



## **PUBLIC DISCLOSURE**

January 04, 2016

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

First FS & LA of Greene Co  
Charter Number 702190

25 E High St Waynesburg, PA 15370-1816

Office of the Comptroller of the Currency

Corporate One Office Park, 4075 Monroeville Blvd.,  
Building 2, Suite 300, Monroeville, PA 15146-2529

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

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

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

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

Major factors supporting the institution's rating.

- First Federal's lending activity evidenced by its average loan-to-deposit (LTD) ratio over the evaluation period is reasonable;
- First Federal, over the evaluation period, originated a majority of its loans within its combined Assessment Areas (AAs);
- First Federal's record of originating AA loans, reflects reasonable distribution among borrowers of different income levels;
- First Federal's record of originating AA loans reflects excellent distribution among AA geographies of different income levels; and
- First Federal's responsiveness to community development (CD) needs is adequate considering its capacity and AA CD opportunities.

## **Scope of Examination**

First Federal Savings and Loan Association of Greene County (First Federal or the bank) was evaluated under the Intermediate Small Bank evaluation procedures, which include a lending test and a CD test. The lending test evaluates First Federal's record of meeting AA credit needs through lending activities including loan distribution among AA borrowers and geographies. The CD test evaluates First Federal's responsiveness to CD needs in its AAs through its CD loan, investment, and service activities.

The Community Reinvestment Act (CRA) evaluation period encompassed First Federal's lending activities between January 1, 2013 and September 30, 2015. The evaluation period for First Federal's lending activities represents the lending record during the current year and two years prior. The CRA evaluation period also encompassed First Federal's CD activities between October 22, 2012 and January 4, 2016. The evaluation period for First Federal's CD activities represents the bank's CD activity between the start of First Federal's last and current CRA evaluations.

First Federal's primary loan products consist of home loans, which include home purchase, home improvement, and home refinance loans. In order to evaluate First Federal's lending activity, we analyzed loan data the bank collected and reported in accordance with Home Mortgage Disclosure Act (HMDA) requirements. To evaluate First Federal's CD activity, we analyzed CD investments, donations, and services that

First Federal collected and provided.

In order to ensure the reliability of HMDA loan data, we performed a data integrity examination during the second quarter of 2015. We assessed First Federal's processes to ensure the accuracy of collected HMDA data and tested a sample of the bank's reported HMDA loans. Specifically, we tested the accuracy of First Federal's HMDA loan data by comparing it against the bank's loan file documentation. The data integrity examination revealed that First Federal's publicly available HMDA loan data could be relied upon for the purposes of this CRA evaluation.

The HMDA data for the current year and two years prior was analyzed to evaluate First Federal's performance under the lending test. Investment, donations and services funded or participated in since the prior evaluation were assessed to evaluate First Federal's performance under the CD test. Full-scope reviews were used to perform the First Federal's CRA evaluation.

## **Description of Institution**

First Federal is an intrastate, independent, federally chartered mutual thrift savings association established in 1924. First Federal is headquartered in Waynesburg, Greene County, Pennsylvania approximately 50 miles southwest of Pittsburgh. As a mutual association, First Federal is owned by its depositors, and there is no bank holding company.

First Federal's total assets, as of September 30, 2015, equaled \$894 million, deposits totaled \$762 million and tier one capital totaled \$119 million. Loans totaled \$606 million and represented 68% of total assets. Assets included investments of \$248 million, real estate loans of \$597 million, and individual loans of \$9 million.

First Federal is a home mortgage lender. First Federal holds its home mortgage loans in its portfolio. First Federal's home mortgage products include fixed-rate loans for the purchase, refinance, and construction of one-to-four family dwellings. First Federal also offers consumer loans, which include home equity loans, home equity lines of credit, and personal loans. Additionally, First Federal offers commercial loans on a limited basis, which are generally restricted to non-profit organizations such as volunteer fire companies and churches. First Federal's business strategy is to continue to originate home mortgage and consumer loans in its AAs.

The table below details First Federal's loans by category.

