



**PUBLIC DISCLOSURE**

June 9, 2015

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

Loomis FS & LA  
Charter Number 702335

6350 W 63rd St  
Chicago, IL 60638-5095

Office of the Comptroller of the Currency

Chicago Field Office  
1700 East Golf Road  
Suite 800  
Schaumburg, IL 60173

**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**

Summarize the major factors supporting the institution's rating.

- A majority of the bank's lending is inside its Assessment Area (AA).
- The bank's borrower distribution performance is reasonable.
- The bank's geographic distribution performance is reasonable.

**SCOPE OF EXAMINATION**

We evaluated Loomis Federal Savings and Loan Association's (Loomis) record of meeting the credit needs of its AA utilizing full scope Small Bank CRA examination procedures. The evaluation period for this assessment was January 1, 2013 through December 31, 2014.

The primary performance assessment is the lending test, which evaluates the bank's record of meeting the credit needs of its AA through lending activities. The lending analysis includes a review of Loomis's Home Mortgage Disclosure Act (HMDA) reported residential loan originations and purchases. Our sample for the lending test included a total of 12 loans originated or purchased in 2013 and 2014, which represented all of the banks HMDA reportable originations or purchases. Ten of the 12 loans were originated or purchased in 2013. Two loans were originated or purchased in 2014.

We reviewed the bank's 2013 and 2014 HMDA Loan Application Registers (LAR). Our analysis included testing all of the bank's HMDA data to verify that the data was accurately collected, maintained, and reported in accordance with the HMDA regulation. We noted that the bank made reporting errors in key fields of the 2014 HMDA LAR. Loomis corrected all errors and resubmitted its 2014 HMDA LAR. We validated the corrected report and all data used in this evaluation is accurate and reliable.

The CRA evaluation period covers two different Metropolitan Statistical Areas (MSAs) as significant changes were made effective for 2014. Our assessment included separate analyses of the bank's lending performance for each year. We used 2010 Census and aggregate HMDA data to generate demographic reports to compare Loomis' 2013 and 2014 HMDA lending to the corresponding census data of the AA. In addition, we compared Loomis' 2013 HMDA lending to the aggregate HMDA lending data within the AA. Aggregate HMDA data for 2014 was unavailable at the time of our evaluation.

We used the Federal Deposit Insurance Corporation (FDIC) annual deposit information to determine the bank's deposit market share and market presence within its AA. The most recent FDIC deposit market share information was dated June 30, 2014. We used quarterly financial data since the last CRA evaluation to assess the loan-to-deposit (LTD) ratio. Quarterly loan and deposit data compiled for 20 quarters, from June 30, 2010, through March 31, 2015, was averaged.

## **DESCRIPTION OF INSTITUTION**

Loomis is an \$81.5 million mutual thrift located on the South West side of Chicago, Illinois. Loomis does not have a holding company or any affiliates or subsidiaries. Loomis has only one office located in a middle-income census tract (CT) in Chicago, immediately bordered by four middle-income and one moderate-income CT. Loomis does not have any ATMs.

Loomis is primarily a 1-4 family residential real estate lender. As of March 31, 2015, the loan portfolio totaled approximately \$36 million. Residential real estate loans, at \$33.6 million, make up 92 percent of the loan portfolio. One-to-four family mortgages make up 85.87 percent of the loan portfolio while multifamily mortgages comprise 6.39 percent of the portfolio. Commercial loans, totaling \$1.8 million, represent 5 percent of the loan portfolio and Agricultural loans, totaling \$1 million, comprise 2.84 percent of the loan portfolio. Loomis' mortgage lending declined in 2014 due primarily to low loan demand. Per 2013 and 2014 HMDA data, Loomis received only six applications for HMDA-reportable loans in 2014, compared to 11 HMDA-reportable applications in 2013.

There are no legal impediments that would hinder Loomis' ability to meet the credit needs of its AA. There is strong financial institution competition in the Chicagoland area that includes many large and mid-size financial institutions as well as many other community banks. Loomis is committed to meeting the credit needs of the local community, consistent with safe and sound banking operations.

The bank received a rating of "Satisfactory" at the last CRA evaluation as of May 28, 2010 from the Office of Thrift Supervision.

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

Loomis' delineated AA consists of all of Cook County IL, which is within the Chicago-Naperville-Arlington Heights, IL Metropolitan Division and includes 1,318 CTs. Considering the bank's size, operational strategies, and location of its office, the delineated AA meets the requirements of the CRA regulation in that it consists of whole geographies; does not arbitrarily exclude any low-or moderate-income areas; and does not reflect illegal discrimination.

The MSA update effective in 2014 affected and changed twelve of the AA's CT income designations from 2013 to 2014. However, 2010 Census data reflecting population data did not change. Per 2013 MSA data, the AA consisted of 235 or 17.83 percent low-income CTs and 365 or 27.69 percent moderate-income CTs. Per 2014 MSA data, the AA consisted of 233 or 17.68 percent low-income CTs and 362 or 27.47 percent moderate-income CTs.

