



PUBLIC DISCLOSURE

June 25, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First FS & LA of Greensburg
Charter Number 704656

212 N. Franklin St.
Greensburg, IN 47240-1735

Office of the Comptroller of the Currency

Indianapolis Field Office
8777 Purdue Road, Suite 105
Indianapolis, IN 46268

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

The Lending Test is rated: Satisfactory.

First Federal Savings and Loan Association (First Federal or bank) demonstrates a satisfactory record in meeting the credit needs of its community. The major factors that support the satisfactory rating include:

- The average loan-to-deposit (LTD) ratio is reasonable.
- The majority of loans are inside the assessment areas (AAs).
- The overall borrower distribution of loans is reasonable.
- The overall geographic distribution of loans is excellent.

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

First Federal is a federally chartered mutual savings and loan association headquartered in Greensburg, Indiana. First Federal offers traditional loan and deposit products and services at each of its three offices. The main office and one branch are located in Greensburg within Decatur County and the second branch is located in Shelbyville, Indiana within Shelby County. Decatur County is in the Indiana non-MSA, while Shelby County is part of the Indianapolis-Carmel-Anderson, Indiana MSA. As of March 31, 2018, First Federal had total assets of \$143.7 million and tier 1 capital of \$15.7 million. Gross loans of \$89.1 million represented 62.0 percent of total assets. First Federal's loan originations and loan portfolio composition reflect its focus on single-family residential mortgage lending. The following tables provide an overview of First Federal's loan originations in 2016 and 2017 and the portfolio composition at March 31, 2018:

Loan Originations		
Loan Category	% of Loans by Number	% of Loans by Dollars
Residential Loans	40.2%	69.6%
Consumer Loans	49.2%	15.1%
Business Loans	8.5%	9.2%
Farm Loans	2.1%	6.1%
Total Loans	100.0%	100.0%

Source: Internal Bank Report 2016 and 2017

Loan Portfolio Composition			
Loan Category	Amount (\$000s)	Percent of Total Loans	Percent of Total Assets
Residential Loans	\$ 64,679	72.56%	45.01%
Consumer Loans	\$ 8,862	9.94%	6.17%
Business Loans	\$ 7,963	8.93%	5.53%
Farm Loans	\$ 7,640	8.57%	5.32%
Total Gross Loans	\$ 89,144	100.00%	62.03%

Source: Call Report March 31, 2018

First Federal does not have any legal, financial, or other impediments that hinder its ability to meet the credit needs of its AAs. First Federal was previously assigned a CRA rating of Outstanding, which was reported in its CRA Public Evaluation dated March 5, 2012.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This evaluation addresses First Federal's Community Reinvestment Act (CRA) performance from March 5, 2012 through December 31, 2017. We assessed this performance using Small Bank examination procedures, which consist of a lending test that includes an evaluation of the bank's lending practices with respect to the following criteria:

- Loan-to-deposit ratio, considering internal and external factors,
- Percentage of loans originated within the AA's,
- Lending to borrowers of different income levels and/or businesses of different sizes,
- Lending in low- and moderate-income areas within the AAs, and
- The bank's record of taking action on written complaints regarding its performance in helping meet the credit needs of its AAs, if applicable.

To evaluate First Federal's lending practices, we reviewed data from a representative sample of the bank's primary loan products. Based on the number and dollar volume of lending, we determined the primary loan products were home mortgage and consumer loans. Our sample included all HMDA-reportable mortgage loans originated or purchased and randomly selected consumer loans from each AA in both analysis periods (i.e. 2016 and 2017). We performed separate analyses of 2016 and 2017 due to changes in census data that became effective in 2017 as a result of updated information collected via the American Community Survey (ACS).

Data Integrity

First Federal is subject to the data collection and reporting requirement of the Home Mortgage Disclosure Act (HMDA). Prior to this evaluation, we tested the accuracy of the 2016 and 2017 HMDA data and concluded it is reliable. We used this data in our analysis of the bank's performance regarding home mortgage loans. For analysis of consumer loans, we gathered data directly from the bank's loan files.

Selection of Areas for Full-Scope Review

Both of the bank's AAs, the Indiana Non-MSA and Indianapolis MSA, were selected for a full-scope review.

