



Office of the
Comptroller of the Currency
Washington, DC 20219

INTERMEDIATE SMALL BANK

PUBLIC DISCLOSURE

May 28, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Federal Savings & Loan Association of Lorain
Charter Number 704171

3721 Oberlin Ave
Lorain, OH 44053-2761

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, 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

Institution's CRA Rating: This institution is rated **Needs to Improve**

The lending test is rated: Satisfactory

The community development test is rated: Needs to Improve

The major factors that support this rating include:

- The Lending Test rating is based on a majority of home mortgage lending occurring within First Federal Savings and Loan Association of Lorain's (FFSL or bank) assessment areas (AAs), a reasonable loan-to-deposit ratio, a reasonable penetration of home mortgage loans among borrowers of different income levels and a reasonable geographic distribution of home mortgage loans.
- The bank demonstrated poor responsiveness to community development needs through CD loans, investments, and services.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AAs, FFSL's loan-to-deposit ratio (LTD) is reasonable.

During the evaluation period the average LTD was 74.7 percent ranging from a low of 62 percent in the fourth quarter of 2021 to a high of 84.2 percent in the fourth quarter of 2023. In comparison, the LTD ratios for similarly situated institutions located within the bank's AAs ranged from 38.7 percent to 112.1 percent with an average of 70.9 percent.

Lending in Assessment Area

A majority of the bank's loans are inside its AAs.

The bank originated and purchased 57.9 percent of its total loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2021	311	96.0	13	4.0	324	58,456,700	94.1	3,653,550	5.9	62,110,250
2022	256	43.6	331	56.4	587	55,837,029	42.4	75,903,676	57.6	131,740,705
2023	121	43.5	157	56.5	278	29,567,789	48.8	30,972,484	51.2	60,540,273
Total	688	57.9	501	42.1	1189	143,861,518	56.6	110,509,710	43.4	254,391,228

Description of Institution

FFSL is an intrastate federally chartered mutual savings association headquartered in the city of Lorain, Ohio. The bank owns Lake Erie Financial Services, a non-bank service company established for real estate management. The bank did not participate in any merger or acquisition activity since the prior CRA evaluation. FFSL offers traditional home lending products which include purchase, refinance, home improvement, construction loans, home equity lines of credit (HELOCs), and credit cards.

According to the bank's December 31, 2023, Report of Condition and Income filing, the bank had total assets of \$530.0 million at year-end. Total assets at year-end for 2021 and 2022 were \$491.3 million and \$526.4 million respectively. Tier 1 capital, as of December 31, 2023, totaled \$63.2 million representing 11.9 percent of total assets.

The bank's principal line of business is the origination of 1-4 family residential mortgage loans. The bank's loan portfolio grew 30.0 percent over the review period. As of December 31, 2023, the loan portfolio totaled \$355.7 million, with 99.8 percent secured by real estate. The loan portfolio is comprised of 94.2 percent residential mortgages, 2.2 percent of home equity loans, 2.0 percent multifamily, 1.3 percent of construction and development loans, and 0.4 percent of other loans, such as credit card and consumer loans.

As of the evaluation period, the bank had three contiguous AAs. The bank's primary AA is identified as the Lorain AA, which includes the counties of Lorain, Cuyahoga, and Medina and is part of the Cleveland-Elyria Metropolitan Statistical Area (MSA). The Sandusky Non-MSA AA includes the counties of Sandusky, Seneca, Huron and Erie, which are all contiguous. The Ottawa AA includes Ottawa county only.

OCC examiners considered the bank's financial condition in our determination of ratings, and there are no legal, or other factors impeding FFSL's ability to help meet the credit needs of the communities it serves. The bank received a "Satisfactory" rating on its previous CRA evaluation dated March 29, 2021.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This performance evaluation assesses FFSL's record of meeting the credit needs of its AAs. Examiners performed this review using Intermediate Small Bank CRA procedures, which include a lending test and a CD test. The lending test evaluates the bank's record of meeting the credit needs of the bank's AAs through its home mortgage lending activities. The CD test evaluates the bank's responsiveness to CD needs in its AAs through qualified lending, investments and donations, and services. The evaluation period for lending and CD activity covers January 1, 2021, to December 31, 2023.

Examiners evaluated FFSL's lending performance based on its primary loan product of home mortgage loans. The bank does not offer business or farm loans. While FFSL does offer HELOCs, credit cards, and consumer loans, these products are not a primary focus of the bank. As a result, examiners did not consider these products as part of the evaluation.

