



PUBLIC DISCLOSURE

November 20, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Home Federal Saving & Loan Association of Niles
Charter Number 701412
55 N Main St
Niles, OH 44446-5003

Office of the Comptroller of the Currency
Northern Ohio Field Office
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: Satisfactory

The Lending Test is rated: Satisfactory

The major factors that support this rating include:

- The institution's distribution of residential mortgage loans reflects reasonable penetration among borrowers of different income levels.
- The institution's distribution of residential mortgage loans reflects reasonable dispersion among geographies of different income levels.
- The institution's average loan-to-deposit ratio is reasonable given its size and financial condition, and the credit needs of its community. The institution's loan to deposit ratio steadily increased during the evaluation period.
- The institution originated or purchased a majority of its loans, by number, inside its assessment area (AA) during the evaluation period.
- The institution did not receive any written complaints during the evaluation period that were related to its performance in meeting the credit and deposit needs of its AA.

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 metropolitan area (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 (MSA): An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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

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

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

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

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

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

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

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

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

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

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

Description of Institution

Home Federal Savings and Loan Association of Niles (HFSL or bank) is a \$99.6 million federally chartered thrift institution headquartered in Niles, Ohio. It is a full-service, intrastate bank, and a wholly-owned subsidiary of First Niles Financial Inc., a one-bank holding company also located in Niles, Ohio. The bank did not open or close any branches during the evaluation period, and did not participate in any mergers or acquisitions. The bank operates a single retail office with drive-up service in a middle-income CT in Trumbull County, but does not offer automated teller machine (ATM) services. To better identify the communities it can reasonably serve based upon its limited footprint, HFSL adjusted its AA in November 2014 to include most of the southern half of Trumbull County. This change removed 15 census tracts (CTs) from its AA, all of which were middle- or upper-income geographies. For additional details on the AA, please refer to the Community Profile section in *Appendix B* of this report.

Significant changes in senior management occurred since our last CRA Performance Evaluation, including the retirement of the bank's president and chief executive officer in December, 2016. The Board appointed a new president, who implemented strategic changes to help improve the bank's CRA performance. Historically, management has focused asset growth on investment securities rather than lending due to low loan demand. Under the direction of the new president, the bank is focused on growing its loan portfolio both organically and via the purchase of loans from other financial institutions. In 2017, HFSL began purchasing loans from Huntington National Bank that are specifically targeted to low- and moderate-income individuals and geographies, in order to help enhance its ability to meet the credit needs of its AA.

HFSL offers traditional banking products and services to its customers, including business loans and residential mortgage loans. The bank began offering 30-year mortgage loans during the evaluation period, and also offers home equity lines of credit (HELOCs) and some consumer loan products in addition to a range of deposit products and services including checking and savings accounts, certificates of deposit, money market accounts, wire transfers, and online banking. Business-related deposit products and services include checking, savings, and money market accounts.

HFSL's loan portfolio has increased by 80.3 percent since September 30, 2014. As of December 31, 2017, the bank's loan portfolio totaled \$41.7 million, and 97.7 percent of the portfolio was secured by real estate. The portion of the portfolio secured by real estate consisted of 1-4 family residential mortgage loans (60.7 percent), non-farm / non-residential loans (21.3 percent), multifamily residential real estate loans (11.3 percent), and construction loans (4.4 percent). Less than two percent of the portfolio consisted of commercial loans, and less than one percent was consumer instalment loans.

There are no legal, financial, or other factors impeding HFSL's ability to help meet the credit needs of the communities that it serves. As of December 31, 2017, the bank's Tier One capital totaled approximately \$12.5 million, or 12.5 percent of its total assets. The bank received a rating of "Needs to Improve" as a result of its previous CRA examination, which was dated November 24, 2014.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This Performance Evaluation assesses HFSL's record of meeting the credit needs of the community in which it operates. We performed a full-scope review of the bank's CRA performance, using the Lending Test criteria for small bank examinations. The Lending Test evaluates the bank's record of meeting the credit needs of its AA through its lending activities. This evaluation covers the period of January 1, 2015, to December 31, 2017.

