SMALL BANK

PUBLIC DISCLOSURE

April 16, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

St Landry Homestead FSB
Charter Number 704114

235 N Court St
Opelousas, LA 70570-5255

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- 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.

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Overall CRA Rating

INSTITUTION'S CRA RATING: This institution is rated Outstanding

- The bank's loan-to-deposit (LTD) ratio is more than reasonable relative to the bank's size, competition, and financial condition.
- The bank originates a significant majority of its loans within its assessment area (AA).
- St. Landry Homestead Federal Savings Bank (St. Landry) exhibits reasonable penetration of loans to borrowers of different incomes.
- St. Landry exhibits excellent geographic distribution of loans in the AA.
- The bank did not receive any Community Reinvestment Act complaints during the review period.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/AA.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. CT boundaries do not cross county/parish lines; however, they may cross the boundaries of metropolitan areas. CTs generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. CTs are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of $1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under Housing and Urban Development (HUD) Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's AA(s) or outside the AA(s) provided the bank has adequately addressed the CD needs of its AA(s).

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder' and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A CT delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one- to four-family dwellings other than manufactured housing.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/AA.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county/parish or group of counties/parishes within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county/parish or counties/parishes through commuting ties.

Metropolitan Statistical Area (MSA): An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The MSA comprises the central county/parish or counties/parishes containing the core, plus adjacent outlying counties/parishes having a high degree of social and economic integration with the central county/parish or counties/parish as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state MA. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state MA, the institution will receive a rating for the multi-state MA.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of $1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Call Report. These loans have original amounts of $500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Description of Institution

St. Landry is a mutually-owned financial institution with total assets of $214 million as of December 31, 2017. The bank is headquartered in Opelousas, La. and has continually operated in southwestern Louisiana since 1922. In addition to the headquarters in Opelousas (located in a low-income CT), the bank operates with a branch in Eunice, La. (located in a moderate-income CT) and in Port Barre, La. (located in a middle-income CT). The branches are located in the Parishes of St Landry and Evangeline, both of which are not located in a MSA. The bank also operates in portions of Acadia Parish, which is part of the Lafayette MSA. The bank is not a HMDA reporter, as no branches are located in a MSA. In total, the bank's AA consists of 31 CTs (three located in low-income CTs, 10 located in moderate- income census tracts, 13 located in middle-income CTs, and five located in upper-income CTs). The bank's AA meets regulatory guidelines by including whole geographies and does not arbitrarily exclude low- and moderate-income areas.

All branch locations are full-service facilities with traditional operating hours. Banking hours reasonably meet the community needs with lobby hours Monday through Thursday from 8:30 a.m. to 4:00 p.m. and Friday from 8:30 a.m. to 5:30 p.m. Services are primarily provided through the branch network. However, St. Landry also maintains a transactional website which offers online banking, bill pay, and information about the institution's products, services, and facilities is provided. The institution has no proprietary automated teller machines (ATM), but offers debit cards through its participation in the Pulse ATM network. The bank relocated its two branches during the review period. Both relocations were short distances and within the same CT. No other branches were opened or closed during the review period.

The bank's primary business strategy is to originate residential mortgage loans that are retained in the bank's portfolio. St. Landry offers fixed-rate and adjustable-rate mortgage loans for the purchase, refinance, and home improvement of one- to four-family residences. The bank additionally offers nonresidential real estate mortgage loans and various type of consumer loans, both secured and unsecured. To assist low- and moderate-income borrowers, St. Landry allocates $500,000 annually to its in-house Affordable Housing Program. Participants in this program can receive up to 100 percent financing with reduced closing costs. As of our evaluation date, the bank had allocated the full amount in 2017 and for the current year, and gained the approval of the board to increase the program an additional $500,000 for both years. Management should be commended on their continued commitment to home ownership for low- and moderate-income borrowers. Since St. Landry is not a HMDA reporter, we obtained a sample of 40 residential real estate loans to evaluate the bank's loan performance. We sampled loans from January 1, 2015 through December 31, 2017. When more recent data was needed for comparative purposes, such data was used and the applicable date noted. There are no financial or legal impediments preventing St. Landry from meeting the credit needs of the community.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated St. Landry's CRA performance utilizing the Interagency Small Bank CRA procedures, which focus on the analysis of the bank's primary loan products. For composition, please refer to the table below.

