2016 HMDA LAR, and thrift reports.

DESCRIPTION OF INSTITUTION

FFB is a federally chartered mutual thrift operating seven full service branches and two limited service branches in North Central Ohio with its headquarters in Galion, Ohio. All full service offices maintain reasonable hours of operation, including Saturday morning hours. The thrift

reported \$236 million in assets as of June 30, 2016. In addition to the main office, there are three full service branches in Richland County, two full service branches in Morrow County, one full service branch in Erie County, and a limited service branch in Crawford County; the branch does not have an on staff loan officer. In addition, FFB has a loan production office in Tiffin, Ohio (Seneca County). Since the previous evaluation, the thrift has not opened or closed any branches. ATMs are located at all branches, excluding the Tiffin branch. A stand-alone ATM is located in the Galion Community Hospital.

The thrift offers a full range of insured deposit products consisting of savings accounts, certificates of deposits, health savings accounts, checking accounts, and individual retirement accounts. In addition, FFB offers a wide variety of loans including commercial (including Small Business Association), commercial real estate (CRE), land, commercial construction, various types of consumer loans, and residential real estate loans. Residential real estate loan products include purchase, refinance, home improvement, and construction of one- to-four family and multi-family dwellings at fixed and adjustable rates. Other services offered include debit cards, online banking, online bill pay, wire transfers, and safe deposit boxes.

According to a community contact familiar with local conditions, the local economy is improving, but slowly. There are several financial institutions in the area to meet the needs of the community and there are community discussions about development to attract new businesses to the area. The contact spoke positively about FFB and its role in the community.

FFB received a satisfactory CRA rating from the prior CRA evaluation, as of May 9, 2011. Currently, no legal or financial impediments exist that could restrict the thrift's ability to serve the community's credit needs.

DESCRIPTION OF ASSESSMENT AREAS

FFB lends in three AAs, the Columbus, Ohio MSA #18140 including all of Morrow County, Mansfield, Ohio MSA #31900 including all of Richland County, and a non-MSA AA including Crawford, Erie, Huron, Sandusky, and Seneca counties. The majority of the thrift's lending occurs in the non-MSA AA.

All AAs comply with regulatory requirements. The AAs include contiguous census tracts (CT) and surround the area where the banking offices are located. There are no conspicuous gaps, and the AAs do not arbitrarily exclude any low- or moderate-income geographies.

Non-MSA AA

Crawford, Erie, Huron, Sandusky, and Seneca counties are primarily rural areas in North Central Ohio. The AA includes entire counties and consists of 75 CTs. The following table provides the income composition by CT for the AA.

Ohio Non-MSA Assessment Area Census Tract Dispersion by County				
County	Number of Census Tracts by Income Level			
	Low	Moderate	Middle	Upper
Crawford	0	6	6	2
Erie	0	2	8	8
Huron	0	0	12	1
Sandusky	0	1	10	4
Seneca	0	4	8	2
Total *	0	13	44	17

Source: 2016 FFIEC Census Report. * One CT listed as NA and not included in the total.

According to the 2010 U.S. Census, the population of the non-MSA AA totaled 298,178 and included 82,172 families, 17 percent with low-incomes, and 18 percent with moderate-incomes. There were 119,179 households, 20 percent with low-incomes, and 16 percent with moderate-incomes; 12 percent of total households had incomes below the poverty level. The AA contained 133,713 housing units with 66 percent owner occupied, 23 percent non-owner occupied, and 11 percent vacant. The AA’s median family income was \$56,546. Based on 2014 Business Geodemographic Data, the businesses in the AA were predominantly small and non-farm businesses. Leading employment sectors in the AA include services, retail trade, and agriculture. Based on unemployment rates since the previous evaluation, the economy in the non-MSA AA is showing signs of improvement. Much of the improvement stems from the increase in medical professional jobs in the area.

