



PUBLIC DISCLOSURE

March 31, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Central Federal Savings & Loan Association
Charter Number 705710

210 West 10th Street
Rolla, MO 65401-3168

Office of the Comptroller of the Currency

500 North Broadway, Suite 1700
St. Louis, MO 63102

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.

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

- The bank originated a substantial majority of loans inside its assessment area (AA).
- The geographic distribution of loans represents a reasonable dispersion in the AA.
- Lending activities represent a reasonable penetration to borrowers of different income levels in the AA.
- The loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and AA credit needs.

SCOPE OF EXAMINATION

This Performance Evaluation is an assessment of the record of Central Federal in meeting the credit needs of the communities in which it operates. Central 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 February 12, 2008 through March 31, 2014.

We reviewed all of the institution's loan originations and purchases in 2012 and 2013 to determine the primary product for the AA, residential lending. The lending test analysis includes residential real estate loans originated and purchased from January 1, 2012 through December 31, 2013. Twenty loans were sampled for the lending test analysis.

DESCRIPTION OF INSTITUTION

Central Federal is a federally-chartered mutual thrift headquartered in Rolla, Missouri. As of December 31, 2013, the institution had total assets of \$65 million and tier one capital of \$13 million. Central Federal operates one full-service office in Rolla, including a deposit-taking ATM. The institution has not opened or closed any branches since the last CRA evaluation. There have not been any major changes in Central Federal's corporate structure, including merger or acquisition activities. The institution offers a full range of loan and deposit services. Central Federal's primary business focus is residential real estate loans.

As of December 31, 2013, the institution reported \$54 million in outstanding loans and had a net loans and leases to total assets ratio of 83%. The loan portfolio consists of the following:

Loan Portfolio Summary by Loan Product December 31, 2013		
Loan Category	\$(000)	%
Business Loans	\$21,020	39%
Residential Loans	\$32,338	60%
Agricultural Loans	\$ 16	0%
Consumer Loans	\$ 523	1%
Total Loans	\$53,897	100%

There are no legal or financial impediments to Central Federal’s ability to meet the credit needs in its AA. The institution was rated Satisfactory at its prior CRA examination as of February 12, 2008.

DESCRIPTION OF ASSESSMENT AREA

Central Federal has one AA in rural Missouri. Using 2010 Census information, management designated all but one of the Census Tracts (CTs) in Phelps County, Missouri as the bank’s AA. This non-Metropolitan Statistical Area (NonMSA) AA contains 9 CTs: 8901, 8902, 8903, 8904, 8905, 8907, 8908, 8909, and 8910. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies.

Here is a summary of some key information for the AA:

Demographic Information for Full Scope Area: Central Federal – Non-MSA AA for Census 2010					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts/BNAs)	9	0.00	22.22	44.44	33.33
Population by Geography	42,127	0.00	20.81	48.71	30.48
Owner-Occupied Housing by Geography	9,990	0.00	9.62	50.03	40.35
Business by Geography	3,259	0.00	31.60	40.75	27.65
Farms by Geography	148	0.00	9.46	49.32	41.22
Family Distribution by Income Level	9,834	17.54	13.49	20.74	48.23
Distribution of Low and Moderate Income Families throughout AA Geographies	3,052	0.00	20.74	55.80	23.46
Median Family Income		45,840	Median Housing Value		115,338
HUD Updated Median Family Income for 2013		48,200	Unemployment Rate (2010 US Census)		3.57%
Households Below Poverty Level		18%			

Source: 2010 US Census and 2013 HUD Updated Median Family Income

Economic conditions are steadily improving. As of November 30, 2013, the unemployment rate for Phelps County was 5.0%, which was lower than the national and Missouri unemployment rates of 7.0% and 5.7%, 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 various local school districts, the University of Missouri - Rolla, the Phelps County Regional Medical Center, and the Wal*Mart SuperCenter and distribution center.

Competitive pressures are present in this AA. Ten other institutions compete for business within the area. The bank has 6.49% of the deposit market share in Phelps County. We contacted a housing authority official during the examination. The official did not indicate any credit needs but did indicate a need for financial education to low- and moderate-income individuals.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

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

Loan-to-Deposit Ratio

Central Federal’s loan-to-deposit (LTD) ratio is more than reasonable given the institution’s size, financial condition, and AA’s credit needs. The institution’s LTD ratio averaged 108.80% over the 24 quarters since the last CRA examination, with a quarterly low of 100.84% and a quarterly high of 120.93%.

The institution’s average quarterly LTD ratio compares favorably with other community institutions of similar size, location, and product offerings. Central Federal ranks first among twelve similarly situated institutions under \$200 million in total assets. The other eleven institutions had quarterly LTD ratios averaging 77.64%, ranging from 67.64% to 92.61%.

Lending in Assessment Area

Central Federal originated a substantial majority of loans inside its AA. The following table details the bank’s lending within the AA by number and dollar amount of loans originated during the evaluation period.

Lending in AA										
	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$(000)	%	\$(000)	%	
Total	16	80%	4	20%	20	1,652	86%	267	14%	1,919

Source: Sample of 20 residential real estate loans.

Lending to Borrowers of Different Incomes

Central Federal’s level of lending to borrowers of different income levels reflects reasonable penetration in the AA given the institution’s product offerings and local economic conditions. The institution’s percentage of home mortgage loans originated to low-income borrowers is higher than the HMDA peer average. It is well below the percentage of low-income families in the AA, but that is mitigated by the percentage of families living below the poverty level (11%). The percentage of home mortgage loans originated to moderate-income families is in line with the HMDA peer average and near the percentage of moderate-income families in the AA.

Borrower Distribution of Residential Loans				
Borrower Income	Number of Loans	Percentage of Loans	Percent of Families	HMDA Peer Averages (2012)
Low-Income	1	5.00%	17.54%	3.56%
Moderate-Income	3	15.00%	13.49%	13.08%
Middle-Income	3	15.00%	20.74%	16.01%
Upper-Income	13	65.00%	48.23%	51.96%
Income NA	-	-	-	15.39%
Total	20	100.00%	100.00%	100.00%

Source: 2010 Census data; sample of 20 loans; 2012 Peer HMDA data

Geographic Distribution of Loans

The geographic distribution of home loans reflects reasonable dispersion throughout the AA. There are no low-income CTs in the AA; thus, our analysis focused on lending in the moderate-income CTs. The percentage of home mortgage loans made in moderate-income CTs meets both the HMDA peer average and the percentage of owner-occupied housing within those CTs. The bank lends in all CTs of the AA.

Geographic Distribution of Residential Loans				
Census Tract Income Level	Number of Loans	Percentage of Loans	Percent of Owner Occupied Housing	HMDA Peer Averages (2012)
Low-Income	NA	NA	NA	NA
Moderate-Income	2	10.00%	9.62%	9.96%
Middle-Income	12	60.00%	50.03%	47.24%
Upper-Income	6	30.00%	40.35%	42.79%
Total	20	100.00%	100.00%	100.00%

Source: 2010 Census data; sample of 20 loans; 2012 Peer HMDA data

Responses to Complaints

No complaints regarding Central 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.