

PUBLIC DISCLOSURE

May 23, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Carroll County Savings & Loan Association
121 N Folger St
Carrollton, MO 64633-1730
Docket #: 07372**

**Office of Thrift Supervision
Western Region
225 East John Carpenter Freeway, Suite 500
Irving, TX 75062-2326**

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.



Office of Thrift Supervision
Department of the Treasury

Western Region

225 East John Carpenter Freeway, Suite 500, Irving, TX 75062-2326 • Telephone: (972) 277-9500
P.O. Box 619027, Dallas/Fort Worth, TX 75261-9027 • Fax: (972) 277-9501

May 25, 2011

Board of Directors
Carroll County Savings & Loan Association
121 N Folger St
Carrollton, MO 64633-1730

OTS No. 07372

Members of the Board:

Enclosed is your institution's written Community Reinvestment Act (CRA) Performance Evaluation prepared by the Office of Thrift Supervision as of May 23, 2011.

In accordance with 12 C.F.R. 563e, this written CRA Performance Evaluation must be made available to the public within 30 business days of its receipt by your institution. The evaluation must be placed in your CRA public file located at your home office and each branch within this 30 business day time frame. The evaluation may not be altered or abridged in any manner. At your discretion, previous written CRA Performance Evaluation(s) may be retained with the most recent evaluation in your CRA public file.

Your institution is invited to prepare a response to the evaluation. The response may be placed in each CRA public file along with the evaluation. In the event your institution elects to prepare such a response, please forward a copy of it to this office.

We strongly encourage the Board of Directors, senior management, and other appropriate personnel to review this document and to take an active interest and role in the CRA activities of your institution. If you should have any questions concerning this report, please contact me at (972) 277-9559.

Sincerely,

Bill M. Williams
Assistant Director, Compliance

Enclosure

Table of Contents

GENERAL INFORMATION 1

INSTITUTION 2

 OVERALL RATING 2

 SCOPE OF EXAMINATION 2

 DESCRIPTION OF INSTITUTION 2

 DESCRIPTION OF CARROLL COUNTY ASSESSMENT AREA 4

 CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS 5

 FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW 7

APPENDIX 8

 A. SCOPE OF EXAMINATION 8

CRA RATING DEFINITIONS 9

General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of Carroll County Savings & Loan Association (Carroll County). The Office of Thrift Supervision (OTS) prepared the evaluation as of May 23, 2011. OTS evaluates performance in assessment area(s) delineated by the institution rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all, of the institution's branches. OTS rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 563e.

Institution

Overall Rating

INSTITUTION'S CRA RATING: Satisfactory.

Carroll County's performance in meeting its overall CRA responsibilities was Satisfactory. The association maintained a reasonable loan-to-deposit ratio and originated a significant majority of loans within the assessment area. The distribution of loans to applicants of different incomes was weaker than other institutions. Due to the limited geographies in the assessment area, an analysis of lending in different geographies was not performed. Additionally, the association had a reasonable amount of community investments. There have not been any CRA-related complaints since the previous CRA Performance Evaluation.

Scope of Examination

The OTS evaluated CRA performance under the Small Savings Institution Examination Procedures, which are applicable based on the association's total assets as of December 31, 2009 and 2010. The procedures apply one test: the Lending Test. The review period for this evaluation is January 1, 2008 through December 31, 2010. The previous CRA evaluation was June 12, 2006, and was conducted using the Small Savings Association Examination Procedures. Carroll County was rated "Satisfactory."

The Lending Test includes an evaluation of the association's CRA results based on five performance criteria. These performance criteria are: 1) loan-to-deposit ratio; 2) assessment area concentration; 3) borrower profile/distribution of loans by borrower income; 4) geographic distribution of loans; and 5) response to CRA-related complaints. The association may also provide information regarding any community development loans, investments, or services provided during the review period, at their discretion. Residential mortgage loans were evaluated under the Lending Test. We reviewed the evaluation of compliance with consumer laws and regulations performed in the most recent comprehensive examination of Carroll County and did not identify any illegal credit practices that violate law, rule, or regulation.

Description of Institution

Carroll County Savings and Loan Association is a state chartered mutual institution located in Carrollton, Missouri. A summary of the balance sheet with items pertinent to the evaluation of CRA performance is detailed in table T1. The table illustrates that the association primarily invests in one-to-four family mortgage loans. The association also originates consumer loans, but these loans represent a small percentage of the total portfolio. Carroll County funds its loans with deposit

Institution (continued)

accounts. The concentration of one-to-four family mortgage loans warrants the emphasis on residential mortgage loans in the evaluation of the association’s CRA performance.