<b>First Federal's Loans by Category (9/30/2015 Uniform Bank Performance Report)</b>			
<b>Loan Category</b>	<b>Amount (\$000's)</b>	<b>Percent of Total Loans</b>	<b>Percent of Total Assets</b>
Construction	\$8,153	1.76%	0.91%
1-4 Family Residential	\$584,900	96.00%	65.41%
Individual Loans	\$8,856	1.55%	0.99%
Commercial Loans	\$3,707	0.69	0.41%
Total Loans	\$605,616	100.00%	58.9%

First Federal's operates its branch network in three counties in southwest Pennsylvania. The three southwest Pennsylvania Counties housing First Federal's branches are Greene, Fayette, and Washington. First Federal operates eight full service branch offices. Four branch offices including the main office and headquarters are located in Greene County. Two branch offices each are located in Fayette and Washington County, respectively. First Federal did not close any branch offices during the evaluation period. However, First Federal opened a branch office in Mt Morris, Greene County during the period. Branches operated in Uniontown, Washington, Mt Morris, Taylorstown, and Waynesburg offer drive-through services.

First Federal's branch offices are open during customary banking hours Monday through Friday. Saturday banking hours and drive-up window services are available at five of the eight branch locations. Automated Teller Machines (ATMs) are situated at six of the branch locations. First Federal also operates an informational internet website and, through its website, on-line banking services. First Federal's eight full service branches offer a variety of traditional loan and deposit products.

There are no factors, legal or otherwise, which would hinder First Federal's ability to help meet the credit needs of its AAs. First Federal's last Public Evaluation (PE) was dated October 22, 2012, and the CRA rating assigned was "Satisfactory."

## **Description of Assessment Areas**

First Federal has designated two AAs. Both of First Federal's AAs are located within the State of Pennsylvania. One of the two AAs consists of Greene County, which is not located within a Metropolitan Statistical Area (MSA). The other AA consists of Fayette and Washington Counties, which represent two of seven counties located within the Pittsburgh MSA. Both of First Federal's AAs are comprised of the counties in which it operates all eight of its branch offices.

**Greene County non-MSA AA**

First Federal’s Greene County non-MSA AA (Greene AA) consists of Greene County in its entirety. Greene County is situated adjacent and to the southwest of the Pittsburgh MSA. Greene County is predominantly rural.

Greene County is comprised of nine census tracts (geographies). Of the nine geographies, which comprise First Federal’s Greene AA, all nine are designated as middle-income. Greene County AA geographies are contiguous and low and moderate-income geographies are not arbitrarily excluded from the AA. First Federal’s Greene County AA is consistent with CRA regulatory requirements.

The table below details Greene County AA demographic information

**Greene County PA non-MSA AA: (Greene County)**

<b>Demographic Information: Greene County non-MSA AA</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	9	0.00	0.00	100.00	0.00	0.00
Population by Geography	38,686	0.00	0.00	100.00	0.00	0.00
Owner-Occupied Housing by Geography	10,549	0.00	0.00	100.00	0.00	0.00
Business by Geography	2,303	0.00	0.00	100.00	0.00	0.00
Farms by Geography	116	0.00	0.00	100.00	0.00	0.00
Family Distribution by Income Level	9,729	22.66	18.42	18.36	40.56	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	3,997	0.00	0.00	100.00	0.00	0.00
Median Family Income HUD Adjusted Median Family Income 2015 Households Below Poverty Level		50,163 55,900 16%	Median Housing Value: National Unemployment: State of PA Unemployment: Greene County AA Unemployment: (Nov. 2015 Bureau of Labor Statistics**)		\$84,088 4.8% 5.3% 5.3%	

Source: 2010 US Census and 2015 BLS

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

(\*\*) Unemployment rates are not seasonally adjusted.

For the Greene AA, the 2010 census data reports a total population of 38,686, total families of 9,729 and total households of 14,010. Of the total AA population, 15.24% of persons are over sixty-five. United States Department of Housing and Urban

Development (HUD) data, updated median family income (MFI) for 2015, reports MFI for the AA to be \$55,900. Demographic information, derived from annually updated HUD data, also reports that of total AA families, 22.66%, 18.42%, 18.36% and 40.56% are classified as low-, moderate-, middle-, and upper-income, respectively.

