

PUBLIC DISCLOSURE

May 09, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First Federal Bank of Ohio
140 North Columbus Street
Galion, OH 44833-1909
Docket No: 00041**

**Office of Thrift Supervision
Central Region
1 South Wacker Drive, Suite 2000
Chicago, IL 60606**

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.



Office of Thrift Supervision
Department of the Treasury

Central Region

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June 13, 2011

Board of Directors
First Federal Bank of Ohio
140 North Columbus Street
Galion, OH 44833-1909

Docket No. 00041

Members of the Board:

Enclosed is your institution's written Community Reinvestment Act (CRA) Performance Evaluation. The Office of Thrift Supervision (OTS) prepared the evaluation as of May 09, 2011.

In accordance with 12 C.F.R. 563e, your institution must make this written CRA Performance Evaluation available to the public within 30 business days of receiving it. You must place the evaluation in your CRA public file at your home office and at each branch within this time frame. You may not alter or abridge the evaluation in any manner. At your discretion, you may retain previous written CRA Performance Evaluation(s) with the most recent evaluation in your CRA public file.

Your institution may prepare a response to the evaluation. You may place the response in each CRA public file along with the evaluation. In the event your institution elects to prepare such a response, please forward a copy of it to this office.

All appropriate personnel, particularly customer contact personnel, need to be aware of the responsibilities that the institution has to make this evaluation available to the public. Consequently, we suggest that your institution review internal procedures for handling CRA inquiries, including those pertaining to the evaluation and other contents of the CRA public file.

We strongly encourage the Board of Directors, senior management, and other appropriate personnel to review this document and to take an active interest and role in the CRA activities of your institution. Please acknowledge receipt of this evaluation by signing the attached Board signature page and retaining a copy of the acknowledgment.

Sincerely,

Georgia Chisolm

Georgia Chisolm
Assistant Director, Compliance

Enclosure

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General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of First Federal Bank of Ohio. The Office of Thrift Supervision (OTS) prepared the evaluation as of May 09, 2011. OTS evaluates performance in assessment area(s) delineated by the institution rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all, of the institution's branches. OTS rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 563e.

Institution

Overall Rating

INSTITUTION'S CRA RATING: Satisfactory

The CRA evaluation of First Federal Bank of Ohio (First Federal or the bank) found that:

- First Federal originates a significant majority of its loans within its assessment areas.
- Lending to low- and moderate-income borrowers, and within low- and moderate geographies, is good.
- The bank did not receive any consumer complaints pertaining to its CRA performance.

Scope of Examination

The review period for this examination is January 1, 2008, through December 31, 2010. Our review focused primarily on the bank's Home Mortgage Disclosure Act (HMDA) reportable lending. The evaluation is based on the Small Savings Association Performance Standards. The previous CRA evaluation conducted in March 2008 resulted in a rating of "Satisfactory".

Description of Institution

First Federal Bank of Ohio is a federally chartered thrift, founded in 1891, with its main office located in downtown Galion, Ohio. The bank reported total assets of \$252 million at December 31, 2010. In addition to the main office, there are seven full service branch offices located throughout north central Ohio, in the communities of Mansfield, Galion, Shelby, Cardington, Mt. Gilead, and Sandusky. There is one loan production office in Tiffin, Ohio. ATMs are located at all full service branches; a stand-alone ATM is located in the Galion Community Hospital. All full service banking offices maintain reasonable hours of operation, including Saturday morning hours. Other services offered include debit cards, online banking, online bill pay, wire transfers, utility payments, and safe deposit boxes.

Institution (continued)

First Federal’s loan portfolio consists of a wide variety of loans including residential mortgage loans secured by one- to-four family dwellings. Specifically, loan products offered include both fixed-rate and adjustable-rates, and loans for the purchase, refinance, improvement, and construction of one- to-four and multi-family dwellings. In addition, commercial (including SBA), commercial real estate, land, home improvement, construction, and various types of consumer loans are also available. The bank offers a full range of insured products consisting of passbook savings, certificate of deposits, health savings accounts, checking accounts, and individual retirement accounts.

There were no factors identified which pertain to the bank’s financial condition, size and product offering that would limit its ability to help meet the credit needs of its assessment area.

As of December 31, 2010, the total loan portfolio equaled \$122.5 million representing 48.6 percent of assets. Table 1 shows the dollar amount, percentage to total loans, and percentage of total assets of each loan category.

Loan Category	Amount (\$000’s)	Percent of Total Loans	Percent of Total Assets
Residential Mortgage	73,221	59.8	29.1
Nonresidential Mortgage	20,304	16.6	8.0
Commercial Non-mortgage	15,846	12.9	6.3
Consumer	13,103	10.7	5.2
Total	122,474	100.0	48.6

The prior CRA evaluation reported \$80.9 million in residential loans and \$25.2 million in consumer loans. As illustrated above, these figures have decreased respectively to \$73.2 million and \$13.1 million. Management attributed the decrease in residential lending to high unemployment rates, coupled with slow home sales and decreasing home values. In addition, most individuals who had existing mortgages with higher interest rates have now refinanced into lower rates. Mortgage demand for refinances was significant in 2009 and the first part of 2010, but dropped significantly in the second half of 2010. Also, a number of loans which were re-written during the low interest mortgage market were portfolio loans and now qualify to be sold in the secondary market.

