



PUBLIC DISCLOSURE

January 8, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank in DeRidder
Charter Number 14168

131 North Washington
DeRidder, LA 70634

Office of the Comptroller of the Currency

3838 N. 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, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

The Lending Test is rated: Satisfactory.

First National Bank in DeRidder (FNB) has a satisfactory record of meeting its community needs based on the following:

- The average loan-to-deposit (LTD) ratio is reasonable given the bank's size, competition, and economic environment.
- The bank originated a majority of loans inside the assessment areas (AAs).
- Loan analysis indicates the distribution of loans to borrowers of different income levels exhibits a reasonable penetration.
- The geographic distribution of loans within low- and moderate-income census tracts (CTs) exhibits a reasonable dispersion throughout FNB's AA of Calcasieu Parish. There are no low- and moderate-income CTs in Beauregard and Vernon Parishes; therefore, an analysis of the geographic dispersion of loans was not performed.
- The bank did not receive any CRA-related complaints during the evaluation period.

Definitions and Common Abbreviations

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

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

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

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

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by

financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's AAs or outside the AAs provided the bank has adequately addressed the CD needs of its AAs.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Description of Institution

FNB is a \$243 million, stock-chartered community bank, located in DeRidder, Louisiana (LA). FNB does not have a holding company and is the oldest bank headquartered in DeRidder, LA. The bank serves the community through two AAs, and from five locations: three in DeRidder, LA of Beauregard Parish, LA; one in Moss Bluff, LA and one in Lake Charles, LA. The Moss Bluff and Lake Charles' branches are in Calcasieu Parish of the Lake Charles MSA. Since the previous CRA evaluation, the bank moved its main office from downtown DeRidder to its "Park Terrace" office, also located in DeRidder. The downtown main office was transformed into an Operations Center. FNB's main office and branch locations are full-service offices (except the Operations Center) with traditional operating hours. The bank has not closed any branches since the prior CRA evaluation, but during 2013 and 2014, FNB opened its Moss Bluff, LA and Lake Charles, LA offices, respectively.

FNB's two AAs include part of the Lake Charles MSA (Calcasieu Parish) and a Non-MSA, which includes the parishes of Beauregard and a portion of Vernon, an adjacent parish. FNB's strategic plan is to serve its AAs by primarily originating residential real estate, commercial, and consumer loans. The bank primarily offers real estate, agricultural, commercial, home improvement, automobile, recreational, and personal loans. The bank has not made changes to its corporate structure, including merger or acquisition activities, since the previous CRA evaluation.

As shown below in Table 1, the bank's primary products are listed below:

Table 1 – FNB' s Loans by Type		
Loan Category	\$ (000)	%
One- to Four-Family Real Estate (includes Construction Loans)	\$98,932	59.1%
Commercial & Industrial (including Commercial Real Estate)	\$34,456	24.2%
Consumer Loans	\$7,241	4.3%
Other Loans	\$26,744	12.4%
Total	\$167,373	100.00%

Source: Call Report data, as of 12/31/17

Competition among financial institutions in the AAs remains strong, as FNB has to compete with several large, national and regional banks for loans. See Appendix B, Community Profiles of each AA for specific details. There were no financial or legal impediments to prevent FNB from meeting the credit needs of the community. At the last CRA Performance Evaluation, dated August 17, 2012, FNB received a "Satisfactory" CRA rating.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated the bank using small bank examination procedures, which only include a lending test. The lending test evaluates the bank's record of meeting the credit needs of its AAs through lending activities. The lending test evaluation included analyzing FNB's mortgage loan data from January 1, 2015, to December 31, 2016. This period is representative of the bank's primary lending strategy of originating residential mortgage, commercial, and consumer loans.

Data Integrity

Prior to conducting the CRA Evaluation, in December of 2017, the bank's performance of its HMDA loans, as well as 20 commercial and 20 consumer loans were assessed for the time period of January 1, 2015 through December 31, 2016. We concluded the bank's data was reliable.

