



## **PUBLIC DISCLOSURE**

October 16, 2017

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First Federal Community Bank, National Association  
Charter Number 25025

321 North Wooster Avenue  
Dover, OH 44622

Office of the Comptroller of the Currency

200 Public Square Suite 1610  
Cleveland, OH 44114-2301

**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, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## Overall CRA Rating

**The Lending Test is rated: Satisfactory**

The major factors supporting this rating are:

- The bank's average loan-to-deposit ratio is reasonable given the bank's size and financial condition, and the credit needs of the community.
- The bank originated a majority of its loans inside its assessment area (AA) during the evaluation period.
- The bank's distribution of mortgage and business loans reflects reasonable penetration among borrowers of different income levels and businesses of different sizes.
- The geographic distribution of business loans among geographies of different income levels reflects a reasonable dispersion throughout the AA.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

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

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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

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

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions

Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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

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

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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

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

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

institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

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

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

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

## Description of Institution

First Federal Community Bank (FFCB or bank) is a full-service community bank headquartered in Dover, Ohio. It is an intrastate bank, which is a wholly-owned subsidiary of First Federal Financial Corporation, a one-bank holding company. As of our evaluation date, the bank operated five retail offices within the communities it serves, which includes Tuscarawas County and portions of Holmes County. Each branch has access to automated teller machines (ATMs); however, none offer deposit taking capabilities. Additionally, four of the five branches provide drive-through services. All offices offer Saturday hours and are closed on Sundays and federal holidays. FFCB does not have any stand-alone ATMs or remote deposit taking facilities. The bank did not open or close any branch offices during the evaluation period, nor were there any mergers or acquisitions.

Consistent with the bank's strategy, the bank offers traditional banking products and services, including business loans and residential mortgages. The bank also offers HELOCs and some consumer loan products and provides a wide range of deposit products and services including checking, savings, money market accounts, certificates of deposit, overdraft protection and online banking. Business related deposit products and services include checking and money market accounts, interest only lawyer's trust accounts (IOLTAs), merchant services and remote deposit capture. The bank also participates in several affordable lending programs.

As of December 31, 2016, FFCB had total assets of \$317.3 million and tier one capital of \$27.8 million. The bank's loan portfolio totaled \$264.7 million, or 76.2 percent of total assets. Based on the bank's internal reports for lending activity during the evaluation period and discussions with senior management, we determined that the bank's primary lending focus includes residential mortgage and business loans. As of December 31, 2016, residential mortgage and business loans (which include non-farm, non-residential loans), represent 35.7 percent and 53.9 percent of the loan portfolio, respectively. The bank also originates consumer loans and agricultural/farm purpose loans, which represent 9.4 percent and 1.7 percent of the loan portfolio, respectively. A residential mortgage and business loan sample from January 1, 2015 through December 31, 2016 was used to assess the bank's CRA performance.

As of the date of this evaluation, FFCB does not have any financial, legal, or other impediments restricting its capacity to serve the community. The bank's last CRA evaluation was dated April 9, 2012 and rated "Satisfactory."

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

We evaluated FFCB's performance within its delineated AA using the small bank Community Reinvestment Act (CRA) full-scope procedures. This evaluation covers the period from April 10, 2012 through December 31, 2016. The evaluation period for assessing the bank's residential mortgage lending activities and small loans to businesses is January 1, 2015 through December 31, 2016. Equal consideration was given to performance related to these two portfolios in order to arrive at our conclusions. We also concluded that home equity, consumer lending and farm loans are not a primary focus of the bank. Therefore, we did not consider these lending programs as part of this evaluation, as the analysis would not be meaningful.

We also utilized other supporting information while evaluating the bank's CRA performance. The information included 2010 census data, 2016 business demographic data, internal bank records, deposit market share data and information from governmental web sites regarding the characteristics and economy of the bank's AA. Furthermore, we considered information from community contacts to help assess the needs of the communities, and the opportunities for financial institutions to lend and provide services to those areas.

### **Data Integrity**

FFCB is not required to report home mortgage or small business lending data. Therefore, we based our lending-related conclusions on a sample of 120 residential mortgage loans and five percent (49) of business loans that the bank originated from January 1, 2015 to December 31, 2016.

### **Selection of Areas for Full-Scope Review**

We performed a full-scope review of FFCB's only AA, Tuscarawas County. Please refer to *Appendix A* for more information.

