



PUBLIC DISCLOSURE

July 21, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Dearborn Savings Bank
Charter Number 704354

595 West Eads Parkway
Lawrenceburg, IN 47025

Office of the Comptroller of the Currency

West Lake Center
4555 Lake Forest Drive, Suite 610
Blue Ash, OH 45242-3760

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

INSTITUTION'S CRA RATING: This institution is rated Satisfactory

Dearborn Savings Bank (“DSB” or “thrift”) exhibits a Satisfactory record of meeting its community credit needs. The rating is primarily based on the following:

- The loan-to-deposit (LTD) ratio is more than reasonable given the thrift’s size, financial condition, and credit needs of the Assessment Area (AA).
- DSB’s lending inside the AA is reasonable as a majority of their primary loan products are inside their AA.
- The thrift’s overall penetration of lending to borrowers of different income levels and businesses of different sizes is reasonable.
- The thrift’s overall performance of lending to geographies of different income levels exhibits excellent dispersion throughout the AA.

SCOPE OF EXAMINATION

We conducted a full scope Community Reinvestment Act (CRA) evaluation to assess the institution’s record and performance of meeting the credit needs of its community. We used the small savings and loan association evaluation procedures to evaluate the institution’s performance.

The FSA’s primary loan products, based on discussions with management and a review of loan originations during the evaluation period, are residential real estate. The evaluation period is January 1, 2012 through December 31, 2013. We also reviewed the bank’s quarterly LTD ratio from September 30, 2008 through March 31, 2014.

Dearborn Savings Bank’s Primary Loan Types		
Loan Type	% by Number of Loans Originated/ Purchased during evaluation period	% by Dollars of Loans Originated/ Purchased during evaluation period
Residential Real Estate Loans	77%	80%
HELOCs	16%	6%
Commercial Real Estate Loans	5%	13%
Individual Consumer Loans	2%	1%
Total	100%	100%

Source: Internal thrift reports of loans originated from January 1, 2012 thru December 31, 2013

Our analysis of lending inside the thrift’s AA, used all of Dearborn’s residential real estate loans reported on the Home Mortgage Disclosure Act (HMDA) loan application register (LAR) from January 1, 2012 through December 31, 2013. To analyze the

borrower and geographic loan distribution properly, we removed any loans originated outside of the bank's AA.

DESCRIPTION OF INSTITUTION

DSB is a federally chartered stock savings bank headquartered in Lawrenceburg, Indiana and its one branch is in Greendale, IN. As of March 31, 2014, the thrift had \$117.8 million in total assets and \$16.7 million in tier 1 capital. At that time, net loans represented 74 percent of total assets and 97 percent of total deposits. DSB is wholly owned by DSA Financial Corporation, a shell holding company created solely to hold 100 percent of DSB's stock and some capital assets. The thrift provides traditional banking products and services from both the headquarters and the branch.

The main office in Lawrenceburg and the FSA's one stand-alone ATM both sit in a moderate-income level census tract (CT). The branch office is located at 141 Ridge Avenue, Greendale, Indiana, within a middle-income CT. The thrift has not opened or closed any offices since the previous CRA evaluation.

There are no financial or legal impediments that would affect the thrift's ability to serve the credit needs of its community. Dearborn's previous CRA public disclosure dated August 4, 2008 was rated "Satisfactory".

DESCRIPTION OF ASSESSMENT AREA(S)

DSB's AA consists of the entirety of Dearborn County, Indiana. The AA is located within the Cincinnati-Middletown, Ohio-Kentucky-Indiana Metropolitan Statistical Area (MSA). The AA does not arbitrarily exclude any low- or moderate-income (LMI) census tracts (CTs) and meets the requirements of the CRA.

As of April 30, 2014, Dearborn County, Indiana's unemployment rate was 6.1 percent, (*U.S. Bureau of Labor Statistics*) above the statewide unemployment rate of 5.5 percent, but slightly below the national average of 6.3 percent. Dearborn County is comprised of a number of rural communities and farming operations that contribute significant income to the local economy. Other large employers in Dearborn County include Hollywood Casino and MGP Ingredients. Our evaluation of the bank's CRA performance included discussion with one community contact who indicated that DSB is meeting the credit needs of the community.

Competition for deposits within Dearborn County remains at moderate levels. As of June 30, 2014, Dearborn maintains 9.5 percent of the deposit market share in Dearborn County. Eight other institutions operate branch offices within Dearborn County. The thrift also experiences competition from institutions located in surrounding counties, mortgage brokers, and internet-based lenders.

