



## **PUBLIC DISCLOSURE**

May 08, 2017

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

Homeland Federal Savings Bank  
Charter Number 708286

7840 U.S. Highway 165  
Columbia, LA 71418-7840

Office of the Comptroller of the Currency

3838 North Causeway Blvd.  
Suite 2890  
Metairie, LA 70002-8105

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low-income 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**

- Homeland Federal Savings Bank's (Homeland FSB or bank) loan-to-deposit (LTD) ratio is more than reasonable relative to the bank's size, competition, and financial condition.
- The bank originates the majority of its loans within its assessment area (AA).
- Homeland FSB exhibits excellent penetration of loans to borrowers of different incomes and to businesses of different sizes.
- Homeland FSB did not receive any Community Reinvestment Act (CRA) complaints during the review period.

**SCOPE OF EXAMINATION**

We evaluated Homeland FSB's CRA performance utilizing the Interagency Small Bank CRA procedures, which focus on the analysis of the bank's primary loan products. As discussed in the table below, the bank's loan portfolio is primarily comprised of residential real estate loans, at 64.87 percent, and commercial loans at 15.27 percent. The remaining loan categories do not individually garner a sufficient percentage of the bank's overall portfolio to allow for meaningful analysis.

<b>Homeland Federal Savings Bank Loan Portfolio</b>		
<b>Loan Category</b>	<b>Dollars (000)</b>	<b>Percentage</b>
1-4 Residential Real Estate	80,274,300	64.87
Commercial	18,891,278	15.27
Farm	4,828,224	3.90
Personal	9,693,451	7.83
All Other (Auto, Unsecured, CD Secured)	10,051,293	8.13
<b>Total</b>	<b>123,738,546</b>	<b>100%</b>

Source: Internal bank documents

The bank's primary business strategy is to originate both residential mortgage and commercial loans within its AA. Homeland FSB is not a Home Mortgage Disclosure Act (HMDA) reporter; therefore, we were unable to utilize HMDA data when evaluating loan performance. Instead, we obtained a random sample of both residential mortgage and commercial loans for the years 2015 and 2016. In total, 25 residential real estate and 23 commercial loans were used to evaluate the bank's performance. When more recent data was needed for comparative purposes, such data was used and the applicable date noted.

We conducted our previous CRA evaluation on May 23, 2011, which covered a period from January 1, 2008 through December 31, 2010. During that evaluation, we concluded the bank had an excellent record of meeting the credit needs of its community. The bank received an overall "outstanding" rating for that evaluation.

We additionally contacted a community agency familiar with the bank's AA to obtain feedback regarding the area's demographics, perceived credit needs, and the responsiveness of local banks addressing those needs.

## **DESCRIPTION OF INSTITUTION**

Homeland FSB is a \$204 million, full-service, federally chartered stock thrift headquartered in Columbia, Louisiana. The bank operates with a total of three branches, all located in the State of Louisiana. The Columbia and Jena branches are located in middle-income census tracts, while the Monroe branch is located in an upper-income census tract. The main office at the Columbia branch is located in Caldwell Parish; the Jena branch is located in LaSalle Parish, and the Monroe branch is located in Ouachita Parish. Ouachita Parish is part of the Monroe, Louisiana Metropolitan Statistical Area (MSA).

The bank has not closed any branches since the previous exam; however, management has opened one new branch within the review period. The Monroe, Louisiana branch was opened in May 2016, and is a full-service branch. With the opening of this new branch, the bank expanded its AA, which now includes Ouachita Parish and the accompanying census tracts.

Banking hours reasonably meet the community needs with lobby hours Monday through Friday and automated teller machines (ATM) at all branch locations. The bank also has three additional ATMs at local businesses in the area. Homeland FSB offers online banking with bill pay, along with various deposit products and accounts such as traditional checking and savings accounts and certificates of deposit accounts. Additionally, the bank offers a variety of loan products to serve the credit needs of its AA, including conventional real estate loans, single- and multi-family residential loans, commercial real estate loans, land and construction loans, home-improvement loans, and FHA-/FNMA-insured loans. There are no significant differences between the products offered at each branch location.

