



## PUBLIC DISCLOSURE

August 21, 2017

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

CFBank, National Association  
Charter Number 25137

7000 North High Street Worthington, OH 43085

Office of the Comptroller of the Currency

200 Public Square Suite 1610 Cleveland, OH 44114-2301

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, 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.

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

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Satisfactory.**

The major factors supporting this rating are:

- The bank's average loan-to-deposit ratio is reasonable given the bank's size and financial condition, and the credit needs of the community.
- The bank's distribution of residential mortgage and business loans reflects reasonable penetration among borrowers of different income levels.
- The bank's geographic distribution of mortgage and business loans reflects reasonable dispersion throughout its assessment areas (AAs).
- Loans originated within AAs have increased each year during the evaluation period, with the majority of these loans being inside the AAs during 2016.
- The bank's community development (CD) performance demonstrates adequate responsiveness to CD needs in its assessment area (AA) based upon its record of qualified investments and services and its capacity to participate.

## **Definitions and Common Abbreviations**

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

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

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

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

be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

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

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

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

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

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

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

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area

to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

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

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

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

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

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

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

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

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

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that

has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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

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

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

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

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

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

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

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

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

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

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

## Description of Institution

CFBank, N.A. (bank or CFBank) is a full-service community bank headquartered in Worthington, Ohio. It is a wholly-owned subsidiary of Central Federal Corp., a one-bank holding company, and converted to a National Bank charter effective December 31, 2016. As of our evaluation date, the bank is a single state institution and operated four retail offices within the communities it serves, which include portions of Franklin, Delaware, Summit and Columbiana Counties of Ohio. During this evaluation period, to more accurately depict the markets that the bank can reasonably serve, management revised the bank's AAs to include only specific census tracts based upon branch location, accessibility and the bank's capability to service each area. Each revised AA meets the requirements of the regulation. They consist of contiguous geographies, and low and moderate-income areas are not arbitrarily excluded.

The bank's expansion and lending strategies led to the relocation of its main office from Fairlawn in Summit County to the city of Worthington in Franklin County in July 2016. The Worthington office does not have drive-up service or an automated teller machine (ATM), while the Fairlawn office does not offer drive-up service. Both lobbies are open 9:00 am to 5:00 pm. and are closed on Saturdays. The two other bank offices are located in Columbiana County, in the cities of Calcutta and Wellsville. These two branches offer both drive-up and ATM services and their lobbies are open 9:00 am to 4:00 pm. Both offer Saturday hours. All branches are closed Sundays and federal holidays. Of the four branches CFBank maintains, one is located in a moderate-income census tract (CT). The other three are in middle or upper-income CTs. The bank does not have any stand-alone ATMs.

Two offices were relocated during the evaluation period. The Fairlawn office was moved next door to the previous location in 2014 and the Wellsville office was relocated to its drive-up building across the street in 2017. Both offices remain full service. The relocation of the branches resulted in no change to the AAs. There were no mergers or acquisitions during the evaluation period. In 2014, the bank opened a Loan Processing Office (LPO) in Cuyahoga County. This LPO was then converted to an agency office and offers remote deposit capture for customers to use in making deposits and payments.

CFBank offers traditional banking products and services, including business loans and residential mortgages. The bank also offers home equity lines of credit (HELOCs) and some consumer loan products, and provides a wide range of deposit products and services, including checking, savings, money market accounts, certificates of deposit, overdraft protection and online banking. To mitigate the limited number of branch locations and the absence of an ATM at the Worthington office, the bank offers two consumer deposit products that offer free foreign ATM transactions. Business related deposits products and services include checking and money market accounts, interest only lawyer's trust accounts (IOLTAs), sweep accounts, lockbox services, cash management and remote deposit capture, as well as a non-profit organization checking account product that includes 50 free transactions and free online banking and e-Bill

pay services. The bank also makes loans under the Small Business Administration (SBA) to assist in meeting the needs of small businesses. Additionally, the bank participates in several affordable lending programs. A major part of the bank's lending strategy during the evaluation period was to focus on improving credit quality.

From January 1, 2015 through December 31, 2016, residential mortgages represented 55.8 percent of the number of loans and 32.6 percent of the dollar amount originated, while commercial loans represented 28.7 percent and 61.7 percent, respectively. The remaining loan products, including home equity and personal loans, totaled less than six percent of the total dollars originated. The bank offers both home purchase and refinance loans; however, 74.2 percent of the mortgages originated were home purchase loans. This distribution of loans is driven by way the bank originates its loans. Most lenders generate mortgages through realtor relationships, which results in the origination of more home purchase loans than refinance loans.

The bank received a "Satisfactory" rating as of the last Community Reinvestment Act (CRA) evaluation dated April 24, 2014. CFBank's assets have increased from \$251.6 million at the previous CRA performance examination to \$434.7 million as of December 31, 2016. The loan portfolio also increased from \$215.9 million to \$355.9 million during that time and represents 81.9 percent of total assets. Commercial loans, including non-residential real estate, represents 49.7 percent of the loan portfolio, while residential real estate accounts for 28.8 percent. Consumer lending, which is mostly HELOCs, is 6.5 percent of the loan portfolio. Tier One capital equals \$40.5 million. CFBank does not have any financial, legal, or other impediments restricting its capacity to serve its community.

