FORM 10KSB40

Annual and transition reports of small business issuers [Section 13 or 15(d), S-B Item 405]

Filing Date: **1996-12-30** | Period of Report: **1996-09-30**
SEC Accession No. 0000950164-96-000113

(HTML Version on secdatabase.com)

FILER

ST LANDRY FINANCIAL CORP

CIK:**933981**| IRS No.: **721284436** | State of Incorp.:**DE** | Fiscal Year End: **0930**
Type: **10KSB40** | Act: **34** | File No.: **000-25486** | Film No.: **96687370**
SIC: **6035** Savings institution, federally chartered

Mailing Address
459 EAST LANDRY STREET
OPELOUSAS LA 70570

Business Address
459 EAST LANDRY ST
OPELOUSAS LA 70571
3189425748

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-KSB

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [Fee Required]

For the fiscal year ended September 30, 1996

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [No Fee Required]

For the transition period from _______ to _______

Commission file number 0-25486.

ST. LANDRY FINANCIAL CORPORATION
(Exact Name of Small Business Issuer as Specified in its Charter)

Delaware	72-1284436
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
459 East St. Landry Street, Opelousas, Louisiana	70570
(Address of principal executive offices	(Zip Code)

Issuer's telephone number, including area code: (318) 942-5748

Securities Registered Pursuant to Section 12(b) of the Act:

None

Securities Registered Pursuant to Section 12(g) of the Act:

Common Stock, par value $.01 per share
(Title of Class)

Check whether the Issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past twelve months (or for such shorter period that the Issuer was required to file such reports), and (2) has been subject to such requirements for the past 90 days. YES [X] NO [ ]

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of Issuer's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [X]

The Issuer had $4.1 million in gross income for the year ended September 30, 1996.

As of September 30, 1996, there were issued and outstanding 459,093 shares of the Issuer's Common Stock. The Issuer's voting stock is not regularly and actively traded, and there are no regularly quoted bid and asked prices for the Issuer's voting stock. Accordingly, the Issuer is unable to determine the aggregate market value of the voting stock held by non-affiliates.

DOCUMENTS INCORPORATED BY REFERENCE

PARTS II and IV of Form 10-KSB--1996 Annual Report to Stockholders.
PART III of Form 10-KSB--Proxy Statement for the 1996 Annual Meeting of Stockholders.

PART I

Item 1. Description of Business

General

St. Landry Financial Corporation ("St. Landry" or the "Company") is a Delaware corporation which was organized in 1995 by First Federal Savings and Loan Association of Opelousas ("First Federal" or the "Association") for the purpose of becoming a thrift institution holding company. First Federal, headquartered in Opelousas, Louisiana, was founded in 1957 as a federally chartered institution. Its deposits are insured up to applicable limits by the FDIC. In April 1995, the Association converted to the stock form of organization through the sale and issuance of 459,093 shares of its common stock to the Company. The principal asset of the Company is the outstanding stock of the Association, its wholly owned subsidiary. The Company presently has no separate operations and its business consists only of the business of the Association. All references to the Company, unless otherwise indicated, at or before April 5, 1995 refer to the Association.

First Federal has been, and intends to continue to be, a community-based financial institution that offers a variety of selected financial services to meet the needs of the community it serves. The Association attracts retail deposits from the general public and primarily uses such deposits to originate one- to four-family residential mortgages. To a lesser extent the Association also originates commercial real estate, one- to four-family construction and consumer loans. The Association also purchases mortgage-backed securities and invests in U.S. Government and agency obligations and other permissible investments. See "--Lending Activities" and "--Investment Activities."

At September 30, 1996, the Association's loans receivable portfolio totalled $41.2 million, which consisted of $35.6 million of one- to four-family residential mortgage loans, $2.9 million of commercial real estate and land loans, $1.3 million of construction or development loans and $1.4 million in consumer loans.

First Federal's primary market area is St Landry Parish, Louisiana. At September 30, 1996, the Company had total assets of $56.9 million, deposits of $42.0 million and stockholders' equity of $6.7 million (12% of total assets).

The executive offices of the Company are located at 459 East Landry Street, Opelousas, Louisiana 70570, and the telephone number at that address is (318) 942-5748.

Lending Activities

General. Historically, the Association originated fixed-rate one- to four-family mortgage loans for retention in its portfolio. In the early 1980's, the Association began the origination of adjustable rate mortgage ("ARM") loans for retention in its portfolio, in order to increase the percentage of loans in its portfolio with more frequent repricing or shorter maturities than fixed-rate mortgage loans. However, borrowers in the local market area traditionally have favored fixed-rate products which has limited the Association's ability to originate ARMs. As a result, the Association has continued to originate fixed-rate residential mortgage loans in response to consumer demand.

The Association's primary focus in lending activities is on the origination of loans secured by first mortgages on owner-occupied one- to four-family residences. To a lesser extent, the Association originates loans secured by commercial real estate, one- to four-family construction and consumer loans. At September 30, 1996, the Association's net loans held in portfolio totalled $39.9 million, which constituted 70% of the Association's total assets.

The Loan Committee of the Association, comprised of Directors Roy, Wolfe and Dunbar, has the responsibility for the supervision of the Association's loan portfolio with an overview by the full Board of Directors. Loans may be approved by the Loan Committee, depending on the size of the loan, with all loans subject to ratification by the full Board of Directors. Loans in excess of $250,000 require full board approval. In addition, foreclosure actions or the taking of deeds-in-lieu of foreclosure are subject to oversight by the Board of Directors.

The aggregate amount of loans that the Association is permitted to make under applicable federal regulations to any one borrower, including related entities, or the aggregate amount that the Association could have invested in any one real estate project, is generally the greater of 15% of unimpaired capital and surplus or $500,000. See "Regulation--Federal Regulation of Savings Associations." At September 30, 1996, the maximum amount which the Association could have lent to any one borrower and the borrower's related entities was approximately $1.0 million. At September 30, 1996, the Association had no loans or lending relationships with an outstanding balance in excess of this amount. The Association's largest lending relationship was a loan to a single borrower aggregating $576,000 at September 30, 1996, and was secured by an apartment building under construction. The next largest lending relationships at that date consisted of a $471,000 loan secured by one- to four- family residential property and a $403,000 loan secured by a church. At September 30, 1996, all of these loans was performing in accordance with their respective repayment terms.

Loan Portfolio Composition. The following information concerning the composition of the Association's rates loan portfolios in dollar amounts and in percentages (before deductions for loans in process, deferred fees and discounts and allowances for losses) as of the dates indicated.

<TABLE>
<CAPTION>

	September 30,					
	1994		1995		1996	
	Amount	Percent	Amount	Percent	Amount	Percent
	(Dollars in Thousands)					
Real Estate Loans:						
One- to four-family	$31,074	89.69%	$34,665	89.52%	$35,635	86.41%
Commercial	1,428	4.12	1,728	4.46	2,891	7.01
Construction	1,604	4.63	1,556	4.02	1,295	3.14
Total real estate loans	34,106	98.44	37,949	98.00	39,821	96.56
Consumer Loans:						
Deposit account	474	1.36	606	1.57	705	1.71
Automobile	--	--	--	--	479	1.16
Mobile homes	35	.10	74	.19	147	.36
Other	33	.10	91	.24	88	.21
Total consumer loans	542	1.56	771	2.00	1,419	3.44
Total loans	34,648	100.00%	38,720	100.00%	41,240	100.00%
Less:						
Loans in process	900		885		711	
Deferred fees and discounts	94		90		93	
Allowance for losses	351		389		580	
Total loans receivable, net	$33,303		$37,356		$39,856	

</TABLE>

The following table shows the composition of the Association's loan portfolios by fixed- and adjustable-rate at the dates indicated.

<TABLE>
<CAPTION>

	September 30,					
	1994		1995		1996	
	Amount	Percent	Amount	Percent	Amount	Percent
	(Dollars in Thousands)					
Fixed-Rate Loans:						
Real estate:						
One- to four-family......................	$10,405	30.03%	$11,891	30.71%	$12,263	29.74%
Commercial...............................	61	.18	76	.19	34	.08
Construction.............................	797	2.30	100	.26	409	.99
Total real estate loans...............	11,263	32.51	12,067	31.16	12,706	30.81
Consumer.................................	35	.10	165	.42	714	1.73
Total fixed-rate loans................	11,298	32.61	12,232	31.58	13,420	32.54

Adjustable-Rate Loans:						
Real estate:						
One- to four-family	20,669	59.65	22,774	58.82	23,372	56.67
Commercial	1,367	3.95	1,652	4.27	2,857	6.93
Construction	807	2.33	1,456	3.76	886	2.15
Total real estate loans	22,843	65.93	25,882	66.85	27,115	65.75
Consumer	507	1.46	606	1.57	705	1.71
Total adjustable-rate loans	23,350	67.39	26,488	68.42	27,820	67.46
Total loans	34,648	100.00%	38,720	100.00%	41,240	100.00%
Less:						
Loans in process	900		885		711	
Deferred fees and discounts	94		90		93	
Allowance for loan losses	351		389		580	
Total loans receivable, net	$33,303		$37,356		$39,856	

</TABLE>

The following schedule illustrates the interest rate sensitivity of the Association's loan portfolio at September 30, 1996. Mortgages which have adjustable or renegotiable interest rates are shown as terms to repricing. The Association is unable to provide this information based on contractual maturities. The schedule does not reflect the effects of possible prepayments or enforcement of due-on-sale clauses.

<TABLE>
<CAPTION>

(Dollars in Thousands)

	Real Estate									
	One- to Four-Family		Commercial		Construction		Consumer		Total	
	Amount	Weighted Average Rate	Amount	Weighted Average Rate	Amount	Weighted Average Rate	Amount	Weighted Average Rate	Amount	Weighted Average Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Due During Periods Ending September 30,										
1997	$24,655	7.29%	$ 2,644	7.90%	$ 1,295	7.86%	$ 733	6.62%	$29,327	7.35%
1998 and 1999	408	9.45	37	10.03	---	---	167	9.62	612	9.53
2000 and 2001	268	9.87	24	11.93	---	---	507	17.68	799	14.89
2002 to 2006	1,774	9.28	158	9.29	---	---	12	17.00	1,944	9.33
2007 to 2021	5,909	8.74	28	9.42	---	---	---	---	5,937	8.74
2022 and following	2,621	8.57	---	---	---	---	---	---	2,621	8.57
	$35,635		$ 2,891		$ 1,295		$1,419		$41,240	

</TABLE>

The total amount of loans due to mature or reprice after September 30, 1996 which have predetermined interest rates is $13.4 million, and which have floating or adjustable interest rates is $27.8 million.

One- to Four-Family Residential Mortgage Lending. The Association focuses its lending efforts primarily on the origination of conventional loans for the acquisition of owner-occupied, one- to four-family residences. At September 30, 1996, the Association's one- to four-family residential mortgage loans totalled $35.6 million, or 86% of the Association's gross loan portfolio. The Association originates these loans primarily from referrals from real estate agents, existing customers and walk-in customers.

The Association currently offers adjustable-rate and fixed-rate loans. During the year ended September 30, 1996, the Association originated $6.4 million of adjustable-rate real estate loans, 91% of which were secured by one- to four-family residential real estate. During the same period, the Association originated $1.7 million of fixed-rate real estate loans, virtually all of which were secured by one- to four-family residential real estate. The Association's one- to four-family residential mortgage originations are secured by properties primarily located in its market area.

The Association currently originates one- to four-family residential mortgage loans in amounts up to 90% of the appraised value of the security property. The terms of such loans are generally for up to a maximum term of 30 years. Interest charged on these mortgage loans is competitively priced according to local market conditions.

The Association currently offers ARMs with one year annual adjustments. All of the ARM loans are generally offered at a margin over the 11th District's cost of funds. ARM loans currently offered by the Association generally provided for up to a two percent annual cap and a lifetime cap of 12 1/2%. As a consequence of using caps, the interest rates on the ARMs may not be as rate sensitive as the Association's cost of funds. Borrowers of adjustable rate loans are qualified at the fully-indexed rate of interest.

In underwriting one- to four-family residential real estate loans, the Association evaluates both the borrower's ability to make monthly payments and the value of the property securing the loan. Properties securing real estate loans made by First Federal are currently appraised by independent fee appraisers approved and qualified by the Board of Directors. First Federal generally requires borrowers to obtain an opinion of title and fire, property and flood insurance (if required) in an amount not less than the amount of the loan. Real estate loans originated by the Association generally contain a "due on sale" clause allowing the Association to declare the unpaid principal balance due and payable upon the sale of the security property.

Commercial Real Estate Lending. The Association engages in commercial real estate lending, including permanent loans secured primarily by churches, office buildings, apartment buildings and retail establishments in the Association's primary market area. At September 30, 1996, the Association had $2.9 million of commercial real estate loans which represented 7% of the Association's gross loan portfolio. Included in commercial real estate is approximately $461,000 of loans to individuals secured by vacant land located in the Association's market area.

Generally, commercial real estate loans originated by First Federal are adjustable-rate loans, with annual adjustments based upon the 11th District's cost of funds, subject to limitations on the maximum annual and total interest rate increase or decrease over the life of the loan. Commercial real estate loans typically do not exceed 75% of the appraised value of the property securing the loan. First Federal analyzes the financial condition of the borrower, the borrower's credit history, the reliability and predictability of the net income generated by the property securing the loan and the value of the property itself. The Association generally requires personal guaranties of the borrowers, which are supported by financial statements, in addition to the security property as collateral for such loans. Appraisals on properties securing commercial real estate loans originated by the Association are generally performed by independent fee appraisers approved by the Board of Directors.

Loans secured by commercial real estate are generally larger and involve a greater degree of credit risk than one- to four-family residential mortgage loans. Commercial real estate loans typically involve large balances to single borrowers or groups of related borrowers. Because payments on loans secured by commercial real estate are often dependent on the successful operation or management of the properties, repayment of such loans may be subject to adverse conditions in the real estate market or the economy. If the cash flow from the project is reduced (for example, if leases are not obtained or renewed), the borrower's ability to repay the loan may be impaired.

Construction Lending. The Association engages in a limited amount of construction lending, with $1.3 million or 3% of its gross loan portfolio in construction loans as of September 30, 1996. Generally, such loans are made to owner-occupants for the construction of one- to four-family residences. Currently, such loans are offered with terms to maturity of up to six months and in amounts generally up to 90% of the appraised value of the security property which then convert to permanent loans at the end of the construction phase. At September 30, 1996, the Association had a single non-residential construction loan of $576,000 secured by an apartment building.

The Association's construction loans require the payment of interest-only on a monthly basis. The Association makes the permanent loan on the underlying property consistent with its underwriting standards for one- to four-family residences. The Association usually disburses funds on construction loans directly to the builder, or jointly to the individual and supplier if the individual is acting as its own general contractor, at certain intervals based upon the completed percentage of the project. Inspections of loans in process are performed by the Association's staff.

Nevertheless, construction lending is generally considered to involve a higher level of credit risk than one- to four-family residential lending since the risk of loss on construction loans is dependent largely, upon the accuracy of the initial estimate of the individual property's value upon completion of the project and the estimated cost (including interest) of the project. If the cost estimate proves to be inaccurate, the Association may be required to advance funds beyond the amount originally committed to permit completion of the project. In an effort to reduce these risks, the application process includes a submission to the Association of accurate plans, specifications and costs of the project to be constructed. These items are also used as a basis to determine the appraised value of the subject property. Loans are based on the lesser of current appraised value and/or the cost of construction (land plus building).

Consumer Lending. First Federal currently offers loans secured by deposit accounts and mobile homes, as well as a limited number of unsecured loans to existing customers. Substantially all of the Association's consumer loans originated by the Association were originated in its primary market area. At September 30, 1996, the Association's consumer loan portfolio totalled $1.4 million, or 3% of its total gross loan portfolio. The majority of consumer loans are secured by savings accounts and automobiles.

During fiscal 1996, the Association purchased a group of consumer loans secured by used automobiles totalling $503,000. These loans were purchased from a loan broker which initially retained servicing rights. The Association has experienced difficulties in obtaining information and payments from the servicer and subsequent to September 30, 1996, a new servicer has taken over the responsibility for servicing this portfolio. As a result, $314,000 of these loans have been classified as substandard under the Association's classification of assets system. In addition, the Association increased its provision for loan losses during fiscal 1996 partially as a result of the performance of this portfolio.

Consumer loan terms vary according to the type and value of collateral, length of contract and creditworthiness of the borrower. The underwriting standards employed by the Association for consumer loans include an application, a determination of the applicant's payment history on other debts, employment stability and an assessment of ability to meet existing obligations and payments on the proposed loan. Although creditworthiness of the applicant is a primary consideration, the underwriting process also includes a comparison of the value of the security, if any, in relation to the proposed loan amount.

Consumer loans may entail greater risk than do residential mortgage loans, particularly in the case of consumer loans which are unsecured or secured by rapidly depreciable assets such as automobiles. In such cases, any repossessed collateral for a defaulted consumer loan may not provide an adequate source of repayment of the outstanding loan balance as a result of the greater likelihood of damage, loss or depreciation. The remaining deficiency often does not warrant further substantial collection efforts against the borrower. In addition, consumer loan collections are dependent on the borrower's continuing financial stability, and thus are more likely to be adversely affected by job loss, divorce, illness or personal bankruptcy. Furthermore, the application of various federal and state laws, including federal and state bankruptcy and insolvency laws, may limit the amount which can be recovered on such loans. Such loans may also give rise to claims and defenses by a consumer loan borrower against an assignee of such loan such as the Association, and a borrower may be able to assert against such assignee claims and defenses which it has against the seller of the underlying collateral. Consumer loan delinquencies often increase over time as the loans age.

Originations, Purchases, Sales and Servicing of Loans

Real estate loans are generally originated by First Federal's staff of salaried loan officers. Loan applications are taken and processed at its office. In fiscal 1996, the Association originated $8.7 million of loans, compared to $10.1 million, $8.1 million and $5.9 million in fiscal 1995, 1994 and 1993, respectively. Management attributes the increase in originations to sustained low interest rates during fiscal 1994 and 1995. During fiscal

1996, there was a slight decrease in the dollar amount of originations due primarily to the fact that the loans were not as large and in part because of a slight rise in interest rates.

In periods of economic uncertainty, including, rising interest rates, depressed real estate values and slowing of economic activity, the Association's ability to originate large dollar volumes of real estate loans may be substantially reduced or restricted with a resultant decrease in related loan origination fees, other fee income and operating earnings. The Association does not currently purchase loans because there is sufficient product available for origination but will consider favorable purchase opportunities as they arise.

The following table shows the loan origination, purchase, sale and repayment activities of the Association for the periods indicated.

<TABLE>
<CAPTION>

	Year Ended September 30,		
	1994	1995	1996
		(In Thousands)	
<S>	<C>	<C>	<C>
Originations by type:			
Adjustable rate:			
Real estate - one- to four-family.........	$ 4,438	$ 5,561	$5,826
- commercial.................	516	1,361	551
Consumer.................................	218	613	459
Total adjustable-rate.............	5,172	7,535	6,836
Fixed rate:			
Real estate - one- to four-family.........	2,903	2,418	1,717
- commercial.................	---	6	25
Consumer.................................	31	94	76
Total fixed-rate..................	2,934	2,518	1,818
Total loans originated............	8,106	10,053	8,654
Purchases:			
Total purchased...........................	---	---	503
Sales and Repayments:			
Total sales..............................	---	---	---
Principal repayments.....................	4,451	3,625	5,133
Total reductions..................	4,451	3,625	5,133
Increase (decrease) in other items, net(1)................................	(2,596)	(2,375)	(1,523)
Net increase (decrease)...........	$ 1,059	$ 4,053	$2,501

<FN>
----
(1) Primarily existing loans refinanced by the Association.
</FN>
</TABLE>

Asset Quality

When a borrower fails to make a required payment on a loan, the Association attempts to cause the delinquency to be cured by contacting the borrower. Initially, a payment reminder is sent five and 20 days after the due date, if payment has not been received. If the delinquency is not cured by the 30th day, contact with the borrower may be made by phone and by another letter. Additional written and oral contacts may be made with the borrower between 30 and 60 days after the due date. If the delinquency continues for a period of 60 days, the Association usually sends a default letter to the borrower and, after 90

days, institutes appropriate action to foreclose on the property. If foreclosed, the property is sold at public auction and may be purchased by the Association.

Delinquent consumer loans are handled in a generally similar manner, except that when the payment is 45 days past due, the loan is referred to the Association's counsel for collection. The Association's procedures for repossession and sale of consumer collateral are subject to various requirements under Louisiana consumer protection laws.

Generally, when a loan becomes delinquent 90 days or more, or when the collection of principal or interest becomes doubtful, the Association will place the loan on a non-accrual status and, as a result, previously accrued interest income on the loan is taken out of current income. Each account is handled on an individual basis. The loan will be transferred back to an accrual status if the borrower brings the loan current.

The following table sets forth the Association's loan delinquencies, approximately $1.0 million are secured by one- to four-family residences, $199,000 are secured by automobiles, and $12,000 are unsecured.