2010 U.S. Census Data Information

The 2010 U.S. Census showed the AA had two moderate-income CTs, six middle-income CTs, and two upper-income CTs. Total population of the AA was 50,047, comprised of 18,311 households or 13,537 families. Of these families 17.6 percent have incomes at low-income levels, 19.0 percent at moderate-income, 24.4 percent at middle income, and 39.0 percent at upper-income. The weighted average median family income within the AA was \$68,539. Comparatively, the estimated weighted average median family income for the entire MSA was \$68,700 according to HUD.

The AA has 20,020 housing units, 91 percent occupied. Of the total occupied housing units, 71 percent are owner occupied. Based on the total households within the AA, 8 percent live on incomes below the poverty level and 2 percent receive some form of public assistance. Retirees comprise 19 percent of these households but 29 percent of the households receive social security benefits.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Based on CRA lending test criteria, the thrift’s lending performance is **Satisfactory**.

Loan-to-Deposit Ratio

The LTD ratio is more than reasonable given the thrift’s size, financial condition, and credit needs of the AA.

DSB’s quarterly average LTD ratio over the past 23 quarters since the prior CRA evaluation is 99.2 percent (September 30, 2008 to March 31, 2014). The thrift’s LTD ratio ranged from a high of 110.9 percent to a low of 90.0 percent during this period. We compared the thrift’s LTD ratio to two similarly situated financial institutions operating in southeastern Indiana with total asset sizes rating from \$232 million to \$523 million. The quarterly average LTD ratio of the two similarly situated financial institutions ranged from 92.6 percent to 60.7 percent or a quarterly average of 76.9.

Lending in Assessment Area

DSB’s lending inside the AA is reasonable as a majority of their primary loan product was made inside their AA.

Lending in Dearborn County AA										
Loan Type	Number of Loans					Dollars of Loans (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential Real Estate Loans	250	71%	100	29%	350	\$31,402	71%	\$13,003	29%	\$44,405

Source: HELOC loan sample; data reported under HMDA from January 1, 2012- December 31, 2013

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

Information as of 2010 U.S. Census Data

DSB’s distribution of home loans originated during the evaluation period reflects reasonable penetration to borrowers of different income levels. The thrift’s lending to LMI borrowers percentages are near or above the percentages of all AA Lenders.

Borrower Distribution of Residential Real Estate Loans in Dearborn County AA							
Borrower Income Level	% Total Dearborn Loans			% of Loans by AA Lenders			% of Families in Each AA Income Level
	Purchase	Home Improve	Refinance	Purchase	Home Improve	Refinance	
Low	18.8 %	16.0%	10.4%	22.2%	24.7%	9.9%	17.6%
Moderate	28.1%	32.0%	20.7%	30.9%	24.7%	22.9%	19.0%
Middle	21.9%	12.0%	28.0%	27.1%	21.7%	29.3%	24.4%
Upper	31.2%	40.0%	40.9%	19.8%	28.9%	37.9%	39.0%

Source: 2010 U.S. Census data and 2012 - 2013 HMDA Data.

Geographic Distribution of Loans

Information as of 2010 U.S. Census Data

DSB’s geographic distribution of home of loans originated during the evaluation period reflects excellent dispersion throughout the AA. The AA contains no low-income CTs. The thrift’s percentages of lending in moderate-income CTs is above that of the percentages shown by all AA Lenders in two of the three comparisons.

Geographic Distribution of Residential Real Estate Loans in Dearborn County AA							
Census Tract Income Level	% Total Dearborn Loans			% of Loans by AA Lenders			% of AA Owner Occupied Units
	Purchase	Home Improve	Refinance	Purchase	Home Improve	Refinance	
Low	0%	0%	0%	0%	0%	0%	0%
Moderate	21.9%	12.0%	13.0%	15.6%	16.2%	7.3%	14.4%
Middle	53.1%	68.0%	62.7%	57.5%	62.6%	64.9%	63.0%
Upper	25.0%	20.0%	24.3%	26.9%	21.2%	27.8%	22.6%

Source: 2010 U.S. Census data and 2012 - 2013 HMDA Data.

Responses to Complaints

The thrift has not received any complaints about its performance in helping to meet the credit needs of its AA since the previous CRA examination.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), in determining a national thrift's CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the thrift, or in any assessment area by an affiliate whose loans have been considered as part of the thrift's lending performance. We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.