



## **PUBLIC DISCLOSURE**

August 18, 2014

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

New Carlisle Federal Savings Bank  
Charter Number 703043

400 N Main St  
New Carlisle, OH 45344-1427

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**

The Lending Test is rated: Satisfactory

- New Carlisle Federal Savings Bank's (FSB) loan-to-deposit ratio is more than reasonable.
- New Carlisle FSB makes a substantial majority of its loans inside its assessment area (AA).
- Lending to borrowers of different income levels reflects reasonable penetration. Lending to business of different sizes reflects reasonable penetration.
- New Carlisle FSB's performance in lending to geographies of different income levels exhibits reasonable dispersion. The thrift's geographic distribution of loans to small businesses reflects excellent dispersion.

**SCOPE OF EXAMINATION**

The OCC conducted a full scope Community Reinvestment Act (CRA) evaluation to assess the thrift's record of meeting the credit needs of its community, including low- and moderate-income areas. We used small savings association evaluation procedures to evaluate the thrift's performance under the Lending Test. The evaluation period for the Lending Test is from January 1, 2012 to December 31, 2013. We used 2010 U.S. Census data to analyze performance. Residential real estate loans and commercial (small business) loans are the thrift's primary lending products. In our review, we evaluated the thrift's residential real estate loans reported on the Home Mortgage Disclosure Act (HMDA) Loan Application Register (LAR) and commercial loans from the thrift-provided commercial loan origination register.

We conducted a HMDA Data Integrity review in July 2014 by comparing the thrift's LAR to actual loan files. We found the HMDA data for 2012 and 2013 is accurate and reliable for use during our review.

**DESCRIPTION OF INSTITUTION**

New Carlisle FSB is a federally chartered mutual thrift institution founded in 1883. Total assets equaled \$83.1 million as of June 30, 2014. The thrift's main office is located in downtown New Carlisle, Ohio. In addition to the main office, the thrift has two branches, one in Springfield and the other in Tipp City. The branches in New Carlisle and Springfield are in Clark County, while the Tipp City branch is located in Miami County. All three branches are in middle-income geographies. Each office has a drive-up facility and automated teller machine (ATM). All three ATMS take deposits, but only for current customers.

The products and services offered are similar to those available at other community banks and thrifts. Substantively all products and services are available at all three branch locations. New Carlisle FSB has not opened or closed any branches since the

previous evaluation and relies on lobby traffic and referrals. Advertising includes lobby posters and word of mouth with limited use of print advertising.

New Carlisle's primary lending products include mortgage loans and commercial (small business) loans. Management actively sells mortgages on the secondary market. The table below (Table 1) reflects the thrift's lending activity and portfolio mix during the evaluation period.

<b>Table 1 - Primary Loan Types</b>				
<b>Loans Originated/Purchased from January 1, 2012 through December 31, 2013</b>				
<b>Loan Type</b>	<b>% by Number of Loans Originated/Purchased during evaluation period</b>		<b>% by Dollars of Loans Originated/Purchased during evaluation period</b>	
	<b>Number of Loans</b>	<b>Percent of Total Loans</b>	<b>\$000s</b>	<b>% of Total Assets</b>
Residential Real Estate	422	71%	\$ 51,093	85%
Commercial/CRE	74	12%	\$ 7,843	13%
Consumer	22	4%	\$ 544	1%
HELOC	76	13%	\$ 775	1%
Total	594	100%	\$ 60,255	100%

*Source: Thrift's internal records of loans originated during 2012 and 2013.*

Presently, there are no financial or legal impediments that affect New Carlisle FSB's ability to help meet the credit needs of its AA. The thrift's previous CRA evaluation dated as of January 4, 2010, resulted in a "Satisfactory" rating.

## **DESCRIPTION OF ASSESSMENT AREA**

New Carlisle FSB's assessment area (AA) has two contiguous counties in Ohio. One is the entirety of Clark County, which is located in the Springfield, OH Metropolitan Statistical Area (MSA) #44220, and the other is the entirety of Miami County, which is located in the Dayton, OH MSA #19380. Since the AA includes two MSAs, we assessed performance in both areas separately and then combined the assessments for an overall rating. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas.