<TABLE>
<CAPTION>

	Loans Delinquent For:				Total Loans Delinquent	
	60-89 Days		90 Days and Over		60 Days or More	
	Number	Amount	Number	Amount	Number	Amount
	(Dollars in Thousands)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Total......	19	$441	35	$802	77	$1,243
	==	====	==	====	==	======

</TABLE>

Non-Performing Assets. The table below sets forth the amounts and categories of non-performing assets in the Association's loan portfolio. At all dates presented, the Association had no accruing loans which were contractually past due 90 days or more and no troubled debt restructurings (which involve forgiving a portion of interest or principal on any loans or making loans at a rate materially less than that of market rates). Foreclosed assets include assets acquired in settlement of loans.

<TABLE>
<CAPTION>

	September 30,				
	1992	1993	1994	1995	1996
	(Dollars in Thousands)				
<S>	<C>	<C>	<C>	<C>	<C>
Non-accruing loans:					
One- to four-family	$ 662	$390	$561	$581	$618
Consumer	--	--	--	19	184
Total	662	390	561	600	802
Foreclosed assets:					
One- to four-family	565	274	69	56	131
Total	565	274	69	56	131
Total non-performing assets	$1,227	$664	$630	$656	$933
	======	====	====	====	====
Total as a percentage of total assets...........................	2.56%	1.38%	1.32%	1.23%	1.64%
	======	====	====	====	====

</TABLE>

For the year ended September 30, 1996 gross interest income which would have been recorded had the non-accruing loans been current in accordance with their original terms amounted to $101,000. The amounts that were included in interest income on such loans were $58,000 for the year ended September 30, 1996.

The majority of the Association's non-performing assets are secured by one- to four-family residential property. No single loan or real estate owned had an outstanding balance in excess of $145,000.

Classified Assets. Federal regulations provide for the classification of loans and other assets such as debt and equity securities considered by the OTS to be of lesser quality as "substandard," "doubtful" or "loss." An asset is considered "substandard" if it is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any.

"Substandard" assets include those characterized by the "distinct possibility" that the savings association will sustain "some loss" if the deficiencies are not corrected. Assets classified as "doubtful" have all of the weaknesses inherent in those classified "substandard," with the added characteristic that the weaknesses present make "collection or liquidation in full," on the basis of currently existing facts, conditions, and values, "highly questionable and improbable." Assets classified as "loss" are those considered "uncollectible" and of such little value that their continuance as assets without the establishment of a specific loss reserve is not warranted.

When a savings association classifies problem assets as either substandard or doubtful, it may establish general allowances for loan losses in an amount deemed prudent by management. General allowances represent loss allowances which have been established to recognize the inherent risk associated with lending activities, but which, unlike specific allowances, have not been allocated to particular problem assets. When a savings association classifies problem assets as "loss," it is required either to establish a specific allowance for losses equal to 100% of that portion of the asset so classified or to charge-off such amount. An association's determination as to the classification of its assets and the amount of its valuation allowances is subject to review by the association's Regional Director at the regional OTS office, who may order the establishment of additional general or specific loss allowances.

In connection with the filing of its periodic reports with the OTS and in accordance with its classification of assets policy, the Association regularly reviews the loans in its portfolio to determine whether any loans require classification in accordance with applicable regulations. On the basis of management's review of its assets, the following table presents classified assets at the dates indicated.

	September 30,				
	1992	1993	1994	1995	1996
	(In Thousands)				
Classified Assets:					
Substandard	$1,109	$1,440	$1,194	$1,171	$1,185
Doubtful	--	--	--	--	--
Loss	117	65	63	48	230
Total	$1,226	$1,505	$1,257	$1,219	$1,415

First Federal has recognized various levels of loan loss provisions due to the impact of a large balance of delinquent and classified loans and the uncertainty surrounding the Association's local market area.

Included in the Association's classified assets at September 30, 1996, were $314,000 in automobile loans which were purchased in October 1995, and $277,000 were loans made to facilitate the sale of real estate owned, which are properties the Association has previously acquired through foreclosure or by deed-in-lieu thereof. In an attempt to offset holding costs such as insurance, taxes and maintenance, the Association may sell the properties by financing up to 100% of the purchase price. All of such loans were made at fixed rates of interest for terms of 20 years. Unlike troubled debt restructurings, the Association did not forgive any interest or principal payments on these loans. Under regulatory criteria, these loans are classified until the borrower can demonstrate an ability to repay the loan. As of September 30, 1996, First Federal had four loans to facilitate, all of which were performing in accordance with their terms.

Other Assets of Concern. As of September 30, 1996, there was approximately $486,000 in net book value of assets classified by the Association because of known information about the possible credit problems of the borrowers or the cash flows of the security property has caused management to have some doubts as to the ability of the borrowers to comply with present loan repayment terms and which may result in the future inclusion of such item in the non-performing asset categories. Other assets of concern consist of ten one- to four-family residences aggregating $341,000, $133,000 in automobile loans, and $12,000 in unsecured loans at September 30, 1996 which have been designated as special mention under OTS regulations and the loans to facilitate, discussed above. All of these loans are being monitored by the Association due to periodic delinquencies. See "--Allowance for Loan Losses."

Allowance for Loan Losses. The allowance for loan losses is established through a provision for loan losses based on management's evaluation of the risk inherent in its loan portfolio and changes in the nature and volume of its loan activity, including those loans which are being specifically monitored by management. Such evaluation, which includes a review of loans for which full collectibility may not be reasonably assured, considers among other matters, the estimated fair value of the underlying collateral, economic conditions, historical loan loss experience and other factors that warrant recognition in providing for an adequate loan loss allowance.

Real estate properties acquired through foreclosure are recorded at the lower of cost or fair value, less estimated disposition costs. If fair value at the date of foreclosure is lower than the balance of the related loan, the difference will be charged-off to the allowance for loan losses at the time of transfer. Valuations are periodically updated by management and if the value declines, a specific provision for losses on such property is established by a charge to operations.

Although management believes that it uses the best information available to determine the allowance, unforeseen market conditions could result in adjustments and net earnings could be significantly affected if circumstances differ substantially from the assumptions used in making the final determination. Future additions to the Association's allowance will be the result of periodic loan, property and collateral reviews and thus cannot be predicted in advance. At September 30, 1996, the Association had a total allowance for loan losses of $580,000 or 62.6% of non-performing loans. See Note 1 of the Notes to Consolidated Financial Statements.

The following table sets forth an analysis of the Association's allowance for loan losses.

	Year Ended September 30,		
	1994	1995	1996
	(Dollars in Thousands)		
Balance at beginning of period	$256	$351	$389
Charge-offs:			
One- to four-family	5	2	23
Recoveries:			
One- to four-family	--	--	--
Net charge-offs	5	2	23
Additions charged to operations	100	40	214
Balance at end of period	$351	$389	$580
Ratio of net charge-offs during the period to average loans outstanding during the period	0.02%	0.00%	0.05%
Ratio of net charge-offs during the period to average non-accruing loans	1.05%	3.40%	3.28%

The distribution of the Association's allowance for losses on loans at the dates indicated is summarized as follows:

<TABLE>
<CAPTION>

September 30,								
1994			1995			1996		
Amount of Loan Loss Allowance	Loan Amounts by Category	Percent of Loans in Each Category to Total Loans	Amount of Loan Loss Allowance	Loan Amounts by Category	Percent of Loans in Each Category to Total Loans	Amount of Loan Loss Allowance	Loan Amounts by Category	Percent of Loans in Each Category to Total Loans

(Dollars In thousands)

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
One- to four-family	$341	$31,074	89.69%	$378	$34,665	89.53%	$327	$35,635	86.41%
Commercial real estate	4	1,428	4.12	2	1,728	4.46	29	2,891	7.01
Construction	4	1,604	4.63	4	1,556	4.02	3	1,295	3.14
Consumer	2	542	1.56	5	771	1.99	221	1,419	3.44
Total	$351	$34,648	100.00%	$389	$38,720	100.00%	$580	$41,240	100.00%

</TABLE>

Investment Activities

Generally, the investment policy of the Association is to invest funds among various categories of investments and maturities based upon the Association's need for liquidity, asset/liability management policies, investment quality and marketability, liquidity needs and performance objectives.

At September 30, 1996, the Association had an investment portfolio, consisting of mortgage-backed securities and U.S. Government obligations. These investments were made in order to generate income and because these securities carry a low risk weighting for OTS risk-based capital purposes and satisfy OTS liquid-asset requirements. See "Regulation-- Capital Requirements" and "--Liquidity."

At September 30, 1996, First Federal's investment securities, including Federal Home Loan Bank ("FHLB") stock totalled $2.8 million, or 5% of total assets and mortgage-backed securities totalled $12.3 million or 22% of total assets. For information regarding the amortized cost and market values of First Federal's investment securities portfolio, see Note 2 of the Notes to Consolidated Financial Statements included in the Annual Report to Stockholders filed as Exhibit 13 hereto. At September 30, 1996, the weighted average term to maturity or repricing of the investment securities portfolio, excluding FHLB stock, was 17 years.

Mortgage-Backed Securities. The Association purchases mortgage-backed and related securities to complement and supplement its mortgage lending activities when there is a lack of investment opportunities available in the Association's market area. Management determined that such investments would produce relatively higher risk-adjusted yields for the Association when compared to other investment securities and substituted for loan originations, in light of the competition for home mortgages in the Association's market area. The Association has emphasized mortgage-backed and related securities with high credit quality, high cash flow, low interest-rate risk, high liquidity and acceptable prepayment risk. Accordingly, management believes that the Association's mortgage-backed securities are

generally resistant to credit problems. Because these securities represent a passthrough of principal and interest from underlying individual thirty year mortgages, such securities do present prepayment risk. Any such individual security contains mortgages that can be prepaid at any time over the life of the security. In a rising interest rate environment the underlying mortgages are likely to extend their lives versus a stable or declining rate environment. A declining rate environment can result in rapid prepayments. There is no certainty as to the security life or speed of prepayment. The geographic makeup and correlated economic conditions of the underlying mortgages also play an important role in determining prepayment. In addition to prepayment risk, interest rate risk is inherent in holding any debt security. As interest rates rise the value of the security declines and conversely as interest rates decline values rise. Adjustable rate mortgage-backed securities have the advantage of moving their interest rate within limits with the contractual index used, subject to the risk of prepayment. All of the adjustable rate mortgage-backed securities in the portfolio are tied to the Eleventh District Cost of Funds Index or the One Year Constant Maturity Treasury Index and all are considered held for investment. The market valuation does not consequently present a direct impact on equity.

The Association's mortgage-backed and related securities portfolio consists primarily of securities issued under government-sponsored agency programs, including those of Government National Mortgage Association ("GNMA"), Federal National Mortgage Association ("FNMA") and Federal Home Loan Mortgage Corporation ("FHLMC"). The certificates are modified pass-through mortgage-backed securities that represent undivided interests in underlying pools of fixed-rate, or certain types of adjustable rate, single-family residential mortgages issued by these government-sponsored entities. FNMA and FHLMC generally provide the certificate holder a guarantee of timely payments of interest, whether or not collected. GNMA's guarantee to the holder is timely payments of principal and interest, backed by the full faith and credit of the

U.S. Government. Private mortgage-backed securities acquired by the Association have been pooled and sold by private issuers and generally underwritten by large investment banking firms. These securities provide for the timely payment of principal and interest either through insurance issued by a reputable insurer, or by subordinating certain payments under other securities secured by the same mortgage pool in a manner that is sufficient to have the senior mortgage-backed securities earn either of the highest two credit ratings from one or more of the nationally recognized securities rating agencies.

Mortgage-backed securities generally yield less than the loans that underlie such securities, because of the cost of payment guarantees or credit enhancements that reduce credit risk to holders. Mortgage-backed securities are also more liquid than individual mortgage loans and may be used to collateralize obligations of the Association. In general, mortgage-backed securities issued or guaranteed by FNMA, FHLMC and certain AAA- or AA-rated mortgage-backed pass-through securities are weighted at no more than 20% for risk-based capital purposes, and mortgage-backed securities issued or guaranteed by GNMA are weighted at 0% for risk-based capital purposes, compared to an assigned risk weighting of 50% to 100% for whole residential mortgage loans. These types of securities thus allow the Association to optimize regulatory capital to a greater extent than non-securitized whole loans.

The following table sets forth the contractual maturities of the Association's mortgage-backed securities at September 30, 1996. For information regarding the amortized cost and market values of First Federal's mortgage-backed securities portfolio, see Note 3 of the Notes to Consolidated Financial Statements included in the Annual Report to Stockholders filed as Exhibit 13 hereto.
<TABLE>
<CAPTION>

	Due in				Septembet 30, 1996
	1 to 3 Years	3 to 5 Years	5 to 10 Years	Over 10 Years	Balance Outstanding
			(In Thousands)		
<S>	<C>	<C>	<C>	<C>	<C>
Federal Home Loan Mortgage Corporation......................	$2,143	$---	$---	$3,457	$5,600
Federal National Mortgage Association......................	436	---	---	4,656	5,092
Government National Mortgage Association	---	50	224	1,280	1,554
Total............................	$2,579	$ 50	$224	$9,393	$12,246

</TABLE>

The following table sets forth the composition of the Association's investment and mortgage-backed securities at the dates indicated.

<TABLE>
<CAPTION>

	September 30,					
	1994		1995		1996	
	Book Value	% of Total	Book Value	% of Total	Book Value	% of Total
			(Dollars in Thousands)			
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Investment securities:						
U.S. government securities...........................	$ 1,482	44.85%	$ 1,485	44.82%	$ 990	30.87%
FHLMC stock..	15	.45	15	.45	378	11.79
Adjustable-rate mortgage-backed securities (1).......	1,400	42.37	1,400	42.26	1,395	43.50
Subtotal...	2,897	87.68	2,900	87.53	2,763	86.16
FHLB stock..	407	12.32	413	12.47	444	13.84

Total investment securities and FHLB stock........	$ 3,304	100.00%	$ 3,313	100.00%	$ 3,207	100.00%
	=======	======	=======	======	=======	======
Average remaining life of investment securities........	2.7 years		2.1 years		1.1 years	
Other interest-earning assets:						
Interest-bearing deposits with other institutions....	$ 110	100.00%	$ 13	100.00%	$ 234	100.00%
	-------	------	------	-------	-------	------
Total...	$ 110	100.00%	$ 13	100.00%	$ 234	100.00%
	=======	======	======	=======	=======	======
Mortgage-backed securities:						
GNMA...	$ 1,174	11.53%	$ 1,042	9.27%	$ 1,567	12.70%
FNMA...	3,027	29.72	4,201	37.36	5,059	41.00
FHLMC..	5,908	58.00	5,886	52.34	5,522	44.75
	-------	------	---------	------	-------	------
	10,109	99.25	11,129	98.97	12,148	98.45
Unamortized premium (discounts), net...................	77	.75	117	1.03	191	1.55
	-------	------	---------	------	-------	------
Total mortgage-backed securities..................	$10,186	100.00%	$11,246	100.00%	$12,339	100.00%
	=======	======	=======	======	=======	======

<FN>
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(1) Represents a mutual fund which invests in stock secured by adjustable-rate mortgage-backed securities and other debt securities.

</FN>
</TABLE>

The composition and maturities of the investment securities portfolio, excluding FHLB stock, are indicated in the following table.

	1 to 5 Years	Total Investment Securities	
	Book Value	Book Value	Market Value
	(Dollars in Thousands)		
U.S. government securities	$990	$990	$990
	----	----	----
Total investment securities	$990	$990	$990
	====	====	====
Weighted average yield	4.99%	4.99%	4.99%

The OTS has issued guidelines regarding management oversight and accounting treatment for securities, including investment securities, loans, mortgage-backed securities and derivative securities. The guidelines require thrift institutions to reduce the carrying value of securities to the lesser of cost or market value unless it can be demonstrated that a class of securities is intended to be held to maturity.

Sources of Funds

General. The Association's primary sources of funds are deposits, amortization and prepayment of loan principal, borrowings, interest earned on, and maturation of investment securities and short-term investments, and net earnings.

Borrowings may be used on a short-term basis to compensate for seasonal reductions in deposits or deposit inflows at less than projected levels, and may be used on a longer-term basis to support expanded lending activities or to increase the effectiveness of the Association's asset/liability management program. In this regard, in order to enhance both the return on the capital raised in the Conversion and its interest rate spread, the Association may utilize advances from the FHLB of Dallas and attempt to match the maturities of such liabilities with assets such as mortgage-backed securities having similar effective maturities but higher yields compared to the rate paid on such advances.

Deposits. First Federal offers the following types of deposit accounts: passbook savings, money market deposit accounts, certificates of deposit and IRA accounts. The Association solicits deposits from its market area and does not accept brokered deposits. The Association relies primarily on competitive pricing policies, advertising and customer service to attract and retain these deposits.

The flow of deposits is influenced significantly by general economic conditions, changes in money market and prevailing interest rates, and competition. The Association currently offers competitive rates on longer term certificates of deposit, the result of which is designed to extend the maturity of its liabilities. The Association believes that this will have a positive effect on its results of operations, both for asset/liability management purposes and in the event market rates of interest increase.

The variety of deposit accounts offered by the Association has allowed it to be competitive in obtaining funds and to respond with flexibility to changes in consumer demand. The Association has become more susceptible to short-term fluctuations in deposit flows, as customers have become more interest rate conscious which can result in disintermediation, which is the flow of funds away from savings institutions into direct investments, such as U.S. government and corporate securities, and other investment vehicles which, because of the absence of federal insurance premiums and reserve requirements, generally pay higher rates of return than savings institutions. If interest rates continue to increase, these sources of funds may become more costly than interest rate regulated sources.

At September 30, 1996, First Federal's deposit base was $42.0 million. The Association has been able to maintain its deposit base, due to the stabilization of interest rates paid on deposits during fiscal 1996. Although approximately 12% of the Association's total deposits are in certificates of deposit of $100,000 or more, this level has historically been maintained and is prevalent in the Association's market area. Based on its experience, the Association believes that its deposits are relatively stable sources of funds. However, the ability of the Association to attract and maintain certificates of deposit, and the rates paid on these deposits, has been and will continue to be significantly affected by market conditions.

The following table sets forth the dollar amount of savings deposits in the various types of deposit programs offered by the Association for the periods indicated.

<TABLE>
<CAPTION>

	Year Ended September 30,					
	1995		1996		1996	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
	(Dollars in Thousands)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Transactions and Savings Deposits:						
Passbook Accounts 3.00%	$ 4,847	11.33%	$ 4,566	10.58%	$4,540	10.81%
Money Market Accounts 3.05%	7,869	18.40	7,725	17.90	6,244	14.87
Total Non-Certificates	12,716	29.73	12,291	28.48	10,784	25.68
Certificates:						
2.00 - 3.99%..........................	15,121	35.35	675	1.57	--	--
4.00 - 5.99%..........................	14,540	34.00	28,357	65.73	28,640	68.22
6.00 - 7.99%..........................	345	.81	1,820	4.22	2,562	6.10
8.00 - 9.99%..........................	48	.11	--	--	--	--
Total Certificates	30,054	70.27	30,852	71.52	31,202	74.32
Total Deposits	$42,770	100.00%	$43,143	100.00%	$41,986	100.00%

</TABLE>

The following table sets forth the savings flows at the Association during the periods indicated.

	Year Ended September 30,		
	1994	1995	1996
	(Dollars in Thousands)		
Opening balance	$ 43,139	$ 42,770	$ 43,143

Deposits	10,727	17,676	9,763
Withdrawals	(12,256)	(18,590)	(12,228)
Interest credited	1,660	1,287	1,308
Ending balance	$ 42,770	$ 43,143	$ 41,986
Net increase (decrease)	$ (369)	$ 373	$ (1,157)
Percent increase (decrease)	(.86)%	.87%	(2.76)%

The following table shows rate and maturity information for the Association's certificates of deposit as of September 30, 1996.

	4.00-5.99%	6.00-7.99%	Total	Percent of Total
Certificate accounts maturing in quarter ending:				
December 31, 1996	$ 4,869	$ 418	$ 5,287	16.95%
March 31, 1997	8,481	--	8,481	27.18
June 30, 1997	3,235	300	3,535	11.33
September 30, 1997	4,420	338	4,758	15.25
December 31, 1997	2,281	259	2,540	8.14
March 31, 1998	1,603	155	1,758	5.63
June 30, 1998	653	33	686	2.20
September 30, 1998	947	--	947	3.04
December 31, 1998	1,018	--	1,018	3.26
March 31, 1999	394	23	417	1.34
June 30, 1999	46	158	204	.65
September 30, 1999	30	283	313	1.00
Thereafter	663	595	1,258	4.03
Total	$28,640	$2,562	$31,202	100.00%
Percent of total	91.79%	8.21%		

The following table indicates the amount of the Association's certificates of deposit and other deposits by time remaining until maturity as of September 30, 1996.

<TABLE>
<CAPTION>

	Maturity				
	3 Months or Less	Over 3 to 6 Months	Over 6 to 12 Months	Over 12 months	Total
	(In Thousands)				
<S>	<C>	<C>	<C>	<C>	<C>
Certificates of deposit less than $100,000	$ 633	$1,147	$1,480	$ 675	$ 3,935
Certificates of deposit of $100,000 or more	4,654	7,206	6,713	8,376	26,949
Public funds (1)	--	128	100	90	318
Total certificates of deposit	$5,287	$8,481	$8,293	$9,141	$31,202

<FN>

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(1) Deposits from governmental and other public entities.