No financial or legal impediments prevent Homeland FSB from meeting the credit needs of the community.

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

Homeland FSB's AA meets regulatory guidelines by including whole geographies and does not arbitrarily exclude low-income and moderate-income areas. Homeland FSB has defined its AA as all of Caldwell Parish, LaSalle Parish, and Ouachita Parish. Caldwell Parish and LaSalle Parish are not located in an MSA, but Ouachita Parish is part of the Monroe, Louisiana MSA. Consequently, for analysis purposes, Caldwell Parish and LaSalle Parish will be analyzed together but separately from Ouachita Parish.

### Caldwell Parish and LaSalle Parish Assessment Area (Non-MSA):

This AA is made up of eight census tracts including six (75 percent) middle-income census tracts and two (25 percent) upper-income census tracts. However, four of the middle-income census tracts (two in each parish) are distressed. There are no low-income or moderate-income census tracts in this AA. Major towns in Caldwell Parish include Columbia, the Parish seat, and the villages of Grayson and Clarks. Major towns in LaSalle Parish include Jena, the Parish seat, and the towns of Olla, Tullos, and Urania. With a population of approximately 3,400 Jena is the largest town in both Parishes. Most of the towns and villages in the AA have populations under 2,000, with some having populations under 500. Consequently, the AA can be considered rural.

Details regarding the Caldwell Parish and LaSalle Parish AA are discussed in the table below, and are based on 2010 census data.

<b>ASSESSMENT AREA DEMOGRAPHIC AND ECONOMIC DATA – CALDWELL PARISH AND LASALLE PARISH</b>	
<b>Population</b>	25,022
Number of Families	6,293
Number of Households	8,896
<b>Geographies</b>	
Number of Census Tracts	6
Low-Income Census Tract	-
Moderate-Income Census Tract	-
Middle-Income Census Tract	4
Upper-Income Census Tract	2
<b>Housing</b>	
Owner Occupied Units	7,109
Rental Occupied Units	1,787
<b>Median Family Income (MFI)</b>	
2010 MFI for AA	\$50,024
2010 HUD-Adjusted MFI	\$46,900
<b>Economic Indicators</b>	
Unemployment Rate in December 2016	5.9
2010 Median Housing Value	\$70,930
% of Households Below Poverty Level	17.11
% of Vacant Housing Units	22.88

Source: 2010 Census Data

The Federal Financial Institutions Examination Council's (FFIEC's) updated 2016 median family income for the AA was \$46,900. Low income is defined as less than 50 percent of the median family income. Moderate income is defined as 50 percent to 80 percent of the median family income. Middle income is defined as 81 percent to 119 percent of the median family income. Upper income is defined as income of 120 percent and over the median family income. The following table depicts those Income Categories:

Income Categories – Non-MSA			
Low	Moderate	Middle	Upper
<\$23,450	\$23,451 – \$37,520	\$37,989 - \$55,811	>\$56,280

Source: FFIEC, 2016

Based on 2016 business demographic data, there were 1,823 non-farm businesses in the AA. Of these, 1,573 (86.29 percent) of the businesses had revenues of less than \$1 million, 45 (2.46 percent) had revenues greater than \$1 million, and 205 (11.25 percent) did not report revenue information. Also, there were 64 farm businesses (3.51 percent) in the AA. Primary employers include the Parish School Boards, Justiss Oil Company, GO Group, LaSalle General Hospital, Caldwell Parish Hospital Service District, and Wal-Mart. The top industries in the AA include services and retail trade. Of the 1,887 businesses in the AA, 63 percent employ between one and four people. Only 21 (1.11 percent) of the businesses employ 50 or more people.

According to the Federal Deposit Insurance Corporation’s (FDIC’s) June 30, 2016 deposit market share report, competition in this AA remains moderate. Homeland FSB ranks number three out of six financial institutions, commanding 22.63 percent of the deposit market share. The top two financial institutions in the AA account for 49.58 percent of the overall market share.

As part of the examination, we discussed the credit needs of the AA with one community contact located in Columbia, LA. According to this contact, local banks have been active in helping meet the credit needs of the AA.

