



## PUBLIC DISCLOSURE

April 18, 2016

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Fifth District Savings Bank  
Charter Number 700133

4000 General Degaulle Dr. New Orleans, LA 70114-8211

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.

## **General Information**

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of Fifth District Savings Bank, prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, as of April 18, 2016. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

**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 Savings Bank's loan-to-deposit (LTD) ratio is reasonable relative to the institution's size, competition, and financial condition.
- A majority of loans originated by the institution is inside its assessment area and is considered adequate.
- Lending to borrowers of different income levels in the bank's assessment area reflects a reasonable penetration, given the bank's performance contexts.
- The geographic distribution of loans reflects a reasonable dispersion throughout the bank's assessment area.
- Fifth District Savings Bank has demonstrated reasonable responsiveness to community development (CD) needs within the banks assessment area.
- Fifth District has not received any CRA-related consumer complaints since the previous CRA Performance Evaluation.

## Scope of Examination

Fifth District Savings Bank qualifies as an Intermediate Small Bank (ISB) and therefore the Interagency ISB CRA procedures were utilized in evaluating both the bank's lending performance as well as the bank's CD activities. In evaluating Fifth District Savings Bank's lending performance, the bank's primary loan products, as illustrated in the table below, were analyzed to determine which products would require review. In evaluating the Community Development Test, the bank's CD loans, investments, and services were also analyzed.

<b>Fifth District Savings Bank Loan Portfolio</b>		
<b>Loan Category</b>	<b>Dollars (000)</b>	<b>Percentage</b>
1-4 Residential Properties	263,121	91.22
Construction	16,179	5.61
HELOC	7,182	2.49
Consumer	1,491	0.52
Non-Farm / Non-Residential	463	0.16
<b>Total</b>	<b>288,436</b>	<b>100%</b>

Source: Call Report Data as of 12/31/2015

The bank's primary business strategy is to originate residential mortgage loans within its assessment area. The bank is a Home Mortgage Disclosure Act (HMDA) reporter; therefore, HMDA data for the years 2014 and 2015 were reviewed to evaluate the bank's lending performance. Prior to this CRA evaluation, we conducted a stand-alone data integrity HMDA review that did not disclose any significant errors. The bank's CD activities were also analyzed, with all activity from the start of the prior CRA Performance Evaluation, dated May 6, 2013, through April 18, 2016 being reviewed. When more recent data is needed for comparative purposes, such data is used and the applicable date noted.

In addition, we utilized two community contacts familiar with the bank's assessment area to obtain feedback regarding the area's demographics, perceived credit needs, and the responsiveness of local banks of addressing those needs.

## Description of Institution

Fifth District Savings Bank is a full service community bank headquartered in New Orleans, Louisiana with total assets of \$394 million. The bank operates with six offices, including the main branch located in the Algiers area of New Orleans in Orleans Parish. Four branches are located in Jefferson Parish in the cities of Marrero (two branches), Metairie, and Westwego. The fifth branch is located in St. Tammany Parish in the city of Mandeville, Louisiana. The bank's headquarters is located in a moderate-income census tract, as is the branch located in Westwego. Three of the branches are located in middle-income census tracts and the Mandeville Branch is located in an upper-income census tract.

Fifth District Savings Bank is a mutually chartered, federal savings bank whose mission is to provide a safe, secure place for local depositors to invest their savings, at a reasonable dividend rate. Fifth District primarily originates one-to-four family residential mortgages for its own portfolio, which are funded from locally derived deposits. 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.

The bank has not closed any branches since the previous examination. All branches have the ability to originate share loans and receive mortgage loan applications. Banking hours reasonably meet the community needs with lobby hours Monday through Friday. The drive-up facilities are open on Saturday at all offices with the exception of the Westwego Branch. The bank also offers online banking to better serve their customers. There are no significant differences between products offered at the bank's various locations. No financial or legal impediments prevent Fifth District Savings Bank from meeting the credit needs of the community.

The prior CRA examination dated May 6, 2013 covered a period from January 1, 2010 through December 31, 2011. The prior CRA examination found that the bank satisfactorily met the credit needs of its community.

