



## **PUBLIC DISCLOSURE**

October 07, 2014

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

Security Federal Savings Bank  
Charter Number 702578

314 4th St  
Logansport, IN 46947-3107

Office of the Comptroller of the Currency

8777 Purdue Road  
Suite 105  
Indianapolis, IN 46268

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, 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 Outstanding**

The major factors supporting this rating include:

- The institution has excellent geographic distribution of loans throughout the assessment area.
- The loan-to-deposit (LTD) ratio is more than reasonable given the bank's size, business strategy, and lending capacity.
- A substantial majority of loans are originated inside the bank's assessment areas.
- Security has a reasonable distribution of loans to borrowers of different income and businesses of different sizes in the assessment area.

## **SCOPE OF EXAMINATION**

We evaluated Security Federal Savings Bank's (Security or bank) Community Reinvestment Act (CRA) performance under the Small Bank Lending Test. We reviewed data for the bank's primary loan products, resident real estate loans and commercial loans, to evaluate the bank's lending performance.

The evaluation period covers the period since the date of the prior CRA evaluation, July 1, 2008 to June 30, 2014. Under the lending test, we evaluated loans originated between January 1, 2012 and December 31, 2013. Our analysis included a full-scope evaluation of the bank's three assessment areas (AA). The bank's AA includes two metropolitan statistical areas (MSA) and one NonMSA.

Prior to conducting this evaluation, we tested the accuracy of the bank's Home Mortgage Disclosure Act (HMDA) data for calendar years 2012 and 2013. We found the data to be accurate; therefore, we used all reported HMDA data for both years in our evaluation of residential real estate lending. For commercial loans, we selected a random sample from bank-generated reports. We obtained 2012 aggregate HMDA peer group data and 2012 CRA peer small business loan data to complete our analysis under the lending test. The review of commercial lending performance was limited to the NonMSA AA based on the volume of commercial lending in this AA.

## **DESCRIPTION OF INSTITUTION**

Security is a federally chartered bank in Logansport, Indiana. As of June 30, 2014, total assets were \$208.8 million; gross loans were \$150.6 million or 72.12 percent of total assets. During the review period, Security had four full service branch locations. The bank has a main office and one branch in Logansport, IN and a branch in both Kokomo and Delphi, IN. The bank offered automatic teller machines at its four full service branch locations. The bank had one temporary branch in Lafayette, IN that began taking deposits in 2013. Construction of a full service branch in Lafayette was completed 2014. Security is primarily a residential real estate lender, which

makes up 66.6 percent of the bank's total loan portfolio. The commercial loan portfolio makes up an additional 31.9 percent of the loan portfolio.

<b>Security's Investment in Loans</b>			
<b>Loan Category</b>	<b>Amount (\$000's)</b>	<b>Percent of Total Loans</b>	<b>Percent of Total Assets</b>
Real Estate	\$100,321	66.6%	47.9%
Commercial Loans	47,999	31.9%	22.9%
Consumer and Other Loans	2,243	1.5%	1.1%
Total	\$150,563	100%	71.9%

Source: June 30, 2014 Call Report Data

The bank's ability to meet the credit needs of its AAs is not impaired by its financial condition or other impediments. At the last CRA evaluation, dated September 16, 2008, Security received an overall rating of "Outstanding".

## **DESCRIPTION OF ASSESSMENT AREA(S)**

Security has three designated AAs. The AAs include a NonMSA AA in Indiana made up of nine counties, the Kokomo MSA AA made up of two counties and the Lafayette MSA AA made up of two counties.

### **NonMSA AA**

The NonMSA AA consists of nine counties in Indiana, Cass, White, Pulaski, Fulton, Miami, Grant, Clinton, Montgomery and Warren counties. The bank's main office and an additional branch are located in Cass County. The NonMSA AA has 74 census tracts, with no low-income census tracts and 14 moderate-income census tracts. The FFIEC estimated Median Family Income was \$53,600 for 2012 and \$52,700 for 2013. There were 29,535 low- or moderate-income (LMI) families based on 2010 US Census data in the bank's NonMSA AA. Of the low-income families, 27.05 percent live in moderate-income tracts and 22.44 percent of moderate-income families live in moderate-income tracts. Based on definition, low-income families in the NonMSA AA made less than \$26,350 in 2013. This AA makes up the largest portion of the bank's deposit base and lending portfolio. Based on June 30, 2013 FDIC data, Security has 3.13 percent deposit market share within its NonMSA counties. The bank's two branches in Cass County hold 80.34 percent of the bank's total deposits. A majority of the bank's loans originated during 2012 and 2013 were originated in the NonMSA AA by both number and volume, including 63.6 percent of the dollar volume of commercial loans.

