



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

September 17, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Federal Savings Bank
Charter Number 704395

Donner Avenue at 6th Street
Monessen, PA 15062

Office of the Comptroller of the Currency

Pittsburgh Field Office
4075 Monroeville Boulevard, Suite 300
Monroeville, PA 15146

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

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

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Outstanding.

The major factors supporting the institution's rating include:

- The bank's loan to deposit ratio is outstanding when compared to similarly situated banks.
- The majority of the bank's loans originated during the evaluation period were within the bank's assessment area (AA).
- The geographic distribution of loans reflects an overall reasonable dispersion and satisfactory performance.
- The borrower distribution reflects an overall reasonable penetration and satisfactory performance.
- The bank's community development activities demonstrate excellent responsiveness to the community development needs of its AA.

Scope of Examination

First Federal Savings Bank (FFSB) was evaluated under the Intermediate Small Bank examination procedures, which include a lending test and a community development (CD) test. The lending test evaluates the institutions record of meeting the credit needs of its AA through its lending activities. The CD test evaluates the institution's responsiveness to CD needs in its AA through CD lending, qualified investments, and CD services.

CRA activities at FFSB were completed using full-scope review procedures for its AA. Our review covered the bank's performance from January 1, 2009 through December 31, 2011. Residential mortgage loans were determined to be the bank's primary loan product and were reviewed as part of this examination.

In order to evaluate FFSB's record of originating residential mortgage loans, we analyzed loan data FFSB collected and reported in accordance with the Home Mortgage Disclosure Act (HMDA) requirements. In order to ensure the reliability of HMDA loan data, we performed a data integrity examination during the second quarter of 2012. In conjunction with the data integrity examination, we evaluated FFSB's processes to ensure the accuracy of collected HMDA data and tested a sample of FFSB's reported HMDA loans. Specifically, we tested the accuracy of FFSB's HMDA loan data by comparing it against FFSB's loan file documentation. The data integrity

examination revealed that FFBSB’s publicly available HMDA loan data could be relied on for the purposes of this CRA evaluation.

Description of Institution

Established in 1922, FFBSB is a federally chartered stock savings bank and a wholly owned subsidiary of FedFirst Financial Corporation. FFBSB is headquartered in Monessen, Westmoreland County, Pennsylvania. The bank operates as a community-oriented financial institution offering residential, multi-family and commercial mortgages, consumer loans, and commercial business loans, as well as a range of deposit products for individuals and businesses. It conducts insurance brokerage activities through Exchange Underwriters, Inc.

FFBSB operates eight full service offices in southwestern Pennsylvania. Three offices are located in Fayette County, Uniontown, Belle Vernon and Perryopolis, four offices in Washington County, Donora, Monongahela, McMurray, and Washington and the home office in Monessen in Westmoreland County. The bank closed its Park Center office in Monessen on October 21, 2011. The bank did not open any offices during the review period.

Each full-service branch office offers an assortment of deposit and loan products. FFBSB has traditional banking hours Monday through Friday with the exception of the Rostraver office which offers Saturday hours. Either one or both drive-up window and automated teller machine (ATM) services are available at all office locations with the exception of the main office in Monessen. FFBSB is a member of the Freedom ATM Alliance with 31 member banks and over 700 ATMs in 50 counties in Ohio, West Virginia, Pennsylvania, and New York. Any Freedom designated ATM is surcharge Free. The bank also offers an informational internet website and on-line banking services. Table 1 lists the locations of the bank’s offices and the income level of the geography (i.e., census tract) in which each is located.

Table 1 – FFBSB Offices		
	Office Location	Geography Income Level
1	Donora Office: Donora, PA	Moderate
2	Monessen Office: Monessen, PA	Moderate
3	Monongahela Office: Monongahela, PA	Moderate
4	Perryopolis Office: Perryopolis, PA	Middle
5	Peters Township Office: Canonsburg, PA	Upper
6	Rostraver Office: Belle Vernon, PA	Middle
7	Uniontown Office: Uniontown, PA	Upper
8	Washington Office: Washington, PA	Low

The institution is primarily a portfolio lender. The bank's mortgage products include fixed-rate loans for the purchase, refinance and construction of one- to four-family and multi-family dwellings. Consumer loan offerings consist of home equity loans and lines of credit and personal secured and unsecured loans. Commercial loans secured by real estate and other collateral and lines of credit are offered to businesses. Table 2 shows the distribution of loans by lending category.