## **Scope of Examination**

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

We evaluated the bank's performance within its delineated AAs using intermediate-small bank Community Reinvestment Act (CRA) full-scope procedures. This is the first evaluation for the bank under these procedures. The prior CRA evaluation was performed under small bank procedures as of December 31, 2013. This Performance Evaluation covers the period of January 1, 2014 to July 31, 2017. The procedures used to assess the bank's performance rating focused on its lending and community development (CD) activities. The evaluation period for assessing the bank's residential mortgage lending activities covered January 1, 2014 through December 31, 2016. The evaluation of small loans to businesses covered January 1, 2015 through December 31, 2016. Our assessment of the bank's CD lending, investments and services covered January 1, 2016 through July 31, 2017, as they have only operated as an intermediate small bank (ISB) for CRA CD purposes since January 1, 2016.

We focused on the bank's primary lending products when assessing CFBank's lending performance. Based upon reports of loan volume and total dollar amounts of loans originated, the bank's strategic plan and discussions with senior management, we

determined the bank's primary areas of lending focus to be residential mortgage loans and business lending. Equal consideration was given to performance related to these two portfolios in order to arrive at our conclusions. We also concluded that home equity, consumer lending and farm loans are not a focus of the bank. Therefore, we did not consider these lending programs as part of this evaluation, as the analysis would not be meaningful.

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

### **Data Integrity**

Prior to the examination, we tested the accuracy of the bank's reported Home Mortgage Disclosure Act (HMDA) data and determined the information to be accurate. As CFBank is not required to report small business lending data, we relied on internal bank reports to identify these loans and performed a data integrity review. After management corrected business revenue coding errors, the information was deemed accurate for CRA evaluation purposes.

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

We performed a full-scope review of all three of CFBank's AAs: Franklin, Summit and Columbiana Counties. Please refer to *Appendix A* for more information.

### **Ratings**

The overall CRA rating for CFBank is Satisfactory. In reaching our conclusion we weighed the information from the four performance criteria: the Loan-to-Deposit Ratio, Lending in Assessment Area, Lending to Borrowers of Different Incomes and to Businesses of Different Sizes, and Geographic Distribution of Loans. We also considered the bank's community development efforts. Additional weight was given to lending to borrowers of different incomes and businesses of different sizes since it represents a better measure of the bank's lending performance as compared to the geographic distribution test. For additional information on what affects the bank's opportunities to lend in certain geographic areas, please refer to *Appendix B*. Equal consideration was given to residential mortgage loans and business loans based on the number and dollar amount of loans.

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

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

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

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

## Conclusions with Respect to Performance Tests

### LENDING TEST

CFBank's record of lending within their AAs is Satisfactory and meets the standard for satisfactory performance.

#### Loan-to-Deposit Ratio

CFBank's loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance. During the evaluation period of January 1, 2014 through January 31, 2017, the bank's average quarterly loan-to-deposit ratio was 100.53 percent, with quarterly ratios ranging from a low of 92.32 percent to a high of 109.36 percent. CFBank's performance was comparable to its peer banks, as their LTD averages ranged from 57.92 percent to 101.80 percent during the same period.

#### Lending in Assessment Area

The majority of the bank's home mortgage loans and small loans to businesses (*business loans totaling \$1 million or less*) occurred outside the AAs during the evaluation period. Table 1 details the bank's aggregate lending in its AAs by number of loan originations and dollar volume during 2015-2016. We did note that residential lending within the bank's AAs improved by 10 percent from 2015, resulting in a majority (53.95 percent) of its residential loans being made in its AAs during 2016.

Table 1 - Lending in CF's Combined Assessment Areas 2015- 2016										
Loan Type	Number of Loans					Dollars of Loans (000)				
	Inside		Outside		Total #	Inside		Outside		Total \$
	#	%	#	%		\$	%	\$	%	
Residential Real Estate Loans	184	48.94	192	51.06	376	46,502	48.21	49,962	51.79	96,464
Small Loans to Businesses	41	33.33	82	66.67	123	31,903	34.59	60,339	65.41	92,242
Totals	225	45.09	274	54.91	499	78,405	41.55	110,301	58.45	188,706

Source: Bank generated reports and HMDA data reported for 2015 and 2016. Small Loans to Businesses excludes business loans over \$1 million.

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

The distribution of loans to borrowers of different incomes and businesses of different sizes is rated as Satisfactory. We based our analysis on the bank’s home mortgage and business lending within its AAs during the review period. For comparative purposes, we considered aggregate peer data as well as borrower income level distributions within the AA. The most recent aggregate data reflects the 2016 lending distribution for HMDA-reportable loans and reported business lending. Due to the concentration of home purchase originations, we placed more emphasis on home purchases versus refinance loans. We also placed more weight on Franklin County AA performance due to the bank’s shift in AA lending focus, as well as the fact that this AA represents 70 percent of the bank’s census tracts and 71 percent of its population.

As identified in the *Scope of Examination* section as well as below, when determining our overall performance ratings, we placed equal emphasis on home mortgage and small loans to businesses. In evaluating the bank’s overall performance, we gave significant consideration to the performance context identified in the *Description of Institution* and *Appendix B - Community Profiles of Assessment Area* sections of this report. When determining our ratings for each area, we considered the strong levels of competition in the marketplace (including competition from significantly larger institutions) that would affect the bank’s ability to lend, as well as the level of deposits serviced in each AA.

Franklin County

The overall distribution of home loans within the AA reflects reasonable penetration among borrowers of different income levels. As shown in Table 2, the bank’s percentage of home purchase loans to low-income borrowers is below the percentage of low-income families in the assessment area. For moderate-income borrowers, home purchase loans are reasonably consistent with the percentage of moderate-income families in the AA. The number and percentage of families in the AA that live below the poverty level has a significant negative impact on the bank’s ability to lend to low-income borrowers, and peer banks also have difficulty lending to these borrowers. For home purchase loans, peer aggregate percentages of loans to low-income borrowers totaled 6.59 percent, which reasonably compares to the bank’s performance. As shown in Appendix B, table 1, the percentage of the population living below the poverty level is 13.89 percent. Given the median home value of \$182,362, it would be difficult for this segment of the low-income population to afford and maintain a home. This impacts a financial institution’s opportunity to lend to the low-income population of the AA.