## **Description of Assessment Area(s)**

Fifth District Savings Bank operates all of its branches within the New Orleans-Metairie-Kenner MSA, which consists of eight parishes and is therefore too large an area for the bank to reasonably serve. As such, Fifth District Savings Bank's designated assessment area is the Westbank of the Mississippi River, consisting of parts of Orleans, Jefferson, and Plaquemines Parishes, parts of Metairie in East Jefferson, parts of New Orleans directly adjacent to Metairie, and the western portion of St. Tammany Parish. The bank's assessment area meets the requirements of the CRA regulations and does not arbitrarily exclude low- or moderate-income geographies. The bank's assessment area is made up of 104 census tracts including nine low-income census tracts (8.65 percent of total tracts), 24 moderate-income census tracts (23.08 percent of total tracts), 38 middle-income census tracts (36.54 percent of total tracts) and 33 upper-income census tracts (31.73 percent of total tracts).

Further details regarding the bank's assessment area is discussed in the following table, and is based on 2010 census data.

<b>ASSESSMENT AREA DEMOGRAPHIC AND ECONOMIC DATA</b>	
<b>Population</b>	421,452
Number of Families	105,916
Number of Households	150,126
<b>Geographies</b>	
Number of Census Tracts	104
Low-Income Census Tract	9
Moderate-Income Census Tract	24
Middle-Income Census Tract	38
Upper-Income Census Tract	33
<b>Housing</b>	
Owner Occupied Units	105,827
Rental Occupied Units	44,299
<b>Median Family Income (MFI)</b>	
2010 MFI for AA	\$65,835
2010 HUD-Updated MFI	\$61,900
<b>Economic Indicators</b>	
Unemployment Rate in March 2016*	5.6
2010 Median Housing Value	\$190,491
% of Households Below Poverty Level	12.61
% of Vacant Housing Units	13.10

Source: 2010 census data \*Rate is for entire New Orleans-Metairie-Kenner MSA and is not seasonally adjusted

The Federal Financial Institutions Examination Council’s (FFIEC) updated 2014 median family income for the assessment area was \$61,900. 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 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 Categories:

<b>Income Categories – Fifth District Savings Bank Assessment Area</b>			
Low	Moderate	Middle	Upper
<\$30,950	\$30,951 – \$49,519	\$49,520 - \$74,279	>\$74,280

Source: FFIEC, 2015

Based on 2015 business demographic data, there were 50,366 non-farm businesses in the assessment area. Of these, 41,855 (83 percent) of the businesses had revenues of less than \$1 million, 1,352 (3 percent) had revenues greater than \$1 million and 7,129 (14 percent) did not report revenue information. Primary employers include Parish School Boards, Parish hospitals, private hospitals, Acme Truck Line, and Wal-Mart. The other major industries include retail, service, and gambling.

Competition among financial institutions in the assessment area remains strong, with the bank competing with several large national and regional banks. According to the Federal Deposit Insurance Corporation’s June 30, 2015 deposit market share report, Fifth District Savings Bank commands 1.11 percent of the market share and ranks 13<sup>th</sup> out of 34 banks in the assessment area. The top five banks account for 73.78 percent of the deposits in the assessment area.

As part of this examination, we considered information regarding community credit needs that was provided by two community contacts who are located in the bank's assessment area. The primary credit need in the community was identified as affordable housing. It was explained that the area has experienced significant growth in the housing market resulting in a lack of reasonably priced housing. Housing levels have returned to pre-Katrina levels, but demand is still greater than available housing stock. According to this contact, local banks have been active in helping meet the credit needs of the assessment area.

## Conclusions with Respect to Performance Tests

### LENDING TEST

Fifth District Savings Bank's lending performance is satisfactory. The bank's LTD ratio is reasonable and a majority of loans were originated inside the assessment area. 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

Fifth District Savings Bank's LTD ratio is reasonable given the credit needs of the assessment area and the bank's size, financial condition, and location. This determination was based on quarterly LTD ratios from March 2013 to December 2015 that averaged 86.06 percent. During this evaluation period, the bank's LTD ratio ranged from a low of 82.40 percent to a high of 88.96 percent.