We evaluated HFSL's lending performance for the years 2015 and 2016 on a combined basis. Due to changes in income census data effective in 2017, the bank's 2017 lending performance was evaluated separately. Based on the bank's internal reports for lending activity during the evaluation period, and discussions with senior management, we determined that the bank's primary lending focus during the evaluation period was home mortgage loans, which include home purchase loans, home improvement loans, and home refinance loans. We assessed these loan types on a combined basis, in order to make the geographic and borrower home mortgage lending analysis more meaningful (in light of the relatively low number of loans involved). We also determined that multi-family, non-residential real-estate, commercial, agricultural and consumer loans were not a primary focus of the bank during the evaluation period. Therefore, we did not consider these lending programs as part of this evaluation, as the analysis would not be meaningful.

We also utilized other supporting information while evaluating HFSL's CRA performance. This information included 2010 U.S. Census data, 2015 American Community Survey (ACS) census data (which was first published in 2017), 2015 through 2017 HMDA Loan Application Registers, internal bank records, deposit market share data, and information from governmental websites regarding the characteristics and economy of the bank's AA.

Data Integrity

This evaluation is based on reported residential mortgage loan data. Prior to the evaluation, we tested the accuracy of the HMDA data that HFSL reported during the evaluation period, and determined that the data is reliable.

Selection of Areas for Full-Scope Review

We performed a full-scope review of HFSL's only AA, Trumbull County. Please refer to *Appendix A* for more information.

Ratings

HFSL's overall rating is based on its performance within the Trumbull County AA. In reaching our conclusion, we considered information from the four performance criteria: Loan-to-Deposit Ratio, Lending in Assessment Area, Lending to Borrowers of Different Incomes and to Businesses of Different Sizes, and Geographic Distribution of Loans. Given the bank's change in strategic focus of originating or purchasing home mortgage loans in 2017, we weighted 2017 lending activity more heavily in our analysis, as it is reflective of the efforts made by the bank to increase lending and to service the needs of its AA.

Discriminatory or Other Illegal Credit Practices Review

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

The OCC has not identified that this institution 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

HFSL’s performance under the lending test is rated Satisfactory. Based on our full-scope review, the bank’s lending performance within the Trumbull County AA is adequate.

Loan-to-Deposit Ratio

HFSL’s loan-to-deposit (LTD) ratio is reasonable. During the evaluation period, the bank’s average quarterly LTD ratio was 51.9 percent. While the average LTD ratio is relatively low, it steadily increased during the evaluation period, from a low of 38.6 percent as of January 1, 2015, to a high of 70.0 percent on December 31, 2017. Due to its smaller asset size, HFSL does not have any peer banks within its AA for comparison purposes. However, the 70.0 percent LTD ratio is comparable to the bank’s national peer group LTD ratio of 75.2 percent as of December 31, 2017.

Lending in Assessment Area

HFSL originated or purchased a majority of its loans inside its AA during the evaluation period. As shown in Table A, the bank originated or purchased 70.5 percent by number and 40.6 percent by dollar amount of its total home mortgage loans within the AA. The higher percentage of loans by dollar amount outside the AA is attributed to two large loans totaling \$3.1 million.

| Loan Category – Home Mortgage | Number of Loans | | | | Total # | Dollar Amount of Loans (000s) | | | | Total \$(000s) |
|----------------------------------|-----------------|-------------|-----------|-------------|------------|----------------------------------|-------------|--------------|-------------|-------------------|
| | Inside | | Outside | | | Inside | | Outside | | |
| | # | % | # | % | \$ | % | \$ | % | | |
| 2015/2016 | 33 | 63.5 | 19 | 36.5 | 52 | 2,050 | 37.6 | 3,399 | 62.4 | 5,449 |
| 2017 | 34 | 79.1 | 9 | 20.9 | 43 | 2,303 | 43.6 | 2,979 | 56.3 | 5,282 |
| Subtotal | 67 | 70.5 | 28 | 29.5 | 95 | 4,353 | 40.6 | 6,378 | 59.4 | 10,731 |

*Source: Evaluation Period: 1/1/2015 - 12/31/2017 Bank Data
Due to rounding, totals may not equal 100.0*

Lending to Borrowers of Different Incomes

HFSL’s distribution of residential mortgage loans to low- and moderate-income individuals reflects reasonable penetration among borrowers of different income levels, considering performance context information, demographics, and HMDA aggregate lending data. Regarding performance context, the bank’s performance during 2017 is given more weight in our conclusions, due to improvement during the evaluation period.

