



PUBLIC DISCLOSURE

January 24, 2017

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.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors supporting this rating include:

- First Federal's average loan-to-deposit (LTD) ratio is reasonable.
- A substantial majority of loans originated during the evaluation period were within the institution's assessment areas (AAs).
- First Federal's distribution of lending to borrowers of different income levels, especially to low-income and moderate-income borrowers reflects a reasonable penetration throughout the AAs.
- The geographic distribution of loans denotes a reasonable dispersion throughout the low- and moderate-income census tracts within the AAs.
- The institution's community development performance is Satisfactory, and demonstrates an adequate responsiveness to community development (CD) needs within the bank's AAs.
- First Federal has not received any CRA-related consumer complaints since the previous CRA Performance Evaluation.

Scope of Examination

First Federal was evaluated using the Interagency Intermediate Small Bank (ISB) CRA procedures, which include a lending and community development (CD) test. The lending test evaluates the institution's record of meeting the credit needs of its AAs through its lending activities. The CD test evaluates the institution's responsiveness to CD needs in its AAs through CD lending, services, and qualified investments. The evaluation period in reference to the Lending Test covers First Federal's performance from January 1, 2014 through September 30, 2016. The evaluation period for the CD test was January 7, 2014 to January 23, 2017.

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

Data Integrity

Prior to conducting the CRA Performance Evaluation, in November of 2016, the performance of the Home Mortgage Disclosure Act (HMDA) loans, and small business loans was assessed for the time period of January 1, 2014 through September 30, 2016. We evaluated First Federal's data and found it to be accurate and reliable.

During this examination, Community development loans, investments and services submitted by the institution's management were verified to ensure they met the regulatory definition of community development.

Description of Institution

First Federal Bank of Louisiana (First Federal, Bank, or Institution) is a federally chartered, mutual savings thrift with 16 locations serving five parishes in southwest and central Louisiana. As of December 31, 2016, the bank had total assets of \$802 million. First Federal, whose main office is located in Lake Charles, LA is a community bank. The institution's strategic plan consists of attracting retail deposits, originating mortgage loans of various types, and offering a number of different products and services through its branch network. During our review period, First Federal closed two branches (both located in middle-income census tracts) and opened two branches, of which one was located in a moderate-income census tract.

The institution's primary lending focus is retail lending secured by one-to-four family residences. As of December 31, 2016 one-to-four properties comprised 71.6 percent of total loans.

Table 1 depicts the loan portfolio by loan product:

Table 1-First Federal's Bank Loan Portfolio		
Loan Category	Dollars (000)	Percentage
1-4 Residential Properties	\$230,840	72.57%
Construction (1-4)	\$40,100	12.61%
HELOC	\$13,054	4.10%
Commercial and Industrial	\$20,724	6.52%
Consumer	\$13,371	4.20%
Total	\$318,089	100%

Source: Call Report Data as of 12/31/2016

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 home improvement of one-to-four family dwellings. The bank services portfolio loans as well as loans sold to Fannie Mae. It also sells loans on the secondary market with servicing released. Mortgage loans in excess of 80 percent loan-to-value are offered with private mortgage insurance. Government-insured/guaranteed Federal Housing Administration (FHA) Department of Veterans Affairs (VA) and United States

Department of Agriculture (USDA) Rural Department loans are also offered. Other available loan products include secured and unsecured consumer loans; automobile loans; pledge loans; home equity loans; revolving home equity lines of credit; home improvement loans; 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.

First Federal received a "Satisfactory" rating at its previous CRA examination, dated January 6, 2014.

Economic or Legal Constraints

There are no legal, financial or other factors impeding the institution's ability to help meet the credit needs in its AAs.

Description of AAs

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 AA

Calcasieu Parish, LA is a part of the Lake Charles MSA, of which Lake Charles, LA is the principle city. 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-income and moderate-income areas.

There are 42 census tracts in this AA. Of the 42 census tracts, 11.90 percent are low-income; 23.81 percent are moderate-income; 42.86 percent are middle-income and 21.43 percent are upper-income.