</FN>
</TABLE>

Borrowings. The Association has the ability to use advances from the FHLB of Dallas to supplement its deposits when the rates are favorable. As a member of the FHLB of Dallas, the Association is required to own capital stock and is authorized to apply for advances. Each FHLB credit program has its own interest rate, which may be fixed or variable, and includes a range of maturities. The FHLB of Dallas may prescribe the acceptable uses to which these advances may be put, as well as limitations on the size of the advances and repayment provisions.

The following table sets forth the maximum month-end balance and average balance of FHLB advances, securities sold under agreements to repurchase and other borrowings for the periods indicated.

	Year Ended September 30,		
	1994	1995	1996
	(In Thousands)		
Maximum Balance:			
FHLB advances	$1,052	$2,538	$7,561
Average Balance:			
FHLB advances	$ 543	$1,591	$4,809

The following table sets forth certain information as to the Association's borrowings at the dates indicated.

	September 30,		
	1994	1995	1996
	(Dollars in Thousands)		
FHLB advances	$1,052	$2,538	$7,561
Total borrowings	$1,052	$2,538	$7,561
Weighted average interest rate of FHLB advances ..	5.04%	6.11%	5.53%

Subsidiary Activities

As a federally chartered savings and loan association, First Federal is permitted by OTS regulations to invest up to 2% of its assets or approximately $1.1 million at September 30, 1996, in the stock of, or unsecured loans to, service corporation subsidiaries. First Federal may invest an additional 1% of its assets in service corporations where such additional funds are used for inner-city or community development purposes. At September 30, 1996, the Association did not have any subsidiaries.

Competition

First Federal faces strong competition, both in originating loans and in attracting deposits. Competition in originating loans comes primarily from other commercial banks, savings associations, credit unions and mortgage bankers making loans secured by real estate located in the Association's market area. The Association competes for loans principally on the basis of the quality of services it provides to borrowers, interest rates and loan fees it charges, and the types of loans it originates.

The Association attracts all of its deposits through its retail banking office, primarily from the communities it serves. Therefore, competition for those deposits is principally from other commercial banks, savings associations and brokerage houses located in the same communities. The Association competes for these deposits by offering deposit accounts at competitive rates and convenient business hours.

The Association's primary market area covers the parish of St. Landry, Louisiana. There are 13 commercial banks, one savings association and three credit unions which have offices in and compete for deposits and loans in the Association's primary market area. First Federal estimates its share of the residential mortgage loan market and savings deposit base to be not more than 21% and 6%, respectively.

Regulation

General. First Federal is a federally chartered savings and loan association, the deposits of which are federally insured and backed by the full faith and credit of the United States Government. Accordingly, the Association is subject to broad federal regulation and oversight extending to all its operations. First Federal is a member of the FHLB of Dallas and is subject to certain limited regulation by the Board of Governors of the Federal Reserve System ("Federal Reserve Board"). As the savings and loan holding company of First Federal, the Company also will be subject to federal regulation and oversight. The purpose of the regulation of the Company and other holding companies is to protect subsidiary savings associations. The Association is a member of the Savings Association Insurance Fund ("SAIF"), which together with the Bank Insurance Fund ("BIF") are the two deposit insurance funds administered by the FDIC. The deposits of First Federal are insured by the FDIC. As a result, the FDIC has certain regulatory and examination authority over the Association.

Certain of these regulatory requirements and restrictions are discussed below or elsewhere in this document.

Federal Regulation of Savings Associations. The OTS has extensive authority over the operations of savings associations. As part of this authority, First Federal is required to file periodic reports with the OTS and is subject to periodic examinations by the OTS and the FDIC. The last regular OTS and FDIC examinations of First Federal were as of June 1995 and March 1993, respectively. Under agency scheduling guidelines, it is likely that another examination will be initiated in the near future. When these examinations are conducted by the OTS and the FDIC, the examiners may require the Association to provide for higher general or specific loan loss reserves. All savings associations are subject to a semi-annual assessment, based upon the savings association's total assets, to fund the operations of the OTS. The Association's OTS assessment for the fiscal year ended September 30, 1996, was $18,000.

The OTS also has extensive enforcement authority over all savings institutions and their holding companies, including the Association and the Company. This enforcement authority includes, among other things, the ability to assess civil money penalties, to issue cease-and-desist or removal orders and to initiate injunctive actions. In general, these enforcement actions may be initiated for violations of laws and regulations and unsafe or unsound practices. Other actions or inactions may provide the basis for enforcement action, including misleading or untimely reports filed with the OTS. Except under certain circumstances, public disclosure of final enforcement actions by the OTS is required.

In addition, the investment, lending and branching authority of First Federal is prescribed by federal laws and it is prohibited from engaging in any activities not permitted by such laws. For instance, no savings institution may invest in non-investment grade corporate debt securities. In addition, the permissible level of investment by federal associations in loans secured by non-residential real property may not exceed 400% of total capital, except with approval of the OTS. Federal savings associations are also generally authorized to branch nationwide. The Association is in compliance with the noted restrictions.

The Association's general permissible lending limit for loans-to-one-borrower is equal to the greater of $500,000 or 15% of unimpaired capital and surplus (except for loans fully secured by certain readily marketable collateral, in which case this limit is increased to 25% of unimpaired capital and surplus). At September 30, 1996, the Association's lending limit under this restriction was $1.0 million. First Federal is in compliance with the loans-to-one- borrower limitation.

The OTS, as well as the other federal banking agencies, has adopted guidelines establishing safety and soundness standards on such matters as loan underwriting and documentation, asset quality, earnings standards, internal controls and audit systems, interest rate risk exposure and compensation and other employee benefits. Any institution which fails to comply with these standards must submit a compliance plan. A failure to submit a plan or to comply with an approved plan will subject the institution to further enforcement action.

Insurance of Accounts and Regulation by the FDIC. First Federal is a member of the SAIF, which is administered by the FDIC. Deposits are insured up to applicable limits by the FDIC and such insurance is backed by the full faith and credit of the United States Government. As insurer, the FDIC imposes deposit insurance premiums and is authorized to conduct examinations of and to require reporting by FDIC-insured institutions. It also may prohibit any FDIC-insured institution from engaging in any activity the FDIC determines by regulation or order to pose a serious risk to the SAIF or the BIF The FDIC also has the authority to initiate enforcement actions against savings associations, after giving the OTS an opportunity to take such action, and may terminate the deposit insurance if it determines that the institution has engaged in unsafe or unsound practices or is in an unsafe or unsound condition.

The FDIC's deposit insurance premiums are assessed through a risk-based system under which all insured depository institutions are placed into one of nine categories and assessed insurance premiums based upon their level of capital and supervisory evaluation. Under the system, institutions classified as well capitalized (i.e., a core capital ratio of at least 5%, a ratio of Tier 1 or core capital to risk-weighted assets ("Tier 1 risk-based capital") of at least 6% and a risk-based capital ratio of at least 10%) and considered healthy pay the lowest premium while institutions that are less than adequately capitalized (i.e., core or Tier 1 risk-based capital ratios of less than 4% or a risk-based capital ratio of less than 8%) and considered of substantial supervisory concern pay the highest premium. Risk classification of all insured institutions will be made by the FDIC for each semi-annual assessment period. For the first six months of 1995, the assessment schedule for BIF members and SAIF members ranged from .23% to .31% of deposits.

The FDIC is authorized to increase assessment rates, on a semiannual basis, if it determines that the reserve ratio of the SAIF will be less than the designated reserve ratio of 1.25% of SAIF insured deposits. In setting these increased assessments, the FDIC must seek to restore the reserve ratio to that designated reserve level, or such higher reserve ratio as established by the FDIC. The FDIC may also impose special assessments on SAIF members to repay amounts borrowed from the United States Treasury or for any other reason deemed necessary by the FDIC.

As is the case with the SAIF, the FDIC is authorized to adjust the insurance premium rates for banks that are insured by the BIF of the FDIC in order to maintain the reserve ratio of the BIF at 1.25% of BIF insured deposits. As a result of the BIF reaching its statutory reserve ratio, the FDIC revised the premium schedule for BIF insured institutions to provide a range of .04% to .31% of deposits. The revisions became effective in the third quarter of 1995. In addition, the BIF rates were further revised, effective January 1996, to provide a range of 0% to .27% with a minimum annual assessment of $2,000.

In order to help eliminate this disparity and any competitive disadvantage due to disparate deposit insurance premium schedules, legislation to recapitalize the SAIF was enacted in September 1996. The legislation provides for a one-time assessment to be imposed on all deposits assessed at the SAIF rates, as of March 31, 1995, in order to recapitalize the SAIF. It also provides for the merger of the BIF and the SAIF on January 1, 1999 provided no savings associations then exist. The special assessment rate has been established at .657% of deposits by the FDIC and the resulting assessment of $294,000 was paid in November 1996. This special assessment significantly increased noninterest expense and adversely affected the Company's results of operations for the year ended September 30, 1996. Following the special assessment, and depending upon capital level and supervisory rating, the Company's deposit insurance premiums could decrease significantly for future periods.

Prior to the enactment of the legislation, a portion of the SAIF assessment imposed on savings associations was used to repay obligations issued by a federally chartered corporation to provide financing ("FICO") for resolving the thrift crisis in the 1980s. Although the FDIC has proposed that the SAIF assessment be equalized with the BIF assessment schedule, effective October 1, 1996, SAIF-insured institutions will continue to be subject to a FICO assessment as a result of this continuing obligation. Although the legislation also now requires assessments to be made on BIF-assessable deposits for this purpose, effective January 1, 1997, that assessment will be limited to 20% of the rate imposed on SAIF assessable deposits until the earlier of December 31, 1999 or when no savings association continues to exist, thereby imposing a greater burden on SAIF member institutions such as the Company. Thereafter, however, assessments on BIF-member institutions will be made on the same basis as SAIF-member institutions. The rates to be established by the FDIC to implement this requirement for all FDIC-insured institutions is uncertain at this time, but are anticipated to be about a 6.5 basis points assessment on SAIF deposits and 1.5 basis points on BIF deposits until BIF insured institutions participate fully in the assessment.

Regulatory Capital Requirements. Federally insured savings associations, such as First Federal, are required to maintain a minimum level of regulatory capital. The OTS has established capital standards, including a tangible capital requirement, a leverage ratio (or core capital) requirement and a risk-based capital requirement applicable to such savings associations. These capital requirements must be generally as stringent as the comparable capital requirements for national banks. The OTS is also authorized to impose capital requirements in excess of these standards on individual associations on a case-by-case basis.

The capital regulations require tangible capital of at least 1.5% of adjusted total assets (as defined by regulation). Tangible capital generally includes common stockholders' equity and retained income, and certain noncumulative perpetual preferred stock and related income.

In addition, all intangible assets, other than a limited amount of purchased mortgage servicing rights, must be deducted from tangible capital. At September 30, 1996, the Association did not have any intangible assets for calculating compliance with the requirement.

The OTS regulations establish special capitalization requirements for savings associations that own subsidiaries. In determining compliance with the capital requirements, all subsidiaries engaged solely in activities permissible for national banks or engaged in certain other activities solely as agent for its customers are "includable" subsidiaries that are consolidated for capital purposes in proportion to the association's level of ownership. For excludable subsidiaries the debt and equity investments in such subsidiaries are deducted from assets and capital. The Association currently has no subsidiaries.

At September 30, 1996, the Association had tangible capital of $5.5 million, or 10% of adjusted total assets, which is approximately $4.7 million above the minimum requirement of 1.5% of adjusted total assets in effect on that date.

The capital standards also require core capital equal to at least 3% of adjusted total assets. Core capital generally consists of tangible capital plus certain intangible assets, including a limited amount of purchased credit card relationships. As a result of the prompt corrective action provisions discussed below, however, a savings association must maintain a core capital ratio of at least 4% to be considered adequately capitalized unless its supervisory condition is such to allow it to maintain a 3% ratio. At September 30, 1996, the Association had no intangibles which were subject to these tests.

At September 30, 1996, the Association had core capital equal to $5.5 million, or 10% of adjusted total assets, which is $3.8 million above the minimum leverage ratio requirement of 3% as in effect on that date.

The OTS risk-based requirement requires savings associations to have total capital of at least 8% of risk-weighted assets. Total capital consists of core capital, as defined above, and supplementary capital. Supplementary capital consists of certain permanent and maturing capital instruments that do not qualify as core capital and general valuation loan and lease loss allowances up to a maximum of 1.25% of risk-weighted assets. Supplementary capital may be used to satisfy the risk-based requirement only to the extent of core capital. The OTS is also authorized to require a savings association to maintain an additional amount of total capital to account for concentration of credit risk and the risk of non-traditional activities. At September 30, 1996, the Association had no capital instruments that qualify as supplementary capital and $347,000 of general loss reserves, all of which qualified under the 1.25% of risk-weighted assets limit.

Certain exclusions from capital and assets are required to be made for the purpose of calculating total capital. Such exclusions consist of equity investments (as defined by regulation) and that portion of land loans and nonresidential construction loans in excess of an 80% loan-to-value ratio and reciprocal holdings of qualifying capital instruments.

In determining the amount of risk-weighted assets, all assets, including certain off- balance sheet items, will be multiplied by a risk weight, ranging from 0% to 100%, based on

the risk inherent in the type of asset. For example, the OTS has assigned a risk weight of 50% for prudently underwritten permanent one- to four-family first lien mortgage loans not more than 90 days delinquent and having a loan to value ratio of not more than 80% at origination unless insured to such ratio by an insurer approved by the FNMA or FHLMC.

On September 30, 1996, First Federal had total capital of $5.9 million (including $5.5 million in core capital, $347,000 in qualifying supplementary capital and risk-weighted assets of $30.1 million (including no converted off-balance sheet assets); or total capital of 19% of risk-weighted assets. This amount was $3.4 million above the 8% requirement in effect on that date.

The OTS has adopted a final rule that requires every savings association with more than normal interest rate risk exposure to deduct from its total capital, for purposes of determining compliance with such requirement, an amount equal to 50% of its interest-rate risk exposure multiplied by the present value of its assets. This exposure is a measure of the potential decline in the net portfolio value of a savings association, greater than 2% of the present value of its assets, based upon a hypothetical 200 basis point increase or decrease in interest rates (whichever results in a greater decline). Net portfolio value is the present value of expected cash flows from assets, liabilities and off-balance sheet contracts. The rule provides for a two quarter lag between calculating interest rate risk and recognizing any deduction from capital. The rule will not become effective until the OTS evaluates the process by which savings associations may appeal an interest rate risk deduction determination. It is uncertain as to when this evaluation may be completed. Any savings association with less than $300 million in assets and a total capital ratio in excess of 12% is exempt from this requirement unless the OTS determines otherwise.

The OTS and the FDIC are authorized and, under certain circumstances required, to take certain actions against savings associations that fail to meet their capital requirements. The OTS is generally required to take action to restrict the activities of an "undercapitalized association" (generally defined to be one with less than either a 4% core capital ratio, a 4% Tier 1 risked-based capital ratio or an 8% risk-based capital ratio). Any such association must submit a capital restoration plan and until such plan is approved by the OTS may not increase its assets, acquire another institution, establish a branch or engage in any new activities, and generally may not make capital distributions. The OTS is authorized to impose the additional restrictions that are applicable to significantly undercapitalized associations.

As a condition to the approval of the capital restoration plan, any company controlling an undercapitalized association must agree that it will enter into a limited capital maintenance guarantee with respect to the institution's achievement of its capital requirements.

Any savings association that fails to comply with its capital plan or is "significantly undercapitalized" (i.e., Tier 1 risk-based or core capital ratios of less than 3% or a risk- based capital ratio of less than 6%) must be made subject to one or more of additional specified actions and operating restrictions which may cover all aspects of its operations and include a forced merger or acquisition of the association. An association that becomes "critically undercapitalized" (i.e., a tangible capital ratio of 2% or less) is subject to further

mandatory restrictions on its activities in addition to those applicable to significantly undercapitalized associations. In addition, the OTS must appoint a receiver (or conservator with the concurrence of the FDIC) for a savings association, with certain limited exceptions, within 90 days after it becomes critically undercapitalized.

Any undercapitalized association is also subject to the general enforcement authority of the OTS and the FDIC including, the appointment of a receiver or conservator.

The OTS is also generally authorized to reclassify an association into a lower capital category and impose the restrictions applicable to such category if the institution is engaged in unsafe or unsound practices or is in an unsafe or unsound condition.

The imposition by the OTS or the FDIC of any of these measures on First Federal may have a substantial adverse effect on the Association's operations and profitability and the value of the Common Stock purchased in the Conversion. Company shareholders do not have preemptive rights, and therefore, if the Company is directed by the OTS or the FDIC to issue additional shares of Common Stock, such issuance may result in the dilution in the percentage of ownership of the Company of those persons purchasing shares in the Conversion.

Limitations on Dividends and Other Capital Distributions. OTS regulations impose various restrictions on savings associations with respect to their ability to make distributions of capital, which include dividends, stock redemptions or repurchases, cash-out mergers and other transactions charged to the capital account. OTS regulations also prohibit a savings association from declaring or paying any dividends or from repurchasing any of its stock if, as a result, the regulatory capital of the association would be reduced below the amount required to be maintained for the liquidation account established in connection with its mutual to stock conversion.

Generally, savings associations, such as First Federal, that before and after the proposed distribution meet their capital requirements, may make capital distributions during any calendar year equal to the greater of 100% of net income for the year-to-date plus 50% of the amount by which the lesser of the association's tangible, core or risk-based capital exceeds its capital requirement for such capital component, as measured at the beginning of the calendar year, or 75% of its net income for the most recent four quarter period. However, an association deemed to be in need of more than normal supervision by the OTS may have its dividend authority restricted by the OTS. First Federal may pay dividends in accordance with this general authority.

Savings associations proposing to make any capital distribution need only submit written notice to the OTS 30 days prior to such distribution. Savings associations that do not, or would not meet their current minimum capital requirements following a proposed capital distribution, however, must obtain OTS approval prior to making such distribution. The OTS may object to the distribution during that 30-day period notice based on safety and soundness concerns. See "- Regulatory Capital Requirements."

The OTS has proposed regulations that would revise the current capital distribution restrictions. Under the proposal a savings association may make a capital distribution

without notice to the OTS (unless it is a subsidiary of a holding company) provided that it has a CAMEL 1 or 2 rating, is not of supervisory concern, and would remain adequately capitalized (as defined in the OTS prompt corrective action regulations) following the proposed distribution. Savings associations that would remain adequately capitalized following the proposed distribution but do not meet the other noted requirements must notify the OTS 30 days prior to declaring a capital distribution. The OTS stated it will generally regard as permissible that amount of capital distributions that do not exceed 50% of the institution's excess regulatory capital plus net income to date during the calendar year. A savings association may not make a capital distribution without prior approval of the OTS and the FDIC if it is undercapitalized before, or as a result of, such a distribution. As under the current rule, the OTS may object to a capital distribution if it would constitute an unsafe or unsound practice. No assurance may be given as to whether or in what form the regulations may be adopted.

Liquidity. All savings associations, including First Federal, are required to maintain an average daily balance of liquid assets equal to a certain percentage of the sum of its average daily balance of net withdrawable deposit accounts and borrowings payable in one year or less. For a discussion of what the Association includes in liquid assets, see "Management's Discussion and Analysis of Financial Condition and Results of Operations-- Liquidity and Capital Resources" in the Annual Report to Stockholders filed as Exhibit 13 hereto. This liquid asset ratio requirement may vary from time to time (between 4% and 10%) depending upon economic conditions and savings flows of all savings associations. At the present time, the minimum liquid asset ratio is 5%.

In addition, short-term liquid assets (e.g., cash, certain time deposits, certain bankers acceptances and short-term United States Treasury obligations) currently must constitute at least 1% of the association's average daily balance of net withdrawable deposit accounts and current borrowings. Penalties may be imposed upon associations for violations of either liquid asset ratio requirement. At September 30, 1996, the Association was in compliance with both requirements, with an overall liquid asset ratio of 7% and a short-term liquid assets ratio of 2%.

Accounting. An OTS policy statement applicable to all savings associations clarifies and re-emphasizes that the investment activities of a savings association must be in compliance with approved and documented investment policies and strategies, and must be accounted for in accordance with GAAP. Under the policy statement, management must support its classification of and accounting for loans and securities (i.e., whether held for investment, sale or trading) with appropriate documentation. The Association is in compliance with these amended rules.

OTS accounting regulations, which may be made more stringent than GAAP by the OTS, require that transactions be reported in a manner that best reflects their underlying economic substance and inherent risk and that financial reports must incorporate any other accounting regulations or orders prescribed by the OTS.

Qualified Thrift Lender Test. All savings associations, including First Federal, are required to meet a qualified thrift lender ("QTL") test to avoid certain restrictions on their operations. This test requires a savings association to have at least 65% of its portfolio

assets (as defined by regulation) in qualified thrift investments on a monthly average for nine out of every 12 months on a rolling basis. Such assets primarily consist of residential housing related loans and investments. At September 30, 1996, the Association met the test and has always met the test since its effectiveness.

