



PUBLIC DISCLOSURE

January 6, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Federal Bank of Louisiana
Charter Number 705339

1135 Lake Shore Dr. Lake Charles, LA 70601-5243

Office of the Comptroller of the Currency

3838 North Causeway Blvd., Suite 2890 Metairie, LA 70002-8105

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

First Federal received an Outstanding rating, at its previous CRA examination, dated July 29, 2010.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Outstanding.

The major factors that support this rating are as follows:

- First Federal's average loan-to-deposit ratio is more than reasonable relative to the institution's size, competition, and financial condition.
- A substantial majority of loans originated by the institution was within its assessment areas (AAs).
- First Federal's distribution of lending to borrowers of different income levels, especially to low-income and moderate-income borrowers, is reasonable when compared to AA Families.
- The geographic distribution of loans, especially in low- and moderate-income census tracts, is reasonable when compared to AA Owner Occupied Housing units.
- First Federal's community development performance is Outstanding, and demonstrates excellent responsiveness to the community development needs of its combined AAs through community development loans, investments, and services.

Scope of Examination

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

The current CRA Evaluation included full scope reviews of all three of the institution's AAs. These include the Calcasieu Parish AA; the Rapides Parish AA; and the parishes of Allen, Beauregard, and Natchitoches, LA (Non-Metropolitan Statistical Area) AA.

The review period covered 17 community development loans, totaling \$14.5 million and community development investments totaling \$1.2 million. The time period was from January 1, 2010 to January 6, 2014. The performance of Home Mortgage Disclosure

Act (HMDA)-reportable loans, consumer loans and small business loans was assessed for the time period of January 1, 2012 until September 30, 2013.

Prior to conducting the CRA Performance Evaluation, in November of 2013, we reviewed the integrity of the institution's reportable HMDA loans. The review included analysis of First Federal's policies and procedures for collecting and ensuring the accuracy of its data (inclusive of transactional sampling). There were no errors noted during that review; therefore, the current Evaluation is based on accurate data. We relied upon the bank's internal reviews to determine the accuracy of consumer and small business loan data.

Community Development entities (within the City of Lake Charles) were contacted to obtain feedback on the area's demographics, and perceived credit needs.

Description of Institution

First Federal, a mutually owned thrift, operates a main office in Lake Charles, LA. The bank has 15 locations serving three AAs that incorporate five parishes in southwest, western, and central Louisiana. The institution is a community bank whose strategic plan consists of attracting retail deposits, originating loans of various types, and offering a number of different products and services through its branch network. The institution opened a new branch in Calcasieu Parish in 2011. No branches have been closed since the previous CRA Evaluation.

As of September 30, 2013, loans totaled \$381 million and represented 51.9% of total assets. Table 1 indicates the dollar amount, percent of loans, and percent of total assets for each category. Securities including mortgage backed securities and cash, represented 41.9% of total assets:

Table 1: Major Components of Assets, Liabilities and Capital As of September 30, 2013		
Balance Sheet Component	Balance Sheet \$ Amount (000)'s	% of Total Assets
Loans	380,625	51.9%
1-4 Family Residential	182,443	24.9%
Consumer	10,092	1.4%
Small Business	49,930	6.8%
Investments	307,170	41.9%
US Agencies	24,567	3.4%
Mortgage Backed Securities	250,676	34.2%
Cash	14,887	2.1%
Total Assets	732,969	100.0%
Liabilities & Capital (LC)		% of Total LC
Deposits & Escrow	589,088	80.4%
Borrowings	42,953	5.9%
Total Liabilities	638,554	87.1%

Retained Earnings	97,075	13.2%
Total Capital	94,415	12.9%

Source: September 31, 2013 Call Report

First Federal is primarily a residential mortgage lender offering conventional fixed-rate and adjustable-rate mortgage loans for the purposes of construction, purchase, refinance, or improvement of one-to-four family dwellings. The institution also sells mortgage loans to the secondary market. Mortgage loans in excess of 80.0% loan-to-value (LTV) require private mortgage insurance. Government insured or guaranteed Federal Housing Administration (FHA), Department of Veterans Affairs (VA), and United States Department of Agriculture (USDA) Rural Development loans are also offered. Other available loan products include secured and unsecured consumer, automobile, pledge/share, home equity, revolving home equity lines of credit, home improvement, unsecured lines of credit, small business, small farm, commercial real estate, commercial lines of credit, multi-family mortgages, personal and business credit cards, and community development loans.