According to 2010 U.S. Census data, the total AA population was 5,194,675, of which there were 1,936,481 households and 1,203,421 families. The AA held 2,173,433 housing units, of which 1,169,991 or 53.83 percent were owner occupied, 766,490 or 35.27 percent were occupied

rental units, and 236,952 or 10.9 percent were vacant units. The median housing value was \$291,818 and median gross rent was \$934.

Please refer to the tables below for the AA’s demographic information.

<b>Table 1 - Assessment Area Demographic Information 2013</b>								
<b>Income Category</b>	<b>%Family Distribution</b>	<b>Census Tract Data Distributions</b>						
		<b># Tracts</b>	<b>% Housing Units</b>	<b>% Owner Occupied Units</b>	<b>% Rental Occupied Units</b>	<b>% Single Family Units</b>	<b>Median Housing Value</b>	<b>Median Housing Age</b>
Low	27.06	235	13.41	6.11	20.74	13.19	200,208	65
Moderate	17.90	365	26.91	22.98	31.83	28.44	223,724	60
Middle	18.69	390	32.59	38.09	27.05	33.60	269,128	51
Upper	36.35	324	27.10	32.82	20.37	24.77	432,063	46
<b>NA</b>	<b>0.00</b>	<b>4</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
<b>Total # or \$</b>	<b>100.00</b>	<b>1,318</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>291,818</b>	<b>54</b>

Source: 2010 Census Data per CRA Wiz Demographic Data worksheets 2013

<b>Table 1 - Assessment Area Demographic Information 2014</b>								
<b>Income Category</b>	<b>%Family Distribution</b>	<b>Census Tract Data Distributions</b>						
		<b># Tracts</b>	<b>% Housing Units</b>	<b>% Owner Occupied Units</b>	<b>% Rental Occupied Units</b>	<b>% Single Family Units</b>	<b>Median Housing Value</b>	<b>Median Housing Age</b>
Low	26.83	233	13.30	6.03	20.62	13.05	200,548	64
Moderate	17.78	362	26.54	22.44	31.66	28.04	223,750	60
Middle	18.66	390	32.50	37.86	27.16	33.50	268,178	51
Upper	36.73	329	27.66	33.67	20.56	25.42	428,817	46
<b>NA</b>	<b>0.00</b>	<b>4</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
<b>Total # or \$</b>	<b>100.00</b>	<b>1,318</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>291,818</b>	<b>54</b>

Source: 2010 Census Data per CRA Wiz Demographic Data worksheets 2014

The unemployment rate in Cook County improved from 2013 to 2014, but remains significantly higher than the national unemployment rate per Bureau of Labor Statistics Reports. The annual average unemployment rate in Cook County was 9.6 percent in 2013 and 7.4 percent in 2014, while the national unemployment rate was 7.4 percent and 6.2 percent in 2013 and 2014, respectively. Though unemployment improved, the number of families living below the poverty level in Cook County remains high for both 2013 and 2014 at 11.86 percent.

Loomis’ AA, is comprised of various types of financial institutions, significantly increasing competition for potential applicants, and limiting lending opportunities given the bank’s structure and location. One hundred thirty seven financial institutions operate 1,552 banking offices within the AA. The bank's AA is saturated with multi-billion dollar institutions, which have larger market presence and capacity to lend, such as JP Morgan Chase, BMO Harris, and Bank

of America. The top five deposit market shareholders alone operate 525 banking offices and hold a total of 61 percent of the market's deposits. Loomis has only one location and is ranked 108th of 137 banks in its market, with approximately \$69MM in deposits and holding .03 percent of the market share as of June 30, 2014.

During our evaluation, we contacted a community development organization that operates within Loomis' AA to discuss credit needs and opportunities for participation by local financial institutions. This organization provides mental health and social services throughout southern and western Cook County. Identified community needs are affordable health care services and affordable housing. Though affordable private health care is more accessible, high deductibles and copays are prohibitive to health care access. Additionally, affordable and sustainable housing and employment are essential resources to the successful recovery of those challenged by mental illness, addiction, and victims of domestic violence. We also reviewed a prior community contact between our agency and another community organization within the bank's AA that focuses on providing affordable housing through loan pools of capital from lenders. This contact explained that the north side of Chicago is seeing economic recovery. However, the south side and west side of Chicago are not experiencing the same level of economic improvement. Overall unemployment, foreclosures, and vacancies remain high. There is an urgent need for mortgage lending in the low and moderate-income neighborhoods the organization serves, as well as small dollar consumer loans.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

