



PUBLIC DISCLOSURE

August 13, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Federal Savings Bank
Charter Number 702631

633 LaSalle Street
Ottawa, Illinois 61350-2931

Office of the Comptroller of the Currency
Peoria Field Office
211 Fulton Street, Suite 604
Peoria, Illinois 61602

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: Satisfactory

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors that support these ratings include:

- The distribution of loans to borrowers of different income levels is reasonable.
- A majority of the loans originated by the bank are to borrowers inside its assessment area (AA).
- The quarterly average loan-to-deposit ratio is reasonable.
- The bank's community development (CD) performance demonstrates adequate responsiveness.

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 (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 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 (MSA): 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 Savings Bank (FFSB) is a \$366 million mutual institution headquartered in Ottawa, Illinois, located in north central Illinois. FFSB is an intrastate financial institution with twelve offices serving portions of Bureau, Grundy, Kane, Kendall, LaSalle, Lee, Livingston, Putnam, Whiteside, and Will Counties. All of the offices are full-service locations. The locations are all equipped with drive-up facilities except the main office. FFSB also operates cash dispensing automated teller machines (ATMs) throughout the AA at all bank locations. FFSB did not open or close any facilities since the previous CRA evaluation. Internet, mobile, and telephone banking are also available to the bank's customers. Refer to the bank's public file for a listing of services.

There was no change in FFSB's corporate structure since the previous CRA evaluation. The bank owns First Fed Insurance Agency, which provides insurance services. FFSB's subsidiary does not negatively affect their ability to meet the credit needs of the community.

FFSB's strategy is to provide superior products and services to build relationships with its communities, customers, and employees. The bank offers a full range of deposit and loan products and services. There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs in the bank's assessment areas. The bank's previous Intermediate Small Savings Association CRA rating was "Satisfactory" as detailed in the July 27, 2015, Performance Evaluation.

The bank's market area has high levels of competition for loans and deposits. A description of the bank's AA's and its comprising geographies can be found in Appendix A. FFSB competes with national banks, state banks, credit unions, federal thrifts, and mortgage companies. See Appendix B for more information on deposit market share. The sizable majority of the bank's deposits and loans are derived from the Non MSA AA and the GKW MSA AA. The Kane MSA AA only accounts for ten percent of the bank's total deposits and fifteen percent of the bank's total loans.

FFSB held 64 percent of net loans and leases to total assets and had a Tier One Leverage Capital ratio of 11 percent at June 30, 2018. Residential lending represented the largest loan portfolio at \$211 million, followed by commercial lending at \$24 million, consumer lending at \$1 million, and agriculture lending at \$619 thousand at June 30, 2018.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period is from the previous CRA evaluation, July 27, 2015, through December 31, 2017. We assessed the bank under the Intermediate Small Savings Association evaluation procedures, which include a lending test and a community development (CD) test. The CD test evaluates the bank's community development

lending, qualified investments, and CD service activities in its AA during the evaluation period.

The lending test evaluates the bank's record of meeting the credit needs of its AAs through its primary loan products. We evaluated loans originated from July 1, 2015, through December 31, 2017, under the lending test. FFSB's primary lending product is residential real estate loans. This lending category accounts for 92 percent of loans, by dollar, originated or purchased from July 1, 2015, to December 31, 2017. We used this lending product for the analysis of this evaluation.

Data Integrity

We conducted a data integrity review of the HMDA data for reportable loans originated or purchased between January 1, 2016, and December 31, 2017, on April 2, 2018. We utilized random sampling to test 60 applications for each HMDA LAR year in our review. We verified reported data against source documents and geocoded each application in the sample. We found the HMDA data for 2016 and 2017 to be reliable. We conducted a data integrity review of the 2015 HMDA data previously and found the data to be reliable. Performance conclusions for lending between July 1, 2015, and December 31, 2016, are based on 2010 US Census data. Performance conclusions for lending between January 1, 2017, and December 31, 2017, are based on 2015 American Community Survey data.

Selection of Areas for Full-Scope Review

The Non MSA AA and GKW MSA AA received a full-scope review, as a majority of deposits are obtained from these AAs. The Kane MSA AA received a limited scope review. Refer to Appendix A for more information.

Ratings

The overall rating is based primarily on the areas that received a full-scope review. Lending performance in 2015-16 and 2017 were weighed equally.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 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 [or any affiliate whose loans have been considered as part of the institution's lending performance] 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

FFSB meets the standard for satisfactory performance.

