



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

August 10, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Jeanerette
Charter Number 7768

1331 East Main Street
Jeanerette, LA 70544

Office of the Comptroller of the Currency

Birmingham Field Office
100 Concourse Parkway, Suite 240
Hoover, AL 35244

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 major factors that support the FNB Jeanerette's rating include:

- The loan-to-deposit ratio is good given the bank's size, financial condition and the assessment area credit needs.
- A majority of loans are in the bank's assessment area.
- The distribution of lending reflects adequate penetration among individuals of different income levels and businesses of different sizes.
- The distribution of lending reflects good penetration among individuals and businesses in different geographies.

Scope of Examination

Based on the percentage of the number and dollar amount of loans originated during the evaluation period and the bank's overall loan portfolio makeup, we determined the primary loans types to be home mortgages and small loans to businesses. We based our analysis on a sample of these loans originated or purchased from January 1, 2007 through March 31, 2009, the as-of date of the current examination.

Description of Institution

The First National Bank of Jeanerette (FNB Jeanerette) is a wholly owned subsidiary of Jeanerette First National Bancorp, a one bank holding company in Jeanerette, LA. FNB Jeanerette is headquartered in Jeanerette, LA. The main branch is located in Jeanerette with other full service branches located in New Iberia, Loreauville, Franklin and Baldwin; the bank also has a mobile branch located in Jeanerette. The bank added the Loreauville location in November 2008 to meet the needs of the customers located in the Loreauville market. Each office has a 24-hour accessible Automated Teller Machine (ATM). All ATMs are cash-dispensing only.

As of March 31, 2009, FNB Jeanerette had total assets of \$144 million, net income of \$434 thousand and tier one capital of \$11.5 million. Loans represent 65 percent of average assets. Residential real estate lending represents 48 percent, commercial and commercial real estate lending represents 34 percent, consumer lending represents 10 percent and agricultural loans represent 8 percent of average gross loans.

The bank offers numerous loan products including: commercial, commercial real estate, consumer, home improvement, agricultural and various home purchase products. However, the bank's lending efforts are largely concentrated in commercial/commercial real estate and residential lending.

There are no financial circumstances, legal constraints or other factors that would hinder FNB Jeanerette's ability to meet the credit needs of the community. This evaluation considers the bank's performance since the last examination dated May 3, 2004, at which the bank received a "Satisfactory" rating.

Description of Assessment Area(S)

FNB Jeanerette's assessment area (AA) is made up of contiguous geographies. The bank designated all of Iberia and Saint Mary Parishes, which are not part of any Metropolitan Statistical Area. The AA meets the requirements of the CRA regulation and does not arbitrarily exclude any low- or moderate-income geographies. The AA is made up of 31 geographies – 2 low-income tracts (6%), 8 moderate-income tracts (26%), 11 middle-income tracts (35%), 9 upper-income tracts (29%) and 1 tract (3%) with an unknown income level.

Major cities in the AA are Franklin, Jeanerette, Morgan City and New Iberia. Based on the 2000 census, the combined total population of the AA was 126,766, the median family income was \$35,364, and there were 33,213 families. Of these, 4 percent are considered low-income, 20 percent are considered moderate-income, 39 percent are considered middle-income and 37 percent are considered upper-income.

The 2000 Census data shows that there are 49,494 housing units in the Iberia/St. Mary Parish AA. Of these, 66 percent are owner occupied, 24 percent are rental occupied and 10 percent are vacant. The median housing value in the AA is \$62,410.

Based on 2006 business demographic data, there were 12,526 non-farm businesses in the AA. Of these, 5,951 (47 percent) of the businesses had revenues of less than \$1 million, 521 (4 percent) had revenues greater than \$1 million and 6,278 (49 percent) did not report revenue information. The majority of the businesses in the AA are small businesses in the services and retail industries, with approximately 56 percent of the businesses having less than fifty employees and 41 percent of the businesses having one to four employees. Forty-two percent of the businesses did not have reported employee size. Assessment area major industries include agriculture, oil and gas, manufacturing, fishing, recreation and tourism.