Management considers the five banks shown in the following table to be its competitors as all are of comparable size, actively offer residential loan products, and may have at least one branch location within the same boundaries of the bank's assessment area. The LTD ratio for these peer banks is 77.62 percent, which is lower than Fifth District Savings Bank's average during the same period. The peer bank's average LTD ratio for the same period ranged from a low of 64.23 percent to a high of 93.09 percent.

Institution	Assets – As of December 31, 2015 (in thousands)	Average LTD
Fifth District Savings Bank	393,948	86.06%
Resource Bank	562,336	93.09%
First National Bank USA	131,045	88.02%
Citizen Bank and Trust Company	113,366	72.12%
Metairie Bank and Trust Company	365,346	70.66%
Mississippi River Bank	117,858	64.23%

Source: Call Reports

### Lending in Assessment Area

Fifth District Savings Bank originated a majority of loans inside its assessment during the review period. As shown in the following table, the bank made 59.66 percent of loans by number and 56.49 percent by dollar amount in its assessment area.

Fifth District Savings Bank Lending in Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Purchase	177	56.73	135	43.27	312	45,946	54.31	38,655	45.69	84,601
Improvement	12	60.00	8	40.00	20	1,897	51.77	1,767	48.23	3,664
Refinance	55	71.43	22	28.57	77	10,341	70.19	4,391	29.81	14,732
Totals	244	59.66	165	40.34	409	58,184	56.49	44,813	43.51	102,997

Source: 2014 and 2015 HMDA Data

### Lending to Borrowers of Different Incomes

Lending to borrowers of different income levels for residential real estate loans in the bank’s assessment area 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 that the average median house value is \$190,491 and the average income for low-income borrowers is less than \$30,950, making home ownership unaffordable. Moreover, with average rents equaling \$894 in the assessment area, it is difficult for low-income renters to save for the down payment required to purchase a residence. Lastly, when compared against peer lenders, Fifth District Savings Bank’s lending activity is reasonable considering the lack of affordable housing and the high competition within the assessment area. The bank ranks 12 out of 215 institutions for purchase loans; 11 out of 68 institutions for home improvement lending; and 40 out of 220 institutions for refinance loans for a market share of 1.60 percent, 1.68 percent, and 0.59 percent respectively. The top five lenders for purchase loans, home improvement loans, and refinance loans command 43.42 percent, 48.91 percent, and 40.02 percent of the market respectively, and offer a wider variety of conventional, government-insured, and flexible mortgage loan products. As such, Fifth District Savings Bank faces significant competition in the lending market. The bank has good penetration to moderate-income borrowers in comparison to the number of assessment area families.

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
Purchase	5.25	1.69	17.49	7.34	20.85	14.69	44.35	75.14
Improvement	9.55	8.33	14.41	16.67	21.44	25.00	47.24	50.00
Refinance	5.71	1.82	11.12	14.55	18.23	14.55	48.77	69.09

Source: Data reported under HMDA; U.S. Census data. HMDA purchase loans do not add up to 100 percent because 1.14 Percent of loans classified as N/A.

### Geographic Distribution of Loans

The geographic distribution of loans originated in the bank’s assessment area reflects reasonable dispersion across most of the census tracts. As the table below depicts, the bank did not make any home improvement or refinance loans in the low-income census tracts. The bank’s lending for purchase loans approximates the percent of assessment area owner-occupied housing in the low-income census tracts and is considered good. The bank’s level of lending in the moderate-income census tracts exceeds the percentage of owner-occupied housing for all loan types and is considered excellent.

Table 3 - 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
Purchase	0.86	0.56	9.50	14.69	37.09	29.38	52.55	55.37
Improvement	3.35	0.00	15.58	33.33	34.17	33.33	46.90	33.33
Refinance	1.44	0.00	8.62	12.73	37.19	27.27	52.75	60.00

Source: Data reported under HMDA; U.S. Census data.

### Responses to Complaints

Fifth District Savings Bank did not receive any consumer complaints pertaining to its lending activities during the evaluation period.