First Federal's main office, seven branches, and 11 ATMs are located within the Calcasieu Parish AA. The main office, two branch locations, and four 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	42	11.90%	23.81%	42.86%	21.43%	0.0%
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
FFIEC' Adjusted Median Family Income for 2016		\$59,400	Unemployment Rate			5.5%
Households Below Poverty Level		16.0%				
2016 FFIEC 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 percent are owner-occupied. Approximately 5.13 percent of owner-occupied housing is located in the low-income geographies; 20.67 percent of owner-occupied housing is located in moderate-income geographies; 46.11 percent of owner-occupied housing is located in middle-income geographies; and 25.74 percent are located in upper-income geographies. The median housing cost as of 2010 was \$111,978.

The Federal Financial Institutions Examination Council's (FFIEC's) updated 2016 median family income for the AA was \$54,600. Low-income is defined as less than 50 percent of the median family income. Moderate-income is defined as 50 percent to less than 80 percent of the median family income. Middle-income is defined as 80 percent to less than 119 percent of the median family income. Upper-income is defined as income of 120 percent and over the median family income. The following table depicts Income classification categories:

Table 3 – Income Categories – Institution's AA			
Low	Moderate	Middle	Upper
<\$29,699	\$29,700 - \$47,519	\$47,520- \$71,279	>\$71,280

Source: FFIEC 2016

According to the June 30, 2016 FDIC Summary of Deposit Market Share report, First Federal's deposit market share within the AA was 11.01 percent, ranking the institution 5th out of 16 institutions within the AA. First Federal's primary competitors are JP Morgan (12 offices, 21.42 percent market share); Capital One (9 offices, 14.05 percent market share); Iberia Bank (10 offices, 14.08 percent market share) and Whitney Bank (5 offices, 12.11 percent market share).

The Lake Charles MSA has a diverse economic base that is comprised of a variety of businesses and industries including: gaming, health care services, industrial construction, oil refining, and chemical manufacturing. Since 2014, the area has been growing and is expected to continue to grow over the next several years with the announcement of major, large-scale industrial expansions within the area.

As of 2016, the top employers of Calcasieu Parish were the Calcasieu Parish School System (education); Lake Charles Memorial Health System (medical); Coshatta Casino Resort (gaming); Westlake Group (manufacturing); Turner Industries (general contractors); Axial Industries (alkaline and chlorine manufacturer); Lake Charles Memorial Hospital (healthcare); CITGO Petroleum Corporation (energy); City of Lake Charles (government); and Calcasieu Parish Sheriff's Office (law enforcement).

The AA's unemployment rate as of December 31, 2016 was 4.4 percent. This figure compares favorably to a state average of 6.1 percent for the same aforementioned period.

We conducted a community contact with a local governmental-housing organization. The contact indicated there is a need for affordable housing within the Lake Charles area because landlords are no longer participating in the City's Section VIII Program due to the economic boom. The landlord's properties can be rented to non-Section VIII participants at much higher rates. Our contact also stated that most financial institutions located in the Lake Charles area are very active in community development activities.

DESCRIPTION OF RAPIDES PARISH AA

First Federal'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-income and moderate-income areas.

There are 32 census tracts in this AA. Of the 32 census tracts, 15.63 percent are low-income; 18.75 percent are moderate-income; 31.25 percent are middle-income; and 34.38 percent are upper-income.

First Federal has four full service branches and six ATMs located within the Rapides Parish AA. 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	32	15.63%	18.75%	31.25%	34.38%	0.00%
Population by Tract	131,607	9.04%	15.76%	32.85%	42.34%	0.0%
Owner-Occupied Housing by Tract	32,537	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
FFIEC Adjusted Median Family Income for 2016		\$50,800	Unemployment Rate			6.6%
Households Below Poverty Level		16.2%				

(*) The NA category consists of Tracts that have not been assigned an income classification.