Ratings

The bank's overall rating is based on its performance in both AAs. However, the performance in the Indiana Non-MSA AA received the most weight. The majority of First Federal's loan originations, deposits, and offices are within this AA. In addition, First Federal's presence is relatively more important in this AA due to its larger market share and fewer providers of financial services.

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 that require consideration in this evaluation.

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

Conclusions with Respect to Performance Tests

LENDING TEST

First Federal's performance in helping meet the credit needs of its AAs through lending is rated Satisfactory.

Loan-to-Deposit Ratio

First Federal's loan-to-deposit ratio (LTD) is reasonable given its asset size, financial condition, customer base, competition, and AA credit needs. The quarterly LTD ratio, as calculated on a bank-wide basis, averaged 65.2 percent over the 24 quarters since the last CRA evaluation. During this timeframe, the LTD ranged from a high of 75.1 percent to a low of 56.0 percent. We considered the level of public funds and loan sales in our evaluation of the LTD ratio. Public funds generally comprised 20-25 percent of total deposits at quarter end and loan sales totaled \$36.2 million during the evaluation period. We also considered the average LTD ratio of six other banks with offices in the AAs. These six banks, with assets between \$151.0 and \$868.4 million, had LTD ratios ranging from 42.0 to 104.8 percent.

Lending in Assessment Area

The majority of First Federal's lending was to borrowers within its designated AAs. The proportion of lending inside versus outside the AAs was calculated on a bank-wide basis. All HMDA reportable home mortgage loans and a random sample of consumer loans originated from January 1, 2016 through December 31, 2017 were used for this analysis. The following table illustrates the number and dollar volume of loans that First Federal originated inside and outside its AAs.

Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	168	73.4%	61	26.6%	229	\$19,624	68.2%	\$9,162	31.8%	\$28,786
Consumer	66	82.5%	14	17.5%	80	\$1,377	82.3%	\$296	17.7%	\$1,673
Total	234	75.7%	75	24.3%	309	\$21,001	68.9%	\$9,458	31.1%	\$30,459

Source: 01/01/2016-12/31/2017 HMDA Data and Loan Sample

Lending to Borrowers of Different Incomes

The overall distribution of loans to borrowers of different incomes is reasonable, which meets the standard for satisfactory performance. The borrower distribution in both the Non-MSA AA and the Indianapolis MSA AA was reasonable. Refer to the data in Tables P and V in appendix C and the community profiles in appendix B for the facts and data used to evaluate the borrower distribution of the bank's loan originations and purchases.

Home Mortgage Loans

Non-MSA AA

The distribution of home mortgage loans in the Non-MSA AA is reasonable. In 2016, First Federal originated 24.4 percent of its home mortgage loans to low- and moderate-income borrowers. The proportion of loans to moderate-income borrowers was comparable to the proportion of moderate-income families in the AA, but below the aggregate. The proportion of loans to low-income borrowers was well below the proportion of low-income families, yet comparable to the aggregate and is reasonable considering the disproportionate impact of the poverty level and affordability on lending opportunities. First Federal's distribution of home mortgage loans in 2017 was comparable to 2016 and was reasonable.

Indianapolis MSA AA

The distribution of home mortgage loans in the Indianapolis MSA AA is reasonable. In 2016, the proportion of loans to moderate-income borrowers was above both the proportion of moderate-income families in the AA and the aggregate. However, First Federal did not make any loans to low-income borrowers. First Federal's distribution of home mortgage loans in 2017 was stronger than 2016 and was excellent. The proportion of loans to moderate-income borrowers exceeded both the proportion of moderate-income families in the AA and the aggregate. The proportion of loans to low-income borrowers was below the demographic, yet comparable to the aggregate.

Consumer Loans

Non-MSA AA

The distribution of consumer loans in the Non-MSA AA is reasonable. In 2016, the proportion of loans to moderate-income borrowers was well above the proportion of moderate-income households in the AA. However, the proportion of loans to low-income borrowers was well below the proportion of low-income households. First Federal's distribution of consumer loans in 2017 was weaker than 2016 and was very poor. To some extent, this performance reflects increase in the poverty rate and the disproportionate impact of the poverty level on lending opportunities.

Indianapolis MSA AA

The distribution of consumer loans in the Indianapolis MSA AA is reasonable. In 2016, the proportion of loans to moderate-income borrowers was well above the proportion of moderate-income households in the AA. Conversely, the proportion of loans to low-income borrowers was well below the proportion of low-income households. To some extent, this performance reflects the disproportionate impact of the poverty level on lending opportunities. First Federal's distribution of consumer loans in 2017 was comparable to 2016 and was reasonable.