First Federal’s consumer lending has short term maturities, usually five years or less; this along with the decrease in new loan activity resulted in the decreasing balances of consumer loan products.

Institution (continued)

Conclusions with Respect to Performance Tests

Loan to Deposit (LTD) Ratio

We analyzed First Federal's loan-to-deposit ratio (LTD) as part of our evaluation. The bank's eight-quarter average LTD ratio for the period ended December 31, 2010 was 69.3 percent. This is a decrease from 77.0 percent noted at the previous examination. The ratio steadily declined from a high of 74.5 percent at March 31, 2009, to a low of 63.5 percent at December 31, 2010.

First Federal's LTD ratio was consistently lower than its peer group, which collectively reported an average LTD of 90.0 percent at December 31, 2010. While the bank's ratio is lower than peer, we noted that First Federal is an active participant in the secondary mortgage market, which many of its peers are not. Secondary market sales add liquidity to enable mortgage lending. Throughout the review period, the bank sold 735 loans (\$72.6 million) to Fannie Mae; all of which the bank continues to service. We believe that the bank's LTD ratio is reasonable.

Lending in the combined assessment area (Erie, Morrow, Richland, Crawford, Huron, Sandusky, and Seneca Counties)

We reviewed First Federal's lending activities within the assessment area. Table 2 shows that the vast majority of the bank's Home Mortgage Disclosure Act (HMDA) reportable mortgage loans have been inside the combined assessment area. We considered the data below as evidence of strong performance under this rating criterion.

Institution (continued)

Table 2- Concentration of Residential Mortgage Loans *					
1/1/2008 – 12/31/2010					
(Dollars in thousands)					
Period By Year	In Combined Assessment Area		Outside Combined Assessment Area		Total HMDA Loans
By Number:	#	%	#	%	#
2008	215	93.9	14	6.1	229
2009	404	93.9	26	6.1	430
2010	302	90.9	30	9.1	332
Total	921	92.9	70	7.1	991
By \$ Amount:	\$ Amt	%	\$ Amt	%	\$ Amt
2008	20,018	93.8	1,370	6.2	21,388
2009	39,533	92.3	3,217	7.7	42,750
2010	28,750	88.1	3,902	11.9	32,652
Total	88,301	91.2	8,489	8.7	96,790

* Percents are based on total loans originated during applicable year

Of the loans made within the assessment area, we identified 299 mortgage loans (30.2 percent of all loans) in the non-metropolitan counties of Crawford, Huron, Sandusky, and Seneca. In addition, we noted 331 mortgage loans (33.4 percent of all loans) in Richland County/Mansfield MSA; 248 mortgage loans (25.0 percent of all loans) in Morrow County/Columbus MSA; and 43 (4.4 percent of all loans) mortgage loans in Erie County/Sandusky MSA.

Because First Federal operates in both a non-metropolitan statistical area and three metropolitan statistical areas (MSAs), it is required by the Act to determine compliance by analyzing performance separately in each of the four areas. Due to the minimal amount of lending activity in Erie County/Sandusky MSA we will refrain from analyzing that assessment area as part of this evaluation. Described below is our summary of performance in each of the other three assessment areas.

Summary of Institution's Operations in Non-Metropolitan Assessment Area (Crawford, Huron, Sandusky, and Seneca Counties)

First Federal maintains two full service branch offices in Crawford County (city of Galion), Ohio, and one loan production office located in Seneca County (city of Tiffin), none of which are located in an MSA. Both full service branch offices maintain drive-up windows, are open during typical operating hours, and offer all products and services. The one loan production office maintains regular hours. The branches are all located in middle-income tracts, and there were no branches opened or closed since the previous CRA evaluation.

Institution (continued)

Advertising is typical for an institution of First Federal's size, and includes newspaper, television, radio, and one billboard in the city of Galion. In addition, business is conducted via referrals or is the repeat business of existing customers. The bank does not use mortgage brokers to obtain business in the non-metropolitan assessment area.

Description of Non-Metropolitan Assessment Area (Crawford, Huron, Sandusky, and Seneca Counties)

The Non-MSA assessment area is located in mostly rural portions of northern Ohio which has experienced significant economic problems during the past decade. Most of the decline relates to the loss of relatively high paying industrial jobs, along with high unemployment rates. Details pertaining to the individual counties that comprise the nonmetropolitan assessment area are described below.

Crawford County is First Federal's home office county and at December 31, 2010, reported an unemployment rate of 12.4 percent, well above the statewide rate of 9.5 percent. Despite economic difficulties reported throughout the nation, the Galion area of Crawford County has seen some economic expansion, as the local industrial park is nearly full, and the hospitals have undergone large renovations. Major employers in the county include Timken Company, PPG Industries, Galion Community Hospital, and Crawford County Government. In addition, many residents of Crawford County commute to the Mansfield area (Richland County) for employment.

