



Office of the
Comptroller of the Currency
Washington, DC 20219

INTERMEDIATE SMALL BANK

PUBLIC DISCLOSURE

May 06, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Fifth District Savings Bank
Charter Number 700133

4000 General DeGaulle Drive
New Orleans, LA 70114-8211

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.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

Major factors supporting the assigned ratings are as follows:

- Fifth District's loan-to-deposit ratio is reasonable relative to the institution's size, competition, and financial condition.
- A majority of loans originated by the institution was within its assessment area (AA) and is considered adequate.
- Lending to borrowers of different income levels, especially to low- and moderate-income borrowers is reasonable in light of the assessment area's demographics and peer comparisons.
- The geographic distribution of loans, especially in low-and moderate-income census tracts is commensurate with that of other Home Mortgage Disclosure Act (HMDA) lenders and deemed reasonable.
- Fifth District offers special loan programs to improve its record of lending to low-income and moderate-income borrowers, as well as in low-income and moderate-income census tracts.
- The institution has demonstrated satisfactory or reasonable responsiveness to community development needs within the institution's AA.
- Fifth District has not received any CRA-related consumer complaints since the previous CRA Performance Evaluation.

Scope of Examination

The assessment of Fifth District's CRA performance was evaluated utilizing the Interagency Intermediate Small Bank (ISB) CRA procedures, which require the analysis of the institution's lending of primary products, as well as that of community development lending, investments, and services. The lending test evaluates Fifth District's record of helping meet the credit needs of its AA through lending activities. The community development test evaluates the institution's community development loans, qualified investments and community development services.

The review period of the lending test covered loans originated over a two-year period. Performance was assessed based on a review of HMDA-reportable loans originated from January 1, 2010 until December 31, 2011. Community development activities were evaluated since the last CRA Public Evaluation (PE) dated February 22, 2010 until December 31, 2012.

A separate data integrity Home Mortgage Disclosure Act (HMDA) review was conducted in February of 2013 and did not disclose any significant errors.

A community agency that has a relationship with the institution was contacted to obtain feedback on the area's demographics, perceived credit needs, and Fifth District's responsiveness to identified needs.

Description of Institution

Fifth District operates a main office and five full-service branch offices in the New Orleans-Metairie-Kenner, Metropolitan Statistical Area (MSA). The main office is located in the Algiers area of New Orleans, in Orleans Parish; four branches are located in Jefferson Parish; two in Marrero, one in Westwego, and one in Metairie; and one office is located in the Mandeville, LA area of St. Tammany Parish.

The institution is a mutually chartered, federal savings bank whose mission is to remain financially strong by providing a safe, secure place for local depositors to invest their savings, at a reasonable dividend rate. While investing those deposits in mortgage loans, this enables residents to buy, build, or repair single-family, owner-occupied homes within the local community. Fifth District primarily originates one-to-four family residential mortgages, which it funds from locally derived deposits, and retains in its portfolio. The institution offers a full line of banking services, which include the following: Passbook Savings Accounts, Certificates of Deposit, NOW Checking Accounts, Money Market Deposit Accounts, Individual Retirement Accounts, Payable on Death Accounts, Visa Check Cards, Money Orders, Cashier's Checks, Traveler's Checks and Gift Cards. In addition, all offices have the ability to originate share loans and receive mortgage loan applications. Fifth District offers mortgage loans in excess of 80.0 percent loan-to-value ratios with private mortgage insurance, and is involved in special loan programs designed to assist low-income and moderate-income families.

The institution also offers special loan programs when private mortgage insurance is not available.

The following table provides information related to the institution’s loan categories:

Table 1 – Fifth District’s Loans by Type		
Loan Category	\$ (000)	%
1-4 Family RE	221,561	93.59
Construction & Land Loans	13,290	5.61
Consumer Loans	1,883	.80
Total	236,734	100.00%

Source: Call Report data, as of 12/31/2012

Economic or Legal Constraints

Fifth District has no legal or regulatory impediments identified that would affect its lending activities or impede the institution’s ability to meet the credit needs within its AA.

Description of Assessment Area

The New Orleans-Metairie-Kenner MSA consists of seven parishes. This area is too large for Fifth District to reasonably serve; therefore, the institution has defined its assessment area as the portions of Orleans, Jefferson and Plaquemines Parishes located on the “Westbank” of the Mississippi River; the city of Metairie, located on the “Eastbank” of the Mississippi River; and the western portion of St. Tammany Parish. Fifth District has not arbitrarily excluded any area of the MSA; particularly those areas designated as low-income and moderate-income geographies. The institution’s AA meets all legal requirements as specified by the CRA regulations.