The main office branch and a limited services branch in Galion are located in a middle-income census tract of Crawford County. The U.S. Bureau of Labor Statistics reported the unemployment rate for Crawford County at 5.8 percent for 2015, which is higher than the Ohio unemployment rate of 4.9 percent. However, the county’s unemployment rate has improved substantially from 11.5 percent since our previous evaluation in 2011. Major employers in Crawford County are Avita Health systems, Covert Manufacturing, Timken, and IB Tech.

First Federal maintains one branch in a moderate-income census tract in Tiffin, the county seat of Seneca County and home to Tiffin University. Unemployment in the county for 2015 was 4.8 percent, which is a significant improvement from 9.6 percent in 2011. Major employers in Seneca County include Mercy Tiffin Hospital, Ameriwood Industries, and Heidelberg University.

The thrift’s northern most branch is in an upper-income census tract in Sandusky, the Erie County seat. The 2015 unemployment rate for Erie County was 5.6 percent, which is an improvement from 9.5 percent in 2011. Major employers include Cedar Point, Erie County, and Automotive Component Holdings. The Sandusky branch services Huron and Sandusky counties, as well. Unemployment in Sandusky County was 4.8 percent (9.2 percent in 2011) and 6.6 percent in Huron County (11.4 percent in 2011) for 2015. Major employers include Whirlpool, Crown Battery Manufacturing, and Revere Plastics.

Competition in the AA is high and comes from national banks, branches of large financial institutions, savings and loan associations, and credit unions. According to the June 30, 2015 Deposit Market Share Report from the Federal Deposit Insurance Corporation (FDIC), First Federal had approximately a 1.78 percent market share of deposits in the five counties combined and was ranked 17th of 26 financial institutions in the area for total market share.

Columbus, Ohio MSA AA

The Columbus, Ohio MSA AA consists entirely of Morrow County, OH. The AA has five CTs, one moderate-income CT, and five middle-income CTs. Based on unemployment rates, the local economy has improved during the review period.

Based on 2010 U.S. Census data, the total population of the MSA was 34,827 including 9,771 families, 22 percent with low-incomes, and 23 percent with moderate-incomes. There were 13,037 households, 23 percent with low-incomes, 17 percent with moderate-incomes, and 11 percent of total households have incomes below the poverty level. The median family income was \$56,432. The AA contains 13,929 housing units, with 77 percent owner-occupied, 17 percent non-owner occupied, and 6 percent were vacant.

First Federal maintains two branches in Morrow County, one in a middle-income census tract in Cardington, Ohio, the county seat of Morrow County, and the other in a moderate-income census tract in Mt. Gilead. The unemployment rate for Morrow County was 5 percent for 2015, which is a significant improvement from 10 percent for 2011. Morrow County is comprised of mostly rural communities. Major employers in Morrow County include Morrow County Hospital, Cardington Yutaka Technologies, and several school districts.

Competition in the AA is moderately high coming from national banks, branches of larger financial institutions, savings and loan institutions, and a credit union. According to the June 30, 2015 FDIC Deposit Market Share Report, First Federal had approximately a 20.7 percent deposit market share in Morrow County and was ranked 3rd out of 5 financial institutions in the area.

Mansfield MSA AA

The Mansfield MSA AA consists entirely of Richland County. The county contains 30 CTs consisting of 11 moderate-income, 13 middle-income, 6 upper-income tracts, and no low-income tracts. Based on the unemployment rates, the local economy has improved during the review period. However, small businesses in the area are still negatively affected by the closing of the GM plant in 2009. The area has seen a large influx of medical services, which has boosted job growth.

First Federal maintains three branches in the AA, one in an upper-income census tract in Shelby, Ohio and two in a middle-income census tract in Mansfield, Ohio. Mansfield is the Richland county seat and according to 2010 U.S. Census information, has a population of 47,821 and Shelby has a population of 9,317.