2015 – 2016

The overall borrower distribution of residential loans originated or purchased during 2015 and 2016 is very poor, primarily due to the fact that HFSL did not make any loans to low-income borrowers during this period of time. The bank's percentage of loans to moderate-income borrowers was also significantly below both the percentage of moderate-income families in the AA, and 2016 HMDA aggregate lending percentage to moderate-income borrowers.

Refer to Table P-1 in Appendix C-3 for the facts and data used to evaluate the borrower distribution of the bank's loan originations and purchases.

2017

The overall borrower distribution of residential loans originated or purchased during 2017 is reasonable. HFSL's percentage of loans to low-income borrowers is below the percentage of low-income families in the AA, but exceeds the 2017 HMDA aggregate lending percentage to low-income borrowers. The bank's percentage of loans to moderate-income borrowers exceeded both the percentage of moderate-income families in the AA, and the HMDA aggregate lending percentage to moderate-income borrowers. The improvement compared to 2015 – 2016 resulted from the bank's strategy of purchasing loans specifically targeted to low- and moderate-income individuals and geographies.

Refer to Table P-2 in Appendix C-3 for the facts and data used to evaluate the borrower distribution of the bank's loan originations and purchases.

Geographic Distribution of Loans

HFSL's distribution of residential mortgage loans among geographies of different income levels is reasonable, considering performance context information, and HMDA aggregate lending data. Regarding performance context, the bank's performance during 2017 is given more weight in our conclusions due to improvement during the evaluation period.

2015 – 2016

HFSL's distribution of residential real estate loans among geographies of different income levels during 2015 and 2016 is reasonable. While the bank did not originate or purchase any loans in low-income CTs, the AA only has three low-income CTs and only 3.3 percent of the AA's owner-occupied housing units are located in those CTs. Furthermore, HMDA aggregate lending data reflects that only 0.8 percent of loans are made in these CTs. The bank's percentage of loans to borrowers in moderate-income CTs is near the percentage of owner-occupied housing units in those CTs, and exceeded aggregate lending percentages.

Refer to Table O-1 in Appendix C-2 for the facts and data used to evaluate the geographic distribution of the bank's loan originations and purchases.

2017

HFSL's distribution of residential real estate loans among geographies of different income levels during 2017 is reasonable. While the bank did not originate or purchase any loans in the three low-income CTs, only 1,309 owner-occupied housing units are located in these CTs, and only 0.7 percent of HMDA aggregate lending occurred in these CTs. The bank's percentage of loans originated or purchased in moderate-income CTs significantly exceeded both the percentage of the AA's owner-occupied housing units in these CTs, and aggregate lending percentages.

Refer to Table O-2 in Appendix C-2 for the facts and data used to evaluate the geographic distribution of the bank's loan originations and purchases.

Responses to Complaints

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

Appendix A: Scope of Examination

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

| | | |
|---|--|---|
| Time Period Reviewed | Lending Test: (01/01/2015 to 12/31/2017) | |
| Financial Institution | Products Reviewed | |
| Home Federal Savings and Loan (HFSL) Niles, Ohio | Residential Mortgages | |
| List of Assessment Areas and Type of Examination | | |
| Assessment Area | Type of Exam | Other Information |
| Ohio 40 CTs in Trumbull County | Full-Scope | Part of the Youngstown-Warren-Boardman OH-PA MSA (49660). |

