



PUBLIC DISCLOSURE

April 10, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Federal Community Bank of Bucyrus
Charter Number 703920

119 S Sandusky Ave
Bucyrus, OH 44820-2220

Office of the Comptroller of the Currency

West Lake Center
4555 Lake Forest Drive, Suite 520
Blue Ash, OH 45242-3760

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

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

The First Federal Community Bank of Bucyrus (First Federal or the bank) exhibits a Satisfactory record of meeting its community credit needs. The rating is primarily based on the following:

- First Federal is responsive to its community's credit needs as a majority of their primary loan products are inside their assessment areas.
- The bank's current and quarterly average loan-to-deposit (LTD) ratios are more than reasonable and commensurate with First Federal's size, financial condition, and credit needs of the assessment areas (AAs).
- The distribution of loans reflects, given the demographics of the AAs, reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers.
- The bank's distribution of loans throughout geographies of different income levels, including moderate-income geographies, continues to reflect reasonable dispersion.

SCOPE OF EVALUATION

Our office conducted a full scope Community Reinvestment Act (CRA) evaluation to assess the bank's record of meeting the credit needs of its entire community, including low- and moderate-income areas. We used small bank CRA evaluation procedures and considered information from January 1, 2014, through December 31, 2016 (evaluation period), to perform the evaluation.

The bank's primary loan products, based on discussions with management and a review of loan originations during the evaluation period are residential real estate (one-to-four family home) loans. The majority of the bank's lending is in residential real estate loans by dollar and number. This loan type is considered foremost in this CRA evaluation. For each AA, we conducted separate analyses.

We preformed a data integrity examination of the bank's home mortgage loans, as reported via the Home Mortgage Disclosure Act Loan Application Registers (HMDA LARs) in February 2017 to determine the accuracy of the bank's data. We found the data was accurate and reliable. We utilized the bank's HMDA data to perform our analysis of Lending in the AAs and the Borrower and Geographic Distribution analyses for residential real estate lending. In addition, we conducted interviews with two individuals representing community organizations.

First Federal has designated two AAs, as detailed under the ***Description of Assessment Areas*** section. The Crawford County AA is the bank's primary AA. The majority of the bank's deposit activity occurs in the Crawford County AA, with approximately 95 percent of total deposits in the Crawford County AA as of

June 30, 2016. A majority of the lending occurs in this AA. In addition, the main office and three of First Federal's four branches are located in the Crawford County AA. For analysis purposes, we conducted a full scope review of the Crawford County AA, and a limited scope review of the Union County AA. The Crawford County AA was given much greater weight than performance in the Union County AA.

DESCRIPTION OF INSTITUTION

First Federal is a wholly owned subsidiary of Community Investors Bancorp, Inc., a non-diversified, one-bank savings and loan holding company. The bank operates four branch offices in addition to its main office. The main office and two full-service branches are located approximately 60 miles north of Columbus, Ohio, in the city of Bucyrus, Ohio, the Crawford County seat. The two other full-service offices are located in New Washington, Ohio, about 15 miles northeast of Bucyrus, and Marysville, Ohio, about 50 miles southwest of Bucyrus. All offices are located in moderate or middle-income census tracts. Three of the branches contain an automated teller machine (ATM) to provide 24-hour banking. The bank also has five lending centers in Ohio and Florida.

As of December 31, 2016, First Federal's total assets were \$142 million, with tier 1 capital of \$12 million and net loans approximating \$106 million, or 75 percent of assets. The table below reflects the bank's total loans originated between January 1, 2014, and December 31, 2016.

The bank's primary business focus is residential mortgage loans and it offers traditional products and services to customers throughout the AAs. The nearest competition comes primarily from branches of two large national banks and one state-chartered institution. Competition also comes from smaller community banks and branches of large banks located throughout the AAs.

Presently, no legal or financial impediments exist that could restrict First Federal's ability to meet the credit needs of the community. The bank's last CRA evaluation was as of March 14, 2011, and resulted in a "Satisfactory" rating.

Primary Loan Types		
Loans Originated from January 1, 2014 to December 31, 2016		
Loan Type	Percent by Number of Loans	Percent by Dollar of Loans
Residential Real Estate (RE) Loans	60.40%	86.40%
Consumer Loans	28.40%	6.90%
Business Loans	10.70%	6.20%
Farm Loans	0.40%	0.30%
Other Loans	0.10%	0.20%
TOTAL GROSS LOANS	100%	100%

Source: Internal bank reports as of December 31, 2016.

DESCRIPTION OF ASSESSMENT AREAS

First Federal has two assessment areas, located in central Ohio, that consist of Crawford and Union Counties. Union County is part of the Columbus, Ohio Metropolitan Statistical Area (MSA) and contains ten geographies which are all designated middle- and upper-income. Crawford County is not located in an MSA. The AAs are contiguous, meet the requirements of the CRA and do not arbitrarily exclude any low- or moderate-income areas.