Table 2 - FFSB's Investment in Loans (6/30/2012 Uniform Bank Performance Report)			
Loan Category	Amount (\$000's)	Percent of Total Loans	Percent of Total Assets
Residential Mortgage	\$187,953	76.42%	55.53%
Nonresidential Mortgage	47,324	19.24%	13.98%
Commercial Nonmortgage	9,312	3.79%	2.75%
Consumer	1,357	.55%	0.40%
Total	\$245,946	100.00%	72.67%

FFSB's total assets as of June 30, 2012 were \$338.5 million. As of the same date, FFSB's total deposits were \$238.8 million and Net Tier 1 Capital was \$46.8 million.

According to the June 30, 2012 FDIC Summary of Deposits Market Share Report, FFSB was ranked 14th out of 31 institutions in their AA with 1.79% of deposits. PNC Bank is ranked first with 50 offices and 28.29% of the deposits. Other financial institutions include Citizens Bank of Pennsylvania with 31 offices and 10.24% of the deposits, First National Bank of Pennsylvania with 30 offices and 8.39% of the deposits, First Commonwealth Bank with 20 offices and 7.72% of the deposits, and First Niagara with 18 offices and 5.84% of the deposits.

There are no legal or financial factors impeding the bank's ability to help meet the credit needs in its AA. At the prior CRA examination dated September 15, 2008, FFSB was rated "Satisfactory."

Description of FFBSB Assessment Area

Demographic Information for Full Scope Area: FFBSB AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	188	1.60	29.79	58.51	10.11	0.00
Population by Geography	721,534	1.00	27.04	59.84	12.12	0.00
Owner-Occupied Housing by Geography	223,276	0.45	24.73	61.97	12.85	0.00
Business by Geography	69,749	1.72	23.07	56.72	18.49	0.00
Farms by Geography	1,898	0.21	18.18	68.60	13.01	0.00
Family Distribution by Income Level	202,747	21.38	20.44	22.55	35.62	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	84,794	1.39	35.38	56.85	6.37	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		47,195 64,000 12%	Median Housing Value Unemployment Rate (2012 Bureau of Labor Statistics)	82,713 7.17%		

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 US Census and 2011 HUD updated MFI

FFSB’s AA consists of all Fayette, Washington and Westmoreland Counties, PA, which are located within the Pittsburgh, PA Metropolitan Statistical Area (MSA). The AA meets regulatory requirements and does not arbitrarily exclude low- or moderate-income geographies. The total population in the AA was 721,534 as of the 2000 U.S. Census. The average unemployment rate of the combined counties in the AA as of September 2012 was 7.17%. This average was lower than the city of Pittsburgh at 7.4%, lower than the state of PA at 8.2%, and lower than the national average at 7.8% for the same time period. However, future job growth over the next ten years in the AA is predicted to be over 33% to 35%.

Major employers in the AA ranking in the top 5 listings for Fayette County include the PA state government, Uniontown Hospital, Nemaocolin Woodlands Inc., Connellsville Area High School, and Teletech Services Corp. The top 5 major employers in Washington County include the Washington Hospital, Washington Trotting Assoc., Washington County, Monongahela Valley Hospital, and State System of Higher Education. In Westmoreland County, the top 5 major employers include the PA state government, Westmoreland Regional Hospital, Wal-Mart, Westmoreland County, and United Parcel Service.

The median cost of housing in the AA is \$82,713. The Updated Median Family Income for 2011 is \$64,000. The percentage of households below the poverty level is 12%. The AA’s population is comprised of 202,747 families with the following family income

distribution: 21.38% are low-income, 20.44% are moderate-income, 22.55% are middle-income, and 35.62% are upper-income.