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

The FFIEC's updated 2016 median family income for the AA was \$50,800. Low-income is defined as less than 50 percent of the median family income. Moderate-income is defined as 50 percent to less than 80 percent of the median family income. Middle-income is defined as 80 percent to less than 119 percent of the median family income. Upper-income is defined as income of 120 percent and over the median family income. The following table depicts Income classification categories:

Table 5 – Income Categories – Institution's AA			
Low	Moderate	Middle	Upper
<\$25,400	\$25,400 - \$40,639	\$40,640 - \$60,959	>\$60,960

Source: FFIEC, 2016

According to the June 30, 2016 FDIC Summary of Deposit Market Share report, First Federal's deposit market share within the AA was 5.96 percent, ranking the institution 5th out of 14 institutions within the AA. First Federal's primary competitors are Red River Bank (8 offices, 38.13 percent market share); Capital One (5 offices, 18.40 percent market share); JP Morgan Chase Bank (6 offices 14.27 percent market share), and The Evangeline Bank and Trust Company (5 offices, 7.16 percent market share).

As of 2016, 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 St. Frances 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 economy in Rapides Parish is not as vibrant as the economy in Calcasieu Parish, but is approximately the same percentage as the state. As of December 31, 2016, the

economy in Rapides Parish was 6.3 percent compared to 6.1 percent of the state’s unemployment rate.

We relied upon a community contact conducted by another agency during 2016. The contact indicated there is a need for more affordable housing units and employment opportunities so that families can afford residences. The contact also stated there is a great opportunity and need for financial institution involvement in community development activities.

DESCRIPTION OF NON-MSA AA

First Federal’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-income and moderate-income areas.

There are 21 census tracts in this AA, of which none are low-income; 14.29 percent are moderate-income; 61.09 percent are middle-income; and 23.81 percent are upper-income.

The institution has four full service branches and four ATMs, within the Non-MSA AA. One branch is located in a moderate-income census tract.

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	21	0.00%	14.29%	61.90%	23.81%	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
FFIEC Adjusted Median Family Income for 2016		\$48,500	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 FFIEC’s updated 2016 median family income for the AA was \$48,500. Low-income is defined as less than 50 percent of the median family income. Moderate-income is defined as 50 percent to less than 80 percent of the median family income. Middle-income is defined as 80 percent to less than 119 percent of the median family income.

Upper-income is defined as income of 120 percent and over the median family income. The following table depicts Income classification categories:

Table 7 – Income Categories – Institution’s AA			
Low	Moderate	Middle	Upper
<\$24,250	\$24, 250 - \$38,799	\$38,800 - \$58,199	>\$58,200

Source: FFIEC, 2016

According to the June 30, 2016 FDIC Summary of Deposit Market Share report, First Federal’s deposit market share within the AA was 4.81 percent, ranking the institution 8th out of 16 institutions within the AA. First Federal’s top five competitors are MidSouth Bank (4 offices, 13.88 percent market share); City Bank and Trust (4 offices, 13.92 percent market share); First National Bank of DeRidder (4 offices, 13.88 percent market share); Bank of Montgomery (4 offices, 10.41 percent market share) and City Savings Bank & Trust Company (2 offices, 9.91 percent market share).

Numerous financial institutions and mortgage banking companies serve this AA. During 2015, 177 financial entities originated 3,190 loans within this AA. First Federal ranked 13th and captured 2.26 percent of the market.

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 December 31, 2016 for Allen, and Beauregard, Parishes were both 6.0 percent. These figures are comparable to the state’s rate of 6.1 percent for the same timeframe. Natchitoches Parish’s economy was not as thriving as the state’s economy, as of December 31, 2016. As of that date, the unemployment rate in Natchitoches Parish was 6.4 percent.

We relied upon a community contact conducted by another agency during 2015. The contact indicated there is a need for more affordable housing units and commercial loans in Beauregard Parish and Vernon Parish around Fort Polk, the Army base.

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 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 and small business loans.

LENDING TEST

Overall, lending levels reflect reasonable responsiveness to meeting AA credit needs.

Loan-to-Deposit (LTD) Ratio

First Federal's quarterly average LTD ratio is reasonable given the size, financial condition, lending opportunities and credit needs of the AA. The institution's ratio meets the standards for satisfactory performance. First Federal's quarterly LTD ratio for the eleven consecutive quarters (March 31, 2014 to September 30, 2016) since the previous CRA examination was 68.3 percent. The bank's quarterly LTD ratios ranged from a quarterly high of 80.2 percent to a quarterly low of 54.9 percent.