Competition in the AAs is strong with many national banks, savings and loans, mortgage banks, and branches of large financial institutions located in the AAs. As of June 30, 2016, First Federal had a 12 percent deposit market share in the Crawford County AA and was ranked fourth out of 9 financial institutions. For the same time period, the bank had a 0.75 percent deposit market share in the Union County AA. In the Union County AA, First Federal was ranked eighth out of 9 financial institutions. The source of the deposit market share information is the June 30, 2016, Deposit Market Share Report from the Federal Deposit Insurance Corporation (FDIC).

Per our community contact interviews, the AAs are stable but have had some population decline, with 25 percent of the population retired. There are opportunities for the bank to help industry and business. Highway 30 has just been completed and will serve as a major artery to the interstate and allow better access to the community. The county has also invested in a two year college called the Crawford Success Center to train students for various technical jobs. Contacts also described their hopes to bring in new businesses through the Community Reinvestment Area Tax Exemption Program, and the Community Development Block Grant/Economic Development Revolving Loan Fund. Contacts indicated that the bank is respected in the community and has assisted in community development projects.

Crawford County AA

Crawford County, which contains 13 census tracts, is not located in an MSA. According to 2010 Census data the county does not contain any low-income census tracts and has only one moderate-income census tract. In addition, the county has 10 middle-income and two upper-income census tracts. The AA meets the requirements of the CRA and does not arbitrarily exclude any low- or moderate-income CTs.

The 2010 Census data shows the AA having a total population of 43,784. The AA has a median family income of \$69,100 and contains about 12,264 families. The United States Census Bureau's estimate of the Ohio statewide non-MSA median family income was \$49,429 for 2011 through 2015. Of the AA's 19,129 housing units, approximately 65 percent are owner occupied. The average median housing value is \$96,854. Approximately 13 percent of families in Crawford County have income below the poverty level. The census data also indicates that approximately 34 percent of the assessment area population earns social security benefits, and 2 percent receives some type of public assistance.

The overall economic condition in the AA is stable. Unemployment in Crawford County was 5.8 percent as of December 2016 and averaged 6.0 percent for the year. Unemployment has historically been higher than the national and state unemployment rates of 4.7 percent, and 5.0 percent, respectively, as of December 2016. Primary industries include manufacturing and agriculture. Current large employers include Bucyrus Precision Tech, Inc., Covert Manufacturing, General Electric Co., Timken Co. and Crawford County government.

The bank currently holds about 12 percent of AA deposits according to the June 30, 2016, FDIC market share report. Competition for deposits comes from branches of large national banks and thrifts, and state banks, including Park National Bank, CNB Bank and Peoples Savings and Loan Company.

Union County AA (Limited Scope Review AA)

The Union County AA, which includes ten CTs, is comprised of one moderate income (10 percent), 4 middle-income (40 percent) and 5 upper-income geographies (50 percent). Deposits from the AA approximate 5 percent of total deposits as of June 30, 2016. First Federal has one branch located in the Union County AA, in Marysville, Ohio. The Marysville branch is located in a middle-income CT.

The 2010 Census data shows the AA having a total population of 52,300. The AA has a median family income of \$67,000 and contains about 18,400 families. The United States Census Bureau's estimate of the Ohio statewide non-MSA median family income was \$49,429 for 2011 through 2015. Of the AA's 20,277 housing units, approximately 78 percent are owner occupied. The average median housing value is \$171,200. Approximately 7.6 percent of families in Union County have income below the poverty level. The census data also indicates that approximately 22 percent of the assessment

area population earns social security benefits, and 2 percent receives some type of public assistance.

The overall economic condition in the AA is stable. Unemployment in Union County was 3.7 percent as of December 2016 and averaged 3.8 percent for the year. Unemployment has historically been below the national and state unemployment rates of 4.7 percent, and 5 percent, respectively, as of December 2016. Primary industries include manufacturing and agriculture. Current large employers include Honda of America, Scotts Miracle-Gro and Memorial Health.

The bank currently holds about 0.75 percent of AA deposits according to the June 30, 2016, FDIC market share report.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

- **Based on the criteria for the CRA lending test, the bank's lending performance is satisfactory.**

Loan-to-Deposit Ratio

First Federal's current and 24 quarter average LTD ratios are more than reasonable given the bank's market share, strategy and credit needs of the AA. First Federal's year-end 2016 LTD represented 112 percent and this ratio averaged 99.72 percent over the 24 quarterly periods ended December 31, 2016. Both ratios are higher than peer averages of 84 percent and 59 percent, respectively.