Loan-to-Deposit Ratio

FFSB's quarterly average loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and AA credit needs. FFSB's quarterly average LTD ratio for the period July 1, 2015, to June 30, 2018, is 78 percent. FFSB had a quarterly low of 72 percent and a quarterly high of 83 percent. FFSB's 78 percent is down from the prior CRA evaluation's average LTD ratio of 83 percent. We attribute this to significant market competition in the bank's AA as well as selling a sizable volume of residential real estate loans on the secondary market.

FFSB ranks 7th among eleven similarly situated banks serving its AA. The quarterly average loan-to-deposit ratio for the other ten banks over the same period ranged from 47 percent to 99 percent. The similarly situated institutions, which range in asset size from \$250 million to \$500 million, are FDIC insured community financial institutions that compete with FFSB for deposits in the AAs.

Lending in Assessment Area

A majority of the loans originated by FFSB are to borrowers inside its AA. FFSB's lending to customers within the AA for its primary loan type is reasonable. The following table details the bank's lending within the AA by number of loan originations and dollar volume from the bank's HMDA records during the evaluation period.

Loan Product	Number of Loans				Total	Dollars of Loans				
	Inside		Outside			Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential RE	673	61%	435	39%	1,108	\$104,080	53%	\$91,515	47%	\$195,595

Source: 7/1/15 to 12/31/17 Bank data

Lending to Borrowers of Different Incomes

Non MSA AA

The distribution of residential loans to borrowers of different income levels reflects reasonable penetration. FFSB's lending to low- and moderate-income borrowers exceeds the level conveyed by HMDA-reporting financial institutions in the AA for 2015-2016 and moderate-income borrowers for 2017. FFSB's lending to moderate-income borrowers shows excellent distribution and exceeds the percentage of moderate-income

families in the AA for both time periods. FFBSB's lending to low-income families within the AA is below the demographic comparator for both time periods and is below HMDA-reporting institutions for 2017.

Table 2 – Distribution of Home Mortgage Loans by Income Category of the Borrower 2015-16 Non MSA															
	Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
AA:	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Non MSA	15.8	10.3	5.6	17.3	20.2	17.7	22.5	22.4	22.9	44.5	45.7	40.2	0.0	1.3	13.6
<i>Source: 2010 U.S. Census ; 07/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data Due to rounding, totals may not equal 100.0</i>															

Table 3 – Distribution of Home Mortgage Loans by Income Category of the Borrower 2017 Non MSA															
	Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
AA:	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Non MSA	17.4	3.3	7.3	17.6	19.5	18.4	21.5	30.9	23.7	43.5	41.5	36.2	0.0	4.9	14.5
<i>Source: 2015 ACS Census ; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data Due to rounding, totals may not equal 100.0</i>															

GKW MSA AA

The distribution of residential loans to borrowers of different income levels reflects reasonable penetration. FFBSB's lending to low-income borrowers shows excellent distribution and exceeds the level conveyed by HMDA-reporting financial institutions in the AA for both time periods. FFBSB's lending to moderate-income borrowers shows poor distribution and falls below the level of HMDA-reporting institutions as well as the demographic comparator for both time periods.

Table 4 – Distribution of Home Mortgage Loans by Income Category of the Borrower 2015-16 GKW MSA															
	Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
AA:	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
GKW MSA	11.8	6.8	4.5	16.2	9.6	15.9	24.3	27.1	25.8	47.7	53.1	34.1	0.0	3.4	19.7
<i>Source: 2010 U.S. Census ; 07/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data Due to rounding, totals may not equal 100.0</i>															

Table 5 – Distribution of Home Mortgage Loans by Income Category of the Borrower 2017 GWK MSA															
	Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
AA:	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
GKW MSA	13.5	5.2	4.5	15.7	13.8	19.6	23.0	25.9	27.0	47.8	55.2	30.9	0.0	0.0	18.1
<i>Source: 2015 ACS Census ; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>															

FFSB's performance in the Kane County MSA AA showed reasonable penetration and was consistent with that of the GWK MSA AA.

Geographic Distribution of Loans

Non MSA AA

FFSB's geographic distribution of residential lending reflects poor dispersion in CTs of different income levels, including moderate-income CTs. There are no low-income CTs within the Non MSA AA. FFSB's lending in moderate-income CT's is below the level reported by HMDA-reporting financial institutions in the AA as well as the level of owner-occupied housing located in the moderate-income geographies in the AA for both time periods. We did not identify any conspicuous gaps in the bank's lending performance.

