



PUBLIC DISCLOSURE

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Federal Savings & Loan Association of Lakewood
Charter Number 703536

14806 Detroit Ave
Lakewood, OH 44107-3910

Office of the Comptroller of the Currency
Cleveland Field Office
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

Institution’s CRA Rating: This institution is rated **Satisfactory**.

The following table indicates **First Federal Savings & Loan Association of Lakewood’s** performance level respect to the Lending, Investment, and Service Tests:

Performance Levels	First Federal Savings & Loan Association Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory		X	
Low Satisfactory	X		X
Needs to Improve			
Substantial Noncompliance			

*The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- The bank’s volume of lending within its assessment area is adequate. The bank’s dollar volume market share of home mortgage lending is near its deposit market share within the assessment area.
- The geographic distribution of loans among geographies of different income levels is adequate.
- The distribution of loans among individuals of different income levels and businesses of different sizes throughout the assessment area is adequate.
- The bank’s level of qualified investment activity is good, and is responsive to the community development needs of the assessment area.
- Service delivery systems are reasonably accessible to individuals of different income levels throughout the bank’s assessment area. The bank provides an adequate level of community development services that are responsive to a variety of community development needs.

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 usually have between 2,500 and 8,000 persons, and 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 (CD): 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 the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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 do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on 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 ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development 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 Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area (MSA): An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county 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) and the Thrift Financial Reporting (TFR) 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 Savings & Loan Association of Lakewood (First Federal) is an intrastate mutual bank headquartered in Lakewood, Ohio. First Federal is not a subsidiary of a holding company, and does not have any affiliates. As of December 31, 2012, First Federal had assets totaling \$1.39 billion, and Tier One Capital totaling \$146 million. Net loans and leases represented 79.29 percent of total assets, and 94.14 percent of total deposits. The bank operates 18 full-service branch offices located throughout the greater Cleveland area, including a branch office located at its headquarters. First Federal operates deposit taking ATMs located at 17 of the 18 branch offices, and no stand-alone ATMs. The bank has not closed any branch offices since its prior CRA review. However, the bank opened a new branch office in Chagrin Falls, Ohio, during May 2010. The bank also acquired Century Bank during December 2010. As of its acquisition date, Century Bank had assets totaling \$135 million, and five offices located in Parma, Garfield Heights, North Royalton, Brunswick, and Concord, Ohio. As a result of this acquisition, First Federal has expanded its assessment area (AA) to include the entire Cleveland–Elyria–Mentor MSA.

First Federal is a traditional thrift with a primary focus on residential mortgage lending. The bank also offers other loans that include consumer, multifamily residential, commercial nonresidential, and commercial loans. As of December 31, 2012, the bank's loan portfolio was comprised of 76.48 percent one-to-four family residential mortgage loans, 12.24 percent nonfarm nonresidential commercial loans, 4.69 percent home-equity lines of credit, 2.90 percent multifamily loans, 2.20 percent consumer loans, and less than one percent each for land development and commercial and other loans.

There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs of the communities it serves. The previous CRA examination was dated August 12, 2009, and resulted in a rating of "Satisfactory."

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated First Federal's CRA performance using CRA Large Bank full-scope procedures. The prior CRA examination was conducted as of August 12, 2009, using lending and CD data through year-end 2008. The evaluation period for this examination is January 1, 2009, through April 29, 2013. We analyzed HMDA and small loans to businesses data for the calendar years of 2009 through 2011. Small loans to farms and consumer loans were not considered as part of this evaluation, as First Federal does not offer farm loans, and consumer loans are not a primary loan product. The review period for CD loans, investments, and services is January 1, 2009, through April 29, 2013. Performance context is developed using bank, OCC, Dun & Bradstreet and government website information. Community contacts have been conducted by OCC personnel. Refer to Appendix B for additional information.

Data Integrity

We tested the accuracy of public information filed by the bank for home mortgage loans and small loans to businesses. We also reviewed CD loans, qualified investments, and CD services to ensure that they meet the regulatory definition of CD. Some data errors were identified and corrected. Some CD loans, investments, and services were also excluded from consideration because they did not meet regulatory requirements for CD. This evaluation is based on corrected data and qualifying CD activities.