Unemployment in the nine counties in this AA has declined significantly from an average of 10.4 percent for 2010 annual unemployment to an average of 5.9 percent for the month of June 2014.

<b>Demographic Information for Full Scope Area: Security NonMSA Counties</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	74	0.00	18.92	68.92	12.16	0.00
Population by Geography	284,667	0.00	18.72	67.65	13.64	0.00
Owner-Occupied Housing by Geography	80,675	0.00	15.12	69.81	15.06	0.00
Business by Geography	18,456	0.00	18.60	67.43	13.97	0.00
Farms by Geography	2,864	0.00	3.53	76.05	20.43	0.00
Family Distribution by Income Level	75,664	19.22	19.81	22.24	38.72	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	29,535	0.00	24.71	66.51	8.78	0.00
Median Family Income FFIEC estimated Median Family Income for 2013		52,796 52,700	Median Housing Value		95,124	
Households Below Poverty Level		13%	Unemployment Rate (2010 BLS)		10.4%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2010 US Census; Bureau of Labor Statistics (BLS) and 2013 FFIEC updated Median Family Income

**Lafayette MSA AA**

The Lafayette MSA is made up of three counties including Benton County, Carroll County, and Tippecanoe County. The bank’s AA consists of two counties, Carroll and Tippecanoe. Prior to 2014, the bank had one full service branch in Carroll County and a temporary branch in Tippecanoe County. In 2014, the bank completed construction of its full service branch in Tippecanoe County. This AA has 44 census tracts, including three low-income census tract and 12 moderate-income census tracts. The FFIEC estimated Median Family Income was \$63,100 in 2012 and \$62,700 for 2013. There were 16,575 LMI families based on 2010 US Census data in the Lafayette MSA AA. Of the LMI families, only 6.91 percent live in low-income census tracts, while 35.06 percent live in moderate-income census tracts, with almost 40 percent of low-income families living in the moderate-income tract. Based on definition, low-income families in the Lafayette MSA AA made less than \$31,350 in 2013. However, the median housing value in this AA is \$119,288. Unemployment in Lafayette MSA declined to 6.0 percent for the month of June 2014. Based on June 30, 2013 FDIC data, Security has 0.47 percent deposit market share within the Lafayette MSA AA. The bank's Carroll County branch held 7.15 percent of the bank's total deposits. Lending in this AA is growing and represents 19.5 percent of the bank’s lending in 2012 and 2013.

<b>Demographic Information for Full Scope Area: Lafayette (Carroll - Tippecanoe) MSA</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	44	6.82	27.27	47.73	13.64	4.55
Population by Geography	192,935	6.64	23.52	47.99	16.57	5.27
Owner-Occupied Housing by Geography	42,149	0.74	20.01	58.51	20.72	0.01
Business by Geography	12,017	5.13	34.69	43.53	16.15	0.49
Farms by Geography	1,022	0.49	6.36	83.56	9.59	0.00
Family Distribution by Income Level	42,826	21.22	17.48	21.77	39.53	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	16,575	6.91	35.06	48.19	9.83	0.00
Median Family Income FFIEC estimated Median Family Income for 2013		60,301 62,700	Median Housing Value		119,288	
Households Below Poverty Level		18%	Unemployment Rate (2010 BLS)		9.0%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2010 US Census; Bureau of Labor Statistics (BLS) and 2013 FFIEC updated Median Family Income