Table 6 – Distribution of Home Mortgage Loans by Income Category of the Geography 2015-16 Non MSA												
	Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts		
Assessment Area:	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Non MSA	0.0	0.0	0.0	4.4	0.0	2.5	69.3	66.8	63.2	26.2	33.2	34.2
<i>Source: 2010 U.S. Census; 07/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data Due to rounding, totals may not equal 100.0</i>												

Table 7 – Distribution of Home Mortgage Loans by Income Category of the Geography 2017 Non MSA												
Assessment Area:	Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts		
	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Non MSA	0.0	0.0	0.0	8.7	1.6	5.5	71.1	73.2	70.4	20.2	25.2	24.0
<i>Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data Due to rounding, totals may not equal 100.0</i>												

GKW MSA AA

FFSB's geographic distribution of residential lending reflects reasonable dispersion in CTs of different income levels, including moderate-income CTs. There are no low-income CTs within the GKW MSA AA. FFSB's lending levels exceed the level reported by HMDA-reporting financial institutions in the AA as well as the level of owner-occupied housing located in the moderate-income geographies in the AA for 2015-16. FFSB's lending level for 2017 is comparable to the demographic comparator as well as the level conveyed by HMDA-reporting institutions. We did not identify any conspicuous gaps in the bank's lending performance.

Table 8 – Distribution of Home Mortgage Loans by Income Category of the Geography 2015-16 GKW MSA												
Assessment Area:	Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts		
	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
GKW MSA	0.0	0.0	0.0	3.9	5.1	2.4	69.3	61.6	69.8	26.8	33.3	27.8
<i>Source: 2010 U.S. Census; 07/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data Due to rounding, totals may not equal 100.0</i>												

Table 9 – Distribution of Home Mortgage Loans by Income Category of the Geography 2017 GKW MSA												
Assessment Area:	Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts		
	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
GKW MSA	0.0	0.0	0.0	1.1	0.0	1.0	57.3	62.1	58.2	41.6	37.9	40.8
<i>Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>												

FFSB's performance in the Kane County MSA AA showed reasonable penetration and was consistent with that of the GKW MSA AA.

Responses to Complaints

FFSB did not receive any complaints regarding its performance in helping to meet the credit needs within its AA during this evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the CD test is rated satisfactory. FFSB's CD performance demonstrates an adequate responsiveness to the community development needs of its AA through CD loans, qualified investments, and CD services.

Number and Amount of Community Development Loans

FFSB originated four qualifying loans in their AA totaling \$2.2 million during the evaluation period.

- Non-MSA AA – FFSB originated two loans totaling \$1.1 million. Both loans were located in and stabilized LMI CTs as they retained and created jobs for the local community.
- Kane County MSA AA – FFSB originated two loans totaling \$1.1 million. Both loans provided affordable housing in LMI CTs.
- GKW MSA AA – There were no qualifying CD loans originated in this AA during the evaluation period.

FFSB demonstrates an adequate responsiveness to community development needs through its CD loans.

Number and Amount of Qualified Investments

FFSB invested \$1 million in one CRA Qualified Investment Fund. These funds help provide affordable housing for low- and moderate-income borrowers in Grundy, Kane, LaSalle, Lee, Whiteside, and Will Counties, which incorporates the bank's AA.

FFSB made a total of \$30 thousand in cash contributions and donations to several organizations assisting low- and moderate-income individuals and families in the bank's AA. Some notable beneficiaries include local food pantries, programs benefiting underprivileged children, and Habitat for Humanity. The breakdown of contributions in the different AAs is below:

- Non-MSA AA - \$24 thousand in donations
- GKW MSA AA - \$4 thousand in cash contributions
- Kane MSA AA - \$2 thousand in cash donations

FFSB demonstrates an adequate responsiveness to community development needs through its CD investments.

Extent to Which the Bank Provides Community Development Services

Delivery systems are reasonably accessible to individuals of different income levels. FFSB operates twelve full-service locations and ATMs within the AAs. Four offices (33%) are located in moderate-income CTs while the remaining are located in middle- and upper-income tracts. Extended hours are available at all drive-up locations. FFSB’s loan and deposit products are available at all locations. The officers and employees of the bank are involved in a number of qualified community service organizations in the AAs.

FFSB offers loan programs and grants assisting low- and moderate-income borrowers. The loans made under these programs are reported under HMDA and are not considered community development loans. It should be noted in some communities, FFSB is the only lender offering these loan options. The bank is therefore providing a needed CD service by offering these products. These loan programs and grants also take additional time for employees to originate, process, underwrite, and close. Service hours for the loan programs and grants total several hundred hours.