Economic or Legal Constraints

First Federal has no legal or regulatory impediments identified that would affect its lending activities or impede the institution's ability to meet the credit needs within its AAs.

Description of Assessment Area(s)

First Federal has three AAs: Calcasieu Parish, LA; Rapides Parish, LA; and the contiguous parishes of Allen, Beauregard and Natchitoches, LA (Non-MSA area). The three AAs are located in five contiguous parishes, which are located in two separate metropolitan statistical areas (MSAs) and one non-MSA. The AAs consist of complete political subdivisions in the form of parishes.

DESCRIPTION OF CALCASIEU PARISH ASSESSMENT AREA

The bank's first AA is defined as Calcasieu Parish, LA, which is a part of the Lake Charles MSA, with the principle city referred to as Lake Charles. This MSA is located in the southwestern corner of the state of Louisiana and borders Texas to the west. The AA complies with the requirements of the CRA regulations and does not arbitrarily exclude low- and moderate-income areas.

There are 44 census tracts in this AA. Of the 44 census tracts, 11.36% are low-income; 22.73% are moderate-income; 40.91% are middle-income; 20.45% are upper-income; and information was not available for 4.55% of total census tracts.

First Federal's main office, seven branches, and 11 ATMs are located within the Calcasieu Parish AA. The main office, one branch, and three ATMs are located in moderate-income census tracts.

Table 2 represents demographic data of Calcasieu Parish:

Table 2 Demographic Information of Institution's AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Census Tracts	44	11.36%	22.73%	40.91%	20.45%	4.55%
Population by Tract	192,768	7.78%	22.43%	44.65%	25.13%	0.0%
Housing Units	80,903	8.71%	24.03%	44.14%	23.12%	0.0%
Owner-Occupied Housing by Tract	51,455	5.13%	20.67%	46.11%	25.74%	0.0%
Family Distribution by Income Level	49,405	23.40%	17.85%	17.53%	41.22%	0.0%
Median Family Income		55,016	Median Housing Value			111,978
HUD Adjusted Median Family Income for 2010		62,400	Unemployment Rate			5.9%
Households Below Poverty Level		16.0%				
2012 HUD updated MFI						
(*) The NA category consists of Tracts that have not been assigned an income classification.						

Source: 2010 U.S. Census data, CRA Wiz reports

The 2010 U.S. Census reported the total population of the AA at 192,768. Within the AA, there are 49,405 families. There are 80,903 housing units of which, 51,455 or 63.6% are owner-occupied. Approximately 5.13% of owner-occupied housing is located in the low-income geographies; 20.67% of owner-occupied housing is located in moderate-income geographies; 46.11% of owner-occupied housing is located in middle-income geographies; and 25.74% are located in upper-income geographies. The median housing cost as of 2010 was \$111,978.

The United States Office of Housing and Urban Development's (HUD) updated 2012 median family income for the AA was \$62,400. Low-income is defined as less than 50% of the median family income. Moderate-income is defined as 50% to less than 80% of the median family income. Middle-income is defined as 80% to less than 119% of the median family income. Upper-income is defined as income of 120% and over the median family income. The following table depicts Income classification categories:

Table 3 – Income Categories – Institution's AA			
Low	Moderate	Middle	Upper
<\$31,199	\$31,200 – \$49,919	\$49,920 - \$74,879	>\$74,880

Source: US Census data

According to the June 30, 2013 FDIC Summary of Deposit Market Share report, First Federal's deposit market share within the AA was 12.82%, ranking the institution 4th out of 15 institutions within the AA. First Federal's primary competitors are JP Morgan Chase Bank (12 offices, 22.9% market share); Capital One (11 offices, 19.05% market share); and Iberiabank (12 offices, 13.51% market share).

This area has a diverse economic base that is comprised of a variety of businesses and industries, including riverboat gaming, healthcare services, industrial construction, oil refining, and chemical manufacturing.

As of 2013, the top employers of Calcasieu Parish were the Calcasieu Parish School Board (Education); L’Auberge du Lac Casino Resort (Gaming); Turner Industries Resort (General Contractors); Axiall Industries (Alkaline and Chlorine Manufacturer); Lake Charles Memorial Hospital (Healthcare); CITGO Petroleum Corporation (Energy); Isle of Capri Casino (Gaming); City of Lake Charles; and Calcasieu Parish Sheriff’s Office (Law Enforcement).

