



PUBLIC DISCLOSURE

August 12, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Ozarks Federal Savings and Loan Association
Charter Number 701283

2 East Columbia Street
Farmington, MO 63640-3101

Office of the Comptroller of the Currency

2350 Market Street, Room 100
St. Louis, MO 63103

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.

Ozarks Federal Savings and Loan Association's (Ozarks Federal) lending performance reflects a satisfactory response to community credit needs. The conclusion is based on the following:

- The distribution of loans to borrowers of different income levels reflects reasonable penetration in the AAs.
- The geographic distribution of loans reflects reasonable dispersion within the census tracts (CTs) in the AAs.
- The institution originated a substantial majority of loans inside its AAs.
- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area (AA) credit needs.

SCOPE OF EXAMINATION

This Performance Evaluation is an assessment of the record of Ozarks Federal in meeting the credit needs of the communities in which it operates. Ozarks Federal was evaluated under the Small Bank performance criteria, which includes a lending test. The lending test evaluates the institution's record of helping to meet the credit needs of its AA through its lending activities. The scope of the CRA evaluation period is May 2, 2007 through August 12, 2013. The lending test analysis includes loans originated and purchased from January 1, 2011 through December 31, 2012.

We reviewed all of the institution's loan originations and purchases in 2011 and 2012 to determine the primary products for each of the AAs. For both AAs, we determined the primary product to be residential lending.

The lending test analysis included all residential real estate loans reported under the Home Mortgage Disclosure Act (HMDA) for 2011 and 2012. Loans originated and purchased in 2011 were compared to the 2000 Census information. Loans originated and purchased in 2012 were compared to the 2010 Census information. To ascertain the data integrity of the reported HMDA loans, we reviewed a sample of 60 applications for each year (2011 and 2012) and concluded that the publicly filed data was accurate and reliable.

The institution's Non-Metropolitan Statistical Area (Non-MSA) AA analysis carried the most weight toward our conclusion because 85% of Ozarks Federal's deposit market share and 83% of its lending volume is originated in that AA. We used 2011 HMDA peer averages for both the 2011 and 2012 analyses, as 2012 HMDA peer averages were not yet available. For this reason, we put more weight on the 2011 analysis; for the 2012 analysis, we focused more on the borrower distribution relative to the

geographic distribution, as changes in census tract (CT) categories were not reflected for 2012.

DESCRIPTION OF INSTITUTION

Ozarks Federal is an intrastate institution headquartered in Farmington, Missouri. As of June 30, 2013, Ozarks Federal had total assets of \$215 million, Tier 1 Capital of \$30 million, and a loan-to-deposit ratio of 73%. In addition to the main office in Farmington, the institution operates four full-service branches, all of which have deposit-taking ATMs. The institution has not opened or closed any branches since the last examination. There have not been any major changes in Ozarks Federal's corporate structure, including merger or acquisition activities.

The institution offers a full range of loan and deposit services. Ozarks Federal's primary business focus is residential real estate loans.

As of June 30, 2013, the institution reported \$136 million in outstanding loans and had a net loans and leases to total assets ratio of 63%. The loan portfolio consists of the following:

Loan Portfolio Summary by Loan Product		
December 31, 2012		
Loan Category	\$(000)	%
Business Loans	\$ 15,388	11%
Residential Loans	\$116,754	86%
Agricultural Loans	\$ 117	0%
Consumer Loans	\$ 3,904	3%
Total Loans	\$145,603	100%

There are no legal or financial impediments to Ozarks Federal's ability to meet the credit needs in its AAs. The institution was rated Satisfactory at its prior CRA examination as of May 1, 2007.

DESCRIPTION OF ASSESSMENT AREAS

Ozarks Federal has two AAs. Each AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas.