### **Ratings**

The overall CRA rating for FFCB is Satisfactory. In reaching our conclusion, we weighed the information from the four performance criteria: the Loan-to-Deposit Ratio, Lending in Assessment Area, Lending to Borrowers of Different Incomes and to Businesses of Different Sizes, and Geographic Distribution of Loans. Additional weight was given to lending to borrowers of different incomes and businesses of different sizes, since it represents a better measure of the bank's lending performance as compared to the geographic distribution test. The bank's ability to lend in low and moderate-income CTs is restricted as their AA does not include any low-income census tracts and only five moderate-income tracts. For additional information on what affects the bank's opportunities to lend in certain geographic areas, please refer to *Appendix B*.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## **Conclusions with Respect to Performance Tests**

### **LENDING TEST**

FFCB's record of lending within its AA is Satisfactory. In drawing our overall conclusions, more weight was given to the bank's distribution of loans to borrowers of different incomes and businesses of different sizes as the AA has no low-income tracts and only five moderate-income tracts. Additionally, the majority of the AA population as well as owner-occupied housing and businesses are located in middle-income census tracts (see *Appendix B* for details).

#### **Loan-to-Deposit Ratio**

FFCB's loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance. During the evaluation period of April 10, 2012 through December 31, 2016, the bank's average quarterly loan-to-deposit ratio was 94.07 percent, with quarterly ratios ranging from a low of 89.28 percent to a high of 99.10 percent. FFCB's performance was comparable to its peer banks, as peer LTD averages ranged from 62.13 percent to 95.97 percent, during the same period.

#### **Lending in Assessment Area**

FFCB originated a majority of its loans inside their AA during the evaluation period. The bank's record for lending within its AA meets the standard for satisfactory performance. As shown in Table 1, the bank originated 79.3 percent of the loans sampled within the AA. Approximately eighty-one percent of the bank's residential loans both by number

and dollar amount were originated within the AA. In addition, 73.5 percent of the business loans by number and 72.2 percent by dollar amount were also originated within the AA.

<b>Table 1 - Lending in FFCB's Assessment Area 2015- 2016</b>										
Loan Type	Number of Loans					Dollars of Loans (000)				
	Inside		Outside		Total #	Inside		Outside		Total \$
	#	%	#	%		\$	%	\$	%	
Residential Real Estate Loans	98	81.67	22	18.33	120	13,626	81.61	3,071	18.39	16,697
Small Loans to Businesses	36	73.47	13	26.53	49	9,668	72.20	3,723	27.80	13,391
Totals	134	79.29	35	20.71	169	23,294	77.42	6,794	22.58	30,088

Source: Sample of loans from the bank's single family mortgage and commercial/business loan portfolios from January 1, 2015 through December 31, 2016. Small Loans to Businesses excludes business loans over \$1 million.

## **Lending to Borrowers of Different Incomes and to Businesses of Different Sizes**

FFCB's distribution of residential mortgage loans reflects a reasonable penetration among borrowers of different income levels. The bank's distribution of small loans to businesses of different sizes also reflects a reasonable penetration among businesses with annual gross revenues of \$1 million or less.

### *Residential Mortgage Loans*

The overall distribution of the residential real estate loans sampled within the bank's AA reflects a reasonable penetration among borrowers of different levels. As shown in Table 2, FFCB's percentage of home purchase and refinance loans to low-income borrowers is below the percentage of low-income families in the assessment area. Home purchase loans to moderate-income borrowers significantly exceeds the percentage of moderate-income families in the AA, while refinance lending to moderate-income borrowers is reasonably consistent with the AA percentage of moderate-income families. The number and percentage of families in the AA that live below the poverty level has a significant negative impact on the bank's ability to lend to low-income borrowers, and peer banks also have difficulty lending to these borrowers. For home purchase and refinance loans, peer aggregate percentages of loans to low-income borrowers totaled 7.81 and 8.71 percent, respectively, which is reasonably consistent with the bank's percentages. As shown in Appendix B, Table 1, the percentage of the population living below the poverty level is 13.03 percent. Given the median home value of \$121,279, it would be difficult for this segment of the low-income population to afford and maintain a home. As a result, this impacts a financial institution's opportunity to lend to the low-income population of the AA.

Table 2 - 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	18.28	6.12	19.69	28.57	23.19	22.45	38.84	42.86
Home Refinance	18.28	6.53	19.69	15.22	23.19	30.43	38.84	47.82

Source: Sample of 98 residential mortgage loans from January 1, 2015 through December 31, 2016; 2010 U.S. Census data.