First Federal maintained a loan production office in Huron County (City of Bellevue) which at December 31, 2010, reported an unemployment rate of 13.5 percent, well above the statewide rate of 9.5 percent. This loan production office closed in April 2010; however, they have retained a local phone number which rings into the Sandusky branch located in Erie County. Major employers in the county include Campbell Soup, Fisher-Titus Medical Center, Berry Plastics/Venture Packaging, MTD Products, and R.R. Donnelly and Sons.

Sandusky County was served by the loan production office located in Bellevue. The city of Bellevue lies in both Sandusky and Huron Counties. At December 31, 2010, Sandusky County reported an unemployment rate of 10.3 percent, higher than the statewide rate of 9.5 percent. Major employers include Heinz USA, Revere Plastics Inc., Crown Battery, and Whirlpool Corporation.

Institution (continued)

The bank maintains a loan production office in Seneca County (City of Tiffin). Seneca County reported an unemployment rate of 11.6 percent, also higher than the statewide rate of 9.5 percent. In addition to Tiffin University, and Heidelberg College, major employers include Dorel Industries/Ameriwood Industries, Mercy Hospital, Tiffin City Schools, and Fostoria City Schools.

Table 3 shows demographic data on population, families, and housing units within the Non-MSA assessment area.

Demographic Data	2000 Census
Population	226,928
Total Families	62,213
Owner-Occupied Units	63,994
Multi-family Units	5,710
% Owner-Occupied Units	70
% Rental-Occupied Units	25
% Vacant Housing Units	6
Weighted Average Median Housing	\$86,695

Table 4 shows the number of geographies in each income level and compares it to the distribution of families living in those geographies and to owner-occupied dwellings located within those geographies.

Geog Inc Level	Geographies		Total Area Families		Owner Occupied	
	#	%	#	%	#	%
2000 Census:						
Low	0	0.0	0	0.0	0	0.0
Moderate	3	5.5	3,109	5.0	2,383	4.5
Middle	42	76.3	47,810	76.9	49,396	76.6
Upper	10	18.2	11,294	18.1	12,215	18.9
Total	55	100.0	62,213	100.0	63,994	100.0

Table 5(a) shows the median family income ranges of each income category based on the 2010 HUD adjustment table; table 5(b) reflects the updated HUD median family income for each year during the review period; and table 5(c) shows the distribution of families in each income range of the assessment area. The non-metropolitan assessment area has 8.8 percent of families with incomes below the poverty level.

Institution (continued)

Table 5(a) - Median Family Income Ranges (*)		
Income Category (As % of MSA Median)	Income Ranges	
	From	To
Low (< 50%)	\$1	\$26,849
Moderate (50% - 79%)	\$26,850	\$42,959
Middle (80% - 119%)	\$42,960	\$64,439
Upper (>= 120%)	\$64,440	+

* Based on HUD 2010 Median Family Income of the MSA

Table 5(b) - Annual HUD Median Family Income	
Year	Amount
2008	\$51,600
2009	\$53,800
2010	\$53,700

Table 5(c) - Distribution of Families In the Non-MSA County Assessment Area		
Family Income Category (As a % of MSA Median)	2000 Census Data	
	Number	Percent
Low (< 50%)	9,583	15.4%
Moderate (50% - 79%)	11,879	19.1%
Middle (80% - 119%)	15,377	24.7%
Upper (>= 120%)	25,374	40.8%
Total	62,213	100.0%

Conclusions with Respect to Performance Tests in the Non-Metropolitan Assessment Area

Lending in the Non-Metropolitan Assessment Area

Total deposits administered by these branches were \$80.9 million as of December 31, 2010, which represents 42.6 percent of total deposits. During the review period, First Federal granted a total of 299 mortgage loans in this assessment area representing 30.2 percent of new mortgage loans granted. We note that widespread economic problems, coupled with high unemployment rates throughout this assessment area have served to limit mortgage demand. Given these performance context factors, we believe performance under this criterion was reasonable.

Institution (continued)

Lending to Borrowers of Different Incomes

As part of our lending analysis, we reviewed the bank’s lending activity with respect to the distribution of loans among borrowers of different income levels within the non-metropolitan Assessment Area. Table 6 shows loan originations, categorized by borrower income level, reported by the bank during each year of the review period, and compares the activity to the 2009 aggregate HMDA data reported by other mortgage lenders.

Table 6 - Distribution of First Federal's HMDA-Reportable Loans By Borrower Income Level in the Non-Metropolitan Assessment Area (Dollars in thousands)									
Borrower Inc. Level	2008		2009		2010		Review Period 2008-2010		Aggregate 2009
	#	%	#	%	#	%	#	%	% by #
By Number:									
Low	10	14.3%	14	11.5%	11	10.3%	35	11.7%	8.3%
Moderate	11	15.7%	31	25.4%	17	15.9%	59	19.8%	24.0%
Middle	16	22.9%	23	18.9%	34	31.8%	73	24.4%	25.5%
Upper	32	45.7%	53	43.4%	41	38.3%	126	42.1%	37.4%
Income NA	1	1.4%	1	0.8%	4	3.7%	6	2.0%	4.8%
Total	70	100.0%	122	100.0%	107	100.0%	299	100.0%	100.0%
By \$ Amt:	\$	%	\$	%	\$	%	\$	%	% by \$
Low	\$459	6.5%	\$583	4.8%	\$722	7.3%	\$1,764	6.1%	4.6%
Moderate	566	8.1%	2,249	18.7%	1,244	12.7%	4,059	14.1%	17.8%
Middle	1,362	19.5%	1,877	15.6%	2,633	26.8%	5,872	20.3%	23.9%
Upper	3,716	53.2%	7,312	60.7%	4,837	49.1%	15,865	55.0%	47.2%
Income NA	889	12.7%	21	0.2%	398	4.1%	1,308	4.5%	6.5%
Total	\$6,992	100.0%	\$12,042	100.0%	\$9,834	100.0%	\$28,868	100.0%	100.0%

