



## **PUBLIC DISCLOSURE**

May 18, 2020

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

Amory FS & LA  
Charter Number 702674

213 2<sup>nd</sup> Avenue N.  
Amory, MS 38821-3412

Office of the Comptroller of the Currency

Birmingham Field Office  
3595 Grandview Parkway, Suite 655  
Birmingham, AL 35243

**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.

**Table of Contents**

Overall CRA Rating..... 1  
Description of Institution..... 1  
Scope of the Evaluation..... 2  
Discriminatory or Other Illegal Credit Practices Review..... 3  
Conclusions with Respect to Performance Tests..... 3  
    Lending Test ..... 5  
Appendix A: Scope of Examination..... A-1  
Appendix B: Summary of AA area..... B-1  
Appendix C: Definitions and Common Abbreviations..... C-1  
Appendix D: Tables of Performance Data..... D-1

## Overall CRA Rating

**Institution’s CRA Rating:** This institution is rated **Outstanding**.

**The lending test is rated: Outstanding.**

The major factors that support this rating include:

- A more than reasonable loan-to-deposit ratio,
- A substantial majority of the Association’s loans were made in the Assessment Area,
- An excellent distribution of loans in the geographic area,
- A reasonable distribution of loans to borrowers of different incomes, and
- An excellent record of Community Development loans.

### Loan-to-Deposit Ratio

Considering the Association’s size, financial condition, and credit needs of the AA, the loan-to-deposit (LTD) ratio is more than reasonable.

Amory Federal’s LTD ratio was calculated on a bank-wide basis and averaged 83.8 percent over the 20 quarters since the previous CRA examination. The Association’s quarterly LTD ratio ranged from a low of 79.3 percent in December 2019 to a high of 87.5 percent in December 2017. Amory Federal ranked above four similarly situated institutions operating in or near the Association’s AA, with total assets between \$44 million and \$309 million. These institutions’ LTD ratio averaged 71.8 percent over the same period, with a low of 56.8 percent to a high of 83.8 percent.

### Lending in Assessment Area

A substantial majority of the Association’s loans are inside its assessment area (AA).

The Association originated 96.7 percent of its loans by number, and 96.3 percent of its loans by dollar, within its AA. As shown in the table below, our conclusion is based on our analysis of 60 home mortgage loans. These loans were originated from January 1, 2017 to December 1, 2019.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	58	96.7%	2	3.3%	60	\$5,397	96.3%	\$208	3.7%	\$5,605

### Description of Institution

Amory Federal is an \$80.6 million mutual thrift with a single branch location in Amory, Mississippi. Amory is located in Monroe County, which the Board designated as the

Association’s AA. No branches have been opened or closed since the 2015 CRA Performance Evaluation.

Amory Federal’s business strategy is focused on originating conventional 1-4 family mortgage loans to residential borrowers for aid in home construction, purchase, and refinance. Amory Federal does not offer transactional accounts, engage in internet or online banking, or own any automated teller machines (ATMs). The table below provides details regarding Amory Federal’s loan composition as of December 31, 2019.

<b>Loan Portfolio Composition at December 31, 2019</b>		
<b>Loan Type</b>	<b>Dollar Amount (000's)</b>	<b>Percent of Total Loans</b>
Residential Real Estate Loans	\$54,755	98%
Commercial Loans	\$158	<1%
Consumer Loans	\$579	1%
Other Loans	\$267	<1%
<b>Total Loans</b>	<b>\$55,759</b>	<b>100%</b>

*Source: December 31, 2019 Call Report*

No legal or financial factors impede Amory Federal’s ability to meet the credit needs of the community it serves. Amory Federal was rated Outstanding at the last CRA evaluation dated March 30, 2015.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

The evaluation period for the lending test covers January 1, 2017 through December 31, 2019. Amory Federal originates home mortgage loans, which compose 98 percent of the loan portfolio. As a result, this was the primary and only lending product selected for analysis.