Selection of Areas for Full-Scope Review

We performed a full-scope review on First Federal's only AA, the Cleveland–Elyria–Mentor MSA. Refer to Appendix A for more information.

Ratings

The bank's overall rating of "Satisfactory" is based on our assessment of First Federal's performance in its AA. We based our conclusions for the Lending Test on loan products weighted according to their relative volume. As a result, home mortgage activity was weighted greater than small loans to businesses. Among the home mortgage products, purchase and refinance mortgage lending received the most weight.

Other

As part of our evaluation, we utilized information from four recent community contacts located within the Cleveland–Elyria–Mentor MSA to gain an understanding of community credit needs and opportunities. The organizations contacted focus on social services to low- and moderate-income individuals, financial education, affordable housing and housing assistance. We determined that there have been opportunities for financial institutions to make CD loans and qualified investments, and to provide CD services within the AA. This is further discussed within the Market Profile section in Appendix B.

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's) or federal savings association's (FSA's) 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.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

First Federal's performance under the lending test is rated "Low Satisfactory". Based on our full-scope review, the bank's performance in the Cleveland–Elyria–Mentor MSA is adequate.

Lending Activity

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's lending activity.

First Federal's lending activity within its AA is adequate, given the bank's size and deposit market share. To analyze lending activity, we compared the bank's deposit market share with its lending market share for home mortgage loans and small loans to businesses. We also considered competition, as well as the economic conditions within AA to support our conclusion.

As detailed in Appendix B, the June 30, 2012, FDIC deposit market share report indicates that there are 44 insured depository institutions operating 731 offices within the AA. First Federal ranks 12th out of the 44 banks in deposit market share, holding 2.30 percent of the AA deposits. In comparison, according to 2011 peer mortgage data, First Federal ranked 15th out of 405 lenders for home mortgage lending within the AA, with a 2.08 percent market share. The bank originated 4,152 home mortgage loans totaling \$735 million in its AA. First Federal also originated 114 small loans to businesses totalling \$30 million. Based on 2011 small business loan data, the bank has less than one percent of the market share and is ranked 32nd out of 95 lenders for small loans to businesses.

Distribution of Loans by Income Level of the Geography

The geographic distribution of loans among geographies of different income levels is adequate. We placed more weight on home purchase and refinance lending performance, given the volume of these loans originated during the review period.

The volume of the bank's multifamily and home improvement lending was too small to perform a meaningful analysis.

Home Mortgage Loans

Refer to Tables 2, 3, 4 and 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home purchase and refinance loans among geographies of different income levels is adequate. For both loan types, the percentage of loans in low- and moderate-income geographies was lower than the demographic comparator of owner-

occupied housing units for those areas. However, First Federal's performance was near and consistent with the HMDA peer group lending averages.

Small Loans to Businesses

Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses among geographies of different income levels is adequate. First Federal's percentage of small loans to businesses in low- and moderate-income geographies near the percentages of business aggregate lending. Given that small loans to businesses is not a primary lending product of the bank, and the low amount of loans, this analysis received less weight when determining the bank's overall geographic distribution performance rating.

Lending Gap Analysis

We analyzed FFL's home mortgage and small business lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any conspicuous and unexplained gaps.

Inside/Outside Ratio

First Federal originated a majority of its home mortgage loans and small loans to businesses within its AA. The bank made 61.31 percent by number and 58.13 percent by dollar amount of its home mortgage loans, as well as 93.44 percent by number and 92.07 percent by dollar amount of its small loans to businesses, within its AA. Overall, 61.88 percent of the number of loans and 58.99 percent of loan dollars are within the AA. This level of lending demonstrates an adequate responsiveness to AA credit needs.

Distribution of Loans by Income Level of the Borrower

The distribution of loans among individuals of different income levels and businesses of different sizes throughout the AA is adequate. In our analysis, we placed more weight on home purchase and refinance lending performance, given the volume of these types of loans originated during the review period.

As stated earlier, the volume of the bank's multifamily and home improvement lending was too small during the review period to conduct a separate meaningful analysis of their distribution.