Any savings association that fails to meet the QTL test must convert to a national bank charter, unless it requalifies as a QTL and thereafter remains a

QTL. If an association does not requalify and converts to a national bank charter, it must remain SAIF-insured until the FDIC permits it to transfer to the BIF. If such an association has not yet requalified or converted to a national bank, its new investments and activities are limited to those permissible for both a savings association and a national bank, and it is limited to national bank branching rights in its home state. In addition, the association is immediately ineligible to receive any new FHLB borrowings and is subject to national bank limits for payment of dividends. If such association has not requalified or converted to a national bank within three years after the failure, it must divest of all investments and cease all activities not permissible for a national bank. In addition, it must repay promptly any outstanding FHLB borrowings, which may result in prepayment penalties. If any association that fails the QTL test is controlled by a holding company, then within one year after the failure, the holding company must register as a bank holding company and become subject to all restrictions on bank holding companies. See "--Holding Company Regulation."

Community Reinvestment Act. Under the Community Reinvestment Act ("CRA"), every FDIC insured institution has a continuing and affirmative obligation consistent with safe and sound banking practices to help meet the credit needs of its entire community, including low and moderate income neighborhoods. The CRA does not establish specific lending requirements or programs for financial institutions nor does it limit an institution's discretion to develop the types of products and services that it believes are best suited to its particular community, consistent with the CRA. The CRA requires the OTS, in connection with the examination of First Federal, to assess the institution's record of meeting the credit needs of its community and to take such record into account in its evaluation of certain applications, such as a merger or the establishment of a branch, by First Federal. An unsatisfactory rating may be used as the basis for the denial of an application by the OTS.

The federal banking agencies, including the OTS, have recently revised the CRA regulations and the methodology for determining an institution's compliance with the CRA. Due to the heightened attention being given to the CRA in the past few years, the Association may be required to devote additional funds for investment and lending in its local community. The Association was examined for CRA compliance in August 1994 and received a rating of "satisfactory".

Transactions with Affiliates. Generally, transactions between a savings association or its subsidiaries and its affiliates are required to be on terms as favorable to the association as transactions with non-affiliates. In addition, certain of these transactions, such as loans to an affiliate, are restricted to a percentage of the association's capital. Affiliates of the Association include the Company and any company which is under common control with the Association. In addition, a savings association may not lend to any affiliate engaged in activities not permissible for a bank holding company or acquire the securities of most affiliates.

Certain transactions with directors, officers or controlling persons are also subject to conflict of interest regulations enforced by the OTS. These conflict of interest regulations and other statutes also impose restrictions on loans to such persons and their related interests. Among other things, such loans must be made on terms substantially the same as for loans to unaffiliated individuals.

Holding Company Regulation. The Company is a unitary savings and loan holding company subject to regulatory oversight by the OTS. As such, the Company is required to register and file reports with the OTS and is subject to regulation and examination by the OTS. In addition, the OTS has enforcement authority over the Company and its non-savings association subsidiaries which also permits the OTS to restrict or prohibit activities that are determined to be a serious risk to the subsidiary savings association.

As a unitary savings and loan holding company, the Company generally is not subject to activity restrictions. If the Company acquires control of another savings association as a separate subsidiary, it would become a multiple savings and loan holding company, and the activities of the Company and any of its subsidiaries (other than First Federal or any other SAIF-insured savings association) would become subject to such restrictions unless such other associations each qualify as a QTL and were acquired in a supervisory acquisition.

If the Association fails the QTL test, the Company must obtain the approval of the OTS prior to continuing after such failure, directly or through its other subsidiaries, any business activity other than those approved for multiple savings and loan holding companies or their subsidiaries. In addition, within one year of such failure the Company must register as, and will become subject to, the restrictions applicable to bank holding companies. The activities authorized for a bank holding company are more limited than are the activities authorized for a unitary or multiple savings and loan holding company. See "--Qualified Thrift Lender Test."

The Company must obtain approval from the OTS before acquiring control of any other SAIF-insured association. Such acquisitions are generally prohibited if they result in a multiple savings and loan holding company controlling savings associations in more than one state. However, such interstate acquisitions are permitted based on specific state authorization or in a supervisory acquisition of a failing savings association.

Federal Securities Law. The stock of the Company is registered with the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Company is subject to the information, proxy solicitation, insider trading restrictions and other requirements of the SEC under the Exchange Act.

Company stock held by persons who are affiliates (generally officers, directors and principal stockholders) of the Company may not be resold without registration or unless sold in accordance with certain resale restrictions. If the Company meets specified current public information requirements, each affiliate of the Company is able to sell in the public market, without registration, a limited number of shares in any three-month period.

Federal Reserve System. The Federal Reserve Board requires all depository institutions to maintain non-interest bearing reserves at specified levels against their

transaction accounts (primarily checking, NOW and Super NOW checking accounts). At September 30, 1996, First Federal was in compliance with these reserve requirements. The balances maintained to meet the reserve requirements imposed by the Federal Reserve Board may be used to satisfy liquidity requirements that may be imposed by the OTS. See "-- Liquidity."

Savings associations are authorized to borrow from the Federal Reserve Bank "discount window," but Federal Reserve Board regulations require associations to exhaust other reasonable alternative sources of funds, including FHLB borrowings, before borrowing from the Federal Reserve Bank.

Federal Home Loan Bank System. First Federal is a member of the FHLB of Dallas, which is one of 12 regional FHLBs, that administers the home financing credit function of savings associations. Each FHLB serves as a reserve or central bank for its members within its assigned region. It is funded primarily from proceeds derived from the sale of consolidated obligations of the FHLB System. It makes loans to members (i.e., advances) in accordance with policies and procedures, established by the board of directors of the FHLB, which are subject to the oversight of the Federal Housing Finance Board. All advances from the FHLB are required to be fully secured by sufficient collateral as determined by the FHLB. In addition, all long-term advances are required to provide funds for residential home financing.

As a member, First Federal is required to purchase and maintain stock in the FHLB of Dallas. At September 30, 1996, First Federal had $444,000 in FHLB stock, which was in compliance with this requirement. In past years, First Federal has received substantial dividends on its FHLB stock. Over the past five fiscal years such dividends have averaged 4.75% and were 5.82% for fiscal year 1996.

Under federal law the FHLBs are required to provide funds for the resolution of troubled savings associations and to contribute to low- and moderately priced housing programs through direct loans or interest subsidies on advances targeted for community investment and low- and moderate-income housing projects. These contributions have affected adversely the level of FHLB dividends paid and could continue to do so in the future. These contributions could also have an adverse effect on the value of FHLB stock in the future. A reduction in value of First Federal's FHLB stock may result in a corresponding reduction in First Federal's capital.

For the fiscal year ended September 30, 1996, dividends paid by the FHLB of Dallas to First Federal totalled $26,000, which constituted a $2,000 increase over the amount of dividends received in fiscal year 1995.

Federal and State Taxation

Savings associations such as the Association that meet certain definitional tests relating to the composition of assets and other conditions prescribed by the Internal Revenue Code of 1986, as amended (the "Code"), had been permitted to establish reserves for bad debts and to make annual additions thereto which may, within specified formula limits, be taken as a deduction in computing taxable income for federal income tax purposes. The amount of the bad debt reserve deduction for "non-qualifying loans" is computed under the experience method. The amount of the bad debt reserve deduction for "qualifying real property loans" (generally loans secured by improved real estate) may be computed under either the experience method or the percentage of taxable income method (based on an annual election).

Under the experience method, the bad debt reserve deduction is an amount determined under a formula based generally upon the bad debts actually sustained by the savings association over a period of years.

The percentage of specially computed taxable income that is used to compute a savings association's bad debt reserve deduction under the percentage of taxable income method (the "percentage bad debt deduction") is 8%. The percentage bad debt deduction thus computed is reduced by the amount permitted as a deduction for non-qualifying loans under the experience method. The availability of the percentage of taxable income method permits qualifying savings associations to be taxed at a lower effective federal income tax rate than that applicable to corporations generally (approximately 31.3% assuming the maximum percentage bad debt deduction).

If an association's specified assets (generally, loans secured by residential real estate or deposits, educational loans, cash and certain government obligations) constitute less than 60% of its total assets, the association may not deduct any addition to a bad debt reserve and generally must include existing reserves in income over a four year period.

Under the percentage of taxable income method, the percentage bad debt deduction cannot exceed the amount necessary to increase the balance in the reserve for "qualifying real property loans" to an amount equal to 6% of such loans outstanding at the end of the taxable year or the greater of (i) the amount deductible under the experience method or (ii) the amount which when added to the bad debt deduction for "non-qualifying loans" equals the amount by which 12% of the amount comprising savings accounts at year-end exceeds the sum of surplus, undivided profits and reserves at the beginning of the year. At September 30, 1996, the 6% and 12% limitations did not restrict the percentage bad debt deduction available to the Association. It is not expected that these limitations would be a limiting factor in the foreseeable future.

In August 1996, legislation was enacted that repeals the reserve method of accounting (including the percentage of taxable income method) used by many thrifts, including the Association, to calculate their bad debt reserve for federal income tax purposes. As a result, large thrifts such as the Association must recapture that portion of the reserve that exceeds the amount that could have been taken under the specific charge-off method for post-1987 tax years. The legislation also requires thrifts to account for bad debts for federal income tax purposes on the same basis as commercial banks for tax years beginning after December 31, 1995. The recapture will occur over a six-year period, the commencement of which will be delayed until the first taxable year beginning after December 31, 1997, provided the institution meets certain residential lending requirements. The management of the Company does not believe that the legislation will have a material impact on the Company or the Association.

In addition to the regular income tax, corporations, including savings associations such as the Association, generally are subject to a minimum tax. An alternative minimum tax is imposed at a minimum tax rate of 20% on alternative minimum taxable income, which is the sum of a corporation's regular taxable income (with certain adjustments) and tax preference items, less any available exemption. The alternative minimum tax is imposed to the extent it exceeds the corporation's regular income tax and net operating losses can offset no more than 90% of alternative minimum taxable income. For taxable years beginning after 1986 and before 1996, corporations, including savings associations such as the Association, are also subject to an environmental tax equal to 0.12% of the excess of alternative minimum taxable income for the taxable year (determined without regard to net operating losses and the deduction for the environmental tax) over $2 million.

To the extent earnings appropriated to a savings association's bad debt reserves for "qualifying real property loans" and deducted for federal income tax purposes exceed the allowable amount of such reserves computed under the experience method and to the extent of the association's supplemental reserves for losses on loans ("Excess"), such Excess may not, without adverse tax consequences, be utilized for the payment of cash dividends or other distributions to a shareholder (including distributions on redemption, dissolution or liquidation) or for any other purpose (except to absorb bad debt losses). As of September 30, 1996, the Association's Excess for tax purposes totalled approximately $965,000.

The Company files consolidated federal income tax returns on a fiscal year basis using the accrual method of accounting. Savings associations, such as the Association, that file federal income tax returns as part of a consolidated group are required by applicable Treasury regulations to reduce their taxable income for purposes of computing the percentage bad debt deduction for losses attributable to activities of the non-savings association members of the consolidated group that are functionally related to the activities of the savings association member.

The Company has not been audited by the IRS with respect to federal income tax returns since its organization.

Louisiana Taxation. The Company is subject to the Louisiana Corporation Income Tax based on its Louisiana taxable income, as well as franchise taxes. The Corporation Income Tax applies at graduated rates from 4% upon the first $25,000 of Louisiana taxable income to 8% on all Louisiana taxable income in excess of $200,000. For these purposes, "Louisiana taxable income" means net income which is earned within or derived from sources within the State of Louisiana, after adjustments permitted under Louisiana law including a federal income tax deduction and an allowance for net operating losses, if any. In addition, First Federal is subject to the Louisiana Shares Tax which is imposed on the assessed value of its stock. The formula for deriving the assessed value is to calculate 15% of the sum of (a) 20% of the Association's capitalized earnings, plus (b) 80% of the Association's taxable stockholders' equity, and to subtract from that figure 50% of the Association's real and personal property assessment. Various items may also be subtracted in calculating the Association's capitalized earnings.

Delaware Taxation. As a Delaware holding company, the Company is exempted from Delaware corporate income tax but is required to file an annual report with and pay an

annual fee to the State of Delaware. The Company is also subject to an annual franchise tax imposed by the State of Delaware.

Executive Officers

The following information as to the business experience during the past five years is supplied with respect to executive officers of the Company. Except as otherwise indicated, the persons named have served as officers of the Company since it became the holding company of the Association and all positions described below are with the Association. There are no arrangements or understandings between the persons named and any other person pursuant to which such officers were selected.

Wayne McKinnon Gilmore. Mr. Gilmore, age 75, is Chairman of the Board, President and Chief Executive Officer of the Association. He was elected as a director and Chief Executive Officer in 1957, as President in 1987 and as Chairman of the Board in 1994.

H. Andrew Myers, Jr. Mr. Myers, 47, joined the Association in 1989 as Executive Vice President. He is responsible for overseeing the daily management functions of the Association.

Kathryn Fontenot Chelette, CPA. Ms. Chelette, age 30, became the Controller of the Association in 1991. From 1988 to 1991, she was a staff accountant with John S. Dowling & Co., a corporation of certified public accountants.

Employees

At September 30, 1996, the Company had a total of 15 employees, including 2 part-time employee. The Company's employees are not represented by any collective bargaining group. Management considers its employee relations to be good.

Item 2. Description of Property

The Company conducts its business at its main office located in Opelousas, Louisiana. The following table sets forth information relating to each of the Company's properties as of September 30, 1996.

Location	Year Acquired	Owned or Leased	Total Approximate Square Footage	September 30, 1996 Book Value
				(In Thousands)
Main Office:				
459 East Landry Street Opelousas, Louisiana	1969	Owned	5,516	$467
Storage Facility:				
434 S. Lombard Street Opelousas, Louisiana	1993	Owned	768	10

The Company believes that its current facilities are adequate to meet the present and foreseeable needs of the Association and the Company, subject to possible future expansion.

The Company maintains an on-line data base with a service bureau servicing financial institutions. The net book value of the data processing and computer equipment utilized by the Company at September 30, 1996 was $10,000.

Item 3. Legal Proceedings

The Company is involved from time to time as plaintiff or defendant in various legal actions arising in the normal course of business. While the ultimate outcome of these proceedings cannot be predicted with certainty, it is the opinion of management, after consultation with counsel representing the Company in the proceedings, that the resolution of these proceedings should not have a material effect on the Company's results of operations.

Item 4. Submission of Matters to a Vote of Security Holders

No matter was submitted to a vote of security holders, through the solicitation of proxies or otherwise, during the quarter ended September 30, 1996.

PART II

Item 5. Market for Common Equity and Related Stockholder Matters

Page 49 of the Company's 1996 Annual Report to Stockholders is herein incorporated by reference.

Item 6. Management's Discussion and Analysis or Plan of Operation

Pages 4 through 15 of the Company's 1996 Annual Report to Stockholders is herein incorporated by reference.

Item 7. Financial Statements

Pages 17 through 48 of the Company's 1996 Annual Report to Stockholders are herein incorporated by reference.

Item 8. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

There has been no Current Report on Form 8-K filed within 24 months prior to the date of the most recent financial statements reporting a change in accountants and/or reporting disagreements on any matter of accounting principle or financial statement disclosure.

PART III

Item 9. Directors and Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act

Information concerning directors of the Registrant is incorporated herein by reference from the Company's definitive Proxy Statement for the 1996 Annual Meeting of Stockholders, a copy of which will be filed not later than 120 days after the close of the fiscal year.

Item 10. Executive Compensation

Information concerning executive compensation is incorporated herein by reference from the Company's definitive Proxy Statement for the 1996 Annual Meeting of Stockholders, a copy of which will be filed not later than 120 days after the close of the fiscal year.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Information concerning security ownership of certain beneficial owners and management is incorporated herein by reference from the Company's definitive Proxy Statement for the 1996 Annual Meeting of Stockholders, a copy of which will be filed not later than 120 days after the close of the fiscal year.

Item 12. Certain Relationships and Related Transactions

Information concerning certain relationships and transactions is incorporated herein by reference from the Company's definitive Proxy Statement for the 1996 Annual Meeting of Stockholders, a copy of which will be filed not later than 120 days after the close of the fiscal year.

PART IV

Item 13. Exhibits and Reports on 8-K

(a) Exhibits:

<TABLE>
<CAPTION>

Regulation S-K Exhibit Number	Document	Reference to Prior Filing or Exhibit Number Attached Hereto
<S>	<C>	<C>
3	Articles of Incorporation and Bylaws..............................	*
4	Instruments defining the rights of security holders, including indentures:	
	Common Stock Certificate.......................................	*
10	Material contracts:	
	(a) Employee Stock Ownership Plan...............................	*
	(b) Stock Option and Incentive Plan.............................	*
	(c) Employment Agreements:	
	Wayne McKinnon Gilmore......................................	*
	H. Andrew Myers, Jr...	*
	Kathryn Fontenot Chelette...................................	*
	(d) Recognition and Retention Plan..............................	*
	(e) Defined Contribution Plan..................................	*
11	Statement re computation of per share earnings....................	None
13	Annual Report to Security Holders for the last fiscal year, Form 10-Q or 10QSB or quarterly report to security holders...........	13
16	Letter on change in certifying accountant.........................	*
21	Subsidiaries of Registrant.......................................	None
23	Consent of Experts and Counsel...................................	23
24	Power of Attorney...	Not required
27	Financial Data Schedule..	27
99	Additional Exhibits..	None

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*Filed on December 13, 1994 as exhibits to the Registrant's Registration Statement No. 33-87292 on Form S-1. All of such previously filed documents are hereby incorporated herein by reference in accordance with Item 601 of Regulation S-B.

</FN>
</TABLE>

(b) Reports on Form 8-K:

No reports on Form 8-K have been filed during the three-month period ended September 30, 1996.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the Registrant caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

ST. LANDRY FINANCIAL CORPORATION

Date: December 23, 1996	By: /s/ Wayne McK. Gilmore
	Wayne McK. Gilmore, Chairman of the Board President and Chief Executive Officer (Duly Authorized Representative)

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ Wayne McK. Gilmore	/s/ H. Kent Aguillard
Wayne McK. Gilmore Chairman of the Board President and Chief Executive Officer (Principal Executive and Operating Officer)	H. Kent Aguillard, Director
Date: December 23, 1996	Date: December 23, 1996
/s/ Anna Lee Dunbar	/s/ Lynette Young Feucht
Anna Lee Dunbar, Director	Lynette Young Feucht, Director
Date: December 23, 1996	Date: December 23, 1996
/s/ Patrick Fontenot	/s/ Simon Howard Fournier
Patrick Fontenot, Director	Simon Howard Fournier, Director
Date: December 23, 1996	Date: December 23, 1996
/s/ Morgan J. Goudeau	/s/ H. Andrew Myers, Jr.
Morgan J. Goudeau, III, Director	H. Andrew Myers, Jr., Executive Vice President and Director
Date: December 23, 1996	Date: December 23, 1996
/s/ Martin A. Roy, Jr.	/s/ Marvin Schwartzenburg
Martin A. Roy, Jr. Vice President, Treasurer and Director	Marvin Schwartzenburg, Director
Date: December 23, 1996	Date: December 23, 1996
/s/ Randy C. Tomlinson	/s/ Robert L. Wolfe, Jr.
Randy C. Tomlinson, Director	Robert L. Wolfe, Jr., Director
Date: December 23, 1996	Date: December 23, 1996
/s/ Kathryn Fontenot	Date: December 23, 1996
Kathryn Fontenot Chelette, Controller (Principal Financial and Accounting Officer)	

ST. LANDRY
FINANCIAL CORPORATION

Annual Report 1996

St. Landry Financial Corporation

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FINANCIAL HIGHLIGHTS

September 30, 1996
(Dollars in Thousands)

Total Loans..	$39,857
Mortgage-Backed Securities...........................	12,339
Investment Securities................................	2,763
Total Assets.......................................	56,857
Deposits...	41,986
Borrowings...	7,561
Net Income...	54
Stockholders' Equity.................................	6,703
Stockholders' Equity as a Percent of Assets..	11.8%

ST. LANDRY FINANCIAL CORPORATION
Post Office Box 72
Opelousas, Louisiana 70571-0072
Phone: 318-942-5748 Fax: 318-948-1563

To Our Stockholders:

We are pleased to present the year end report of St. Landry Financial Corporation, (Company) for the fiscal year ending September 30, 1996. On behalf of our Board of Directors, Officers, and Staff, thank you for being a stockholder.

The mission of First Federal Savings and Loan Association of Opelousas (Association), the wholly owned subsidiary of the Company, is to give the people of South Central Louisiana a safe place to invest their funds and an affordable place to finance their homes. This year has been very good in accomplishing these two goals.

The Company continues to look for sound investments that will enable it to grow and prosper. This year we have opened a couple of avenues that promise to enhance our growth. Your Board and Management are committed to continuing to build stockholder value.

Net income for the year was only $54,217 because of the special assessment imposed on the savings and loan industry by Congress to bring the Savings Association Insurance Fund up to strength. This was a one time assessment and will greatly reduce our expenses for deposit insurance in the future.