The similarly situated financial institutions had an overall average LTD ratio of 79.1 percent, with a quarterly average low of 73.9 percent and a quarterly average high of 79.1 percent.

Lending in Assessment Area

Lending in the AA is reasonable with a substantial majority of loans originated within the AAs. A high percentage of mortgage loans, (92.6 percent) by number and (93.8 percent) by dollar volume, was extended inside of First Federal's AAs. The distribution of loans inside the AAs indicates the institution is serving the credit needs of the AAs.

Table 8 details lending in the AAs for 33-month period, ended September 30, 2016:

Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Loans	1,045	92.64	83	7.36	1,128	156,038	93.06	11,645	6.94	167,683
Small Business	534	92.55	43	7.45	577	84,127	93.06	6,278	6.94	90,405
Consumer	1,803	92.51	146	7.49	1,949	64,740	96.64	2,253	3.36	66,993
Totals	3,382	92.56	272	7.44	3,654	304,905	93.79	20,176	6.21	325,081

Source: 2014, 2015 and 9/2016 HMDA

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

Overall, the distribution of home loans and business loans reflects reasonable penetration among borrowers of different income levels and businesses of different sizes in the Calcasieu Parish AA. Both of First Federal's home mortgage lending and small business lending reflect reasonable penetration.

Calcasieu Parish

Home Mortgage Lending

The distribution of home mortgage loans to borrowers reflects reasonable penetration among borrowers of different income levels in the Calcasieu AA.

Given the aggressive competition within the Calcasieu AA, the bank still ranked 4th of 212 lenders, as of December 31, 2015 and captured 4.03 percent of the market as far as the number of loans originated were concerned.

The percentages of First Federal's home purchase and home refinance loans to low-income borrowers are significantly below the percentage of low-income families in the AA; however, the Bank's home purchase and home refinance lending to low-income borrowers, exceeds the 2015 HMDA peer aggregate's lending to low-income borrowers and is considered reasonable.

The Bank's home purchase and home refinance lending to moderate-income borrowers is lower and significantly below the percentage of moderate-income families in the AA; However, First Federal's home purchase and home refinance lending to moderate-income borrowers is comparable to or meets the 2015 HMDA peer aggregate's lending to moderate-income borrowers and is considered reasonable.

See Table 9 for details:

Table 9 - Borrower Distribution of Residential Real Estate Loans in Calcasieu Parish AA										
Borrower Income Level	Low			Moderate			Middle		Upper	
	% of AA Families	% of Number of Loans		% of AA Families	% of Number of Loans		% of Inst Loans	2015 HMDA Agg	% of Inst Loans	2015 HMDA Agg
% of Inst Loans		2015 HMDA Agg	% of Inst Loans		2015 HMDA Agg					
Home Purchase	23.40	2.34	2.16	17.85	10.61	11.51	15.63	15.11	59.38	58.27
Home Refinance	23.40	5.31	5.19	17.85	6.76	7.79	12.08	10.39	54.11	50.65

Data Source: 2010 Census; 2014, 2015 and 9/2016 HMDA data

Small Business Loans

The distribution of loans to businesses reflects excellent penetration among businesses of different sizes. The bank originated 90.2 percent of its small business loans during the review period to businesses with revenues less than \$1 million.

Table 10 - Borrower Distribution of Loans to Businesses in AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	88.19	99.37	3.30	100%
% of Bank Loans in AA by #	90.19	9.81	0.00	100%
% of Bank Loans in AA by \$	85.14	14.86	0.00	100%

Source: Dunn and Bradstreet data, 2015

Rapides Parish

The distribution of home mortgage loans to borrowers reflects reasonable penetration among borrowers of different income levels in the Rapides AA.

There is strong competition, as well within this AA; nevertheless, as of December 31, 2015, the bank still ranked 16th of 173 lenders and captured 2.07 percent of the market as far as the number of loans originated were concerned.