For the Greene AA, according to 2010 census data, the majority of households (66.64%) were supported by wage or salaried jobs. Of AA households, 37.61% derive income from social security and 16.19% are below the poverty level. The 2010 census data shows that of total AA housing units, 63.63% were owner occupied and the median housing value equaled \$84,088. Housing stock primarily consists of older homes with the median year built of 1955.

According to 2015 Dunn and Bradstreet data, 2,419 businesses operate within the Greene AA, of which 116 are farms. Small AA businesses, reporting revenues of less than or equal to \$1 million, represent 79.74% of total AA businesses. Of AA businesses, 73.75% reported having less than four employees, and 51.47% are classified as service businesses. Additional AA businesses are classified as follows: retail trade (13.15%), construction (7.48%), transportation/communication (5.42%), agriculture, forestry and fishing (4.80%), finance, insurance and real estate (4.63%), and wholesale trade (3.47%).

Major non-governmental Greene AA employers include: Consol Pennsylvania coal Company, Cumberland Coal Resources, Emerald Coal Resources, Consolidation Coal Company, Southwest Regional Medical Center, GMS Mine Repair and Maintenance, Waynesburg University, and Calfrac Well Services Corporation. For Greene County, as of November 2015, the seasonally unadjusted, unemployment rate was 5.30%, which for the same period, approximated and exceeded the seasonally unadjusted, state and national unemployment rates, respectively.

First Federal encounters competition within its Greene AA for both deposits and loans. Area competition emanates from local community banks and regional financial institutions, most of which operate multiple branches in the Greene AA and some have been established in the area for years. Specifically, Greene AA competition emanates primarily from Community Bank, PNC Bank N.A., and First National Bank of Pennsylvania.

We contacted a local non-profit community organization. The community organization serves Greene County as well as Washington County. The organization was founded for the purpose of combating poverty and receives federal, state, local, and private funding. The organization offers need-based programs to low-income residents. The organization also operates a foreclosure mitigation project. The contact advised that poverty in Greene County is spread throughout the county. The contact cited the existence of food deserts and lack of public transportation. The contact explained that housing stock is older and limited in availability, as a result of an influx of oil and gas workers. The contact indicated a need for affordable housing and stated that local financial institutions are generally responsive to community needs.

**Pittsburgh MSA AA**

First Federal’s Pittsburgh MSA AA (Pittsburgh AA) consists of Fayette and Washington Counties in their entireties. Fayette and Washington Counties are located adjacent to one another in southwestern Pennsylvania within the seven-county, Pittsburgh MSA. The Pittsburgh MSA AA is both suburban and rural.

Fayette and Washington Counties are comprised of 95 geographies. Of the 95 geographies, which comprise First Federal’s Pittsburgh AA, 2, 40, 43, and 10 are designated as low-, moderate-, middle- and upper-income, respectively. Pittsburgh AA geographies are contiguous and low- and moderate-income geographies are not arbitrarily excluded from the AA. First Federal’s Pittsburgh AA is consistent with CRA regulatory requirements.

The table below details Pittsburgh MSA AA demographic information

**Pittsburgh AA: Pittsburgh, PA MSA (Fayette and Washington Counties)**

<b>Demographic Information: Pittsburgh MSA AA (Fayette and Washington Counties)</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	95	2.11	42.11	45.26	10.53	0.00
Population by Geography	344,426	1.69	39.04	44.50	14.77	0.00
Owner-Occupied Housing by Geography	105,012	0.78	36.77	47.38	15.06	0.00
Business by Geography	23,532	3.98	31.64	40.79	23.59	0.00
Farms by Geography	881	0.45	25.99	58.68	14.87	0.00
Family Distribution by Income Level	92,684	25.49	19.09	22.65	32.77	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	41,317	1.82	51.67	40.12	6.39	0.00
Median Family Income HUD Adjusted Median Family Income 2015 Households Below Poverty Level		62,376 69,700 14%	Median Housing Value: National Unemployment: State of PA Unemployment: Pittsburgh AA Unemployment: (Nov. 2015 Bureau of Labor Statistics)		\$113,007 4.8%** 5.3%** 4.5%**	

Source: 2010 US Census and 2015 BLS

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

(\*\*) Unemployment rates are not seasonally adjusted.