**Kokomo MSA AA**

This AA consists of two counties, Howard and Tipton. The bank has one branch in Howard County. The Kokomo MSA AA has 24 census tracts, including one low-income census tract and seven moderate-income census tracts. The FFIEC estimated Median Family Income was \$59,900 for 2012 and \$60,100 for 2013. There were 10,650 LMI families based on 2010 US Census data in the Kokomo MSA AA. Of the LMI families, only 5.83 percent live in low-income census tracts, while 38.78 percent live in moderate-income census tracts. Based on definition, low-income families in the Kokomo MSA AA make less than \$30,050 in 2013. However, the median housing value in this AA is \$108,928. Unemployment in the Kokomo MSA declined to 6.7 percent for the month of June 2014. Based on June 30, 2013 FDIC data, Security has 1.61 percent deposit market share within the Kokomo MSA AA. The bank's branch in Howard County holds 12.51 percent of the bank's total deposits. Lending in this AA is growing and represents 15.0 percent of the bank's lending in 2012 and 2013.

<b>Demographic Information for Full Scope Area: Kokomo (Howard - Tipton) MSA</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	24	4.17	29.17	41.67	25.00	0.00
Population by Geography	98,688	3.54	26.38	40.35	29.74	0.00
Owner-Occupied Housing by Geography	29,408	2.94	21.01	44.36	31.69	0.00
Business by Geography	6,982	2.55	29.98	41.54	25.94	0.00
Farms by Geography	636	0.16	3.77	55.97	40.09	0.00
Family Distribution by Income Level	28,087	20.90	17.02	21.79	40.30	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	10,650	5.83	38.78	37.81	17.58	0.00
Median Family Income FFIEC estimated Median Family Income for 2013		56,626 60,100	Median Housing Value		108,928	
Households Below Poverty Level		13%	Unemployment Rate (2010 BLS)		12.1%	

(\* ) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census; Bureau of Labor of Statistics (BLS) and 2013 FFIEC updated MFI

**Community Contact**

During this evaluation, we performed one community contact with an organization that services six counties in the NonMSA AA and all counties in the bank’s Kokomo MSA AA and Lafayette MSA AA. We also reviewed information from other recent community contacts performed by the OCC in conjunction with other CRA evaluations performed in the NonMSA AA. Community contact interviews identified need for additional small bank lending in all assessment areas, as well as the need for senior multi-family housing in the more rural locations.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

Security’s performance in meeting the credit needs of its AAs through lending is excellent.

**Loan-to-Deposit Ratio**

Security’s LTD ratio is more than reasonable given the bank’s size, financial condition and credit needs of the AA. The bank’s quarterly average LTD ratio is 85.29 percent over the 24 quarters from July 1, 2008 through June 30, 2014. Security has the sixth highest LTD ratio of all bank’s in the AA, and is the third highest LTD ratio for small banks. The bank’s ratio has been increasing since 2011, with an LTD of 91.20 percent during the bank’s most recent quarter.

## Lending in Assessment Area

Security originates a substantial majority of its loans to borrowers inside its AA. The bank granted 777 HMDA-reportable loans totaling \$76.7 million during 2012 and 2013. We also selected a random sample of business loans from bank-generated reports that include 20 loans totaling \$9.8 million originated during the same period. Our analysis showed that 95.98 percent of loans by number and 94.52 percent by dollar were originated inside the AA.

<b>Table 1 - Lending in Security AA</b>										
Type of Loan	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
RE - Home Purchase	327	95.06%	17	4.94%	344	\$28,128	90.98%	\$2,789	9.02%	\$30,917
RE - Home Refinance	359	96.77%	12	3.23%	371	\$40,781	95.86%	\$1,761	4.14%	\$42,542
RE - Home Improvement	59	95.16%	3	4.84%	62	\$3,043	94.30%	\$184	5.70%	\$3,227
Commercial Loans	20	100.00%	0	0.00%	20	\$9,758	100.00%	\$0	0.00%	\$9,758
Totals	765	95.98%	32	4.02%	797	\$81,710	94.52%	\$4,734	5.48%	\$86,444

*Source: Data reported under 2012-2013 HMDA and 20 commercial loans sampled from January 1, 2012 - December 31, 2013.*

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

Security's overall distribution of loans to borrowers of different income levels and businesses of different sizes reflects reasonable penetration in all AAs. We reviewed dispersion of home loans to borrowers of different income for all AA and dispersion among businesses of different sizes in the bank's NonMSA AA. Most weight was placed on the bank's performance in the NonMSA AA, given the concentration of the bank's deposits and loans within this AA.