The institution’s main office is located in a middle-income census tract, in the city of New Orleans. Two other branch locations are located in the city of Marrero in middle-income census tracts. Two of the branch offices are located in upper-income census tracts in the cities of Metairie and Mandeville. The remaining branch is in the city of Westwego in a moderate-income census tract. Competition for financial institutions within Fifth District’s AA is noteworthy; however, the institution ranked 37th out of 305 HMDA reporters, which include financial institutions, mortgage banking companies and credit unions.

Subsequent to Hurricane Katrina, the demographic information of the AA significantly changed; therefore, Table 2 represents demographic data of the AA prior to Hurricane Katrina:

Table 2 Demographic Information of Institution's AA						
Demographic Characteristics	#	Low	Moderate	Middle	Upper	NA*
		% of #	% of #	% of #	% of #	% of #
Census Tracts	88	7.95%	26.14%	35.23%	30.68%	0.0%
Population by Tract	385,594	3.93%	21.82%	36.45%	37.80%	0.0%
Owner-Occupied Housing by Tract	150,576	1.96%	15.20%	38.54%	44.30%	0.0%
Family Distribution by Income Level	103,111	19.71%	15.40%	18.78%	46.11%	0.0%
Median Family Income		42,770	Median Housing Value			110,367
HUD Adjusted Median Family Income for 2010		61,100	Unemployment Rate			7.53%
Households Below Poverty Level		19.3%				
2012 HUD updated MFI						
(*) The NA category consists of Tracts that have not been assigned an income classification.						

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

Table 3 segregates Fifth District's census tracts by income groups, and provides the number of families living in those census tracts. The table also includes the distribution of the population by income within the AA. There are 88 census tracts, which are comprised of seven (7) low-income tracts, 23 moderate-income tracts, 31 middle-income tracts, and 27 upper-income tracts. The population of the entire AA consists of 19.7 percent low-income families and 15.4 percent moderate-income families.

Table 3 Distribution of Geographies, Families and Population Mix Fifth District					
	Number of Census Tracts		Families in Each Census Tract		Population Mix of the Entire AA
	#	%	#	%	%
2000 Census:					
Low-Income	7	7.9	3,615	3.5	19.7
Moderate-Income	23	26.1	20,568	19.9	15.4
Middle-Income	31	35.2	37,933	36.7	18.8
Upper-Income	27	30.8	40,995	39.9	46.1
Totals	88	100.0	103,111	100.0	100.0

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

The United States Office of Housing and Urban Development’s (HUD) updated 2011 median family income for the AA was \$61,100. 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. The following table depicts Income classification categories:

Table 4 – Income Categories – Institution’s AA			
Low	Moderate	Middle	Upper
<\$30,549	\$30,550 – \$48,879	\$48,880 - \$72,709	>\$72,710

Source: US Census data

Import and export trade, tourism, services, retail trade, casino gaming and government offices have played major roles to help boost and maintain the economy of this AA. While Hurricane Katrina devastated the AA in 2005, the area is still in recovery.

During our examination, we conducted an interview with an official representing a local non-profit, community-based agency whose clients are all low-and moderate-income individuals. Information received from this interview indicated a need for affordable housing, as well as for financial institutions to make their presence known in the AA. The contact was very complimentary of Fifth District’s actions to address affordable housing and community development.

Fair Lending or Other Illegal Credit Practices Review

The OCC’s April, 2012 onsite examination included an assessment of fair lending risk present in Fifth District’s operations. The OCC found no evidence of discrimination or other illegal practices that would be inconsistent with helping to meet community credit needs.

Conclusions with Respect to Performance Tests

LENDING TEST

Fifth District’s lending performance is satisfactory. The institution’s loan-to-deposit (LTD) ratio is reasonable and a majority of loans was originated in the AA. Overall, the distribution of loans to low-income and moderate-income families, as well as loans located in low-income and moderate-income census tracts is reasonable.

Loan-to-Deposit Ratio

As of December 31, 2012, Fifth District’s quarterly average loan-to-deposit (LTD) ratio of approximately 80.5 percent is reasonable relative to the bank’s size, competition, and financial condition.

During the 12 quarters since the previous CRA examination, the bank’s LTD ratio ranged from a low of 78.5 percent to a high of 82.8 percent. Fifth District’s overall LTD ratio compares reasonably with similarly situated institutions with a quarterly average LTD ratio of 85.3 percent during the same time- period.