Non-Metropolitan Statistical Area

Using 2000 Census information, management designated all of St. Francois, Iron, and Madison Counties as its Missouri Non-MSA AA. Here is a summary of key information for this AA:

Demographic Information for Full Scope Area: Missouri Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	16	0.00	0.00	93.75	6.25	0.00
Population by Geography	78,138	0.00	0.00	89.58	10.42	0.00
Owner-Occupied Housing by Geography	21,986	0.00	0.00	87.32	12.68	0.00
Business by Geography	6,748	0.00	0.00	90.38	9.62	0.00
Farms by Geography	216	0.00	0.00	88.43	11.57	0.00
Family Distribution by Income Level	21,100	20.30	18.61	22.80	38.29	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	8,210	0.00	0.00	91.94	8.06	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		35,821 47,200 16%	Median Housing Value Unemployment Rate (2000 US Census)		65,079 3.13%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 US Census and 2011 HUD updated MFI

The same AA had some variation based on the 2010 Census information. Here is a summary of key information for this AA:

Demographic Information for Full Scope Area: Missouri Non-MSA AA for Census 2010						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	18	0.00	16.67	61.11	22.22	0.00
Population by Geography	88,215	0.00	14.78	66.16	19.06	0.00
Owner-Occupied Housing by Geography	24,560	0.00	14.86	68.31	16.83	0.00
Business by Geography	6,268	0.00	16.88	64.18	18.94	0.00
Farms by Geography	223	0.00	13.90	75.78	10.31	0.00
Family Distribution by Income Level	22,028	19.70	18.67	20.09	41.55	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	8,451	0.00	23.05	67.68	9.27	0.00
Median Family Income HUD Adjusted Median Family Income for 2012 Households Below Poverty Level		45,840 47,800 18%	Median Housing Value Unemployment Rate (2010 US Census)		101,483 4.32%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2012 HUD updated MFI

Non-MSA Economic Conditions

Economic conditions in the Non-MSA AA are steadily improving. As of June 30, 2013, the unemployment rates for St. Francois, Iron and Madison Counties were 8.4%, 8%, and 6.8%, respectively. The national and Missouri unemployment rates were comparable at 7.8% and 7.1%, respectively.

The local economy is primarily supported by non-farm businesses operating at one location and employing 1-4 persons. Major employers in the area include Accent Marketing Services, Piramal Glass, Sabreliner, BJC Parkland Health Center, Mineral Area Regional Medical Center, and Centene Corp.

Competitive pressures are present in this AA. As of June 30, 2012, FDIC information indicates nine other institutions compete for business within the area; Ozarks Federal ranked third with an 11.37% deposit market share. We contacted a community action agency during the examination. Our contact indicated the primary credit needs in the Non-MSA AA are matching funds for the Individual Development Account (IDA) program and general funding to keep similar programs available in the community.

Metropolitan Statistical Area (MSA)

The institution also has the southern portion of the St. Louis MSA as an AA. The St. Louis AA is too large for the institution to serve reasonably; therefore, Ozarks Federal only includes Jefferson County east of Highway 30 and all of Washington County in this AA.

Here is a summary of key information for this AA:

Demographic Information for Full Scope Area: St Louis MO MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	33	3.03	24.24	72.73	0.00	0.00
Population by Geography	195,708	2.39	19.50	78.11	0.00	0.00
Owner-Occupied Housing by Geography	58,249	1.49	18.82	79.69	0.00	0.00
Business by Geography	14,860	2.85	19.10	78.04	0.00	0.00
Farms by Geography	509	1.96	14.34	83.69	0.00	0.00
Family Distribution by Income Level	53,979	20.41	21.90	25.23	32.46	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	22,838	3.01	28.08	68.92	0.00	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		53,435 69,500 9%	Median Housing Value Unemployment Rate (2000 US Census)	86,975 2.50%		

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 US Census and 2011 HUD updated MFI

The same AA had some variation based on the 2010 Census information. Here is a summary of key information for this AA:

Demographic Information for Full Scope Area: St Louis MO MSA AA for Census 2010						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	42	0.00	28.57	71.43	0.00	0.00
Population by Geography	216,210	0.00	27.37	72.63	0.00	0.00
Owner-Occupied Housing by Geography	65,385	0.00	27.22	72.78	0.00	0.00
Business by Geography	14,178	0.00	27.70	72.30	0.00	0.00
Farms by Geography	515	0.00	21.94	78.06	0.00	0.00
Family Distribution by Income Level	57,721	21.79	19.09	24.21	34.90	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	23,601	0.00	38.42	61.58	0.00	0.00
Median Family Income HUD Adjusted Median Family Income for 2012 Households Below Poverty Level		67,013 70,400 11%	Median Housing Value Unemployment Rate (2010 US Census)	142,855 4.23%		

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2012 HUD updated MFI

MSA Economic Conditions

Economic conditions in the MSA AA are steadily improving. As of June 30, 2013, the unemployment rates for Jefferson and Washington Counties were 7.2% and 9.3%, respectively. The national and Missouri unemployment rates were comparable at 7.8% and 7.1%, respectively.

The local economy is primarily supported by non-farm businesses operating at one location and employing 1-4 persons. Major employers in the area include the Potosi Correctional Center, Washington County Hospital, Potosi School District, Purcell Tire and Rubber Co., Red Wing Shoe, Fox C-6 School District, Jefferson Memorial Hospital, and Jefferson County.

Competitive pressure is strong. Based on FDIC-reported deposit information as of June 30, 2012, twenty-two other institutions compete for business within the area. The institution ranks 13th and has a 2.36% deposit market share in this AA. We contacted a community action agency during the examination. The contact indicated the primary credit needs in the MSA AA are matching funds for the IDA program, general funding to keep similar programs available in the community, and teaching of financial literacy classes.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Ozarks Federal does a reasonable job of meeting the credit needs of its AAs, including those of low- and moderate-income people, given the demographics, economic factors, and competitive pressures faced by the bank.

Loan-to-Deposit Ratio

Ozarks Federal's LTD ratio is reasonable given the institution's size, financial condition, and AA credit needs. The institution's LTD ratio averaged 88.67% over the 25 quarters since the last CRA examination, with a quarterly low of 73% and a quarterly high of 105.06%.

The institution's average quarterly LTD ratio compares favorably with other community institutions of similar size, location, and product offerings. Ozarks Federal ranks second among nine similarly situated institutions serving its AA. The other eight institutions had quarterly LTD ratios averaging 79.21%, ranging from 45.71% to 92.35%.

Lending in Assessment Area

Ozarks Federal originated a substantial majority of loans inside its AAs. The institution granted 92.90% of its one-to-four family mortgage loans by number and 91.01% by dollar volume in the AA during 2011 and 2012. The following table shows the number and percentage of the institution's one-to-four family mortgage loans originated during the review period.

INSIDE/OUTSIDE ASSESSMENT AREA ANALYSIS	Number of Loans	Percent of Loans
Loans Originated Inside AA	563	92.90%
Loans Originated Outside AA	43	7.10%
Total Loans Originated	606	100.00%

Source: Ozarks Federal Savings and Loan Association's 2011-2012 HMDA data.

Lending to Borrowers of Different Incomes

Ozarks Federal's level of lending to borrowers of different income levels reflects reasonable penetration in the AAs, given the institution's product offerings and local economic conditions.

Non-Metropolitan Statistical Area

For 2011, Ozarks Federal meets the standards of satisfactory performance in the Non-MSA AA. The institution’s percentage of home mortgage loans originated to low-income borrowers is higher than the HMDA peer average. Given the percentage of families below the poverty level (11.67%), the percentage of loans originated to low-income borrowers is considered reasonable even though it falls well below the percentage of low-income families. The institution’s percentage of home mortgage loans originated to moderate-income borrowers is in line with the HMDA peer average and the percentage of families in that category.