### *Performance in the NonMSA AA*

Overall, Security's distribution of loans to borrowers of different income levels and businesses of different sizes reflects reasonable penetration within the NonMSA AA. Distribution of home loans to borrowers of different income levels is reasonable. In addition, the bank's distribution of loans to businesses of different revenue levels is excellent.

### Home Loans

The distribution of home mortgage loans reflects reasonable penetration among borrowers of different income levels. During 2012 and 2013, the bank originated 448 home mortgage loans in

the NonMSA AA, including 197 home purchase loans, 43 home improvement loans and 208 home refinance loans.

The bank’s dispersion of home purchase loans is below that of other AA lenders for low-income borrowers and slightly below other AA lenders for moderate-income borrowers. However, the percentage of home purchase loans to moderate-income borrowers significantly exceeds the percentage of moderate-income families within the NonMSA AA.

The bank's dispersion of home improvement loans to low- and moderate-income borrowers is reasonable. The bank exceeds lending by other AA lenders to low-income borrowers, but is below the level of lending by other AA lenders to moderate-income borrowers. In both instances, home improvement lending was below the percentage of low- or moderate-income borrowers in the AA. Less weight is given to the bank's performance for home improvement loans as they only represent 9.60 percent of the home loans originated during the review period.

The bank's dispersion of home refinance loans is reasonable compared to other AA lenders. Home refinance loans to low-income families was slightly above performance by other AA lenders and home refinance loans to moderate -income borrowers was only slightly below other AA lenders.

<b>Borrower Distribution of Residential Real Estate Loans in NonMSA AA</b>							
<b>Borrower Income Level</b>	<b>% Total Security Loans</b>			<b>% of Loans by AA Lenders</b>			<b>% of AA Families by Income Level</b>
<b>Loan Type</b>	<b>Purchase</b>	<b>Home Improvement</b>	<b>Refinance</b>	<b>Purchase</b>	<b>Home Improvement</b>	<b>Refinance</b>	
Low	8.56	12.50	7.84	13.63	11.76	6.91	19.22
Moderate	31.02	17.50	15.69	32.37	24.40	19.15	19.81
Middle	26.74	25.00	36.76	23.16	24.18	27.58	22.24
Upper	33.69	45.00	39.71	30.94	39.65	46.36	28.72

*Source: Data reported under 2012-2013 HMDA; 2010 U.S. Census Data; and 2012 HMDA Peer Mortgage Data.*

Commercial Loans

Security’s dispersion of loans to businesses of different sizes is excellent within the AA. Based on our sample of commercial loans, the bank originated 75 percent of commercial loans to businesses with less than \$1 million in annual revenues. This is substantially higher than peer and exceeds the percentage of small businesses with known incomes within the AA.



<b>Borrower Distribution to Businesses in the NonMSA AA</b>				
Loan Amount Categories	% of Security Loans in AA by #	% of Security Loans in AA by \$	CRA Peer 2012 Percentage of Loans	% of AA Businesses
<b>&lt;= \$1,000,000</b>	75.00	36.95	31.42	72.59
<b>&gt;1,000,000</b>	25.00	63.05	68.58	3.43
<b>Unavailable</b>	0.00	0.00	0.00	23.98
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: 20 commercial loans sampled from January 1, 2012 - December 31, 2013; 2012 Business Geodemographic Data; and 2012 Peer Small Business Data.

*Performance in the Lafayette MSA AA*

The dispersion of credit in the Lafayette MSA is excellent. Security originated 180 loans in the Lafayette MSA AA, including 92 home purchase loans, 10 home improvement loans and 78 refinance loans. Given low volume, home improvement loans are not considered meaningful analysis in this AA.

The bank's dispersion of home purchase loans in the AA is excellent. The percentage of home purchase loans to low-income borrowers significantly exceeds lending by other AA lenders. The percentage of bank home purchase loans to moderate-income borrowers is below that of other AA lenders, but exceeds the percentage of moderate-income families within the AA.

The bank's dispersion of home refinance loans in the AA is reasonable. The percentage of bank loans to low- and moderate- income borrowers slightly exceed lending by other AA lenders to each income group.