### Business Loans

FFCB's distribution of small loans to businesses reflects a reasonable penetration among businesses of different sizes within the AA. As shown in Table 3, approximately 64 percent of the business loans sampled were to businesses with revenues under \$1 million.

Table 3 - Borrower Distribution of Loans to Businesses in AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	79.76%	7.58%	12.66%	100%
% of Bank Loans in AA by #	63.89%	36.11%	0.0%	100%
% of Bank Loans in AA by \$	65.36%	34.64%	0.0%	100%

Source: Sample of 36 loans from January 1, 2015 through December 31, 2016; 2016 Business Demographic Data

### Geographic Distribution of Loans

The geographic distribution of business loans among geographies of different income levels reflects a reasonable dispersion throughout the AA, while mortgage loan distribution indicates a poor dispersion among geographies of different income levels throughout the AA. We based our analysis on a sample of the bank's home mortgage and business lending within its AA during the review period. For comparative purposes, we considered aggregate data, and family and business geographic distribution in the AA. We gave consideration to other factors detailed within *Appendix B – Community Profile of AA* section of this report that could affect the bank's ability to lend throughout their AA. These factors included significant competition, no low-income census tracts (CTs), a limited number of moderate-income CTs within the AA, and the majority of the population, owner-occupied housing, and businesses being located in middle-income tracts.

### Residential Mortgage Loans

The geographic distribution of residential real estate loans sampled among geographies of different income levels within the AA reflects poor dispersion. The bank's percentage of home loans originated in moderate-income CTs is less than both the percentage of

owner-occupied housing in the AA and peer lending data. For home purchase and refinance loans, peer aggregate percentages of loans in moderate-income tracts totaled 14.53 and 17.04 percent, respectively. FFCB's branches are located in the northern and western parts of the AA, while the southern part of Tuscarawas County contains four of the five moderate-income CTs. This leads to a competitive disadvantage with three local financial institutions located within those moderate-income tracts and demonstrates the effect competition and limited owner-occupied housing have on the bank's ability to originate residential mortgages within moderate-income census tracts of the AA. As a result, this rating had a limited impact on the bank's overall CRA rating.

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% 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	0.00	0.00	16.28	5.88	80.42	94.12	3.30	0.00
Home Refinance	0.00	0.00	16.28	2.13	80.42	93.26	3.30	4.26

Source: Sample of 98 residential mortgage loans from January 1, 2015 through December 31, 2016; 2010 U.S. Census data.

### **Business Loans**

FFCB's distribution of business loans among geographies of different income levels reflects reasonable dispersion throughout the AA. As shown in Table 5, the percentage of business loans in moderate-income census tracts is consistent with the percentages of the AA's non-farm businesses located there.

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
	0.00	0.00	16.81	19.44	80.47	77.78	2.72	2.78

Source: Sample of 36 loans from January 1, 2015 through December 31, 2016; 2016 Business Demographic Data

### **Responses to Complaints**

FFCB has not received any written complaints during the period of review that are related to its performance in meeting the credit and deposit needs of the AA.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test: (01/01/15 to 12/31/16)	
<b>Financial Institution</b>		<b>Products Reviewed</b>
First Federal Community Bank (FFCB) Dover, Ohio		Residential Mortgages and Business Loans
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Ohio Tuscarawas County	Full-Scope	25 total census tracts within the AA, with no low-income tracts and only 5 moderate-income tracts.

## Appendix B: Community Profiles for Full-Scope Areas

### Tuscarawas / Holmes County AA

Demographic Information for Full-Scope Area: Tuscarawas County AA – Table 1						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	25	0.00	20.00	76.00	4.00	0.00
Population by Geography	112,333	0.00	17.93	79.09	2.98	0.00
Owner-Occupied Housing by Geography	30,849	0.00	16.28	80.42	3.30	0.00
Businesses by Geography	6,221	0.00	16.81	80.47	2.72	0.00
Farms by Geography	360	0.00	11.39	86.67	1.94	0.00
Family Distribution by Income Level	29,046	18.47	20.84	23.47	37.22	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	11,416	0.00	23.28	74.59	2.13	0.00
Median Family Income	HUD Adjusted Median Family = \$56,900		Median Housing Value = \$121,279		Unemployment Rate December 2016	
Low Income (Below 50% of ADM)	= \$0 - \$28,449		United States = 4.5%		Ohio = 4.8%	
Moderate Income (50% to 79.99%)	= \$28,450 - \$45,519		Tuscarawas County = 5.2%		Holmes County = 3.4%	
Middle Income (80% to 119.99%)	= \$45,520 - \$68,279					
Upper Income (120% and above ADM)	= \$68,280 – Above					
Households Below the Poverty Level	= 5,353 (13.03%)					

(\*) The NA category consists of geographies that have not been assigned an income classification.