Table 10 – FFSB Loan Programs Offered	
Loan Program	Description
FHA	FHA loans are low down payment loans often utilized by first-time homebuyers. FHA has more flexible credit standards, and lower down payment requirements than conventional loan programs.
VA	VA loans are available to eligible veterans and require no down payment. Very few lenders offer VA financing in the bank’s local market area.
USDA Rural Development	USDA Rural Development loans are for low and moderate income families in rural areas. USDA has more flexible credit standards and requires no down payment.
Illinois Housing Development Authority (IHDA)	IHDA is an Illinois program for low and moderate income homebuyers. They offer a below market fixed rate and low down payment. The IHDA program is used with FHA, VA, USDA or conventional loans.
FHMLC – Home Possible	Home Possible mortgages offer low down payments for low- to moderate-income homebuyers or buyers in high-cost or underserved communities.
IHDA First Home	IHDA First Home is an Illinois program for low and moderate income homebuyers in select Illinois counties. They offer a below market fixed rate, low down payment, and grant funds to assist with the home purchase.

Table 11 – FFSB Grant Programs

Grant Program	# of Grants	\$ of Grants	Description
FHLB Down Payment Plus	32	\$192,000	This grant is offered to low income individuals through the FHLB. Grants are a maximum of \$6,000, and can be used for down payment and/or closing costs. Grants are often used in conjunction with one of the loan programs listed in Table 11. Grants are forgiven over a five-year period.
IHDA First Home Illinois	13	\$97,500	This grant is offered on IHDA loans and can be used for down payment and/or closing costs. Borrowers with low- or moderate-income that qualify for an IHDA loan also qualify for this grant.
IHDA Smart Move	8	\$36,390	This grant is offered on IHDA loans and can be used for down payment and/or closing costs up to \$7,500. Borrowers with low or moderate income that qualify for an IHDA loan also qualify for this grant.
IHDA @ Home Illinois	10	\$50,000	This grant is offered on IHDA loans and can be used for down payment and/or closing costs. Borrowers with low- or moderate-income that qualify for an IHDA loan also qualify for this grant.
IHDA @ Home Illinois with MCC	2	\$10,000	This grant includes a Mortgage Credit Certificate that allows for an income tax credit for interest paid.

FFSB also offered a financial education program for senior citizens in seven locations during 2016. The program focused on elder financial exploitation, guarding against identity theft, and other ways to prevent fraud and manage financial information. The majority of attendees at the seminars were LMI individuals.

FFSB demonstrates an excellent responsiveness to CD needs through its CD services.

Responsiveness to Community Development Needs

The bank's CD performance displays adequate responsiveness, considering the bank's capacity, and the need and availability of such opportunities for CD in the bank's AA.

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): (07/01/15 to 12/31/17) Investment and Service Tests and CD Loans: (07/01/15 to 12/31/17)	
Financial Institution	Products Reviewed	
First Federal Savings Bank (FFSB) Ottawa, Illinois	Home mortgage loans; community development loans; qualified investments	
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Non MSA AA	Full Scope	All of Bureau, LaSalle, Lee & Putnam Counties; Livingston County (CTs: 9601, 9602, 9603 & 9604); Whiteside County (CTs: 1, 2, 3, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17 & 18)
GKW MSA AA	Full Scope	All of Grundy County; Kendall County (CTs: 8906 & 8907); Will County (CTs: 8804.12, 8804.14, 8804.15, 8804.16, 8804.17, 8804.18, 8804.19, 8804.20, 8804.21, 8832.06, 8832.08, 8832.09, 8832.10, 8832.11, 8832.12, 8832.13, 8832.14, 8832.15, 8832.16, 8833.03, 8833.05, 8833.06, 8834.01 & 8834.02)
Kane MSA AA	Limited Scope	Kane County (CTs: 8507.01, 8510.00, 8511.01, 8511.02, 8516.00, 8518.01, 8519.04, 8519.05, 8519.07, 8519.08, 8519.09, 8519.10, 8521.01, 8521.02, 8524.01, 8549.00)

Appendix B: Community Profiles for Full-Scope Areas

Non MSA AA

The Non MSA AA is not located in a MSA and consists of 67 geographies: ten CTs in Bureau County, 28 CTs in LaSalle County, nine CTs in Lee County, four CTs in Livingston County, two CTs in Putnam County, and fourteen CTs in Whiteside County. The Non MSA AA generates a sizable portion of the bank's deposits (70%) and loans (18%). FFSB has nine locations (75%) and nine ATMs (75%) in the Non MSA AA. According to the June 30, 2017, FDIC Market Share Report, FFSB held a three percent deposit market share in Bureau, LaSalle, Lee, Livingston, Putnam, and Whiteside Counties, ranking twelfth of 53 FDIC insured institutions competing for the area's \$7.1 billion in deposits. The top three financial institutions held a 20 percent deposit market share in the Bureau, LaSalle, Lee, Livingston, Putnam, and Whiteside Counties. The Non MSA AA received a full-scope review for our lending and CD test analysis.

