



PUBLIC DISCLOSURE

August 04, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Cincinnati Federal Savings & Loan Association
Charter Number 701409

6581 Harrison Avenue
Cincinnati, OH 45247-1508

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

Cincinnati FS & LA (Cincinnati Federal or thrift) exhibits a satisfactory record of meeting community credit needs. This rating is primarily based on the following:

- Cincinnati Federal's average loan-to-deposit (LTD) ratio since the prior evaluation compares favorably to peer averages and is more than reasonable.
- Cincinnati Federal lends a majority of its residential real estate loans inside the assessment area (AA).
- Cincinnati Federal's overall distribution of lending to borrowers of different income levels is reasonable.
- Cincinnati Federal's overall geographic distribution of residential real estate loans made to borrowers living in low- and moderate-income census tracts (CTs) in its AA is reasonable.

SCOPE OF EVALUATION

We conducted a full scope Community Reinvestment Act (CRA) evaluation to assess Cincinnati Federal's record and performance of meeting the credit needs of its community. We used the small savings and loan association evaluation procedures to perform our analysis.

We considered the thrift's performance regarding its primary lending product foremost in this CRA evaluation. We identified residential real estate (home) loans as the thrift's sole primary lending product based on discussions with management and a review of loan originations during the evaluation period.

To evaluate the thrift's performance in residential real estate lending, we used all of the thrift'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 (lending evaluation period). We reviewed the thrift's quarterly LTD ratio from January 1, 2008 (prior CRA evaluation) through June 30, 2014.

DESCRIPTION OF INSTITUTION

Cincinnati Federal is a federally chartered savings and loan association headquartered in Dent, Ohio. As of June 30, 2014, the thrift had approximately \$131 million in total assets. The thrift's strategy is to provide superior service, through traditional banking products and services, from its main office and three branch offices located in Cincinnati, Ohio. As of June 30, 2014, net loans represented 83 percent of total assets and 116 percent of total deposits.

Primary Loan Types		
Loans originated or purchased from January 1, 2012 through December 31, 2013		
Loan Type	% by Number of Loans	% by Dollars of Loans
Residential Real Estate Loans	88%	95%
HELOCs	11%	3%
Business Loans	1%	2%
Total	100%	100%

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

The main office is located at 6581 Harrison Avenue, which is in a middle-income CT. The thrift's three branch offices are located at 4310 Glenway Avenue, and 1270 Nagel Road, which are within middle-income CTs, and 7553 Bridgetown Road, which is in an upper-income CT. All branches, except the main office, have ATMs for customer use. The thrift does not have any other ATMs but has an agreement with Fifth Third so that customers can use its ATMs free of charge.

There are no financial or legal impediments that would affect the thrift's ability to serve the credit needs of its community. Cincinnati Federal's previous CRA public disclosure dated May 27, 2008, disclosed a "Satisfactory" rating.

DESCRIPTION OF THE ASSESSMENT AREA

Cincinnati Federal has one AA located within the Cincinnati/Middletown (#17140) metropolitan statistical area (MSA). The thrift's AA consists of 246 CTs that include all of Hamilton County (222 CTs) and parts of Clermont County (24 CTs). The bank's AA is contiguous and does not arbitrarily exclude low or moderate income areas. The table below summarizes the income composition of the census tracts for each county in the AA.

Cincinnati MSA Assessment Area Geography Income Composition				
	Low Income	Moderate Income	Middle Income	Upper Income
Hamilton County	45	52	76	49
Clermont County	0	3	19	2
Totals	45	55	95	51

Based on the 2010 census, the total population of the AA is 926,121. There are 228,884 families in the bank's AA, of which, 10.74 percent are living below the poverty level. The AA contains 430,765 total housing units. Of these housing units, 54 percent are owner occupied, 37 percent are rental units, and the remaining 13 percent are vacant. There are 374,496 total households (occupied units) in the AA, of which, 14.54 percent are living below the poverty level. The Department of Housing and Urban Development (HUD) updated estimate of the median family income for the Cincinnati/Middletown MSA was \$68,700 for 2013.

As of June, 2014, Hamilton County had an unemployment rate of 5.4 percent and Clermont County had an unemployment rate of 5.1 percent according to the U.S. Bureau of Labor Statistics (unemployment rates are not seasonally adjusted). Both counties' unemployment rates are below the statewide unemployment rate of 5.9 percent. Hamilton County is comprised mostly of urban and suburban areas. Clermont County is comprised mostly of rural communities and some are being developed for residential communities. Retail business operations contribute significant income to the local economy. Major employers located in the AA include Procter & Gamble, General Electric, the University of Cincinnati, and the Kroger Company.

