



## **PUBLIC DISCLOSURE**

March 30, 2015

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

Amory Federal Savings & Loan Association  
Charter Number 702674

213 2nd Ave N  
Amory, MS 38821-3412

Office of the Comptroller of the Currency

Birmingham Field Office  
3595 Grandview Parkway, Suite 655  
Birmingham, AL 35243

**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 Outstanding.**

Amory Federal (association) has an overall **outstanding** record of meeting the community's credit needs. This assessment is based on the following:

- The loan to deposit ratio is more than reasonable and exceeds relevant peer performance.
- The association originates a substantial majority of loans within the association's assessment area (AA).
- Loan analysis indicates that the institution had reasonable penetration for lending to borrowers of different income levels within its AA.
- Loan analysis indicates that the institution had an excellent dispersion of home loans to moderate-income census tracts in the AA.
- The bank received a negligible number of customer complaints within the past five years, and responded appropriately to each complaint.

**SCOPE OF EXAMINATION**

Amory Federal was evaluated under the Small Bank examination procedures, which is comprised of a lending test. The lending test evaluates the association's record of meeting the credit needs of its assessment area (AA) through its lending activities. The association's previous CRA rating, dated July 30, 2009, was "Outstanding." This performance evaluation starts from the date of the association's previous CRA examination, covering the period from July 31, 2009 through March 30, 2015.

Amory Federal's primary loan product is 1-4 family residential loans, which represents 97 percent of total loans as of December 31, 2014. Because 1-4 family residential loans represent a significant portion of the association's lending activity, conclusions are based solely on an analysis of this loan product. For the lending test, examiners sampled loans that were originated between January 1, 2012 and December 31, 2014, as this is representative of the associations lending strategy since the last CRA examination. The association is not a Home Mortgage Disclosure Act (HMDA) reporter.

**DESCRIPTION OF INSTITUTION**

Amory Federal is a mutual association with total assets of \$94 million as of December 31, 2014. All operations are conducted from a single branch located in Amory, Mississippi. The city of Amory is in Monroe County, Mississippi. No branches have been opened or closed since the 2009 CRA Performance Evaluation. No legal or financial factors impede Amory Federal's ability to meet the credit needs of the community it serves.

The primary business strategy of Amory Federal is originating conventional 1-4 family mortgage loans to residential borrowers for aid in home construction, purchase, and refinance. Amory Federal also offers certificates of deposit and savings accounts. The association does not open transactional accounts, engage in internet or online banking,

or own any automated teller machines (ATMs). The table below provides details regarding Amory Federal's loan composition as of December 31, 2014.

<b>Loan Portfolio Composition as of December 31, 2014</b>		
<b>Loan Type</b>	<b>Dollar Amount (000's)</b>	<b>Percent of Total Loans</b>
Construction and Land Development	291	0.42%
Secured by Farmland	10	0.01%
One-to-Four Family Residential	67,150	97.19%
Non-farm, Non-residential	506	0.73%
<b>Total Real Estate Loans</b>	<b>67,957</b>	<b>98.36%</b>
Agricultural	0	0.00%
Commercial and Industrial	0	0.00%
Consumer	577	0.84%
Other (lease financing receivables)	555	0.80%
<b>Total Loans</b>	<b>69,089</b>	<b>100.00%</b>

## **DESCRIPTION OF ASSESSMENT AREA(S)**

Amory Federal serves one AA, consisting of the nine full census tracts that make up all of Monroe County, Mississippi. The AA meets regulatory requirements and consists of complete political subdivisions. The AA is a non-metropolitan statistical area (non-MSA), and contains two moderate-income census tracts, five middle-income census tracts, and two upper-income census tracts. While no census tracts within the AA are designated as low-income areas, approximately 22 percent of families living in the AA are considered low-income households based on income level. Amory Federal's primary competitors in the AA are Community Bank of North Mississippi, BankcorpSouth Bank, and Renasant Bank, all of which hold a greater market share for deposits in the AA than Amory Federal.

The AA is characterized by a steady economy and average unemployment rate. Local employment is diversified in manufacturing, healthcare, and construction. The top five employers in Monroe County are United Furniture Industries, Tronox (industrial chemicals), True Temper Sports, Gilmore Memorial Regional Medical Center, and Eutaw Construction Company. Combined, these entities employ around 2,200.

We discussed community lending with the Executive Director of the Monroe County Chamber of Commerce, who indicated the economic environment of the area is fair. The contact stated that unemployment has declined due to the addition of jobs in manufacturing and retail. The contact believes the community's banking needs are being met.