The AA’s unemployment rate as of September 30, 2013 was 5.9%. This figure compares favorably to a state average of 6.5% and a national average of 7.0% as of the same aforementioned period.

DESCRIPTION OF RAPIDES PARISH ASSESSMENT AREA

The institution’s second AA is defined as Rapides Parish, which is a part of the Alexandria, LA MSA and Alexandria, LA is the parish seat. The AA complies with the requirements of the CRA regulations and does not arbitrarily exclude low- and moderate-income areas.

There are 33 census tracts in this AA. Of the 33 census tracts, 15.15% are low-income; 18.18% are moderate-income; 30.30% are middle-income; 33.33% are upper-income; and information was not available for 3.03% of total census tracts.

First Federal has three full service branches and five ATMs located within the Rapides Parish AA, of which one ATM is located in a low-income census tract, and one ATM is located in a moderate-income census tract.

Table 4 represents demographic data of Rapides Parish:

Table 4 Demographic Information of Institution’s AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Census Tracts	33	15.15%	18.18%	30.30%	33.33%	3.03%
Population by Tract	131,613	9.04%	15.76%	32.85%	42.34%	0.0%
Owner-Occupied Housing by Tract	48,127	5.86%	11.11%	34.27%	48.75%	0.0%
Family Distribution by Income Level	33,030	23.55%	16.42%	17.38%	42.64%	0.0%
Median Family Income		53,469	Median Housing Value			109,457
HUD Adjusted Median Family Income for 2012		52,400	Unemployment Rate			6.6%
Households Below Poverty Level		16.2%				
2012 HUD updated MFI						
(*) The NA category consists of Tracts that have not been assigned an income classification.						

Source: 2010 U.S. Census data, CRA Wiz reports

The United States Office of Housing and Urban Development’s (HUD) updated 2012 median family income for the AA was \$52,400. Low-income is defined as less than 50% of the median family income. Moderate-income is defined as 50% to less than 80% of the median family income. Middle-income is defined as 80% to less than 119% of the median family income. Upper-income is defined as income of 120% and over the median family income. The following table depicts Income classification categories:

Table 5 – Income Categories – Institution’s AA			
Low	Moderate	Middle	Upper
<\$26,199	\$26,200 - \$41,919	\$41,920 - \$62,879	>\$62,880

Source: US Census data

Numerous financial institutions and mortgage banking companies serve this AA with 151 HMDA reporters originating or purchasing 3,901 home loans during 2012. First Federal ranked 14th and captured 1.9% of the market. This area has a diverse economic base that is comprised of a variety of businesses and industries, including riverboat gaming, healthcare services, industrial construction, oil refining, and chemical manufacturing.

As of 2013, the top employers of Rapides Parish were Fort Polk (United States Army); Rapides Parish School Board (Education); Grand Casino-Kinder (Gaming); Pinecrest State School (Education); CHRISTUS Cabrini Hospital (Healthcare); Rapides Regional Medical Center (Healthcare); Vernon Parish School Board (Education); Natchitoches Parish School Board (Education); and the Veterans Affairs Medical Center (Healthcare).

The AA’s unemployment rate as of September 30, 2013 was 6.6%. This figure is comparable to the state’s average of 6.5%, but less than the national average of 7.0% for the same aforementioned time period.

DESCRIPTION OF NON-MSA ASSESSMENT AREA

The institution’s third AA is defined as the contiguous parishes of Allen, Beauregard, and Natchitoches. All three parishes are adjacent to Rapides Parish. The AA complies with the requirements of the CRA regulations and does not arbitrarily exclude low- and moderate-income areas. All middle census tracts located in Allen Parish and three middle census tracts (numbers 2, 8, and 9) of Natchitoches Parish were deemed “distressed”. Per U.S. Census data, distressed tracts are based on the high poverty level of the county (parish).

There are 21 census tracts in this AA, of which none are low-income; 19.05% are moderate-income; 66.67% are middle-income; and 14.29% are upper-income.

The institution has five full service branches and five ATMs, within the Non-MSA AA. One branch and one ATM are located in moderate-income census tracts.