**Ouachita Parish Assessment Area (Monroe MSA):**

Ouachita Parish is part of the Monroe MSA, which also includes Union Parish. Ouachita Parish consists of 39 census tracts including 5 (12.82 percent) low-income census tracts, 11 (28.21 percent) moderate-income census tracts, 13 (33.33 percent) middle-income census tracts, and 10 (25.64 percent) upper-income census tracts. Monroe, the Parish seat, and West Monroe are the two largest cities in the Parish, with a combined population of approximately 62,000.

Details regarding the Ouachita Parish AA are discussed in the table below, and are based on 2010 census data.

<b>ASSESSMENT AREA DEMOGRAPHIC AND ECONOMIC DATA – OUACHITA PARISH</b>	
<b>Population</b>	153,720
Number of Families	37,691
Number of Households	56,192
<b>Geographies</b>	
Number of Census Tracts	39
Low-Income Census Tract	5
Moderate-Income Census Tract	11
Middle-Income Census Tract	13
Upper-Income Census Tract	10
<b>Housing</b>	
Owner Occupied Units	35,475
Rental Occupied Units	20,717
<b>Median Family Income (MFI)</b>	
2010 MFI for AA	\$53,257
2010 HUD-Adjusted MFI	\$52,000
<b>Economic Indicators</b>	
Unemployment Rate in December 2016	5.5
2010 Median Housing Value	\$111,098
% of Households Below Poverty Level	20.52
% of Vacant Housing Units	12.12

Source: 2010 Census Data

The FFIEC’s updated 2016 median family income for the AA was \$52,000. Low income is defined as less than 50 percent of the median family income. Moderate income is defined as 50 percent to 80 percent of the median family income. Middle income is defined as 81 percent to 119 percent of the median family income. Upper income is defined as income of 120 percent and over the median family income. The following table depicts those Income Categories:

<b>Income Categories – Monroe MSA</b>			
Low	Moderate	Middle	Upper
<\$26,000	\$26,000 – \$41,600	\$42,120 - \$61,888	>\$62,400

Source: FFIEC, 2016

Based on 2016 business demographic data, there were 15,608 non-farm businesses in the Monroe AA. Of these, 13,640 (87.39 percent) of the businesses had revenues of less than \$1 million, 681 (4.36 percent) had revenues greater than \$1 million, and 1,287 (8.25 percent) did not report revenue information. Farm businesses only account for two percent of total businesses in the AA. According to the Ouachita Parish Economic Development Corporation, major employers in the Parish include St. Francis Medical Center, Riverwood International (pulp & paper processing), State Farm Insurance, International Paper, Angelo Lafrate Construction Co., and Glenwood Regional Medical Center. The top industries in the Monroe AA are services (52 percent), retail trade (10 percent), and finance, insurance, and real estate (8 percent).

According to the FDIC's June 30, 2016 deposit market share report, competition in this AA remains strong with Homeland FSB ranked 14th out of 16 financial institutions, with only 0.16 percent of the deposit market share. The top five financial institutions in the assessment area account for 70.11 percent of the overall market share.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Homeland FSB's performance, in meeting the credit needs of its AA, is excellent. We based our conclusion on the bank's more than reasonable LTD ratio, reasonable lending within its AA, and an excellent borrower distribution of loans within its AA.

It is important to note that our analysis of lending activity included only Caldwell Parish and LaSalle Parish AAs. The bank's lending activity in the Monroe AA was excluded from this evaluation because the bank had only recently entered the Monroe MSA (as of May 2016). Consequently, the bank did not have enough time to generate a sufficient volume of loans to allow for meaningful analysis.

### Loan-To-Deposit Ratio

Homeland FSB's LTD ratio is more than reasonable given the credit needs of the AA and the bank's size, financial condition, and location. We based this determination on quarterly LTD ratios from March 2012 to December 2016 that averaged 88.71 percent. During this evaluation period, the bank's LTD ratio ranged from a low of 77.40 percent to a high of 107.49 percent.