Table 6 indicates the bank’s distribution of mortgage lending based on borrower income level is similar to other active mortgage lenders in the area. We note that performance in lending to low-income borrowers is exceptional to that of its competitors (11.7 percent vs. 8.3 percent). The bank achieved this performance while avoiding many of the non-traditional mortgage products which many competitors aggressively market. Total lending to low- and moderate-income borrowers for the review period is 31.5 percent compared to the 2009 aggregate of 32.3 percent.

Institution (continued)

The bank’s distribution of mortgage lending based on borrower income level compares favorably to the percentages of low- and moderate-income families living within the assessment area. Though the bank’s 11.7 percent distribution of residential mortgage lending to low-income families falls short of the 15.4 percent of low-income families in the assessment area, the 8.8 percent of households living below the poverty line effectively limits residential lending opportunities among low-income families and needs to be factored into an assessment of the bank’s performance. The bank’s 19.8 percent distribution of residential mortgage lending to moderate-income families is consistent with the 19.1 percent of moderate-income families living within the assessment area.

First Federal’s performance in the non-metropolitan assessment area under this criterion meets the standards for reasonable performance.

Geographic Distribution of Loans

As part of our lending analysis, we reviewed the bank’s lending activity with respect to the distribution of mortgage loans among geographic areas of different income levels within the non-metropolitan assessment area. Table 7 shows loan originations, categorized by geography income level, reported by the bank during each year of the review period, and compares the activity to the 2009 aggregate HMDA data reported by other mortgage lenders.

Table 7 - Distribution of First Federal's HMDA-Reportable Loans By Geography Income Level in the Non-Metropolitan Assessment Area (Dollars in thousands)									
Geography Inc. Level	2008		2009		2010		Review Period 2008-2010		Aggregate 2009
By Number:	#	%	#	%	#	%	#	%	% by #
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	4	5.7%	9	7.4%	3	2.8%	16	5.4%	3.5%
Middle	52	74.3%	100	81.9%	83	77.6%	235	78.6%	73.9%
Upper	14	20.0%	13	10.7%	21	19.6%	48	16.0%	22.6%
Total	70	100.0%	122	100.0%	107	100.0%	299	100.0%	100.0%
By \$ Amt:	\$	%	\$	%	\$	%	\$	%	% by \$
Low	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	0.0%
Moderate	969	13.9%	663	5.5%	235	2.4%	1,867	6.5%	2.3%
Middle	4,034	57.6%	9,235	76.7%	7,058	71.8%	20,327	70.4%	71.8%
Upper	1,989	28.5%	2,144	17.8%	2,541	25.8%	6,674	23.1%	25.9%
Total	\$6,992	100.0%	\$12,042	100.0%	\$9,834	100.0%	\$28,868	100.0%	100.0%

Institution (continued)

We noted that there are no low-income geographies in the four-county non-metropolitan assessment area. Table 7 shows that the bank originated a higher percentage of its loans in moderate-income geographies than the 2009 aggregate. The bank's penetration of moderate-income geographies is also favorable when compared to the percentage of owner-occupied housing units in the assessment area. The bank's 5.4 percent penetration of moderate-income tracts exceeds the 4.5 percent of owner-occupied housing units in said geographies.

First Federal meets the standards for satisfactory performance under this criterion.

Other Information

First Federal offers loans to qualified low- and moderate-income borrowers through the USDA Rural Development Guaranteed Program and also offers a down payment assistance program through the Federal Home Loan Bank of Cincinnati's Welcome Home Program.

Response to Complaints

During the review period, First Federal received no written complaints relating to its performance in helping to meet the credit needs of the non-metropolitan assessment area.

Summary of Institution's Operations in the Mansfield, OH MSA (Richland County)

First Federal maintains three banking offices in Richland County, Ohio, which is part of the Mansfield, OH MSA. Two offices are in the City of Mansfield, and one office is located in the smaller community of Shelby. One office in Mansfield is located in an upper-income geography, while the other two offices are located in middle-income geographies. All the offices maintain drive-up windows and maintain typical operating hours and offer all products and services.

Advertising is typical for an institution of First Federal's size, and includes newspaper, television, and radio. In addition, business is obtained via referrals or is the repeat business of existing customers. No mortgage brokers are used to attract business in the Richland County Assessment Area. No branches have been opened or closed since the previous CRA evaluation.