Based on the 2010 U.S. Census, the population of Richland County totaled 124,475. There were 32,844 families in the county, 18 percent with low-incomes, and 21 percent with moderate-incomes. There were 48,557 households, 21 percent with low-incomes, 18 percent with moderate-incomes, and 12 percent of total households have incomes below the poverty level. The AA contained 54,757 housing units with 63 percent owner occupied, 26 percent non-owner occupied, and 11 percent vacant. The AA's median family income was \$55,877. Based on 2015 Business Geodemographic Data, the businesses in the AA were predominantly small and non-farm businesses. Leading employment sectors in the AA include services, retail trade, and construction.

The 2015 unemployment rate for Richland County was 6 percent, which is a significant improvement from 11 percent in 2011. Major employers in the county include Med Central Health Systems, Thermodysc, Newman Technology, Richland County, Gorman Rupp, the U.S. Postal Service, and Walmart.

Competition in the AA is high coming from national banks, branches of larger financial institutions, and savings and loan institutions. According to the June 30, 2015 FDIC Deposit Market Share Report, First Federal had approximately a 3.38 percent deposit market share in Richland County and was ranked 7th of 14 financial institutions in the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

FFB's lending performance is satisfactory.

Loan-to-Deposit Ratio

FFB's loan-to-deposit ratio (LTD) is reasonable.

The bank's 21 quarter average LTD ratio for the period ended March 31, 2016 was 54.32 percent with a range of 48.01 percent (June 30, 2013) to 62.57 percent (March 31, 2011) during this period. This is a decrease from 69.3 percent noted at the previous evaluation.

We compared First Federal's LTD ratio to five similarly situated financial institutions operating in North Central Ohio with total assets between \$24 million and \$247 million. First Federal's LTD ratio was consistently lower than the peer group. The quarterly average LTD ratio for these institutions was 72.35 percent with a range of 54.24 percent to 97.47 percent. FFB's ratio is lower than the peer average because FFB continues to sell loans in the secondary market while many of the peer banks retain all loans in the portfolio. Throughout the review period, the bank originated and sold 398 loans (\$39.2 million) to Fannie Mae, but retained the servicing. The bank continues to service all of these loans; however, they are not considered in the LTD ratio. Additional factors affecting the ratio include the heightened competition from other larger financial institutions in Richland County and several early payoffs of participation loans.

Lending in the Assessment Area

A substantial majority of the thrift’s lending activity occurs inside the assessment areas. The following table details the thrift’s lending activity by number and dollar volume.

Lending in the Columbus MSA, Mansfield MSA, and Non- MSA Assessment Areas				
Assessment Area	Loan Count	Percent	Dollar Amount	Percent
Non-MSA AA	236	36.03%	\$22,238,000	18.13%
Mansfield MSA AA	176	26.87%	\$15,601,000	12.72%
Columbus MSA AA	182	27.79%	\$18,924,000	15.43%
Total Loans	594	90.69%	\$56,763,000	46.29%
Outside the AAs	61	9.31%	\$9,106,000	7.43%
Total Loans	655	100.00%	\$122,632,000	100.00%

Source: FFB HMDA loan data for 2014, 2015, and through June 30, 2016

Lending to Borrowers of Different Incomes

FFB demonstrates satisfactory performance in lending to low- and moderate-income borrowers.

Non-MSA AA

The distribution of loans within the AA reflects reasonable dispersion among individuals of different income levels. While the institutions lending in purchases and refinances to low-income borrowers is lower than the percentage of low income families in the AA, FFB’s lending to low income borrowers exceeds the average performance of other lenders in the AA for purchases, home improvement, and refinances. Additionally, FFB’s lending to moderate-income borrowers exceeded the percentage of moderate-income families in the AA in all categories except refinances. FFB’s total lending to moderate-income borrowers compares to the averages of other lenders in the AA. During the evaluation period, home purchases accounted for 55 percent of home mortgage originations. FFB’s purchase totals to low- and moderate-income borrowers exceeded either the averages of other lenders in the AA or the percentage of low- or moderate-income families.