2011 Borrower Distribution of Residential Loans in the Non-MSA Assessment Area				
Borrower Income	Number of Loans	Percentage of Loans	Percent of Families	HMDA Peer Averages
Low-Income	9	6.47%	20.30%	5.95%
Moderate-Income	26	18.71%	18.61%	18.80%
Middle-Income	28	20.14%	22.80%	20.70%
Upper-Income	76	54.68%	38.29%	39.60%
Income NA	-	-	-	14.96%
Total	139	100.0%	100.0%	100.0%

Source: 2000 Census data; Ozarks Federal's 2011 HMDA data; 2011 Peer HMDA data

In 2012, the institution meets the standards of satisfactory performance in their Non-MSA AA. Ozarks Federal’s percentage of home mortgage loans originated to low-income borrowers is higher than the HMDA peer average. Given the percentage of families below the poverty level (12.71%), the percentage of loans originated to low-income borrowers is reasonable when compared to the percentage of families. Although the institution’s percentage of home mortgage loans originated to moderate-income borrowers is lower than the HMDA peer average and the percentage of families in that category, it is reasonable given that the percentage of loans originated in 2012 is compared to 2011 HMDA peer averages.

2012 Borrower Distribution of Residential Loans in the Non-MSA Assessment Area				
Borrower Income	Number of Loans	Percentage of Loans	Percent of Families	HMDA Peer Averages (2011)
Low-Income	19	7.39%	19.70%	5.95%
Moderate-Income	35	13.62%	18.67%	18.80%
Middle-Income	55	21.40%	20.09%	20.70%
Upper-Income	148	57.59%	41.55%	39.60%
Income NA	-	-	-	14.96%
Total	257	100.0%	100.0%	100.0%

Source: 2010 Census data; Ozarks Federal's 2012 HMDA data; 2011 Peer HMDA data

Metropolitan Statistical Area

In 2011, Ozarks Federal exceeds the standard of satisfactory performance in their MSA AA. The institution’s percentage of home mortgage loans originated to low-income borrowers is significantly higher than the HMDA peer averages and the percentage of families in that category. In addition, the institution’s percentage of home mortgage loans originated to moderate-income borrowers is higher than the HMDA peer average and the percentage of families in the moderate-income category.

2011 Borrower Distribution of Residential Loans in the MSA Assessment Area				
Borrower Income	Number of Loans	Percentage of Loans	Percent of Families	HMDA Peer Averages
Low-Income	16	30.19%	20.41%	10.90%
Moderate-Income	13	24.53%	21.90%	22.44%
Middle-Income	13	24.53%	25.23%	22.38%
Upper-Income	11	20.75%	32.46%	22.90%
Income NA	-	-	-	21.38%
Total	53	100.0%	100.0%	100.0%

Source: 2000 Census data; Ozarks Federal's 2011 HMDA data; 2011 Peer HMDA data

In 2012, Ozarks Federal meets the standards of satisfactory performance in their MSA AA. The institution’s percentage of home mortgage loans originated to low-income borrowers is higher than the HMDA peer average, and lower than the percent of families. Given that more weight is put on the HMDA peer averages comparison, we find the percentages of loans originated to low-income borrowers reasonable. Although the institution’s percentage of home mortgage loans originated to moderate-income borrowers is lower than the HMDA peer averages and the percent of families in that category, it is reasonable given that the percentage of loans originated in 2012 is compared to 2011 HMDA peer averages.

2012 Borrower Distribution of Residential Loans in the MSA Assessment Area				
Borrower Income	Number of Loans	Percentage of Loans	Percent of Families	HMDA Peer Averages (2011)
Low-Income	11	12.79%	21.79%	10.90%
Moderate-Income	12	13.95%	19.09%	22.44%
Middle-Income	28	32.56%	24.21%	22.38%
Upper-Income	35	40.70%	34.90%	22.90%
Income NA	-	-	-	21.38%
Total	86	100.0%	100.0%	100.0%

Source: 2010 Census data; Ozarks Federal's 2012 HMDA data; 2011 Peer HMDA data

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion within the census tracts (CTs) in the AAs.