Due to census changes, OCC examiners performed separate analysis periods for 2021 and 2022-2023 to evaluate the geographic and borrower distribution analysis. For 2021, examiners used the 2015 American Community Survey (ACS); for 2022-2023 examiners used updated 2020 U.S. Census data. Additional supporting information included 2021-2023 home mortgage disclosure act (HMDA) data, internal bank records, FDIC deposit market share data, and information from government websites regarding the characteristics and economy of the bank's AAs. Examiners also considered information from community contacts to help assess the needs of the bank's AAs and the opportunities for financial institutions to lend and provide services within those areas where needs are identified.

Selection of Areas for Full-Scope Review

For purposes of this evaluation, bank delineated AAs located within the same MSA are combined and evaluated as a single AA. These combined AAs may be evaluated as full- or limited-scope. OCC examiners selected the bank's Lorain and Sandusky Non-MSA AAs for full-scope reviews, as these areas have a majority of the bank's deposits and branch offices. Examiners considered higher weighting for 2021 lending data, as these loans are more reflective of the bank's normal lending practices given their organic origination compared to 2022-2023 loans when management began purchasing large quantities of home mortgages to supplement lending volume. These investor loans were not required to report income for HMDA purposes. Refer to *appendix A*, Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

FFSL's overall rating is based on its lending and CD performance within the state of Ohio. The state rating is based on performance in the bank's AAs that received full-scope reviews. Examiners gave more consideration to the bank's performance within the Lorain AA when determining the overall state rating, as the Lorain AA represents the bank's largest market with the highest deposit concentration, lending activity, and branch distribution. Refer to the "Scope" paragraph within the

“State” section of this document for details regarding how AAs were weighted in arriving at the respective ratings.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) 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 AA 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 Bureau of Consumer Financial Protection, 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.

State Rating

State of Ohio

CRA rating for the State of Ohio: Needs to Improve

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Needs to Improve

The major factors that support this rating include:

- The bank's distribution of home mortgage loans to borrowers of different income levels is reasonable.
- The bank's geographical distribution of home mortgage loans is reasonable.
- The bank demonstrated a poor level of responsiveness to community development needs through CD loans, investments, and services.
- The bank did not receive any CRA related complaints regarding its performance in helping meet the credit needs within its AAs during the evaluation period.

Description of Institution's Operations in Ohio

As of the evaluation, the bank operated seven branch offices throughout its three AAs. Four branch offices are located within the Lorain AA, inclusive of the bank's main office. The bank has two branches in the Sandusky Non-MSA AA and one in the Ottawa AA. The bank did not close any branches during the evaluation period.

All branch locations are open the same hours Monday through Friday. All offices are open on Saturdays with the exception of the Homewood and the Port Clinton offices. The branch offices in the Lorain AA offer deposit taking ATM services, with exception of the Avon office. The ATMs located in in the Sandusky and Ottawa AAs provide customer access to cash dispensing only ATMs. All branch locations offer drive-through teller windows and night depository services. The bank does not offer any standalone drive through locations or ATMs. FFSL is a member of the MoneyPass ATM network providing surcharge free access to over 14,000 ATMs nationwide.

FFSL offers the Fannie Mae HomeReady mortgage product designed for low- and moderate-income borrowers. Based on internal bank reporting, the bank originated 13 HomeReady loans totaling \$1.64 million during the evaluation period. These loans are included in HMDA data evaluated under the lending test.

Lorain AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Lorain AA – 2021						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	558	21.1	25.3	28.5	23.1	2.0
Population by Geography	1,741,172	14.3	22.3	31.4	31.5	0.5
Housing Units by Geography	817,810	16.5	25.0	30.3	27.5	0.7
Owner-Occupied Units by Geography	453,274	7.9	18.7	35.7	37.4	0.2
Occupied Rental Units by Geography	264,745	25.1	32.9	25.2	15.4	1.4
Vacant Units by Geography	99,791	32.7	32.4	19.5	14.1	1.4
Businesses by Geography	138,581	10.1	18.7	30.5	39.6	1.1
Farms by Geography	3,003	5.4	14.2	37.8	42.4	0.2
Family Distribution by Income Level	433,399	24.3	16.8	19.1	39.8	0.0
Household Distribution by Income Level	718,019	27.4	15.5	16.5	40.5	0.0
Median Family Income MSA - 17460 Cleveland-Elyria, OH MSA		\$65,821	Median Housing Value			\$132,589
			Median Gross Rent			\$754
			Families Below Poverty Level			12.8%
<i>Source: 2015 ACS and 2021 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.</i>						