Institution (continued)

Description of Richland County

Richland County reported an unemployment rate of 11.1 percent at December 31, 2010; higher than the 9.5 percent state level. The 10.3 percent poverty rate is slightly less than the statewide rate of 11.0 percent. The U.S. Census Bureau estimates (July 2010) the county has experienced a decrease in population; from 128,852 in 2000 to 123,224 in 2010. Mansfield is the primary city with a population of approximately 48,000. Other communities include: Shelby (approx. 9,300); Ontario (approx. 6,200); and, Lexington (approx. 4,800). Major employers in the county include Gorman-Rupp Co., AK Steel, Embarq Corporation, the City of Mansfield, and Med Central Health Systems. General Motors had been a major employer until it closed a plant in 2009. The plant had employed more than 2,000 workers; its closing impacted local suppliers who were forced to lay off a number of employees.

Table 8 illustrates demographic data on population, families, and housing units in Richland County.

Table 8 - Demographic Data (Based on 2000 U.S. Census Data)	
Demographic Data	2000 Census
Population	128,852
Total Families	34,358
1-4 Family Units	48,324
Multi-family Units	4,738
% Owner-Occupied Units	67%
% Rental-Occupied Units	27%
% Vacant Housing Units	6%
Weighted Average Median Housing	\$86,785

The Richland County Assessment Area contains 32 geographies, including 1 that is considered low-income and 8 that are considered moderate-income. We note that the low-income tract contains only 193 one- to four-family dwelling units. Table 9 indicates the number of geographies in each income level and compares it to the distribution of families living in those geographies and to one- to four-family dwellings located within those geographies.

Institution (continued)

Table 9 - Distribution of Geographies, Families and Housing Units In the Richland County Assessment Area						
Geog Inc Level	Geographies		Total Area Families		1-4 Family Dwellings	
2000 Census:	#	%	#	%	#	%
Low	1	3.1%	82	0.2%	193	0.4%
Moderate	8	25.0%	5,686	16.6%	9,375	19.4%
Middle	17	53.1%	19,429	56.6%	26,337	54.5%
Upper	6	18.8%	9,161	26.6%	12,419	25.7%
Total	32	100.0%	34,358	100.0%	48,324	100.0%

Table 10(a) indicates the median family income ranges of each income category based on the 2010 HUD adjustment; table 10(b) reflects the updated HUD median family income for each year during the review period; and table 10(c) shows the distribution of families in each income range of the AA.

Table 10(a) - Median Family Income Ranges (*)		
Income Category (As % of MSA Median)	Income Ranges	
	From	To
Low (< 50%)	\$1	\$26,249
Moderate (50% - 79%)	\$26,250	\$41,999
Middle (80% - 119%)	\$42,000	\$62,999
Upper (>= 120%)	\$63,000	+

* Based on HUD 2010 Median Family Income of the MSA

Table 10(b) - Annual HUD Median Family Income	
Year	Amount
2008	\$52,500
2009	\$55,600
2010	\$55,100

Table 10(c)- Distribution of Families In the Richland County AA		
Family Income Category (As a % of MSA Median)	2000 Census Data	
	Number	Percent
Low (< 50%)	6,166	17.9%
Moderate (50% - 79%)	6,638	19.3%
Middle (80% - 119%)	8,030	23.4%
Upper (>= 120%)	13,524	39.4%
Total	34,358	100.0%

Institution (continued)

Conclusions with Respect to Performance Tests in Richland County, OH

Lending in the Richland County

The three Richland County branches administered deposits totaling \$66.2 million as of December 31, 2010; this represents nearly 35 percent of total deposits. During the review period, First Federal originated a total of 331 mortgage loans within this assessment area, representing 33.4 percent of new mortgage loans granted (See Table 2 above). The ratios of both deposits taken and loans originated within Richland County are comparable. We conclude that the Richland County LTD ratio meets the standards for satisfactory performance under this criterion.

Lending to Borrowers of Different Incomes

As part of our lending analysis, we reviewed the bank’s lending activity with respect to the distribution of loans among borrowers of different income levels within the Richland County Assessment Area. Table 11 shows loan originations, categorized by borrower income level, reported by First Federal during each year of the review period, and compares this activity to the 2009 aggregate data, which is comprised of all HMDA reporting mortgage lenders.

Table 11 - Distribution of First Federal's HMDA-Reportable Loans By Borrower Income Level in the Richland County Assessment Area (Dollars in thousands)									
Borrower Inc. Level	2008		2009		2010		Review Period 2008-2010		Aggregate 2009
	#	%	#	%	#	%	#	%	% by #
By Number:									
Low	4	5.6%	14	8.8%	5	4.9%	23	6.9%	9.6%
Moderate	14	19.7%	44	27.7%	23	22.8%	81	24.5%	24.8%
Middle	13	18.3%	42	26.4%	25	24.8%	80	24.2%	24.5%
Upper	40	56.4%	59	37.1%	46	45.5%	145	43.8%	34.5%
Income NA	0	0.0%	0	0.0%	2	2.0%	2	0.6%	6.6%
Total	71	100.0%	159	100.0%	101	100.0%	331	100.0%	100.0%
By \$ Amt:	\$	%	\$	%	\$	%	\$	%	% by \$
Low	\$131	2.1%	\$1,112	8.2%	\$207	2.5%	\$1,450	5.1%	5.9%
Moderate	850	14.0%	3,146	23.2%	1,423	16.8%	5,419	19.3%	18.6%
Middle	964	15.9%	3,188	23.4%	1,492	17.6%	5,644	20.1%	23.0%
Upper	4,126	68.0%	6,146	45.2%	5,177	61.2%	15,449	54.9%	44.5%
Income NA	0	0.0%	0	0.0%	157	1.9%	157	0.6%	7.9%
Total	\$6,071	100.0%	\$13,592	100.0%	\$8,456	100.0%	\$28,119	100.0%	100.0%