Competition is high within New Carlisle FSB's market area. Competition includes national banks, branches of larger financial institutions, and other savings and loans institutions. According to the June 30, 2013 Deposit Market Share Report from the Federal Deposit Insurance Corporation (FDIC), New Carlisle FSB had approximately a 2.38 percent deposit market share and ranked 11<sup>th</sup> out of 20 financial institutions.

**Clark County AA (Springfield, OH MSA 44220)**

The Clark County AA (MSA 44220) includes 44 census tracts, comprised of six low-income census tracts (13.64 percent), nine moderate-income census tracts (20.45 percent), 16 middle-income census tracts (36.36 percent) and 13 upper-income census tracts (29.55 percent). Springfield is the largest city in the MSA with 60,608 people.

Per the 2010 U.S. Census data, the population of the AA is 138,333, with 10.36 percent living in the low-income census tracts, 16.17 percent in the moderate-income census tracts, 41.08 percent in the middle-income census tract, and 32.38 percent in the upper income census tract. Approximately 62.91 percent of housing units in the AA are owner occupied, with 4.94 percent located in low-income geographies, 12.97 percent in moderate-income geographies, 44.52 percent in middle-income geographies, and 37.57 percent in upper-income geographies. Within the AA, 14.24 percent of households live below the poverty level and 3.96 percent receive public assistance. The median housing value is \$109,703 and the weighted average monthly gross rent is \$641. The weighted average census MSA median family income is \$53,678 compared to the estimated weighted average HUD MSA median family income of \$53,500.

Since the financial crisis, unemployment levels in Clark County have trended downward. The 2013 annual unemployment rate for Clark County was 7 percent, which compares favorably to the statewide unemployment rate of 7.4 percent. According to the Greater Springfield Chamber of Commerce, major employers in the Springfield MSA include Assurant Inc., Clark County Government, Community Mercy Health Partners, Dole Fresh Vegetables, Gordon Food Service, and Marathon/Speedway SuperAmerica LLC.

Our evaluation of the bank's CRA performance included discussion with one community contact. Community contacts indicated the AA's economy is improving. The credit needs of the AA include small business development/expansion loans and home ownership. According to the contacts, local financial institutions have a positive reputation in the community and meet the credit needs of the community. One contact stated that credit worthiness and a lack of solid business plans served as an obstacle for institutions to grant small business loans.

**Miami County AA (Dayton, OH MSA 19380)**

The Miami County AA (MSA 19380) includes 21 census tracts, comprised of four moderate-income census tracts (19.05 percent), 14 middle-income census tracts (66.67 percent), and three upper-income census tracts (14.29 percent). There are no low income-census tracts in this AA.

Per the 2010 U.S. Census data, the population of the AA is 102,506, with 14.88 percent living in the moderate-income census tracts, 65.99 percent in the middle-income census tracts, and 14.29 percent in the upper-income census tracts. Approximately 66.88 percent of housing units in the AA are owner occupied, with 13.30 percent located in moderate-income geographies, 66.07 percent in middle-income geographies, and 20.63 percent in upper-income geographies. Within the AA, 8.97 percent of households live

below the poverty level and 1.53 percent receives public assistance. The median housing value is \$138,929 and the weighted average monthly gross rent is \$684. The weighted average census MSA median family income is \$59,770 compared to the estimated weighted average HUD MSA median family income of \$57,800.

Over the last four years, unemployment levels in Miami County have improved. The 2013 annual unemployment rate for Miami County was 7.2 percent, which remains under the statewide unemployment rate of 7.4 percent. According to the Miami County’s Department of Development, major employers include Upper Valley Medical Center, Clopay Building Products, F&P America, UTC Aerospace Systems, Meijer Distribution Center, and ConAgra Foods.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The thrift’s lending performance is **Satisfactory**.

### Loan-to-Deposit Ratio

New Carlisle FSB’s loan-to-deposit (LTD) ratio is more than reasonable given the thrift’s size, financial condition, and AA credit needs. Since the previous examination, the thrift’s LTD ratio ranged from a high of 114.91 percent as of September 30, 2009 to a low of 90.72 percent as of December 31, 2012. The thrift’s quarterly average LTD for the last 20 quarters was 100.76 percent, which compares to the average LTD ratio of 83.65 percent of three similarly situated financial institutions in the AA.

