



Office of the
Comptroller of the Currency
Washington, DC 20219

SMALL BANK

PUBLIC DISCLOSURE

April 10, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Central Federal Savings and Loan Association
Charter Number 701567

5953 W Cermak Rd
Cicero, IL 60804-2190

Office of the Comptroller of the Currency

2001 Butterfield Rd, Suite 400
Downers Grove, IL 60515-1514

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.

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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:

- Central's lending record reflects excellent distribution to borrowers of different incomes; and
- The distribution of home mortgage loans originated or purchased by the bank in low- and moderate-income census tracts is excellent.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AA, the bank's loan-to-deposit ratio is reasonable. Central Federal Savings and Loan Association's (Central) quarterly average LTD ratio for the evaluation period was 73.6 percent and ranged from 85.5 percent to 64.3 percent. In comparison, the other 31 peer banks in Cook County with \$50 - \$600 million in assets had an average of 77.2 percent over the same period. The similarly situated institution's averaged ranged from 10.6 percent to 129.6 percent.

Lending in Assessment Area

A majority of the bank's loans are inside its assessment area (AA).

The bank originated and purchased 69.7 percent of its total loans inside the bank's AA during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

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	225	69.7	98	30.3	323	45,925	53.4	40,080	46.6	86,005

Source: 2019, 2020, and 2021 HMDA LAR

Description of Institution

Central is a \$200 million federal intrastate mutual thrift headquartered in Cicero, Illinois. In addition to the main office, the bank has full-service branches in Berwyn and LaGrange Park, IL. All locations are in Cook County and just west of Chicago. The Cicero branch is located in a moderate-income tract, the Berwyn branch in a middle-income tract, and the LaGrange Park branch in an upper-income tract.

The bank offers traditional loan and deposit products, focusing on home loans. The loan portfolio, as of December 31, 2021, was \$107.9 million, or 54 percent of total assets. One-to-four family mortgages

make up 87.4 percent of the loan portfolio. Tier 1 capital totaled \$19.7 million. The bank has one assessment area (AA) being Cook County, a portion of the Chicago-Naperville-Evanston IL-IN-WI Metropolitan Statistical Area (MSA).

There are no legal or financial impediments limiting Central's ability to meet the credit needs of the local community, including low- and moderate-income families. The bank received a Satisfactory rating at the last CRA evaluation, dated January 7, 2019.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c), 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 Illinois

CRA rating for the State of Illinois: Outstanding

The Lending Test is rated: Outstanding

The major factors that support this rating include:

- Central's loan-to-deposit ratio (LTD) is reasonable;
- Central originates a majority of their primary loan products within its AA;
- Central's lending record reflects excellent distribution to borrowers of different incomes; and
- The distribution of home mortgage loans originated or purchased by the bank in low- and moderate-income census tracts is excellent.

Description of Institution's Operations in Illinois

Central solely operates in the state of Illinois. The AA is Cook County, a portion of the Chicago-Naperville – Evanston IL metropolitan division that is within the Chicago-Naperville – Elgin IL-IN-WI MSA and includes 1,319 census tracts (CTs). Of the AA CTs, 19.2 percent are designated as low-income, and 28.9 percent are moderate-income. The AA is contiguous, meets the requirements of the regulation, and does not arbitrarily exclude low- or moderate-income geographies, or reflect illegal discrimination.

The local economy was significantly impacted in 2020 by the COVID-19 pandemic, but stabilized during 2021. At year-end 2021, unemployment was 4.7 percent in Cook County, slightly above the state and national unemployment rate. As of June 30, 2021, the bank has \$167 million in deposits, representing 0.04 percent of the market share. Central ranks 72nd out of 100 institutions. Cook County has an abundance of competitors including local, regional, and large banks.