In 2010, 325 lenders originated HMDA loans in the AA, according to the HMDA Peer Mortgage Data. Competition in the AA was strong with PNC Bank, Bank of America, and Wells Fargo Bank ranking as the top three lenders with market shares of 9.37%, 8.32%, and 7.31% respectively. FFSB was ranked 48 with a market share of 0.37%. Other competitors consisted of large national banks and mortgage companies, large regional banks, and mortgage brokers with nationwide sources of funding.

According to the June 30, 2012 FDIC Summary of Deposits Market Share Report, FFSB was ranked 14 out of 31 institutions in their AA with 1.79% of deposits. PNC Bank is ranked first with 50 offices and 28.29% of the deposits. Other financial institutions include Citizens Bank of Pennsylvania with 31 offices and 8.39% of the deposits, First Commonwealth Bank with 20 offices and 7.72% of the deposits, and First Niagara Bank with 18 offices and 5.84% of the deposits.

We completed one community contact as part of this Intermediate Small Bank CRA Examination. We contacted a large, community-based business network in the Southwestern PA area located within the bank's AA. The organization's mission is to create opportunities that advance the interest of the business community by encouraging the growth of existing businesses, providing assistance to new firms relocating in the area, and developing strong local networks that result in a business-to-business exchange. Funding is both public and private. The contact indicated that small business lending is a credit need for the area. The local economy is benefitting due to Marcellus Shale gas drilling in the area as local restaurants, hotels, and other small businesses are both directly and indirectly involved in the Marcellus Shale project. The contact stated that there are plenty of opportunities for financial institutions to participate with community development, credit-related projects, and lines of credit for the smaller businesses that have been created by Marcellus Shale. The contact also stated that the performance of local financial institutions have been very active over the last five years, even before the Marcellus Shale drilling. The contact explained that the community banks have been very creative and developed partnerships to garner credit relationships that normally the banks individually would not be able to extend credit. Another credit need identified by the contact was that financial institutions continue to be cautious and conservative and need to take more calculated risks. If the financial institutions would understand and be able to analyze new industries it would then better position them to lend.

Conclusions with Respect to Performance Criteria

Lending Test

FFSB's performance under the lending test is Satisfactory. FFSB's loan-to-deposit ratio is outstanding. A majority of FFSB's home mortgage loans were originated within the AA. FFSB's record of lending to borrowers of different incomes meets the standard for

reasonable performance and is considered satisfactory. The geographic distribution of loans in the AA meets the standard for reasonable performance and is also considered satisfactory.

Loan-to-Deposit Ratio

FFSB's loan-to-deposit ratio is outstanding. The bank's loan-to-deposit ratio is more than reasonable for the standard for satisfactory performance. The bank's average loan-to-deposit ratio for the prior twenty quarters is 113%. This is well above the 87% average loan-to-deposit ratio for similarly situated banks during the same time period.

Lending in Assessment Area

FFSB's lending in their AA is satisfactory. A majority of the home mortgage loans originated during the evaluation period were within the AA. FFSB meets the standard for satisfactory performance for lending in the AA. An analysis of the loan sample data disclosed that 54% of these loans were originated in the AA.

Lending to Borrowers of Different Incomes

FFSB's lending to borrowers of different incomes meets the standard for satisfactory performance. Borrower distribution reflects reasonable penetration among residential real estate loans.

The level of all home mortgage loans originated to low-income borrowers is lower than the percentage of low-income families in the AA. However, when considering the affordability of housing in the AA, this performance is reasonable. The median cost of housing in the AA is \$83 thousand, based on 2000 census data. The HUD updated median family income for 2011 is \$64 thousand. This means that a low-income person earns less than \$32 thousand. Households below the poverty level are 12%. Based on these statistics, it would be difficult for a low-income individual to purchase housing in the AA. Also, in 2011, of the 325 lenders in the AA, FFSB was ranked 48th, with a market share of 0.37%. The level of home mortgage loans originated to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. This performance is excellent.