Appendix B: Community Profiles for Full-Scope Areas

| Table A – Demographic Information of the Assessment Area | | | | | | |
|--|----------|-------------------|------------------------------|----------------------|---------------------|-------------------|
| Assessment Area: Trumbull County 2015-16 | | | | | | |
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 40 | 7.5 | 22.5 | 55.0 | 15.0 | 0.0 |
| Population by Geography | 147,634 | 5.1 | 20.6 | 57.6 | 16.7 | 0.0 |
| Housing Units by Geography | 70,468 | 6.2 | 21.1 | 57.7 | 15.0 | 0.0 |
| Owner-Occupied Units by Geography | 44,541 | 3.3 | 17.2 | 60.2 | 19.3 | 0.0 |
| Occupied Rental Units by Geography | 17,650 | 8.7 | 26.5 | 57.3 | 7.5 | 0.0 |
| Vacant Units by Geography | 8,277 | 15.7 | 30.2 | 45.5 | 8.6 | 0.0 |
| Businesses by Geography | 7,428 | 7.0 | 15.8 | 56.0 | 21.2 | 0.0 |
| Farms by Geography | 189 | 2.1 | 14.8 | 61.9 | 21.2 | 0.0 |
| Family Distribution by Income Level | 39,021 | 22.2 | 18.2 | 22.4 | 37.1 | 0.0 |
| Household Distribution by Income Level | 62,191 | 26.0 | 16.1 | 18.5 | 39.4 | 0.0 |
| Median Family Income MSA - 49660 Youngstown-Warren-Boardman, OH-PA MSA | | \$52,933 | Median Housing Value | | | \$93,549 |
| | | | Median Gross Rent | | | \$586 |
| | | | Families Below Poverty Level | | | 13.6% |

Source: 2010 US 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 B – Demographic Information of the Assessment Area | | | | | | |
|--|----------|-------------------|------------------------------|----------------------|---------------------|-------------------|
| Assessment Area: Trumbull County 2017 | | | | | | |
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 40 | 7.5 | 25.0 | 55.0 | 12.5 | 0.0 |
| Population by Geography | 144,770 | 4.8 | 22.1 | 56.0 | 17.0 | 0.0 |
| Housing Units by Geography | 69,624 | 5.2 | 21.5 | 56.9 | 16.4 | 0.0 |
| Owner-Occupied Units by Geography | 42,202 | 3.1 | 17.0 | 60.0 | 19.9 | 0.0 |
| Occupied Rental Units by Geography | 20,232 | 7.5 | 28.2 | 54.8 | 9.5 | 0.0 |
| Vacant Units by Geography | 7,190 | 11.4 | 29.2 | 44.7 | 14.7 | 0.0 |
| Businesses by Geography | 7,446 | 3.3 | 21.0 | 50.4 | 25.2 | 0.0 |
| Farms by Geography | 184 | 1.6 | 16.3 | 63.6 | 18.5 | 0.0 |
| Family Distribution by Income Level | 38,084 | 23.2 | 19.0 | 20.4 | 37.4 | 0.0 |
| Household Distribution by Income Level | 62,434 | 26.5 | 16.3 | 18.1 | 39.1 | 0.0 |
| Median Family Income MSA - 49660 Youngstown-Warren-Boardman, OH-PA MSA | | \$55,174 | Median Housing Value | | | \$86,802 |
| | | | Median Gross Rent | | | \$621 |
| | | | Families Below Poverty Level | | | 15.8% |

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.*

HFSL's AA is comprised of the southern half of Trumbull County, which is part of the Youngstown-Warren-Boardman OH-PA MSA. The AA is located in northeastern Ohio, and the primary city within the AA is Warren, Ohio, which is the county seat. The bank operates its single office location within Trumbull County and the AA, in the city of Niles. The AA is comprised of contiguous geographies, and does not arbitrarily exclude any low- or moderate-income areas. Based on 2010 U.S. Census data, the bank's AA consists of 40 CTs, including three (3) low-income CTs, nine (9) moderate-income CTs, 22 middle-income CTs, and six (6) upper-income CTs. As of the 2015 ACS Census, the total number of CTs in the AA remained at 40, but the number of moderate-income CTs increased to 10 while number of upper-income CTs decreased to five (5). The AA does not contain any designated distressed or underserved middle-income areas.