Management considers the four banks shown in the following table to be its competitors. Each of the banks listed are of comparable size, actively offer residential loan products, and have locations within or next to the boundaries of the bank's AA. The LTD ratio for these peer banks is 76.92 percent, which is significantly lower than Homeland FSB's average during the same period. The peer bank's average LTD ratio for the same period ranged from a low of 58.27 percent to a high of 88.29 percent.

Institution	Assets – As of December 31, 2016 (in thousands)	Average LTD
Homeland FSB	204,153	88.71%
Caldwell Bank & Trust Company	186,860	88.29%
Guaranty Bank & Trust Company of Delhi	212,665	84.25%
Winnsboro State Bank & Trust Company	158,016	58.27%
Franklin State Bank & Trust Company	157,792	76.86%

Source: Call Reports

### Lending in Assessment Area

Homeland FSB originated a majority of loans in its AA during the review period. As shown in the following table, the bank made 79.17 percent of loans by number and 39.91 percent by dollar amount in its AA. While the majority of loans by dollar amount were made outside the bank's AA, it should be noted that one loan, totaling \$3 million,

comprised the majority of lending by dollar amount outside the AA. Consequently, more weight was given to the number of loans made than was given to the dollar amount of those loans.

<b>Lending in the Assessment Area</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Mortgage Loans	21	84.00	4	16.00	25	1,315	77.04	392	22.96	1,707
Commercial Loans	17	73.91	6	26.09	23	1,386	27.39	3,675	72.61	5,061
Totals	38	79.17	10	20.83	48	2,701	39.91	4,067	60.09	6,768

Source: Random sample of loans.

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

As the tables below reveal, the bank’s lending to borrowers of different incomes and to businesses of different sizes is excellent. When compared to peer banks, Homeland FSB had an excellent dispersion to both low-income and moderate-income borrowers. The bank’s dispersion of loans to low-income borrowers, in particular, significantly exceeded the peer average for that same income category and is commendable.

Additionally, the bank’s lending performance to businesses with revenues of less than \$1 million reveals excellent dispersion. The bank’s performance is further strengthened when it is revealed that, of those loans made to businesses with revenues of less than \$1 million, a substantial majority of those loans were made to businesses with revenues of less than \$250,000.

### Home Loans

<b>Borrower Distribution of Residential Real Estate Loans in Non MSA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Aggregate	% of Number of Loans	% of Aggregate	% of Number of Loans	% of Aggregate	% of Number of Loans	% of Aggregate	% of Number of Loans
Residential Real Estate	9.9	29.41	21.6	17.65	15.2	17.65	53.3	35.29

Source: Random sample of loans.

### Loans to Small Businesses

<b>Table 2A - Borrower Distribution of Loans to Businesses in Non MSA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	86.29	2.47	11.24	100
% of Bank Loans in AA by #	90.91	9.09	0	100
% of Bank Loans in AA by \$	89.16	10.84	0	100

Source: Random sample of loans.



<b>Borrower Distribution of Loans to Businesses Under \$1,000,000</b>				
Business Revenues (or Sales)	\$0 - \$250,000	\$250,000 - \$500,000	\$500,000 - \$1,000,000	Total
% of Bank Loans in AA by #	70.00	30.00	0	100

Source: Random sample of loans.

### Geographic Distribution of Loans

There are currently no low-income or moderate-income census tracts in the bank’s AA. While no meaningful analysis is possible given the lack of low-income or moderate-income census tracts, the tables below nonetheless reflect the bank’s geographic distribution of loans within its AA.

#### Home Loans

<b>Geographic Distribution of Residential Real Estate Loans in Non MSA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of Aggregate	% of Number of Loans	% of Aggregate	% of Number of Loans	% of Aggregate	% of Number of Loans	% of Aggregate	% of Number of Loans
Residential Real Estate	0.0	-	0.0	-	66.0	64.71	34.0	35.29

Source: Random sample of loans.

#### Loans to Small Businesses

<b>Geographic Distribution of Loans to Businesses in Non MSA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	0.00	-	0.00	-	69.01	81.81	30.99	18.19

Source: Random sample of loans.

### Responses to Complaints

Homeland FSB did not receive any consumer complaints pertaining to its lending activities during the evaluation period.

### Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.