



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

September 11, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

St. Landry Homestead FSB
Charter Number 704114

235 N. Court Street
Opelousas, LA 70570-5255

Office of the Comptroller of the Currency

3838 North Causeway Boulevard
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- 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

Major factors supporting the assigned rating are as follows:

- The institution's average loan-to-deposit ratio (LTD) is more than reasonable and exceeds the standards for satisfactory performance.
- A substantial majority of loans originated by the institution during the period of review were extended to borrowers within its assessment area (AA).
- The distribution of lending reflects reasonable penetration among individuals of different income levels in the AA.
- The institution's geographic distribution of loans originated in its AA meets the standard for satisfactory performance.

SCOPE OF EXAMINATION

This examination of St. Landry Homestead's (St. Landry) CRA performance is conducted using Interagency Small Institution CRA examination procedures, dated February 2006. We considered and assessed all areas and activities related to CRA since the institution's last CRA Public Evaluation, dated March 16, 2009, and performed by the Office of Thrift Supervision (OTS). St. Landry's CRA rating from the 2009 review was Outstanding and was conducted utilizing the aforementioned procedures.

Our analysis of St. Landry's CRA performance is primarily based on the distribution of residential real estate loans originated between January 1, 2009 and December 31, 2011. To accomplish our objectives, our analysis included the review of the institution's Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs) for the years 2009 through 2011, economic and demographic data obtained through the Department of Housing and Urban Development (HUD), the 2000 U.S. Census, CRA Wiz reports and financial and other data from St. Landry's operations and management. We calculated the institution's average LTD ratio for the period 2009 through 2011 and compared it to the average of all HMDA reporters in the AA for the same period. We also compared their lending performance for the period of 2009- 2011 to thrift only peer median averages. In addition, a community leader was consulted to obtain feedback on the area's demographics, perceived credit needs, and the quantity and quality of St. Landry's efforts and activities to meet the financial services needs of the AA pursuant to the evaluation criteria of the CRA.

The standards used to evaluate performance are the same as those used by the OTS to assess performance at previous CRA examinations, other than the different criteria based on small versus intermediate small bank evaluations. The OCC is performing this CRA review as regulatory reform mandates included in the Dodd-Frank Wall Street Reform and Consumer Protection Act abolished the OTS and merged its regulatory responsibilities into those exercised by the OCC.

DESCRIPTION OF INSTITUTION

St. Landry is a \$240 million, mutually-owned financial institution, headquartered in Opelousas, LA. The institution has no affiliates. St. Landry has continuously operated in southwestern Louisiana since 1922. The institution is not a HMDA reporter and has no branches located within a Metropolitan Statistical Area (MSA). St. Landry operates exclusively within St. Landry, Acadia, and Evangeline Parishes. In addition to the headquarters in Opelousas, there are branches in Eunice, LA and Port Barre, LA. There has been no expansion or reduction in facilities since the 2009 CRA evaluation. All locations are full service facilities with traditional operating hours. Delivery of services is achieved primarily through the branch network. In addition, St. Landry also maintains a transactional internet website (www.stlandryhomestead.com) which offers online banking, bill pay and information about the institution's products, services, and facilities. The institution has no proprietary automatic teller machines (ATM), but offers debit cards through its participation in the Pulse ATM network.

St. Landry's primary business focus is the origination of conventional 1-4 family residential real estate mortgages which are all retained in the institution's portfolio. The institution offers fixed-rate and adjustable-rate mortgage loans for the purchase, refinance, or improvement of 1-4 family dwellings. Nonresidential real estate mortgage loans are also offered as well as various types of secured consumer loans and unsecured signature loans. To assist low-and moderate-income borrowers, St. Landry allocates \$100,000 annually to its in-house Affordable Housing Program. Participants in this program can receive up to 100 percent financing with reduced closing costs. In addition, St. Landry has a history of working with qualifying financially distressed borrowers through forbearance and loan modification programs designed to enable borrowers to retain their homes. As of our evaluation date, St. Landry had no legal or regulatory impediments identified that would impact its lending activities or prevent the institution from serving the credit and financial services needs of its AA.

As a Qualified Thrift Lender (QTL), St. Landry is mandated by regulation to hold at least 65 percent of its assets in mortgage-related assets (i.e. mortgage loans and/or mortgage related securities). This designation allows the institution to operate as thrift and to borrow directly from the Federal Home Loan Bank (FHLB). The ability to borrow from the FHLB facilitates better management of interest rate risk as residential mortgages are often held for long periods of time without rate adjustments. Without such tools, financial institutions are reluctant to lend funds at fixed rates for long terms.

