



## **PUBLIC DISCLOSURE**

November 12, 2013

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

Van Wert Federal Savings Bank  
Charter Number 703551

976 S Shannon St  
Van Wert, OH 45891-2243

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 Outstanding**

- The thrift's loan-to-deposit (LTD) ratio is more than reasonable and compares favorably with similarly situated institutions in the thrift's assessment area (AA.)
- A substantial majority of this thrift's lending activity occurs within its AA.
- Lending to borrowers of different income levels reflects excellent distribution within the AA.
- Overall, the thrift's performance in lending to geographies of different income levels exhibits excellent dispersion in the moderate-income census tracts of the AA.

## **SCOPE OF EXAMINATION**

Our office conducted a Community Reinvestment Act (CRA) examination at Van Wert Federal Savings Bank (hereafter, Van Wert Federal or the thrift) to assess the thrift's record of meeting the credit needs of its community. We used the small bank CRA examination procedures to perform the examination. The evaluation period was from July 1, 2007 through June 30, 2013. For analysis of the Lending Test, we considered loans originated and purchased from January 1, 2011 through June 30, 2013.

Our review of the thrift's loan originations during the lending evaluation period found Van Wert Federal's primary loan products to be residential real estate loans. At June 30, 2013, the 1-4 family residential loans equaled \$61.4 million or 87.0 percent of total loans with small farm real estate loans and small commercial loans only equal to 6.3 percent and 5.3 percent of total loans, respectively. Because the thrift made even fewer farm loans and commercial loans during the review period, our review did not include samples of these. We reviewed a sample of 60 of the thrift's 1-4 family residential loans originated between January 1, 2011 and June 30, 2013. We completed the performance evaluation analysis using the 2000 Census data for the 2011 analysis and the 2010 Census data for the 2012 analysis.

## **DESCRIPTION OF INSTITUTION**

Van Wert Federal is a small \$128 million traditional mutual thrift incorporated in 1889 to serve the town of Van Wert, OH and the surrounding farms as a savings depository and a loan facility. The thrift maintains only the main office and an onsite ATM located in the drive-up area. The city of Van Wert is in Van Wert County in Northwestern Ohio about 30 miles east of Fort Wayne Indiana. Although it has a website that allows basic on-line services and the thrift offers domestic wire transfer services, Van Wert Federal mainly continues to serve its community with traditional savings, checking and real estate loan accounts, safety deposit boxes and notary services.

Total assets increased from \$109.9 million at the prior CRA exam, June 30, 2007 to \$128.6 million at June 30, 2013; total deposits equaled \$105.1 million, at June 30, 2013.

<b>LOAN PORTFOLIO MIX</b>		
<b>As of June 30, 2013</b>		
<b>Loan Type</b>	<b>Dollar Volume (in 000's)</b>	<b>% of Gross Loans</b>
Residential Real Estate Loans	\$61,782	87.1
Consumer – Installment Loans	\$822	1.1
Commercial Loans	\$4,608	6.5
Farm Loans	\$3,740	5.3
<b>TOTAL GROSS LOANS</b>	<b>\$70,952</b>	<b>100.0%</b>

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

Van Wert Federal Savings Bank's assessment area (AA) encompasses the entire County of Van Wert, Ohio including all census tracts and does not arbitrarily exclude any low- or moderate-income tracts. The AA is not located in a Metropolitan Statistical Area (MSA) or Metropolitan Division (MD). There are nine census tracts in the AA. HUD considered none of these low-income tracts. The 2010 census data shows two tracts as moderate-income, six that are middle-income and one that is upper-income. Only one change occurred in the census tracts between the 2000 and 2010 census reports. Census tract #207 changed from a middle-income tract to a moderate-income tract.

In 2012, Van Wert County had a population of 28,744, of these, 10,844 lived in the city of Van Wert. Farming and the agriculture industry served to employ many of the county's residents; however, there were also several manufacturing and service industry employers in the area. As per our conversation with the community contact, the three largest manufacturing employers were Eaton Corporation, a firm employing 1,117 people in Van Wert to produce hydraulic connectors and hoses for helicopters. Federal Mogul manufactured automobile oil seals utilizing 460 employees. Cooper Farms, a producer of turkeys and turkey products, employed 420 persons. The largest health and welfare service employer was Van Wert County Hospital with 800 employees. Other service industry employers included the County of Van Wert, Van Crest Nursing and Health Services, and the Van Wert County School system that together employed 722 people. Our community contact indicated that the local financial institutions were meeting the credit needs of the community.

The lending opportunities in Van Wert County are generally non-complex and include home loans, consumer loans, commercial and agriculture loans. Although there are seven competitors in Van Wert's financial arena, the thrift is number one in deposit market share and management indicated that competition is only moderate. The most competition comes from the other local mutual savings association who holds second place in deposit market share. The other six are comprised of one large regional bank, three nation-wide banks and two small community banks. The institution's main

purpose has been to take in local deposits and use those to make local home mortgages since 1889. The thrift's Board and management continue to focus on home loans.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### Loan-to-Deposit Ratio

The thrift's loan-to-deposit ratio averaged 78.1 percent since the last exam, which is more than reasonable and the second highest average of the seven comparable institutions. The seven banking institutions ranged between a high of 96.3 percent and a low of 47.46 for the 19-month average. Because there were so few banking institutions in this rural county, we expanded our comparable locations to the three contiguous counties just outside the AA of Van Wert County, including Allen, Mercer and Paulding Counties. ]

### Lending in Assessment Area

- A substantial majority of Van Wert Federal's lending activity occurs within its AA.