<b>Borrower Distribution of Residential Real Estate Loans in Lafayette MSA AA</b>					
Borrower Income Level	% Total Security Loans		% of Loans by AA Lenders		% of AA Families by Income Level
	Purchase	Refinance	Purchase	Refinance	
Low	21.18	8.00	16.48	7.90	21.22
Moderate	20.00	18.67	26.61	17.76	17.48
Middle	20.00	29.33	24.12	24.82	21.77
Upper	38.82	44.00	32.79	49.52	39.53

Source: Data reported under 2012-2013 HMDA; 2010 U.S. Census Data; and 2012 HMDA Peer Mortgage Data.

*Performance in the Kokomo MSA AA*

The dispersion of loans to borrowers of different income levels in the Kokomo MSA AA is reasonable. Security originated 110 loans in the Kokomo MSA AA during 2012 and 2013, including 34 home purchase loans, six home improvement loans and 70 home refinance loans. Given low volume, home improvement loans are not considered meaningful analysis in this AA.

The bank's home purchase loans to low- and moderate-income borrowers is reasonable, with the bank's lending being slightly below lending by other AA lenders to each income group. The bank's percentage of home purchase loans to moderate-income borrowers does exceed the percentage of moderate-income families in the AA, but the percentage of home purchase loans to low-income borrowers is below the percentage of low-income families in the AA.

The bank's percentage of home refinance loans to low-income borrowers is slightly below the percentage of lending by AA lenders and below the percentage low-income families within the AA. Conversely, home refinance lending to moderate-income borrowers exceeded lending by AA lenders and the percentage of moderate-income families in the AA.

<b>Borrower Distribution of Residential Real Estate Loans in Kokomo MSA AA</b>					
<b>Borrower Income Level</b>	<b>% Total Security Loans</b>		<b>% of Loans by AA Lenders</b>		<b>% of AA Families by Income Level</b>
<b>Loan Type</b>	<b>Purchase</b>	<b>Refinance</b>	<b>Purchase</b>	<b>Refinance</b>	
Low	12.50	8.57	13.19	10.82	20.90
Moderate	21.88	21.43	29.03	19.62	17.02
Middle	21.88	41.43	29.03	28.91	21.79
Upper	43.75	28.57	28.75	40.64	40.30

*Source: Data reported under 2012-2013 HMDA; 2010 U.S. Census Data; and 2012 HMDA Peer Mortgage Data.*

## **Geographic Distribution of Loans**

Overall, the level of distribution of the bank's loans amongst different census tracts within its AAs is excellent when compared to other AA lenders and demographic information about each AA. Our analysis placed more weight on the bank's performance within the NonMSA AA, given the percentage of the bank's deposits held within the NonMSA AA.

### *Performance in the NonMSA AA*

Overall, distribution of the bank's loans within the NonMSA AA is excellent. The percentage both home loans and small business loans originated within moderate-income census tracts in the NonMSA AA reflect more than reasonable distribution when compared to the percentage of loans by other AA lenders. The NonMSA AA has no low-income tract geographies.

### Home Loans

The distribution of home loans within the NonMSA AA is excellent. The percentage of the bank's home purchase and home improvement loans originated within moderate-income tracts were significantly above that of the AA lender for each product. In addition, both measures were also significantly above the percentage of owner occupied housing units within moderate-income tracts. Security's home refinance lending within the moderate-income tracts is below both the AA lender percentage and the percentage of owner-occupied housing within the moderate-income tracts; however, it is only slightly below other lenders in the AA.

Geographic Distribution of Residential Real Estate Loans in NonMSA AA							
Census Tract Income Level	% Total Security Loans			% of Loans by AA Lenders			% of AA Owner Occupied Housing Units
Loan Type	Purchase	Home Improvement	Refinance	Purchase	Home Improvement	Refinance	
Low	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Moderate	17.26	27.91	8.17	11.29	11.16	9.48	15.12
Middle	80.71	65.12	90.87	71.37	73.05	68.72	69.81
Upper	2.03	6.98	0.96	17.34	15.79	21.80	15.06

Source: Data reported under 2012-2013 HMDA; 2010 U.S. Census Data; and 2012 HMDA Peer Mortgage Data.