Geographic Distribution of Loans

The overall geographic distribution of loans is excellent, which meets the standard for outstanding. The geographic distribution of loans was excellent in the Non-MSA AA and reasonable in the Indianapolis MSA. Based on 2016 and 2017 activity, there were no conspicuous lending gaps. Refer to the data in Tables O and U in appendix C and the community profiles in appendix B for the facts and data used to evaluate the geographic distribution of the bank's loan originations and purchases.

Home Mortgage Loans

Non-MSA AA

The geographic distribution of home mortgage loans in the Non-MSA AA is excellent. The AA did not have any low- or moderate-income census tracts in 2016 and only one moderate-income census tract in 2017. In 2017, the proportion of loans in the moderate-income census tract was above both the proportion of owner-occupied units and the aggregate.

Indianapolis MSA AA

The geographic distribution of home mortgage loans in the Indianapolis MSA AA is excellent. The AA had one low- and one moderate-income census tract in 2016 and 2017. In 2016, First Federal originated nine loans with one located in the low-income census tract and one in the moderate-income tract. In 2017, one of the eight loans originated was located in the moderate-income census tract. The bank's loan volume is limited, but demonstrates a commitment to lend in low- and moderate-income geographies.

Consumer Loans

Non-MSA AA

The geographic distribution of consumer loans in the Non-MSA AA is excellent. The AA did not have any low- or moderate-income census tracts in 2016 and only one moderate-income census tract in 2017. In 2017, the proportion of loans in the moderate-income census tract was above the proportion of the households.

Indianapolis MSA AA

The geographic distribution of consumer loans in the Indianapolis MSA AA is reasonable. The AA had one low- and one moderate-income census tract in 2016 and 2017. In 2016, First Federal originated two loans in the low-income census tract and no loans in the moderate-income census tract. Performance in 2017 was weaker than 2016, as no loans were originated in either the low- or moderate-income census tract.

Lending opportunities are somewhat limited by the moderate proportion of households in the low- and moderate-income census tracts and the disproportionate number of these households that are below poverty. In 2016 and 2017, there were approximately 1,400 households in the low-income census tract and 1,200 households in the moderate-income census tract. Of these households, approximately 20.0 percent and 23.0 percent were below poverty, respectively.

Responses to Complaints

First Federal did not receive any complaints regarding its CRA performance during the evaluation period.

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test (excludes CD loans): 01/01/16 to 12/31/17 Investment and Service Tests and CD Loans: Not Applicable	
Financial Institution		Products Reviewed
First Federal Savings and Loan (First Federal) Greensburg, Indiana		Home Mortgage Loans Consumer Loans
Affiliate(s)	Affiliate Relationship	Products Reviewed
None		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
<u>Indiana</u> Non-MSA MSA #26900 Indianapolis-Carmel-Anderson, IN	Full-Scope Full-Scope	Decatur County Shelby County

Appendix B: Community Profiles for Full-Scope Areas

Table A - Demographic Information of the Assessment Area

Assessment Area: Indiana Non-MSA AA - 2016

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	6	0.0	0.0	100.0	0.0	0.0
Population by Geography	25,740	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	11,060	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	7,154	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	2,798	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	1,108	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	1,354	0.0	0.0	100.0	0.0	0.0
Farms by Geography	190	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	7,244	17.5	18.6	24.6	39.3	0.0
Household Distribution by Income Level	9,952	19.8	15.1	22.0	43.1	0.0
Median Family Income Non-MSAs - IN		\$53,037	Median Housing Value			\$123,828
Weighted Average FFIEC Median Family Income		\$57,100	Median Gross Rent			\$618
Households Below Poverty Level		10.4%	Families Below Poverty Level			8.3%