<b>Table 2 - Borrower Distribution of Residential Real Estate Loans in Franklin County AA</b>								
Borrower Income Level / Loan Type	Low		Moderate		Middle		Upper	
	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans
Home Purchase	19.90	4.21	14.83	13.08	18.31	20.09	46.96	62.62
Home Refinance	19.90	0.00	14.83	8.77	18.31	19.30	46.96	71.93

Source: 2014 through 2016 HMDA data; 2010 U.S. Census data.

CFBank’s distribution of small loans to businesses reflects a reasonable penetration among businesses of different sizes within the AA. In determining the level of penetration among businesses of different sizes, we compared the percentage of the bank’s small loans to businesses originated or purchased in 2015 and 2016 to the percentage of businesses located in the AA. As demonstrated in Table 3, the bank’s percentage of loans, both by number and dollar, are significantly below the percentage of businesses in the AA that report revenues of \$1 million or less. However, the bank is significantly exceeding peer small business lenders in both the number of loans and lending dollar percentages made to businesses with revenues of \$1 million or less. The bank also made two SBA loans totaling \$312,000.

Table 3 - Borrower Distribution of Loans to Businesses in Franklin County					Peer Small Business Lending in AA to Businesses with ≤\$1,000,000 in Revenue
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total	
% of AA Businesses	81.92	6.86	11.22	100.00	
% of Bank Loans in AA by #	55.00	45.00	0.00	100.00	33.77
% of Bank Loans in AA by \$	38.02	61.98	0.00	100.00	23.03

Source: Combined 2015 and 2016 bank generated reports; 2016 Business Demographic Data; FFIEC 2015 Peer report of small business lenders.

Summit County

The overall distribution of home loans in the AA reflects poor penetration among borrowers of different income levels. As shown in Table 4, the bank made no home purchase loans to low- and moderate-income borrowers from 2014 through 2016. The bank’s percentage of home refinance loans for moderate-income borrowers did exceed the percentage of moderate-income families in the AA. The number and percentage of foreclosures in Summit County impacted the bank’s ability to lend. Summit County is the state’s fourth largest by population and experienced a 21 percent increase in the number of foreclosures from 2014 to 2015. Of the state’s top ten largest counties, this was by far the largest increase. Over the past two decades, Summit County has experienced 113 foreclosure filings for every 1,000 residents.

Table 4 - Borrower Distribution of Residential Real Estate Loans in Summit County AA								
Borrower Income Level / Loan Type	Low		Moderate		Middle		Upper	
	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans
Home Purchase	19.12	0.00	16.68	0.00	20.15	57.14	44.06	42.86
Home Refinance	19.12	0.00	16.68	25.00	20.15	0.00	44.06	75.00

Source: 2014 through 2016 HMDA data; 2010 U.S. Census data.

CFBank’s distribution of small loans to businesses reflects a reasonable penetration among businesses of different sizes within the AA. As evidenced in Table 5, the bank’s percentage of small loans to businesses, both by number and dollar amount for 2015 and 2016, are below the percentage of businesses in the AA that report revenues of \$1

million or less. However, the bank is exceeding peer small business lenders in the percent of lending dollars and is reasonably consistent with peer in terms of the number of loans made to businesses with revenues of \$1 million or less. The bank also made three SBA loans totaling \$309,000.

<b>Table 5 - Borrower Distribution of Loans to Businesses in Summit County</b>					
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total	Peer Small Business Lending in AA to Businesses with ≤\$1,000,000 in Revenue
% of AA Businesses	80.79	7.74	11.47	100.00	
% of Bank Loans in AA by #	36.36	54.55	9.09	100.00	41.86
% of Bank Loans in AA by \$	39.23	54.03	6.74	100.00	26.46

Source: Combined 2015 and 2016 bank generated reports; 2016 Business Demographic Data; FFIEC 2015 Peer report of small business lenders.

### Columbiana County

The overall distribution of mortgage loans in the AA reflects poor penetration among borrowers of different income levels. Table 6 shows the bank’s percentage of home purchase loans to low- and moderate-income borrowers is below the percentage of LMI families in the AA. As noted in Appendix B, the Columbiana County AA is economically distressed and lending opportunities are impacted by job losses along with depressed real estate values.

<b>Table 6 - Borrower Distribution of Residential Real Estate Loans in Columbiana County AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	23.79	0.00	20.61	12.50	20.49	12.50	35.11	75.00
Home Refinance	23.79	18.18	20.61	0.00	20.49	36.36	35.11	45.45

Source: 2014 through 2016 HMDA data; 2010 U.S. Census data.

CF’s distribution of small loans to businesses reflects poor penetration among businesses of different sizes within the AA. The bank made only one small loan to businesses with revenues under \$1 million during 2015-2016 in the Columbiana AA.

### **Geographic Distribution of Loans**

The geographic distribution of loans among geographies of different income levels is rated as Satisfactory.

We based our analysis on the bank’s home mortgage and business lending within its AA during the review period. For comparative purposes, we considered aggregate data and the family and business geographic distribution in the AA. The most recent aggregate data reflects the 2016 lending distribution for HMDA-reportable loans, as well

as reported business lending. In determining our ratings for each area, we gave consideration to factors detailed within *Appendix B – Community Profile of AAs* section of this report that could affect the bank’s ability to lend throughout each AA. These factors included competition, the number of low- and moderate-income CTs within each AA, census tract location of the majority of the population, owner-occupied housing, and businesses, the bank’s presence and level of deposits serviced within each AA.

