



Office of the  
Comptroller of the Currency  
Washington, DC 20219

# INTERMEDIATE SMALL BANK

## PUBLIC DISCLOSURE

March 19, 2018

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Home Federal Bank  
Charter Number 700057

222 Florida Street  
Shreveport, LA 71105

Office of the Comptroller of the Currency

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Longview, TX 75604-2516

**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.**

**The Community Development Test is rated: Satisfactory.**

- Home Federal Bank has a more than reasonable loan-to-deposit (LTD) ratio when compared to peer banks.
- A substantial majority of the institution's primary loan products were extended within the assessment area.
- The distribution of residential loans to borrowers of different income levels represents a reasonable penetration.
- The geographic distribution of residential loans represents reasonable dispersion.
- The institution's overall performance under the community development test is satisfactory. Home Federal Bank has demonstrated adequate responsiveness to community development needs through loans, investments, and services within the assessment area.

## 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 (MA)/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts 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. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** 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 assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**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 census tract 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 (MA)/assessment area.

**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:** 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 Metropolitan Statistical Area 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 community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. 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 metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**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 \$500,000 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**

Home Federal Bank (HFB) is a \$412 million, single state, federally chartered stock savings institution headquartered in Shreveport, Louisiana (LA). The institution is wholly owned by Home Federal Bancorp, a one-bank holding company. HFB serves Bossier and Caddo Parishes, and operates from its main location at 222 Florida Street, Shreveport, LA, four branches in Shreveport, LA, and two branches in Bossier City, LA. Drive-through facilities and Automated Teller Machines are maintained at each location.

HFB is a full service institution and offers a variety of traditional loan and deposit products and financial services. Residential real estate loans are the institution's primary business focus, with commercial loans comprising a small portion of the loan portfolio. While the bank originates consumer and agricultural loans, these loans do not represent a significant portion of the loan portfolio.

There are no legal, financial or other factors impeding the institution's ability to meet the credit needs in its assessment area (AA). The institution's CRA performance was previously evaluated as of July 27, 2015, with an overall level of performance of "Satisfactory" under the Small Bank examination procedures.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

This Performance Evaluation (PE) is an assessment of HFB's compliance with the CRA. The institution was evaluated under the Intermediate Small Bank (ISB) examination procedures, which include a lending test and a community development (CD) test. The lending test evaluates the institution's record of meeting the credit needs of the communities in which it operates through its lending activities. The CD test evaluates the institution's responsiveness to CD needs in its AA through CD lending, qualified investments, and CD services.

The examination included an evaluation of one AA that included all census tracts in Bossier and Caddo Parishes. Conclusions regarding the institution's lending performance are based on a review of 1,313 residential real estate loans. These loans represent all loans reported on the HMDA loan application register for 2015 and 2016.

### **Data Integrity**

Prior to this CRA examination, OCC personnel verified the accuracy of data available to the public in accordance with the HMDA and the CRA regulation. This public data included HMDA-reportable lending from January 1, 2016, through December 31, 2016. The agency concluded the 2016 HMDA data was reliable. This evaluation is based on accurate publicly reported data.



## **Selection of Areas for Full-Scope Review**

We performed a full-scope review on the Bossier and Caddo Parishes AA. Please refer to the table in Appendix A for more information.

## **Ratings**

The bank's overall rating is based primarily on those areas that received full-scope reviews. Residential real estate loans represented 71.11 percent of the loan products by dollar amount and 81.02 percent by number.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c) or 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 has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

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

HFB's performance under the lending test is satisfactory. The institution's LTD ratio is more than reasonable when compared to banks in the AA, and a substantial majority of the lending occurred within the AA. Additionally, the distribution of loans to borrowers of different income levels and geographically is reasonable.

#### Loan-to-Deposit Ratio

The LTD ratio for HFB is more than reasonable given the institution's size, financial condition, and AA credit needs. The institution's quarterly average LTD ratio since the previous CRA exam is 97.98 percent, compared to an average LTD ratio of 74.62 percent for similarly situated institutions.

#### Lending in Assessment Area

A substantial majority of HFB's lending activity is within the AA. We reviewed all residential real estate loans originated in 2015 and 2016. The table below illustrates a breakdown of the institution's lending activity.