Table A – Demographic Information of the Assessment Area						
Assessment Area: Lorain AA - 2022-2023						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	550	16.2	22.0	31.3	26.2	4.4
Population by Geography	1,760,251	11.8	19.4	34.5	32.7	1.6
Housing Units by Geography	822,717	14.3	21.8	32.8	28.8	2.3
Owner-Occupied Units by Geography	461,203	6.9	16.4	38.6	37.0	1.1
Occupied Rental Units by Geography	278,092	22.6	28.9	26.4	18.4	3.7
Vacant Units by Geography	83,422	27.3	28.6	21.7	18.2	4.2
Businesses by Geography	307,086	10.7	16.7	26.9	43.7	2.0
Farms by Geography	5,678	7.9	15.5	35.5	40.2	0.8
Family Distribution by Income Level	429,193	23.8	17.3	19.0	39.8	0.0
Household Distribution by Income Level	739,295	26.7	15.9	16.7	40.8	0.0
Median Family Income MSA - 17460 Cleveland-Elyria, OH MSA		\$76,766	Median Housing Value			\$149,335
			Median Gross Rent			\$849
			Families Below Poverty Level			11.0%
<i>Source: 2020 U.S. Census and 2023 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The Lorain AA does not arbitrarily exclude any low- or moderate-income census tracts (CTs). The bank’s AAs are comprised of whole CTs. Lorain is FFSL’s primary AA and is comprised of Lorain, Cuyahoga, and Medina counties. The area is located in northeastern Ohio along Lake Erie and offers both urban and suburban neighborhoods. Cleveland, Ohio is the primary city within the AA and contains most of the AA’s low- and moderate-income CTs. Additionally, the bank’s main office is located within this AA. As of the evaluation, the bank operated four branch offices in the AA, two in the city of Lorain, Ohio and one each in Amherst and Avon, Ohio. The main office in Lorain is located in a moderate-income CT, while the other Lorain office is in a low-income CT. The Amherst and Avon branches are located in a middle- and upper-income CT, respectively.

Competition for deposits within the AA is high, with a mixture of community banks and large banks serving the area. Per the June 30, 2023, FDIC Deposit Market Share Report, 34 institutions operate within the Lorain AA maintaining 447 offices. This does not include credit unions or other financial services providers. FFSL ranked 16th in terms of market share with 0.3 percent or \$321.8 million. The bank’s three largest competitors collectively hold a combined 69.6 percent of total deposits market share. FFSL’s market share remained stable throughout the evaluation period.

Competition for loans within the AA is high. 2022 aggregate mortgage data shows FFSL is ranked 53rd with a 0.3 percent market share out of a total of 558 mortgage lenders based on the total number of loans and dollar amount of loans made. The top five mortgage lenders are large banks and mortgage companies, including Third Federal Savings and Loan Association of Cleveland,

The Huntington National Bank, Fifth Third Bank, N.A., Rocket Mortgage, and CrossCountry Mortgage. These five lenders account for 28.6 percent of home mortgage lending in the AA.

Post COVID-19 pandemic economic conditions in the AA lagged the conditions in the overall state of Ohio as the AA was heavily impacted. Unemployment data from Moody's Analytics show the AA unemployment rate slightly lagging the overall state unemployment rate. At month-end in January 2021, the AA unemployment rate was 5.7 percent compared to 5.1 percent for Ohio. In December 2023, the unemployment rate in the AA was 3.8 percent comparing unfavorably to the overall state unemployment rate of 3.6 percent. Major employers in the AA include the Cleveland Clinic Foundation, University Hospitals, U.S. Office of Personnel Management, and the Minute Men Companies.

Examiners conducted one community contact with a non-profit that focuses on essential community services and affordable housing to aid individuals and families in need within Lorain and Erie counties. Services provided include emergency financial assistance for rent, utilities, etc. Additional services include volunteer income tax preparation, mobility management, and early education. Areas of opportunities include grants and financing of affordable housing, volunteers for income tax preparation for LMI individuals, and increased funding for programs and services.