The Association increased the reserve for loan losses primarily because of some automobile loans which the Association purchased. We were not satisfied with the performance of the servicer of these loans and have made a change to another servicer who has more experience in the field of auto loan servicing.

The Association is continuing to strive to improve non-performing loans. At this time the Association has three pieces of real estate owned. Two of these pieces are residences and the third is a small commercial property. These properties are rented with the expectation that the renters will purchase them.

On behalf of the Board of Directors, thank you for your support and your investment in St. Landry Financial Corporation.

Sincerely,

Wayne McK. Gilmore
Chairman of the Board

SELECTED FINANCIAL INFORMATION

The following financial data does not purport to be complete and is qualified in its entirety by reference to the more detailed financial information contained elsewhere herein.
<TABLE>
<CAPTION>

	September 30,				
	1992	1993	1994	1995	1996
			(In Thousands)		
<S>	<C>	<C>	<C>	<C>	<C>
Selected Financial Condition Data:					
Total assets..............................	$47,900	$48,102	$47,812	$53,206	$56,857
Loans receivable, net.....................	35,353	32,244	33,303	37,356	39,857
Mortgage-backed securities................	10,753	10,586	10,186	11,246	12,339
Investment securities.....................	1,377	3,385	3,305	3,562	2,763
Deposits..................................	43,522	43,139	42,770	43,143	41,986
Total borrowings..........................	1,000	1,200	1,052	2,538	7,561

Stockholders' equity......................	2,870	3,456	3,745	7,173	6,703

</TABLE>

<TABLE>
<CAPTION>

	Year Ended September 30,				
	1992	1993	1994	1995	1996
	(In Thousands)				
<S>	<C>	<C>	<C>	<C>	<C>
Selected Operations Data:					
Total interest income......................	$4,082	$ 3,560	$ 3,182	$3,401	$4,016
Total interest expense.....................	2,310	1,700	1,642	1,897	2,223
Net interest income........................	1,772	1,860	1,541	1,504	1,793
Provision for loan losses..................	41	58	100	40	214
Net interest income after provision for loan losses..........................	1,731	1,802	1,441	1,464	1,579
Service charges and other fees............	11	20	25	24	23
Gain on sales of loans, mortgage-backed securities and investment securities................................	---	---	---	---	---
Other non-interest income..................	33	25	18	23	24
Total non-interest income..................	44	45	43	47	47
Total non-interest expense.................	1,026	973	1,010	1,085	1,522
Income before taxes and extraordinary item......................................	749	874	474	426	104
Income tax provision (benefit)............	273	288	185	153	50
Net income............................	$ 476	$ 586	$ 289	$ 273	$ 54

</TABLE>

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	Year Ended September 30,				
	1992	1993	1994	1995	1996
<S>	<C>	<C>	<C>	<C>	<C>
Selected Financial Ratios and Other Data:					
Performance Ratios:					
Return on assets (ratio of net income to average total assets)................	1.00%	1.22%	.60%	.54%	.10%
Return on equity (ratio of net income to average equity)..............	18.09	18.52	8.02	5.00	.78
Interest rate spread information:					
Average during period...................	3.58	3.80	3.05	2.57	2.74
End of period...........................	4.16	3.52	2.80	2.63	2.58
Net interest margin(1)...................	3.82	3.97	3.28	3.04	3.33
Ratio of operating expense to average total assets............................	2.15	2.03	2.11	2.15	2.77
Ratio of average interest-earning assets to average interest-bearing liabilities............................	103.28	105.54	106.86	109.93	111.17
Asset Quality Ratios:					
Non-performing assets to total assets at end of period.........................	2.56	1.38	1.32	1.23	1.64
Allowance for loan losses to non-performing loans.........................	18.80	38.63	55.78	59.30	62.20
Allowance for loan losses to loans receivable, net..........................	.69	.80	1.05	1.04	1.46
Capital Ratios:					
Equity to total assets at end of period...	5.99	7.18	7.83	13.48	11.79

Average equity to average assets..........	5.52	6.59	7.51	10.81	12.61
Other Data:					
Number of full-service offices...........	1	1	1	1	1

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(1) Net interest income divided by average interest-earning assets.

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</TABLE>

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

St. Landry Financial Corporation (the "Company") is a Delaware corporation which became the savings and loan holding company of First Federal Savings and Loan Association of Opelousas (the "Association") in April 1995. The Company owns all of the outstanding stock of the Association issued in connection with its conversion to stock form. All references to the Company, unless otherwise indicated, at or before April 5, 1995 refer to the Association. Unless the context otherwise requires, all references herein to the Association or the Company include the Company and the Association on a consolidated basis.

The Company is principally engaged in the business of attracting retail savings deposits from the general public and investing those funds in owner occupied, one-to four-family residential mortgage loans and mortgage-backed securities. To a lesser extent, the Company originates residential construction, commercial real estate and consumer loans. The Company also invests in U. S. Government and agency obligations and other permissible investments.

The most significant outside factors influencing the operations of the Company and other savings institutions include general economic conditions, competition in the local market place and the related monetary and fiscal policies of agencies that regulate financial institutions. More specifically, the cost of funds, primarily consisting of deposits, is influenced by interest rates on competing investments and general market rates of interest. Lending activities are influenced by the demand for real estate financing and other types of loans, which in turn is affected by the interest rates at which such loans may be offered and other factors affecting loan demand and fund availability.

Financial Condition

The Company's total assets were $53.2 million at September 30, 1995 as compared to $56.8 million at September 30, 1996. The increase of $3.6 million was primarily due to an increase in loans receivable and mortgage-backed securities. Also, borrowings from the Federal Home Loan Bank were used to fund loan originations and purchases of adjustable rate mortgage-backed securities.

Net loans receivable increased by $2.4 million to $39.9 million at September 30, 1996 from $37.3 million at September 30, 1995. The increase was due to an increase in originations, the majority of which with adjustable rates of interest, and a decrease in principal repayments. Federal Home Loan Bank advances were used to supplement funding of the loan originations. Non-performing assets increased to $933,000 or 1.64% of total assets at September 30, 1996, from $656,000 or 1.23% of total assets at September 30, 1995. The increase was a result of a $202,000 increase in non-accruing loans, and an increase of $75,000 in foreclosed assets. At September 30, 1996, the Company had 20 one-to four-family loans, 14 automobile and one unsecured loan which were in a non-accruing status.

Total investments decreased by $355,000 from $3.6 million at September 30, 1995 to $3.2 million at September 30, 1996. An unrealized gain on available-for-sale investment securities increased by $110,000 from September 30, 1995 to September 30, 1996. The unrealized gain in stock in Federal Home Loan Mortgage Corporation ("FHLMC") of $363,000, was partially offset by a $5,000 unrealized loss in equity securities. The decrease was caused by the maturity of $500,000 in debt securities, partially offset by a $3,000 acquisition of stock in the Federal Home Loan Bank of Dallas and a $4,000 amortization of premiums paid on investment securities.

The Company also experienced a $1.1 million increase in mortgage-backed securities during fiscal 1996. Mortgage-backed securities in the amount of $3.7 million were purchased during the fiscal year. These purchases were partially funded with lower rate Federal Home Loan Bank advances. The acquisitions were partially offset by principal repayments. The unrealized loss on available for sale securities decreased by $19,000 from September 30, 1995 to September 30, 1996.

Deposits decreased by $1.1 million from September 30, 1995 to September 30, 1996, a decrease of 2.68%.

Federal Home Loan Bank advances increased by $5.0 million. Borrowing proceeds were used to fund a portion of loan originations. Advances were also used to supplement the purchase of adjustable rate mortgage-backed securities.

Total stockholders' equity decreased by $469,000 from $7.2 million at September 30, 1995 to $6.7 million at September 30, 1996. Stockholder's equity decreased by $351,000 because of the repurchase of Company stock which was used to fund the Company's Recognition and Retention Plan, by $291,000 because of the unearned compensation expense due to the adoption of the Recognition and Retention Plan, and by the payment of a cash dividend in the amount of $22,000. The decrease in stockholders' equity was partially offset by an after-tax net unrealized gain on investment securities available for sale and mortgage-backed securities available for sale in accordance with the implementation of SFAS No. 115, a reduction in the ESOP loan through loan payments and an increase in retained earnings.

Asset/Liability Management

Financial institutions and their holding companies, like the Company, are subject to interest rate risk to the extent that their interest-bearing liabilities with short and intermediate- term maturities reprice more rapidly, or on a different basis, than their interest-earning assets. Management of the Company believes it is critical to manage the relationship between interest rates and the effect on the Association's net portfolio value ("NPV"). This approach calculates the difference between the present value of expected cash flows from assets and the present value of expected cash flows from liabilities, as well as cash flows from off-balance sheet contracts. Management of the Association's assets and liabilities is done within the context of the marketplace, but also within limits established by the Board of Directors on the amount of change in NPV which is acceptable given certain interest rate changes.

The OTS uses a net market value methodology to measure the interest rate risk exposure of thrift institutions. Under OTS regulations, an institution's "normal" level of interest rate risk in the event of an assumed change in interest rates is a decrease in the institution's NPV in an amount not exceeding 2% of the present value of its assets. Beginning July 1, 1994, thrift institutions with greater than "normal" interest rate exposure must take a deduction from their total capital available to meet their risk based capital requirement. The amount of that deduction is one-half of the difference between (a) the institution's actual calculated exposure to a 200 basis point interest rate increase or decrease (whichever results in the greater pro forma decrease in NPV) and (b) its "normal" level of exposure which is 2% of the present value of its assets. The change indicated for September 30, 1996 exceeds the 2% norm. As a result, the Association would be required to make a deduction from total capital in calculating its risk-based capital requirement had this rule been applicable to it. However, because the Association has total

assets of less than $300 million and risk-based capital in excess of 12%, the Association is exempt from this rule.

Presented below, as of September 30, 1996, is an analysis of the Association's interest rate risk as measured by changes in NPV for instantaneous and sustained parallel shifts in the yield curve, in 100 basis point increments, up and down 300 basis points and compared to Board policy limits and in accordance with OTS regulations. Such limits have been established with consideration of the dollar impact of various rate changes and the Association's strong capital position. As illustrated in the table, NPV is more sensitive to and may be negatively impacted by rising rates than declining rates. This occurs principally because, as rates rise, the market value of fixed-rate loans declines due to both the rate increase and slowing prepayments. When rates decline, the Association does not experience a significant rise in market value for these loans because borrowers prepay at relatively high rates. The value of the Association's deposits and borrowings change in approximately the same proportion in rising or falling rate scenarios.

Change in Interest Rate (Basis Points)	September 30, 1996 $ Change in NPV	% Change in NPV
	(Dollars in Thousands)	
+300	-3,304	-33%
+200	-2,247	-19%
+100	-1,297	-8%
-0-		
-100	262	+4%
-200	261	+4%
-300	388	+6%

As with any method of measuring interest rate risk, certain shortcomings are inherent in the method of analysis presented in the foregoing table. For example, although certain assets and liabilities may have similar maturities or periods to repricing, they may react in different degrees to changes in market interest rates. Also, the interest rates on certain types of assets and liabilities may fluctuate in advance of changes in market interest rates, while interest rates on other types may lag behind changes in market rates. Additionally, certain assets, such as adjustable rate mortgage ("ARM") loans, have features which restrict changes in interest rates on a short-term basis and over the life of the asset. Further, in the event of a change in interest rates, expected rates of prepayments on loans and early withdrawals from certificates could likely deviate significantly from those assumed in calculating the table.

The Company seeks to maximize net interest income by attempting to achieve a positive interest rate spread that can be sustained during fluctuations in prevailing interest rates. The Company's policies are designed to reduce the impact of changes in interest rates on its net interest income by maintaining a favorable match between the maturities or repricing dates of its interest-earning assets and interest-bearing liabilities. In implementing these policies, the Company has increased its loans receivable from $35.4 million at September 30, 1992 to $39.9 million at September 30, 1996, an increase of 12.7%. During 1994, the Company expanded its consumer loan portfolio to service existing customers. During 1996, the Association purchased automobile loans which are being serviced by a third party. Consumer loans are originated with shorter terms and at higher interest rates than one- to four-family residential loans and offer the Company the ability to improve asset/liability management. However, consumer loans may

entail greater credit risk than residential mortgage loans, therefore, no assurance can be made that delinquencies will not increase in the future.

During the period from September 30, 1992 to September 30, 1995, the Company also increased its mortgage-backed securities from $10.8 million to $12.3 million. The composition of mortgage-backed securities consisted of fixed rate and adjustable rate securities backed by FHLMC, Federal National Mortgage Association and Government National Mortgage Association. Interest rate risk is inherent in holding any debt security. As interest rates rise the value of the security declines and conversely as interest rates decline values rise. All of the adjustable rate mortgage-backed securities in the portfolio are tied to the Eleventh District Cost of Funds Index or the One Year Constant Maturity Treasury Index, and all are considered available for sale.

Average Balances, Interest Rates and Yields. The following table presents for the periods indicated the total dollar amount of interest income from average interest-earning assets and the resultant yields, as well as the interest expense on average interest-bearing liabilities, expressed both in dollars and rates. No tax equivalent adjustments were made. All average balances are monthly average balances. Non-accruing loans have been included in the table as loans carrying a zero yield. If interest rates continue to increase (as they have since the last quarter of fiscal 1994), the rates paid on liabilities will generally be expected to increase at a faster pace than the rates charged on assets, due to the nature of the timing of their repricing. In such an event, the Company's interest rate spread will narrow. A narrowing of the Company's interest rate spread may have the effect of reducing net interest income in future periods.

<TABLE>
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	Year Ended September 30,								
	1994			1995			1996		
	Average Outstanding Balance	Interest Earned/ Paid	Yield/ Rate	Average Outstanding Balance	Interest Earned/ Paid	Yield/ Rate	Average Outstanding Balance	Interest Earned/ Paid	Yield/ Rate
				(Dollars in Thousands)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Interest-Earning Assets:									
Loans receivable(1)	$32,196	$2,402	7.46	$35,970	$ 2,599	7.23	$39,186	$3,088	7.88%
Mortgage-backed securities	10,295	585	5.68	9,947	597	6.00	11,774	738	6.26
Investment securities	4,017	179	4.46	3,075	180	5.85	2,787	164	5.88
FHLB stock	385	16	4.16	413	26	6.30	444	26	5.86
Total interest-earning assets(1) ..	$46,893	3,182	6.79	$49,405	3,402	6.89	$54,191	4,016	7.41
Interest-Bearing Liabilities:									
Savings deposits	$12,517	368	2.94	$12,982	427	3.04	$11,596	267	2.30
Certificate accounts	30,735	1,247	4.06	30,363	1,375	4.53	31,052	1,698	5.46
Borrowings	631	27	4.28	1,591	95	5.97	4,809	258	5.36
Total interest-bearing liabilities	$43,883	1,642	3.74	$44,936	1,897	4.22	$47,457	2,223	4.68
Net interest income		$ 1,540			$1,505			$1,793	
Net interest rate spread			3.05%			2.67%			2.73%
Net earning assets	$ 3,010			$4,469			$ 6,734		
Net yield on average interest-earning assets			3.28%			3.05%			3.53%
Average interest-earning assets to average interest-bearing liabilities		106.86x			109.95x			111.21x	

<FN>
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(1) Calculated net of deferred loan fees, loan discounts, loans in process and loss reserves.
</FN>
</TABLE>

Rate/Volume Analysis

The following schedule presents the dollar amount of changes in interest income and interest expense for major components of interest-earning assets and interest-bearing liabilities. It distinguishes between the changes related to outstanding balances and due to the changes in interest rates. For each category of interest-earning assets and interest-bearing liabilities, information is provided on changes attributable to (i) changes in volume (i.e., changes in volume multiplied by old rate) and (ii) changes in rate (i.e., changes in rate multiplied by old volume). For purposes of this table, changes attributable to both rate and volume, which cannot be segregated, have been allocated proportionately to the change due to volume and the change due to rate.

<TABLE>
<CAPTION>

Year Ended September 30,	
1994 vs. 1995	1995 vs. 1996

	Increase (Decrease) Due to		Total	Increase (Decrease) Due to		Total
	Volume	Rate	Increase (Decrease)	Volume	Rate	Increase (Decrease)
	(Dollars in Thousands)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Interest-earning assets:						
Loans receivable..................	$ 261	$ (64)	$ 197	$ 246	$ 243	$ 489
Mortgage-backed securities.........	9	2	11	146	(5)	141
Investment securities.............	---	2	2	(15)	(2)	(17)
Other.............................	1	8	9	2	---	2
Total interest-earning assets..........................	$ 271	$ (52)	219	$ 379	$ 236	615
Interest-bearing liabilities:						
Savings deposits..................	$ (16)	$ (2)	(18)	$ (80)	$ ---	(80)
Borrowings........................	52	16	68	173	(10)	163
Certificate accounts..............	27	178	205	114	129	243
Total interest-bearing liabilities....................	$ 63	$ 192	255	$ 207	$ 119	326
Net interest income................			$ (36)			$ 289

</TABLE>

Interest Rate Spread

The following table presents the weighted average yields earned on loans, investments and other interest-earning assets, and the weighted average rates paid on savings deposits and borrowings and the resultant interest rate spreads at the dates indicated.

	At September 30,		
	1994	1995	1996
Weighted average yield on:			
Loans receivable	7.15%	7.26%	7.94%
Mortgage-backed securities	5.82	6.09	6.64
Investment securities	4.92	5.25	5.23
Other interest-earning assets	4.84	5.94	5.82
Combined weighted average yield on interest-earning assets	6.70	7.22	7.58
Weighted average rate paid on:			
Savings deposits	3.04	3.04	3.04
Certificate accounts	4.22	4.80	5.27
Borrowings	5.04	6.06	5.73
Combined weighted average rate paid on interest-bearing liabilities	3.90	4.60	4.85
Spread	2.80	2.63	2.73

Comparison of Operating Results For The Three Years Ended September 30, 1995

General. The Company had net income totalling $289,000, $273,000 and $54,000, respectively, for the years ended September 30, 1994, 1995 and 1996. Net income for the year ended September 30, 1995 declined $16,000 from fiscal 1994. The decline in fiscal year 1995 was primarily the result of the decline in net interest income of $36,000 and the increase in non-interest expenses of $75,000, which were partially offset by the reduction in the provision for loan losses of $60,000, the decline in income tax expenses of $32,000, and the increase in non-interest income of $4,000.

Net income for the year ended September 30, 1996 decreased $219,000 from fiscal 1995. The decrease in fiscal year 1996 was primarily the result of a special FDIC assessment of $295,000, an increase in the provision for loan losses of $174,000 and non-interest expense of $141,000. The increased expenses were partially offset by increased net interest income of $288,000 and decreased income tax expense of $104,000.

Net Interest Income. The Company's net income is dependent upon net interest income. Net interest income is the difference between the yield on interest-earning assets and the cost of interest-bearing liabilities. During the year ended September 30, 1995, the Company experienced a decrease in net interest income of $36,000, or 2.4%. Net interest income increased during the year ended September 30, 1996 by $288,000 or 19%.

Economic and competitive factors influence interest rates, as well as loan demand and savings activity. To the extent that interest-bearing liabilities mature or reprice at different intervals from interest-earning assets, interest rate risk also has an effect on the net interest income of the Company.

The Company's ability to attract and retain deposits has been and continues to be significantly affected by the rates paid on such deposits. Although management believes the rates paid on such deposits are currently competitive with the rates paid on similar products offered by institutions in the Company's market area, total deposits decreased from $43.1 million at September 30, 1995 to $42.0 million at September 30, 1996. The Company's ability to attract and retain such deposits will continue to be significantly affected by market conditions. At times the Company may be required to utilize alternative and potentially higher cost funding sources which may result in a decrease in net interest income.

Total interest income was $4.0 million for the fiscal year ended September 30, 1996. This was an increase of $615,000 or 18.1% over the previous year. The increase in interest income was a direct result of an increase in interest-earning assets for the year ended September 30, 1995. In conjunction with the increase in interest income, however, interest expense also inclined. Interest expense increased by $326,000 for the year ended September 30, 1996 from the prior year. Average interest-bearing liabilities increased for the year ended September 30, 1996 in order to partially fund the increase in assets. Federal Home Loan Bank advances increased, and these borrowings were generally at higher rates of interest than deposit accounts.

The Company's vulnerability to rising interest rates can be seen in its historical performance. For the fiscal year 1996, the Company's interest rate spread showed a moderate inclination and its interest margin widened to 3.5% during the 1996 fiscal year because the Company's yield on assets inclined at a faster pace than its cost of funds. Interest margins fell for the fiscal years ended September 30, 1994 and 1995. During these periods of rising rates the yields on assets were declining due to the lag in adjustment periods on such assets as a result of an increase in market rates of interest, while the cost of funds were increasing.