Both the bank's current and average LTD ratios were compared to a custom peer group consisting of four institutions of similar size and location. As of December 31, 2016, the LTDs ranged from 52 percent to 75 percent for the four comparable institutions. The LTD ratio for the same four banks over the last 24 quarters ranged from 45 percent to 79 percent. Both the bank's average LTD ratio and the LTD ratio as of December 31, 2016, compare favorably to the peer group.

Lending in Assessment Areas

A majority of the bank's lending activity occurs inside the bank's two AAs. Our analysis of the bank's lending within the AAs included residential loans, as this is the bank's primary product. Our review revealed that from 2014 to 2016, a majority, or 57 percent, of the number of all residential real estate loans were originated within the bank's AAs. Lending by dollar amount reflects slightly less, but still reasonable penetration, within the AAs. The table below details the bank's lending within the AAs.

Lending in the AAs										
Loan Type	Number of Loans					Dollars of Loans (in 000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	186	52	171	48	357	17,242	43	23,336	57	40,578
Home Improvement	12	63	7	37	19	583	44	728	56	1,311
Home Refinance	146	65	79	35	225	13,973	53	12,629	47	26,602
Totals	344	57	257	43	601	31,798	46	36,693	54	68,491

Source: Fairfield's HMDA Loan Data from January 1, 2014 through December 31, 2016.

Lending to Borrowers of Different Incomes

Crawford County

The distribution of residential real estate lending in Crawford County reflects reasonable penetration among individuals of different incomes including low- and moderate-income borrowers, and supports overall satisfactory performance. The residential real estate loan sample reflects penetration in all income categories. As shown in the table below, the bank's distribution of lending to low- and moderate-income borrowers during the evaluation period is reasonable when compared to AA lenders. Additionally, the bank's distribution of residential real estate loans compares favorably to the number of low- and moderate-income families in the AA.

Borrower Distribution of Residential Real Estate Loans in the Crawford County AA							
Borrower Income Level	% Total Thrift Loans			% of Loans by AA Lenders			% of Families by Income Level
Loan Type	Purchases	Home Improvement	Refinances	Purchases	Home Improvement	Refinances	
Low	25.25	0	13.04	15.41	9.43	10.99	19.42
Moderate	29.29	11.11	29.57	37.28	39.63	19.78	20.31
Middle	18.19	44.45	22.61	27.6	15.09	33.52	24.57
Upper	27.27	44.44	34.78	19.71	35.85	35.71	35.70

Source: 2010 U.S. Census data and thrift's HMDA loan data for 2014, 2015 and 2016. The Aggregate Lending Data (loans by AA lenders) is based on the 2016 Peer Mortgage Data. The above numbers are as of a percentage of loans with borrower income information available.

Union County (Limited Scope Review AA)

Based on a limited-scope review, the bank's performance in the Union County AA with regard to borrowers of different incomes under the lending test is not inconsistent with the bank's overall "Satisfactory" performance under the lending test.

Geographic Distribution of Loans

Crawford County

The bank’s distribution of loans in Crawford County throughout geographies of different income levels, including low- and moderate-income geographies, reflects reasonable dispersion and meets the standards for satisfactory performance. The analysis shows that the bank is lending in all tracts in its AA. The analysis in the table below details the bank’s residential real estate lending activity in the different income geographies for the identified AA. As previously noted, Crawford County does not have any low income CTs. The table below demonstrates that in moderate income tracts, the bank’s distribution of lending is comparable to that of other lenders in the AA and comparable to the percentage of Owner Occupied Housing Units in the moderate tracts in the AA.

Geographic Distribution of Residential Real Estate Loans in the Crawford County AA							
Census Tract Income Level	% Total Thrift Loans			% of Loans by AA Lenders			% of Owner Occupied Housing Units
Loan Type	Purchases	Home Improvement	Refinances	Purchases	Home Improvement	Refinances	
Low	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Moderate	30.48	40.00	29.66	33.93	50.00	27.52	34.64
Middle	60.00	40.00	49.15	50.89	41.07	54.13	48.09
Upper	9.52	20	21.19	15.18	8.93	18.35	17.27

Source: 2010 U.S. Census data and thrift’s HMDA loan data for 2014, 2015 and 2016. The Aggregate Lending Data (loans by AA lenders) is based on the 2016 Peer Mortgage Data. Data shown includes only one to four-family and manufacturing housing.

Union County (Limited Scope Review AA)

The bank’s distribution of loans in Union County reflects reasonable dispersion and meets the standards for satisfactory performance. The analysis shows that the bank is lending in all tracts in its AA.

Responses to Complaints

First Federal had no complaints filed during the period covered by this review.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) in determining a national bank’s (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. We found no evidence of

discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.