Lending in Bossier/Caddo Parish										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Purchase	740	88.84	93	11.16	833	130,759	88.76	16,554	11.24	147,313
Improvement	12	92.31	1	7.69	13	2,465	90.96	245	9.04	2,710
Refinance	431	92.29	36	7.71	467	113,695	93.11	8,419	6.89	122,114
Totals	1,183	90.10	130	9.90	1,313	246,919	90.73	25,218	9.27	272,137

Source: Examiner Worksheet F, Loan Mix of Report Loans, Page 1 of 2

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

HFB's distribution of loans to borrowers of different income levels reflects reasonable penetration given the aggregate lending and overall demographics of the AA. Our conclusion is based solely on residential loans as this represents the institution's most significant lending activity.

The distribution of residential loans to low- and moderate-income borrowers falls within a reasonable range above the industry comparators for home purchase and refinance loans. Home improvement loans reflect very poor penetration to both low- and moderate-income borrowers, and is significantly lower than comparators at zero percent. However, home improvement loans are not a primary lending product for the institution. In 2015 and 2016, HFB originated a total of 13 home improvement loans,

representing 0.99 percent of residential loans by number and 1.00 percent by dollar. Please see the following table for additional information.

<b>Borrower Distribution of Residential Real Estate Loans in Bossier/Caddo Parish</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of 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
Home Purchase	4.58	6.62	15.64	18.78	21.93	24.73	35.29	41.08
Home Improvement	8.77	0.00	12.72	0.00	23.46	25.00	44.96	75.00
Home Refinance	3.63	3.71	9.18	9.74	14.12	10.90	35.27	56.38

*Source: Peer Mortgage Data, Purpose vs. Applicant Income - Aggregate income NA for 22.55% of home purchase, 10.09% of home improvement, and 37.80% of home refinance loans. Data for % of Number of Loans from Combined HMDA Data, Purpose vs. Applicant Income report.*

Demographically, the distribution of residential loans to low-income individuals is significantly lower than the percentage of families in the AA, but falls within a reasonable range to moderate-income borrowers. Consideration was given for the elevated level of poverty and high volume of rental properties. The 2010 U.S. Census data reflects 16.80 percent of the population live below poverty level and 34.15 percent of the housing stock is rental units. Additionally, the average home cost in 2016 was \$115,058.

### **Geographic Distribution of Loans**

HFB's geographic distribution of loans to CTs of different income levels reflects reasonable dispersion given the aggregate and demographic factors within the bank's AA. Our conclusion is based solely on residential loans as this represents the institution's most significant lending activity.

The geographic distribution of residential loans reflects reasonable dispersion. The percentage of home purchase loans originated in low-income tracts significantly exceeds comparators while the percentage of home purchase loans in moderate-income tracts falls within a reasonable range above the industry comparator. Home improvement loans reflect very poor penetration in low-income tracts; however, significantly exceeds comparators in moderate-income tracts. Furthermore, the percentage of home refinance loans originated in low- and moderate-income tracts reflects excellent dispersion as percentages significantly exceed comparators. Please see the following table for additional information.

<b>Geographic Distribution of Residential Real Estate Loans in Bossier/Caddo Parish</b>								
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
Home Purchase	0.64	1.22	7.08	9.86	34.43	33.38	57.85	55.54
Home Improvement	1.97	0.00	10.09	16.67	44.08	50.00	43.86	33.33
Home Refinance	0.78	3.25	7.84	11.37	34.08	24.59	57.30	60.79

*Source: 2016 Peer Mortgage Data, Purpose v. Tract Income = % of AA Aggregate; 2016 Combined HMDA, Purpose v. Tract Income = % of Number of Loans.*

Demographically, the geographic distribution of residential loans reflects reasonable dispersion. The percentage of home purchase and improvement loans in low-income CTs is significantly lower than the percentage of owner occupied housing in the AA, while home purchase and improvement loans in moderate-income CTs falls within a reasonable range below the percentage of owner occupied housing in the AA. Additionally, the percentage of home refinance loans in low- and moderate-income CTs falls within a reasonable range below the percentage of owner occupied housing in the AA.

### **Responses to Complaints**

HFB has not received any complaints or public comments regarding CRA performance during this evaluation period.