Table 6 represents demographic data of the Non-MSA AA:

Table 6 Demographic Information of Institution's AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Census Tracts	0	0.0%	19.05%	66.67%	14.29%	0.0%
Population by Tract	100,984	0.0%	18.53%	68.04%	13.43%	0.0%
Owner-Occupied Housing by Tract	25,071	0.0%	12.50%	72.25%	15.24%	0.0%
Family Distribution by Income Level	25,169	22.57%	16.68%	18.20%	42.54%	0.0%
Median Family Income		46,860	Median Housing Value			86,645
HUD Adjusted Median Family Income for 2010		47,000	Unemployment Rates			See Below
Households Below Poverty Level		21.3%				
2012 HUD updated MFI						
(*) The NA category consists of Tracts that have not been assigned an income classification.						

Source: 2010 U.S. Census data, CRA Wiz reports

The United States Office of Housing and Urban Development's (HUD) updated 2012 median family income for the AA was \$47,000. Low-income is defined as less than 50% of the median family income. Moderate-income is defined as 50% to less than 80% of the median family income. Middle-income is defined as 80% to less than 119% of the median family income. Upper-income is defined as income of 120% and over the median family income. The following table depicts Income classification categories:

Table 7 – Income Categories – Institution's AA			
Low	Moderate	Middle	Upper
<\$23,499	\$23, 500 - \$37,599	\$37,600 - \$55,929	>\$55,930

Source: US Census data

Numerous financial institutions and mortgage banking companies serve this AA with 152 HMDA reporters originating or purchasing 2,222 home loans during 2012. First Federal ranked 12th and captured 2.4% of the market.

This area has a diverse economic base that is comprised of various employers: Beauregard Parish's top employers include manufacturing and military services. Allen Parish's largest employers are manufacturing and gaming, and Natchitoches has a greater diverse economy built around education (university), medical, social services, manufacturing, retail, and tourism.

The AA's unemployment rates, as of September 30, 2013 for Allen, Beauregard, and Natchitoches Parishes were 8.1%, 8.9%, and 8.3%, respectively. These figures are higher than the state and national averages of 6.5% and 7.0% for the same aforementioned time frame.

Conclusions with Respect to Performance Tests

First Federal's performance relative to the lending test is Satisfactory. The institution's loan-to-deposit ratio is more than reasonable. A substantial majority of the institution's loans were originated within its three AAs. First Federal was found to have reasonable penetration among borrowers of different income levels, as well as in geographical census tracts, in respect to mortgage, consumer, and small business loans.

LENDING TEST

The institution's lending test is satisfactory. First Federal's loan-to-deposit (LTD) ratio is more than reasonable and a substantial majority of loans were originated in the AAs. The institution mainly originates mortgage, small business, and consumer loan products, as well as community development loans. Overall, the distribution of loans to low-income and moderate-income families, as well as loans located in low-income and moderate-income census tracts is reasonable.

Loan-to-Deposit Ratio

As of September 30, 2013, First Federal's quarterly average loan-to-deposit (LTD) ratio of approximately 62.7% is more than reasonable relative to the bank's size, competition, and financial condition.

During the 15 quarters since the previous CRA Evaluation, the institution's quarterly, average LTD ratio ranged from a low of 39.2% to a high of 82.1%. First Federal's overall LTD ratio of 62.7% excels similarly situated financial institutions, which had a quarterly average LTD ratio of 61.8% during the same time-period.

First Federal's LTD ratio is more than reasonable compared to similarly situated banks operating in the AAs, see Table 8:

Table 8, Loan-to-Deposit Ratios of Select Competitors		
Institution	Assets (000s) (as of 09/30/13)	Quarterly, Average LTD Ratio
First Federal Bank of Louisiana	\$733,000	62.7%
Lakeside Bank	120,000	55.3%
City Savings Bank & Trust Company	261,661	82.1%
First National Bank in DeRidder	184,812	64.7%
City Bank and Trust Co.	228,805	39.2%
Red River Bank	1,299,765	67.9%

Source: FFIEC Uniform Bank Performance Reports

Lending in Assessment Area

A substantial majority (92.1%) of loans originated by First Federal during the review period were within the institution’s AAs. Table 9 denotes the distribution of the First Federal’s major loan products during the evaluation period:

Table 9 - Lending in AA										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	311	89.63	36	10.37	347	48,749	89.08	5,975	10.92	54,724
Home Improvement	128	92.09	11	7.91	139	8,352	90.31	896	9.69	9,248
Home Refinance	433	95.58	20	4.42	453	66,477	95.18	3,365	4.82	69,842
Small Business	344	92.47	28	7.53	372	51,117	90.97	5,077	9.03	56,194
Consumer	1,134	91.30	108	8.70	1,242	21,796	92.86	1,676	7.14	23,472
Totals	2,350	92.05	203	7.95	2,553	196,491	92.04	16,989	7.96	213,480

Source: 2012 & 09/2013 HMDA

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

Calcasieu Parish

A reasonable distribution of First Federal’s lending to borrowers of different income levels was granted within Calcasieu Parish. Overall, First Federal’s home loan percentages were less than percentages of aggregate AA Families; however, a significant number of financial institutions, mortgage banking companies, and credit unions serve this AA with 163 HMDA reporters processing 5,412 loan applications during 2012. Given the aggressive competition, First Federal still ranked 4th and captured 5.7% of the market, regarding number of loans originated and purchased, within this AA. Table 10 displays the distribution of home loans within Calcasieu Parish:

Home Loans

Table 10 - Borrower Distribution of Residential Real Estate Loans in Calcasieu Parish AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	23.40	8.02	17.85	16.04	17.53	16.98	41.22	58.96
Home Improvement	23.40	8.00	17.85	20.00	17.53	12.00	41.22	60.00
Home Refinance	23.40	2.48	17.85	12.06	17.53	17.73	41.22	67.73

Source: 2012 & 09/2013 HMDA

Consumer Loans

The distribution of consumer loans reflects reasonable penetration among borrowers of different income levels. While, the percentage of loans to low-income borrowers is less than the percentage of loans granted to AA Households, First Federal’s percentage of loans to moderate-income borrowers exceeds the AA Households within Calcasieu Parish. See Table 11.

Table 11- Borrower Distribution of Consumer Loans in Calcasieu Parish AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	25.44	18.50	16.42	18.50	15.58	18.79	42.56	39.69

Source: 2012 & 09/2013 HMDA

Small Business Loans

First Federal’s distribution of loans to Small Businesses within its AA is excellent. The institution originated 91.2% of its commercial loans during the review period to businesses with revenues less than \$1 million dollars.

Table 12 - Borrower Distribution of Loans to Businesses in Calcasieu Parish AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	57.01	2.09	40.90	100%
% of Bank Loans in AA by #	91.46	8.54	0.00	100%
% of Bank Loans in AA by \$	85.17	15.94	0.00	100%

Source: Bank’s Small Business LAR 2012 & 09/2013

Rapides Parish

Residential lending in Rapides Parish is poor, when compared to AA Families. However, the following are factors affecting the Rapides AA:

- Tighter credit criteria by the secondary market and Private Mortgage Insurance (PMI) companies who First Federal relies upon to make conventional loans with LTV’s above 80%.
- PMI is no longer offered on certain loans and there are stricter LTV requirements.
- Modest loan demand in this area.
- Increased focus on commercial lending.
- Increased level of competitors.

According to the June 30, 2013 FDIC Summary of Deposit Market Share Report, First Federal’s market share within this AA is 5.6%, ranking 6th out of 16 institutions in Rapides Parish. The institution’s primary competitors are: Red River Bank (8 offices, 34.1% market share); Capital One (9 offices, 18.7% market share); JPMorgan Chase

Bank (6 offices, 15.2% market share); the Evangeline Bank and Trust Company (5 offices, 8.4% market share); and Regions Bank (5 offices, 5.9% market share).

Table 13 - Borrower Distribution of Residential Real Estate Loans in Rapides Parish AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	23.55	0.00	16.42	9.30	17.38	27.91	42.64	62.79
Home Improvement	23.55	0.00	16.42	0.00	17.38	33.33	42.64	66.67
Home Refinance	23.55	0.00	16.42	0.00	17.38	22.86	42.64	77.14

Source: 2012 & 09/2013 HMDA

While the economy seems to be stable within this AA, it still suffers from high property values, which would affect low-income and moderate-income borrowers. For example, a person at the high end of the low-income spectrum would qualify for a house whose selling price is \$72,234. A person at the high end of the moderate-income spectrum would qualify for a house whose selling price is \$125,900. If the current average selling price of houses, located in the AA were \$143,000 (according to the Central Louisiana Realtors Association for 2012 and 2013) a low-income or moderate-income borrower would not be able to purchase a home. The availability and very high cost of homeowners and flood insurance, further compounds the problem.