Sandusky Non-MSA AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Sandusky Non-MSA - 2021						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	61	0.0	18.0	57.4	23.0	1.6
Population by Geography	251,194	0.0	16.0	59.2	24.8	0.0
Housing Units by Geography	113,089	0.0	16.6	58.8	24.6	0.0
Owner-Occupied Units by Geography	70,608	0.0	12.4	59.5	28.1	0.0
Occupied Rental Units by Geography	28,850	0.0	27.4	57.9	14.7	0.0
Vacant Units by Geography	13,631	0.0	15.4	57.2	27.4	0.0
Businesses by Geography	14,251	0.0	16.5	56.2	27.4	0.0
Farms by Geography	1,064	0.0	5.1	55.3	39.7	0.0
Family Distribution by Income Level	66,191	18.2	17.9	21.8	42.1	0.0
Household Distribution by Income Level	99,458	21.5	16.0	18.8	43.7	0.0
Median Family Income Non-MSAs - OH		\$55,785	Median Housing Value			\$117,809
			Median Gross Rent			\$664
			Families Below Poverty Level			10.5%
<i>Source: 2015 ACS and 2021 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.</i>						

Table A – Demographic Information of the Assessment Area						
Assessment Area: Sandusky Non-MSA - 2022-2023						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	62	1.6	16.1	61.3	19.4	1.6
Population by Geography	248,152	1.0	14.1	62.4	22.4	0.0
Housing Units by Geography	113,695	1.2	15.2	61.5	22.1	0.0
Owner-Occupied Units by Geography	71,419	0.7	12.1	61.9	25.3	0.0
Occupied Rental Units by Geography	28,534	2.2	23.2	61.3	13.3	0.0
Vacant Units by Geography	13,742	1.6	14.8	59.5	24.1	0.0
Businesses by Geography	23,992	1.3	14.1	57.8	26.8	0.0
Farms by Geography	1,550	0.4	5.9	63.5	30.2	0.0
Family Distribution by Income Level	64,866	17.2	18.9	23.5	40.5	0.0
Household Distribution by Income Level	99,953	20.3	16.6	20.0	43.0	0.0
Median Family Income Non-MSAs - OH		\$66,684	Median Housing Value			\$126,352
			Median Gross Rent			\$731
			Families Below Poverty Level			8.5%
<i>Source: 2020 U.S. Census and 2023 D&B Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The Sandusky Non-MSA AA does not arbitrarily exclude any low- or moderate-income CTs. It is adjacent to the Lorain AA sharing its eastern border. In 2021, based on 2015 ACS data, the AA had of 61 CTs comprised of one low-income CTs, 11 moderate-income CTs, 35 middle-income CTs, 14 upper-income CTs, and one CT having no income designation. The bank operated two branch locations in the AA, with one in a middle-income CT in Sandusky, Ohio and the other located in an upper-income CT in Huron, Ohio.

The AA changed according to the 2020 U.S. Census data resulting in an increase in the number of CTs within the AA from 61 to 62. Low-income CTs increased by one, moderate-income CTs decreased by one, middle-income CTs increased by three, and upper-income CTs decreased by two, and the number of CTs with no income assigned increased by 1.

Competition for deposits in the AA is significant, with a wide mix of community and large banks serving the area. Per the June 30, 2023, FDIC Deposit Market Share Report for the Sandusky Non-MSA AA, there are 19 institutions operating in the AA maintaining 82 offices. This does not include any credit unions or other financial services providers. FFSL ranked 13th in terms of deposit market share with 1.2 percent or \$82.5 million of insured deposits. The top five largest competitors in the AA hold a combined 53.7 percent of deposits total market share.

Competition for mortgage loans within the AA is high. Based upon 2022 aggregate mortgage data, FFSL ranked 24th out of 270 mortgage lenders with a market share of 1.4 percent. The top five

mortgage lenders listed are large banks and mortgage companies accounting for 28.0 percent of total market share in the AA, including Civista Bank, Rocket Mortgage, LLC, The Huntington National Bank, Fifth Third Bank N.A., LoanDepot.Com LLC, and KeyBank N.A.

Economic conditions in the AA post COVID-19 pandemic, lagged the state of Ohio throughout the evaluation period. The highest unemployment rate occurred at the beginning of the evaluation period with an average unemployment rate in the AA of 6.9 percent compared to 6.1 percent at the state level. Unemployment rates continued to decline throughout 2021, as the area recovered from the effects of the pandemic dropping to 4.0 percent in the AA at the end of December 2021, but still exceeding the 3.4 percent state unemployment rate. In December 2023, the average unemployment rate in the four counties comprising the Sandusky Non-MSA AA is 4.0 percent compared to 3.5 percent for the state of Ohio.