Of the total AA population, 1.69%, 39.04%, 44.50%, and 14.77% reside in low-, moderate-, middle- and upper-income AA geographies, respectively. Of total owner-occupied AA housing, 0.78%, 36.77%, 47.38%, and 15.06% are located within in low-, moderate-, middle-, and upper-income AA geographies, respectively.

For the Pittsburgh AA, the 2010 census data reports a total population of 344,426, total families of 92,684 and total households of 138,967. Of the total AA population, 17.69% of persons are over sixty-five. HUD data updated median family income (MFI) for 2015 reports MFI for the AA to be \$69,700. Demographic information, derived from annually updated HUD data, also reports that of total AA families, 25.49%, 19.09%, 22.65%, and 32.77% are classified as low-, moderate-, middle-, and upper-income, respectively.

For the Pittsburgh AA, according to 2010 census data, the majority of households (68.85%) were supported by wage or salaried jobs. Of AA households, 37.94% derive income from social security and 13.79% are below poverty level. The 2010 census data shows that of total AA housing units, 67.30% were owner occupied, and the median housing value equaled \$113,007. Housing stock primarily consists of older homes with the median year built of 1958.

According to 2015 Dunn and Bradstreet data, 24,413 businesses operate within the Pittsburgh AA, of which 881 are farms. Small AA businesses, reporting revenues of less than or equal to \$1 million, represent 80.07% of total AA businesses. Of AA businesses, 73.02% reported having less than four employees. Of AA businesses, 50.88% are classified as service businesses. Additional AA businesses are classified as follows: retail trade (13.44%), construction (8.75%), finance, insurance and real estate (6.37%), wholesale trade (3.90%), and transportation/communication (3.87%).

Major Pittsburgh AA employers include: the University of Pittsburgh Medical Center, the University of Pittsburgh, Giant Eagle (markets), PNC Financial Services Group, West Penn Allegheny Health System, and the Bank of New York Mellon. For the Pittsburgh MSA, as of November 2015, the seasonally unadjusted unemployment rate was 4.50%, which for the same period was exceeded by the seasonally unadjusted, state and national unemployment rates.

First Federal encounters competition within its Pittsburgh AA for both deposits and loans. Area competition emanates from local community banks and regional financial institutions, some of which have been established in the area for many years. Most competitors operate multiple branches in First Federal's Pittsburgh AA. In Fayette County, these competitors include: PNC Bank N.A., First National Bank of Pennsylvania, United Bank, the Scottdale Bank and Trust Company, First Niagara Bank, N.A., and Community Bank. In Washington County, these competitors include: Washington Financial Bank, Citizen's Bank of Pennsylvania, PNC Bank N.A., First National Bank of Pennsylvania, First Niagara Bank, N.A., Community Bank, Northwest Bank, the Huntington National Bank, and Dollar Bank.

We contacted a local housing authority that serves Washington County. The contact

advised that affordable housing is limited as a result of an influx of oil and gas workers combined with property owners newly enriched by mineral rights. The contact explained that housing supply has been adversely impacted by the reluctance of owners to sell property because of mineral rights consideration. The contact cited significant wait lists for public housing and for Section 8 eligible residents. The contact indicates a need for affordable housing, explaining that more restrictive underwriting standards have created homeownership barriers. However, the contact advised that local financial institutions are generally responsive to community needs.

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

### **LENDING TEST**

First Federal's performance under the lending test is rated "satisfactory."

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

First Federal's record of lending as measured by its LTD ratio is reasonable compared to the record of lending exhibited by peer banks over the same period.

The analysis of First Federal's record of lending, measured by its LTD ratio, was performed at the bank level. In order to evaluate First Federal's record of lending, we compared First Federal's LTD ratio against the average LTD ratios reported by a peer group of eight other similarly sized, local financial institutions. Specifically, the peer group was comprised of financial institutions headquartered in the three Pennsylvania counties constituting First Federal's AAs as well as three other adjacent Pennsylvania counties. The peer group reported total assets ranging between \$400 million and \$1billion.