Our review of the thrift's origination activity determined that Van Wert Federal made 95.0 percent of their loan volume originated during the review period within its AA. To review the loan activity we referenced a judgmental 60-loan sample from Van Wert Federal's 2011, 2012 and YTD 2013 loan application register (LAR).

	<b>Number of Loans</b>				<b>Dollars of Loans (000's omitted)</b>					
	<b>Inside</b>		<b>Outside</b>		<b>Total</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
<b>Loan Type: 1-4 Family Residential Real Estate</b>										
1/1 – 12/31/2011	19	95.0	1	5.0	20	\$1,463	98.1	\$28	1.9	\$1,491
1/1/2012 – 6/30/2013	36	90.0	4	10.0	40	\$3,376	94.6	\$193	5.4	\$3,569
<b>Totals</b>	<b>55</b>	<b>91.7</b>	<b>5</b>	<b>8.3</b>	<b>60</b>	<b>\$4,839</b>	<b>95.6</b>	<b>\$221</b>	<b>4.4</b>	<b>\$5,060</b>

Source: VWFSB's LAR (mortgage loans) for 2011, 2012 and YTD through 6/30/2013)

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

- The thrift's lending to borrowers of low- and moderate-income reflects excellent penetration.

Van Wert Federal met or exceeded the percentage of loans originated by all AA Lenders to AA LMI borrowers in some categories in 2011 (when only one census tract was designated as moderate-income) and in most categories in 2012-2013. The thrift accomplished lending to LMI borrowers despite the increase of AA families living below the poverty level from 6.0 percent to 8.9 percent, between the 2000 census and the 2010 census.

<b>2011 Van Wert Federal's Borrower Distribution of Residential RE Loans in AA</b>							
Borrower Income Level	% Total Thrift Loans			% of Loans by AA Lenders			% of Families in Each AA Income Level
Loan Type	Purchases	Home Improve	Refinances	Purchases	Home Improve	Refinances	
Low	8.3	33.3	0.0	16.2	9.1	7.4	12.2
Moderate	33.3	0.0	16.7	30.0	9.1	21.1	19.6
Middle	16.7	0.0	33.3	17.3	21.2	24.5	27.4
Upper	41.7	66.7	50.0	20.8	57.6	38.0	40.8
N/A				15.7	3.0	9.0	

Source: 2000 U.S. Census data and thrift's Loan Application Register data 2011.

<b>2012-YTD 2013 Van Wert Federal's Borrower Distribution of Residential RE Loans in AA</b>							
Borrower Income Level	%Total Thrift Loans			% of Loans by AA Lenders			% of Families in Each AA Income Level
	Purchases	Home Improve	Refinances	Purchases	Home Improve	Refinances	
Low	15.8	25.0	25.0	12.0	5.0	5.2	12.7
Moderate	31.6	0.0	16.7	29.2	25.0	18.6	20.4
Middle	15.8	0.0	16.7	16.3	30.0	24.7	28.8
Upper	36.8	75.0	41.7	25.3	37.5	43.1	38.1
N/A				17.2	2.5	8.4	

Source: 2010 U.S. Census data and thrift's Loan Application Register data 2012 – 6/30/2013.

### Geographic Distribution of Loans

Geographic distribution of loans was excellent. Our sample determined that the thrift loaned a higher percentage of purchase and refinance money in the moderate-income level geographies during the review period than all of the AA lenders combined. Van Wert's AA has no low-income census tracts. The AA had only one census tract rated as moderate income in 2011. The 2010 census rated two census tracts as moderate-income in 2012, both of which are small area geographies with less population than the other tracts. The vast majority of the census tracts are middle-income levels and the thrift's only office is located in a middle-income level census tract. This makes lending at the moderate-income level challenging but Van Wert provided lending to moderate-income borrowers in two of three categories in 2011 and in 2012-YTD 2013 in percentages much greater than the combined AA Lenders.

<b>2011 Geographic Distribution of Residential RE Loans in Van Wert's Non-MSA AA</b>							
Borrower Income Level	% Total Thrift Loans			% of Loans by AA Lenders			% of Families in Each AA Income Level
Loan Type	Purchases	Home Improve	Refinances	Purchases	Home Improve	Refinances	
Low	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Moderate	36.4	0.0	17.0	6.6	3.0	1.2	5.2
Middle	57.8	100.0	83.0	74.1	75.8	81.7	78.1
Upper	19.1	0.0	0.0	19.3	21.2	17.0	16.7

Source: 2000 U.S. Census data and thrift's Loan Application Register data 2011.

<b>2012 - 2013 Geographic Distribution of Residential RE Loans in Van Wert's Non-MSA AA</b>							
Borrower Income Level	% Total Thrift Loans			% of Loans by AA Lenders			% of Families in Each AA Income Level
	Purchases	Home Improve	Refinances	Purchases	Home Improve	Refinances	
Low	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Moderate	18.2	0.0	21.4	7.7	5.0	3.8	22.2
Middle	59.1	25.0	64.3	78.9	72.5	78.0	66.7
Upper	22.7	75.0	14.3	13.4	22.5	18.2	11.1

Source: 2010 U.S. Census data and thrift's Loan Application Register data 2012 – 6/30/2013.

### Responses to Complaints

Neither Van Wert's management nor the Office of the Comptroller of the Currency's Customer Assistance Group received any complaints regarding the thrift's CRA performance.

### Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 195.28(c) in determining a Federal Savings Association's (FSA's) 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 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.