Borrower Distribution of Residential Real Estate Loans Non-MSA Assessment Area							
Borrower Income Level	Loan Type						% of AA Families by Income Level
	% Total Thrift Loans			% of Loans by AA Lenders			
	Purchase	Home Improvement	Refinance	Purchase	Home Improvement	Refinance	
Low	11.6	18.8	14.3	7.4	11.7	8.5	17.2
Moderate	24.8	31.3	15.4	30.1	18.2	23.2	18.1
Middle	22.5	18.8	28.6	28.2	31.3	27.9	22.4
Upper	40.3	25	36.3	34.4	38.8	40.5	42.4

Source: 2010 U.S. Census data and Thrift’s HMDA loan data for 2014, 2015, and 2016.

Columbus, Ohio MSA AA

The distribution of loans within the AA reflects reasonable dispersion among individuals of different income levels.

Borrower Distribution of Residential Real Estate Loans in Columbus MSA AA							
Borrower Income Level	Loan Type						% of AA Families by Income Level
	% Total Thrift Loans			% of Loans by AA Lenders			
	Purchase	Home Improvement	Refinance	Purchase	Home Improvement	Refinance	
Low	12.7	21.1	21.4	20.6	15.0	16.5	22.2
Moderate	30.4	26.3	28.6	31.4	25.0	30.1	23.2
Middle	21.5	21.1	25	22.2	33.7	27.3	27.3
Upper	35.4	31.6	22.5	25.8	26.3	26.1	27.3

Source: 2010 U.S. Census data and Thrift's HMDA loan data for 2012 and 2013

FFB's performance in making purchase loans to low-income borrowers is lower than the averages of other lenders in the AA and the percentage of low-income borrowers in the AA. However, FFB's performance in making purchase loans to moderate-income borrowers approximates the averages of other lenders in the AA and exceeds the percentage of moderate-income borrowers in the AA. FFB's record of making home improvement and refinance loans to low-income borrowers exceeds the averages of other lenders in the AA and meets the percentage of low-income borrowers in the AA. Likewise, FFB's record of making home improvement and refinance loans to moderate-income borrowers meets the averages of other lenders in the AA and the percentage of moderate-income families in the AA. During the evaluation period, refinances accounted for the majority of home mortgage originations at 45 percent.

Mansfield MSA AA

The distribution of loans within the AA reflects reasonable dispersion among individuals of different income levels.

Borrower Distribution of Residential Real Estate Loans - Mansfield MSA AA							
Borrower Income Level	Loan Type						% of AA Families by Income Level
	% Total Thrift Loans			% of Loans by AA Lenders			
	Purchase	Home Improvement	Refinance	Purchase	Home Improvement	Refinance	
Low	15.6	5.0	15.0	9.0	11.2	18.6	18.4
Moderate	22.9	15.0	13.3	24.2	21.4	19.6	20.5
Middle	24.0	45.0	28.3	28.7	25.3	27.4	21.6
Upper	36.5	35.0	43.3	38.2	42.1	44.4	39.6

Source: 2010 U.S. Census data and Thrift's HMDA loan data for 2014, 2015, and 2016.

FFB’s record of making home purchase loans to low- and moderate-income borrowers meets the percentage of low- and moderate-income families in the AA and meets or exceeds the averages of other lenders in the AA. FFB’s performance in making refinance loans to low-income borrowers meets the averages of other lenders in the AA and the percentage of low-income borrowers in the AA. However, FFB’s performance in making refinance loans to moderate-income borrowers is lower than the averages of other lenders in the AA and the percentage of moderate-income families in the AA. FFB’s performance in making home improvement loans to low- and moderate-income borrowers is lower than the averages of other lenders in the AA and the percentage of low- and moderate-income borrowers in the AA. We gave more weight to FFB’s performance in making home purchase loans in our assessment of reasonableness because during the evaluation period, purchases accounted for the majority of FFB’s home mortgage originations in the AA at 55 percent, while only 34 percent were for refinance and 11 percent were for home improvement loans. Management stated that there is considerable competition in the area that limits their opportunities to lend to low- and moderate-income borrowers. In addition, 12 percent of families in the AA have incomes below the poverty level and may not meet underwriting standards.