### Commercial Loans

The distribution of small business loans within the NonMSA AA is excellent. The percentage of business loans in the moderate-income tract exceeds the 2012 CRA peer, and also exceeds the percentage of businesses within the moderate-income tracts.

Geographic Distribution of Small Business Loans in NonMSA AA			
Census Tract Income Category	Security Percentage of Loans	2012 Peer Group Percentage Loans	% of AA Businesses
<b>Low-Income</b>	0.00	0.00	0.00
<b>Moderate-Income</b>	19.05	17.17	17.86
<b>Middle-Income</b>	80.95	68.03	67.63
<b>Upper-Income</b>	0.00	14.80	14.51
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: 20 commercial loans sampled from January 1, 2012 - December 31, 2013; 2012 Business Geodemographic Data; and 2012 Peer Small Business Data.

### *Performance in the Lafayette MSA AA*

The distribution of home loans within the Lafayette MSA amongst different census tracts is reasonable. The bank's percentage of home purchase loans originated in low-income census tracts is excellent compared to both AA lenders and the percentage of owner occupied housing in the AA. The bank's percentage of home purchase loans in moderate-income census tracts is significantly below the percentage of loans by AA lenders. However, the Lafayette MSA currently represents the lowest percentage of the bank's deposit base and the bank's market share in this AA is less than one percent. The bank's branch in Lafayette was not in operation until Fall of 2013. Home refinance lending showed similar performance, with lending in the low-income census tract exceeding the other AA lenders and the percentage of owner-occupied units. However, home refinance lending in moderate-income census tracts was significantly below both the AA lenders and the percentage of owner-occupied housing units. Home improvement loans were not considered meaningful for this analysis given the low volume.

<b>Geographic Distribution of Residential Real Estate Loans in Lafayette MSA AA</b>					
<b>Census Tract Income Level</b>	<b>% Total Security Loans</b>		<b>% of Loans by AA Lenders</b>		<b>% of AA Owner Occupied Housing Units</b>
<b>Loan Type</b>	<b>Purchase</b>	<b>Refinance</b>	<b>Purchase</b>	<b>Refinance</b>	
Low	4.35	1.28	1.05	0.77	0.74
Moderate	7.61	3.85	16.86	12.98	20.01
Middle	81.52	89.74	58.53	59.81	58.52
Upper	6.52	5.13	23.55	26.44	20.73

Source: Data reported under 2012-2013 HMDA; 2010 U.S. Census Data; and 2012 HMDA Peer Mortgage Data.

*Performance in the Kokomo MSA AA*

The distribution of home loans within the Kokomo MSA amongst different census tracts is reasonable. The bank's percentage of home purchase loans originated in low-income census tracts is excellent compared to both the other AA lenders and the percentage of owner occupied housing in the AA. However, the bank's home refinance lending was below the percentage of lending by other lenders in the low-income census tracts. The bank's percentage of home loans in moderate-income census tracts is reasonable compared to AA lenders. Home purchase loans and refinance loans were both slightly below the percentage of lending by other lenders in the AA for each product. Home improvement loans were not considered meaningful for this analysis given the low volume.

<b>Geographic Distribution of Residential Real Estate Loans in Kokomo MSA AA</b>					
<b>Census Tract Income Level</b>	<b>% Total Security Loans</b>		<b>% of Loans by AA Lenders</b>		<b>% of AA Owner Occupied Housing Units</b>
<b>Loan Type</b>	<b>Purchase</b>	<b>Refinance</b>	<b>Purchase</b>	<b>Refinance</b>	
Low	11.76	0.00	0.65	0.93	2.94
Moderate	14.71	12.86	16.67	13.20	21.01
Middle	35.29	42.86	42.52	43.55	44.36
Upper	38.24	44.29	40.16	42.32	31.69

Source: Data reported under 2012-2013 HMDA; 2010 U.S. Census Data; and 2012 HMDA Peer Mortgage Data.

**Responses to Complaints**

The bank has not received any CRA related complaints since the last evaluation.

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

Pursuant to 12 CFR 195.28(c), in determining a federal savings association's (FSA) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography

by the FSA, or in any assessment area by an affiliate whose loans have been considered as part of the FSA's lending performance.

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