The institution’s percentages of consumer loans to low- and moderate-income borrowers is reasonable, when compared to the percentages of AA Households. Table 14 displays this information:

Table 14 - Borrower Distribution of Consumer Loans in Rapides Parish AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	25.60	15.00	14.75	10.00	16.93	28.33	42.72	43.33

Source: 2012 & 09/2013 HMDA

First Federal’s distribution of loans to Small Businesses within its AA is excellent. The institution originated 97.2% of its commercial loans during the review period to businesses with revenues less than \$1 million dollars.

Table 15 - Borrower Distribution of Loans to Businesses in Rapides Parish AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	62.29	2.34	35.36	100%
% of Bank Loans in AA by #	97.18	2.82	0.00	100%
% of Bank Loans in AA by \$	90.95	9.05	0.00	100%

Source: Small Business LAR 2012 & 09/2013

Non-MSA

Home Loans or Residential Loans

A reasonable penetration of First Federal’s home or residential loans to borrowers of different income levels was granted within the Non-MSA AA:

Table 16 - Borrower Distribution of Residential Real Estate Loans in Non-MSA Parishes AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	22.57	0.00	16.68	14.81	18.20	11.11	42.54	74.07
Home Improvement	22.57	12.12	16.68	12.12	18.20	18.18	42.54	57.58
Home Refinance	22.57	3.92	16.68	7.84	18.20	21.57	42.54	66.67

Source: 2012 & 09/2013 HMDA

This AA also suffers from high property values, which would affect low-income and moderate-income borrowers. For example, a person at the high end of the low-income spectrum would qualify for a house whose selling price is \$58,645. A person at the high end of the moderate-income spectrum would qualify for a house whose selling price is \$127,911. If the current average selling price of houses, located in the AA were \$165,325 (according to Zillow.com for 2012), a low- or moderate-income borrower would not be able to purchase a home. The availability and very high cost of homeowners and flood insurance, further compounds the problem.

Consumer Loans

The distribution of consumer loans reflects a reasonable distribution among borrowers of different income levels:

Table 17 - Borrower Distribution of Consumer Loans in Non-MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Consumer Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	26.55	18.85	15.07	28.96	16.35	18.03	42.02	32.51

Source: 2012 & 09/2013 HMDA

Small Business Loans

First Federal’s distribution of loans to Small Businesses within its AA is excellent. The institution originated 92.1% of its commercial loans during the review period to businesses with revenues less than \$1 million dollars.

Table 18 - Borrower Distribution of Loans to Businesses in Non-MSA Parishes AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	57.38	1.48	41.14	100%
% of Bank Loans in AA by #	92.11	7.89	0.00	100%
% of Bank Loans in AA by \$	70.99	29.01	0.00	100%

Source: Small Business LAR 2012 & 09/2013

Geographic Distribution of Loans

The geographic distribution of residential, consumer, and small business loans within all three AAs is reasonable when compared to AA Owner Occupied Housing, Households, and Businesses, respectively, within Calcasieu, Rapides, Allen, Beauregard, and Natchitoches Parishes. See tables 19-27 for details:

Calcasieu Parish

Two of five low-income census tracts (numbers 3 and 4), within Calcasieu Parish are bordered by the Calcasieu River, leaving a large portion of the area uninhabitable. Also, the same aforementioned census tracts, according to 2013 U.S. Census data, include 47% and 50%, respectively of families who are below the poverty level.

Table 19 - Geographic Distribution of Residential Real Estate Loans in Calcasieu Parish AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner	% of Number of Loans
Home Purchase	5.13	1.79	18.23	14.80	48.05	43.50	35.15	39.91
Home Improvement	5.13	0.00	18.23	14.63	47.94	43.90	29.84	41.46
Home Refinance	5.13	2.22	18.23	8.23	46.73	38.29	40.66	51.27

Source: 2012 & 09/2013 HMDA

Table 20 - Geographic Distribution of Consumer Loans in Calcasieu Parish AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	7.88	1.69	23.00	13.70	45.14	47.46	23.98	37.15

Source: 2012 & 09/2013 HMDA

Table 21 - Geographic Distribution of Loans to Businesses in Calcasieu Parish AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Businesses	7.09	1.83	27.38	25.61	42.28	35.98	23.10	36.59

Source: Small Business LAR 2012 & 09/2013

Rapides Parish

Three of five low-income census tracts (numbers 111, 119, and 120), within Rapides Parish according to 2013 U.S. Census data, include 40%, 48%, and 60%, respectively of families who are below the poverty level.