Allowance for Loan Losses. For the fiscal year ended September 30, 1995, the Company recorded a provision for loan losses of $40,000 as compared to $100,000 for fiscal 1994. At September 30, 1995, the Company's allowance for loan losses totaled $580,000. A provision for loan loss of $214,000 was recorded for the fiscal year ended September 30, 1996. At September 30, 1996, the Company's allowance for loan losses was 1.44% of total loans and 69.6% of non-performing assets as compared to 1.04% and 59.3%, respectively, at September 30, 1995 and to 1.03% and 55.7%, respectively, at September 30, 1994. The Company's ratio of net charge-offs to average loans outstanding during the years ended September 30, 1994, 1995 and 1996 were 0.02%, 0.01% and 0.00%, respectively and its ratio of net charge-offs to average non-performing assets during the same periods were 1.05%, 0.16% and 2.89%, respectively. Although net charge-offs have increased from $2,000 at September 30, 1995 to $23,000 at September 30, 1996, the allowance for loan losses is established based on management's evaluation of the risk inherent in its loan activity. Such evaluation, which includes a review of loans for which full collectibility may not be reasonably assured, considers, among other matters, the estimated fair value of the underlying collateral, economic conditions, historical loan loss experience and other factors that warrant recognition in providing for an adequate loan loss allowance. See Note 4 of the Notes to Consolidated Financial Statements.

The increase in the allowance from fiscal 1995 to fiscal 1996 reflects, among other things, the 67% increase in the Company's commercial real estate portfolio, the 84% increase in consumer loans (predominantly loans on used automobiles purchased from a loan broker which initially retained servicing rights) and the 7% overall increase in the total loan portfolio into different types of lending which generally involve increased risk from that of one- to four-family residential lending, the increased level of the Company's problem loans and their estimated value, and the levels of the allowance for loan losses established by the Company's peers in assessing the adequacy of the loan loss allowance. Although the Company maintains

its allowance for loan losses at a level which it considers to be adequate to provide for losses, there can be no assurance that future losses will not exceed estimated amounts or that additional provisions for loan losses will not be required in future periods.

Non-Interest Income. Late charges and insurance commissions are the focus of non-interest income for the Company. Non-interest income totaled $47,000 for the fiscal year ended September 30, 1996, as compared to $47,000 for fiscal 1995 and $43,000 for fiscal 1994. The totals for all three years were comparable due to the limited amount of service the Company provides its customer base. As a result, the Company's ability to increase non-interest income in the future may be limited.

Non-Interest Expense. Non-interest expense totaled $1.5 million for the fiscal year ended September 30, 1996 as compared to approximately $1.1 million for each of the fiscal years ended September 30, 1995 and 1994. This $436,000, or 40%, increase was mainly the result of a $295,000 one-time special assessment required by legislation enacted on September 30, 1996. The federal legislation, which affects all savings associations nationwide, is designed to recapitalize the SAIF of the FDIC. As of October 1, 1996, deposit insurance premiums for highly rated institutions have been eliminated. However, the Board will continue to be subject to a 6.5 cents per $100 of deposit assessment to fund repayment of the FICO obligations. Compensation and benefit expenses increased due to the establishment of the Company's Recognition and Retention Plan, normal increases in salaries in recent periods and increases in directors fees.

Provision for Income Taxes. The Company's income tax expense for the fiscal year ended September 30, 1996 was $49,000 as compared to $153,000 for the previous year end, and $185,000 for fiscal 1994. The decrease in taxes from fiscal 1994 to fiscal 1995, and from fiscal 1995 to fiscal 1996 was the result of the decrease in pre-tax income. Pre-tax income was $474,000, $426,000 and $103,000 for the years ended September 30, 1994, 1995 and 1996, respectively.

Liquidity and Capital Resources

The Company's primary sources of funds are deposits, borrowings, principal and interest payments on loans, mortgage-backed and investment securities. In the event that the Company should require funds beyond its ability to generate them internally, additional sources of funds are available through the use of FHLB advances. While scheduled loan repayments and maturing investments are relatively predictable, deposit flows and early loan repayments are more influenced by interest rates, general economic conditions and competition.

Federal regulations have required the Association to maintain minimum levels of liquid assets. The required percentage has varied from time to time based upon economic conditions and savings flows and is currently 5% of net withdrawable savings deposits and borrowings payable on demand or in one year or less during the preceding calendar month. Liquid assets for purposes of this ratio include cash, certain time deposits, U.S. Government, government agency and other securities and obligations generally having remaining maturities of less than five years. The Association's most liquid assets are cash and cash equivalents, short-term investments and mortgage-backed and related securities. The levels of these assets are dependent on the Association's operating, financing, lending and investing activities during any given period. The low level of liquid investments has required the Association to utilize FHLB advances in order to meet liquidity needs. At September 30, 1996, 1995 and 1994, liquidity eligible assets totalled $3.6 million, $4.8 million and $5.4 million, respectively. At those same

dates, the Association's liquidity ratios were 6.5%, 10.6% and 13.4%, respectively, all in excess of the 5% minimum regulatory requirement.

The Company uses its liquid resources principally to meet ongoing commitments, to fund maturing certificates of deposit and deposit withdrawals, to invest, to fund existing and future loan commitments, to maintain liquidity and to meet operating expenses. At September 30, 1996, the Company had outstanding commitments to extend credit which amounted to $1.3 million.

Management believes that loan repayments and other sources of funds will be adequate to meet the Company's foreseeable liquidity needs.

At September 30, 1996, the Company had $14.0 million in certificates of deposit due within one year and $13.7 million in other deposits without specific maturity. Based on past experience, management expects that most of the deposits will be retained or replaced by new deposits.

The primary investment activities of the Company are the origination of one- to four-family, commercial real estate, one- to four-family construction, and consumer loans, and the purchase of investment and mortgage-backed securities. During the years ended September 30, 1996, 1995 and 1994, the Company originated loans totalling $8.7 million, $9.4 million and $8.1 million, respectively. During those same periods, the Company purchased investment and mortgage-backed securities totalling $3.3 million, $3.0 million and $4.0 million, respectively. These activities were funded primarily by deposits, principal repayments on loans and investments and mortgage-backed securities. The Company decreased its purchases of mortgage-backed securities as the demand for new loans increased. To the extent such loan demand continues, this would be expected to have a positive effect on the Company's results of operations. Management expects loan demand to be negatively effected, however, if interest rates rise, which would require management to again seek alternative sources of investment (such as mortgage-backed securities) which could adversely effect the Company's interest rate spreads.

At September 30, 1996, the Association exceeded all of its regulatory capital requirements. The following table sets forth the Association's compliance with its capital requirements at September 30, 1996.

	At September 30, 1996	
	Amount	Percent(1)
	(Dollars in Thousands) (Unaudited)	
Tangible Capital:		
Capital level	$5,513	9.73%
Requirement	850	1.50
Excess	$4,663	8.23%
Core Capital:		
Capital level	$5,513	9.73%
Requirement	1,701	3.00
Excess	$3,812	6.73%
Current Risk-Based Capital:		
Capital level	$5,860	19.14%
Requirement	2,449	8.00
Excess	$3,411	11.14%

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(1) Tangible and core capital levels are shown as a percentage of adjusted total assets; risk-based capital levels are shown as a percentage of risk-weighted assets.

Impact of Inflation

The financial statements and related data presented herein have been prepared in accordance with generally accepted accounting principles, which require the measurement of financial position and operating results in historical dollars without considering changes in the relative purchasing power of money over time due to inflation. The primary impact of inflation on the operations of the Association is reflected in increased operating costs. Unlike most industrial companies, virtually all of the assets and liabilities of a financial institution are monetary in nature. As a result, interest rates, generally, have a more significant impact on a financial institution's performance than does inflation. Interest rates do not necessarily move in the same direction or to the same extent as the prices of goods and services. In the current interest rate environment, liquidity and maturity structure of the Association's assets and liabilities are critical to the maintenance of acceptable performance levels.

Impact of New Accounting Pronouncements

In May 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 122, "Accounting For Mortgage Servicing Rights (SFAS 122)". SFAS 122 amends SFAS 65 to require mortgage banking enterprises to recognize as separate assets rights to service mortgage loans for others, however those mortgage servicing rights are acquired. SFAS 122 also requires that mortgage banking enterprises assess the impairment of capitalized mortgage servicing rights based on the fair value of those rights on a desegregated basis with the impairment recognized through a valuation allowance. SFAS 122 is effective for fiscal years beginning after December 15, 1995 and applies prospectively to retained servicing rights including purchases prior to the adoption of the statement. The Association intends to adopt SFAS 122, in the fiscal year beginning October 1, 1996, however, since the Company has

not sold loans, the Company does not anticipate any impact on its operations or financial position from its implementation.

In December 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123 "Accounting For Stock Based Compensation Plans (SFAS 123)". SFAS 123 allows a company the option of continuing to follow existing accounting principles for employee stock option plans or to adopt the new principles set forth. Generally, existing accounting principles do not require a company to record compensation expense as long as it issues stock options with an exercise price equal to the existing market price of the stock at the grant date. The new accounting principles set forth in SFAS 123 would require a company to record compensation expense regardless of the exercise price at the grant date. If a company chooses to continue to apply existing accounting principles, it will have to include detailed disclosures of the effect on net income had it followed the new accounting principles set forth in SFAS 123. The Company will continue to follow existing accounting principles and accordingly, will include the detailed disclosures required by SFAS 123 in its annual report for the year ending September 30, 1997.

In June 1996, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No.125, "Accounting For Transfers of Assets" (SFAS 125). SFAS 125 establishes guidelines on accounting for transactions such as loan syndications, repurchase agreements, securitizations, repurchase agreements, securitizations and other similar transactions. The focus of SFAS 125 is whether companies should record such transactions as sales or collateralized financing arrangements. Based on an initial reading of SFAS 125 and an analysis of the Company's recurring asset transfer transactions, it does not appear that adoption of SFAS 125, beginning October 1, 1996, will have a material effect on its financial statements or operating activities.

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
St. Landry Financial Corporation and Subsidiary
Opelousas, Louisiana

We have audited the accompanying consolidated statements of financial condition of St. Landry Financial Corporation and its wholly owned subsidiary, First Federal Savings and Loan Association as of September 30, 1995 and 1996, and the related consolidated statements of income, retained earnings, and cash flows for each of the three years in the period ended September 30, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Landry Financial Corporation and Subsidiary as of September 30, 1995 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 1996, in conformity with generally accepted accounting principles.

As discussed in Note 1 to the financial statements, the Company changed its method of accounting for debt and equity securities for the year ended September 30, 1995, as required by the provisions of Statement of Financial Accounting Standards No. 115, and changed its method of accounting for income taxes for the year ended September 30, 1995, as required by Statement of Financial Accounting Standards No. 109.

/s/ JOHN S. DOWLING & COMPANY

Opelousas, Louisiana
November 13, 1996

ST. LANDRY FINANCIAL CORPORATION AND SUBSIDIARY
OPELOUSAS, LOUISIANA
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
SEPTEMBER 30, 1995 AND 1996

ASSETS	1995	1996
Cash and equivalents	$140,139	$ 385,363
Investment securities		
Securities held-to-maturity, (fair value of $1,476,650 in 1995 and $989,450 in 1996)	1,485,983	989,595
Securities available-for-sale, at fair value	1,662,984	1,773,450
Mortgage-backed securities		
Securities held-to-maturity (fair value of $3,870,925 in 1995 and $2,787,272 in 1996)	3,895,944	2,854,260
Securities available-for-sale, at fair value	7,349,837	9,484,872
Loans receivable, net	37,355,664	39,856,672
Accrued interest receivable	251,981	264,365
Foreclosed real estate, net	42,997	97,827
Premises and equipment, net	525,534	605,178
Investment required by law - Stock in Federal Home Loan Bank, at cost	413,300	444,300
Other assets	81,894	100,774
Total assets	53,206,257	56,856,656

See accompanying notes to financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY	1995	1996
Deposits	$43,142,857	$41,985,963
Borrowed funds	2,537,938	7,561,322
Advances by borrowers for taxes and insurance	106,822	92,468

Federal income taxes		
Currently payable		
Deferred payable	68,694	37,127
Accrued expenses and other liabilities	177,070	476,528
Total liabilities	46,033,381	50,153,408
STOCKHOLDERS' EQUITY		
Common stock $.01 par value, 1,500,000 shares authorized; 459,093 shares outstanding	4,591	4,591
Preferred stock, $.01 par value, 500,000 shares authorized; 0 shares outstanding		
Additional paid in capital	3,329,657	3,347,621
Treasury stock		(350,561)
Unearned ESOP shares	(264,552)	(228,624)
Unearned RRP shares		(291,153)
Retained earnings, substantially restricted	4,017,478	4,049,776
Unrealized gain on securities available-for-sale net of applicable deferred income taxes	85,702	171,598
Total stockholders' equity	7,172,876	6,703,248
Total liabilities and stockholders' equity	53,206,257	56,856,656

ST. LANDRY FINANCIAL CORPORATION AND SUBSIDIARY
OPELOUSAS, LOUISIANA
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED SEPTEMBER 30, 1994, 1995 AND 1996

	1994	1995	1996
INTEREST INCOME			
Loans receivable			
First mortgage loans	$ 2,367,956	$ 2,556,966	$ 2,946,211
Savings account loans	32,632	30,930	41,996
Consumer loans	1,116	10,643	99,796
Investment securities	195,639	205,679	190,065
Mortgage-backed securities	585,111	596,801	737,726
Total interest income	3,182,454	3,401,019	4,015,794
INTEREST EXPENSE			
Deposits	1,614,930	1,801,810	1,964,963
Borrowed funds	26,938	94,963	258,123
Total interest expense	1,641,868	1,896,773	2,223,086
Net interest income	1,540,586	1,504,246	1,792,708
PROVISION FOR LOAN LOSSES	100,000	40,000	214,000
Net interest income after provision for loan losses	1,440,586	1,464,246	1,578,708
NON-INTEREST INCOME			
Service charges and other fees	25,313	23,847	23,253
Insurance commissions	17,728	22,920	21,986
Other	418	722	1,362
Total non-interest income	43,459	47,489	46,601

NON-INTEREST EXPENSE			
General and administrative			
Compensation and benefits	557,042	655,165	724,526
Occupancy and equipment	117,710	120,585	123,883
Marketing and other services	78,114	77,603	118,208
Deposit insurance premium	102,001	99,547	395,241
Net loss (gain) on foreclosed real estate	(2,338)	(2,739)	(2,595)
Real estate owned expense	26,232	7,670	9,047
Other	131,591	127,765	153,327
Total non-interest expense	1,010,352	1,085,596	1,521,637
Income before income taxes	473,693	426,139	103,672
INCOME TAX EXPENSE	185,104	153,322	49,455
NET INCOME	288,589	272,817	54,217
NET INCOME PER COMMON SHARE			$ .13

See accompanying notes to financial statements.

ST. LANDRY FINANCIAL CORPORATION AND SUBSIDIARY
OPELOUSAS, LOUISIANA
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED SEPTEMBER 30, 1994, 1995 AND 1996

<TABLE>
<CAPTION>

	COMMON STOCK	PREFERRED STOCK	ADDITIONAL PAID-IN CAPITAL	UNEARNED ESOP SHARES	UNEARNED RRP SHARES	RETAINED EARNINGS	UNREALIZED GAIN (LOSS) ON SECURITIES AVAILABLE-FOR-SALE, NET OF APPLICABLE DEFERRED INCOME TAXES	TREASURY STOCK	TOTAL STOCKHOLDERS' EQUITY
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCES, September 30, 1993						$3,456,072			$3,456,072
Net income						288,589			288,589
BALANCES, September 30, 1994						3,744,661			3,744,661
Net income						272,817			272,817
Sale of stock	$4,591								4,591
Contribution of additional paid-in capital			$3,316,854						3,316,854
Acquisition of ESOP shares				$(293,816)					(293,816)
Allocation of earned ESOP shares at fair value			12,803	29,264					42,067
Change in unrealized gain (loss) on securities available-for-sale, net of applicable deferred income taxes of $44,150							$85,702		85,702
BALANCES, September 30, 1995	$4,591		3,329,657	(264,552)		4,017,478	85,702		7,172,876
Net income						54,217			54,217
Stock issued for adoption of recognition and retention plan	184		247,730		$(247,914)				
Purchase of treasury stock								$(641,714)	(641,714)
Retirement of treasury stock to be used for recognition and retention plan	(184)		(247,730)		(43,239)			291,153	
Allocation of earned ESOP shares at fair value			17,964	35,928					53,892
Dividend paid						(21,919)			(21,919)
Change in unrealized gain (loss) on securities available-for-sale, net of applicable deferred income taxes of $44,249							85,896		85,896
BALANCES, September 30, 1996	4,591	-0-	3,347,621	(228,624)	(291,153)	4,049,776	171,598	(350,561)	6,703,248

</TABLE>

See accompanying notes to financial statements.

ST. LANDRY FINANCIAL CORPORATION AND SUBSIDIARY
OPELOUSAS, LOUISIANA
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 1994, 1995 AND 1996

	1994	1995	1996
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$288,589	$272,817	$54,217
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization of premiums and discounts on loans and mortgage-backed and related securities	13,751	4,359	10,534
Stock dividend on FHLB stock	(16,000)	(25,400)	(25,600)
Provision for loan losses	100,000	40,000	214,000
Deferred loan fees	(1,357)	(1,553)	
Depreciation of premises and equipment	27,465	24,104	31,249
Depreciation of real estate owned	1,186		
Net loss (gain) on sale of real estate owned	(2,338)	(2,739)	(2,595)
Net loss (gain) on sale of fixed assets		(182)	
Allocation of ESOP shares		42,067	53,892
(Increase) decrease in accrued interest receivable	23,279	(44,060)	(12,384)
(Increase) decrease in other assets	(43,548)	41,484	(18,880)
Increase (decrease) in income taxes payable	(15,796)		
Increase (decrease) in deferred income taxes	2,630	7,391	(75,816)
Increase (decrease) in accrued expenses and other liabilities	2,551	25,422	305,216
Net cash provided by operating activities	380,412	383,710	533,833
CASH FLOWS FROM INVESTING ACTIVITIES			
Loan originations net of principal repayments	(1,014,636)	(4,073,751)	(2,787,262)
Purchases of certificates of deposit	(196,497)		
Maturities of certificates of deposit	589,111		
Purchase of investment securities held-to-maturity	(1,880,234)		
Proceeds from maturities of investment securities held-to-maturity	2,000,000		500,000
Purchases of mortgage-backed securities held-to-maturity	(2,044,098)		
Principal repayments of mortgage-backed securities held-to-maturity	2,432,295	703,953	1,047,072
Purchases of mortgage-backed securities available-for-sale		(2,987,138)	(3,687,922)
Principal repayments of mortgage-backed securities available-for-sale		1,095,720	1,546,079
Purchase of FHLB stock	(42,600)	(4,100)	(31,100)

This statement continued on next page.

ST. LANDRY FINANCIAL CORPORATION AND SUBSIDIARY
OPELOUSAS, LOUISIANA
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED SEPTEMBER 30, 1994, 1995 AND 1996

	1994	1995	1996
CASH FLOWS FROM INVESTING ACTIVITIES (Continued)			
Proceeds from sale of FHLB stock	$ 14,300	$ 23,600	$25,700
Investment in foreclosed real estate	(7,719)		(6,106)

Proceeds from sale of foreclosed real estate	55,165	2,250	27,320
Proceeds from sale of premises and equipment		275	
Purchases of premises and equipment	(24,734)	(100,291)	(110,893)
Net cash (used) by investing activities	(119,647)	(5,339,482)	(3,477,112)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase (decrease) in deposits	(368,908)	372,371	(1,156,894)
Increase (decrease) in advances from FHLB	(148,083)	1,486,021	5,023,384
Increase (decrease) in mortgage escrow funds	(50,166)	28,615	(14,354)
Dividend paid			(21,919)
Purchase of treasury stock			(641,714)
Net proceeds from issuance of stock		3,027,629	
Net cash provided (used) by financing activities	(567,157)	4,914,636	3,188,503
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(306,392)	(41,136)	245,224
CASH AND CASH EQUIVALENTS, beginning of year	487,667	181,275	140,139
CASH AND CASH EQUIVALENTS, end of year	181,275	140,139	385,363
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES			
Loans originated to facilitate the sale of real estate owned	$190,985	$42,750	$68,580
Loan principal reductions resulting from foreclosures on real estate owned	$50,932	$26,462	$147,787
Increase in unrealized gain (loss) on securities available-for-sale net of applicable deferred income taxes		$85,702	$85,896

</TABLE>

This statement continued on next page.

ST. LANDRY FINANCIAL CORPORATION AND SUBSIDIARY
OPELOUSAS, LOUISIANA
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED SEPTEMBER 30, 1994, 1995 AND 1996

<TABLE>
<CAPTION>

<S>	1994 <C>	1995 <C>	1996 <C>
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING ACTIVITIES			
Retirement of treasury stock used to fund recognition and retention plan			$291,153
SUPPLEMENTAL SCHEDULE OF INTEREST AND TAXES PAID			
Interest paid	$1,649,802	$1,916,017	$2,221,567
Taxes paid	$215,296	$145,240	$145,960

</TABLE>

See accompanying notes to financial statements.

ST. LANDRY FINANCIAL CORPORATION AND SUBSIDIARY

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF FINANCIAL STATEMENT PRESENTATION

St. Landry Financial Corporation, (the "Company"), was formed in December 1994 for the purpose of acquiring all of the common stock of First Federal Savings and Loan Association of Opelousas, (the "Association"), concurrent with its conversion from mutual to stock ownership. St. Landry Financial Corporation completed its initial public stock offering of 459,093 shares of $.01 par value stock on April 5, 1995. The Company utilized one half of the net stock sale proceeds to acquire all of the common stock issued by the Association. The conversion was an internal reorganization with historical balances carried forward without adjustment.