According to 2015 ACS Census data, the AA contains approximately 1.2 percent of the state's population, which equates to 144,770 persons and 38,084 families. The number of persons and the number of families declined by 1.9 percent and 2.4 percent, respectively, compared to 2010 U.S. Census data. Furthermore, the AA experienced a 5.3 percent reduction in the number of owner-occupied housing units, from 44,541 to 42,202. The tables on the previous page identify the percentages of families in each income level within the AA. Over the evaluation period, the total percentage of low- or moderate-income families in the AA increased from 40.4 percent to 42.2 percent. The demographics also indicate that 15.8 percent of families in the AA now live below the poverty level, compared to 13.6 percent as of the 2010 U.S. Census. The AA's median home value experienced a significant 7.2 percent decline, to \$86,802 as of the 2015 ACS Census, while median family income increased from \$52,933 to \$55,174.

There were 7,428 non-farm businesses in the AA as of the 2010 U.S. Census, and 7,446 as of the 2015 ACS Census. A majority of non-farm businesses in the AA are small. According to 2016 and 2017 Dun & Bradstreet data, the percent of businesses located in the AA with less than \$1 million in gross annual revenues is approximately 77.8 percent. For both census years, most non-farm businesses operating in the AA had less than five employees and operated from a single location. The primary business sectors within the AA include services, retail trade, and construction. The service and retail trade industries comprised over 61 percent of employers in the AA during the period. Major employers include General Motors, Trumbull County government, ValleyCare Health System, Alorica, and Warren City Schools.

Better opportunities for mortgage lending exist in the middle- and upper-income CTs within this AA. Those CTs contained over 79 percent of the owner-occupied housing units in the AA during the evaluation period, while low- and moderate-income CTs contained approximately 20 percent of these units. Low- and moderate-income CTs also contained larger percentages of rental and vacant housing units than middle- and upper-income CTs. Furthermore, the percentage of households in low-income CTs living below the poverty level increased from 44.9 percent as of the 2010 U.S. Census, to 51.2 percent during the 2015 ACS Census, while the percentage of households in moderate-income CTs living below the poverty level increased from 27.4 percent to 31.4 percent. Living below poverty creates a barrier for home ownership, making it especially difficult for this segment of the low-income population to afford and maintain a home.

Trumbull County has a highly competitive banking environment, with a mix of large and community banks as well as credit unions serving the area. According to the June 30, 2017, FDIC Deposit Market Share report, 13 financial institutions with 60 offices serve the county. This does not include credit unions or mortgage companies. HFSL ranked ninth in terms of deposit market share, with 2.1 percent of total deposits, and this data was generally consistent during 2015 and 2016. The largest competitors in terms of deposits are Huntington National Bank, JP Morgan Chase and Chemical Bank, each with deposit shares exceeding 15 percent. Based on 2016 and 2017 mortgage loan data, HFSL ranked 34th and 26th, respectively, among 182 and 184 lenders originating or purchasing home mortgage loans within the AA. HFSL's market share represented less than one percent of the market in both years. The top five home mortgage loan lenders in the AA are larger banks, credit unions, and mortgage companies, which hold a combined 34.9 percent share of the market.

Economic growth in the AA lags behind the rest of Ohio. According to Moody's Analytics, the area's economy continues to suffer due to weaknesses in manufacturing and continued population loss, which constrain long-term growth. One half of the jobs within the Youngstown-Warren-Boardman OH-PA MSA are in low-wage industries. Furthermore, Trumbull County's unemployment rate has been significantly higher than both the State of Ohio and national rates during the evaluation period. According to the U.S. Department of Labor's Bureau of Labor Statistics database, the unadjusted average annual unemployment rate for Trumbull County declined from 7.6 percent in January 2015, to 6.1 percent as of December 31, 2017. The state-wide unemployment rate remained fairly steady at approximately 4.9 percent during that time, while the county rate varied greatly (averaging 6.8 percent, and reaching a high of 9.4 percent in March 2017). The national rate declined throughout the period, reaching a low of 3.9 percent as of December 31, 2017. According to the 2010 U.S. Census and the 2015 ACS Census, the percentage of households that derive their income from wages or salaries declined from 66.9 percent to 65.1 percent, while the percentage of households that rely on social security or public assistance increased from 38.2 percent to 41.7 percent.