We considered the number of households that live below the poverty level and the barriers that this may have on home ownership during our evaluation of borrower distribution of home mortgage loans. It is especially difficult for individuals and/or families living at or below the poverty level to afford and maintain a home. As a result, the opportunity to lend to the low-income population of the community is limited. Refer to Appendix B for demographic and poverty rate information.

Home Mortgage Loans

Refer to Tables 7, 8, and 9 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The borrower distribution of home purchase and refinance loans is adequate. For both home purchase and refinance loans, First Federal's performance was slightly less than the HMDA peer group's aggregate lending percentages in lending to low- and moderate-income borrowers. Alternatively, the percentage of home purchase loans made to moderate-income borrowers exceeded the percentage of families in moderate-income categories. The percentage of home purchase loans to low-income borrowers was near the percentage of families in low-income categories living above the poverty level.

Small Loans to Businesses

Refer to Table 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The borrower distribution of small loans to businesses is adequate. The percentage of loans to businesses with revenues of \$1 million or less is near the percentage of area businesses that have revenues of \$1 million or less. However, as stated previously, small loans to businesses is not a primary lending product for the bank, and First Federal has only originated a small number of loans. Therefore, performance in this area received less weight when determining the overall borrower distribution performance rating.

Community Development Lending

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of CD lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. However, Table 5 does not separately list CD loans.

First Federal's CD lending performance is adequate. In our analysis, we gave consideration based on the fact that First Federal is a traditional thrift with a focus on residential lending. As such, the bank's strategy as well as competition and economic conditions within its AA limited opportunities for involvement in CD lending projects. CD loan activity during the evaluation period consisted of two loans located within the AA totaling \$750 thousand. One CD loan was for a multifamily rental with rents affordable to low- and moderate-income individuals. This loan also had revitalization purposes. The second CD loan was a construction line of credit utilized by a local non-profit organization to construct two single-family homes for low- or moderate-income families or individuals.

Product Innovation and Flexibility

First Federal offers flexible lending that helps address the credit needs of low- and moderate-income individuals and geographies within the bank's AA. For example, First Federal participates in various lending programs through the Ohio Finance Agency (OHFA), which offers funding for mortgages to low- and moderate-income individuals in an effort to give

access to quality yet affordable housing. In addition, First Federal utilizes grants through the Federal Home Loan Bank’s Welcome Home program to provide funding for reasonable down payments and closing costs incurred by low- and moderate-income homebuyers. First Federal also participates in other home loan programs including the City of Lakewood First Time Homebuyers Program, which offers a below market interest rate and allows low down payments and no private mortgage insurance.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

First Federal’s performance under the investment test is rated “High Satisfactory.” Refer to Table 11 in Appendix C for the facts and data used to evaluate the bank’s level of qualified investments.

First Federal was responsive to the community development needs of its AA by making qualified investments totaling \$9.4 million during the evaluation period. As of December 31, 2012, this amounted to 6.4 percent of the bank’s Tier One Capital. Current and prior period investments are comprised of the following:

- Three investments in Low-Income Housing Tax Credits (LIHTC) totaling \$9 million, which benefitted the larger regional area as well as the AA. The investment in the LIHTC helped fund 600 projects throughout Ohio and Kentucky, and provided approximately 30,000 affordable housing units benefiting low- and moderate-income geographies or individuals.
- A prior-period investment in a mortgage-backed security with an outstanding value of \$303,036. Collateral for the underlying loans is single-family homes for low- and moderate-income individuals within the bank’s AA. The investment helped address the affordable housing needs of the community.
- Financial grants and in-kind donations totaling \$92,625 to 15 local community organizations for CD initiatives for affordable housing, social services for low- and moderate-income individuals, and neighborhood revitalization.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank’s performance under the Service Test is rated “Low-Satisfactory.” Based on a full-scope review, the bank’s performance in the Cleveland–Elyria–Mentor MSA is adequate.

Retail Banking Services

Refer to Table 12 in Appendix C for the facts and data used to evaluate the distribution of the bank’s branch delivery system and branch openings and closings.