The percentages of First Federal’s home purchase and home refinance loans to low-income borrowers are significantly below the percentage of low-income families in the AA; and while the bank’s home purchase loans to low-income borrowers are lower than 2015 HMDA peer aggregate’s lending, First Federal’s home refinance loans to low-income borrowers, exceeds its peers for the same time frame, and is considered reasonable.

The Bank’s home purchase and home refinance lending to moderate-income borrowers is lower and significantly below the percentage of moderate-income families in the AA. While the bank’s home purchase loans to moderate-income borrowers are lower than 2015 HMDA peer aggregate’s lending, First Federal’s home refinance loans to moderate-income borrowers exceeds its peers for the same time frame, and is considered reasonable.

Table 11 - 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 Inst Loans	2015 HMDA Agg	% of Inst Loans	2015 HMDA Agg
% of Inst Loans		2015 HMDA Agg	% of Inst Loans		2015 HMDA Agg					
Home Purchase	23.55	2.41	2.78	16.42	6.02	11.11	9.64	13.89	50.60	44.44
Home Refinance	23.55	1.61	0.00	16.42	1.61	0.00	13.79	8.06	48.39	60.00

Data Source: 2010 Census; 2014, 2015 and 9/2016 HMDA data

Small Business Loans

First Federal's distribution of loans to Small Businesses within its AA is excellent. The bank originated 89.7 percent of its small business loans during the review period to businesses with revenues less than \$1 million.

Table 12 - Borrower Distribution of Loans to Businesses in AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	85.09	4.17	10.74	100%
% of Bank Loans in AA by #	89.71	10.29	0.00	100%
% of Bank Loans in AA by \$	83.73	16.27	0.00	100%

Source: Dunn and Bradstreet data, 2015

Non-MSA

The distribution of home mortgage loans to borrowers reflects reasonable penetration among borrowers of different income levels in the Non-MSA AA.

There is strong competition within the Non-MSA AA; however, First Federal ranked 13th of 177 lenders, as of December 31, 2015 and captured 2.26 percent of the market as far as the number of loans originated were concerned.

The percentages of First Federal's home purchase and home refinance loans to low-income borrowers are significantly below the percentage of low-income families in the AA. While home refinance loans to low-income borrowers are lower than the percentage of loans to other lenders, the bank exceeds the 2015 other lenders percentage of loans to low-income borrowers and is considered reasonable.

The Bank's home purchase and home refinance lending to moderate-income borrowers is lower than the percentage of moderate-income families in the AA. However, First Federal's home purchase and home refinance lending to moderate-income borrowers is slightly below and exceeds, the 2015 other lenders percentage of loans to moderate-income borrowers and is considered reasonable.

Table 13 - Borrower Distribution of Residential Real Estate Loans in Non-MSA 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 Inst Loans	2015 Other Lenders Agg	% of Inst Loans	2015 Other Lenders Agg
		% of Inst Loans	2015 Other Lenders Agg		% of Inst Loans	2015 Other Lenders Agg				
Home Purchase	22.57	5.56	2.88	16.68	9.26	10.58	11.11	16.83	70.37	54.81
Home Refinance	22.57	2.94	4.03	16.68	8.82	6.45	14.71	8.06	64.71	51.68

Data Source: 2010 Census; 2014, 2015 and 9/2016 HMDA data

Small Business Loans

First Federal’s distribution of loans to Small Businesses within its AA is excellent. The bank originated 95.3 percent of its small business loans during the review period to businesses with revenues less than \$1 million.

Table 14 - Borrower Distribution of Loans to Businesses in AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	87.70	2.50	9.80	100%
% of Bank Loans in AA by #	95.35	4.65	0.00	100%
% of Bank Loans in AA by \$	77.12	22.88	0.00	100%

Source: Dunn and Bradstreet data, 2015

Geographic Distribution of Loans

The geographic distribution of residential and small business loans reflects reasonable dispersion within all three AAs. Both the bank’s home mortgage lending and small business loans reflect a reasonable dispersion.