Selection of Areas for Full-Scope Review

FNB's AAs chosen for full-scope reviews were the Non-MSA area of Beauregard and Vernon Parishes and a part of the Lake Charles MSA which is Calcasieu Parish. See Appendix B for more information of each AA.

Ratings

The bank's overall rating is based primarily on both the Non-MSA as well as the MSA areas.

FNB's "Satisfactory" rating was based on the two aforementioned AAs in the parishes of Beauregard, Vernon and Calcasieu.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 12 CFR 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

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

Conclusions with Respect to Performance Tests

LENDING TEST

FNB’s lending test is reasonable. The bank’s LTD ratio is reasonable. A majority of loans was originated within the bank’s AAs. Overall, the distribution of home loans, small business loans and consumer loans, among borrowers of different income levels, as well as the geographic distribution of loans, reflects reasonable penetrations.

LTD Ratio

As of September 30, 2017, FNB’s quarterly average LTD ratio of approximately 66.1 percent is reasonable relative to the bank’s size, competition, and financial condition.

Since the previous CRA Performance Evaluation, the institution’s quarterly, average LTD ratio ranged from a low of 57.8 percent to a high of 76.8 percent. FNB’s overall average LTD ratio of 66.1 percent is reasonable when compared to similarly-situated financial institutions, which had a quarterly average LTD ratio of 72.3 percent during the same time period. Refer to Table 2 for details.

Table 2- LTD Ratios of Select Competitors			
	Assets (000s) (as of 9-30-17)	City	Quarterly, Average LTD Ratio
First National Bank in DeRidder	\$243	DeRidder	66.1%
City Savings Bank & Trust Company	\$327	DeRidder	83.9%
Beauregard FSB	\$64	DeRidder	75.8%
First Federal Bank of Louisiana	\$816	Lake Charles	68.2%
Lakeside Bank	\$176	Lake Charles	69.9%
Merchants & Farmers Bank & Trust	\$409	Leesville	66.1%

Source: FFIEC Uniform Bank Performance Reports

Lending in AA

FNB originated a majority of its loans inside of the AAs. During the review period, the bank generated 396 of its 447 or 88.6 percent of loans inside of the AAs. See Table 3.

Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Purchase	162	87.10	24	12.90	186	23,352	88.36	3,077	11.64	26,429
Improvement	58	90.63	6	9.38	64	2,350	86.30	373	13.70	2,723
Refinance	140	89.17	17	10.83	157	14,504	88.73	1,843	11.27	16,347
Commercial	20	100.00	0	0	20	10,646	100.00	0	0	10,646
Consumer	16	80.00	4	20.00	20	107	85.60	18	14.40	125
Totals	396	88.60	51	11.40	447	50,959	90.56	5,311	9.44	56,270

Source: Bank's HMDA, Commercial and Consumer Lending for calendar years 2015 and 2016.

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

Overall, the distribution of home loans reflects a reasonable penetration among borrowers of different income levels in FNB's AAs.

Non-MSA Area: Parishes of Beauregard and Vernon

Home Mortgage Lending

The distribution of home mortgage loans to borrowers reflects reasonable penetration among borrowers of different income levels in the parishes of Beauregard and Vernon.

Lending to low- and moderate-income borrowers is less than demographic comparators. See Table 4.

Borrower Income Level	Low		Moderate		Middle		Upper		NA	
	% of AA Families	% of Bank Loans	% of AA Families	% of Bank Loans	% of AA Families	% of Bank Loans	% of AA Families	% of Bank Loans		% of Bank Loans
Real Estate Loans	15.7	6.4	15.0	8.6	20.9	18.2	48.4	52.4		14.4

Source: Bank's HMDA reports for calendar years of 2015 and 2016

Opportunities to grant loans to low- and moderate-income families may be limited given the loan amounts each family qualifies, compared to the average listing of available

residences within the AA. According to the bank's underwriting guidelines, low-income borrowers would qualify for a home loan amount of \$80,400 and moderate-income borrowers would qualify for a loan of \$126,000. Two online real estate databases (Zillow.com and Trulia.com) listed average selling prices of houses in the non-MSA as (\$200,000 and \$150,000) respectively during 2016.