Franklin County

The geographic distribution of loans among geographies of different income levels within the AA reflects reasonable dispersion. As shown in Table 7, the bank’s percentage of home purchase and home refinance loans in low- or moderate-income census tracts of the AA is less than the percentage of owner-occupied housing. Peer banks also have difficulty lending in low- and moderate-income tracts and their percentage of loans is below the percentage of owner occupied housing. In low-income tracts, the bank exceeded the peer percentage of 3.34 for home purchase loans and was comparable to peer home refinance lending percentage of 2.53. Peer aggregate percentages of home purchase and home refinance loans lending in moderate- income tracts were 11.61 percent and 8.36 percent, respectively. This demonstrates that the bank’s lending is consistent with the lending patterns of peer mortgage lenders within the AA. Furthermore, this also demonstrates the effect of competition, as well as limited owner-occupied housing has on a lender’s ability to originate home purchase and home refinance loans within the low- and moderate-income census tracts of the AA.

Table 7 - Geographic Distribution of Residential Real Estate Loans in Franklin County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	6.07	4.17	13.47	5.56	26.10	24.54	54.36	65.74
Home Refinance	6.07	1.67	13.47	8.33	26.10	11.67	54.36	78.33

Source: 2014 through 2016 HMDA data; 2010 U.S. Census data

CFBank’s distribution of business loans among geographies of different income levels reflects a reasonable dispersion throughout the AA. As shown in Table 8, the bank made no small loans to businesses in low-income census tracts. As shown in Appendix B, Table 1, most businesses are located in middle- and upper-income census tracts. As a result, given the level of competition in the AA, CFBank has a better opportunity to lend within the middle- and upper-income tracts. Additionally, the bank’s percentage of business loans in moderate-income tracts is consistent with the percentage of AA businesses.

Table 8 - Geographic Distribution of Small Loans to Businesses Loans in Franklin County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
	9.49	0.00	16.25	17.39	24.82	4.35	48.86	78.26

Source: CFBank Small Business Loan reports; 2016 Business Demographic Data.

Summit County

The geographic distribution of loans among geographies of different income levels within the AA reflects poor dispersion. As shown in Table 9, CFBank originated no home loans in low- or moderate-income census tracts from 2014-2016, except for a limited number of home refinances in moderate-income tracts.

Table 9 - Geographic Distribution of Residential Real Estate Loans in Summit County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	4.16	0.00	17.61	0.00	25.57	14.29	52.66	85.71
Home Refinance	4.16	0.00	17.61	11.11	25.57	11.11	52.66	77.78

Source: 2014 through 2016 HMDA data; 2010 U.S. Census data

CFBank’s distribution of business loans among geographies of different income levels reflects reasonable dispersion throughout the Summit County AA. As shown in Table 10, the percentages of business loans in low-income census tracts significantly exceeds the percentages of the AAs non-farm businesses located in those tracts. Additionally, the percentage of business loans in moderate-income census tracts is reasonably consistent with the percentages of the AAs non-farm businesses located there.

Table 10 - Geographic Distribution of Small Loans to Businesses Loans in Summit County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
	9.35	22.73	15.27	13.64	21.17	4.54	54.21	59.09

Source: CFBank Small Business Loan reports; 2016 Business Demographic Data.

Columbiana County

The geographic distribution of loans among geographies of different income levels within the AA reflects poor dispersion. As shown in Table 11, the bank’s percentage of home purchase loans originated or purchased in moderate-income census tracts is significantly less than the percentage of owner-occupied housing in the AA. Peer aggregate percentages of home purchase loans in moderate- income tracts was 24.07 percent , indicating peer bank are having difficulty lending as well. Additionally, the AAs moderate-income tracts are located on the southeastern edge of the county, while the bank’s two branches are located in the northern and western parts of the AA, leading to a competitive disadvantage with several large national banks located within those moderate-income tracts.

Table 11 - Geographic Distribution of Residential Real Estate Loans in Columbiana County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.00	0.00	38.04	10.00	42.89	60.00	19.07	30.00
Home Refinance	0.00	0.00	38.04	8.33	42.89	66.67	19.07	25.00

Source: 2014 through 2016 HMDA data; 2010 U.S. Census data

CFBank’s distribution of business loans among geographies of different income levels reflects a poor dispersion throughout the AA. As Table 12 reflects, CFBank made no small loans to businesses in moderate income census tracts. As shown in Appendix B, Table 3, most businesses are located in middle- and upper-income census tracts. As a result, given the level of competition in the AA, the bank has a better opportunity to lend within the middle- and upper-income tracts. Peer bank small loans to businesses lending percentages in moderate-income census tracts totaled 12.23 percent, which is also less than the percent of businesses in moderate-income tracts.

Table 12 - Geographic Distribution of Small Loans to Businesses Loans in Columbiana County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
	0.00	0.00	36.10	0.00	24.82	100.00	24.35	0.00

Source: CFBank Small Business Loan reports; 2016 Business Demographic Data

## **Responses to Complaints**

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

## **COMMUNITY DEVELOPMENT TEST**

### **Responsiveness to Community Development Needs**

The bank's overall performance under the CD test reflects an adequate responsiveness in meeting the CD lending, investment and service needs of its AAs and meets the standard for satisfactory performance. More weight was given to Franklin and Summit County CD activity as the bank's strategy was to place initial concentration efforts in these AAs as they contain 98 percent of the bank's total AA population and 97 percent of the census tracts. Additionally, the Columbiana County AA contains no low income census tracts.