St. Landry Bank's Loan Portfolio		
Loan Category	**Dollars (000)**	**Percentage**
1-4 Residential Real Estate	124,809	75.40
Commercial	26,934	16.27
Multifamily	5,006	3.02
Consumer	6,512	3.93
Commercial and Industrial	2,266	1.38
Total	**165,527**	**100%**

Source: Internal bank documents

We conducted our previous CRA evaluation on September 11, 2012, which covered a period from January 1, 2009 through December 31, 2011. During that evaluation, we concluded the bank had a satisfactory record of meeting the credit needs of its community.

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

Selection of Areas for Full-Scope Review

St. Landry has one AA consisting of the entirety of St. Landry Parish, Evangeline Parish, and a portion of Acadia Parish. This area received a full-scope review. See Appendix A for more information.

Ratings

The bank's overall rating is based exclusively on the area that received a full-scope review.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 195.28(c), respectively, in determining a federal savings association's CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of HUD, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution, or any affiliate whose loans have been considered as part of the institution's lending performance, has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Conclusions with Respect to Performance Tests

St. Landry'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; that a substantial majority of loans were made within the AA; and an excellent geographic distribution of loans within the AA.

LENDING TEST

LTD Ratio

St. Landry's LTD is more than reasonable given the credit needs of the AA and the bank's size, financial condition, and location. During this evaluation period, the bank's LTD ratio ranged from a low of 96.60 percent to a high of 114.69 percent.

Management considers the five banks shown in the following table to be its competitors as they are of comparable size, actively offer residential loan products, and have at least one branch location within the same boundaries of the bank's AA. The LTD ratio for these peer banks is 58.13 percent, which is significantly lower than St. Landry's average during the same period. The peer bank's average LTD ratio for the same period ranged from a low of 30.21 percent to a high of 74.30 percent.

Institution	Assets – As of June 07, 2016 (in thousands)	Average LTD
St. Landry Homestead FSB	214,349	104.89%
St. Landry Bank and Trust Company	284,153	30.21%
Evangeline Bank and Trust Company	548,268	70.56%
Tri-Parish Bank	207,872	52.89%
American Bank and Trust Company	199,515	62.72%
JD Bank	869,624	74.30%

Lending in AA

St. Landry originated a significant majority of loans in its AA during the review period. As shown in the following table, the bank made 92.50 percent of loans by number and 84.42 percent by dollar amount in its AA.

Lending in the Assessment Area										
	Number of Loans					Dollars of Loans in thousands				
Loan Type	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		$	%	$	%	
Residential Real Estate	37	92.50	3	7.50	40	3,274	84.42	604	15.58	3,878

Source: Data Reported under HMDA

Lending to Borrowers of Different Incomes

Lending to borrowers of different income levels for residential real estate loans in the bank's AA reflects a reasonable penetration, given the bank's performance contexts. While it appears that the bank has poor penetration to low-income borrowers, it is important to note the average median house value in the low-income CTs is $70,985 and the average income for low-income borrowers is less than $25,000, making home ownership difficult to achieve. Moreover, approximately 50 percent of low-income families pay rent, with the average rent being $528 a month, making it difficult for low-income renters to save for the down payment required to purchase a residence. In the low-income CTs, 37.07 percent of renters pay more than 30 percent of their income in rent and 47.24 percent of families live below the poverty line. All of these factors combine to make lending difficult to low-income families.

The bank has excellent penetration to moderate-income borrowers in comparison to area demographics.

Borrower Distribution of Residential Real Estate Loans in AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential Real Estate	29.10	8.10	15.21	16.22	15.98	27.03	39.71	48.65

Source: 2017 Census data and bank loan trial sample

Geographic Distribution of Loans

The geographic distribution of loans originated in the bank's AA reflects outstanding penetration in the AA. The bank's lending in both the low- and moderate-income CTs significantly exceeded demographic comparators and is therefore considered excellent.