Source: 2010 U.S. Census and 2016 D&B Data

Due to rounding, totals may not equal 100.0

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

Table A - Demographic Information of the Assessment Area

Assessment Area: Indiana Non-MSA AA - 2017

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	6	0.0	16.7	50.0	33.3	0.0
Population by Geography	26,240	0.0	17.6	39.6	42.8	0.0
Housing Units by Geography	11,217	0.0	19.0	39.7	41.3	0.0
Owner-Occupied Units by Geography	7,076	0.0	15.8	40.5	43.7	0.0
Occupied Rental Units by Geography	2,998	0.0	26.9	36.3	36.9	0.0
Vacant Units by Geography	1,143	0.0	18.1	44.1	37.8	0.0
Businesses by Geography	1,373	0.0	18.8	30.2	51.1	0.0
Farms by Geography	233	0.0	12.9	30.5	56.7	0.0
Family Distribution by Income Level	7,046	18.2	19.1	19.8	42.9	0.0
Household Distribution by Income Level	10,074	19.4	15.8	21.0	43.8	0.0
Median Family Income Non-MSAs - IN		\$55,741	Median Housing Value			\$119,193
Weighted Average FFIEC Median Family Income		\$57,300	Median Gross Rent			\$723
Households Below Poverty Level		13.4%	Families Below Poverty Level			11.2%

Source: 2015 ACS Census and 2017 D&B Data

Due to rounding, totals may not equal 100.0

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

Description of Assessment Area

First Federal's Indiana Non-MSA AA is defined as Decatur County, which consists of six census tracts. Based on 2010 census data, all of the census tracts were designated as middle-income during the majority of the evaluation period. Several of these income designations changed in 2017 as a result of updated 2015 ACS census data. Decatur County now has one moderate-income, three middle-income, and two upper-income census tracts. As defined, First Federal's Indiana Non-MSA AA meets the requirements of CRA and does not arbitrarily exclude any low- or moderate-income geographies.

Population and Employment

According to census data, the total population in Decatur County has not changed significantly since 2010. The population was 25,740 in 2010 and 26,240 based on the 2015 ACS. There was also minimal change in the number of households and families. However, the rate of poverty for both households and families increased. Households below poverty increased from 10.4 to 13.2 percent, while families below poverty increased from 8.3 to 11.2 percent. The unemployment rate in Decatur County gradually improved each year during the evaluation period and compared favorably to the statewide unemployment rate. The following table summarizes the annual unemployment rates:

Unemployment Rates						
Area	2012	2013	2014	2015	2016	2017
Decatur County	8.1%	6.7%	4.9%	4.1%	3.6%	2.9%
State of Indiana	8.3%	7.7%	6.0%	4.8%	4.4%	3.5%

Source: Bureau of Labor Statistics

Business demographic data indicates the primary business industries in the area are services, retail trade, and agriculture, forestry, and fishing. Some of the major employers in Decatur County are Honda, Valeo Engine, Delta Faucet, Walmart, and Decatur County Memorial Hospital.

Housing and Affordability

The number and composition of the housing stock was stable. According to census data, total housing units in Decatur County increased from 11,060 (2010 Census) to 11,217 (2015 ACS). The majority of these housing units remained owner-occupied, but there was an increase in renter-occupied and vacant units. The 2015 ACS indicated 63.1 percent of the total units were owner-occupied, 26.7 percent were renter-occupied, and 10.2 percent were vacant. In the moderate-income census tract, there were 2,131 housing units and 52.5 percent were owner-occupied, 37.8 percent were renter-occupied and 9.7 percent were vacant.

Homeownership affordability was an issue that limited mortgage demand, particularly among low-income borrowers. Based on the 2016 FFIEC median family income of \$65,600, low-income families made less than \$32,800. At \$123,757, the median housing value was 3.8 times the annual income of a low-income family. The median housing value declined to

\$119,193 per the 2015 ACS. The 2017 FFIEC median family income also declined to \$57,300. Thus, the housing value increased to 4.2 times the annual income of low-income families.

Competition

Competition for deposits is limited due to the number and size of the financial institutions within the AA. The FDIC Market Share Report as of June 30, 2017, showed First Federal and four other financial institutions had nine branches in Decatur County. First Federal's two offices with \$87.4 million of deposits represented a market share of 14.8 percent, which ranked them second. MainSource Bank ranked first with the majority or 58.0 percent of the deposit market share. Unlike its competitors, First Federal's offices are concentrated in Decatur County.

Competition for home mortgage loans was strong in both 2016 and 2017. Based on 2016 aggregate HMDA data, 90 lenders originated or purchased a total of 636 home mortgage loans in Decatur County. The top five lenders accounted for approximately 53.0 percent of the total. In 2017, aggregate HMDA data indicated 93 lenders originated or purchased 632 home mortgage loans. The top five lenders accounted for 44.3 percent of the total. First Federal ranked second in both years with a market share of 13.2 percent in 2016 and 10.9 percent in 2017.