### **Number and Amount of Community Development Loans**

CFBank's overall performance in meeting the CD lending needs of its AAs indicates an adequate responsiveness.

#### Franklin County

The bank's CD lending within the AA is adequate. The bank originated one qualifying CD loan for \$2 million during the evaluation period. This loan was provided to an organization whose primary purpose was to develop, repair and maintain an affordable housing project for low- and moderate-income residents. The primary factor affecting the bank's ability to originate CD loans within the AA is competition.

#### Summit County

The bank's CD lending within the AA is adequate. The bank originated two qualifying CD loans totaling \$517,000 within Summit County. One loan was provided to an entity that establishes affordable housing. The other loan was to an organization that provides access to health and wellness services at little or no cost in low-moderate income (LMI) areas as part of their community organization outreach efforts. The primary factor affecting the bank's ability to originate CD loans within the AA is competition.

#### Columbiana County

The bank's CD lending in the AA had a neutral impact on overall lending performance. CF did not originate any CD loans within this AA during the period of review. As noted above, this AA was not the focus of the bank's initial CD efforts. Multiple contacts have

been made to connect with organizations in an effort to identify community development needs for credit or investments.

### **Number and Amount of Qualified Investments**

The bank was responsive to the CD needs of the AAs by making or maintaining qualified investments and donations totaling approximately \$500,000 during the evaluation period.

#### Overall AAs and Statewide

The bank committed \$250,000 to an Ohio equity fund that provides capital, along with other services and resources, to affordable housing developers, LMI communities and residents. To date, only details of Phase I of the fund's projects are available, with none directly benefiting the bank's AAs. The history of the fund shows investments in all of the bank's AAs. The bank has also funded a \$500,000 investment in a Low-Income Housing Tax Credit (LIHTC) that benefitted two of the bank's AAs. The investment in the LIHTC helped create and preserve approximately 1,450 affordable housing units statewide benefiting low- and moderate-income geographies or individuals.

#### Franklin County AA

CFBank was responsive to the CD needs of the AA by making qualified investments totaling \$367,385 during the evaluation period. Investments made during the evaluation period are detailed below:

- As noted above, the bank funded an investment totaling \$500,000 in Low-Income Housing Tax Credits (LIHTCs), which benefitted the AA. The investments in the LIHTCs helped fund approximately 23 projects located in Ohio, four of which are located within the Columbus, Ohio MSA. The purpose of the projects was to provide affordable housing units benefiting low- and moderate-income geographies or individuals. Based upon the proportion of housing units benefitting the bank's AAs, we gave credit for \$366,500 to the Franklin County AA.
- The bank also provided two qualifying CD donations totaling \$885 to various local community organizations and foundations during the period of review. The donations benefitted CD initiatives for affordable housing and social services, such as Habitat for Humanity and daily food and housing needs for low- and moderate-income individuals.

#### Summit County AA

CFBank was responsive to the CD needs of the Summit County AA by making qualified investments totaling \$134,000 during the evaluation period. Investments made during the evaluation period are detailed below:

- As noted above, the bank funded an investment totaling \$500,000 in Low-Income Housing Tax Credits (LIHTCs), which benefitted the AA. The investments helped fund two projects located within the Akron, Ohio MSA. Based upon the proportion of housing units benefitting the bank's AAs, we gave credit for \$133,500 to the Summit County AA.
- The bank also provided one qualifying CD donation for \$510 to a non-profit organization dedicated to assisting LMI individuals get out of poverty by fostering health and wellness programs, as well as educational opportunities.

### Columbiana County AA

CFBank's CD investment performance within the Columbiana County AA is considered poor responsiveness. The bank invested a total of \$501 in a foundation that creates opportunities for underprivileged young people in the areas of education, art, music, sports and life skills. The bank also donated \$585 to a non-profit organization that supports the local Head Start school program, a home energy assistance and weatherization program, and an elderly nutrition program for low and moderate income people.

### **Extent to Which the Bank Provides Community Development Services**

The bank's CD services performance reflects adequate responsiveness to the AA CD service needs. Though CFBank employees participated in numerous fundraising and other volunteer service activities that benefitted low- and moderate-income individuals and non-profit organizations serving the AA, not all qualified as a CD service.

### Franklin, Summit, and Columbiana Counties

CFBank offers a full range of banking products and services throughout all of its branch offices. Services offered and hours of operation are comparable among locations regardless of the income level of the geography. To further support consumer access to financial services, the bank also offers electronic and telephone banking services. In addition, it offers products and services to organizations that assist low- and moderate-income individuals. Deposit product and services include a free checking account specific to non-profit organizations. As of September 30, 2016, the bank had 189 non-profit accounts totaling \$7.4 million. The Bank also offers IOLTAs, which are used to assist in providing legal help to low- and moderate-income individuals. As of the date of this CRA evaluation, the Bank had 11 IOLTAs totaling \$1.2 million in deposits.

### Franklin County AA

CF's service performance in the Franklin County AA is adequate. During the evaluation period, four employees participated in several qualified service activities, such as serving on the Board or handling treasurer functions of non-profit organizations, which are primarily responsible for providing services to low- and moderate-income families or

individuals. Employees participating on the Board or serving in other financial capacities provided financial guidance to the non-profit organizations. For example, several bank staff members sit on the boards of organizations primarily focused on providing social services, with one serving as treasurer of the Board. In addition, one bank staff member provided mortgage presentations for first time homebuyers at a library located in a moderate-income area.