In addition to FHLB borrowings, the institution utilizes locally generated retail deposits to fund lending activities. The FDIC's Market Share Report for the AA, dated June 30, 2011 reflected that 29 deposit taking entities operated in the AA. Of the 29 institutions included in the report, St. Landry ranked 5th for deposit market share. This ranking translated into a deposit market share of 7.27 percent.

Table 1 below table provides information related to various balance sheet components and primary products of St. Landry Homestead as of June 30, 2012:

Table 1 - Major Components of Assets, Liabilities and Capital			
As of June 30, 2012			
Balance Sheet Component	Balance Sheet \$ (000)	% of Total Loans	% of Total Assets
Loans			
Permanent 1-4 Residential Real Estate	140,238	69.14	58.42
Commercial Real Estate	54,994	27.11	22.91
Consumer	4,885	2.41	2.04
Business	1,872	0.92	0.78
Residential Construction & Development	847	0.42	0.35
Total Loans	202,836	100.00	84.50
Other Assets			
Reposessed Assets	2,492		1.04
Cash & Investments			
US Treasury & Agency Securities	13,573		5.65
Cash, Deposits, & Interest Bearing Bank Balances OK	7,385		3.08
Fed Funds Sold & Resales	13,625		5.68
Cash & Investments			
Total Assets	240,039		100.00
Liabilities & Capital (LC)			% of Total LC
Deposits	171,484		71.44
FHLB Advances	28,500		11.87
Total Liabilities	201,368		83.89
Total Capital	38,671		16.11
Total Liabilities & Capital	240,039		

Source: June 30, 2012 Uniform Bank Performance Report & Bank Concentration Report

The FDIC's Market Share Report for the MSA, dated June 30, 2011 reflected that 29 deposit taking entities operated in the AA. Of the 29 institutions included on the report, St. Landry ranked 5th for deposit market share. This ranking translated into a deposit market share of 7.27 percent.

DESCRIPTION OF ASSESSMENT AREA

St. Landry's AA includes the 39 contiguous census tracts that comprise St. Landry, Acadia and Evangeline Parishes. The AA meets all legal requirements specified by the CRA and is reasonable based on the institution's competition, resources, and minimal branch network. None of the AA is in a MSA. Boundaries are formed by political subdivisions with no areas arbitrarily excluded; particularly those designated low and moderate income. Of the 39 census tracts comprising the AA none are designated low income, 9 are designated moderate income, 28 are designated middle income, and 2 are designated upper income.

The HUD updated 2011 median family income for the AA was \$48,300. Low income is defined as less than 50 percent of the median family income. Moderate income is defined as 50 percent to less than 80 percent of the median family income. Middle income is defined as 80 percent to less than 119 percent of the median family income.

Upper income is defined as income of 120 percent and over the median family income. Table 2 below illustrates select demographic data of the institution's AA.

Table 2 Demographic Information for AA: St. Landry, Acadia and Evangeline Parishes, LA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	39	0.00%	23.08%	71.79%	5.13%	0.00%
Population by Geography	181,995	0.00%	23.81%	69.99%	6.20%	0.00%
Owner-Occupied Housing by Geography	46,965	0.00%	19.24%	73.72%	7.04%	0.00%
Business by Geography	22,293	0.00%	22.96%	70.55%	6.50%	0.00%
Farms by Geography	829	0.00%	10.13%	80.22%	9.65%	0.00%
Family Distribution by Income Level	48,386	28.91%	16.05%	17.83%	37.20%	0.00%
Distribution of Low and Moderate Income Families throughout AA Geographies	21,756	0%	30.52%	64.75%	4.73%	0.00%
Median Family Income		32,785	Median Housing Value			53,062
HUD Adjusted Median Family Income for 2011		48,300	Unemployment Rate			3.25%
Households Below Poverty Level		29.10%				
2011 HUD updated MFI						
(*) The NA category consists of Tracts that have not been assigned an income classification.						

Source: 2000 U.S. Census data, HUD data and CRA Wiz reports

The economy of St. Landry's (tri-parish) AA is primarily centered in the oil and gas and related industries. Other significant industries/employers include government and educational system, Opelousas General Hospital, the Wal-Mart Regional Distribution Facility, and the Evangeline Downs Racetrack and Casino complex.