First Federal's delivery systems are reasonably accessible to individuals and geographies of different income levels throughout the AA. As stated in the Description of Institution section of this report, First Federal operates 18 branch offices located within the AA, and there are ATMs located at 17 of the 18 branch offices. In addition, First Federal offers surcharge-free access to ATMs linked with the MoneyPass ATM network, which are located throughout the AA. The bank has not closed any branch offices since the previous CRA review, but has opened one branch office and acquired a local bank during the review period. First Federal does not operate any offices within low- or moderate-income geographies. However, the bank's lending activity reflects that these areas are being served. In addition, 15 out of 18 of the bank's branches are operated within five miles of low- or moderate-income geographies. The bank's office hours and services are provided in a manner that does not inconvenience any portions of the AA, including the low- and moderate-income areas and individuals.

First Federal's branch and ATM services are supplemented by alternative delivery systems. These systems include online banking, online bill pay, and mobile and telephone banking, all of which are offered free of charge. First Federal also has four loan production offices located within the AA, including one loan production office located in a moderate census tract.

Community Development Services

First Federal provides an adequate level of CD services to the AA. Bank personnel provide financial and technical expertise to organizations involved in affordable housing, social services for low- and moderate-income individuals, financial literacy programs, and economic development. Primary examples include:

- Bank officers and staff are active members of committees and boards of organizations that provide CD programs for the local community, including affordable housing and social services for low- and moderate-income individuals.
- Employees have participated in financial literacy initiatives for low- and moderate-income adults and students.
- Bank staff provides on-sight banking services at two low- and moderate-income senior housing facilities.

Appendix A: Scope of Examination

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”).

Time Period Reviewed:	Lending Test (excludes CD Loans): 1/01/2009 to 12/31/2011 Investment and Service Tests and CD Loans: 1/01/2009 to 4/29/2013	
Financial Institution:	Products Reviewed:	
First Federal Savings & Loan Association of Lakewood, Lakewood, Ohio	HMDA and Small Business and Community Development Loans. Community Development Investments and Services.	
Affiliate(s):	Affiliate Relationship:	Products Reviewed:
Not applicable.	Not applicable.	Not applicable.
List of Assessment Areas and Type of Examination		
Assessment Area:	Type of Exam:	Other Information:
Cleveland-Elyria-Mentor MSA #17460	Full-Scope	Cuyahoga, Geauga, Lake, Lorain and Medina Counties

Appendix B: Market Profiles for Full-Scope Areas

Cleveland–Elyria–Mentor MSA

Demographic Information for Full-Scope Area: Cleveland–Elyria–Mentor MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	693	16.02	20.06	38.82	23.81	1.30
Population by Geography	2,148,143	9.74	16.77	43.79	29.67	0.03
Owner-Occupied Housing by Geography	580,878	4.83	12.41	48.22	34.54	0.00
Businesses by Geography	190,231	6.40	13.31	40.66	38.74	0.89
Farms by Geography	4,316	1.81	6.21	52.22	39.69	0.07
Family Distribution by Income Level	562,913	20.34	18.08	22.21	39.37	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	216,274	17.82	24.67	41.67	15.84	0.00
Median Family Income	= \$52,660					
HUD Adjusted Median Family Income for 2011	= \$62,800					
Households Below the Poverty Level	= 10.58%					
				Median Housing Value	= \$121,274	
				Unemployment Rate	= 7.8%	

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

First Federal's AA consists of the entire Cleveland–Elyria–Mentor MSA, which includes Cuyahoga, Geauga, Lake, Lorain, and Medina counties in Northeast Ohio. The AA has 693 census-tracts (CT) that include 111 low-income, 139 moderate-income, 269 middle-income, 165 upper-income, and 9 non-designated CTs. The area offers a mix of urban and suburban neighborhoods as well as rural areas. The City of Cleveland is the primary city within the AA, and the largest metropolitan area in Ohio. Manufacturing, healthcare and government are the largest industries in the area. The largest employers are the Cleveland Clinic, University Hospital Health Systems, Giant Eagle Inc., Progressive Corporation, and General Motors Corporation.