Small Business Lending

The distribution of loans to businesses reflects adequate penetration. See Table 5. While the bank's percentage of loans to small businesses whose revenues were less than \$1 million was less than other businesses within the AA, there is aggressive competition between financial institutions vying for these types of loans.

Table 5 - Borrower Distribution of Loans to Businesses in AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	91.2	1.7	7.1	100%
% of Bank Loans in AA by #	70.0	30.0	0.0	100%

Source: Dun and Bradstreet data; 2010 US Census.

Consumer Loans

The distribution of consumer loans reflects an adequate penetration. Of the ten loans reviewed, sixty percent were in the bank's AA, and 40 percent were not in the AA. See Table 6 below. While loans to low-income borrowers exceeded the household comparators, loans to moderate-income borrowers were less than household comparators. Never the less, the distribution is deemed reasonable.

Table 6 - Borrower Distribution of Consumer Loans in AA								
	Low		Moderate		Middle		Upper	
Borrower Income Level	% of AA Households	% of Number of Loans						
Consumer Loans	16.9	30.0	13.6	10.0	17.3	10.0	52.2	10.0

Source: Bank's Consumer Loan Register for calendar years 2015 and 2016; 40 percent-not in area.

MSA Area: 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 Parish AA.

Competition among financial institutions in this AA remains strong, with the bank competing with several large, national and regional banks. According to the Federal Deposit Insurance Corporation’s June 30, 2017 deposit market share report, the bank had 0.97 percent of the market share and ranked 13th out of 16 banks in Calcasieu Parish. We also note that the bank has only been in this market for three years.

The bank’s percentage of loans to low-income borrowers is significantly below the percentage of families within Calcasieu Parish. The percentage of FNB’s loans to moderate-income borrowers is significantly below the percentage of families in Calcasieu Parish, as well.

Opportunities to grant loans to low- and moderate-income families may be limited given the loan amounts each family qualifies, compared to the average listing of available residences within the AA. According to the bank’s underwriting guidelines, low-income borrowers would qualify for a home loan amount of \$92,100 and moderate-income borrowers would qualify for a loan of \$143,000. Local realtors listed average selling prices for houses in Calcasieu Parish during our review period as \$216,000. See Table 7.

Table 7 - Borrower Distribution of Residential Real Estate Loans in AA										
Borrower Income Level	Low		Moderate		Middle		Upper		NA	
	Loan Type	% of AA Families	% of Bank Loans	% of AA Families	% of Bank Loans	% of AA Families	% of Bank Loans	% of AA Families	% of Bank Loans	% of Bank Loans
Real Estate Loans	23.4	1.7	17.8	5.2	17.5	5.8	41.3	41.6		45.7

Source: Bank’s HMDA reports for calendar years of 2015 and 2016. The NA category includes HMDA reportable business loans.

Small Business Lending

The distribution of loans to businesses reflects adequate penetration. While the bank’s percentage of loans to small businesses whose revenues were less than \$1 million was less than other businesses within the AA, there is aggressive competition between financial institutions vying for these types of loans. See Table 8.

Table 8 - Borrower Distribution of Loans to Businesses in AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	88.1	3.3	8.6	100%
% of Bank Loans in AA by #	70.00	30.00	0.0	100%

Source: FNB’s 2015 and 2016 Commercial Loan Samples and Dun and Bradstreet data; 2010 US Census.

Consumer Loans

The distribution of consumer loans reflects an excellent penetration, as shown in Table 9. Of the ten loans reviewed, all were in the bank's AA. FNB exceeded percentages of loans to low- and moderate-income borrowers when compared to the percentages of households in Calcasieu Parish.

Table 9- Borrower Distribution of Consumer Loans in 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	25.4	40.0	16.4	30.0	15.6	20.0	42.6	10.0

Source: FNB's 2015 and 2016 Consumer Loan Samples.

Geographic Distribution of Loans

The overall distribution of residential loans reflects a reasonable dispersion, within Calcasieu Parish, only. A geographic distribution of loans was not conducted in FNB's Non-MSA area because it does not include any low- or moderate-income CTs.