Fifth District’s LTD ratio is comparable to similarly situated banks operating in the AA, see Table 5:

Table 5 – Loan-to-Deposit Ratios of Select Competitors		
Institution	Assets (000s) (as of 12/31/12)	Average LTD Ratio
Fifth District Savings Bank	\$367,721	80.5%
Bank of Louisiana	88,917	72.5%
Crescent Bank and Trust	773,489	97.7%
American Bank and Trust Company	110,479	71.2%
First Bank and Trust	723,052	83.1%
Gulf Coast Bank and Trust Company	938,609	81.0%
Citizens Bank and Trust Company	108,166	67.1%
Liberty Bank and Trust Company	536,299	45.4%
Union Savings and Loan Association	88,003	59.1%
Bank of New Orleans	310,798	97.6%
Eureka Homestead	91,322	94.6%
Metairie Bank and Trust Company	351,433	70.1%
Mutual Savings and Loan Association	32,300	152.6%
State-Investors Bank	246,165	108.5%
Resource Bank	473,278	94.5%
St. Tammany Homestead S & LA	92,037	78.9%

Source: FFIEC Uniform Bank Performance Reports

Lending in Assessment Area

The majority of loans originated by the institution during the review period were extended to borrowers within its AA.

Table 6 denotes the distribution of Fifth District's primary loan product, between January 1, 2010 and December 31, 2011. As noted, the majority (57.7 %) of the institution's loans was made within its AA:

Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	88	43.78	113	56.22	201	17,225	36.18	30,384	63.82	47,609
Home Improvement	19	76.00	6	24.00	25	2,055	67.09	1,008	32.91	3,063
Home Refinance	88	78.57	24	21.43	112	13,300	77.61	3,837	22.39	17,137
Totals	195	57.69	143	42.31	338	32,580	48.05	35,229	51.95	67,809

Source: HMDA Data 2010 and 2011, Loan Samples

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

Lending to borrowers of different income levels is reasonable. While lending to both low-income and moderate-income families was lower than the bank's AA HMDA Peers for 2011, lending to these groups is adequate, considering the lack of affordable housing and high competition within the AA. Fifth District ranked 37 of 305 lenders, with a 0.57 market share, within its AA. The first ten large national, regional and local lenders within this same AA offer a wider variety of conventional, government-insured, and flexible mortgage loan products.

Despite the high percentages of low-and moderate-income families within the AA, the aftermath of Hurricane Katrina changed the demographics of the city of New Orleans. The changes are due to the displacement of thousands of low-income and moderate-income families. Because of the high property post-Katrina values, the low-and moderate families who are currently residing in the AA, or who have come back to the area, may not be able to afford to purchase a residence. For example, a low-income individual would be able to qualify for a house whose selling price is \$72,500; a moderate-income individual would be able to qualify for a house whose selling price is \$135,000. If the current average selling price of houses, located in the AA is between \$162,000 (according to the website Zillow.com as of 2013) and \$196,436 (according to the New Orleans Metropolitan Real Estate Market Analysis Report as of December 2012), a low -and or moderate-income borrower would not be able to purchase a home. The availability and very high cost of homeowners and flood insurance (since the storm), further compounds the problem.

Table 7 represents Fifth District's total loans originated for a 24-month period ended, December 31, 2011 (within its AA) to borrowers of various income levels:

Table 7 - Borrower Distribution of Residential Real Estate Loans in AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of HMDA Peer Loans	% of Bank Loans	% of HMDA Peer Loans	% of Bank Loans	% of HMDA Peer Loans	% of Bank Loans	% of HMDA Peer Loans	% of Bank Loans
Home Purchase	7.33	3.45	23.09	16.09	25.20	12.64	44.38	67.82
Home Improvement	10.97	10.53	21.70	15.79	22.44	15.79	44.89	57.89
Home Refinance	5.57	2.33	13.65	12.79	23.59	23.26	57.19	61.62

Source: 2010 and 2011 HMDA data and 2011 HMDA aggregate data

Geographic Distribution of Loans

Overall, Fifth District's level of lending in low-and moderate-income census tracts is reasonable. As the Table 8 depicts, the institution's percentage of loans compared to its HMDA peers for the low-income category is less than peer for Home Purchase and Home Improvement loans and greater than peer for Home Refinance loans. For the moderate-income category, the institution's percentage of loans compared to its HMDA peers is less than peer for Home Purchase and Home Improvement loans and more than peer for Home Refinance loans.