The financial statements included in this report reflect the consolidated financial condition and results of operations of the Company and its subsidiary for the years ended September 30, 1995 and 1996. All material intercompany balances and transactions have been eliminated in consolidation.

The consolidated financial statements have been prepared in conformity with generally accepted accounting principles. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of financial condition and revenues and expenses for the year. Actual results could differ significantly from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for losses on loans and the valuation of real estate acquired in connection with foreclosures or in satisfaction of loans. In connection with the determination of the allowances for losses on loans and foreclosed real estate, management obtains independent appraisals for significant properties.

A substantial portion of the Association's loans are secured by real estate in local depressed markets. In addition, foreclosed real estate is located in this same depressed market. Accordingly, the ultimate collectibility of a substantial portion of the Association's loan portfolio and the recovery of the carrying amount of foreclosed real estate are susceptible to changes in local market conditions.

While management uses available information to recognize losses on loans and foreclosed real estate, future additions to the allowances may be necessary based on changes in local economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Association's allowances for losses on loans and foreclosed real estate. Such agencies may require the Association to recognize additions to the allowances based on their judgments about information available to them at the time of their examination.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BUSINESS

The Company, through its subsidiary, provides financial services to individuals and corporate customers, and is subject to competition from other financial institutions. The Association's primary deposit products are passbooks, money market accounts and certificates of deposit. Its primary lending products are single-family residential loans. The Company and its subsidiary are also subject to the regulations of certain federal agencies and undergo periodic examinations by those regulatory authorities.

C. CASH EQUIVALENTS

For purposes of reporting cash flows, cash and cash equivalents include cash, interest-bearing deposits in other institutions including certificates of deposit with original maturities of three months or less and short-term debt securities purchased with original maturities of three months or less.

Cash and cash equivalents at September 30, included the following:

	1995	1996
Cash	$127,511	$151,081
Interest-bearing deposits in other institutions	12,628	234,282
	140,139	385,363

D. INVESTMENT SECURITIES

The Association adopted Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities," for the year ended September 30, 1996. Under the provisions of Statement No. 115, investment securities that are held for short-term resale are classified as trading securities and carried at fair value. Debt securities that management has the ability and intent to hold to maturity are classified as held-to-maturity and carried at cost, adjusted for amortization of premium and accretion of discounts using a method that approximates the interest method. Other marketable securities are classified as available-for-sale and are carried at fair value. Realized and unrealized gains and losses on trading securities are included in net income. Unrealized gains and losses on securities available-for-sale are recognized as direct increases or decreases in stockholders' equity. Equity securities that are nonmarketable or that have mandatory sinking funds are carried at cost. Gains and losses on the sale of investment securities are determined using the specific identification method.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. INVESTMENT SECURITIES - Continued

The effect of this change in accounting principle was an increase of $163,550 (net of related deferred income tax expense of $84,253) in equity capital to record unrealized gain on investment securities available-for-sale. FASB 115 does not allow retroactive restatement of prior period financial statements.

Prior to adoption of Statement No. 115, bonds, notes and debentures were carried at cost, adjusted for premiums and discounts that were recognized in interest income using the interest method, or straight-line method if not materially different, over the period to maturity.

Equity securities that were nonmarketable or that had mandatory sinking funds were carried at cost. All other equity securities were carried at the lower of cost or estimated market value in the aggregate. Net unrealized losses were recognized through a valuation allowance that was shown as a reduction in the carrying value of the related securities and as a corresponding reduction in stockholders' equity.

Gains and losses on the sale of investment securities were determined using the specific-identification method.

E. MORTGAGE-BACKED SECURITIES

Mortgage-backed securities are accounted for in accordance with Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities." This statement addresses the accounting and reporting for investments in equity securities that have readily determinable fair values and for all investments
in dept securities.

Mortgage-backed securities that are held for short-term resale are classified as trading securities and carried at fair value.

Mortgage-backed securities that management has the ability and intent to hold to maturity are classified as held-to- maturity and carried at cost, adjusted for amortization of premium and accretion of discounts using a method that approximates the interest method. Other mortgage-backed securities are classified as available-for-sale and are carried at fair value. Realized and unrealized gains and losses on trading securities are included in net income. Unrealized gains and losses on mortgage-backed securities available-for-sale are recognized as direct increases or decreases in stockholders' equity. Gains and losses are recognized based on the specific-identification method.

The Association adopted Statement of Financial Accounting Standards No. 115 for the year ended September 30, 1995. The effect of this change in accounting principle was a decrease of $77,848 (net of related deferred income taxes of $40,103) in equity capital to recognize unrealized losses on mortgage-backed available-for-sale. FASB 115 does not allow retroactive restatement of prior period financial statements. Prior to adoption of Statement No. 115, investments in mortgage-backed securities were stated at cost, adjusted for amortization of premiums and accretion of fees and discount using a method that approximates level yield.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. LOANS RECEIVABLE

Loans receivable are stated at unpaid principal balances, less the allowance for loan losses, and net deferred loan-origination fees and discounts.

Discounts on first mortgage loans are amortized to income using the interest method over the remaining period to contractual maturity, adjusted for anticipated prepayments.

Interest income generally is not recognized on specific impaired loans unless the likelihood of further loss is remote. Interest payments received on such loans are applied as a reduction of the loan principal balance. Interest income on other impaired loans is recognized only to the extent of interest payments received.

The allowance for loan losses is maintained at a level which, in management's judgment, is adequate to absorb credit losses inherent in the loan portfolio. The amount of the allowance is based on management's evaluation of the collectibility of the loan portfolio, including the nature of the portfolio, credit concentrations, trends in historical loss experience, specific impaired loans, economic conditions and other risks inherent in the portfolio. Allowances for impaired loans are generally determined based on collateral values or the present value of estimated cash flows. The allowance is increased by a provision for loan losses, which is charged to expense, and reduced by charge-offs, net of recoveries.

G. LOAN ORIGINATION FEES, COMMITMENT FEES, AND RELATED COSTS

Loan fees are accounted for in accordance with FASB Statement No. 91, "Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases." Loan fees and certain direct loan origination costs are deferred, and the net fee or cost is recognized as an adjustment to interest income using the interest method over the contractual life of the loans.

The Association does not charge commitment fees.

H. FORECLOSED REAL ESTATE

Real estate properties acquired through, or in lieu of, loan foreclosures are initially recorded at fair value at the date of foreclosure. After foreclosure, foreclosed assets are carried at the lower of (a) fair value minus estimated costs to sell or (b) cost. Costs relating to development and improvement of property are capitalized, whereas costs relating to the holding of property are expensed.

I. PREMISES AND EQUIPMENT

Land is carried at cost. Buildings, furniture, fixtures, and equipment are carried at cost, less accumulated depreciation. Buildings and furniture, fixtures, and equipment are depreciated over their estimated useful lives using the straight-line or declining balance methods.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. INCOME TAXES

Deferred income taxes are provided in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." Deferred taxes are provided for accumulated temporary differences due to basis differences for assets and liabilities for financial reporting and income tax purposes. The Association's temporary differences related primarily to differences between the basis of FHLB stock, unrealized gains and losses on available-for-sale securities, prepaid interest, and deferred loan fees, for financial and income tax reporting.

Investment tax credits are accounted for as a reduction of income tax expense in the year taxes payable are reduced.

K. FAIR VALUES OF FINANCIAL INSTRUMENTS

Statement of Financial Accounting Standards No. 107, Disclosures about Fair Value of Financial Instruments, requires disclosure of fair value information about financial instruments, whether or not recognized in the statement of financial condition. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instruments, Statement No. 107 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Association.

The following methods and assumptions were used by the Association in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents: The carrying amounts reported in the statements of financial condition for cash and cash equivalents approximate those assets' fair values.

Investment and mortgage-backed securities: Fair values for investment and mortgage-backed securities are based on quoted market prices.

Loans: For variable-rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying amounts. The fair values for other loans are estimated using discounted cash flow analysis, based on interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. Loan fair value estimates include judgments regarding future expected loss experience and risk characteristics. Fair values for impaired loans are estimated using discounted cash flow analysis or underlying collateral values, where applicable. The carrying amount of accrued interest receivable approximates its fair value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. FAIR VALUES OF FINANCIAL INSTRUMENTS - Continued

Deposits: The carrying amounts of variable-rate, fixed-term money-market accounts and certificates of deposit approximate their fair values. Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently offered on certificates to a schedule of aggregated expected monthly maturities on time deposits. The carrying amount of accrued interest payable approximates fair value.

Accrued interest: The carrying amounts of accrued interest approximate the fair values.

Borrowed funds: Fair values for advances from the Federal Home Loan Bank are estimated using a discounted cash flow calculation with interest rates currently offered on similar instruments.

Advance payments by borrowers for taxes and insurance (escrows): The carrying amount of escrow accounts approximate fair value.

L. RECLASSIFIED ITEMS

Certain items of the prior years have been reclassified in order to conform to the current year's presentation.

2. INVESTMENT SECURITIES

Securities held-to-maturity consist of the following at September 30:

	1995			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government obligations	$1,485,983	-0-	$(9,333)	$1,476,650

	1996			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government obligations	$ 989,595	-0-	$ (145)	$ 989,450

2. INVESTMENT SECURITIES (CONTINUED)

Securities available-for-sale consist of the following at September 30:

	1995			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Equity securities	$1,415,181	$252,767	$(4,964)	$1,662,984

	1996			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Equity securities	$1,415,181	$363,233	$(4,964)	$1,773,450

The following is a summary of maturities of debt securities held-to-maturity at September 30, 1996:

Amounts maturing in:	Amortized Cost	Fair Value
One year or less	$499,878	$499,295
After one year through five years	489,717	490,155

After five years through ten years		
After ten years		
	989,595	989,450

There were no sales of investment securities during the years ended September 30, 1994, 1995, or 1996.

No investment securities were pledged at September 30, 1996.

3. MORTGAGED-BACKED SECURITIES

Mortgage-backed securities held-to-maturity consist of the following at September 30:

	1995			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
GNMA	$ 338,615	$14,933		$ 353,548
FHLMC	3,105,134	27,675	$(51,364)	3,081,445
FNMA	452,195		(16,263)	435,932
	3,895,944	42,608	(67,627)	3,870,925

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3. MORTGAGED-BACKED SECURITIES (CONTINUED)

	1996			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
GNMA	$ 273,588	$10,930		$ 284,518
FHLMC	2,137,980	6,090	$(62,627)	2,081,443
FNMA	442,692		(21,381)	421,311
	2,854,260	17,020	(84,008)	2,787,272

Mortgaged-backed securities available-for-sale consist of the following at September 30:

	1995			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
GNMA	$ 670,786	$26,904		$ 697,690
FHLMC	2,925,686		$(110,750)	2,814,936
FNMA	3,871,316	3,493	(37,598)	3,837,211
	7,467,788	30,397	(148,348)	7,349,837

	1996			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
GNMA	$1,281,916	$19,967	$(7,144)	$1,294,739
FHLMC	3,552,220	1,451	(79,884)	3,473,787
FNMA	4,749,008	9,592	(42,254)	4,716,346
	9,583,144	31,010	(129,282)	9,484,872

3. MORTGAGED-BACKED SECURITIES (CONTINUED)

The amortized cost and fair value of mortgaged-backed securities at September 30, 1996, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations without call or prepayment penalties.

	Securities Held-to-Maturity		Securities Available-for-Sale	
Amounts maturing in:	Amortized Cost	Fair Value	Amortized Cost	Fair Value
One year or less	$1,000,442	$997,646		
After one year through five years	1,631,867	1,557,506		
After five years through ten years	221,951	232,120		
After ten years			$9,583,144	$9,484,872
	2,854,260	2,787,272	9,583,144	9,484,872

At September 30, 1996, mortgaged-backed securities with amortized cost of $6,622,997 and fair value of $6,492,077 were specifically pledged to secure a short-term advance from the Federal Home Loan Bank of Dallas.

4. LOANS RECEIVABLE

Loans receivable at September 30 are summarized as follows:

	1995	1996
First mortgage loans (principally conventional)		
Principal balance:		
Secured by one to four family residences	$34,664,343	$35,634,888
Secured by other properties	1,728,200	2,890,583
Construction loans	1,556,000	1,295,700
	37,948,543	39,821,171
Less:		
Net deferred loan fees	(23,122)	(21,912)
Undisbursed portion of construction loans	(884,830)	(710,612)
Unearned discounts	(67,632)	(71,209)
Total first mortgage loans	36,972,959	39,017,438
Consumer and other loans		
Automobile loans		478,616
Mobile homes	73,877	147,350
Other consumer loans	91,479	88,214
Savings account loans	606,440	705,412
Total loans	37,744,755	40,437,030
Less allowance for loan losses	(389,091)	(580,358)
	37,355,664	39,856,672

4. LOANS RECEIVABLE (CONTINUED)

Activity in the allowance for loan losses is summarized as follows for the years ended September 30:

	1994	1995	1996
BALANCE, beginning of year	$256,487	$351,383	$389,091

Provision charged to income	100,000	40,000	214,000
Charge-offs, net of recoveries	(5,104)	(2,292)	(22,733)
BALANCE, end of year	351,383	389,091	580,358

The Association adopted Statements of Financial Accounting Standards No. 114 and No. 118 for the year ended September 30, 1996. At September 30, 1996, the total recorded investment in impaired loans, all of which had allowances determined in accordance with SFAS No. 114 and No. 118, amounted to approximately $801,977. The average recorded investment in impaired loans amounted to approximately $793,815 for the year ended September 30, 1996. The allowance for loan losses related to impaired loans amounted to approximately $272,236 at September 30, 1996. Interest income on impaired loans of $58,591 was recognized for cash received during the year ended September 30, 1996.

For the years ended September 30, 1994 and 1995 the Association had loans on which the accrual of interest had been discontinued totaling approximately $561,245 and $600,636, respectively. Had the accrual of interest not been discontinued on these loans, interest income would have increased by approximately $18,950 and $17,026 for the years ended September 30, 1994 and 1995, respectively.

The Association is not committed to lend any additional funds on these loans.

In the ordinary course of business, the Association has and expects to continue to have transactions, including borrowings, with its officers, directors, employees and their affiliates. In the opinion of management, such transactions were on substantially the same terms, including interest rates and collateral, as those prevailing at the time of comparable transactions with other persons and did not involve more than a normal risk of collectibility or present any other unfavorable features to the Association. Loans to such borrowers, at September 30, are summarized as follows:

	1994	1995	1996
BALANCE, beginning of year	$398,305	$619,733	$657,198
Origination	405,864	119,858	273,355
Repayments	(184,436)	(82,393)	(102,138)
BALANCE, end of year	619,733	657,198	828,415

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5. ACCRUED INTEREST RECEIVABLE

Accrued interest receivable at September 30 is summarized as follows:

	1995	1996
Investment securities	$33,854	$ 22,431
Mortgage-backed securities	78,369	87,671
Loans receivable	139,758	154,263
	251,981	264,365

6. FORECLOSED REAL ESTATE

Foreclosed real estate at September 30 is summarized as follows:

	1995	1996
Real estate owned at cost or fair value at foreclosure	$56,320	$130,884
Less allowance for losses	(13,323)	(33,057)
	42,997	97,827

Set forth below is an analysis of the activity in the allowance for losses on real estate owned.

	1994	1995	1996

BALANCE, beginning of year	$30,778	$11,031	$ 13,323
Provision charged to income	2,968		4,362
Charge-offs, net of recoveries	(22,715)	2,292	15,372
BALANCE, end of year	11,031	13,323	33,057

7. PREMISES AND EQUIPMENT

Premises and equipment at September 30 are summarized as follows:

	1995	1996
Cost:		
Land	$80,210	$80,710
Buildings	576,263	640,259
Furniture, fixtures, and equipment	234,385	269,369
	890,858	990,338
Less accumulated depreciation	(365,324)	(385,160)
	525,534	605,178

Depreciation amounted to $27,465, $24,104, and $31,249 for the years ended September 30, 1994, 1995 and 1996, respectively.

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8. DEPOSITS

Deposits at September 30 are summarized as follows:

<TABLE>
<CAPTION>

	1995		1996		Weighted Average Rate at September 30, 1996
	Amount	Percent	Amount	Percent	
Money market	$7,725,451	17.90	$6,243,478	14.87	3.05
Regular passbook	3,754,953	8.70	3,829,181	9.12	3.00
90 day passbook	810,758	1.88	711,110	1.69	3.00
	12,291,162	28.48	10,783,769	25.68	
Certificates of deposit:					
2.00% - 3.99%	675,197	1.57			
4.00% - 5.99%	28,356,705	65.73	28,640,490	68.22	5.19
6.00% - 7.99%	1,819,793	4.22	2,561,704	6.10	6.14
	30,851,695	71.52	31,202,194	74.32	
	43,142,857	100.00	41,985,963	100.00	4.72

</TABLE>

The aggregate amount of jumbo certificates of deposit with a minimum denomination of $100,000 was approximately $3,935,480 and $5,129,340 at September 30, 1995 and 1996, respectively.

At September 30, 1996, scheduled maturities of certificates of deposit are as follows:

<TABLE>
<CAPTION>

	Year Ending September 30					
	1997	1998	1999	2000	2001	Thereafter
4.00% - 5.99%	$21,005,689	$5,483,800	$1,488,032	$ 622,969	$40,000	
6.00% - 7.99%	1,055,935	446,577	464,168	595,024		
	22,061,624	5,930,377	1,952,200	1,217,993	40,000	-0-

</TABLE>

Interest expense on deposits for the years ended September 30 is summarized as follows:

	1994	1995	1996
Money market	$ 226,178	$ 208,075	$175,524
Regular passbook	112,451	115,063	75,681
90 day passbook	27,040	24,632	15,916
Certificates of deposit	1,249,261	1,454,040	1,697,842
	1,614,930	1,801,810	1,964,963

9. BORROWED FUNDS

Borrowed funds at September 30 are summarized as follows:

	Rate	1995	1996
Advance from the Federal Home Loan Bank	5.00%-6.99%	$2,537,938	$7,561,322
		2,537,938	7,561,322

Scheduled maturities of the advances at September 30, 1996 are as follows:

October 23, 1996	$6,300,000
November 3, 1997	299,190
June 1, 2005	454,716
August 1, 2005	460,184
March 2, 2009	47,232
	7,561,322

Pursuant to a blanket floating lien with the Federal Home Loan Bank, the advances at September 30, 1995 and 1996 were secured by permanent mortgage loans, mortgage pool securities, and U.S. Government and agency securities. Specific mortgage-backed securities with an amortized cost of $6,622,997 and a fair value of $6,492,077 were pledged to secure the short-term advance maturing in October, 1996.

10. FEDERAL INCOME TAXES

Thrift institutions that meet certain tests prescribed by the Internal Revenue Code are allowed a bad debt deduction for federal income tax purposes based on either a percentage of taxable income (8 percent for years beginning in 1987 and thereafter) or the Thrift's loss experience. The Association uses the method which produces the larger deduction to determine its provision for federal income tax. For the years ended September 30, 1994 and 1995, the Association used its loss experience, and the percentage-of-taxable income method, respectively. The Association anticipates using the experience method for the year ended September 30, 1996.

As a result of legislation enacted on September 30, 1996, the percentage-of-taxable income method of computing bad debts has been repealed for tax years beginning after December 31, 1995.

Consolidated income tax expense for the years ended September 30 is summarized as follows:

	1994	1995	1996
Federal:			
Current	$182,474	$145,931	$125,271
Deferred	2,630	7,391	(75,816)
	185,104	153,322	49,455

10. FEDERAL INCOME TAXES (CONTINUED)

Total income tax expense differed from the amounts computed by applying the U.S. federal tax rates of 34 percent for the years ended September 30, 1994, 1995 and 1996, to income before income taxes as a result of the following:

	1994	1995	1996
Federal taxes at statutory rates	$161,056	$144,887	$35,248
Tax effects of			
Provisions for losses on loans and real estate owned	43,717	13,600	72,760
Bad debt deduction	(19,246)	(11,928)	(87,642)
Other	(423)	6,763	29,089
Income tax expense	185,104	153,322	49,455

Deferred tax liabilities have been provided for taxable temporary differences related to FHLB stock dividends, recapture of bad debt reserves and unrealized gains on available-for- sale securities. Deferred tax assets have been provided for deductible temporary differences related to the federal insurance premium, prepaid interest and deferred loan fees. The net deferred tax liability in the accompanying statements of financial condition include the following components:

	1995	1996
Deferred tax liabilities	$(79,842)	$(150,317)
Deferred tax assets	11,148	113,190
Net deferred tax liability	(68,694)	(37,127)

Retained earnings at September 30, 1995 and 1996, include approximately $1,022,113 and $965,154, respectively, for which no deferred federal income tax liability has been recognized. These amounts represent an allocation of income to bad-debt deductions for tax purposes only. Reduction of amounts so allocated for purposes other than tax bad-debt losses or adjustments arising from carryback of net operating losses would create income for tax purposes only, which would be subject to the then-current corporate income-tax rate. The unrecorded deferred income-tax liability on the above amounts was approximately $347,518 and $328,152, at September 30, 1995 and 1996, respectively.