As part of this examination, OCC staff conducted an interview with a local nonprofit organization involved in facilitating the affordable housing and financial services needs of low and moderate income individuals and families in the area. Information received from this organization regarding St. Landry's CRA-related performance in the AA did not materially affect the ratings of this examination relative to the overall performance of the institution for all assessment criteria.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

St. Landry's LTD ratio is outstanding considering the institution's size, resources and the AA's demographic and economic profile. The institution's quarterly average LTD ratio since the prior March 2009 CRA examination was 120.90% which significantly exceeded the peer median. In addition, St. Landry's average LTD ratio over the review period far exceeded that of all HMDA reporters operating in the AA.

Table 3 Loan to Deposit Ratio (2009-2011)			
Institution	Loan to Deposit Ratio		
	Period Average	Period End	Period Beginning
St. Landry Homestead	120.90%	117.04%	132.80%
Peer Group Median*	87.32%	81.30%	93.75%
*All thrifts with assets between \$100 million and \$300 million			

Source: OTS Peer Comparison

Lending in Assessment Area

A substantial majority of the institution’s loans made during the review period were extended to borrowers within its AA. The following table details the distribution of HMDA related loans originated inside and outside of the AA between January 1, 2009 and December 31, 2011.

Table 4 St. Landry Homestead Lending in AA										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Mortgage	236	83.99	45	16.01	281	24,644	81.74	5,504	18.26	30,148
Refinancing	156	90.17	17	9.83	173	18,235	84.06	3,459	15.94	21,694
Home Improvement	34	91.89	3	8.11	37	1,602	92.55	129	7.45	1,731
Totals	426	86.76	65	13.24	491	44,481	83.03	9,092	16.97	53,573

Source: 2009-2011 HMDA-LAR Report; CRA Wiz Reports

Lending to Borrowers of Different Incomes

St. Landry’s distribution of loans to borrowers of different incomes is reasonable given the demographics of the AA. The median cost of housing is \$53,062 while a low-income person earns less than \$24,500 based on the HUD updated 2011 median family income. Additionally, 29% of the households in the AA live below the poverty level. We considered these mitigating factors in our lending analysis to low- and moderate-income borrowers.

The level of lending to low-income borrowers at 7.23 percent is far below the 28.91 percent of families in the AA that are low-income. The level of lending to moderate-income borrowers at 13.49 percent is more in line with the 16.05 percent of families in the AA that are moderate-income. While the of level of residential loans to low- and moderate-income borrowers is low when compared to AA demographics, the following table shows they either exceed or are in line with the average of other HMDA reports in the AA.

Table 7 - Borrower Distribution of Residential Real Estate Loans in AA								
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 Mortgage	5.40	5.68	18.42	17.03	23.74	17.47	52.44	59.83
Refinancing	2.83	7.84	8.36	8.50	19.23	17.65	69.58	66.01
Home Improvement	12.28	15.15	12.28	12.12	18.86	12.12	56.59	60.61
Total HMDA	6.82	7.23	13.41	13.49	17.88	17.11	61.88	62.17

Source: 2009-2011 HMDA-LAR Report; CRA Wiz Reports

Geographic Distribution of Loans

As shown in the following tables, the distribution of St. Landry’s residential real estate in moderate-income census tracts is reasonable in light of the AA composition and demographics. The institutions lending to moderate-income census tracts for each loan category exceeds the average of HMDA reporters. In addition, these percentages compare well to the percentage of owner-occupied housing units in the moderate-income census tracts of 19.24%. The AA does not include any low-income census tracts.

Table 8 Geographic Distribution of Residential Real Estate Loans in AA								
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 Mortgage	0.00	0.00	12.52	22.46	78.74	68.22	8.74	9.32
Refinancing	0.00	0.00	10.32	19.87	78.32	71.15	11.39	8.97
Home Improvement	0.00	0.00	14.04	17.65	76.90	79.41	9.06	2.94
Total HMDA Loans	0.00	0.00	20.94	21.13	70.35	70.19	8.71	8.69

Source: 2009-2011 HMDA-LAR Report; CRA Wiz Reports

Responses to Complaints

The institution did not receive any complaints related to CRA performance during the review period.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discrimination or other illegal practices that prevented the bank from meeting the lending/financial or credit needs of the community.