**Loomis's CRA performance in meeting the lending needs of its AA is Satisfactory.**

**The LTD ratio is reasonable and a majority of the bank's loan activity is inside its AA. The borrower distribution reflects reasonable penetration. The geographic distribution reflects reasonable dispersion.**

### **Loan-to-Deposit Ratio**

Loomis' quarterly average LTD ratio of 64.52 percent is reasonable. We calculated the LTD ratio based on the average of 20 quarters of financial data from June 30, 2010 through March 31, 2015. Loomis ranked 10th of 12 thrifts located in Cook County having total assets less than \$200 million. Peer LTD quarterly averages from the same period range from 52 percent to 105 percent. Loomis' LTD is reasonable when considering the strong competition in the market, coupled with the high unemployment rates and number of households living below the poverty level, which significantly limits lending opportunities. The bank's AA is saturated with multi-billion dollar institutions that have a larger market presence and capacity to lend, such as JP Morgan Chase, BMO Harris, and Bank of America. These three national lenders alone operate 440 banking offices in the AA. Loomis has only one location and received a total of 17 loan applications for HMDA reportable loans for 2013 and 2014 combined.

### Lending in Assessment Area

Loomis originated a majority of its loans within its AA during the evaluation period. Eighty three percent of the number of home mortgage loans and approximately 69 percent of the dollar volume of home mortgage loans originated or purchased in 2013 and 2014 were in the AA. This percentage is reasonable and meets CRA performance standards. Refer to Table 1 for additional information regarding the bank's record of lending within its AA.

<b>Table 1 -- Lending in AA (\$ in thousands) Loomis FS &amp; LA</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$(000)	%	\$(000)	%	
Home Mortgage	10	83.33	2	16.67	12	\$961.00	68.64	\$439.00	31.36	\$1,400.00
Total	10	83.33	2	16.67	12	\$961.00	68.64	\$439.00	31.36	\$1,400.00

Source: HMDA Data (2013 & 2014)

### Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

**The bank's distribution of lending among borrowers of different income levels reflects reasonable penetration.**

We based our analysis on the number of HMDA reportable loans to both low and moderate-income borrowers that Loomis originated or purchased in 2013 and 2014. We compared these figures to the aggregate percentages of HMDA loans made to low and moderate-income borrowers reported in the AA.

Loomis' distribution of home mortgage loans to borrowers of various income levels reflects excellent penetration based on 2013 data. Loomis originated 12.5 percent of its HMDA reportable loans in 2013 to low-income borrowers and 25 percent to moderate-income borrowers. These percentages significantly exceed the aggregate distribution of HMDA-reportable loans by the peer group of 7.21 percent and 14.85 percent to low and moderate-income borrowers, respectively. Similarly, Loomis' lending to moderate-income borrowers significantly exceeds the percentage of moderate-income families in the AA. While lending to low-income borrowers is significantly below the percentage of low-income families in the AA, when taking into account the 11.86 percent of families live below the poverty level, Loomis' lending to low-income borrowers is near to the percentage of low-income families in the AA that can afford home-ownership and is reasonable. See Table 2 below for details.

<b>Table 2 – Borrower Distribution of Residential Real Estate Loans in AA Loomis FS &amp; LA 2013</b>				
<b>Borrower Income Level</b>	<b>Number of Loans</b>	<b>% of Loans</b>	<b>HMDA Peer Group Distribution %</b>	<b>Family Distribution %</b>
Low	1	12.50	7.21	27.06
Moderate	2	25.00	14.85	17.90
Middle	3	37.50	20.70	18.69
Upper	2	25.00	45.98	36.35
Not Available	0	0	11.26	0
Totals	8	100	100	100

Source: US Census Data (2010) and 2013 HMDA Data

The distribution of home mortgage loans to borrowers of various income levels reflects poor penetration based on 2014 data. The bank made no home mortgage loans to low or moderate-income borrowers during 2014 while the aggregate distribution of HMDA-reportable loans by the peer group reflects 7.21 percent and 14.85 percent of home mortgage loans made to low and moderate-income borrowers, respectively. Though Loomis originated no home mortgage loans to low or moderate-income borrowers in 2014, it received only six applications for HMDA-reportable loans during the year, none of which were from low or moderate-income borrowers. See Table 3 below for details.