Community Contact

A community contact from a non-profit organization that serves both of the AAs provided insight on potential credit or community development needs. The contact stated affordable housing and reliable transportation as ongoing needs within the five-county area served by the organization (Bartholomew, Decatur, Jackson, Johnson, and Shelby counties). The contact further noted their clients often face barriers related to the use credit scores and background checks. This information suggests there are credit and community development opportunities for credit builder programs, financial literacy, affordable housing, and transportation initiatives.

Table A - Demographic Information of the Assessment Area

Assessment Area: Indianapolis-Carmel-Anderson MSA AA - 2016

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	10	10.0	10.0	80.0	0.0	0.0
Population by Geography	44,436	7.8	7.3	84.8	0.0	0.0
Housing Units by Geography	18,978	9.7	8.1	82.2	0.0	0.0
Owner-Occupied Units by Geography	12,777	3.9	6.1	90.0	0.0	0.0
Occupied Rental Units by Geography	4,419	21.2	11.5	67.3	0.0	0.0
Vacant Units by Geography	1,782	23.0	14.4	62.6	0.0	0.0
Businesses by Geography	2,343	14.2	4.1	81.7	0.0	0.0
Farms by Geography	268	1.5	1.9	96.6	0.0	0.0
Family Distribution by Income Level	12,232	20.3	19.5	24.7	35.5	0.0
Household Distribution by Income Level	17,196	21.7	17.3	21.2	39.8	0.0
Median Family Income MSA - 26900 Indianapolis-Carmel-Anderson, IN MSA		\$64,663	Median Housing Value			\$123,588
Weighted Average FFIEC Median Family Income		\$65,600	Median Gross Rent			\$664
Households Below Poverty Level		10.0%	Families Below Poverty Level			7.4%

Source: 2010 U.S. Census and 2016 D&B Data

Due to rounding, totals may not equal 100.0

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

Table A - Demographic Information of the Assessment Area

Assessment Area: Indianapolis-Carmel-Anderson MSA AA - 2017

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	10	10.0	10.0	70.0	10.0	0.0
Population by Geography	44,441	7.1	6.9	75.2	10.8	0.0
Housing Units by Geography	19,080	8.9	7.8	72.5	10.7	0.0
Owner-Occupied Units by Geography	12,430	4.0	4.5	79.9	11.6	0.0
Occupied Rental Units by Geography	4,763	18.5	14.0	60.9	6.5	0.0
Vacant Units by Geography	1,887	17.3	13.9	53.2	15.6	0.0
Businesses by Geography	2,416	12.8	4.3	71.6	11.2	0.0
Farms by Geography	290	1.4	2.4	81.0	15.2	0.0
Family Distribution by Income Level	11,608	22.4	17.9	23.7	35.9	0.0
Household Distribution by Income Level	17,193	22.2	16.6	19.9	41.4	0.0
Median Family Income MSA - 26900 Indianapolis-Carmel-Anderson, IN MSA		\$66,803	Median Housing Value			\$118,860
Weighted Average FFIEC Median Family Income		\$68,400	Median Gross Rent			\$707
Households Below Poverty Level		10.6%	Families Below Poverty Level			9.1%

Source: 2015 ACS Census and 2017 D&B Data

Due to rounding, totals may not equal 100.0

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

Description of Assessment Area

First Federal's Indianapolis-Carmel-Anderson MSA AA is defined as Shelby County, which consists of ten census tracts. Based on 2010 census data, there were one low-income, one moderate-income, and eight middle-income census tracts for the majority of the evaluation period. The income designation for one census tract changed in 2017 as a result of updated 2015 ACS census data. Shelby County now has one low-income, one moderate-income, seven middle-income, and one upper-income census tracts. As defined, First Federal's Indiana Non-MSA AA meets the requirements of CRA and does not arbitrarily exclude any low- or moderate-income geographies.