Calcasieu Parish

Home Mortgage Lending

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

Lending to low- and moderate-income borrowers exceeds demographic comparators, reflected in Table 10.

Table 10 - Geographic Distribution of Residential Real Estate Loans in AA										
Borrower Income Level	Low		Moderate		Middle		Upper		NA	
Loan Type	% of AA Owner Occupied Housing	% of Bank Loans	% of AA Owner Occupied Housing	% of Bank Loans	% of AA Owner Occupied Housing	% of Bank Loans	% of Owner Occupied Housing	% of Bank Loans		% of Bank Loans
Real Estate Loans	5.1	10.4	18.2	23.7	49.1	45.1	27.6	20.8		0.00

Source: Bank's HMDA reports for calendar years of 2015 and 2016.

Small Business Lending

The distribution of loans to businesses reflected a reasonable penetration. While the percentage of loans granted in low-income CTs exceeded the percentage of loans granted by all other businesses; the percentage of loans granted in moderate-income CTs was lower than that of other businesses. See Table 11.

Table 11 - Geographic Distribution of Loans to Businesses in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Bank Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
	6.8	8.0	27.7	8.0	42.2	50.0	23.3	34.0

Source: FNB's 2015 and 2016 Commercial Loan Samples and Dun and Bradstreet data; 2010 US Census.

Consumer Loans

The distribution of consumer loans reflects a poor penetration. While all ten consumer loans reviewed were within the AA, none were located in low- or moderate-income CTs. See Table 12.

Table 12 - Geographic Distribution of Consumer Loans in 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	7.9	00.0	23.0	00.0	45.1	50.0	24.0	50.0

Source: FNB's 2015 and 2016 Loan Samples and 2010 U.S. Census data.

Responses to Complaints

There were no CRA-related complaints.

Appendix A: Scope of Examination

Time Period Reviewed	Lending Test (excludes CD loans): (01/01/15 to 12/31/16) Residential Mortgage Loans	
Financial Institution		Products Reviewed
First National Bank in DeRidder, DeRidder, LA		
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Calcasieu Parish of the Lake Charles, LA MSA	Full-scope review	Residential, Small Business and Consumer Loans
Beauregard and portions of Vernon Parishes	Full-scope review	Residential, Small Business and Consumer Loans

Appendix B: Community Profiles for Full-Scope Areas

Non-MSA: Beauregard and Vernon Parishes

Demographic Information for Full-Scope Area: Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	10	0	0	70	30	0
Population by Geography	51,711	0	0	65.44	34.56	0
Owner-Occupied Housing by Geography	14,172	0	0	64.84	35.16	0
Businesses by Geography	4,077	0	0	68.02	31.98	0
Family Distribution by Income Level	13,662	0	0	65.74	34.26	0.00
Median Family Income						
FFIEC Updated MSA Median Family Income for 2016	= \$50,690					
Households Below the Poverty Level	= \$46,900					
	= 13.24%					
				Median Housing Value		= \$87,854
				Unemployment Rate		= 5.7%

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

The Non-MSA AA includes Beauregard Parish and portions of Vernon Parish. Beauregard Parish is the 31st largest parish in LA. The parish seat is DeRidder, LA which is 25 miles east of the Sabine River and state line, 50 miles north of Lake Charles, LA and 75 miles southwest of Alexandria, LA. Beauregard Parish is adjoining to Vernon Parish, whose seat is Leesville, LA and includes the army base, Fort Polk. Management determined that there was significant competition in Vernon Parish, including several credit unions serving the credit needs of the army base located in the parish, and therefore only included those CTs in Vernon Parish that were close to branch locations and excluded the remaining CTs. The AA meets regulatory guidelines by including whole geographies and not arbitrarily excluding low- and moderate-income areas.

The Non-MSA AA is made up of ten CTs with seven of those census tracts being located in the middle-income CTs and three being located in the upper-income CTs. This AA does not contain any low- or moderate-income CTs.

The Federal Financial Institutions Examination Council's (FFIEC) updated 2016 median family income for the AA was \$46,900. The table below depicts those income categories.