### Lending in Assessment Area

New Carlisle FSB made a substantial majority of its loans inside the AA, which indicates outstanding performance in this metric. Based on our sample of loans to small businesses and our review of HMDA data, New Carlisle FSB made 79 percent of its primary loan products inside its combined AAs. Our sample of loans to small businesses consisted of 20 loans originated from 2012-2013.

<b>Table 2 – Lending in the Assessment Area (All AAs)</b>										
<b>Loan Type</b>	<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>Residential Real Estate</b>	336	80%	86	20%	422	43,356	78%	12,051	22%	55,407
<b>Small Business</b>	16	80%	4	20%	20	5,668	90%	616	10%	6,284
<b>Totals</b>	352	80%	90	20%	442	49,024	79%	12,667	21%	61,691

*Source: HMDA data and small business loan data from January 1, 2012 through December 31, 2013.*

**Lending to Borrowers of Different Incomes**

New Carlisle FSB’s borrower distribution of its two primary lending products reflects satisfactory penetration.

**Clark County AA (Springfield, OH MSA 44220)**

Lending to borrowers of different income levels for home mortgage loans in the Clark County AA is satisfactory. As shown in Table 3 below, New Carlisle FSB’s’ distribution of lending to low- and moderate-income (LMI) borrowers during the evaluation period is reasonable and either meets or is just below the percentages made by AA lenders for home purchases and refinances. While the thrift made no home improvement loans to LMI borrowers, the bank only originated eight loans of this type within the Clark County AA, which comprised less than four percent of all home mortgage loans made during the review period.

<b>Table 3 - Borrower Distribution of Residential Real Estate Loans in Clark County (Springfield MSA) AA</b>							
Borrower Income Level	% Total New Carlisle FSB Loans			% of Loans by AA Lenders			% of Families in Each Income Level
	Purchase	Home Improvement	Refinance	Purchase	Home Improvement	Refinance	
Low	14%	0%	7%	15%	14%	8%	20%
Moderate	30%	0%	11%	30%	28%	16%	17%
Middle	21%	0%	25%	26%	20%	27%	23%
Upper	35%	100%	57%	29%	38%	49%	40%

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

Lending to businesses with different revenue levels in the Clark County MSA AA reflects excellent penetration. Within the 44220 MSA AA, 72 percent of businesses have revenues less than \$1 million, and the thrift exceeded this metric by originating 75 percent of its loans to businesses with revenues less than \$1 million.

<b>Table 4 - Borrower Distribution of Loans to Small Businesses in Clark County (Springfield MSA) AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	72%	4%	24%	100%
% of Thrift Loans in AA by #	75%	25%	0%	100%
% of Thrift Loans in AA by \$	86%	14%	0%	100%

*Source: Loan Sample; 2000 U.S. Census Data, updated for 2012*

**Miami County AA (Dayton, OH MSA 19380)**

Lending to borrowers of different income levels for home mortgage loans in the Miami County AA is satisfactory. As shown in Table 5 below, New Carlisle FSB’s distribution of lending to low- and moderate-income (LMI) borrowers during the evaluation period is reasonable and either meets or is near the percentages made by AA lenders for home purchases and refinances. While the thrift made no home improvement loans to LMI borrowers, the bank only originated two loans of this type within the Miami County AA, which comprised less than two percent of all home mortgage loans made during the review period.

**Table 5 - Borrower Distribution of Residential Real Estate Loans in Miami County (Dayton MSA) AA**

Borrower Income Level	% Total New Carlisle FSB Loans			% of Loans by AA Lenders			% of Families in Each Income Level
	Purchase	Home Improvement	Refinance	Purchase	Home Improvement	Refinance	
Low	10%	0%	5%	16%	14%	9%	18%
Moderate	19%	0%	8%	24%	19%	18%	19%
Middle	14%	50%	30%	25%	24%	25%	23%
Upper	57%	50%	57%	35%	43%	48%	40%

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

Lending to businesses with different revenue levels in the Miami County MSA AA reflects reasonable penetration. Within the 19380 MSA AA, 74 percent of businesses have revenues less than \$1 million, and the thrift is near this metric, originating 64 percent of its loans to businesses with revenues less than \$1 million.