Table 22 - Geographic Distribution of Residential Real Estate Loans in Rapides Parish AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	5.86	1.69	11.11	8.47	34.27	28.81	48.75	61.02
Home Improvement	5.86	7.69	11.11	0.00	34.27	53.85	48.75	38.46
Home Refinance	5.86	1.96	11.11	21.57	34.27	29.41	48.75	47.06

Source: 2012 & 09/2013 HMDA

Table 23 - Geographic Distribution of Consumer Loans in Rapides Parish AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Consumer Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	9.01	0.00	15.11	5.00	32.32	48.33	43.56	46.67

Source: 2012 & 09/2013 HMDA

Table 24 - Geographic Distribution of Loans to Businesses in Rapides AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans
Businesses	11.60	8.45	13.37	9.15	29.26	21.83	45.46	60.56

Source: Small Business Loans 2012 & 09/2013

Non-MSA

There are no low-income census tracts within this AA. In addition, all middle-income census tracts located in Allen Parish and three middle-income census tracts (numbers 2, 8, and 9) of Natchitoches Parish were deemed “distressed”. Per U.S. Census data, distressed tracts are based on the high poverty level of the county (parish).

Table 25 - Geographic Distribution of Residential Real Estate Loans in Non-MSA Parishes AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.00	0.00	12.50	17.24	72.25	68.97	15.24	13.79
Home Improvement	0.00	0.00	12.50	12.12	72.25	66.67	15.24	21.21
Home Refinance	0.00	0.00	12.50	14.81	72.25	62.96	15.24	22.22

Source: 2012 & 09/2013 HMDA

Table 26 - Geographic Distribution of Consumer Loans in Non-MSA Parishes AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Consumer Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	0.00	0.00	18.60	12.02	66.05	70.77	15.34	17.21

Source: 2012 & 09/2013 HMDA

Table 27 - Geographic Distribution of Loans to Businesses in Non-MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans
Businesses	0.00	0.00	14.79	18.42	68.06	60.53	17.15	21.05

Source: 2012 & 09/2013 Small Business Loans

Responses to Complaints

First Federal’s response to complaints is appropriate, as the institution has not received any CRA-related consumer complaints since the previous CRA Performance Evaluation.

COMMUNITY DEVELOPMENT TEST

First Federal’s performance regarding this test was excellent based on the institution’s qualified community development loans, investments, and services within the combined AAs. Information supporting this follows:

Number and Amount of Community Development Loans

The institution granted 17 community development loans aggregating approximately \$14.5 million dollars during the review period. The loans meet the definition of community development loans as interpreted in CRA regulations. All loans were located in a moderate-income census tract; provided affordable housing and jobs to low-income and moderate-income individuals; and/or revitalized, stabilized, and promoted economic development within the AAs.

Calcasieu Parish

First Federal originated 10 community development loans totaling \$4.7 million in Calcasieu Parish. The institution’s performance regarding this test within Calcasieu Parish is excellent. See Table 28:

Table 28-Community Development Loans-Calcasieu Parish		
Loan Name	#	\$
Sugar Bowl	1	2,500,000
Property Management	1	1,200,000
K & R Petroleum	1	480,000
Southwest LA Independence Center	1	190,000
Project Build A Future	2	177,000
Joseph Brown	3	152,000
Chadwick Romero	1	34,400
Total	10	4,733,400

Rapides Parish

The institution originated four community development loans totaling \$8.4 million in Rapides Parish. The institution’s performance regarding this test within Rapides Parish is excellent. See Table 29:

Table 29-Community Development Loans-Rapides Parish		
Loan Name	#	\$
Pine Highland Apartments	1	5,700,000
Bethany Place, LLC	2	2,450,000
TCBA LLC	1	260,000
Total	4	8,410,000

Non-MSA

The institution originated three community development loans totaling \$1.3 million in the Non-MSA. The institution’s performance regarding this test within the Non-MSA is adequate. See Table 30:

Table 30-Community Development Loans-Non-MSA AA		
Loan Name	#	\$
Labreesiana Investments	1	709,500
Olson Properties	1	372,000
TCBA LLC	1	244,000
Total	3	1,325,500

Number and Amount of Qualified Investments

The institution’s level of investments is adequate, and meets the definition of qualified investments, as interpreted in the interagency CRA regulations. First Federal made 98 qualified investments totaling \$1.2 million for community development purposes:

Table 31-Community Development Investments-All Three AAs		
Type	#	\$
Investment Fund, Red River Valley	1	1,000,000
Contributions/Donations	97	210,850
Total	98	1,210,850

The Institution has a \$1,000,000 equity investment in the Red River Valley Business Industrial Development Corporation, located in Natchitoches Parish (Non-MSA AA). This corporation is a special financing unit that provides non-traditional finance alternatives to small business entities. Such alternatives include, but are not limited to start-up, growth, and expansion financing. First Federal also contributed and/or donated \$210,850 to organizations (all located within the three AAs) that assist low- and moderate-income families, as well as organizations that revitalize or stabilize low- and moderate-income neighborhoods.

Extent to Which the Bank Provides Community Development Services

The institution’s performance with respect to Community Development Services is excellent. Services are the same throughout the system. First Federal maintains 16 offices, with its home office and seven others located in Calcasieu Parish; three offices in Rapides Parish; and five offices in its Non-MSA AA. There are 11 ATMs in Calcasieu Parish, 5 ATMs in Rapides Parish, and 5 ATMs in the Non-MSA AA. Of the 37 offices and ATMs, three branches are located in moderate-income census tracts; one ATM is

located in a low-income census tract; and five ATMs are located in moderate-income census tracts.

- Various delivery channels are utilized to provide services to customers. The delivery system is accessible to all portions of the AA through the main office and branch locations. First Federal offers lobby hours at both retail branches with extended drive-up hours.
- The institution offers 24-hour banking by telephone, where customers are able to transfer funds between deposit accounts; obtain balance information on deposit and loan accounts; verify the dates and amounts of deposits; obtain deposit account history and specific check information; verify the maturity date and obtain interest information on certificates of deposits; obtain information on individual retirement accounts or loans; obtain interest rates on deposit accounts; and payoff information on loan accounts.
- Online banking is available to all customers who sign up for services. Online services enhance telephone services by allowing the customer to view real-time account balances, check images, deposit slips, and full transaction history.
- Mobile Banking is offered, which allows customers to review their balances and to transfer funds between accounts.
- The institution maintains a website that provides information about products and services offered.
- The officers and employees participate in a variety of community development outreach and educational efforts. Volunteer work is done by speaking at seminars and housing fairs on topics, such as how to obtain a mortgage and to repair credit.
- The loan officers teach classes on how to obtain a mortgage at Homebuyer's Education classes.
- Loan Officers volunteer to speak with civic and community groups about Debt Management and the importance of banking to the under-banked.
- First Federal participates in the FDIC's Money Smart Program for both young adults and adults, to teach them about banking, savings and asset building.
- The institution has received grants from the Federal Home Loan Bank (FHLB) of Dallas through its affordable housing program. Two of the grants were awarded to Habitat for Humanity and the Calcasieu Parish Housing Agency. The purpose of the grants was to assist low- and moderate-income first-time borrowers, with down payments towards the purchase of a house. The two grants totaled \$140,000 and assisted 14 low- and moderate-income clients with the purchase of a new affordable home.
- First Federal has helped several area agencies apply for grants through the FHLB's affordable housing program, such as Habitat for Humanity and Calcasieu Parish Housing Agency. The aforementioned agencies were awarded grants to assist low- and moderate-income first-time homebuyers with down payment assistance.
- Additional products offered by First Federal designed for low- and moderate-income individuals include the Easy Access Account (EAA) designed for persons who receive direct deposits of funds. The features of the account include a low

minimum opening deposit of \$50.00 and a low monthly service charge of \$3.00. As of September 30, 2013, the institution had 14 EAA accounts with balances of \$1,263.

Responsiveness to Community Development Needs

First Federal's community development activities, demonstrate excellent responsiveness to the community development needs of its AAs when considering the institution's capacity, its performance context, and the availability of community development opportunities within its AAs.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any AA by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance. We found no evidence of discriminatory or other illegal credit practices that would be inconsistent with helping to meet community credit needs.