We utilized other supporting information in this performance evaluation, including information from the 2015 American Community Survey (ACS) data, 2019 Dun & Bradstreet (D&B) data, deposit market share data, and information from governmental websites regarding the characteristics and economy of the Association’s AA. We also considered information from a community contact to help assess the needs of the AA and the opportunities for financial institutions to lend and provide services within that area.

### **Selection of Areas for Full-Scope Review**

Amory Federal has one AA in the state of Mississippi and a full-scope review was performed for that AA. The AA comprises all of Monroe County and is not part of an MSA.

## **Ratings**

The Association's overall rating is based on performance within the thrift's AA. In reaching our conclusion, we weighed information from the following performance criteria when analyzing home mortgage loans: the LTD ratio, lending in the AA, lending to borrowers of different incomes, and the geographic distribution of loans.

## **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 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 Mississippi**

**CRA rating for the State of Mississippi:** Outstanding

**The Lending Test is rated:** Outstanding

The major factors that support this rating include:

- The distribution of home mortgages throughout geographies of different income levels is excellent.
- The distribution of home mortgages to borrowers of different income levels is reasonable.
- The thrift received no CRA-related complaints during the evaluation period.

### **Description of Institution's Operations in Mississippi**

Amory Federal is a thrift with one location in Amory, Mississippi, located in Monroe County. Monroe County makes up Amory Federal's single AA. Refer to Appendix A for information regarding the thrift's AA. The AA has no low-income CTs, one moderate-income CT, six

moderate-income CTs, and two upper-income CTs. Amory Federal offers mortgage loans, savings accounts and certificates of deposit. They do not offer transactional accounts. The loan portfolio comprises 98 percent home mortgage loans and two percent represents consumer and other loans.

Competition from other financial institutions is strong. Eight financial institutions operate branch offices in the AA, including Amory Federal. These financial institutions include community banks, branches of regional banks, and branches of large banks. Based on the June 30, 2019 FDIC Deposit Market Share report, Amory Federal’s \$70.5 million in deposits were derived from inside the AA. The Association ranks fifth in market share with 10.4 percent of AA deposits.

We completed one community contact in conjunction with this examination. The contact indicated local financial needs are being met and the financial institutions have a positive impact on the community.

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Monroe County, MS</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	9	0.0	11.1	66.7	22.2	0.0
Population by Geography	36,175	0.0	9.6	64.4	26.0	0.0
Housing Units by Geography	16,449	0.0	9.1	66.5	24.4	0.0
Owner-Occupied Units by Geography	10,408	0.0	7.4	66.0	26.6	0.0
Occupied Rental Units by Geography	3,528	0.0	14.9	66.4	18.7	0.0
Vacant Units by Geography	2,513	0.0	7.7	69.0	23.3	0.0
Businesses by Geography	1,838	0.0	16.8	64.9	18.4	0.0
Farms by Geography	87	0.0	3.4	60.9	35.6	0.0
Family Distribution by Income Level	9,662	20.0	17.2	19.1	43.6	0.0
Household Distribution by Income Level	13,936	23.6	14.5	15.5	46.4	0.0
Median Family Income Non-MSA - MS		\$43,897	Median Housing Value			\$82,263
			Median Gross Rent			\$556
			Families Below Poverty Level			15.5%
<i>Source: 2015 ACS Census and 2019 D&amp;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>						

## **Scope of Evaluation in Mississippi**

We performed a full-scope review of the Association's only AA, Monroe County. The lending test for the thrift's primary product of home mortgage loans covers the period January 1, 2017 through December 31, 2019. As Amory Federal is exempt from reporting home mortgage lending data, we based our lending-related conclusions on a sample of 60 home mortgage loans originated during the evaluation period.

### **LENDING TEST**

The thrift's performance under the Lending Test in Mississippi is rated Outstanding. Based on a full-scope review, the thrift's performance in its AA is excellent.

### **Distribution of Loans by Income Level of the Geography**

The thrift exhibits excellent geographic distribution of loans in the State.