Scope of Evaluation in Ohio

The bank has three AAs in the state of Ohio. The Lorain AA was given more weight in the overall state rating since this AA represented the most bank loan originations, deposits, and branches. Examiners completed a limited-scope review of the Ottawa AA, as it represented the bank's smallest market based upon the level of loan originations and level of deposits. Ottawa AA represents 7.1 percent of the bank's total deposits. The following table shows the breakdown of bank lending activity, deposits, and branches by AA.

Description of AAs				
AA	Counties in AA	Loans	Deposits (\$000)	# of Branches
Lorain AA	Loraine, Medina, Cuyahoga	430	321,827	4
Sandusky Non-MSA AA	Sandusky, Erie, Seneca, Huron	177	82,481	2
Ottawa AA	Ottawa	81	30,825	1

Conclusions in Respect to Performance Tests in Ohio

Lending Test

The bank's performance under the Lending Test in Ohio is rated Satisfactory.

Conclusions for Areas Receiving Full-Scope Reviews

Based on a full-scope review, the FFSL's lending performance in the state of Ohio is reasonable.

Distribution of Loans by Income Level of the Geography

FFSL exhibits reasonable geographic distribution of loans in the state.

Home Mortgage Loans

Refer to Table O in the state of Ohio section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

In determining the ratings, examiners weighed demographic factors that may affect the bank's ability to lend. Factors considered include competition from larger institutions, the number of low- and moderate-income CTs, degree of bank presence, area demographics, the location of the majority of owner-occupied housing, and the bank's market share.

The bank's performance in 2021 is most weighted in our determination of ratings as it is more reflective of FFSL's typical lending practices. During 2022-2023 the bank made several bulk purchases of loans in the state of Ohio without consideration of borrower location relative to assessment area. Additionally, income information for these loans is not available for analysis.

Lorain AA

FFSL's distribution of home mortgage loans among geographies of different income levels in the Lorain AA is reasonable.

2021

The proportion of FFSL's 2021 home mortgages in low-income CTs at 5.0 percent is below the percentage of owner-occupied housing units of 7.9 percent but exceeds the aggregate home mortgage lending percentage of 4.3 percent. The proportion of the home mortgage lending in moderate-income CTs while below the percentage of owner-occupied housing units the 12.9 percent of loans is near the 15.0 aggregate lending rate.

2022-2023

2022-2023 bank lending in low-income CTs of 3.1 percent is below the percentage of owner-occupied housing units, however, it is near the aggregate lending rate. 2022-2023 bank lending in moderate-income CTs was below both the percentage of owner-occupied housing units and the aggregate lending rate. Factors contributing to the bank's distribution of home mortgage loans to low- and moderate-income CTs are a low level of vacant housing units and a low level of single family residences within the AA's low- and moderate income tracts.

Sandusky Non-MSA AA

FFSL's distribution of home mortgage loans among geographies of different income levels in the Sandusky Non-MSA AA is poor. The Sandusky Non-MSA AA had one low-income tract added because of the 2020 census. The bank made no home mortgage loans in the Sandusky Non-MSA AA low-income tracts during the evaluation period.

2021

In 2021, the AA had no low-income CTs. The proportion of bank lending of 7.0 percent in moderate-income CTs was significantly below the percentage of owner-occupied housing units and the aggregate lending rates of 12.4 and 12.0 percent respectively.

2022-2023

The bank made no loans in low-income CTs during 2022-2023, however, there are limited lending opportunities with only 0.7 percent of owner-occupied housing units available in low-income CTs within the AA. The bank's 3.3 percent of lending in moderate-income CTs during the period is significantly below the 12.1 and 12.6 percent of owner-occupied housing units and aggregate lending rate respectively. The bank's proportion of lending in moderate-income CTs reflects a decline and low level of lending in moderate-income CTs within the AA. While lending opportunities are readily available in middle- and upper-income CTs, where the branches are located, aggregate lending ratios demonstrate available opportunity in moderate income CTs.

Distribution of Loans by Income Level of the Borrower

FFSL exhibits a reasonable distribution of loans to individuals of different income levels, given the product offerings of the bank.