### **COMMUNITY DEVELOPMENT TEST**

The institution's overall performance under the CD test is satisfactory. HFB has demonstrated adequate responsiveness to CD needs through loans, investments, and services within its AA.

### **Number and Amount of Community Development Loans**

HFB had an adequate level of CD loans in its AA. During the evaluation period, the institution originated ten CD loans totaling \$4.6 million. There were nine economic development loans totaling \$4.2 million and one community service loan totaling \$364 thousand.

### Regional Impact

HFB extended \$25.2 million in credit for multi-family units that provide affordable housing in Louisiana and Texas, all outside of the institution's AA.

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

HFB has provided an adequate level of CD investments and donations in its AA. During the evaluation period, the institution made 22 donations totaling \$23 thousand to various community groups, non-profit organizations, hospitals, and local schools in the AA. Additionally, investments for affordable housing totaled \$353 thousand inside the AA, and \$765 thousand outside of the AA.

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

HFB has provided an adequate level of CD services in its AA. The delivery systems of the institution are reasonably accessible and HFB has one branch located in a low-income CT. During the review period, the institution provided financial literacy programs to local schools and organizations. Officers of the institution were active in numerous local organizations that promote CD and serve in financial leadership roles that benefit the organization. Additionally, HFB employees take an active role in building financial literacy amongst the homeless population in the AA.

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

The institution has demonstrated an adequate responsiveness to CD needs in its AA. HFB is one of the primary lenders and depository institutions in the area, offering products and services that meet the needs of all individuals and geographies, regardless of income levels. Additionally, HFB officers and employees are actively involved in community organizations as well as organizations designed to retain and establish businesses that are vital in providing jobs and stability to the local economy.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): (01/01/15 to 12/31/16) Investment and Service Tests and CD Loans: (07/27/15 to 03/19/18)	
<b>Financial Institution</b>		<b>Products Reviewed</b>
Home Federal Bank (HFB) Shreveport, LA		Residential (HMDA) Loans
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Shreveport-Bossier Metropolitan Statistical Area (Bossier/Caddo Parishes)	Full-scope	

## Appendix B: Community Profiles for Full-Scope Areas

### Bossier and Caddo Parishes

Demographic Information for Full-Scope Area: Shreveport-Bossier City MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	86	12.79	24.42	36.05	25.58	1.16
Population by Geography	371,948	6.94	22.73	37.68	32.65	0.00
Owner-Occupied Housing by Geography	90,865	3.71	16.80	39.13	40.36	0.00
Businesses by Geography	38,396	11.17	22.46	33.94	32.33	0.11
Farms by Geography	673	3.86	13.37	39.82	42.94	0.00
Family Distribution by Income Level	90,246	22.97	16.04	18.55	42.45	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	35,198	10.59	34.21	37.61	17.59	0.00
Median Family Income = \$52,063		Median Housing Value = \$115,058				
FFIEC Adjusted Median Family Income for 2016 = 23,604		Unemployment Rate = 5.31%				
Households Below the Poverty Level or 16.80%						

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

The AA meets the requirements of the regulation. The Shreveport-Bossier City Metropolitan Statistical Area AA consists of Bossier and Caddo Parishes in their entirety. Bossier Parish consists of the following cities and towns: Bossier City, Shreveport, Benton, Haughton, and Plain Dealing. Caddo Parish consists of Shreveport, Blanchard, Greenwood, Oil City, and Vivian. There are 86 CTs located within the AA, including 11 low-income tracts, 21 moderate-income tracts, 31 middle-income tracts, 22 upper-income tracts, and one tract identified as "NA."

Bossier and Caddo Parishes have a total population of 371,948 based on U.S. Census data. The distribution of families by income level, regardless of census tract location, consists of the following: 22.97 percent low-income families, 16.04 percent moderate-income families, 18.55 percent middle-income families, and 42.45 percent upper-income families. The weighted average of median housing is \$115,058, and 16.80 percent of the number of households live below poverty level. The local economy is in a recession with unemployment at 5.31 percent. Major employers include Barksdale Air Force Base, Louisiana Department of Civil Service, Caddo Parish School Board, Willis Knighton Health System, and General Motors. There is strong competition in the AA due to the presence of various financial institutions. Based on a recent contact with a local economic development entity, there continues to be a need for affordable housing.