First Federal's average LTD ratio over the twelve-quarters between December 31, 2012 and September 30, 2015 was 76.20%. The LTD ratio ranged from a high of 79.22% as of September 30, 2015 to a low of 74.26% as of June 30, 2013. During the same period, the group of nine institutions, eight peer groups and First Federal, reported an average LTD ratio of 75.20%. In comparison, over the evaluation period the highest LTD ratio among the peer group was 104.44% while the lowest was 47.55%.

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

First Federal originated a majority of its loans inside its combined AAs. In order to evaluate this record, we measured and analyzed First Federal's record of originating loans inside versus outside of its combined AAs. This analysis focused on First Federal's record of originating home loans within its combined AAs, since these loans constitute its primary loan products.

The analysis was performed using home loan data collected and reported over the evaluation period, according to HMDA requirements. First Federal's home loan

originations included loans for purposes of home purchase, home improvement, and home refinance.

First Federal’s home loan data revealed that the number and dollar amounts of home loans the bank originated over the period within its combined AAs, equaled 77.67% and 71.07%, respectively.

**Lending to Borrowers of Different Incomes**

First Federal’s record of originating home loans in AAs reflects reasonable distribution among borrowers of different income levels.

**Greene County non-MSA AA**

Overall, First Federal’s record of originating home loans in its Greene AA, over the evaluation period, reflects adequate distribution among AA borrowers of different income levels.

The following table details the distribution of home loans originated by First Federal during the evaluation period among Greene County non-MSA AA borrowers.

Borrower Distribution of Home Loans in the Greene County non-MSA AA												
Income Level	Low			Moderate			Middle			High		
Loan Type	% of Families	% of Number of Bank Loans	Peer Aggregate	% of Families	% of Number of Bank Loans	Peer Aggregate	% of Families	% of Number of Bank Loans	Peer Aggregate	% of Families	% of Number of Bank Loans	Peer Aggregate
Home Purchase	22.66%	1.64%	3.05%	18.42%	13.77%	13.90%	18.36%	20.33%	25.08%	40.56%	64.26%	57.97%
Home Improvement	22.66%	2.50%	10.64%	18.42%	10.00%	22.89%	18.36%	17.50%	27.72%	40.56%	70.00%	38.74%
Home Mortgage Refinance	22.66%	4.75%	6.86%	18.42%	19.66%	13.71%	18.36%	26.10%	20.00%	40.56%	49.49%	59.43%

First Federal’s record of originating home loans revealed that of home purchase, home improvement, and home refinance loans originated by First Federal in its Greene AA over the evaluation period, 1.64%, 2.50%, and 4.75% were originated to low-income AA borrowers and 13.77%, 10.00%, and 19.66% were originated to moderate-income AA borrowers. Comparatively, as indicated above, of peer aggregate home purchase, home improvement, and home refinance loans originated by other lenders 3.05%, 10.64% and 6.86% were originated to low-income AA borrowers and 13.90%, 22.89% and 13.71% were originated to moderate-income AA borrowers. Of AA families, 22.66%, 18.42%, 18.36%, and 40.56% are classified as low-, moderate-, middle-, and upper-income, respectively.

First Federal's record of originating home purchase, home improvement, and home refinance loans to Greene AA low-income borrowers is below the peer aggregate level of home purchase, home improvement, and home refinance loans originated to Greene AA low-income borrowers. Similarly, First Federal's record of originating home

improvement, and home refinance loans to Greene AA, moderate-income borrowers is below the peer aggregate level of home improvement, and home refinance loan originations to Greene AA moderate-income borrowers. However, First Federal’s record of originating home purchase loans to Greene AA moderate-income borrowers meets the peer aggregate level of home purchase loans originated to Greene AA moderate-income borrowers.

Opportunities to originate home loans to low- and moderate-income Greene AA borrowers may be impacted by AA demographics combined with competition and the availability of affordable housing. Demographics with the potential to impact the home loan demand include the extent to which the AA population is age 65 or older, retired, social security eligible, and at or below poverty level.