Home Mortgage Loans

Refer to Table P in the state of Ohio section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Lorain AA

FFSL exhibits a reasonable penetration of home mortgage loans to individuals of different income levels.

2021

The bank's proportion of home mortgage loans made to low-income borrowers within the Lorain AA in 2021 was 7.4 percent, which is near the aggregate lending rate to low-income borrowers of 8.8 percent. It is noted that the aggregate lending rate is significantly below the 24.3 percent of low-income borrowers, which examiners attributed to housing affordability given the median home price increased over the review period, and low level of available housing units in the overall AA. The proportion of bank lending in moderate-income CTs in 2021 exceeds both comparative metrics of the percentage of moderate-income families and the peer lending rate.

2022-2023

Lending to low-income borrowers totaled 5.7 percent which is significantly below the 23.8 percent of low-income families living in the area and the 10.0 aggregate peer lending rate. Examiners noted the main drivers for this change are home affordability and the high percentage of borrowers categorized with income totals not available for statistical analysis. Between 2021 and 2022-2023, the percentage of bank loans with income not available increased from 1.5 percent to 32.5 percent. This lack of income data serves to lower the percentages of loans to borrowers of different incomes since the loan count and location of purchased loans in the assessment are included in our analysis with no corresponding income data. The proportion of home mortgage loans to moderate-income borrowers in 2022-2023 was 17.5 percent, exceeding the 17.3 percent of moderate-income families in the area but slightly lower than the 21.0 aggregate lending.

Sandusky Non-MSA AA

The bank's distribution of home mortgage loans to borrowers of different income levels during the evaluation period in the Sandusky Non-MSA AA is reasonable.

2021

The bank's percentage of home mortgage loans to low-income borrowers within the Sandusky Non-MSA AA, in 2021 was 3.5 percent. This is significantly below both the 18.2 percent of low-income families living in the area and the 7.1 percent aggregate bank lending level. The bank's percentage of home mortgage loans to moderate-income borrowers in 2021 within the Sandusky Non-MSA AA was 16.3 percent, which is near the 17.9 percent of moderate-income families and below the 19.8 percent aggregate bank lending level. Examiners attribute the low level of loans to low- and moderate-income borrowers to housing affordability and lack of available housing units in in the AA.

2022 - 2023

The proportion of loans to low-income borrowers totals 4.4 percent which is significantly below the percentage of low-income families in the AA and below the aggregate peer lending rate. The bank's 2022-2023 level of lending to moderate-income borrowers is below the percentage of moderate-income families and significantly below the aggregate lending rate. Examiners attributed the bank's performance to a lack of housing affordability given median house increases during the period and low level of available housing units in the AA.

Responses to Complaints

FFSL did not receive any complaints pertaining to the Community Reinvestment Act during the evaluation period.

Conclusions for Area Receiving a Limited Scope Review

Based on a limited-scope review, the bank's performance under the Lending Test in the Ottawa AA is weaker than the bank's overall performance under the Lending Test in the full-scope areas. The weaker performance is due to a lack of available units in low- and moderate-income CTs within the AA and a single branch servicing the AA originating a limited number of loans. The level of competition for lending opportunities, the percentage of the bank's deposits in the AA, and performance in the limited-scope area had a neutral impact the bank's overall lending test rating.

Community Development Test

The bank's performance under the Community Development Test in the state of Ohio is rated Needs to Improve.

Conclusions for Areas Receiving Full-Scope Reviews

Based on a full-scope review of the Lorain AA and the Sandusky Non-MSA AAs, the bank exhibits poor responsiveness to CD needs in the state through CD loans, qualified investments, and CD services, as appropriate, considering the bank's capacity and the need, and availability, of such opportunities for CD in the bank's AAs.

Number and Amount of Community Development Loans

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

<i>Community Development Loans</i>				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Full-Scope				
Lorain AA	0	0	0	0
Sandusky Non-MSA AA	0	0	0	0
Limited-Scope				
Ottawa AA	0	0	0	0

FFSL did not originate any CD loans within any AA during the evaluation period, which examiners attributed to the bank's focus on home mortgage lending and lack of commercial lending. The bank maintains a relationship for a non-profit housing board and has provided lending in the past,

but the board has not requested any additional credit requests during the evaluation period. The absence of CD lending has a negative impact on the overall CD performance rating.