Competition within the thrift's AA is strong. As of June 30, 2014, there are 42 other institutions, which operate branch offices within Hamilton and Clermont counties. These institutions include large national, regional, and small community banks. Cincinnati Federal maintains 0.15 percent market share of the deposits in its AA and ranks twentieth of forty-two competing financial institutions operating in the AA. The thrift also experiences competition from institutions located in surrounding counties, such as mortgage brokers and internet-based lenders.

Our evaluation of the bank's CRA performance included a discussion with one community contact. The community contact indicated that Cincinnati Federal is helping to meet the credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Based on the criteria for the CRA lending test, 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 assessment area credit needs.

Cincinnati Federal's average LTD ratio over twenty-six quarters since the prior CRA evaluation is 117 percent. Cincinnati Federal's LTD ratio ranged from a low of 109 percent (3rd quarter 2011) to a high of 127 percent (3rd quarter 2008). The quarterly peer average LTD ratio of seven similarly situated institutions located in the AA is 97 percent. Peer average LTD ratios ranged from a low of 80 percent to a high of 117 percent over the same period. Asset sizes of peer institutions ranged from \$53 million to \$198 million.

Lending in Assessment Area

- Cincinnati Federal lends a majority of residential real estate loans inside its AA.

Based on all residential mortgage loans originated during the evaluation period, Cincinnati Federal originated 72 percent by number and 68 percent by dollar volume to borrowers located within its AA. Refer to the table below for details.

Lending in the Assessment Area										
Loan Type	Number of Loans					Dollars of Loans (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	158	71.8	62	28.2	220	23,082	66.6	11,588	33.4	34,670
Home Improvement	2	100	-	-	2	346	100	-	-	346
Home Refinance	227	72.3	87	27.7	314	41,044	68.9	18,517	31.1	59,561
Totals	387	72.2	149	27.8	536	64,472	68.2	30,105	31.8	94,577

Source: Bank reported HMDA LAR data from January 1, 2012 through December 31, 2013.

Lending to Borrowers of Different Incomes

- Cincinnati Federal’s overall distribution of residential real estate lending to borrowers of different income levels reflects reasonable penetration.

Cincinnati Federal’s distribution of home purchases loans compares similarly to the peer aggregate distribution percentage in this category. The thrift slightly exceeds the peer aggregate distribution percentage in the moderate income category for home purchases. The thrift was significantly below the demographic comparators in the low and moderate income categories for home refinances. Approximately 10.7 percent of families in the AA live below the poverty level and may not meet the underwriting criteria to qualify for a residential real estate loan. We did not consider home improvement loans as the thrift only made two home improvement loans during the evaluation period. Refer to the table below for details.

Borrower Distribution of Residential RE Loans in the Assessment Area							
Borrower Income Level	% Number of Loans by Cincinnati Federal			% Number of Loans by AA Lenders			% of Families in Each Income Level
	Purchase	Home Improvement	Refinance	Purchase	Home Improvement	Refinance	
Low	12.0	0.0	3.5	13.0	11.5	9.5	23.6
Moderate	26.0	0.0	9.3	24.5	17.4	18.6	17.5
Middle	25.3	50.0	22.5	23.5	25.6	24.3	19.9
Upper	36.7	50.0	64.7	39.0	45.5	47.6	39.0
N/A	-	-	-	-	-	-	-

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

Geographic Distribution of Loans

- Cincinnati Federal’s overall geographic distribution of residential real estate loans made to borrowers in low- and moderate-income CTs reflects reasonable dispersion.

Cincinnati Federal’s dispersion of home purchase loans to borrowers in low- and moderate-income CTs compares similarly to demographic comparators. The dispersion of the thrift’s refinance loans to borrowers in low- and moderate-income CTs are both significantly below demographic comparators in these categories. Approximately 14.54 percent of the households in the AA live below the poverty level and may not meet the underwriting criteria to qualify for a residential real estate loan. Neither of the thrift’s two home improvement loans were made to borrowers located in low- or moderate-income CTs. Refer to the table below for details.

Geographic Distribution of Residential Real Estate Loans in the Cincinnati MSA							
Census Tract Income Level	% Total Cincinnati MSA Loans			% of Loans by AA Lenders			% of AA Owner Occupied Units
	Purchase	Home Improvement	Refinance	Purchase	Home Improvement	Refinance	
Low	3.8	-	0.9	3.1	3.6	3.1	4.8
Moderate	13.3	-	7.5	13.6	15.7	14.0	16.1
Middle	40.5	50.0	37.0	49.0	43.3	46.2	48.9
Upper	42.4	50.0	54.6	34.3	37.4	36.7	30.2

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

Responses to Complaints

Cincinnati Federal has not received any complaints about its performance in helping to meet the credit needs of its AA since the previous CRA evaluation.

Fair Lending or Other Illegal Credit Practices Review

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

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank’s (bank) or Federal savings association’s (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank’s or FSA’s lending performance.