<b>Table3– Borrower Distribution of Residential Real Estate Loans in AA Loomis FS &amp; LA 2014</b>				
<b>Borrower Income Level</b>	<b>Number of Loans</b>	<b>% of Loans</b>	<b>HMDA Peer Group Distribution %</b>	<b>Family Distribution %</b>
Low	0	0	7.21	26.83
Moderate	0	0	14.85	17.78
Middle	0	0	20.70	18.66
Upper	2	100	45.98	36.73
Not Available	0	0	11.26	0
Totals	2	100	100	100

Source: US Census Data (2010), 2013 HMDA Data (aggregate Peer distribution- 2014 not available at the time of this examination, and 2014 HMDA LAR

### **Geographic Distribution of Loans**

**The bank’s distribution of loans in its AA among low and moderate-income geographies reflects reasonable dispersion.**

Loomis' distribution of home mortgage loans in the AA among low and moderate-income CTs reflects reasonable dispersion based on 2013 data. The percentage of home mortgage loans originated in low-income CTs in 2013 reflects poor performance as the bank did not originate loans in low-income census tracts. The aggregate distribution of HMDA-reportable loans by the

peer group reflects that peers originated 4.25 percent of HMDA reportable loans in low-income CTs. The percentage of home mortgage loans originated in moderate-income CTs in 2013 reflects reasonable performance. Loomis originated 12.5 percent of its HMDA reportable loans in 2013 moderate-income CTs. This percentage is slightly below the aggregate distribution of HMDA-reportable loans by the peer group of 16.69 percent in moderate-income CTs.

See Table 4 below for details.

Strong market competition, coupled with the significant number of occupied rental units and vacant housing units in both low and moderate-income CTs significantly reduces opportunities to lend in these CTs. Of the 11 HMDA-reportable applications Loomis received in 2013, none were from low-income CTs, and only one application, which the bank originated, was from a moderate-income CT, highlighting the reduced lending opportunities in these CTs. Vacant units represent 25.74 percent, occupied rental units represent 20.74 percent, and owner occupied housing units (OOHUs) represent only 6.11 percent of total housing units located in low-income CTs in 2013. Vacant units represent 30.39 percent, occupied rental units represent 31.83 percent, and OOHUs represent 22.98 percent of total housing units located in moderate-income CTs in 2013. Given the reduced lending opportunities in low and moderate-income CTs, Loomis' lending performance under the geographic distribution test in 2013 is reasonable.

<b>Table 4 – Geographic Distribution of Residential Real Estate Loans in AA – Loomis FS &amp; LA 2013</b>				
<b>Census Tract Income Level</b>	<b>Number of Loans</b>	<b>% of Loans</b>	<b>HMDA Peer Group Distribution %</b>	<b>Owner Occupied Housing Units Distribution %</b>
Low	0	0	4.25	6.11
Moderate	1	12.50	16.69	22.98
Middle	6	75.00	34.43	38.09
Upper	1	12.50	44.63	32.82
Not Available	0	0	0	0
Totals	8	100	100	100

Source: Source: US Census Data (2010), and 2013 HMDA Data

Loomis' distribution of home mortgage loans in the AA among low and moderate-income CTs also reflects reasonable dispersion based on 2014 data. The percentage of home mortgage loans originated in low-income CTs in 2014 reflects poor performance as the bank did not originate loans in low-income CTs. The aggregate distribution of HMDA-reportable loans by the peer group reflects that peer originated 4.25 percent of HMDA reportable loans in low-income CTs. The percentage of home mortgage loans originated in moderate-income CTs in 2014 reflects excellent performance. Loomis originated 50 percent of its HMDA reportable loans in 2014 in moderate-income CTs. This percentage significantly exceeds the aggregate distribution of HMDA-reportable loans by the peer group of 16.69 percent in moderate-income CTs. See Table 5 below for details.



Strong market competition, coupled with the significant number of occupied rental units and vacant housing units in low-income CTs significantly reduces opportunities to lend in these CTs. Loomis received no HMDA-reportable applications from low-income CTs in 2014, and only one application from a moderate-income CT, which it originated. Vacant units represent 25.53 percent, occupied rental units represent 20.62 percent, and OOHUs represent 6.03 percent of total housing units located in low-income CTs in 2014. Given the reduced lending opportunities in low-income CTs, Loomis's lending performance under the geographic distribution test in 2014 is reasonable.

<b>Table 5 – Geographic Distribution of Residential Real Estate Loans in AA – Loomis FS &amp; LA 2014</b>				
<b>Census Tract Income Level</b>	<b>Number of Loans</b>	<b>% of Loans</b>	<b>HMDA Peer Group Distribution %</b>	<b>Owner Occupied Housing Units Distribution %</b>
Low	0	0	4.25	6.03
Moderate	1	50.00	16.69	22.44
Middle	0	0	34.43	37.86
Upper	1	50.00	44.63	33.67
Not Available	0	0	0	0
Totals	2	100	100	100

Source: Source: US Census Data (2010), 2013 HMDA Data (aggregate Peer distribution- 2014 not available at the time of this examination), and 2014 HMDA LAR

Based on the bank’s size and office location there were no significant lending unexplained lending gaps in the delineated AA.

**Responses to Complaints**

Loomis did not receive any written comments or complaints regarding its CRA performance during the evaluation period. The Office of the Comptroller of the Currency (OCC) has not received any CRA-related comments, complaints, or inquiries during the review period.

**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) 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.