Number and Amount of Qualified Investments

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Full-Scope										
Lorain AA	0	0	10	13	10	76.9	13	5.2	0	0
Sandusky Non-MSA AA	0	0	0	0	0	0	0	0	0	0
Statewide/Regional with Direct Benefit to AAs	3	236	0	0	3	23.1	236	94.8	0	0
Limited-Scope										
Ottawa AA	0	0	0	0	0	0	0	0	0	0

* *Prior Period Investments* means investments made in a previous evaluation period that are outstanding as of the examination date.

** *Unfunded Commitments* means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The Qualified Investment Table, shown above, sets forth the information and data used to evaluate the bank's level of qualified CD investments. This table includes all CD investments, including prior period investments that remain outstanding as of the examination date. Examiners considered the impact of the bank's lack of profitability on the bank's capacity and volume of investments during the review.

The bank made 10 qualifying CD donations during the evaluation period totaling \$13,000 that benefitted low- and moderate-income individuals and households, affordable housing, and revitalization/stabilization within low-income census tracts of the AA.

Additionally, the bank had three qualified investments totaling \$236,274 from the prior evaluation period. Prior period investments represent purchases of Small Business Administration (SBA) bonds directly benefiting the bank's AAs in support of SBA services including funding programs, counseling, federal contracting certifications, and disaster assistance. The bank made no qualifying investments in the Sandusky Non-MSA AA during the evaluation. Total investments and donations over the evaluation period totaled 0.4 percent of tier 1 capital. The level of qualified CD investments had a negative impact on the overall CD test ratings.

Extent to Which the Bank Provides Community Development Services

FFSL's overall performance in providing qualified CD services is poor. Services provided are focused on essential community services targeted to low- and moderate-income individuals,

affordable housing, and financial literacy. Bank employees participated in organizational services, primarily in leadership roles that benefitted low- and moderate-income individuals.

FFSL demonstrated a poor level of responsiveness to community needs in the Lorain AA through a variety of CD services. Services include the provision of financial and technical expertise to non-profit groups engaged in affordable housing, and social services and financial literacy for low- and moderate-income individuals and families. The bank's officers and staff participated for 70 total hours with several organizations within the Lorain AA for the following activities:

- One employee served as a board member and treasurer of an organization dedicated towards addressing medically under-served individuals within Lorain County. Services are geared towards low-income individuals and their families.
- Two employees participated within the IRS's Volunteer Income Tax Assistance (VITA) program, which helps low- and moderate-income individuals, persons with disabilities, and limited English speakers in filing their taxes.

The bank's CD service activities within the Sandusky Non-MSA AA reflect an adequate level of CD services. CD services consisted of bank employees serving as board members or other senior roles within organizations providing essential community services to low- and moderate-income individuals and families to promote their health, stability, and well-being. Other CD services consisted of an individual serving as board member within an organization providing affordable housing services towards elderly LMI individuals. Total service hours in the Sandusky Non-MSA AA totaled 107 hours. Highlights of CD services provided by bank employees include the below:

- One individual served as a board member of an organization providing essential community supportive services to promote the health, stability, and well-being of LMI individuals.
- One individual served as an officer and treasurer of an organization focused on providing services to sick, disabled, and low-income individuals.
- One individual served as a board member of an organization providing community supportive services and affordable housing services. Services are geared towards residents 60 years plus experiencing financial difficulties.

Conclusions for Areas Receiving Limited Scope Reviews

Based on a limited-scope review, the bank's performance under the CD Test in the Ottawa AA is not consistent and weaker than the bank's overall performance under the CD Test in the full scope areas. The bank has a limited presence in this AA and there is a high level of competition for CD opportunities.

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:	01/01/21 to 12/31/23	
Bank Products Reviewed:	Home mortgage, community development loans, qualified investments, community development services	
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
State of Ohio		
Lorain AA	Full-scope	Lorain, Cuyahoga, and Medina counties.
Sandusky Non-MSA AA	Full-scope	Sandusky, Erie, Huron, and Seneca counties.
Ottawa AA	Limited-Scope	Ottawa county.

Appendix B: Summary of State Ratings

RATINGS - First Federal Savings and Loan Association of Lorain			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
First Federal Savings and Loan Association of Lorain	Satisfactory	Needs to Improve	Needs to Improve
State:			
Ohio	Satisfactory	Needs to Improve	Needs to Improve

(*) The Lending Test and Community Development Test carry equal weight in the overall rating.