**Table 6 - Borrower Distribution of Loans to Small Businesses in Miami County (Dayton MSA) AA**

Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	74%	4%	22%	100%
% of Thrift Loans in AA by #	64%	36%	0%	100%
% of Thrift Loans in AA by \$	62%	38%	0%	100%

*Source: Loan Sample; 2000 U.S. Census Data, updated for 2012*

**Geographic Distribution of Loans**

New Carlisle FSB’s geographic distribution of loans within the two MSA AAs reflects satisfactory dispersion.

**Clark County AA (Springfield, OH MSA 44220)**

New Carlisle FSB’s geographic distribution of residential real estate loans within LMI census tracts reflects reasonable dispersion. The geographic distribution of loans to low income borrowers for home purchase and refinance loans is near the level of loans made by AA lenders and owner occupied units in the 44220 MSA AA. However, the geographic distribution of loans to moderate income borrowers for home purchase and refinance loans is below the level of loans made by AA lenders and owner occupied units. These figures are reasonable given that over 32 percent of families living in moderate-income tracts within Clark County live below the poverty line. While the thrift made no home improvement loans to LMI borrowers, the bank only originated eight loans of this type within the Clark County AA, which comprised less than four percent of all home mortgage loans made during the review period.

<b>Table 7 – Geographic Distribution of Residential Real Estate Loans in Clark County (Springfield MSA) AA</b>							
Census Tract Income Level	% Total New Carlisle FSB Loans			% of Loans by AA Lenders			% of AA Owner Occupied Units
	Purchase	Home Improvement	Refinance	Purchase	Home Improvement	Refinance	
Low	2%	0%	1%	2%	3%	2%	5%
Moderate	3%	0%	4%	11%	14%	7%	13%
Middle	56%	13%	35%	48%	43%	41%	44%
Upper	39%	87%	60%	39%	40%	50%	38%

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

New Carlisle FSB’s geographic distribution of loans to small businesses within the Clark County AA reflects excellent dispersion. The portion of loans made to LMI census tracts exceeded the percentages made by competitors.

<b>Table 8 - Geographic Distribution of Loans to Small Businesses in Clark County (Springfield MSA) AA</b>			
Census Tract Income Level	% Total New Carlisle FSB Loans	% of Loans by AA Peers	% of Businesses
Low	20%	7%	8%
Moderate	25%	19%	18%
Middle	35%	32%	36%
Upper	20%	42%	38%

*Source: Loan Sample; 2000 U.S. Census Data, updated for 2012. Aggregate Lender data from HMDA data.*

**Miami County AA (Dayton, OH MSA 19380)**

New Carlisle FSB’s geographic distribution of residential real estate loans within moderate-income census tracts reflects reasonable dispersion. The geographic distribution for home purchases and refinances is near or just below the level of loans made by AA lenders and owner occupied units in the 19380 MSA AA. While the thrift made no home improvement loans to moderate-income borrowers, the bank only originated three loans of this type within the Miami County AA, which comprised less than three percent of all home mortgage loans made during the review period. There are no low-income geographies in the AA.

<b>Table 9 – Geographic Distribution of Residential Real Estate Loans in Miami County (Dayton MSA) AA</b>							
Census Tract Income Level	% Total New Carlisle FSB Loans			% of Loans by AA Lenders			% of AA Owner Occupied Units
	Purchase	Home Improvement	Refinance	Purchase	Home Improvement	Refinance	
Moderate	9%	0%	10%	11%	12%	8%	13%
Middle	57%	67%	43%	59%	68%	60%	66%
Upper	34%	33%	47%	30%	20%	32%	21%

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

New Carlisle FSB’s geographic distribution of loans to small businesses within the Miami County AA reflects excellent dispersion. The portion of loans made to moderate-income census tracts exceeded the percentage made by competitors.

<b>Table 10 - Geographic Distribution of Loans to Small Businesses in Miami County (Dayton MSA) AA</b>			
Census Tract Income Level	% Total New Carlisle FSB Loans	% of Loans by AA Peers	% of Businesses
Moderate	22%	15%	14%
Middle	64%	59%	66%
Upper	14%	26%	20%

*Source: Loan Sample; 2000 U.S. Census Data, updated for 2012. Aggregate Lender data from HMDA data.*

**Responses to Complaints**

During the review period, New Carlisle FSB did not receive any written complaints about its performance in helping to meet the credit needs of its AA.

## **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 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.