Competition is strong, as numerous banks, credit unions, and finance companies have a presence within the AA. According to June 30, 2012, FDIC deposit market share data, there are 44 insured depository institutions operating 731 offices within the AA. First Federal ranks 12th out of the 44 banks in deposit market share, holding 2.30 percent of the AA deposits. Key Bank, PNC Bank, and Third Federal Savings & Loan Association are the top three banks in deposit market share, holding 19.84, 11.45, and 11.20 percent of the AA deposits respectively. In addition, according to aggregate HMDA data, there were 405 lenders that originated HMDA loans within the AA in 2011. First Federal ranked 15th out of the 405 lenders for HMDA loan market share.

The AA experienced weakened economic conditions and high unemployment due to the significant downturn in manufacturing. The average unadjusted unemployment rate for the Cleveland–Elyria–Mentor MSA increased during the evaluation period, from 8.9 percent in 2009 to 9.9 percent in February 2010, and declining back to 8.9 percent by year-end 2010. Since this time, unemployment declined to 7.8 percent as of year-end 2011, and 7.1 percent as of year-end 2012. Although unemployment declined, the AA unemployment rate remains high and is comparable to the overall state unemployment rate. In addition, according to Moody's Analytics, the recovery as well as job growth in the AA lagged behind Ohio and the nation due to the lack in growth of manufacturing and lack of hiring in healthcare. Further hampering the recovery, the population within the MSA declined, straining the growth of the service industry. As a result, aggregate home mortgage lending within the AA declined by 22.59 percent during the review period. Approximately 10.58 percent of AA households and 45.32 percent of low-income households live below the poverty level, which makes it especially difficult for this segment of the population to afford and maintain a home.

There have been opportunities to make CD loans and qualified investments, as well as to provide CD services within the AA. However, competition for involvement in CD activities is high, as a large number of financial institutions operate in the AA. Our evaluation took into consideration information derived from the bank as well as community organizations within the AA. Prior to and during our review, we met with four organizations that focus attention on social services to low- and moderate-income individuals, financial education, affordable housing, and housing assistance. Community and credit needs identified included general operating support or funding, and low-cost financing for rehabilitation loans. In addition, community organizations state that there is a need for homebuyer support programs, including homebuyer and home ownership counseling and foreclosure prevention. One community organization with a focus on affordable housing mentioned First Federal as being a good partner in providing their clients home mortgage financing. Specifically, First Federal had provided \$1.5 million in mortgages over the past couple years, even though other lenders were restricting credit.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/AA; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/AA area. Community development loans to statewide or regional entities or made outside the bank’s AA may receive positive CRA consideration. See Interagency Q&As ___ .12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/AA. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate HMDA lending information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table

also presents aggregate HMDA lending information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents aggregate lending information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's AA.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's AA.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/AA. The table also presents aggregate HMDA lending information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Aggregate lending information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm.

Market share information is presented based on the most recent aggregate market data available.

Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/AA.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's AA. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume

LENDING VOLUME												Geography: OHIO		Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011	
MA/AA: Cleveland–Elyria–Mentor	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans **		Total Reported Loans		% of Rated Area Deposits in MA/AA ***			
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)				
First Federal Savings & Loan Association of Lakewood	100.00	4,152	734,937	114	30,360	0	0	2	750	4,268	766,047	100.00			

* Loan Data as of 12/31/2011. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is 1/1/2009 to 4/29/2013.

*** Deposit Data as of 6/30/2012. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE			Geography: OHIO				Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011							
MA/AA: Cleveland–Elyria–Mentor	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
First Federal Savings & Loan Association of Lakewood	2,224	100.00	4.83	1.44	12.41	4.00	48.22	41.95	34.54	52.61	1.45	5.95	48.60	44.00

* Based on 2011 Peer Mortgage Data (USPR)

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: OHIO								Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011				
MA/AA: Cleveland–Elyria–Mentor	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
First Federal Savings & Loan Association of Lakewood	3	100.00	4.83	0.00	12.41	33.33	48.22	33.33	34.54	33.33	4.33	14.30	47.33	34.05

* Based on 2011 Peer Mortgage Data (USPR)

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: OHIO				Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011							
MA/AA: Cleveland–Elyria–Mentor	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
First Federal Savings & Loan Association of Lakewood	1,894	100.00	4.83	0.26	12.41	1.53	48.22	30.31	34.54	67.90	0.72	3.65	39.67	55.97