**Pittsburgh MSA AA**

First Federal’s record of originating home loans in its Pittsburgh AA, over the evaluation period, reflects reasonable distribution among AA borrowers of different income levels.

The following table details the distribution of home loans originated by First Federal during the evaluation period among Pittsburgh MSA AA borrowers.

Borrower Distribution of Home Loans in the Pittsburgh MSA AA												
Income Level	Low			Moderate			Middle			High		
Loan Type	% of Families	% of Number of Bank Loans	Peer Aggregate	% of Families	% of Number of Bank Loans	Peer Aggregate	% of Families	% of Number of Bank Loans	Peer Aggregate	% of Families	% of Number of Bank Loans	Peer Aggregate
Home Purchase	25.49%	6.81%	8.97%	19.09%	14.31%	22.83%	22.65%	25.31%	25.13%	32.77%	53.58%	43.07%
Home Improvement	25.49%	4.75%	10.64%	19.09%	19.66%	22.89%	22.65%	26.10%	27.72%	32.77%	49.49%	38.74%
Home Mortgage Refinance	25.49%	10.18%	8.66%	19.09%	16.36%	17.81%	22.65%	24.00%	26.60%	32.77%	49.45%	46.93%

First Federal’s record of originating home loans revealed that of home purchase, home improvement, and home refinance loans originated by First Federal in its Pittsburgh AA over the evaluation period, 6.81%, 4.75%, and 10.18% were originated to low-income AA borrowers and 14.31%, 19.66%, and 16.36% were originated to moderate-income AA borrowers. Comparatively, as indicated above, of peer aggregate home purchase, home improvement, and home refinance loans originated by other lenders 8.97%, 10.64%, and 8.66% were originated to low-income AA borrowers and 22.83%, 22.89%, and 17.81% were originated to moderate-income AA borrowers. Comparatively, as indicated above, of AA families, 25.49%, 19.09%, 22.65%, and 32.77% are classified as low-, moderate-, middle-, and upper-income, respectively.

First Federal's record of originating home purchase and home improvement loans to Pittsburgh AA, low-income borrowers is below the peer aggregate level of home purchase and home improvement loan originations to Pittsburgh AA low-income borrowers. However, First Federal's record of originating home refinance loans to

Pittsburgh AA low-income borrowers exceeds the peer aggregate level of home refinance loans originated to Pittsburgh AA low-income borrowers. First Federal's record of originating home purchase, home improvement, and home refinance loans to Pittsburgh AA moderate-income borrowers is below the peer aggregate level of home purchase, home improvement, and home refinance loans originated to Pittsburgh AA moderate-income borrowers.

Opportunities to originate home loans to low- and moderate-income Pittsburgh AA borrowers may be impacted by AA demographics combined with the competition and availability of affordable housing. Demographics with the potential to impact the home loan demand include the extent to which the AA population is age 65 or older, retired, social security eligible, and at or below poverty level.

### **Geographic Distribution of Loans**

First Federal's record of originating home loans in AAs reflects excellent distribution among geographies of different income levels.

#### **Greene County non-MSA AA**

Of all Greene County geographies, none is classified as low- or moderate-income. Therefore, an analysis of First Federal's record of originating home loans within its Greene County AA, low- and moderate-income geographies would not have been meaningful and was not performed.

#### **Pittsburgh MSA AA**

First Federal's record of originating home loans in its Pittsburgh AA, over the evaluation period, reflects adequate distribution among AA geographies of different income levels.

Of all owner-occupied housing within First Federal's Pittsburgh AA, just 0.78% is located within AA low-income geographies. Therefore, an analysis of First Federal's record of originating home loans within these AA low-income geographies would not have been meaningful and was not performed.

The following table details the distribution of home loans originated by First Federal during the evaluation period among Pittsburgh MSA AA geographies.