Competition among financial institutions in the AA is strong. FNB Jeanerette competes with several large national and regional banks. According to the

Federal Deposit Insurance Corporation's June 30, 2008 deposit market share report, FNB ranks seventh of twelve financial institutions in Iberia and Saint Mary Parishes with a deposit market share of 5.3 percent. The top six banks, combined, account for 74 percent of the deposits in FNB's AA.

Community contacts in the AA identified the credit needs as being agricultural loans, small business loans and products to create credit histories for those who do not have one.

Conclusions with Respect to Performance Tests

LENDING TEST

The Lending Test is rated Satisfactory.

Loan-to-Deposit Ratio

FNB Jeanerette's loan to deposit ratio (LTD) is good, given its size, location, community characteristics and mix of products and services. It reflects good responsiveness to the credit needs of the community. The quarterly average LTD ratio since the last CRA evaluation is 76 percent. The most current loan-to-deposit ratio (March 31, 2009) was 72 percent. The average LTD ratio for other similarly situated financial institutions located within the banks operating area ranges from 32 percent to 82 percent, with an average of 62 percent. FNB Jeanerette does sell some of its loans in the secondary market, which would further improve the bank's LTD ratio. Since 2007, FNB Jeanerette has originated and sold \$2.6MM in residential loans.

Lending in Assessment Area

FNB Jeanerette originated a substantial majority of its loans within its defined AA. We sampled 20 loans from each of the bank's primary loan types: residential real estate and commercial loans. The analysis determined that 97.5% of the number and 98.35% of the dollar amount of loans were originated within the bank's assessment area. Please refer to Table 1 below for more detail.

| Table 1 - Lending in the Iberia/Saint Mary Parishes AA | | | | | | | | | | |
|---|-----------------|------|---------|-----|-------|------------------------------|------|---------|-----|-------|
| Loan Type | Number of Loans | | | | | Dollars of Loans (thousands) | | | | |
| | Inside | | Outside | | Total | Inside | | Outside | | Total |
| | # | % | # | % | | \$ | % | \$ | % | |
| Residential R/E | 20 | 100 | 0 | 0 | 20 | 745 | 100 | 0 | 0 | 745 |
| Commercial | 19 | 95 | 1 | 5 | 20 | 1277 | 97.4 | 34 | 2.6 | 1311 |
| Totals | 39 | 97.5 | 1 | 2.5 | 40 | 2022 | 98.4 | 34 | 1.6 | 2056 |

Source: Loan sample from 2007-2009

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

Lending to borrowers of different incomes and businesses of different sizes is reasonable. The bank's record of extending credit to individuals of different income levels reflects adequate lending to low- and moderate-income borrowers in FNB Jeanerette's AA. The bank's record of lending to small businesses also reflects an excellent level of lending to businesses in the AA.

Home Mortgage Lending

Borrower distribution of home mortgage loans is satisfactory when compared to the income distribution of families in the Iberia/Saint Mary Parishes AA. The percentage of loans to low-income borrowers is below the percentage of low-income families living in the AA. This is mitigated by the fact that twenty-three percent of the families in the bank's AA live below the poverty level. This limits FNB and other financial institutions opportunities to extend residential real estate credit to low-income borrowers as they have a very limited ability to assume mortgage debt obligations. The percentage of home mortgage loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. See Table 2A for the breakdown of mortgage lending in the bank's AA.

| Table 2A - Borrower Distribution of Residential Real Estate Loans in the Iberia/Saint Mary Parishes AA | | | | | | | | |
|---|---------------------|----------------------------|---------------------|----------------------------|---------------------|----------------------------|---------------------|----------------------------|
| Borrower Income Level | Low | | Moderate | | Middle | | Upper | |
| Loan Type | % of AA Families | % of Number of Loans | % of AA Families | % of Number of Loans | % of AA Families | % of Number of Loans | % of AA Families | % of Number of Loans |
| Residential RE | 24.50 | 10.00 | 14.05 | 30.00 | 17.25 | 30.00 | 44.20 | 30.00 |
| | | | | | | | | |
| | | | | | | | | |