11. RETIREMENT PLAN

All eligible employees of the Association are covered by a defined benefit, multiemployer pension plan, "The Financial Institutions Retirement Fund," a tax-qualified pension trust. Employers participating in a multiemployer plan are required to recognize as net pension cost the required contribution for the period and shall recognize as a liability any contributions due and unpaid. As of and for the years ended September 30, 1994, 1995 and 1996, the Association was in an overfunded position and was not required to make any contributions. The Association will continue to use its excess designated "Future Employer Contribution Offset" to absorb future contribution requirements. Administrative fees paid to the fund for the years ended September 30, 1994, 1995 and 1996, amounted to $1,685, $840 and $740, respectively.

In January of 1994, the Association established a noncontributory 401(k) plan for all eligible employees. Administrative fees paid related to this plan amounted to $1,259, $2,239 and $2,143 for the years ended September 30, 1994, 1995 and 1996, respectively. Employees participating in the plan are allowed to contribute from 2 percent to 15 percent of their annual salary.

12. EMPLOYEE STOCK OWNERSHIP PLAN (ESOP)

The Company sponsors a leveraged Employee Stock Ownership Plan (ESOP). The plan covers full time, salaried employees of the Association who have obtained age 21. All full time, salaried employees become eligible to participate on the "entity date" after they complete 12 consecutive months of service, provided they complete 1,000 hours during those 12 consecutive months. The Company makes annual contributions to the ESOP equal to the ESOP's debt service less dividends received by the ESOP. All dividends received by the ESOP are used to pay debt service. The ESOP shares initially were pledged as collateral for its debt. As the debt is repaid, shares are released from collateral and allocated to active employees based on compensation. The Company accounts for its ESOP in accordance with Statement of Position 93-6. Accordingly, the debt of the ESOP is recorded as debt and the shares pledged as collateral are reported as unearned ESOP shares in the consolidated statement of financial condition. As shares are released from collateral, the Company reports compensation expense equal to the current market price of the shares, and the shares become outstanding for earnings-per-share (EPS) computations. Dividends on allocated ESOP shares are recorded as a reduction of retained earnings; dividends on unallocated ESOP shares are recorded as a reduction of debt and accrued interest. ESOP compensation expense was $60,629 for the year ended September 30, 1996.

ESOP shares were as follows at September 30:

	1995	1996
Allocated shares	3,658	8,149
Unreleased shares	33,069	28,578
Total ESOP shares	36,727	36,727
Fair value of unreleased shares at September 30	$380,294	$342,936

13. OTHER EMPLOYEE BENEFIT PLANS

The Company's Board of Directors adopted a Stock Option and Incentive Plan (SOP) and a Recognition and Retention Plan (RRP), which were approved by the shareholders at the annual meeting held in January, 1996. The SOP and RRP are administered by a committee of directors of the Company. Under the terms of the stock option plan, stock options representing an aggregate of up to 10 percent of the shares of common stock outstanding after conversion may be granted to directors and officers of the holding company or its subsidiary. The exercise price of stock options granted under the stock option plan is required to be at least equal to the fair market value per share of the stock on the date of grant. Pursuant to the terms of the RRP, restricted stock awards covering shares representing an aggregate of up to 4 percent of the shares of common stock outstanding after completion of the conversion may be granted to directors and executive officers of the holding company. The SOP is to be funded by the issuance of authorized but unissued shares of the holding company stock, which will result in the dilution of existing stockholders' ownership interest. The RRP has been funded through the issuance of authorized but unissued stock and the subsequent purchase and retirement of treasury stock of an equal number of shares resulting in no dilution of existing stockholders' ownership interest. The unallocated RRP shares are reported as a contra-equity account in the consolidated statement of financial condition. There were no options granted under either plan for the year ended September 30, 1996.

14. FEDERAL DEPOSIT INSURANCE CORPORATION IMPROVEMENT ACT OF 1991 (FDICIA) AND FINANCIAL INSTITUTIONS REFORM, RECOVERY AND ENFORCEMENT ACT (FIRREA) OF 1989

FDICIA was signed into law on December 19, 1991. Regulations implementing the prompt corrective action provisions of FDICIA became effective on December 19, 1992. In addition to the prompt corrective action requirements, FDICIA includes significant changes to the legal and regulatory environment for insured depository institutions, including reductions in insurance coverage for certain kinds of deposits, increased supervision by the federal regulatory agencies, increased reporting requirements for insured institutions, and new regulations concerning internal controls, accounting, and operations.

The prompt corrective action regulations define specific capital categories based on an institution's capital ratios. The capital categories, in declining order, are "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," and "critically undercapitalized." Institutions categorized as "undercapitalized" or worse are subject to certain restrictions, including the requirement to file a capital plan with their primary federal regulator, prohibitions on the payment of dividends and management fees, restrictions on executive compensation, and increased supervisory monitoring, among other things. Other restrictions may be imposed on the institution either by its primary federal regulator, the Office of Thrift Supervision (OTS), or by the Federal Deposit Insurance Corporation (FDIC), including requirements to raise additional capital, sell assets, or sell the entire institution. Once an institution becomes "critically undercapitalized," it must generally be placed in receivership or conservatorship within 90 days.

14. FEDERAL DEPOSIT INSURANCE CORPORATION IMPROVEMENT ACT OF 1991 (FDICIA) AND FINANCIAL INSTITUTIONS REFORM, RECOVERY AND ENFORCEMENT ACT (FIRREA) OF 1989 (CONTINUED)

FIRREA was signed into law on August 9, 1989; regulations for savings institutions' minimum capital requirements went into effect on December 7, 1989. In addition to its capital requirements, FIRREA includes provisions for changes in the federal regulatory structure for institutions, including a new deposit insurance system, increased deposit insurance premiums, and restricted investment activities with respect to noninvestment grade corporate debt and certain other investments. FIRREA also increases the required ratio of housing-related assets in order to qualify as a savings institution.

The regulations require institutions to have a minimum regulatory tangible capital equal to 1.5 percent of adjusted total assets, a minimum 4 percent core/leverage capital ratio, a minimum 4 percent tier 1 risk-based ratio, and a minimum 8 percent total risk-based capital ratio to be considered "adequately capitalized." An institution is deemed to be "critically undercapitalized" if it has a tangible equity ratio of 2 percent or less. The ability to include qualifying supervisory goodwill for purposes of the core/leverage capital requirements was phased out January 1, 1996, and the ability to include investments in impermissible activities in core/leverage capital and tangible capital was phased out July 1, 1995.

At September 30, 1996, the Association was considered to be "well capitalized."

The following table sets out the Associations's various regulatory capital categories at September 30, 1996:

	Required Ratio	Actual Ratio	Excess	Required $ Amount	Actual $ Amount	Excess
Tangible capital	1.50%	9.73%	8.23%	$850,368	$5,513,410	$4,663,042
Core capital	3.00%	9.73%	6.73%	1,700,735	5,513,410	3,812,675
Risk based capital	8.00%	19.14%	11.14%	2,448,860	5,860,304	3,411,444

15. COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, the Association has various outstanding commitments and contingent liabilities that are not reflected in the accompanying financial statements. In the opinion of management, the ultimate disposition of these matters is not expected to have a material adverse effect on the financial statements. The principal commitments of the Association are as follows:

15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

At September 30, the Association had the following loan commitments:

	1995	1996
Variable rate first mortgage loans	$ 957,375	$177,800
Fixed rate first mortgage loans	164,860	443,700
Total loan commitments	1,122,235	621,500

The Association does not charge commitment fees.

Unused lines-of-credit amounted to $250,000 and $250,000 at September 30, 1995 and 1996, respectively.

16. FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

The Association is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Those instruments involve, to varying degrees, elements of credit risk in excess of the amounts recognized in the statement of financial position. The contract or notional amounts of those instruments reflect the extent of the Association's involvement in particular classes of instruments.

The Association's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit or standby letters of credit is represented by the contractual notional amount of those instruments. The Association uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

	Contract or Notional Amount
Financial instruments the contract amounts of which represent credit risk:	
Commitments to extend credit	$621,500
Standby letters of credit	$250,000

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses. Since some of the commitments may possibly expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Association evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if it is deemed necessary by the Association upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral usually consists of a first mortgage on the underlying properties.

16. FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK (CONTINUED)

Standby letters of credit are conditional commitments issued by the Association to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support private borrowing arrangements and are secured by first mortgages on the underlying properties. All letters of credit are required to be renewed annually, if applicable. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

17. OTHER NON-INTEREST INCOME AND EXPENSE

Other non-interest income and expense amounts are summarized as follows for the years ended September 30:

	1994	1995	1996
Other non-interest income:			
Miscellaneous	$ 418	$ 722	$1,362
Other non-interest expense:			

Expense account of officers, employees, and directors	$4,961	$4,460	$6,611
Food service expense	4,788	5,926	5,461
Stationery and printing	19,279	20,320	22,034
Telephone	11,834	12,968	12,521
Postage and express	14,772	15,860	15,874
Insurance and surety bond premiums	29,366	27,172	24,038
Supervisory examinations	16,538	16,658	19,904
Organizational dues and subscriptions	17,138	16,155	15,730
Loan expense	6,848	907	2,579
Service charges	5,195	6,008	7,952
Franchise taxes			16,094
Other	872	1,331	4,529
	131,591	127,765	153,327

18. CONCENTRATIONS OF CREDIT

The majority of the Association's loans and its standby letters of credit have been granted to customers in the Association's market area, which is primarily St. Landry Parish, Louisiana. The Parish is largely a rural area and relies heavily on the agricultural and oil industries. The concentrations of credit by type of loan are set forth in the note on loans receivable presented earlier in this report. The Association as a matter of policy does not extend credit to any one borrower or group of related borrowers in excess of its legal lending limit.

19. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Selected quarterly financial data are presented below by quarter for the years ended September 30, 1995 and 1996.

	1995			
	December 31, 1994	March 31, 1995	June 30, 1995	September 30, 1995
Total interest income	$790,970	$834,056	$849,567	$926,426
Total interest expense	(445,757)	(471,943)	(464,013)	(515,060)
Net interest income	345,213	362,113	385,554	411,366
Provision for loan losses	15,000	10,000	5,000	10,000
Net interest income after provision for loan losses	330,213	352,113	380,554	401,366
Total non-interest income	13,533	13,122	13,588	7,246
Total non-interest expense	(271,952)	(248,708)	(253,648)	(311,288)
Income before income taxes	71,794	116,527	140,494	97,324
Income tax expense	(26,000)	(41,000)	(34,000)	(52,322)
Net income	45,794	75,527	106,494	45,002

19. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED) (CONTINUED)

	1996			
	December 31, 1995	March 31, 1996	June 30, 1996	September 30, 1996
Total interest income	$976,766	$995,428	$1,024,118	$1,019,482
Total interest expense	(535,508)	(543,919)	(560,906)	(582,753)

Net interest income	441,258	451,509	463,212	436,729
Provision for loan losses	20,000	5,000		189,000
Net interest income after provision for loan losses	421,258	446,509	463,212	247,729
Total non-interest income	10,841	9,487	12,590	13,683
Total non-interest expense	(294,742)	(320,697)	(284,812)	(621,386)
Income before income taxes	137,357	135,299	190,990	(359,974)
Income tax expense	40,000	55,000	73,000	(118,545)
Net income	97,357	80,299	117,990	(241,429)
Net income per common share	$.23	$.19	$.29	$(.58)

20. EARNINGS PER SHARE

Earnings per share are calculated based upon the weighted average number of shares of outstanding common and common equivalent shares during the period subsequent to the Association's conversion to a stock association on April 5, 1995. Net income per share information for the year ended September 30, 1995 is not considered meaningful, and therefore, has not been presented. Net income per share is based on $413,568 weighted average number of shares outstanding, adjusted for unallocated RRP and ESOP shares, for the year ended September 30, 1996.

21. PLAN OF CONVERSION

As discussed in Note 1, the Company was formed in December, 1994, pursuant to a plan of conversion adopted by the Board of Directors of the Association on August 25, 1994. Conversion proceeds amounted to $3,027,629, net of $351,299 of conversion costs.

21. PLAN OF CONVERSION (CONTINUED)

For the purpose of granting eligible members of the Association a priority in the event of future liquidation, the Association, at the time of conversion, established a liquidation account in the amount of $3,744,661 which was equal to its regulatory capital as of the date of the latest balance sheet used in the final conversion offering circular. In the event (and only in such event) of future liquidation of the converted Association, an eligible savings account holder who continues to maintain a savings account shall be entitled to receive a distribution from the liquidation account, in the proportionate amount of the then-current adjusted balance of the savings deposits then held, before any distributions may be made with respect to capital stock.

Present regulations provide that the Association may not declare or pay a cash dividend on or repurchase any of its capital stock if the result thereof would be to reduce the regulatory capital of the Association below the amount required for the liquidation account or the regulatory capital requirement. Further, any dividend declared or paid on or repurchase of, the Association's capital stock shall be in compliance with the rules and regulations of the Office of Thrift Supervision, or other applicable regulations.

22. PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION

Condensed financial information of St. Landry Financial Corporation is as follows:

Condensed Balance Sheet
September 30,

Assets	1995	1996
Cash and cash equivalents	$1,382,081	$ 789,307
Investment in subsidiary	5,495,875	5,685,008
Note receivable - First Federal	293,816	235,053
Accrued interest receivable - ESOP loan	11,268	
Total assets	7,183,040	6,709,368

Liabilities and Stockholders' Equity

Liabilities	$ 10,164	$ 6,120
Stockholders' Equity	7,172,876	6,703,248
Total liabilities and stockholders' equity	7,183,040	6,709,368

ST. LANDRY FINANCIAL CORPORATION AND SUBSIDIARY
OPELOUSAS, LOUISIANA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

22. PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION (CONTINUED)

Condensed Statement of Income

	April 5, 1995 Thru September 30, 1995	1996
Interest income		
Interest on savings account	$25,116	$39,198
Interest on ESOP loan	11,268	20,507
Total interest income	36,384	59,705
Expenses	11,719	52,325
Income Before Income Tax and Undistributed Earnings of Subsidiary	24,665	7,380
Income Tax Expense	8,386	2,509
Income Before Undistributed Earnings of Subsidiary	16,279	4,871
Undistributed Earnings of Subsidiary	135,217	49,346
Net income	151,496	54,217

Condensed Statement of Cash Flows

Cash Flows from Operating Activities		
Net income	$151,496	$54,217
Adjustments to reconcile net income to net cash provided by operating activities:		
Undistributed earnings of subsidiary	(135,217)	(49,346)
(Increase) decrease in accrued interest receivable - First Federal	(11,268)	11,268
Increase (decrease) in due to First Federal	10,164	(4,044)
Net cash provided by operating activities	15,175	12,095
Cash Flows from Investing Activities		
ESOP loan origination (repayment)	(293,816)	58,764
Purchase of subsidiary stock	(1,660,723)	
Net cash provided (used) by investing activities	(1,954,539)	58,764
Cash Flows from Financing Activities		
Net proceeds from issuance of stock	3,321,445	
Dividend paid		(21,919)
Purchase of treasury stock		(641,714)
Net cash provided (used) by financing activities	3,321,445	(663,633)
Net increase (decrease) in cash and cash equivalents	1,382,081	(592,774)
Cash and cash equivalents at beginning of period		1,382,081

Cash and cash equivalents at end of period	1,382,081	789,307

ST. LANDRY FINANCIAL CORPORATION AND SUBSIDIARY
OPELOUSAS, LOUISIANA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

22. PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION (CONTINUED)

Condensed Statement of Cash Flows (Continued)

	April 5, 1995 Thru September 30, 1995	1996
Supplemental Schedule of Income Taxes Paid		
Income taxes paid	-0-	$8,386
Supplemental Schedule of Noncash Investing and Financing Activities		
Retirement of treasury stock to be used for recognition and retention plan		$291,153
Stock issued for recognition and retention plan		$291,153
Allocation of unearned ESOP shares at fair value	$42,067	$53,892
Total increase in unrealized gain (loss) on available-for-sale securities	$129,852	$130,145

ST. LANDRY FINANCIAL CORPORATION AND SUBSIDIARY
OPELOUSAS, LOUISIANA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

23. FAIR VALUES OF FINANCIAL INSTRUMENTS

The estimated fair values of the Company's financial instruments are as follows:

	September 30, 1996	
	Carrying Amount	Fair Value
Financial assets:		
Cash and cash equivalents	$385,363	$385,363
Investment securities		
Held-to-maturity	989,595	989,450
Available-for-sale	1,773,450	1,773,450
Mortgage-backed securities		
Held-to-maturity	2,854,260	2,787,272
Available-for-sale	9,484,872	9,484,872
Loans receivable, net	39,856,672	39,326,909
Accrued interest receivable	264,365	264,365
Financial liabilities:		
Deposits	41,985,962	42,252,383
Borrowed funds	7,561,322	7,524,383
Advances by borrowers for taxes and insurance	92,468	92,468

Accrued interest payable	11,336	11,336

The carrying amounts in the preceding table are included in the statement of financial condition under the applicable captions. The contract or notional amounts of the Association's financial instruments with off-balance-sheet risk are disclosed in Note 16. It is not practicable to estimate the fair value of Federal Home Loan Bank (FHLB) stock because it is not marketable. The carrying amount of that investment is reported in the consolidated statements of financial condition.

STOCKHOLDER INFORMATION

Corporate Office

459 East Landry Street
Opelousas, Louisiana 70570
(318) 942-5748

Annual Meeting

The Annual Meeting of Stockholders will be held at 2:30 p.m., Opelousas, Louisiana time on January 28, 1997, at the Company's office located at 459 East Landry Street, Opelousas, Louisiana.

Annual Report on Form 10-KSB

A copy of St. Landry Financial Corporation's Annual Report on Form 10-KSB as filed with the Securities and Exchange Commission may be obtained without charge upon written request to H. Andrew Myers, Jr., St. Landry Financial Corporation, 459 East Landry Street, Opelousas, Louisiana 70570.

Registrar/Transfer Agent

Communications regarding change of address, transfer of stock and lost certificates should be sent to:

American Securities Transfer, Incorporated
1825 Lawrence Street
Denver Colorado 80202

Local Counsel

Young, Hoychick and Aguillard
P.O. Box 341
Eunice, Louisiana 70535

Morgan J. Goudeau, III
A Professional Law Corporation
P.O. Box 1419
Opelousas, Louisiana 70571

Special Counsel

Silver, Freedman & Taff, L.L.P.
1100 New York Avenue, N.W.
Washington, D.C. 20005

Accountants

John S. Dowling & Company
Interstate-49 South
P.O. Box 433
Opelousas, Louisiana 70571

Common Stock

There is no established market in which the Company's Common Stock is regularly traded, nor any uniformly quoted price for such shares. At September 30, 1996, the Company had 111 holders of record of its Common Stock.

Dividends

The Company paid a cash dividend of $.05 per share, on June 17, 1996 to stockholders as of May 31, 1996. The Board of Directors may consider the payment of future cash dividends, dependent on the results of operations and financial condition of the Company, tax considerations, industry standards, economic conditions, general business practices and other factors. The Company's ability to pay dividends is dependent on the dividend payments it receives from its subsidiary, First Federal Savings and Loan Association of Opelousas, which are subject to regulations and the Association's continued compliance with all regulatory capital requirements.

ST. LANDRY FINANCIAL CORPORATION
and
FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION

Directors

Wayne McKinnon Gilmore
Chairman of the Board,
President and Chief Execu-

Martin A. Roy, Jr.
President, Roy Motors

tive Officer of the Company
and the Association

H. Andrew Myers, Jr.
Executive Vice President
of the Company and
the Association

H. Kent Aguillard
Partner, law firm

Anna Lee O. Dunbar
Retired from the
Association

Lynette Young Feucht
City Court Judge

Patrick Fontenot
Executive Vice President,
Williams-Progressive Life
Insurance Co.

Simon Howard Fournier
Employed by St. Landry
Parish Assessor's Office

Morgan J. Goudeau, III
District Attorney

Marvin J. Schwartzenburg
Administrator, Bayon Vista Manor

Randy C. Tomlinson
President, Magic Wand South

Robert L. Wolfe, Jr.
President, Morgan Goudeau & Associates,
Inc., a civil engineering corporation

Executive Officers

Wayne McKinnon Gilmore
Chairman of the Board, President and Chief
Executive Officer

H. Andrew Myers, Jr.
Executive Vice President

Kathryn F. Chelette
Controller

JOHN S. DOWLING & COMPANY

Board of Directors
St. Landry Financial Corporation
459 East Landry Street
Opelousas, Louisiana 70570

Members of the Board:

We consent to the incorporation by reference in the Registration Statement on Form S-8 of St. Landry Financial Corporation (the "Company") of our report on the financial statements included in the Company's Annual Report on Form 10-KSB for the year ended September 30, 1996 filed pursuant to the Securities and Exchange Act of 1934, as amended.

/S/ JOHN S. DOWLING & COMPANY

Opelousas, Louisiana
December 19, 1996

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