* Based on 2011 Peer Mortgage Data (USPR)

** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: OHIO						Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011						
MA/AA: Cleveland–Elyria–Mentor	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income ¹			
	#	% of Total ^{**}	% of MF Units ^{***}	% BANK Loans ^{****}	% MF Units ^{***}	% BANK Loans	% MF Units ^{***}	% BANK Loans	% MF Units ^{***}	% BANK Loans	Low	Mod	Mid	Upp
First Federal Savings & Loan Association of Lakewood	31	100.00	12.81	6.45	25.25	16.13	44.29	54.84	17.66	22.58	7.79	23.38	45.45	23.38

¹ Based on 2011 Peer Mortgage Data (USPR)

^{**} Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

^{***} Percentage of Multifamily Units is the number of multifamily units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

^{****} Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: OHIO				Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011				Aggregate Lending (%) by Tract Income				
MA/AA: Cleveland–Elyria–Mentor	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low	Mod	Mid	Upp
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses*	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans				
First Federal Savings & Loan Association of Lakewood	114	100	6.40	2.63	13.31	7.90	40.66	38.60	38.74	50.87	5.03	10.79	38.49	45.69

* Based on 2011 Peer Small Business Data -- US and PR

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2011).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: OHIO					Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011							
MA/AA: Cleveland–Elyria–Mentor	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data *			
	#	% of Total**	% Families***	% BANK Loans****	% Families ¹	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
First Federal Savings & Loan Association of Lakewood	2,224	100.00	20.34	8.68	18.08	23.18	22.21	22.96	39.37	45.19	12.38	25.98	23.96	37.68

* Based on 2011 Peer Mortgage Data (USPR)

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2000 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 0.5% of loans originated and purchased by BANK.

¹ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: OHIO					Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011							
MA/AA: Cleveland–Elyria–Mentor	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data *			
	#	% of Total**	% Families ***	% BANK Loans ****	% Families ²	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
First Federal Savings & Loan Association of Lakewood	3	100.00	20.34	0.00	18.08	0.00	22.21	0.00	39.37	100.00	15.45	25.76	25.12	33.67

* Based on 2011 Peer Mortgage Data (USPR)

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2000 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 66.7% of loans originated and purchased by BANK.

² Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE 2011		Geography: OHIO					Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31,							
MA/AA: Cleveland–Elyria–Mentor	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data			
	#	% of Total**	% Families***	% BANK Loans****	% Families ³	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
First Federal Savings & Loan Association of Lakewood	1,894	100.00	20.34	3.44	18.08	12.84	22.21	19.83	39.37	63.89	5.42	15.27	23.43	55.89

¹ Based on 2011 Peer Mortgage Data (USPR)

^{**} Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

^{***} Percentage of Families is based on the 2000 Census information.

^{****} As a percentage of loans with borrower income information available. No information was available for 1.7% of loans originated and purchased by BANK.

³ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES			Geography: OHIO		Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011				
MA/AA: Cleveland–Elyria–Mentor	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data *	
	#	% of Total**	% of Businesses **	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Revenue of \$1 Million or Less
First Federal Savings & Loan Association of Lakewood	114	100.00	64.75	58.77	36.84	24.56	38.60	31,342	12,527

* Based on 2011 Peer Small Business Data -- US and PR

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2011).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% of small loans to businesses originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: OHIO				Evaluation Period: JANUARY 1, 2009 TO APRIL 29, 2013			
MA/AA: Cleveland–Elyria–Mentor	Prior Period Investments *		Current Period Investments		Total Investments			Unfunded Commitments **	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
First Federal Savings & Loan Association of Lakewood	1	303,036	18	9,092,625	19	9,395,661	100	0	0

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Geography: OHIO																	
Evaluation Period: JANUARY 1, 2009 TO APRIL 29, 2013																	
MA/AA: Cleveland–Elyria– Mentor	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
First Federal Savings & Loan Association of Lakewood	100.00	18	100.00	0	0	38.89	61.11	1	0	0	0	1	0	9.74	16.77	43.79	29.67