Summit County AA

The bank’s service performance in the Summit County AA is adequate. One member of the bank’s staff serves as a finance member on the Board of a local organization primarily responsible for providing services to low- and moderate-income families and individuals. This organization fosters health, wellness and nutrition programs, workshops on job readiness and financial literacy for families and individuals in poverty.

Columbiana County AA

The bank’s service performance in the AA is adequate. One member of the bank’s staff served as treasurer at a local organization primarily responsible for providing services to low- and moderate-income families and individuals. Additionally, two loans were made under the Fannie Mae Home Ready affordable lending program.

**Appendix A: Scope of Examination**

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

<b>Time Period Reviewed</b>	Lending Test: (Mortgage Loans :01/01/14 to 12/31/16 Business Loans: 01/01/15 to 12/31/16) Investment and Service Tests and CD Loans: (01/01/16 to 07/31/17)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
CFBank, NA Worthington, Ohio	Residential Mortgages and Business Loans	
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Ohio Franklin County Summit County Columbiana County	Full-Scope Full-Scope Full-Scope	No Low Income Census Tracts

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

### Franklin County AA

Demographic Information for Full-Scope Area: Franklin County AA – Table 1						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	227	18.06	20.71	23.35	37.00	0.88
Population by Geography	917,928	13.60	16.90	25.10	43.60	0.80
Owner-Occupied Housing by Geography	213,133	6.07	13.47	26.10	54.36	0.00
Businesses by Geography	70,943	9.49	16.25	24.82	48.86	0.58
Farms by Geography	1,189	7.40	12.45	26.07	53.91	0.17
Family Distribution by Income Level	213,067	19.90	14.83	18.31	46.96	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	74,002	23.84	28.14	25.00	23.02	0.00
Median Family Income						
HUD Adjusted Median Family	= \$69,100					
Low Income (Below 50% of ADM)	= \$0 - \$34,549					
Moderate Income (50% to 79.99%)	= \$34,550 - \$55,279					
Middle Income (80% to 119.99%)	= \$55,280 - \$82,919					
Upper Income (120% and above ADM)	= \$82,920 – Above					
Households Below the Poverty Level	= 50,277 (13.89%)					
Median Housing Value	= \$182,362					
Unemployment Rate	December 2016					
United States	= 4.5%					
Ohio	= 4.9%					
Franklin County	= 4.0%					
Delaware County	= 3.5%					

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

Sources: 2010 US census and 2015 federal Financial Institutions Examination Council (FFIEC) updated MFI, Bureau of Labor Statistics.

The Franklin County AA is comprised of the northern part of Franklin County and the southern CTs in Delaware County, which are part of the Columbus, Ohio MSA. The County is located in Central Ohio and its primary city is Columbus, which serves as the Ohio state capital. It contains most of the AAs low- and moderate-income CTs. The bank operates its main office within Franklin County, which is near the border of Delaware County. As of June 30, 2016, the branch office held and serviced \$88.7 million of the bank's total deposits, or 29.58 percent. The bank's deposit base in the AA significantly increased in 2017 and now represents 44.8 percent of total deposits.

The AA is comprised of contiguous geographies and does not arbitrarily exclude any low- or moderate-income areas. Based on 2010 US Census data, the bank's AA consists of 227 census tracts and includes forty-one low-income tracts, forty-seven moderate-income tracts, fifty-three middle-income tracts and eighty-four upper-income tracts. Two census tracts have no income designation. In addition, the AA contains no designated distressed or underserved middle-income areas.

According to 2010 U.S. Census data, the AA contains approximately 8.0 percent of the state's population. The population of the AA equated to 917,928 persons and 213,067 families. In addition, there are 213,133 owner-occupied households. The percentage of families in each income level within the AA are identified in the table above. In aggregate, 74,002 families in the AA are designated low- or moderate-income. The 2016 HUD Updated Median Family Income for the AA is \$69,100. Demographics also indicate that 13.9 percent of the households are below the poverty level and 21.2 percent of the number of households derive their income from social security or public assistance. The median home value for the AA was \$182,362.

A majority of businesses in the AA are small. According to the 2016 Dun & Bradstreet data, 81.9 percent of businesses located in the AA have less than \$1 million in gross annual revenues and 69.0 percent of businesses have fewer than five employees. Only 2.6 percent of businesses are headquartered in the institution's AA, and 87.0 percent operate from a single location. The AA has a diversified economy with numerous major employers in various industries. The three primary business sectors within the AA include services, retail trade and finance. The major employers within the AA include The Ohio State University, State of Ohio, Ohio Health, Nationwide Insurance and JP Morgan Chase.

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

The AA has a highly competitive banking environment, with a mix of large and community banks, as well as credit unions serving the area. According to the June 30, 2016 FDIC Deposit Market Share report, there are 38 financial institutions with 402 offices serving the Franklin County AA. This does not include credit unions or other financial organizations. This data indicates that CF is ranked 21<sup>st</sup> in terms of deposit market share, holding .16 percent of the total deposits and has steadily increased its market share during the evaluation period. According to 2015 peer mortgage data, CF is ranked 60<sup>th</sup> out of 441 institutions lending within the AA with a 0.40 percent share of the market. The top five home loan lenders are large banks, which held 31.2 percent of the market. CF does not report its small business loan data.

The Franklin County AA has been experiencing improving economic conditions. In 2015 and 2016, the annual unemployment rate for the AA was 4.1 percent and 4.0 percent, respectively, which compares favorably to the state of Ohio unemployment rate of 4.9 during both 2015 and 2016. Bank identified CD needs within the AA include

financial support for foreclosure prevention, homebuyer counseling programs and multi-family and senior living housing in low- and moderate- income areas.