Calcasieu Parish

The percentages of First Federal’s home purchase and home refinance loans to borrowers in low-income geographies are below the percentage of owner-occupied housing in Calcasieu Parish. While the bank’s home refinance loans to borrowers in low-income geographies are lower than 2015 HMDA peer aggregate’s lending, First Federal’s home purchase loans to low-income borrowers exceeds its peers for the same time frame, and is considered reasonable.

One of the five low-income census tracts are bordered by the Calcasieu River, leaving a large portion of the area uninhabitable. Other limiting factors were the percentages of

households in each AA that are either on social security, retirement or public assistance.

Overall, the Bank’s home purchase and home refinance lending to moderate-income borrowers is reasonable. First Federal’s home purchase lending within moderate-income census tracts or geographies is less than owner occupied housing, but exceeds 2015 HMDA peer aggregate’s lending. The bank’s home refinance lending in the moderate-income census tracts, exceeds both owner occupied housing and 2015 HMDA peer aggregate’s lending.

Table 15 details the performance:

Table 15 - Geographic Distribution of Residential Real Estate Loans in Calcasieu Parish AA										
Borrower Income Level	Low			Moderate			Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number of Loans		% of Owner Occupied Housing	% of Number of Loans		% of Inst Loans	2015 Other Lenders Agg	% of Inst Loans	2015 Other Lenders Agg
		% of Inst Loans	2015 Other Lenders Agg		% of Inst Loans	2015 Other Lenders Agg				
Home Purchase	5.13	2.08	1.44	18.23	14.06	10.07	40.89	42.45	42.97	46.04
Home Refinance	5.13	2.90	3.90	18.23	19.32	22.08	36.71	36.36	41.06	37.66

Data Source: 2010 Census; 2014, 2015 and 9/2016 HMDA data

Business Loans

The geographic distribution of small business loans to businesses reflects a reasonable dispersion, when the limiting factors of the two low-income census tracts are taken into consideration. See Table 16:

Table 16 - Geographic Distribution of Loans to Businesses in 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
Percentages	6.80	2.00	27.75	26.02	42.25	3.76	23.21	68.22

Source: D & B data, 2015

Rapides Parish

Home Loans

Overall, home mortgage loans within the AA showed a reasonable dispersion in low-and moderate-income geographies.

The percentages of First Federal’s home purchase and home refinance loans to borrowers in low-income geographies are below the percentage of owner-occupied housing in Rapides Parish. However, the bank’s home purchase loans to borrowers in low-income geographies are comparable to 2015 HMDA peer aggregate’s lending. First Federal’s home refinance loans to low-income borrowers exceeds its peers for the same time frame, and is considered reasonable.

Overall, the Bank’s home purchase and home refinance lending to moderate-income borrowers is reasonable. First Federal’s home purchase lending within moderate-income census tracts or geographies is less than owner-occupied housing, but exceeds 2015 HMDA peer aggregate’s lending. The bank’s home refinance lending in the moderate-income census tracts, is less than both owner-occupied housing and 2015 HMDA peer aggregate’s lending.

Limiting factors were the percentages of households in each AA that are either on social security, retirement or public assistance. Overall, the institution’s percentages of low-income loans and moderate-income loans are reasonable when compared to the percentages of HMDA lenders.

Table 17 - Geographic Distribution of Residential Real Estate Loans in Rapides Parish AA

Borrower Income Level	Low			Moderate			Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans		% of Owner Occupied Housing	% of Number of Loans		% of Inst Loans	2015 HMDA Lenders Agg	% of Inst Loans	2015 HMDA Lenders Agg
% of Inst Loans		2015 HMDA Lenders Agg	% of Inst Loans		2015 HMDA Lenders Agg					
Home Purchase	5.86	0.00	0.00	11.11	9.64	8.33	27.71	33.33	62.65	58.33
Home Refinance	5.86	4.84	0.00	11.11	9.68	20.00	29.03	45.00	56.45	35.00

Data Source: 2010 Census; 2014, 2015 and 9/2016 HMDA data

Business Loans

The geographic distribution of small business loans showed a reasonable penetration. Loans made in low-income census tracts are reasonable, while those made in moderate-income census tracts are excellent. See Table 18:

Table 18 - Geographic Distribution of Loans to Businesses in 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
	11.36	6.29	12.33	14.86	29.52	29.14	46.79	49.71

Source: D & B data, 2015

Non-MSA

Home Loans

Home mortgage loans within the AA reflects a reasonable dispersion. There are no low-income census tracts within this AA, but there are eight distressed or underserved census tracts within this area.