Examiners conducted a community contact with an organization that builds affordable housing on the west side of Chicago. Strong housing market with increased home values during 2020 and 2021, made home ownership more difficult for the low- and moderate-income families. Community banks, including Central, offer flexibility in their home loan products, which helps these families.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Central FSLA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,319	19.2	28.9	24.0	26.9	1.0
Population by Geography	5,236,393	14.5	29.9	27.0	28.3	0.4
Housing Units by Geography	2,176,549	14.4	27.9	26.3	30.8	0.5
Owner-Occupied Units by Geography	1,107,485	6.9	24.2	32.0	36.7	0.2
Occupied Rental Units by Geography	835,474	20.8	32.1	20.9	25.3	0.9
Vacant Units by Geography	233,590	27.5	30.5	19.1	22.3	0.6
Businesses by Geography	474,429	8.6	21.7	24.6	44.3	0.7
Farms by Geography	4,567	7.2	23.4	29.2	40.0	0.2
Family Distribution by Income Level	1,184,857	28.0	17.0	17.7	37.2	0.0
Household Distribution by Income Level	1,942,959	29.2	15.8	16.7	38.2	0.0
Median Family Income MSA - 16984 Chicago-Naperville-Evanston, IL		\$75,024	Median Housing Value			\$245,250
			Median Gross Rent			\$1,038
			Families Below Poverty Level			13.2%
Source: 2015 ACS and 2021 D&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.						

Scope of the Evaluation

Evaluation Period/Products Evaluated

Central's performance was evaluated using Small Bank CRA procedures. The evaluation period was January 1, 2019, through December 31, 2021. We reviewed the bank's home mortgage loans, which is the primary product originated during the evaluation period. We utilized the 2019, 2020, and 2021 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LAR) for this evaluation. We previously validated the accuracy of this data. Other reports and sources utilized include the Report of Condition and Income (Call Report) dated December 31, 2021; the FDIC Deposit Market Share Report dated June 30, 2021; the 2015 American Community Survey (ACS); 2021 HMDA aggregate peer data; and June 2021 Dun and Bradstreet reports.

Selection of Areas for Full-Scope Review

The bank only has one AA, which received a full-scope review.

Ratings

The bank's overall rating is based on performance in the State of Illinois.

LENDING TEST

The bank's performance under the Lending Test in Illinois is rated **Outstanding**.

Distribution of Loans by Income Level of the Geography

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

Central's home mortgage lending reflects excellent distribution of loans to different income tracts throughout the AA. The bank made 14.7 percent of home loans to low-income tracts and 32.4 percent of home loans to moderate-income tracts during the evaluation period. The bank's performance exceeds the percent of owner-occupied housing and aggregate peer performance for both low-income and moderate-income geographies.

Lending Gap Analysis

There are no unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

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

Central's home mortgage lending reflects excellent distribution of loans to borrowers of different income levels throughout the AA. Central exhibits excellent distribution of home loans to moderate-income level borrowers, well above the percent of families in moderate-income tracts and above aggregate peer lending. Central had reasonable penetration to low-income borrowers. While Central's lending is below the percent of families that are low-income, it is above aggregate peer lending.

Responses to Complaints

The bank has not received any complaints regarding its CRA performance during the performance evaluation period.

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”.

Time Period Reviewed:	(01/01/19 to 12/31/21)	
Bank Products Reviewed:	Home mortgage	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A	N/A	N/A
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
Illinois	Full Scope	1,319 census tracts including all of Cook County

Appendix B: Summary of MMSA and State Ratings

RATINGS	Central Federal Savings and Loans Association
Overall Bank:	Lending Test Rating
Central FS&LA	Outstanding
MMSA or State:	
Illinois	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 30th 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.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2019-21
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% 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
Central	225	45,925	100.0	241,306	6.9	14.7	5.4	24.2	32.4	19.3	32.0	36.9	29.7	36.7	16.0	45.4	0.2	0.0	0.2
Total	225	45,925	100.0	241,306	6.9	14.7	5.4	24.2	32.4	19.3	32.0	36.9	29.7	36.7	16.0	45.4	0.2	0.0	0.2
Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data.. Due to rounding, totals may not equal 100.0%																			

Table P - Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2019-21
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Central	218	41,647	100.0	241,306	28.0	9.6	5.9	17.0	32.1	15.6	17.7	29.8	20.6	37.2	28.4	41.4	0.0	0.0	16.4
Total	218	41,647	100.0	241,306	28.0	9.6	5.9	17.0	32.1	15.6	17.7	29.8	20.6	37.2	28.4	41.4	0.0	0.0	16.4
Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%																			