Table T1 - Major Components of Total Assets, Liabilities and Capital			
As of 12/31/2010			
Balance Sheet Component	Balance Sheet \$ Amount	% of Total Assets	\$ Change in Period
Loans			
1-4 Family Permanent Mortgages	10,005	38.5%	-557
Multi-Family Mortgage Loans	298	1.1%	-35
Nonresidential Perm. Mortgages and Land	503	1.9%	-170
Consumer Loans	186	<1.0%	+124
Investments			
Cash, Dep. And Investment Securities	4,257	16.3%	-732
Other Interest Earning Deposits	245	<1.0%	+245
Liabilities			
Deposits and Escrows	23,034	88.6%	+1,414
Total Assets	\$25,984	-	+\$1,675
Total Liabilities	\$23,048	-	+\$1,358
Net Worth	\$2,936	-	+\$317

Carroll County’s headquarters is located in the city of Carrollton, Missouri which is a distressed, middle-income census tract. The association did not open or close any branches during the review period.

Carroll County primarily focuses on the origination of residential mortgage loans. The association offers fixed and variable-rate mortgage loans for the purchase, improvement, or refinance of owner occupied one-to-four family dwellings. All loans are retained in the association’s portfolio. Carroll County offers only deposit products includes passbook savings accounts and certificates of deposit.

Economic or Legal Constraints

During the review period, Carroll County conducted operations in a recessionary economy. Furthermore, the FFIEC has designated all three of the association’s census tracts as distressed areas. A distressed area is generally defined as one having an unemployment rate of at least 1.5 times the national average or a poverty rate of at least 20 percent, or has a median family income at or below 80 percent of the area median family income. This assessment area has experienced a population loss of more than seven percent during the review period. Based on Carroll County’s financial condition and any legal impediments, there were no other factors identified that would prohibit the association from meeting the credit needs of the community.

Institution (continued)

Description of Carroll County Assessment Area

Carroll County has defined its assessment area as all of Carroll County, in the state of Missouri. This county is not a part of any larger Metropolitan Statistical Area (MSA). The county is located in the West Central region of the state and has a total area of 702 square miles, of which eight square miles is water.

Table D1 provides an overview of assessment area demographic data, compiled from the 2000 US Census, that provide the context of the review. According to the US Census Bureau the population in the assessment area decreased just over 7.0 percent since the 2000 Census and is an estimated 9,535 persons. The assessment area houses less than one percent of the population of the state of Missouri. The decrease in population suggests a single family lender may face challenges finding lending opportunities. According to the Department of Economic Development, retail trade, farming, construction, and food services are the primary industries in the region.

Demographic Data	2000 Census
Population	10,285
Total Families	2,879
Total Housing Units	4,897
1-4 Family Units	4,159
Occupied Units	4,169
% Owner-Occupied Units	63%
% Rental Units	26%
% Vacant Housing Units	15%
Median Housing Value	\$56,143

There are a total of seven financial service providers in the assessment area consisting of both state and federally chartered institutions. With just over \$23 million in deposits, Carroll County ranked 7th, with a market share of 8.0 percent.

Income Category	Assessment Area			
	% MFI	Maximum Income	# of Families	% of Families
Low	<50%	\$22,849	462	16.0%
Moderate	50% - <80%	\$36,559	540	18.8%
Middle	80% - <120%	\$54,839	816	28.3%
Upper	≥120%	NA	1,061	36.9%
Total			2,879	100.0%

Table D2 defines income categories based on the percentage of median family income, and provides the distribution of families based on those income categories. The table reflects a large proportion of middle- and upper-income families, suggesting a potential demand for housing. However, the median

housing value in Table D1 suggests families in the low-income range may face challenges in finding affordable homeownership opportunities. That value reflects housing costs identified in the 2000 Census, and may be understated during significant portions of the evaluation timeframe.

The HUD-updated weighted average median income for the assessment area was \$43,800 in 2008; increased to \$45,400 in 2009; and increased again to \$45,700 in 2010. Table D3 shows the most

Institution (continued)

current available unemployment rates published by the Bureau of Labor Statistics for the assessment area compared to the state of Missouri for the review period.

Table D3 – Assessment Area Annual Average Unemployment Rate			
	2010	2009	2008
Missouri	9.6%	9.3%	6.1%
Carroll County	11.1%	10.4%	7.0%

Table D4 details the distribution of assessment area families by census tract income levels. The table indicates there are no low- or moderate-income census tracts. The entire population is located in the middle-income census tracts which would suggest reasonable opportunities for lending in that area; however, as stated previously, all three tracts are designated as distressed due to population loss.

Table D4 - Assessment Area Demographic Information			
Income Category	# of Tracts	2000 US Census Data Distributions	
		Families	
		#	%
Middle	3	2,879	100.0%
Total	3	2,879	100.0%

Conclusions with Respect to Performance Tests

LOAN-TO-DEPOSIT RATIO

Carroll County’s loan-to-deposit ratio averaged 50.1 percent for the review period, a significant increase from 38.0 percent at the previous examination. The association’s loan-to-deposit ratio is reasonable considering its limited product offerings and the lack of loan demand in the area. Carroll County meets the standards for satisfactory performance.

