



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

May 21, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank in DeRidder
Charter Number 14168**

**131 North Washington
DeRidder, LA 70634**

**Comptroller of the Currency
New Orleans
3838 North Causeway Boulevard Suite 2890
Metairie, LA 70002**

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 loan-to-deposit ratio is lower than similar institutions, but is considered adequate. FNB DeRidder originates a large number of small loans to consumers and small businesses which meet an important credit need within the assessment area.
- A substantial majority of loans are made within the assessment area.
- Lending to borrowers of different incomes is excellent for both residential real estate and consumer loans.
- Lending to businesses of different sizes is strong.
- The bank's assessment area does not include any low- and moderate-income census tracts, therefore a geographic distribution analysis would be meaningless, and did not factor into the CRA rating.

DESCRIPTION OF INSTITUTION

First National Bank in DeRidder (FNB DeRidder) is headquartered in DeRidder, Beauregard Parish, Louisiana. FNB Deridder is independently owned and operated, and serves the community from four locations. FNB DeRidder operates from its main location, and three branches located throughout the city of DeRidder.

As of December 31, 2005, FNB DeRidder had assets of \$175 million. FNB DeRidder received a Satisfactory rating at the last CRA examination dated July 15, 2002. No legal or financial factors impede FNB DeRidder from meeting the credit needs of the assessment area.

FNB DeRidder offers a variety of commercial and retail banking services. Branch locations are full-service, including drive-up service and proprietary automated teller machines (ATMs). Online banking is available. Primary loan products are commercial loans, residential real estate loans, and consumer loans. As of December 31, 2005, loans totaled \$52 million with 36 percent for 1 – 4 residential real estate, 33 percent for commercial and commercial real estate, and 21 percent for consumer purposes.

DESCRIPTION OF BEAUREGARD PARISH

FNB DeRidder’s assessment area (AA) is Beauregard Parish and part of Vernon Parish. This area is not part of a Metropolitan Statistical Area. Based on the 2000 Census, the AA consists of ten census tracts, and none of the tracts are designated as low- or moderate-income. The AA complies with the legal requirements of the CRA, and does not arbitrarily exclude low- or moderate-income areas. DeRidder is the seat of the parish, and is located within 25 miles of the Sabine River and Texas border, 50 miles north of Lake Charles, 20 miles south of Fort Polk, and 75 miles southwest of Alexandria, Louisiana.

Information derived from the 2000 Census Bureau and 2005 Housing and Urban Development data is displayed in the table below, and was relied upon for this evaluation.

Demographic and Economic Characteristics of Beauregard Parish Assessment Area	
Population	
Total Population	47,091
Number of Families	13,070
Number of Households	17,444
Geographies	
Number of Census Tracts	10
% Low-Income Census Tracts	0%
% Moderate-Income Census Tracts	0%
% Middle-Income Census Tracts	80%
% Upper-Income Census Tracts	20%
Median Family Income (MFI)	
2000 MFI for AA	\$37,601
2005 HUD-Adjusted MFI	\$39,050
Economic Indicators	
Unemployment Rate	3%
2000 Median Housing Value	\$55,605
% Households Below Poverty Level	16%

Source: 2000 Census data and HUD updated income data.

Community representatives indicate that the population has been increasing since Hurricane Katrina, and that the economy is improving. Community needs include financial literacy and affordable housing for low- or moderate-income elderly persons.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Lending performance is satisfactory. The loan-to-deposit ratio is low, but is considered adequate since the bank makes a large number of small dollar loans. A substantial majority of loans are made within the AA. Lending to borrowers of different incomes is excellent. The

penetration of commercial loans to small businesses is strong. The geographic distribution of loans does not carry weight in the overall lending conclusions since the AA does not contain any low- or moderate-income census tracts.

Loan-to-Deposit Ratio

Performance is adequate. For 13 quarters since the last CRA evaluation, FNB achieved an average loan-to-deposit ratio of 32 percent. This ratio is lower than the one other similar bank in the area, which had an average loan-to-deposit ratio of 69 percent for the same period. While the loan-to-deposit ratio is lower than the similar institution, this ratio is considered reasonable in light of the number of loans the bank has extended. FNB makes a substantial number of small dollar consumer loans and loans to small businesses in the area. The average loan sizes demonstrate this point with the average commercial loan at \$40 thousand and the average consumer loan at \$7 thousand. FNB makes a deliberate effort to accommodate the needs of low- and moderate-income individuals.

Lending in Assessment Area

Lending in the AA exceeds standards for satisfactory performance. A substantial majority of residential real estate and consumer loans are made within the AA, and a majority of commercial loans are made within the AA.

Table 1 - Lending in Beaugard Parish										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial	25	83	5	17	30	815	54	689	46	1,504
Residential Real Estate	28	97	1	3	29	1,460	98	25	2	1,485
Consumer	28	93	2	7	30	297	99	4	1	301
Totals	81	91	8	9	89	2,572	78	718	22	3,290

Source: sample of loans.

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

Lending to borrowers of different incomes and businesses of different sizes is excellent. The penetration of residential real estate and consumer loans to low- and moderate-income borrowers is strong. Lending to businesses with revenues less than \$1 million is also strong.

Residential real estate lending to borrowers of different incomes exceeds standards for satisfactory performance. The penetration to low-income borrowers slightly exceeds the percentage of AA families that are low-income. The penetration to moderate-income borrowers is nearly equal to the percentage of moderate-income AA families.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Beaugard Parish

Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential Real Estate	17	18	16	14	19	22	48	46

Source: loan sample; U.S. Census data.

Lending to businesses of different sizes is strong. By number, the penetration of commercial loans to businesses with revenues less than \$1 million is excellent, and significantly exceeds the percentage of AA businesses with revenues less than \$1 million.

Table 2A - Borrower Distribution of Loans to Businesses in Beauregard Parish				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	62	3	35	100%
% of Bank Loans in AA by #	72	4	24	100%
% of Bank Loans in AA by \$	66	1	33	100%

Source: loan sample; Dunn and Bradstreet data.

The borrower distribution of consumer loans is strong. The penetrations to low- and moderate-income borrowers significantly exceed the percentage of AA households in those income levels.

Table 2B - Borrower Distribution of Consumer Loans in Beauregard Parish								
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	19	29	14	25	17	11	50	35

Source: loan sample; U.S. Census data.

Geographic Distribution of Loans

The AA does not contain any low- or moderate-income census tracts so the geographic distribution of loans does not impact the bank's overall CRA rating.

Responses to Complaints

The bank did not receive any complaints related to CRA performance since the last exam. This has a neutral impact on the CRA rating.

Fair Lending or Other Illegal Credit Practices Review

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