We considered information obtained from a community organization within the AA, in order to gain an understanding of the needs and credit opportunities of the AA. Specifically, we met with a representative of an affordable housing organization, who identified small dollar mortgages, rehabilitation of existing homes, and expansion of assistance into rural areas as credit needs of the AA. Other opportunities include investing in the operation of the affordable housing organization, providing support for a local YouthBuild program, and funding home ownership counseling and financial education programs.

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 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 is compiled by the FDIC and is 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 O1: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography | | | | | | | | | | | | | | | | | | | 2015-16 | |
|--|---------------------------|----------|------------|----------------|-----------------------------------|--------------|-----------|-----------------------------------|--------------|-----------|-----------------------------------|--------------|-----------|-----------------------------------|--------------|-----------|-----------------------------------|--------------|----------------|--|
| Assessment Area: | Total Home Mortgage Loans | | | | Low-Income Tracts | | | Moderate-Income Tracts | | | Middle-Income Tracts | | | Upper-Income Tracts | | | Not Available-Income Tracts | | | |
| | # | \$ (000) | % 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 | |
| Trumbull County AA | 33 | 2,050 | 100.0 | 34 | 3.3 | 0.0 | 0.8 | 17.2 | 12.1 | 9.7 | 60.2 | 75.8 | 65.5 | 19.3 | 12.1 | 24.1 | -- | -- | -- | |

Source: 2010 U.S Census; 01/01/2015 - 12/31/2016 Bank HMDA Data, 2016 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0. Aggregate percentages includes 1-4 family residential and manufactured homes, and combined home purchase, home refinance, and home improvement loans originated or purchased.

| Table O2: 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 | | | |
| | # | \$ (000) | % 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 | |
| Trumbull County AA | 34 | 2,303 | 100.0 | 26 | 3.1 | 0.0 | 0.7 | 17.0 | 29.4 | 10.9 | 60.0 | 58.8 | 64.5 | 19.9 | 11.8 | 24.0 | -- | -- | -- | |

Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank HMDA Data, 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0. Aggregate percentages includes 1-4 family residential and manufactured homes, and combined home purchase, home refinance, and home improvement loans originated or purchased.

| Table P1: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower | | | | | | | | | | | | | | | | | | | 2015-16 | |
|---|---------------------------|----------|------------|----------------|----------------------|--------------|-----------|---------------------------|--------------|-----------|-------------------------|--------------|-----------|------------------------|--------------|-----------|--------------------------------|--------------|----------------|--|
| Assessment Area: | Total Home Mortgage Loans | | | | Low-Income Borrowers | | | Moderate-Income Borrowers | | | Middle-Income Borrowers | | | Upper-Income Borrowers | | | Not Available-Income Borrowers | | | |
| | # | \$ (000) | % of Total | Overall Market | % Families | % Bank Loans | Aggregate | % Families | % Bank Loans | Aggregate | % Families | % Bank Loans | Aggregate | % Families | % Bank Loans | Aggregate | % Families | % Bank Loans | Aggregate | |
| Trumbull County AA | 33 | 2,050 | 100.0 | 35 | 22.2 | 0.00 | 7.9 | 18.2 | 12.1 | 21.7 | 22.4 | 9.1 | 22.1 | 37.1 | 63.6 | 26.4 | -- | 15.2 | 21.9 | |

Source: 2010 U.S Census; 01/01/2015 - 12/31/2016 Bank HMDA Data, 2016 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0. Aggregate percentages includes 1-4 family residential and manufactured homes, and combined home purchase, home refinance, and home improvement loans originated or purchased.

| Table P2: 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 | Overall Market | % Families | % Bank Loans | Aggregate | % Families | % Bank Loans | Aggregate | % Families | % Bank Loans | Aggregate | % Families | % Bank Loans | Aggregate | % Families | % Bank Loans | Aggregate | |
| Trumbull County AA | 34 | 2,303 | 100.0 | 26 | 23.2 | 11.8 | 8.6 | 19.0 | 23.5 | 22.7 | 20.5 | 20.6 | 22.2 | 37.4 | 26.5 | 25.6 | -- | 17.6 | 20.8 | |

Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0. Aggregate percentages includes 1-4 family residential and manufactured homes, and combined home purchase, home refinance, and home improvement loans originated or purchased.