Geographic Distribution of Home Loans in the Pittsburgh MSA AA												
Geography Income Level	Low			Moderate			Middle			High		
Loan Type	% of Owner Occ Units	% of Number of Bank Loans	Peer Aggregate	% of Owner Occ Units	% of Number of Bank Loans	Peer Aggregate	% of Owner Occ Units	% of Number of Bank Loans	Peer Aggregate	% of Owner Occ Units	% of Number of Bank Loans	Peer Aggregate
Home Purchase	0.78%	0.17%	0.61%	36.77%	46.43%	27.72%	47.38%	39.65%	42.96%	15.06%	13.74%	28.70%
Home Improvement	0.78%	0.33%	1.05%	36.77%	49.50%	40.07%	47.38%	40.20%	45.54%	15.06%	9.97%	13.33%
Home Mortgage Refinance	0.78%	0.00%	0.64%	36.77%	46.64%	27.07%	47.38%	43.11%	49.00%	15.06%	10.25%	23.29%

First Federal's record of originating home loans revealed that of home purchase, home improvement, and home refinance loans originated by First Federal in its Pittsburgh AA over the evaluation period, 46.43%, 49.50%, and 46.64% were originated in moderate-income AA geographies. Comparatively, of peer aggregate home purchase, home improvement, and home refinance loans originated by other lenders 27.72%, 40.07%, and 27.07% were originated in moderate-income AA geographies. Of all AA owner-occupied Pittsburgh AA housing, 36.77% is located in moderate-income AA geographies.

First Federal's record of originating home purchase, home improvement, and home refinance loans within the Pittsburgh AA moderate-income geographies exceeds the peer aggregate home purchase, home improvement, and home refinance loan originations in AA moderate-income geographies. Similarly, First Federal's record of originating home purchase, home improvement, and home refinance loans within AA moderate-income geographies exceeds the percentage of occupied housing located within moderate-income AA geographies.

**Responses to Complaints**

First Federal has not received any complaints since the previous CRA evaluation.

**COMMUNITY DEVELOPMENT TEST**

First Federal's performance under the CD test is rated "satisfactory."

First Federal's responsiveness to CD needs in its Greene AA and its Pittsburgh AA is adequate.

**Number and Amount of Community Development Loans**

First Federal did not originate CD loans over the evaluation period. CD test conclusions are based on CD investment and CD service activity.

### **Greene County non-MSA AA**

First Federal did not originate any CD loans in its Greene AA over the evaluation period.

### **Pittsburgh MSA AA**

First Federal did not originate any CD loans in its Pittsburgh AA over the evaluation period.

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

First Federal has provided an adequate level of qualified CD investments and donations throughout its AAs.

### **Greene County non-MSA AA**

First Federal did not fund any CD investments in its Greene AA over the evaluation period. Opportunities for First Federal to fund CD investments benefitting its Greene AA are limited. Of all Greene County geographies, none are classified as low- or moderate-income. Therefore, municipal bonds benefitting Greene County are not associated with low- or moderate-income geographies. Additionally, Greene County school districts in which the majority of students are low- and moderate income are limited. First Federal also sought to purchase a mortgage-backed security consisting of Greene County low- and moderate-income borrowers. However, low- and moderate-income Greene County home loan borrowers did not exist in significant enough numbers over the period, to securitize a mortgage-backed security.

First Federal, during the evaluation period, funded CD donations totaling \$124 thousand to 10 different community organization that benefit its' Greene AA. CD donations benefitted low- and moderate-income AA residents and explicitly met an identified community need for affordable housing. First Federal earmarked a \$50 thousand grant, education incentive, tax credit for a Greene County foundation to fund pre- kindergarten programs for low- and moderate- Greene AA families. Additionally, First Federal funded a \$25 thousand contribution for a quadraplex reserved for low-income Greene AA residents with disabilities.

### **Pittsburgh MSA AA**

First Federal funded various CD investments and donations over the evaluation period that benefitted its Pittsburgh AA. Specifically, First Federal funded five CD investments totaling \$2.2 million and funded CD donations to seven organizations totaling \$11,800.

First Federal funded a \$1.091 million investment, which consisted of a \$1 million investment and reinvested dividends of \$91 thousand in a CRA fund that benefitted its Pittsburgh AA. The CRA fund is a Community Development Financial Institution (CDFI)

that invests in mortgage-backed securities consisting of mortgages underwritten to low- and moderate-income AA borrowers.