Source: Loan sample from 2007-2009; 2000 U.S. Census data

Loans to Small Businesses

Lending to businesses of different sizes is excellent. FNB's lending to businesses with gross annual revenues of \$1 million or less well exceeded the percentage of businesses with gross annual revenues of \$1 million or less in the Iberia/Saint Mary Parishes AA. See Table 2B below.

| Table 2B - Borrower Distribution of Loans to Businesses in the Iberia/Saint Mary Parishes AA | | | | |
|---|--------------|--------------|-------------------------|-------|
| Business Revenues (or Sales) | ≤\$1,000,000 | >\$1,000,000 | Unavailable/ Unknown | Total |
| % of AA Businesses | 46.04 | 3.82 | 50.11 | 100% |
| % of Bank Loans in AA by # | 100.00 | 0.00 | 0.00 | 100% |
| % of Bank Loans in AA by \$ | 100.00 | 0.00 | 0.00 | 100% |

Source: Loan sample; 2008 Dunn and Bradstreet data.

Table 2C, below, shows the loan size of credit extended to small businesses in the bank's AA. The majority of loans are below \$100,000 while all are below \$250,000. The vast majority of business within FNB's AA are very small and don't require large extensions of credit to support their operations.

| Table 2C - Borrower Distribution of Loans to Businesses by Loan Size in the Iberia/Saint Mary Parishes AA | | | | |
|--|-----------------|-------------------|------------------------------------|--------------------------|
| Loan Size (000's) | Number of Loans | Percent of Number | Dollar Volume of Loans (thousands) | Percent of Dollar Volume |
| \$0 - \$100,000 | 15 | 75.0 | 593 | 45.8 |
| \$100,001 - \$250,000 | 5 | 25.0 | 702 | 54.2 |
| \$250,001 - \$500,000 | 0 | 0 | 0 | 0 |
| \$500,001 - \$1,000,000 | 0 | 0 | 0 | 0 |
| Over \$1,000,000 | 0 | 0 | 0 | 0 |

Source: Loan sample from 2007-2009; 2000 U.S. Census data

Geographic Distribution of Loans

The bank's lending in low- and moderate-income geographies is satisfactory.

Geographic distribution for residential lending is satisfactory. The bank's lending in the low-income geographies is poor. The bank's lending in the moderate-income geographies exceeds the community demographics for mortgage loans. Please refer to Table 3A below for more details.

| Table 3A - Geographic Distribution of Residential Real Estate Loans in the Iberia/Saint Mary Parishes AA | | | | | | | | |
|---|--------------------------------|----------------------|--------------------------------|----------------------|--------------------------------|----------------------|--------------------------------|----------------------|
| Census Tract Income Level | Low | | Moderate | | Middle | | Upper | |
| | % of AA Owner Occupied Housing | % of Number of Loans | % of AA Owner Occupied Housing | % of Number of Loans | % of AA Owner Occupied Housing | % of Number of Loans | % of AA Owner Occupied Housing | % of Number of Loans |
| Residential RE | 3.22 | 0.00 | 18.99 | 25.00 | 39.00 | 55.00 | 38.79 | 20.00 |

Source: Loan sample from 2007-2009; 2000 U.S. Census data.

Geographic distribution of loans to businesses of all types is very good. The bank's small business lending in both the low- to moderate-income geographies well exceeds the community demographics. The bank's lending to businesses in low-income geographies was at 10% compared to 3% of businesses located in low-income geographies; the bank's lending to businesses in moderate-income was 25% compared to 16% of businesses located in moderate-income geographies. Please refer to Table 3B below for more details.

| Table 3B - Geographic Distribution of Loans to Businesses in the Iberia/Saint Mary Parishes 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 |
| Business Loans | 2.80 | 10.00 | 16.12 | 25.00 | 45.66 | 35.00 | 35.42 | 30.00 |

Source: Loan sample from 2007-2009; 2008 Dunn & Bradstreet data.

Responses to Complaints

FNB Jeanerette did not receive any written or other complaints regarding its performance in helping to meet the credit needs in its assessment area during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

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