Institution (continued)

We noted that the percentage of mortgage lending to low- or moderate-income borrowers is slightly lower (31.4 percent vs. 34.4 percent) than the percentage of low-income lending demonstrated by the aggregate data. Many of the bank's competitors have greater resources to fund and administer special mortgage products designed to encourage lending to low- or moderate-income borrowers.

The bank's distribution of mortgage lending based on borrower income level compares favorably to the percentages of low- and moderate-income families living within the assessment area. Though the bank's 6.9 percent distribution of residential mortgage lending to low-income families falls short of the 17.9 percent of low-income families in the assessment area, the 10.3 percent of households living below the poverty line effectively limits residential lending opportunities among low-income families and needs to be factored into an assessment of the bank's performance. The bank's 24.5 percent distribution of residential mortgage lending to moderate-income families exceeds the 19.3 percent of moderate-income families living within the assessment area.

We determined First Federal meets the standards for satisfactory performance under this criterion.

Geographic Distribution of Loans

As part of our lending analysis, we reviewed the bank's lending activity with respect to the distribution of loans among geographic areas of different income levels within the Richland County Assessment Area.

Table 12 illustrates loan originations, categorized by geography income level, reported by First Federal during each year of the review period, and compares this activity to the 2009 aggregate data of other mortgage lenders.

Institution (continued)

Table 12 - Distribution of First Federal's HMDA-Reportable Loans By Geography Income Level in the Richland County Assessment Area (Dollars in thousands)									
Geography Inc. Level	2008		2009		2010		Review Period 2008-2010		Aggregate 2009
By Number:	#	%	#	%	#	%	#	%	% by #
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	5	7.0%	7	4.4%	3	3.0%	15	4.5%	5.2%
Middle	47	66.2%	103	64.8%	64	63.4%	214	64.7%	59.0%
Upper	19	26.8%	49	30.8%	34	33.6%	102	30.8%	35.8%
Income NA	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.00%
Total	71	100.0%	159	100.0%	101	100.0%	331	100.0%	100.0%
By \$ Amt:	\$	%	\$	%	\$	%	\$	%	% by \$
Low	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	0.0%
Moderate	133	2.2%	205	1.5%	410	4.8%	748	2.7%	2.5%
Middle	3,492	57.5%	8,190	60.3%	4,970	58.8%	16,652	59.2%	55.1%
Upper	2,446	40.3%	5,197	38.2%	3,076	36.4%	10,719	38.1%	42.4%
Income NA	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	\$6,071	100.0%	\$13,592	100.0%	\$8,456	100.0%	\$28,119	100.0%	100.0%

Neither the bank nor the 2009 aggregate HMDA reporters recorded any residential mortgage lending in the low-income geography in the assessment area. The bank's lending to consumers residing in moderate-income geographies is slightly less than peer (4.5 percent vs. 5.2 percent). None of the three Richland County offices are located in low- or moderate-income tracts.

The bank's penetration of low- and moderate-income geographies is less favorable when compared to the percent of owner-occupied units located in these geographies. The bank's 0.0 percent penetration of the low-income geography falls short of the 0.4 percent of owner-occupied housing units located within that geography. The bank's 4.5% percent penetration of moderate-income geographies falls significantly short of the 19.4 percent of owner-occupied housing units located within moderate-income geographies in the assessment area.

First Federal's performance in the Richland County assessment area under this criterion falls short of the standard for reasonable performance.

Institution (continued)

Other Information

First Federal offers loans to qualified low- and moderate-income borrowers through the USDA Rural Development Guaranteed Program and also offers down payment assistance through the Federal Home Loan Bank of Cincinnati's Welcome Home Program.

Response to Complaints

During the review period, First Federal received no known written complaints relating to its performance in helping to meet the credit needs of the Richland County assessment area.

Summary of Institution's Operations in the Columbus, OH MSA (Morrow County)

First Federal maintains two banking offices in Morrow County, Ohio, which is part of the Columbus, OH MSA. One office is in Mt. Gilead, the Morrow County seat, the other in Cardington, a community located in southwestern Morrow County, about six miles from Mt. Gilead. Both communities are middle-income geographies. No branches have been opened or closed since the previous CRA evaluation.

Advertising is typical for an institution of First Federal's size, and includes newspaper, television and radio. In addition, business is obtained via referrals or is the repeat business of existing customers. No mortgage brokers are used to obtain business in the Non-Metropolitan Assessment Area.

Description of Morrow County

Morrow County reported an unemployment rate of 10.1 percent at December 31, 2010; higher than the 9.5 percent state level. The 8.8 percent poverty rate is less than the statewide rate of 11.0 percent. Estimates released in July 2010 by the U.S. Census Bureau reveal population growth; from 31,628 in 2000 to 34,468 in 2010. The primary reason for the growth has been the expansion of residential development in the southern portion of the county related to the city of Columbus. Major employers in the county include Yutaka Corporation, the Morrow County hospital, and several school districts.