2015-2016

Four geographies are designated moderate-income (6 percent), while the remaining 62 CTs are designated middle- or upper-income (94 percent). The four moderate-income CTs are located in the Sterling-Rock Falls portion of Whiteside County.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Non MSA 2015-16						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	67	0.0	6.0	68.7	25.4	0.0
Population by Geography	251,064	0.0	4.9	70.2	25.0	0.0
Housing Units by Geography	109,336	0.0	5.1	73.0	24.7	0.0
Owner-Occupied Housing by Geography	75,205	0.0	4.4	69.4	26.3	0.0
Occupied Rental Units by Geography	24,631	0.0	7.1	75.0	17.9	0.0
Vacant Units by Geography	9,500	0.0	4.9	64.9	30.2	0.0
Businesses by Geography	12,065	0.0	4.6	69.7	25.8	0.0
Farms by Geography	1,455	0.0	0.9	70.1	29.0	0.0
Family Distribution by Income Level	67,978	15.8	17.3	22.5	44.5	0.0
Household Distribution by Income Level	99,836	19.8	15.0	18.4	46.8	0.0
Median Family Income Non-MSAs - IL		\$58,000	Median Housing Value		\$119,366	
			Median Gross Rent		\$615	
			Families Below Poverty Level		8.2%	

Source: 2010 U.S. Census and 2016 D&B Data. Due to rounding, totals may not equal 100.0
 (*) The NA category consists of geographies that have not been assigned an income classification.

2017

Eight geographies are designated moderate-income (12 percent), while the remaining fifty-nine CTs are designated middle- or upper-income (88 percent). The eight moderate-income CTs are comprised of the following: four are located in the Sterling-Rock Falls portion of Whiteside County, three are located in the town portions of LaSalle, Ottawa, and Streator in LaSalle County, and one is located in the town of Dixon in Lee County.

Table B – Demographic Information of the Assessment Area						
Assessment Area: Non MSA 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	67	0.0	11.9	70.1	17.9	0.0
Population by Geography	246,165	0.0	9.5	72.9	17.6	0.0
Housing Units by Geography	109,696	0.0	10.2	71.9	17.9	0.0
Owner-Occupied Units by Geography	72,433	0.0	8.7	71.1	20.2	0.0
Occupied Rental Units by Geography	25,342	0.0	13.7	75.9	10.4	0.0
Vacant Units by Geography	11,921	0.0	12.1	67.8	20.1	0.0
Businesses by Geography	11,964	0.0	12.9	71.0	16.1	0.0
Farms by Geography	1,523	0.0	2.2	76.2	21.6	0.0
Family Distribution by Income Level	64,263	17.4	17.6	21.5	43.5	0.0
Household Distribution by Income Level	97,775	21.2	15.6	17.4	45.8	0.0
Median Family Income Non-MSAs - IL		\$59,121	Median Housing Value			\$116,363
			Median Gross Rent			\$673
			Families Below Poverty Level			9.1%
<i>Source: 2010 U.S. Census & 2015 ACS Census and 2017 D&B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The local economic condition is stable. According to the U.S. Department of Labor, the May 2018 unemployment rate for each county in the Non MSA AA was: 3.8 percent Bureau, 4.6 percent LaSalle, 3.6 percent Lee, 3.6 percent Livingston, 4.3 percent Putnam, and 3.6 percent Whiteside. The May 2018 unemployment rate for the State of Illinois was 3.5 percent and 3.8 percent for the U.S. Unemployment is comparable to the state and national averages for all counties except LaSalle and Putnam. Major employers include local hospitals and healthcare facilities, distribution centers, city and county government, and local school districts.

We made one community contact from the Non MSA AA during the evaluation. The contact indicated the primary credit need of the AA is affordable housing and small business loans. The contact also stated there are no unmet credit needs or banking services not met or provided for by the local financial institutions. Overall, the contact felt FFSB and the other local financial institutions met the credit needs of the area.