There were no low-income census tracts (CTs) in the AA during the evaluation period.

#### ***Home Mortgage Loans***

Refer to Table O in Appendix D for the facts and data used to evaluate the geographic distribution of the thrift's home mortgage loan originations and purchases.

The percentage of loans in the one moderate-income census tract exceeded both the percentage of owner-occupied housing units and the aggregate lending in the geography.

#### ***Lending Gap Analysis***

No lending gaps were identified.

### **Distribution of Loans by Income Level of the Borrower**

The thrift exhibits a reasonable distribution of loans to individuals of different income levels given the product lines offered.

#### ***Home Mortgage Loans***

Refer to Table P in Appendix D for the facts and data used to evaluate the borrower distribution of the thrift's home mortgage loan originations and purchases.

The percentage of loans to low- and moderate-income borrowers was lower than the percentage of low- and moderate-income families but was near the aggregate percentage of loans to these borrowers. We noted that the 15.5 percent poverty rate may limit lending opportunities as residents may encounter difficulty meeting credit underwriting standards.

**Responses to Complaints**

Amory Federal did not receive any complaints related to performance in meeting the AA’s credit needs during the evaluation period.

**COMMUNITY DEVELOPMENT**

Based on a full-scope review, the Association exhibits excellent responsiveness to community development needs in the state through community development loans, qualified investments, and community development services, as appropriate, considering the thrift’s capacity and the need and availability of such opportunities for community development in the thrift’s assessment area. Performance related to community development activities had a positive effect on the thrift’s rating in the state.

**Number and Amount of Community Development Loans**

Refer to the Community Development Loan table below for the facts and data used to evaluate the thrift’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 \$
Monroe County	2	100%	\$1,025	100%

The loans identified above benefit school districts within the thrift’s AA. These school districts receive Title I funds due to the high percentages of students from low-income families.



## 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 MSAs and non-MSAs 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”.

<b>Time Period Reviewed:</b>	01/01/17 to 12/31/19	
<b>Bank Products Reviewed:</b>	Home mortgage loans, Community Development loans	
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
Mississippi		
Monroe County	Full-Scope	AA consists of Monroe County

## Appendix B: Summary of MMSA and State Ratings

---

RATING- Amory FS & LA	
Overall Bank:	Lending Test Rating
Amory FS & LA	Outstanding
State:	
Mississippi	Outstanding

## 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 30<sup>th</sup> 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.

<b>Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography</b>																<b>2017-2019</b>		
Total Home Mortgage Loans			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
#	\$	% of Total	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Monroe County	60	\$5,440	100.0	0.0	0.0	0.0	7.4	12.4	9.7	66.0	51.9	58.8	26.6	35.7	31.5	0.0	0.0	0.0
<b>Total</b>	<b>60</b>	<b>\$5,440</b>	<b>100.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>7.4</b>	<b>12.4</b>	<b>9.7</b>	<b>66.0</b>	<b>51.9</b>	<b>58.8</b>	<b>26.6</b>	<b>35.7</b>	<b>31.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Source: 2015 ACS Census; 01/01/2017 - 01/01/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%

<b>Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower</b>																<b>2017-2019</b>		
Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
#	\$	% of Total	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate	
Monroe County	60	\$5,440	100.0	20.0	3.3	4.9	17.2	13.3	15.0	19.1	30.0	18.8	43.6	53.3	49.1	0.0	0.0	12.3
<b>Total</b>	<b>60</b>	<b>\$5,440</b>	<b>100.0</b>	<b>20.0</b>	<b>3.3</b>	<b>4.9</b>	<b>17.2</b>	<b>13.3</b>	<b>15.0</b>	<b>19.1</b>	<b>30.0</b>	<b>18.8</b>	<b>43.6</b>	<b>53.3</b>	<b>49.1</b>	<b>0.0</b>	<b>0.0</b>	<b>12.3</b>

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%