Income Categories – Non-MSA AA			
Low	Moderate	Middle	Upper
<\$23,450	\$23,450 – \$37,519	\$37,520 - \$56,279	>\$56,280

Source: FFIEC, 2016

Based on 2016 business demographic data, there were 4,077 non-farm businesses in the AA. Of these, 3,718 (91.19 percent) had revenues of less than \$1 million, 70 (1.72 percent) had revenues greater than \$1 million, and 289 (7.09 percent) did not report revenue information. The leading industries in the AA include the military base located at Fort Polk, oil and gas refineries, educational services, entertainment operations, and food services. The military base in Leesville and the casinos in Lake Charles are the major employers, with many employees residing in the bank's AA.

While the AA is rural, competition among financial institutions in the AA remains moderate with the bank vying for loans amongst other large regional and local banks. According to the June 30, 2017 Federal Deposit Insurance Corporation (FDIC) Summary of Deposit Market Share Report, the bank has 23.86 percent of the market share and ranks 2nd out of 7 banks in the AA. The top banks accounted for 32.88 percent of the deposits in the AA and thus, the bank is well positioned to make loans in the AA.

We discussed community lending needs with the director of a local housing agency who identified affordable housing as a dire need within the AA. The contact stated that rents are extremely high in the City of DeRidder. While the economy may be stable, and the unemployment rate is relatively low, individuals who work in the city only receive minimum wages. The contact further stated most of the low- and moderate-income families cannot afford to purchase houses unless the banks create or develop programs to assist them.

MSA: Calcasieu Parish

Demographic Information for Full-Scope Area: Calcasieu AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	44	11.36	22.73	40.91	20.45	4.55
Population by Geography	192,768	7.78	22.44	44.65	25.13	0.00
Owner-Occupied Housing by Geography	80,903	5.13	18.23	49.06	27.58	0.00
Businesses by Geography	19,013	6.78	27.69	42.16	23.16	0.21
Family Distribution by Income Level	49,405	7.49	20.67	46.11	25.73	0.00
Median Family Income FFIEC Updated MSA Median Family Income for 2016 Households Below the Poverty Level	= \$55,016 = \$54,600 = 16.00%	Median Housing Value Unemployment Rate		= \$111,978 = 5.5%		

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

The Calcasieu AA is part of the Lake Charles MSA. The Lake Charles MSA includes both Calcasieu Parish and Cameron Parish. Management determined the entire MSA to be too large to serve with the bank's branches only located in Calcasieu Parish. The AA meets regulatory guidelines by including whole geographies and not arbitrarily excluding low- and moderate-income areas. Lake Charles is the Parish seat for Calcasieu Parish.

The Calcasieu AA is made up of 44 CTs (five low-income, ten moderate-income, 18 middle-income, nine upper-income census tracts, and two listed as N/A since these two did not report income).

The FFIEC updated 2016 median family income for the AA was \$55,016. The table below depicts those income categories.

Income Categories – Calcasieu AA			
Low	Moderate	Middle	Upper
<\$27,508	\$27,508 – \$44,012	\$44,128 - \$66,019	>\$66,019

Source: FFIEC, 2016

Based on 2016 business demographic data, there were 19,013 non-farm businesses in the AA. Of these, 16,746 (88.08 percent) had revenues of less than \$1 million, 634 (3.33 percent) had revenues greater than \$1 million, and 1,633 (8.59 percent) did not report revenue information. The AA 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 2017, the top employers of Calcasieu Parish were the Calcasieu Parish School System (education); Lake Charles Memorial Health System (medical); Coushatta 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).

Competition among financial institutions in the AA remains strong, with the bank competing with several large national and regional banks. According to the June 30, 2017 FDIC Summary of Deposit Market Share Report, the bank has 0.97 percent of the market share and ranks 13th out of 16 banks in the AA. The top five banks accounted for 61.91 percent of the deposits in the AA and thus, the bank has significant competition in the AA.

As part of this evaluation, we assessed community credit needs in the bank's AA by reviewing CRA Public Evaluations of other banks operating in the same area. 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 CD activities.