ASSESSMENT AREA CONCENTRATION

A review of loans originated by Carroll County shows the association originated a significant majority of loans within the delineated assessment area and exceeds the standards for satisfactory performance. Table C2 reflects the concentration of loans granted within the assessment area compared to total lending by product type.

Institution (continued)

Table C2 - Assessment Area Concentration						
<i>Lending Reported between 1/1/08 –12/31/10</i>						
Review Period	Number of Loans			Dollar Amount (\$000)		
	Assessment Area Lending	Total Lending	Ratio of AA to Total	Assessment Area Lending	Total Lending	Ratio of AA to Total
Residential Mortgage Loans	47	48	97.9%	\$2,008	\$2,012	99.8%

LENDING TO BORROWERS OF DIFFERENT INCOMES

A review of Carroll County’s loan originations shows lending to low- and moderate-income borrowers was weaker than that of other institutions (using data from the current Home Mortgage Disclosure Act (HMDA) reporters). However, the association’s performance is reasonable when considering the association’s unique business strategy (their loans are kept in the loan portfolio), limited product offerings, and the economic factors in the assessment area. Furthermore, Carroll County will finance loans with up to 89 percent loan to value. Lower-income borrowers may be challenged in saving for the required down payment. The association meets the standards for satisfactory performance. Table B3 illustrates Carroll County’s performance compared to other HMDA reporting institutions.

Table B3 – Distribution of Residential Mortgage Loans By Borrower Income Level in the Assessment Area				
Borrower Income Category	# of Loans	% of Loans	2009 HMDA Aggregate	Family Distribution
Low	1	2.1%	9.0%	16.0%
Moderate	2	4.3%	17.4%	18.8%
Middle	12	25.5%	19.6%	28.3%
Upper	31	66.0%	36.0%	36.9%
Income Not Avail.	1	2.1%	18.0%	-
Total	47	100.0%	100.0%	100.0%

NA = Not Available

GEOGRAPHIC DISTRIBUTION OF LOANS

A detailed analysis of the geographic distribution of loans would not be meaningful as all three census tracts are designated as middle-income areas.

Institution (continued)

COMMUNITY DEVELOPMENT

Community Development Investments

Carroll County's community development activities during the review period included community development investments totaling \$272,000. The investments consisted of two small business loans totaling \$75,000 and two small farm loans totaling \$197,000. When considering the institution's size and assessment area, this is very good.

RESPONSE TO COMPLAINTS

During the review period, there were no written complaints concerning the association's CRA performance reported by Carroll County or received by the Office of Thrift Supervision's Consumer Affairs Division.

Fair Lending or Other Illegal Credit Practices Review

In November 2009, we performed a comprehensive examination of Carroll County. We reviewed the evaluation of compliance with consumer laws and regulations performed at that examination and did not identify any illegal credit practices that violate law, rule, or regulation.

Appendix A

Scope of Examination

SCOPE OF EXAMINATION		
Full Scope CRA Examination		
TIME PERIOD REVIEWED:	January 1, 2008 through December 31, 2010	
FINANCIAL INSTITUTION		PRODUCTS REVIEWED
Carroll County Savings & Loan Association		Home Mortgage Disclosure Act Loans
AFFILIATE(S)	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED
None		

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED ¹	OTHER INFORMATION
Carroll County, Missouri	Full Scope	0	

¹ There is a statutory requirement that the written evaluation of a multistate institution's performance must list the individual branches examined in each state.

CRA Rating Definitions

There are four separate and distinct CRA assessment methods set forth in the CRA: the lending, investment, and service tests for large, retail institutions; the streamlined examination method for small institutions; the community development test for wholesale and limited purpose institutions; and the strategic plan option for all institutions. OTS will assign an institution one of the four assigned ratings required by Section 807 of the CRA:

1. "Outstanding record of meeting community credit needs."
2. "Satisfactory record of meeting community credit needs."
3. "Needs to improve record of meeting community credit needs."
4. "Substantial noncompliance in meeting community credit needs."

OTS judges an institution's performance under the test and standards in the rule in the context of information about the institution, its community, its competitors, and its peers. Among the factors to evaluate in an examination are the economic and demographic characteristics of the assessment area(s); the lending, investment, and service opportunities in the assessment area(s); the institution's product offerings and business strategy; the institution's capacity and constraints; the prior performance of the institution; in appropriate circumstances, the performance of a similarly situated institution; and other relevant information. An institution's performance need not fit each aspect of a particular rating profile in order to receive that rating, and exceptionally strong performance with respect to some aspects may compensate for weak performance in others. The institution's overall performance, however, must be consistent with safe and sound banking practices and generally with the appropriate rating profile. In addition, OTS adjusts the evaluation of an institution's performance under the applicable assessment method in accordance with §563e.21 and §563e.28, which provide for adjustments on the basis of evidence of discriminatory or other illegal credit practices.