Overall, the Bank’s home purchase and home refinance lending to moderate-income borrowers is reasonable. First Federal’s home purchase lending within moderate-income census tracts or geographies is less than owner-occupied housing, but exceeds 2015 HMDA peer aggregate’s lending. The bank’s home refinance lending in the moderate-income census tracts, is less than owner-occupied housing, but exceeds 2015 HMDA peer aggregate’s lending and is considered reasonable.

Table 19 denotes the dispersion:

Table 19 - Geographic Distribution of Residential Real Estate Loans in Non-MSA AA										
Borrower Income Level	Low			Moderate			Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number of Loans		% of Owner Occupied Housing	% of Number of Loans		% of Inst Loans	2015 Other Lenders Agg	% of Inst Loans	2015 Other Lenders Agg
		% of Inst Loans	2015 Other Lenders Agg		% of Inst Loans	2015 Other Lenders Agg				
Home Purchase	0.00	0.00	0.00	12.50	7.41	9.22	42.59	42.70	50.00	47.22
Home Refinance	0.00	0.00	0.00	12.50	8.82	9.04	67.65	43.80	23.53	46.28

Data Source: 2010 Census; 2014, 2015 and 9/2016 HMDA data

Small Business Loans

The geographic percentage of the institution’s small business loans within moderate-income census tracts reflects a reasonable dispersion. There are no low-income census tracts and there are eight distressed and underserved geographies. See Table 20:

Table 20 - Geographic Distribution of Loans to Businesses in 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
	0.00	0.00	42.82	26.83	21.84	46.34	35.34	26.83

Source: D & B data, 2015

Responses to Complaints

The bank has not received any consumer complaints pertaining to its lending activities during the evaluation period.

COMMUNITY DEVELOPMENT TEST

First Federal’s CD test is rated satisfactory. The bank demonstrated adequate responsiveness to CD needs in its AAs, given First Federal’s size, financial condition, and known opportunities.

Number and Amount of Community Development Loans

First Federal originated 11 community development loans totaling \$913,400 in Calcasieu Parish. In partnership with Project Build a Future (a local non-profit corporation committed to revitalizing a certain target area in the City of Lake Charles by providing quality, affordable homeownership initiatives), the institution granted eight loans totaling \$825,378 to construct one-to-four family residences that will be sold to low-and moderate-income borrowers. The remaining three loans, totaling \$88,013 were granted to revitalize and stabilize, low-income and moderate-income geographies.

The bank has been challenged when locating opportunities to originate community development loans, despite its efforts and involvement in a wide variety of community related organizations and activities. One community contact noted that First Federal tried to obtain an additional community development loan from the Lake Charles Housing Authority to purchase 114 single-family units, located within Calcasieu Parish. The units were located in low-income census tracts, and would have been used as a base for Section VIII housing; however, the Housing Authority chose another local financial institution.

Number and Amount of Qualified Investments

Considering the needs and opportunities in the assessment area, the bank provided an adequate level of CD investments including:

- The bank invested \$500,000 in a CRA Investment. Of this investment, \$126,400 was invested in a FNMA loan pool, comprised of loans made to low-and moderate-income borrowers, residing in Rapides Parish. The remaining \$373,600 was invested in a GNMA loan pool that finances an apartment complex, also located in Rapides Parish. All tenants receive Section VIII assistance.
- First Federal made a donation of \$12,500 to the Family Foundation of Southwest Louisiana, which is a local non-profit organization made up of several divisions that provide affordable and professional support through specific programs. One program offered is the Children's Advocacy Center, (CAC) which works with area prosecutors, law enforcement agents, social workers and medical professionals to conduct forensic interviews to investigate child abuse allegations. During 2015, 68 percent of the children served by the CAC were from low-income and moderate-income households. The bank is committed to make another \$12,500 donation in 2017.
- The bank contributed \$128,350 to various charities and organizations who promote community and economic development, within all three AAs.