Population and Employment

According to census data, the total population in Shelby County has not changed significantly since 2010. The population was 44,436 in 2010 and 44,441 based on the 2015 ACS. There was also minimal change in the number of households and families. However, the rate of poverty for both households and families increased. Households below poverty increased from 10.0 to 10.6 percent, while families below poverty increased from 7.4 to 9.1 percent. The unemployment rate in Shelby County gradually improved each year during the evaluation period and remained similar to the statewide unemployment rate. The following table summarizes the annual unemployment rates:

Unemployment Rates						
Area	2012	2013	2014	2015	2016	2017
Shelby County	8.4%	7.3%	5.7%	4.5%	4.0%	3.3%
State of Indiana	8.3%	7.7%	6.0%	4.8%	4.4%	3.5%

Source: Bureau of Labor Statistics

Business demographic data indicates the primary business industries in the area are services, retail trade, construction, and agriculture, forestry, and fishing. Some of the major employers in Shelby County are Ryobi Die Casting, Knauf Insulation, PK USA, Penske Logistics, Major Hospital, Indiana Downs, and Indiana Grand Casino.

Housing and Affordability

The number and composition of the housing stock was stable. According to census data, total housing units in Shelby County increased from 18,976 (2010 Census) to 19,080 (2015 ACS). The majority of these housing units remained owner-occupied, but there was a slight increase in renter-occupied and vacant units. The 2015 ACS indicated 65.2 percent of the total units were owner-occupied, 25.0 percent were renter-occupied, and 9.9 percent were vacant. In the low-income census tract, there were 1,706 housing units and 29.1 percent were owner-occupied, 51.8 percent were renter-occupied, and 19.1 percent were vacant. In the moderate-income census tract, there were 1,485 housing units and 37.4 percent were owner-occupied, 44.9 percent were renter-occupied and 17.6 percent were vacant.

Homeownership affordability was an issue that limited mortgage demand, particularly among low-income borrowers. Based on the 2016 FFIEC median family income of \$65,600, low-income families made less than \$32,800. At \$123,858, the median housing value was 3.8 times the annual income of a low-income family. The median housing value declined to

\$118,860 per the 2015 ACS, while the 2017 FFIEC median family income increased to \$68,400. Thus, the housing value slightly decreased to 3.5 times the annual income.

Competition

Competition for deposits is moderate due to the number and size of the financial institutions within the AA. The FDIC Market Share Report as of June 30, 2017, showed First Federal and nine other financial institutions had fourteen offices in Shelby County. First Federal's one office with \$48.7 million of deposits represented a market share of 8.9 percent, which ranked them sixth. PNC Bank ranked first with 17.3 percent of the deposit market share.

Competition for home mortgage loans was strong in both 2016 and 2017. Based on 2016 aggregate HMDA data, 153 lenders originated or purchased a total of 1,335 home mortgage loans in Shelby County. The top five lenders accounted for approximately 25.0 percent of the total. In 2017, aggregate HMDA data indicated 155 lenders originated or purchased 1,342 home mortgage loans. The top five lenders accounted for approximately 24 percent of the total. First Federal ranked 36th in 2016 and 33rd in 2017, with a market share of 0.7 percent and 0.6 percent, respectively.

Appendix C: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases; (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE. Tables are identified by both letters and numbers, which results from how they are generated in supervisory analytical systems.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. Because small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the

percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. The table also presents aggregate peer data for the years the data is available.

- Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. The table also presents aggregate peer data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** – Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households throughout those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MA/assessment area.

Table O : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																	2016		
Assessment Area:	Total Home Mortgage Loans			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Indiana Non-MSA AA	82	9,004	90.1	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	
Indianapolis-Carmel-Anderson MSA AA	9	890	9.9	3.9	11.1	5.7	6.1	11.1	5.7	90.0	77.8	88.6	0.0	0.0	0.0	0.0	0.0	0.0	
Total	91	9,894	100.0	2.5	1.1	3.9	3.9	1.1	3.9	93.6	97.8	92.3	0.0	0.0	0.0	0.0	0.0	0.0	

Source: 2010 U.S Census; 01/01/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0.

Table O : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																	2017		
Assessment Area:	Total Home Mortgage Loans			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Indiana Non-MSA AA	69	8,849	89.6	0.0	0.0	0.0	15.8	21.7	19.3	40.5	30.4	42.2	43.7	47.8	38.4	0.0	0.0	0.0	
Indianapolis-Carmel-Anderson MSA AA	8	881	10.4	4.0	0.0	5.3	4.4	12.5	4.6	79.9	75.0	78.0	11.6	12.5	12.1	0.0	0.0	0.0	
Total	77	9,730	100.0	2.5	0.0	3.6	8.6	20.8	9.3	65.6	35.1	66.6	23.3	44.2	20.5	0.0	0.0	0.0	

Source: 2010 U.S Census; 01/01/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0.