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in 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. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, 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, 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-Scope 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), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

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-Scope 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: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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 state/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. The median is the point at which half of the families have income above, and half below, a range of incomes. 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, and half below, a range of incomes.

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.

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.

Rating Area: A rated area is a state or multi-state metropolitan statistical 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 statistical area, the institution will receive a rating for the multi-state metropolitan statistical 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 1 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.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, 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 are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/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.

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 MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.

Ohio Lending

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2021
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% 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
Lorain AA	202	35,357,000	65.0	84,692	7.9	5.0	4.3	18.7	12.9	15.0	35.7	41.6	36.1	37.4	40.6	44.5	0.2	0.0	0.1
Ottawa AA	23	6,295,100	7.4	2,354	0.0	0.0	0.0	0.0	0.0	0.0	74.6	73.9	69.4	25.4	26.1	30.6	0.0	0.0	0.0
Sandusky Non-MSA	86	16,804,600	27.7	8,969	0.0	0.0	0.0	12.4	7.0	12.0	59.5	48.8	57.9	28.1	44.2	30.1	0.0	0.0	0.0
Total	311	58,456,700	100.0	96,015	6.7	3.2	3.8	17.4	10.3	14.4	39.8	46.0	39.0	35.9	40.5	42.8	0.2	0.0	0.0

*Source: 2015 ACS; 01/01/2021 - 12/31/2021 Bank Data, 2021 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																				2022-23
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle- Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% 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	
Lorain AA	228	47,486,468	60.5	54,716	6.9	3.1	5.5	16.4	9.6	15.1	38.6	51.3	39.7	37.0	35.5	39.1	1.1	0.4	0.6	
Ottawa AA	58	19,287,800	15.4	1,444	0.0	0.0	0.0	3.9	1.7	3.2	50.6	43.1	46.7	44.1	53.4	47.6	1.3	1.7	2.5	
Sandusky Non-MSA	91	18,630,550	24.1	6,024	0.7	0.0	1.0	12.1	3.3	12.6	61.9	53.8	61.4	25.3	42.9	24.9	0.0	0.0	0.0	
Total	377	85,404,818	100.0	62,184	6.0	1.9	4.9	15.5	6.9	14.6	42.0	50.7	42.0	35.6	40.1	38.0	1.0	0.5	0.6	

Source: 2020 U.S. Census; 01/01/2022 - 12/31/2023 Bank Data, 2022 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 2021

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Lorain AA	202	35,357,000	65.0	84,692	24.3	7.4	8.8	16.8	21.3	18.8	19.1	25.2	21.3	39.8	44.6	36.3	0.0	1.5	14.8
Ottawa AA	23	6,295,100	7.4	2,354	13.8	4.3	4.5	16.8	17.4	15.6	21.8	21.7	18.9	47.7	56.5	50.3	0.0	0.0	10.7
Sandusky Non-MSA	86	16,804,600	27.7	8,969	18.2	3.5	7.1	17.9	16.3	19.8	21.8	19.8	23.9	42.1	59.3	34.6	0.0	1.2	14.6
Total	311	58,456,700	100.0	96,015	23.3	6.1	8.6	17.0	19.6	18.8	19.5	23.5	21.5	40.2	49.5	36.5	0.0	1.3	14.7

Source: 2015 ACS; 01/01/2021 - 12/31/2021 Bank Data, 2021 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																			2022-23	
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
Lorain AA	228	47,486,468	60.5	54,716	23.8	5.7	10.0	17.3	17.5	21.0	19.0	20.6	20.7	39.8	23.7	33.6	0.0	32.5	14.8	
Ottawa AA	58	19,287,800	15.4	1,444	16.7	1.7	5.7	17.0	6.9	16.0	18.6	12.1	18.8	47.6	74.1	48.4	0.0	5.2	11.2	
Sandusky Non-MSA	91	18,630,550	24.1	6,024	17.2	4.4	9.5	18.9	14.3	22.8	23.5	31.9	24.1	40.5	40.7	28.2	0.0	8.8	15.4	
Total	377	85,404,818	100.0	62,184	22.8	4.8	9.8	17.5	15.1	21.0	19.6	22.0	21.0	40.1	35.5	33.4	0.0	22.5	14.8	
<i>Source: 2020 U.S. Census; 01/01/2022 - 12/31/2023 Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>																				