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; four offices in Rapides Parish; and four offices in its Non-MSA AA. There are 11 ATMs in Calcasieu Parish, five ATMs in Rapides Parish, and four ATMs in the Non-MSA AA. Of the 37 offices and ATMs, four branches are located in moderate-income census tracts; one ATM is located in a low-income census tract; and six 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 AAs through the main office and branch locations. First Federal offers lobby hours at both retail branches with extended drive-up hours.
- The bank participates in the Calcasieu Parish Public Trust Authority's Mortgage Credit Certificate (MCC) Program. This program offers a dollar-for-dollar federal income tax credit equal to 50 percent of the mortgage interest paid each year for as long as the homeowner owns and remains in the home. First Federal originated seven loans with this the MCC program of which 100 percent were to low-income and moderate-income borrowers.
- First Federal has a special in-house First-Time Homebuyer Program which features lower down payments and reduced closing costs. During the review period, the bank originated 13 loans, totaling \$1,564,760. The bank also has the First Federal Community Response Loan program. Under this program, flexible underwriting guidelines are implemented for low-income and moderate-income applicants who do not qualify under standard underwriting guidelines. Since the

inception of the program, the bank maintains servicing of three loans totaling \$71,497.

- First Federal remains the only bank in Calcasieu Parish to offer the Section VIII Homeownership Voucher Loan Program. Applicants must meet the Housing Department's requirements for the program, be low-income and moderate-income, and be a first-time homebuyer.
- The bank is a participant in the Louisiana Housing Corporation's Market Rate GNMA program which offers 30 year, fixed-rate FHA, VA or USDA Rural Development mortgages at favorable income rates and provides up to 4 percent assistance for down payment, closing costs and prepaid items.
- First Federal continues to participate in the City of Lake Charles Down Payment program. This program offers between \$5,000 and \$10,000 in down payment and closing costs assistance to low-income and moderate-income, first-time homebuyers, purchasing a single-family, owner-occupied residence within the city limits of Lake Charles. During the review period, the bank originated three loans totaling \$258,197.
- The bank participates in the Federal Home Loan Bank of Dallas HELP program which offers \$5,000 for down payment and closing cost assistance to low-income and moderate-income, first-time homebuyers.
- The bank offers small, dollar amount consumer loans. During our review period, 72 loans were originated for \$1,000 or less to low-income and moderate-income borrowers.
- First Federal also offers a Secured Credit Card with a minimum credit card limit of \$300 in an effort to help people establish or rebuild credit. As of September 30, 2016, there were 124 secured credit cards. Of this total, 55 or (44 percent) were issued to low-income and moderate-income borrowers.
- The bank offers a variety of community development products, including a Home Buyers savings account targeted to first-time homebuyers. This account encourages saving for the down payment on a home and provides free budget counseling. Discounts are offered such as a reduction in origination fees, reduction in cost of in-house appraisals, and waiver of document preparation fees. As of September 30, 2016, First Federal had 10 accounts with balances totaling \$12,026.84.
- The Electronic Transfer Account (ETA) is available to individuals who receive direct deposit of Federal Funds. The features include a low minimum opening balance of \$3.00 and a low monthly service charge of \$3.00.
- In 2014, Project Build a Future, a local non-profit corporation committed to revitalizing a certain target area in the City of Lake Charles by providing quality, affordable home-ownership initiatives, chose to establish a 2:1 matched savings program for their low-income to moderate-income clients in an effort to help them save a down payment. The bank partnered with the organization to provide program participants with an affordable statement savings account with waived minimum balance requirements and monthly fees. Since partnering with the corporation, the bank has opened 11 accounts.

- 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 various topics.

Responsiveness to Community Development Needs

First Federal's CD activities demonstrate adequate responsiveness to the CD needs and opportunities of its AAs, considering the bank's capacity, performance context, and the competition for CD opportunities in the AAs. Identified needs primarily include affordable housing for low-income and moderate-income families. The bank's CD loans, investments, and services have targeted this area.

Fair Lending or Other Illegal Credit Practices Review

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

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