Sources: 2010 US census and 2016 federal Financial Institutions Examination Council (FFIEC) updated MFI, Bureau of Labor Statistics.

The Tuscarawas County AA is comprised of all of Tuscarawas County and four census tracts in Holmes County and is not part of an MSA. The AA is located in eastern Ohio and its primary city is New Philadelphia, which serves as the county seat. The bank operates its main office within Tuscarawas County, in the city of Dover.

The AA is comprised of contiguous geographies and does not arbitrarily exclude any low- or moderate-income areas. Based on 2010 US Census data, the bank's AA consists of 25 census tracts and includes no low-income tracts, five moderate-income tracts, nineteen middle-income tracts and one upper-income tract. In addition, the AA contains no designated distressed or underserved middle-income areas.

According to 2010 U.S. Census data, the AA contains approximately one percent of the state's population. The population of the AA equated to 112,333 persons and 29,046 families. In addition, there are 30,849 owner-occupied households. The percentage of families in each income level within the AA are identified in the table above. In aggregate, 11,416 families in the AA are designated low- or moderate-income. The

2016 HUD Updated Median Family Income for the AA is \$56,900. Demographics also indicate that 13.0 percent of the households are below the poverty level and 33.1 percent of the number of households derive their income from social security or public assistance. The median home value for the AA was \$121,279.

A majority of businesses in the AA are small. According to the 2016 Dun & Bradstreet data, 79.8 percent of businesses located in the AA have less than \$1 million in gross annual revenues and 68.5 percent of businesses have fewer than five employees. Only 2.6 percent of businesses are headquartered in the bank's AA, and 86.3 percent operate from a single location. The AA has a diversified economy with numerous major employers in various industries. The three primary business sectors within the AA include services, retail trade and construction. Major employers include Union Hospital, Gradall Industries, Allied Machine & Engineering, Dover-New Philadelphia Schools and Smurfit-Stone Container Corporation.

The bank has better opportunities for both business and mortgage lending in the middle- and upper-income census tracts within this AA. As shown in Table 1, over 80 percent of the owner-occupied housing units in the AA are within middle-income census tracts. Conversely, the greatest percentages of rental and vacant households are within moderate-income tracts. Furthermore, the households that are considered to be below poverty are primarily located within the moderate-income census tracts of the AA. Living below poverty creates a barrier for home ownership, making it especially difficult for this segment of the low-income population to afford and maintain a home. Over 80 percent of businesses, regardless of revenue level, are also located in middle-income tracts.

The AA has a highly competitive banking environment, with a mix of large and community banks as well as credit unions serving the area. According to the June 30, 2016 FDIC Deposit Market Share report, there are 18 financial institutions with 57 offices serving the Tuscarawas/Holmes County AA. This does not include credit unions or other financial organizations. This data indicates that FFCB is ranked fourth in terms of deposit market share, holding 11.81 percent of the total deposits and has steadily increased its market share during the evaluation period. According to 2015 peer mortgage data, the top five home loan lenders in the AA are large banks and mortgage companies, which hold 35 percent of the market. FFCB does not report its residential mortgage or small business loan data.

The AA has been experiencing improving economic conditions. During the evaluation period, the Tuscarawas County's annual unemployment rate decreased from 7.5 percent at December 31, 2012 to 5.2 percent at December 31, 2016, which is slightly higher than the state of Ohio 2016 unemployment rate of 4.8 percent. Holmes County's 2016 unemployment rate of 3.4 percent is significantly less than the state of Ohio rate.

## **Community Contacts**

During our assessment of the bank's performance, we considered information from members of the community in order to obtain an understanding of the needs and credit opportunities of the AA. We interviewed representatives from affordable housing and community development organizations. The purpose of the contacts was to determine the credit and CD needs in the bank's AA. The community contacts indicated there have been opportunities to make qualifying CD loans, investments and conduct CD services within the AA. However, competition for involvement in CD activities is high within the bank's AA. Both the Tuscarawas County and Holmes County contacts indicated that the need for affordable, quality housing is very high in their areas and they are looking for partners to participate in affordable housing projects. In addition, support for weatherization services and utility assistance is needed, as well as funding and volunteers for homelessness prevention, food banks and the Head Start program.