GKW MSA AA

The GKW MSA AA is located in the Chicago-Naperville-Arlington Heights, IL MSA and consists of 36 CTs: ten geographies in Grundy County, two geographies in Kendall County, and 24 geographies in Will County. The GKW MSA AA generates 20 percent of the bank's deposits and 34 percent of its loans. FFSB has two locations (17%) and two ATMs (17%) in the GKW MSA AA. According to the June 30, 2017, FDIC Market Share Report, FFSB held a less than one percent deposit market share in Grundy, Kendall, and Will Counties, ranking 32 of 50 FDIC insured institutions competing for the area's \$15 billion in deposits. The top three financial institutions held a 48 percent deposit market share in Grundy, Kendall, and Will Counties. The GKW MSA AA received a full-scope review for our lending and CD test analysis.

2015-2016

Two geographies are designated moderate-income (6 percent) while the remaining thirty-four CTs are designated middle- or upper-income (94 percent). One moderate-income geography is located in the eastern portion of Morris in Grundy County, and the other is located in a portion of Crest Hill in Will County.

Table C – Demographic Information of the Assessment Area						
Assessment Area: GKW MSA 2015-2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	36	0.0	5.6	63.9	30.6	0.0
Population by Geography	189,375	0.0	3.4	70.3	26.3	0.0
Housing Units by Geography	65,963	0.0	4.3	71.4	24.3	0.0
Owner-Occupied Units by Geography	53,647	0.0	3.9	69.3	26.8	0.0
Occupied Rental Units by Geography	8,338	0.0	8.1	80.8	11.2	0.0
Vacant Units by Geography	3,978	0.0	1.9	79.0	19.1	0.0
Businesses by Geography	8,523	0.0	5.1	71.3	23.7	0.0
Farms by Geography	457	0.0	0.7	83.8	15.5	0.0
Family Distribution by Income Level	47,696	11.8	16.2	24.3	47.7	0.0
Household Distribution by Income Level	61,985	13.3	14.1	20.0	52.7	0.0
Median Family Income MSA - 16974 Chicago-Naperville- Arlington Heights, IL MD		\$74,700	Median Housing Value			\$221,134
			Median Gross Rent			\$980
			Families Below Poverty Level			3.8%
<i>Source: 2010 U.S. Census and 2016 D&B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

2017

One geography is designated moderate-income (3 percent) while the remaining thirty-five CTs are designated middle- or upper-income (97 percent). The moderate-income geography is located in a rural area of Will County, northeast of Coal City.

Table D – Demographic Information of the Assessment Area						
Assessment Area: GKW MSA 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	36	0.0	2.8	55.6	41.7	0.0
Population by Geography	192,203	0.0	1.2	58.3	40.5	0.0
Housing Units by Geography	67,804	0.0	1.5	58.9	39.6	0.0
Owner-Occupied Units by Geography	53,450	0.0	1.1	57.3	41.6	0.0
Occupied Rental Units by Geography	10,138	0.0	2.8	64.2	33.0	0.0
Vacant Units by Geography	4,216	0.0	3.8	66.2	30.0	0.0
Businesses by Geography	8,719	0.0	1.1	57.8	41.1	0.0
Farms by Geography	466	0.0	1.7	66.1	32.2	0.0
Family Distribution by Income Level	48,899	13.5	15.7	23.0	47.8	0.0
Household Distribution by Income Level	63,588	15.8	12.4	18.3	53.5	0.0
Median Family Income MSA - 16974 Chicago-Naperville- Arlington Heights, IL MD		\$77,500	Median Housing Value			\$194,483
			Median Gross Rent			\$1,050
			Families Below Poverty Level			4.8%
<i>Source: 2010 U.S. Census & 2015 ACS Census and 2017 D&B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The local economic condition is stable. According to the U.S. Department of Labor, the May 2018 unemployment rate for each county in the GKW MSA AA was: 3.8 percent Grundy, 2.9 percent Kendall, and 3.4 percent Will. These are comparable to the May 2018 unemployment rate for the State of Illinois of 3.5 percent and 3.8 percent for the U.S. Major employers include local hospitals and healthcare facilities, Caterpillar, WalMart, Exelon, Peacock Engineering, Harrah's Casino, distribution centers, city and county government, and local school districts.

A community contact from the GKW MSA AA indicated the primary credit need of the AA is small business loans. The contact also stated there are no unmet credit needs or banking services not met or provided for by the local financial institutions.