**Summit County AA**

Demographic Information for Full-Scope Area: Summit County AA – Table 2						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	90	17.78	21.11	23.33	37.78	0.00
Population by Geography	355,465	9.68	19.69	24.48	46.15	0.00
Owner-Occupied Housing by Geography	99,215	4.16	17.61	25.57	52.66	0.00
Businesses by Geography	24,487	9.35	15.27	21.17	54.21	0.00
Farms by Geography	539	1.11	12.62	26.90	59.37	0.00
Family Distribution by Income Level	91,619	19.11	16.68	20.15	44.06	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	32,792	16.66	31.81	25.72	25.81	0.00
Median Family Income		Median Housing Value				
HUD Adjusted Median Family	= \$66,900	Unemployment Rate		= \$156,256		
Low Income (Below 50% of ADM)	= \$0 - \$33,449	United States		December 2016		
Moderate Income (50% to 79.99%)	= \$33,450 - \$53,519	Ohio		= 4.5%		
Middle Income (80% to 119.99%)	= \$53,520 - \$80,279	Summit County		= 4.9%		
Upper Income (120% and above ADM)	= \$80,280– Above			= 5.0%		
Households Below the Poverty Level	= 19,101(13.08%)					

Sources: 2010 US census and 2015 federal Financial Institutions Examination Council (FFIEC) updated MFI, Bureau of Labor Statistics.

The Summit County AA is comprised of the northern portion of Summit County, which is part of the Akron, Ohio MSA. Akron is located in Northeast Ohio and is the principal city in the county and contains most of the AAs low- and moderate-income CTs.

The bank operates one branch office within Summit County, located in Fairlawn. As of June 30, 2016, the branch office held and serviced \$120.2 million of the bank’s total deposits, or 40.09 percent. The deposit base has been shrinking since that time, but the AA still accounts for 32.3 percent of the bank’s deposits.

The AA is comprised of contiguous geographies and does not arbitrarily exclude any low- or moderate-income areas. Based on 2010 US Census data, the bank’s AA consists of 90 of the county’s 135 census tracts. The bank’s AA includes sixteen (69.6 percent) of the low-income tracts, nineteen (59.4 percent) of the moderate-income tracts, twenty-one (48.8 percent) of middle-income tracts and thirty-four (91.8 percent) of the upper-income tracts. The AA contains no designated distressed or underserved middle-income areas.

Based on 2010 U.S. Census data, the AA contains approximately 3.1 percent of the state's population. The population of the AA equated to 355,465 persons and 91,619 families. In addition, there are 99,215 owner-occupied households. The percentage of families in each income level within the AA are identified in the table above. In aggregate, 32,792 families in the AA are designated low- or moderate-income. The 2016 HUD Updated Median Family Income for the AA is \$66,900. Demographics also indicate that 13.1 percent of the households are below the poverty level and 30.8 percent of the number of households derive their income from social security or public assistance. The median home value for the AA was \$156,256.

A majority of businesses in the AA are small. According to the 2016 Dun & Bradstreet data, 77.5 percent of businesses located in the AA have less than \$1 million in gross annual revenues and 69.3 percent of businesses have fewer than five employees. Only 2.4 percent of businesses are headquartered in the institution's AA, and 83.3 percent operate from a single location. The three primary business sectors within the AA include services, retail trade and finance. The major employers within the AA include The University of Akron, Summit County, The city of Akron, Akron Public Schools and Diebold Corporation.

The bank has better opportunities for both business and mortgage lending in the middle- and upper-income census tracts within this AA. As shown in Table 2, over 78 percent of the owner-occupied housing units in the AA are within middle- and upper-income census tracts, while the largest percentages of rental and vacant households are in low- and moderate-income tracts. Households that are considered to be below poverty are primarily located within the low- and moderate-income census tracts of the AA, making it especially difficult for this segment of the low-income population to afford and maintain a home. Seventy-five percent of businesses, regardless of revenue level, are also located in middle- and upper-income tracts.

The AA has a competitive banking environment, with a mix of large and community banks, as well as credit unions serving the area. According to the June 30, 2016 FDIC Deposit Market Share report, there are 23 financial institutions with 163 offices serving the Summit County AA. This does not include credit unions or other financial organizations. This data indicates that CF is ranked 12<sup>th</sup> in terms of deposit market share, holding .96 percent of total deposits. This indicates a slow decline in their market share during the evaluation period. According to 2015 peer mortgage data, CF is ranked 190<sup>th</sup> out of 293 institutions lending within the AA with a 0.02 percent share of the market. The top five home loan lenders include three large banks as well as two mortgage companies, which held 26.87 percent of the market.

The Summit County AA has been experiencing improving economic conditions. For both 2015 and 2016, the unemployment rates for the AA were 5.0 percent, which is consistent with the State of Ohio unemployment rates. Bank identified CD needs within the AA include affordable mortgage programs for individuals with low credit scores, financial support for local housing agencies to provide affordable housing to LMI individuals and workshops on homeownership.