The level of home improvement loans to low-income borrowers is near to the percentage of low-income families in the AA. This is mitigated by the fact that competition is strong within the AA as the market share by the top three lenders is garnered by large national banks at market shares of 9.37%, 8.32%, and 7.31% respectively. When considering competition, this performance is reasonable. The level of home improvement loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. This performance is excellent.

The level of home mortgage refinance loans made to low-income borrowers is lower than the percentage of low-income families in the AA. The level of home mortgage refinance loans made to moderate-income borrowers is near the percentage of

moderate-income families in the AA. This overall home mortgage refinance performance is reasonable when considering the strong competition with large banks garnering top market share within the lending area.

Table 4 - Borrower Distribution of Residential Real Estate Loans in AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	21.38	9.23	20.44	21.54	22.55	24.62	35.62	44.62
Home Improvement	21.38	17.24	20.44	22.41	22.55	25.86	35.62	34.48
Home Mortgage Refinance	21.38	12.60	20.44	19.69	22.55	26.77	35.62	40.94

Source: 2009-2011 HMDA LAR.

Geographic Distribution of Loans

FFSB’s geographic distribution of loans meets the standard for satisfactory performance. The geographic distribution reflects reasonable dispersion in comparison to the geographical distribution of residential mortgage loans within the AA. Our review did not detect any conspicuous or unexplained gaps in the bank’s lending patterns.

Geographic Distribution of Residential Real Estate Loans

The distribution of home purchase loans to low-income geographies is near to the percentage of low-income families and reflects reasonable dispersion while the distribution of moderate-income geographies exceeds the percentage of moderate-income families and reflects excellent dispersion.

The distribution of home improvement loans to low- income geographies and moderate-income geographies exceeds the percentage of low-income and moderate-income families and reflects excellent dispersion.

The distribution of home mortgage refinance loans to low-income geographies is near the percentage of low-income families. This performance reflects reasonable dispersion. The distribution of home mortgage refinance loans to moderate-income geographies exceeds the moderate-income families and reflects excellent dispersion.

Table 5 - Geographic Distribution of Residential Real Estate Loans in AA

Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.45	0.00	24.73	34.33	61.97	52.24	12.85	13.43
Home Improvement	0.45	1.72	24.73	43.10	61.97	48.28	12.85	6.90
Home Mortgage Refinance	0.45	0.00	24.73	34.35	61.97	51.91	12.85	13.74

Source: 2009-2011 HMDA LAR.

Community Development Test

The bank’s performance under the community development test is rated “Outstanding.” FFSB’s community development activities demonstrate excellent responsiveness to the community development needs of its AA when considering the bank’s capacity, performance context, and the availability of community development opportunities in the AA. Also, community development activities met area needs for job creation and small business development and expansion as identified through our contact with a local community organization.

Number and Amount of Community Development Loans

We determined that competition emanating from both large regional and other area community financial institutions in FFSB’s AA located within the Pittsburgh MSA to originate CD loans is considered to be significant. However, FFSB, over the evaluation period, originated fifty-seven (59) CD loans totaling \$15,551,000 within its AA. The CD loans were responsive to AA credit needs. Furthermore, CD loans served to meet area needs for social services, provided affordable housing, and created jobs that helped stabilize LMI geographies in the AA. A few of the above mentioned CD loans originated by FFSB are described below.

In 2009 FFSB originated a \$1,665,000 loan to a local low-income housing developer. The purpose of the loan was to finance the building for public assistance. The loan proceeds help provide services to low-income Pennsylvanians through cash assistance programs, employment and training programs, nutrition assistance, home heating assistance; and assistance programs for refugees and the homeless.

In 2010 the bank originated two loans totaling \$614,357 to a local special needs transportation company. The purpose of this loan was to finance the leasing of school buses for the transportation of LMI special needs children.