Institution (continued)

Table 13 illustrates demographic data on population, families, and housing units in Morrow County.

Table 13 - Demographic Data (Based on 2000 U.S. Census Data)	
Demographic Data	2000 Census
Population	31,628
Total Families	9,014
1-4 Family Units	11,878
Multi-family Units	254
% Owner-Occupied Units	78%
% Rental-Occupied Units	17%
% Vacant Housing Units	5%
Weighted Average Median Housing	\$97,492

The Morrow County Assessment Area contains only 6 geographies; 0 tracts are considered low-income, and 1 is moderate-income. Table 14 shows demographic data on population, families, and housing units in Morrow County.

Table 14 - Distribution of Geographies, Families and Housing Units In the Morrow County Assessment Area						
Geog Inc Level	Geographies		Total Area Families		1-4 Family Dwellings	
2000 Census:	#	%	#	%	#	%
Low	0	0.0%	0	0.0%	0	0.0%
Moderate	1	16.7%	1,574	16.7%	2,057	17.3%
Middle	5	83.3%	7,440	83.3%	9,821	82.7%
Upper	0	0.0%	0	0.0%	0	0.0%
Total	6	100.0%	9,014	100.0%	11,878	100.0%

Table 15(a) indicates the median family income ranges of each income category based on the 2010 HUD adjustment; table 15(b) reflects the updated HUD median family income for each year during the review period; and table 15(c) shows the distribution of families in each income range of the AA.

Table 15(a) - Median Family Income Ranges (*)		
Income Category (As % of MSA Median)	Income Ranges	
	From	To
Low (< 50%)	\$1	\$34,299
Moderate (50% - 79%)	\$34,300	\$54,879
Middle (80% - 119%)	\$54,880	\$82,319
Upper (>= 120%)	\$82,320	+

* Based on HUD 2010 Median Family Income of the MSA

Institution (continued)

Table 15(b) - Annual HUD Median Family Income	
Year	Amount
2008	\$65,300
2009	\$68,600
2010	\$68,600

Table 15(c)- Distribution of Families In the Morrow County AA		
Family Income Category (As a % of MSA Median)	2000 Census Data	
	Number	Percent
Low (< 50%)	1,996	22.1%
Moderate (50% - 79%)	2,291	25.4%
Middle (80% - 119%)	2,375	26.4%
Upper (>= 120%)	2,352	26.1%
Total	9,014	100.0%

Conclusions with Respect to Performance Tests in Morrow County, OH

Lending in Morrow County

Total deposits administered by the two Morrow County branches were \$38.4 million as of December 31, 2010, which represents 20.2 percent of total deposits. During the review period, First Federal granted a total of 248 mortgage loans in this assessment area representing 25.0 percent of new mortgage loans granted (see also Table 2 above). The large amount of mortgage lending in this assessment area, compared to deposit taking, is reflective of increasing mortgage demand due to the northward growth of the Columbus metropolitan area. Further, we believe the bank is helping to meet the community credit needs in the other assessment areas. We conclude that lending performance in this assessment area has been excellent.

Institution (continued)

Lending to Borrowers of Different Incomes

As part of our lending analysis, we reviewed the bank’s lending activity with respect to the distribution of loans among borrowers of different income levels within the Morrow County Assessment Area. Table 16 illustrates loan originations, categorized by borrower income level, reported by First Federal during each year of the review period, and compares this activity to the 2009 aggregate data, which is comprised of all HMDA reporting mortgage lenders.

Table 16 - Distribution of First Federal’s HMDA-Reportable Loans By Borrower Income Level in the Richland County Assessment Area (Dollars in thousands)									
Borrower Inc. Level	2008		2009		2010		Review Period 2008-2010		Aggregate 2009
By Number:	#	%	#	%	#	%	#	%	% by #
Low	17	25.8%	18	18.8%	15	17.4%	50	20.2%	15.4%
Moderate	18	27.3%	24	25.0%	17	19.8%	59	23.8%	21.3%
Middle	12	18.1%	18	18.8%	28	32.6%	58	23.4%	26.8%
Upper	17	25.8%	35	36.4%	25	29.1%	77	31.0%	27.8%
Income NA	2	3.0%	1	1.0%	1	1.1%	4	1.6%	8.7%
Total	66	100.0%	96	100.0%	86	100.0%	248	100.0%	100.0%
By \$ Amt:	\$	%	\$	%	\$	%	\$	%	% by \$
Low	\$1,019	17.1%	\$1,209	12.0%	\$1,113	12.2%	\$3,341	13.3%	9.5%
Moderate	1,489	24.9%	2,064	20.4%	1,742	19.2%	5,295	21.0%	17.2%
Middle	881	14.7%	1,836	18.1%	2,499	27.5%	5,216	20.7%	26.6%
Upper	2,257	37.8%	4,870	48.1%	3,550	39.0%	10,677	42.4%	36.9%
Income NA	326	5.5%	140	1.4%	188	2.1%	654	2.6%	9.8%
Total	\$5,972	100.0%	\$10,119	100.0%	\$9,092	100.0%	\$25,183	100.0%	100.0%

We noted the percentage of mortgage lending to low- and moderate-income borrowers is significantly higher (a combined 44 percent during the review period compared to 36.7 for the 2009 aggregate). This reflects excellent distribution, particularly when considering that many of the bank’s competitors have greater resources to fund and administer special mortgage products designed to encourage lending to low- or moderate-income consumers.