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower 2016

Assessment Area:	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Indiana Non-MSA AA	82	9,004	90.1	17.5	6.1	6.9	18.6	18.3	23.6	24.6	22.0	20.0	39.3	53.7	39.5	0.0	0.0	10.1
Indianapolis-Carmel-Anderson MSA AA	9	890	9.9	20.3	0.0	11.8	19.5	22.2	21.9	24.7	11.1	21.6	35.5	55.6	27.7	0.0	11.1	16.9
Total	91	9,894	100.0	19.3	5.5	10.2	19.2	18.7	22.4	24.7	20.9	21.1	36.9	53.8	31.5	0.0	1.1	14.7

Source: 2010 U.S Census; 01/01/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data. "--" data not available.
Due to rounding, totals may not equal 100.0.

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower 2017

Assessment Area:	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Indiana Non-MSA AA	69	8,849	89.6	18.2	5.8	5.7	19.1	20.3	23.7	19.8	29.0	23.7	42.9	44.9	30.4	0.0	0.0	16.5
Indianapolis-Carmel-Anderson MSA AA	8	881	10.4	22.4	12.5	13.5	17.9	25.0	22.6	23.7	12.5	20.7	35.9	37.5	24.4	0.0	12.5	18.9
Total	77	9,730	100.0	20.8	6.5	11.0	18.4	20.8	22.9	22.2	27.3	21.7	38.5	44.2	26.3	0.0	1.3	18.1

Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 Aggregate HMDA Data. "--" data not available.
Due to rounding, totals may not equal 100.0.

Table U: Assessment Area Distribution of Consumer Loans by Income Category of the Geography												2016	
Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts	
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Indiana Non-MSA AA	20	416	60.6	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0
Indianapolis-Carmel-Anderson MSA AA	13	130	39.4	8.3	15.4	7.5	0.0	84.2	84.6	0.0	0.0	0.0	0.0
Total	33	546	100.0	5.3	6.1	4.7	0.0	90.0	98.0	0.0	0.0	0.0	0.0

*Source: 2010 US Census; 01/01/2016 - 12/31/2016 Bank Data.
Due to rounding, totals may not equal 100.0.*

Table U: Assessment Area Distribution of Consumer Loans by Income Category of the Geography												2017	
Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts	
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Indiana Non-MSA AA	20	547	60.6	0.0	0.0	19.1	20.0	39.2	40.0	41.7	40.0	0.0	0.0
Indianapolis-Carmel-Anderson MSA AA	13	187	39.4	8.0	0.0	7.1	0.0	74.7	100.0	10.2	0.0	0.0	0.0
Total	33	734	100.0	5.1	0.0	11.5	12.1	61.6	63.6	21.8	24.2	0.0	0.0

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data.
Due to rounding, totals may not equal 100.0.*

Table V - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower													2016	
Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers		
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Indiana Non-MSA AA	20	416	60.6	19.8	5.0	15.1	25.0	22.0	15.0	43.1	55.0	0.0	0.0	
Indianapolis-Carmel-Anderson MSA AA	13	130	39.4	21.7	7.7	17.3	29.3	30.8	38.5	39.8	23.1	0.0	0.0	
Total	33	546	100.0	21.0	6.1	16.5	27.3	21.5	24.2	41.0	42.4	0.0	0.0	

*Source: 2010 U.S Census; 01/01/2016 - 12/31/2017 Bank Data.
Due to rounding, totals may not equal 100.0.*

Table V - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower													2017	
Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers		
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Indiana Non-MSA AA	20	547	60.6	19.4	5.0	15.8	5.0	21.0	45.0	43.8	45.0	0.0	0.0	
Indianapolis-Carmel-Anderson MSA AA	13	187	39.4	22.2	7.7	16.6	23.1	19.9	30.8	41.4	38.5	0.0	0.0	
Total	33	734	100.0	21.2	6.1	16.3	12.1	20.3	39.4	42.3	42.4	0.0	0.0	

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data.
Due to rounding, totals may not equal 100.0.*