In 2011 FFSB originated a loan totaling \$525,000 to a local LLC for commercial real estate. The purpose of the loan was to finance the purchase of a doctor's office located within a moderate-income track within the AA. The loan provides medical services and directly benefits the moderate-income area.

The bank also originated four (4) CD loans totaling \$1,120,000 outside their AA. These CD loans provided for job retention or created jobs that helped stabilize LMI geographies outside their AA.

Number and Amount of Qualified Investments

We determined that competition emanating from both large regional and other area community financial institutions in FFSB's AA within the Pittsburgh MSA for funding CD investments is considered to be significant.

FFSB over the evaluation period granted fifty-four (54) donations totaling \$26,033 benefitting its AA. The CD grants and donations funded by FFSB were responsive to AA needs. They supported local organizations focusing on various CD initiatives, which included serving the needs of low- and moderate-income individuals and geographies within its AA.

Extent to Which the Bank Provides Community Development Services

FFSB's representatives over the evaluation period participated in several CD services which were responsive to the needs of its AA. A few of the CD services in which FFSB representatives participated are described below.

A FFSB President served on the Board of Directors as treasurer for a non-profit sustainable energy fund that focuses on emerging sustainable energy technologies that offer new economic development opportunities for local communities. The organization's prime goal is to attract new companies and technologies to the state of Pennsylvania within the bank's AA.

A FFSB President served on the Board of Directors of the local economic development council in an oversight capacity. The organization focuses on promoting economic development and job creation in the AA securing funds for a lending pool for business start-up and expansion.

A FFSB President served on the Board of Directors in an advisory capacity to a local industrial development corporation. The organization's focus is to provide economic development organization to encourage business development through low-interest loans and industrial park development. The organization also provides access to low interest loan financing to eligible entities for financing land and building acquisition, construction and renovation resulting in the creation or retention of jobs.

A FFSB Senior Vice-President served on the Board of Directors in an advisory capacity to a local state innovation zone advisory board. As part of the state of Pennsylvania's

economic stimulus package, there are designated zones that are established in communities that host institutions of higher education. These zones are designed to foster innovation and create entrepreneurial opportunities.

A FFSB employee served on the Board of Directors in an advisory capacity to a local meal delivery service to senior citizens. The cost of meals varies depending on financial circumstances with a variety of funding sources available to those in need.

Accessibility of Services

FFSB's services are accessible to its AA residents through its branch offices and ATM network as well as through its alternative delivery systems. In order to determine the extent of accessibility of FFSB's delivery systems, population demographics, branches and ATM locations were considered.

FFSB operates all eight of its branch offices within its AA. Of the eight branch offices, four offices representing 50% of the total are located within LMI geographies. In comparison of the total AA population, 1.00% reside in low-income AA geographies and 27.04% reside in moderate-income AA geographies. The vast majority of the AA population resides within middle-income AA geographies.

FFSB closed a branch office on October 21, 2011. This was a second branch operated within the city of Monessen less than a mile from its headquarters office. FFSB continues to serve AA residents from its headquarters operating within the same moderate-income geography.

Additionally, the retail financial services offered are reasonable for the bank's size. The bank's eight branch offices have hours of operation typical for the market and have extended hours to 6:00 pm at least one day per week at five of the eight branches. One branch has Saturday hours, while five branch offices have 24 hour, full service ATMs. Other retail services include direct deposit, electronic payment, 24 hour telephone banking, and night depositories. FFSB has an informational website at <http://www.firstfederal-savings.com>. The website provides access to online banking and contains a listing of loan and deposit products and rates.

Responsiveness to Community Development Needs

The bank's CD activities demonstrate excellent responsiveness to the CD needs of its AAs. This takes into consideration the bank's capacity and the need and availability of such opportunities for development within the communities in the bank's AAs. There were no identified, unmet CD needs during the evaluation period.

Responses to Complaints

FFSB did not receive any complaints about its performance in helping to meet credit needs in the AA during this evaluation period. This has a neutral impact on the overall CRA rating.

Fair Lending or Other Illegal Credit Practices Review

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

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