## Columbiana County AA

Demographic Information for Full-Scope Area: Columbiana County AA – Table 3						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	9	0.00	55.56	33.33	11.11	0.00
Population by Geography	31,176	0.00	43.59	38.57	17.84	0.00
Owner-Occupied Housing by Geography	9,164	0.00	38.04	42.89	19.07	0.00
Businesses by Geography	1,565	0.00	36.10	39.55	24.35	0.00
Farms by Geography	36	0.00	8.33	58.33	33.33	0.00
Family Distribution by Income Level	8,487	0.00	42.28	38.69	19.03	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	3,768	0.00	58.55	29.99	11.46	0.00
Median Family Income	HUD Adjusted Median Family = \$55,400		Median Housing Value = \$81,785		Unemployment Rate December 2016	
Low Income (Below 50% of ADM)	= \$0 - \$27,699		United States = 4.5%		Ohio = 4.9%	
Moderate Income (50% to 79.99%)	= \$27,700 - \$44,319		Columbiana County = 6.6%			
Middle Income (80% to 119.99%)	= \$44,320 - \$66,479					
Upper Income (120% and above ADM)	= \$66,480 – Above					
Households Below the Poverty Level	= 2,344 (18.14%)					

Sources: 2010 US census and 2015 federal Financial Institutions Examination Council (FFIEC) updated MFI, Bureau of Labor Statistics.

The Columbiana County AA is comprised of the southeastern portion of Columbiana County and is not part of an MSA. The bank operates two branch offices within the AA, one in Calcutta and one in Wellsville. The AA contains no low-income CTs. As of June 30, 2016, the two branch offices held and serviced \$90.9 million of the bank's total deposits, or 30.33 percent. The deposit base has been shrinking since that time, but the AA still accounts for 22.8 percent of the bank's deposits.

The AA is comprised of contiguous geographies and does not arbitrarily exclude any low- or moderate-income areas. Based on 2010 US Census data, the bank's AA consists of 9 of the county's 24 census tracts which includes five (71.4 percent) of the moderate-income tracts, three (18.8 percent) of middle-income tracts and the one upper-income tract. While the AA contains no designated distressed or underserved middle-income areas, four of the 9 CTs were considered distressed tracts by the Appalachian Regional Commission in 2014-2015.

Based on 2010 U.S. Census data, the AA contains less than one percent of the state's population. The population of the AA equated to 31,176 persons and 8,487 families. In addition, there are 9,164 owner-occupied households. Approximately 61.9 percent of the owner-occupied households are located in middle- and upper-income CTs with 38.1 percent located in moderate-income tracts. The percentage of families in each income

level within the AA are identified in the table above. In aggregate, 3,768 families in the AA are designated low- or moderate-income. The 2016 HUD Updated Median Family Income for the AA is \$55,400.

Demographics also indicate that 18.14 percent of the households are below the poverty level and 39.31 percent of the number of households derive their income from social security or public assistance. The median home value for the AA was \$81,785.

A majority of businesses in the AA are small. According to the 2016 Dun & Bradstreet data, 81.0 percent of businesses located in the AA have less than \$1 million in gross annual revenues and 68.6 percent of businesses have fewer than five employees. Only 2.5 percent of businesses are headquartered in the institution's AA, and 85.1 percent operate from a single location. The three primary business sectors within the AA include services, retail trade, and finance. The major employers within the AA include American Standard, Columbiana County, East Liverpool City Hospital, Fresh Mark Foods, Hall China Company, Salem Community Hospital, Wal-Mart and US Industries.

The bank has better opportunities for both business and mortgage lending in the middle- and upper-income census tracts within this AA. As shown in Table 3, over 62 percent of the owner-occupied housing units in the AA are within middle- and upper-income census tracts. Households that are considered to be below poverty are primarily located within the moderate-income census tracts of the AA, making it difficult for this segment of the population to afford and maintain a home. Sixty-four percent of businesses, regardless of revenue, are also located in middle- and upper-income tracts.

The AA has a competitive banking environment, with a mix of large and community banks, as well as credit unions serving the area. According to the June 30, 2016 FDIC Deposit Market Share report, there are 10 financial institutions with 36 offices serving the Columbiana County AA. This does not include credit unions or other financial organizations. This data indicates that CF is ranked 7<sup>th</sup> in terms of deposit market share, holding 6.38 percent of the total deposits in Columbiana County and maintained a steady percentage of the deposit market during the evaluation period. According to 2015 peer mortgage data, the top five home loan lenders dominate the market and include three large banks as well as two mortgage companies, and held 43.61 percent of the market. The bank has experienced mortgage lending challenges in this AA due to low home values, as they do not always support the requested amount of credit.

The Columbiana County AA economy is significantly impacted by manufacturing losses, and by the rebound in the gas and oil industry, which has resulted in higher rental rates as well as manufacturing losses. Improvement in the economy is slow due to the lack of economic diversity in the county. Between 2015 and 2016, the annual unemployment rate increased in the AA from 5.9 percent to 6.6 percent, which were higher than the state of Ohio unemployment rates of 4.9 during both 2015 and 2016. Bank management previously identified a need to provide affordable housing and financial support for moderate-income individuals to offset the increase in rental rates as a result of increased demand from the oil and gas industry.

## **Community Contacts**

During our assessment of the bank's performance, we considered information from members of the community in order to obtain an understanding of the needs and credit opportunities of the AAs. We interviewed representatives from affordable housing and community development organizations. The purpose of the contacts was to determine the credit and CD needs in the bank's AAs. The community contacts indicated there have been opportunities to make qualifying CD loans, investments, and conduct CD services within the AAs. However, competition for involvement in CD activities is high as a large number of financial institutions operate within each of the bank's AAs. The Franklin County contact indicated a growing need for affordable, quality housing, small business loans, as well as utility assistance, funding for financial literacy programs and investments in their LIHTC projects. The contact that services the Summit County AA indicated there is a need for bank staff to serve as a Board member or on one of its Board committees. The Summit County AA contact also indicated there is a need for funding to support operations, funding for home building, and affordable home repair products. The Columbiana County contact noted that their organization can use assistance with donations to assist them with funding new business start-ups, sponsorships and financial consulting.