The following table highlights the demographic and economic characteristics of the AA.

<b>Demographic Information for Non-MSA AA – Amory FS &amp; LA</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/CSBs)	9	0	22.22%	55.56%	22.22%	0%
Population by Geography	36,989	0	19.08%	55.81%	25.11%	0%
Total Minority	12,142	0	36.33%	57.40%	6.28%	0%
Persons Over 65	5,704	0	22.91%	48.76%	28.33%	0%
Owner-Occupied Housing by Geography	11,598	0	14.33%	57.16%	28.51%	0%
Family Distribution by Income Level	11,039	21.94%	16.21%	19.66%	42.20%	0%
Median Family Income	= \$43,077	Median Housing Value		= \$79,873		
HUD Adjusted Median Family Income for 2014	= \$43,800	Unemployment Rate		= 5.49%		
Households Below the Poverty Level	=3,099					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: U.S. Census data

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### Loan-to-Deposit Ratio

Amory Federal's average loan-to-deposit (LTD) ratio is more than reasonable given the association's size, financial condition, and assessment area credit needs. The LTD ratio averaged 81.20 percent over the 22 quarters since the previous CRA examination, with a quarterly low of 75.34 percent and a quarterly high of 93.82 percent. The LTD ratio is a reflection of the thrift's reinvestment into the community from which it accepts deposits. The LTD ratio is more than reasonable when compared to seven similarly situated institutions, which had average LTD ratios between 54.13 percent and 72.54 percent, and meets the standards for outstanding performance.

### Lending in Assessment Area

Amory FS & LA originates a substantial majority of its loans inside the AA, meeting the standards for outstanding performance. Approximately 85 percent of the number, and 89 percent of the dollar volume of loans sampled that were originated from January 1, 2012 through December 31, 2014, were made to borrowers located within the AA. The following table details lending within the AA by number and dollar amount of loans sampled during the evaluation period.

<b>Table 1 - Lending in AA</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	16	80%	4	20%	20	1,245M	82.18%	271M	17.89%	1,515M
Home Refinance	18	90%	2	10%	20	1,602M	95.53%	75M	4.47%	1,677M
Totals	34	85%	6	15%	40	2,847M	89.16%	346M	10.84%	3,193M

Source: Loan sample

### Lending to Borrowers of Different Incomes

Amory Federal's lending to borrowers of different income levels is reasonable. Low-income families represent 21.94 percent of the AA. Although the association achieved a significantly lower penetration of home purchase and home refinance loans to low-income borrowers, at 10 percent and 10 percent, respectively, 21.05 percent of the AA population lives below poverty level. This high rate of poverty impedes Amory Federal's ability to originate home loans to low-income borrowers. Therefore, the association achieved reasonable penetration for home loans to low-income borrowers. Moderate-income families represent 16.21 percent of the AA. The distribution of home purchase loans to moderate-income borrowers reflects excellent penetration, at 25 percent. Fifteen percent of sampled home refinance loans were made to moderate-income borrowers, reflecting reasonable penetration. The following table shows the distribution of home loans among borrowers of different income levels, as compared to the percent of families in each income category.

<b>Table 2 - Borrower Distribution of Residential Real Estate Loans in AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans
Home Purchase	21.94	10.00	16.21	25.00	19.66	20.00	42.20	45.00
Home Refinance	21.94	10.00	16.21	15.00	19.66	15.00	42.20	60.00

Source: Loan sample and U.S. Census data

### Geographic Distribution of Loans

The geographic distribution of home loans reflects excellent dispersion throughout the AA. While there are no low-income census tracts in the AA, the geographic distribution of home purchase loans reflects excellent dispersion in moderate-income census tracts. Approximately 14 percent of AA housing is located in moderate-income census tracts. Amory Federal originated 15 percent of home purchase loans in the moderate-income census tracts, reflecting excellent dispersion for this loan product. Ten percent of sampled home refinance loans were in moderate-income census tracts, reflecting reasonable dispersion. The following table shows the geographic distribution of home loans among census tracts of different income levels.

<b>Table 3 - Geographic Distribution of Residential Real Estate Loans in AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans
Home Purchase	0.00	0.00	14.33	15.00	57.16	35.00	28.51	50.00
Home Refinance	0.00	0.00	14.33	10.00	57.16	20.00	28.51	70.00

Source: Loan sample and U.S. Census data

### **Responses to Complaints**

The volume of customer complaints during the review period was low. Amory Federal responded to complaints in a timely and appropriate manner.

### **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 195.28(c), in determining a Federal savings association's (FSA) CRA rating, respectively, 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.