Geographic Distribution of Loans

FFB demonstrates satisfactory performance lending in low- and moderate-income areas.

Non-MSA AA

First Federal’s geographic distribution of loans reflects excellent dispersion of lending in moderate-income areas. The AA does not contain any low-income CTs. The institution’s percentage of home purchase, home improvement, and refinance loans in moderate-income CTs significantly exceeds the averages of other lenders in the AA and the percentage of owner occupied housing units in the AA.

Geographic Distribution of Residential Real Estate Loans in the Non MSA AA							
Census Tract Income Level	Loan Type						% of AA Owner Occupied Housing Units
	% Total Thrift Loans			% of Loans by AA Lenders			
	Purchase	Home Improvement	Refinance	Purchase	Home Improvement	Refinance	
Low	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Moderate	21.7	43.8	16.5	10.2	13.6	9.8	12.6
Middle	45.0	43.7	55.0	57.7	53.5	59.3	59.6
Upper	33.3	12.5	28.5	32.1	32.9	30.9	27.8

Source: 2010 U.S. Census data and Thrift’s HMDA loan data for 2014, 2015, and 2016.

Columbus, Ohio MSA AA

First Federal’s geographic distribution of loans reflects reasonable dispersion of residential real estate loans in moderate-income areas. The AA does not contain any low-income CTs.

Geographic Distribution of Residential Real Estate Loans in the Columbus MSA AA							
Census Tract Income Level	Loan Type						% of AA Owner Occupied Housing Units
	% Total Thrift Loans			% of Loans by AA Lenders			
	Purchase	Home Improvement	Refinance	Purchase	Home Improvement	Refinance	
Low	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Moderate	25.3	10.5	31.0	19.9	21.0	16.4	17.7
Middle	74.7	89.5	69.0	80.1	79.0	83.6	82.3
Upper	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: 2010 U.S. Census data, Thrift's HMDA loan data for 2014, 2015, and 2016

While FFB’s record of making home improvement loans in moderate-income areas is lower than the averages of other lenders in the AA and the percentage of owner-occupied units in the AA, FFB’s performance for making purchase and refinance loans significantly exceeds the performance of other lenders in the AA and the percentage of owner-occupied housing units.

Mansfield MSA AA

First Federal’s geographic distribution of residential real estate loans reflects poor dispersion in moderate-income areas. The AA does not contain any low-income CTs. The percentage of FFB loans in moderate-income geographies is significantly below the averages of other lenders in the AA. In addition, FFB’s penetration of moderate-income geographies falls significantly short of the percentage of owner-occupied housing units located within moderate-income geographies in the AA. First Federal’s offices in the Mansfield MSA AA are located in middle- or upper-income CTs. Only one of the CTs where FFB has an office is contiguous with a moderate-income CT. Middle- and upper-income CTs surround the areas where the other two offices are located. Additionally, management states that competition in the area is extensive with competitors having offices in moderate-income areas, which limits FFB’s opportunities to lend in moderate-income areas.

Geographic Distribution of Residential Real Estate Loans in the Mansfield MSA AA							
Census Tract Income Level	Loan Type						% of AA Owner Occupied Housing Units
	% Total Thrift Loans			% of Loans by AA Lenders			
	Purchase	Home Improvement	Refinance	Purchase	Home Improvement	Refinance	
Low	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Moderate	7.3	5.0	6.7	10.3	16.3	12.6	20.1
Middle	51.0	50.0	45.0	53.4	49.0	49.7	49.6
Upper	41.7	45.0	48.3	36.3	34.7	37.7	30.3

Source: 2010 U.S. Census data, Thrift's HMDA loan data for 2014, 2015, and 2016

Responses to Complaints

During the assessment period, FFB received no written complaints relating to its performance in helping to meet the credit needs of its AAs.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 195.28(c), in determining a federal thrift's CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the thrift. We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet the credit needs of the community.