### COMMUNITY DEVELOPMENT TEST

Fifth District Savings Bank’s performance with respect to the CD test is rated satisfactory. The bank demonstrated adequate responsiveness to CD needs in its assessment area, given the bank’s size, financial condition, and known opportunities.

Fifth District Savings Bank is primarily a single family residential lender as evidenced by the bank’s lending activity. As a single family residential lender, the bank does not make commercial or small business loans and therefore did not originate any qualifying



CD loans during the review period. Fifth District Savings Bank's CD investments are adequate and the bank has demonstrated excellent responsiveness to CD needs in its assessment area given the institution's size, financial condition, and known opportunities.

## **COMMUNITY DEVELOPMENT TEST**

### **Number and Amount of Qualified Investments**

Considering the needs and opportunities in the assessment area and Fifth District Saving Bank's performance context and capacity, the bank provided an adequate level of CD investments including the following:

- The bank invested \$363,200 in two pools of mortgage-backed securities where all loans were to low- and moderate-income borrowers.
- The bank contributed \$84,809 to various charities and organizations who promote community and economic development.

### **Extent to Which the Bank Provides Community Development Services**

Fifth District Savings Bank has provided an excellent level of CD services. Of the bank's six office locations, two are located in moderate-income census tracts. Service delivery systems are accessible to geographies and individuals of different income levels in the assessment area. Business hours and services are convenient and accessible to all segments of the assessment area. All offices have expanded hours on Friday afternoons. The bank is a member of the PULSE and PLUS Automated Teller Machine (ATM) networks. Affiliations with these networks offer the bank's customers access to ATM and Point of Sale locations throughout the United States and worldwide, while at the same time offering non-customers access to the bank's ATMs.

All offices offer a full line of banking services, and ATMs. As a service to the bank's senior citizens, Fifth District Savings Bank waives the service charges on all NOW Accounts for customers age 62 and older. Several of the accounts offered to the bank's customers were specifically developed to be beneficial to low- and moderate-income individuals, including the Economy Checking Account, which is a low cost checking account for customers who write just a few checks per month. In addition, the bank offers various programs that benefit low- and moderate-income customers, the highlights of which include the following:

- Advantage Plus Program: the bank offers a special loan program designed specifically to assist low- and moderate-income borrowers to purchase their first home.
- Providence Community Housing: the bank partnered with this housing agency to foster healthy, diverse, and vibrant communities for affordable, mixed income housing needs.

- New Orleans Soft Second Mortgage Program: the bank is among the approved lenders for the City of New Orleans' Soft Second Mortgage Program, which was developed to promote homeownership opportunities for low- and moderate-income families who are purchasing their first home. This grant is used to bridge the gap between the price of the home and the maximum amount a homebuyer can borrow with a mortgage loan.
- Neighborhood LIFT Program: the bank is an approved lender for this down payment assistance program for low- and moderate-income residents and families, in partnership with Neighbor Works America. The program provides \$15,000 in down payment assistance to eligible homebuyers who are purchasing a home within the city limits of New Orleans.
- Teach Children to Save: this is a national program that organizes bank volunteers to help young people develop a savings habit, early in life. During 2014 and 2015, bank employees visited two public schools with students from low- and moderate-income families. Since the inception of the bank's program, 15 employees have participated in teaching 455 students at seven schools about the value of saving money.

### **Responsiveness to Community Development Needs**

Fifth District Savings Bank has demonstrated an adequate level of responsiveness to CD needs throughout the assessment area. Products and services offered meet the needs of low- and moderate-income individuals. The bank offers low cost checking products, free online banking, telephone banking, and toll free customer service. Banking locations and hours are convenient, including Saturday drive-up services at all but one of the offices. The bank has numerous proprietary ATM locations throughout its assessment area, which customers can use without incurring a fee.

The bank's senior management and staff are involved in numerous activities and affiliated with many organizations throughout the assessment area that focus on the needs of low- and moderate-income groups. Such activity enables the bank to become aware of and participate in activities that satisfy the CD needs of the assessment area.

### **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal Savings Association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

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