First Federal invested \$1.2 million in municipal bonds consisting of three bonds equaling \$270 thousand, \$500 thousand, and \$388 thousand each that benefitted its Pittsburgh AA. The three municipal bonds funded activities for AA school districts for which the majority of schools operated within each district, were situated in low- and moderate-income geographies.

First Federal funded two investments totaling \$295 thousand in municipal bonds that benefitted its Pittsburgh AA. The municipal bonds funded sewer facilities in low- and moderate-income geographies.

First Federal also funded CD donations totaling \$11,800 during the evaluation period that benefitted its Pittsburgh AA. The CD donations provided CD funding to seven AA community organizations. Specifically, the donations provided funding which had CD purposes including affordable housing and services targeting low- and moderate-income AA residents and stabilization and revitalization of low- and moderate-income AA geographies. First Federal's largest CD donation provided funds to a local community organization that offers services supporting first time home purchases, education, and small business expansion.

### **Qualified Investments Benefiting Other Areas**

First Federal funded a \$1.06 million investment that benefitted the larger regional area. The investment was in a mortgage-backed security (MBS) consisting of nine loans to low- and moderate-income borrowers in Beaver, Allegheny, and Westmoreland Counties, which are within the Pittsburgh MSA but outside of the Pittsburgh MSA counties that constitute First Federal's Pittsburgh MSA.

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

First Federal has provided an adequate level of CD services throughout its AAs.

#### **Greene County non-MSA AA**

First Federal's responsiveness to Greene County CD needs is adequate considering its capacity and AA CD opportunities.

First Federal representatives, over the evaluation period, provided CD services benefitting its Greene AA. Specifically, a First Federal director and three First Federal employees provided financial expertise, leadership, and counseling to different community organizations with CD purposes that serve its' Greene AA. The First Federal representatives provided these financial services to ten different community organizations including economic development corporations, non-profit agencies, and philanthropic foundations that provide CD services as well as grants and scholarships.

First Federal served as the member bank that assisted a senior, affordable housing project to secure a \$500 thousand grant through the Federal Home Loan Bank. The purpose of the grant was to construct a 52-unit senior housing complex for which all units are reserved for low-income residents 62 years and older.

First Federal's service delivery systems are accessible to Greene County residents of different income levels. Within its Greene County AA, First Federal operates four full service, branch offices all of which offer 24-hour ATM service. First Federal also operates three additional Greene County ATMs. Of the four Greene County branches, three offer drive-through services and extended banking hours on Fridays and Saturdays.

### **Pittsburgh MSA AA**

First Federal representatives provided CD services benefitting its Pittsburgh AA. Specifically, a First Federal director and three First Federal employees provided financial expertise and leadership to four different community development organizations with a CD purpose that serve its Pittsburgh AA.

A First Federal Director provided leadership by serving on the board of directors for a local economic development council. A First Federal Director also provided leadership by serving on the board of directors for a local chamber of commerce.

A First Federal loan officer provided leadership by serving on the board of directors for a local organization that provides home support services through volunteer caregivers to low- and moderate-income AA seniors, allowing them to remain in their homes. Two First Federal loan officers also provided financial expertise to a county community action group by providing financial counseling to low- and moderate-income families.

First Federal's service delivery systems are accessible to Pittsburgh AA residents of different income levels. Within its Pittsburgh AA, First Federal operates four full service, branch offices all of which offer 24-hour ATM service. Of the four branch offices, one is situated in a moderate-income geography.

First Federal offers free on-line banking, unlimited on-line bill paying, and free telephone banking. First Federal also offers interest earning savings accounts with low minimum balance requirements and personal checking accounts without minimum balance requirements, free debit cards, and free ATM withdrawals.

Additionally, First Federal offers an affordable housing loan program. Through this program, First Federal absorbs a portion of the closing costs. The program offers a minimal down payment requirement and pre-purchase counseling. Pre-approval and income limitations apply.

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

First Federal's responsiveness to CD needs is adequate considering its capacity and AA CD opportunities. First Federal engaged in CD investments, donations, and services that focused on affordable housing, which was identified as an AA need.

### **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.