Institution (continued)

The bank's distribution of mortgage lending based on borrower income level also compares favorably to the percentages of low- and moderate-income families living within the assessment area. Though the bank's 20.2 percent distribution of residential mortgage lending to low-income families falls somewhat short of the 22.1 percent of low-income families in the assessment area, the 8.8 percent of households living below the poverty line effectively limits residential lending opportunities among low-income families and needs to be factored into an assessment of the bank's performance. The bank's 23.8 percent distribution of residential mortgage lending to moderate-income families falls somewhat short of the 25.4 percent of moderate-income families living within the assessment area.

First Federal's performance in the Richland County assessment area under this criterion meets the standard for reasonable performance.

Geographic Distribution of Loans

As part of our lending analysis, we reviewed the bank's lending activity with respect to the distribution of loans among geographic areas of different income levels within the Morrow County Assessment Area.

Table 17 illustrates loan originations, categorized by geography income level, that were reported by First Federal during each year of the review period, and compares this activity to the 2009 aggregate data of other mortgage lenders.

Institution (continued)

Table 17 - Distribution of First Federal's HMDA-Reportable Loans By Geography Income Level in the Richland County Assessment Area (Dollars in thousands)									
Geography Inc. Level	2008		2009		2010		Review Period 2008-2010		Aggregate 2009
By Number:	#	%	#	%	#	%	#	%	% by #
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Moderate	16	24.2%	25	26.0%	20	23.3%	61	24.6%	18.1%
Middle	50	75.8%	71	74.0%	66	76.7%	187	75.4%	81.9%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Income NA	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	66	100.0%	96	100.0%	86	100.0%	248	100.0%	100.0%
By \$ Amt:	\$	%	\$	%	\$	%	\$	%	% by \$
Low	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	0.0%
Moderate	1,521	25.5%	2,623	25.9%	2,253	24.8%	6,397	25.4%	18.4%
Middle	4,451	74.5%	7,496	74.1%	6,839	75.2%	18,786	74.6%	81.6%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Income NA	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	\$5,972	100.0%	\$10,119	100.0%	\$9,092	100.0%	\$25,183	100.0%	100.0%

We note that 24.6 percent of the bank's Morrow County mortgage loans were secured by properties located in the moderate-income geography compared to just 18.1 percent for the aggregate. This is despite the fact that no branch offices are located in the moderate-income geography.

The bank's penetration of the moderate-income geography is also favorable when compared to the percent of owner-occupied units located in this geography. The bank's 24.6 percent penetration of the moderate-income geography significantly exceeds the 17.3 percent of owner-occupied housing units located within the geography.

First Federal's performance in the Morrow County assessment area under this criterion meets the standard for excellent performance.

Other Information

First Federal offers loans to qualified low- and moderate-income borrowers through the USDA Rural Development Guaranteed Program and also offers down payment assistance through the Federal Home Loan Bank of Cincinnati's Welcome Home Program.

Institution (continued)

Response to Complaints

During the review period, First Federal received no known written complaints relating to its performance in helping to meet the credit needs of the Morrow County assessment area.

Fair Lending or Other Illegal Credit Practices Review

No violations of the substantive provisions of the laws and regulations prohibiting discrimination or other illegal credit practices were identified during the most recent comprehensive examination.

CRA Rating Definitions

There are four separate and distinct CRA assessment methods set forth in the CRA: the lending, investment, and service tests for large, retail institutions; the streamlined examination method for small institutions; the community development test for wholesale and limited purpose institutions; and the strategic plan option for all institutions. OTS will assign an institution one of the four assigned ratings required by Section 807 of the CRA:

1. "Outstanding record of meeting community credit needs."
2. "Satisfactory record of meeting community credit needs."
3. "Needs to improve record of meeting community credit needs."
4. "Substantial noncompliance in meeting community credit needs."

OTS judges an institution's performance under the test and standards in the rule in the context of information about the institution, its community, its competitors, and its peers. Among the factors to evaluate in an examination are the economic and demographic characteristics of the assessment area(s); the lending, investment, and service opportunities in the assessment area(s); the institution's product offerings and business strategy; the institution's capacity and constraints; the prior performance of the institution; in appropriate circumstances, the performance of a similarly situated institution; and other relevant information. An institution's performance need not fit each aspect of a particular rating profile in order to receive that rating, and exceptionally strong performance with respect to some aspects may compensate for weak performance in others. The institution's overall performance, however, must be consistent with safe and sound banking practices and generally with the appropriate rating profile. In addition, OTS adjusts the evaluation of an institution's performance under the applicable assessment method in accordance with §563e.21 and §563e.28, which provide for adjustments on the basis of evidence of discriminatory or other illegal credit practices.