Fifth District, along with seven other local thrifts, is a founding member of the Neighborhood Housing Services of New Orleans, Inc. with an initial investment of \$100,000. The purpose of the consortium is to assist low and moderate-income first-time homebuyers. (See Investments for more details).

The following table represents Fifth District’s total loans originated for a 24-month period ended, December 31, 2011 (within its AA) according to census tracts:

Table 8 - Geographic Distribution of Residential Real Estate Loans in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of HMDA Peer Loans	% of Bank Loans	% of HMDA Peer Loans	% of Bank Loans	% of HMDA Peer Loans	% of Bank Loans	% of HMDA Peer Loans	% of Bank Loans
Home Purchase	0.43	0.00	8.13	20.45	36.04	29.55	55.39	50.00
Home Improvement	1.54	0.00	15.35	10.53	36.84	31.58	46.27	57.89
Home Refinance	0.71	1.14	7.22	11.36	33.84	29.55	58.23	57.95

There has not been any CRA related consumer complaints since the previous examination.

COMMUNITY DEVELOPMENT TEST

The institution’s performance with respect to the community development test is rated Satisfactory.

Fifth District has demonstrated satisfactory responsiveness to community development needs in its AA given the institution’s size, financial condition, and known opportunities.

Number and Amount of Qualified Investments

Fifth District has provided a satisfactory level of qualified investments within its AA. The institution made the following investments:

- Fifth District, in conjunction with the Neighborhood Housing Services, (NHS) of New Orleans and seven other local thrifts, formed the Thrift Loan Consortium to assist low and moderate-income first-time homebuyers. The total amount invested was \$100,000. The funding for this program comes from investments by consortium members and is administered by the NHS and managed by the participating financial institutions.
- The institution contributed \$141,000 to various charities and organizations for the last three calendar years, ended December 31, 2012.

In addition, the institution has donated money to organizations (the New Orleans Neighborhood Development Foundation, the Jefferson Housing Foundation, and the New Orleans Neighborhood Housing Services) that provide home ownership counseling and training to first-time homebuyers. Fifth District has an active role in the “Christmas in October” Program, sponsored by the Preservation Resource Center. This program brings together employee volunteers who, on two weekends in October, work to repair and rehabilitate homes owned by low income, elderly and/or disabled residents within

the AA. Additionally, Fifth District participates in other community initiatives to pick up litter and trash within the AA. Those programs are the Algiers Economic Development Foundation, Clean Sweep and the Barataria Community Coalition Clean-Up Day. Lastly, the institution sponsored “Rebuild Lakeview Day”, which was designed to bring together all of the elements needed to rebuild that community.

Extent to Which the Bank Provides Community Development Services

Fifth District has provided a satisfactory level of community development services. One of the six-branch offices is located in a moderate-income area of the AA. The institution offers the following services:

- As a service to the senior citizens within the AA, the institution waives the service charges on all NOW accounts (62 years and older) and early CD withdrawal penalties (59 1/2 years old). Fifth District also offers Electronic Benefit Transfers (Direct Deposits) into accounts and free cashing of U.S. Government checks.
- Free online banking for all customers, as well as free online Bill Pay.
- The institution offers “Equity-Line”, which is an extremely affordable way for customers to access the equity in their homes.
- Several new accounts have been developed: Homeowners Checking, Economy Checking and Statement Savings, which offers the benefit of having a savings account with an ATM card.
- Payable on Death Accounts, which offer the benefit of acting as a trust account as well the ability to provide the customer with additional FDIC coverage.
- Telephone Banking, which allows customers to access account information via the telephone and perform basic banking functions.
- Fifth District created a Toll Free Customer Service Telephone Number, which allows customers to make calls from anywhere at no expense to them.

The institution also supports and maintains relationships with the following non-profit organizations:

- The Lakeview Civic Improvement Association, which focuses on neighborhood stabilization and blight remediation.
- The East Jefferson Business Association, which provides necessary support for the progress and development of the business community.
- The Jefferson Chamber of Commerce whose mission is to work for the advancement of the business community and to enhance the economic environment to improve the quality of life in Jefferson Parish.

Responsiveness to Community Development Needs

Fifth District has demonstrated a reasonable level of responsiveness to community development needs throughout the AA. Products and services offered meet the needs of all individuals and geographies. In addition, the institution’s directorate and

management are very involved in numerous activities and affiliated with many organizations throughout the AA that foster community development.