Geographic Distribution of Residential Real Estate Loans in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential Real Estate	5.65	10.81	27.96	29.73	38.98	43.24	27.40	16.22

Source: 2017 Census data and bank loan trial sample

Responses to Complaints

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

Appendix A: Scope of Examination

Time Period Reviewed	Lending Test 01/01/2015 to 12/31/2017	
Financial Institution		**Products Reviewed**
St. Landry Homestead Federal Savings Bank Opelousas, Louisiana		
Affiliate(s)	**Affiliate Relationship**	**Products Reviewed**
NA	NA	Residential Real Estate
List of Assessment Areas and Type of Examination		
Assessment Area	**Type of Exam**	**Other Information**
Louisiana St. Landry Parish Evangeline Parish Acadia Parish	Full-Scope	NA

Appendix B: Community Profiles for Full-Scope Areas

St. Landry Parish, Evangeline Parish, and Acadia Parish AA

Demographic Information for Full-Scope Area: (Name of Multistate Metropolitan Area)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	31	9.68	32.26	41.94	16.12	0
Population by Geography	142,584	7.94	29.81	42.89	19.36	0
Owner-Occupied Housing by Geography	61,043	4.54	26.33	47.14	21.99	0
Businesses by Geography	11,258	10.23	32.23	39.50	18.04	0
Family Distribution by Income Level	35.076	7.28	29.66	43.30	19.76	0
Median Family Income HUD Adjusted Median Family Income for 2016 Households Below the Poverty Level	$46,888 $49.058 25.83%	Median Housing Value Unemployment Rate			$95,427 6.5%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 U.S. Census, and 2016 HUD updated MFI.

St. Landry has one AA which includes the entire two adjoining Parishes of St. Landry and Evangeline, both of which are not in an MSA. The bank's AA also includes four CTs located in Acadia Parish, which is part of the Lafayette MSA. The bank has branches in St. Landry and Evangeline Parishes but included those portions of Acadia Parish that are in close proximity to a bank branch. The bank's AA meets regulatory guidelines by including whole geographies and does not arbitrarily excluding low- and moderate-income areas. The bank's AA includes 31 CTs (three located in low-income CTs, 10 located in moderate- income CTs, 13 located in middle-income CTs, and five located in upper-income CTs.

The Federal Financial Institutions Examination Council's (FFIEC) updated 2016 median family income for the AA was $49,058. The table below depicts income categories.

Income Categories			
Low	Moderate	Middle	Upper
<$24,529	$24,529 – $39,246	$39,246- $58,869	>$58,869

Source: US Census data

Low-income families earning a median family income less than $26,900 represented 7.28 percent of families in the AA. Moderate-income families comprised 29.66 percent of the AA population. In 2016, 25.83 percent of households in the AA earned wages below the property level.

Based on 2016 business demographic data, there were 11,258 non-farm businesses in the AA. Of these, 10,056 (89.33 percent) of the businesses had revenues of less than $1 million, 345 (3.06 percent) had revenues greater than $1 million, and 857 (7.61 percent) did not report revenue information. The economy of the AA is primarily centered in the oil and gas and related industries. Other significant industries/employers include government and educational systems, healthcare, Wal-Mart, and the Evangeline Downs Racetrack and Casino complex. According to the Bureau of Labor Statistics, the AA had a 6.5 percent annual average unemployment rate during the review period, which is slightly higher than the state average of 5.57 during the same period.

Even though the AA is partially rural, competition among financial institutions in the AA remains strong with the bank vying for loans amongst other large regional and local banks. According to the June 30, 2016 FDIC Summary of Deposits report, St. Landry ranked fifth out of 18 deposit institutions, with $169 million in deposits within the AA and a market share of 8.64 percent. The top four institutions command 42.82 percent of the market share and consequently, there is loan competition in the AA.

In conjunction with this examination, we conducted an interview with a community leader in the AA. The type of organization represented was community-based, with a goal of assisting with disaster recovery and affordable housing for area residents, including those whose income status is considered as low and moderate. The community leader communicated the need for affordable housing within the AA.