Non-metropolitan Statistical Area

An analysis of the 2011 geographic distribution of residential loans in the Non-MSA is not meaningful because there are no low- or moderate-income CTs in this AA based on the 2000 Census.

2011 Geographic Distribution of Residential Loans in the Non-MSA				
Type Census Tract	Number of Loans	Percentage of Loans	Percent of OOHUs	HMDA Peer Averages
Low-Income	0	0	0	0
Moderate-Income	0	0	0	0
Middle-Income	148	96.10%	87.32%	81.25%
Upper-Income	6	3.90%	12.68%	18.75%
Total	154	100.0%	100.0%	100.0%

Source: 2000 Census data; Ozarks Federal's 2011 HMDA Data; 2011 Peer HMDA Data

For 2012, the geographic distribution of mortgage loans originated by Ozarks Federal meets the standards of satisfactory performance. There are no low-income CTs in the Non-MSA AA for 2012. We could not compare the number of loans originated to HMDA peer averages because the percentage is relative to 2011 and there were no moderate-income CTs during that time. The institution's percentage of loans originated in the moderate-income tracts is lower than the percent of owner-occupied housing units. Given that the percentage of loans originated in that category is relatively close to the percent of owner-occupied housing units in moderate-income CTs, we find this percentage reasonable.

2012 Geographic Distribution of Residential Loans in the Non-MSA				
Type Census Tract	Number of Loans	Percentage of Loans	Percent of OOHUs	HMDA Peer Averages (2011)
Low-Income	0	0	0	0
Moderate-Income	30	11.28%	14.86%	0
Middle-Income	170	63.91%	68.31%	81.25%
Upper-Income	66	24.81%	16.83%	18.75%
Total	266	100.0%	100.0%	100.0%

Source: 2010 Census data; Ozarks Federal's 2012 HMDA Data; 2011 Peer HMDA Data

Metropolitan Statistical Area

For 2011, the geographic distribution of mortgage loans originated exceeds the standards of satisfactory performance in the MSA AA. Ozarks Federal's percentage of loans originated in the low-income CTs significantly exceeds the HMDA peer averages and the percent of owner-occupied housing units. Ozarks Federal's percentage of loans originated in the moderate-income CTs also significantly exceeds the HMDA peer averages and the percent of owner-occupied housing units.

2011 Geographic Distribution of Residential Loans in the MSA				
Type Census Tract	Number of Loans	Percentage of Loans	Percent of OOHUs	HMDA Peer Averages
Low-Income	6	10.91%	1.49%	0.89%
Moderate-Income	28	50.91%	18.82%	10.89%
Middle-Income	21	38.18%	79.69%	88.22%
Upper-Income	0	0	0	0
Total	55	100.0%	100.0%	100.0%

Source: 2000 Census data; Ozarks Federal's 2011 HMDA Data; 2011 Peer HMDA Data

For 2012, the geographic distribution of mortgage loans originated by Ozarks Federal exceeds the standards of satisfactory performance. There are no low-income CTs in the MSA AA in 2012. The institution's percentage of loans originated in moderate-income CTs significantly exceeds the HMDA peer averages and percent of owner-occupied housing units.

2012 Geographic Distribution of Residential Loans in the MSA				
Type Census Tract	Number of Loans	Percentage of Loans	Percent of OOHUs	HMDA Peer Averages (2011)
Low-Income	0	0	0	0.89%
Moderate-Income	37	42.05%	27.22%	10.89%
Middle-Income	51	57.95%	72.78%	88.22%
Upper-Income	0	0	0	0
Total	88	100.0%	100.0%	100.0%

Source: 2010 Census data; Ozarks Federal's 2012 HMDA Data; 2011 Peer HMDA Data

Responses to Complaints

No complaints regarding Ozarks Federal's CRA performance were received during the review period.

Fair Lending or Other Illegal Credit Practices Review

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.

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