



## **PUBLIC DISCLOSURE**

September 10, 2014

### **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

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 major factors that support The First National Bank of Jeanerette's rating include:

- The loan-to-deposit (LTD) ratio is reasonable relative to the bank's size, financial condition, and competition within the assessment area (AA).
- A substantial majority of loans were originated within the AA.
- The distribution of lending exhibits a reasonable penetration of loans to borrowers of different incomes and businesses of different sizes.
- The distribution of lending exhibits reasonable dispersion of loans within the AA.

**SCOPE OF EXAMINATION**

The assessment of The First National Bank of Jeanerette's CRA performance is evaluated using the Interagency Small Bank CRA procedures, which require the analysis of the bank's primary lending products. As discussed in the table below, the bank's loan portfolio is primarily comprised of residential loans, at 44 percent, followed by commercial loans, at 25 percent. Total residential real estate lending, including construction and farm, 1-4 residential properties, and multifamily, comprise 52 percent of the bank's lending portfolio.

<b>The First National Bank of Jeanerette Loan Portfolio</b>		
<b>Loan Category</b>	<b>Dollars (000)</b>	<b>Percentage</b>
Construction and Farm	9,662	07
1-4 Residential Properties	58,752	44
Multifamily	1,097	01
Non-Farm / Non-Residential	34,050	25
Farm	6,295	05
Commercial and Industrial	14,547	11
Consumer	9,267	07
<b>Total</b>	<b>133,670</b>	<b>100%</b>

*Source: Call Report as of 12/31/2013*

The bank is not a Home Mortgage Disclosure Act (HMDA) reporter; therefore, HMDA data could not be utilized to evaluate the bank's lending performance. Instead, the loan trial balance was sampled to evaluate The First National Bank of Jeanerette's lending performance. A sample of 35 residential loans and 25 commercial loans were sampled from the loan trial balance that were originated in 2012 or 2013. For commercial loans, loan size was used as a proxy since gross annual revenues were not readily available. When more recent data was needed elsewhere in this evaluation for comparative purposes, such data was used and the applicable date noted. Otherwise, the dates of review are 2012 and 2013. The prior CRA examination was conducted August 10, 2009, and covered a review period from January 1, 2007, through March 31, 2009. The

previous CRA examination found the bank was satisfactorily meeting the credit needs of its community.

A community agency familiar with the bank's assessment was previously contacted to obtain feedback regarding the area's demographics, perceived credit needs, and the responsiveness of local banks of addressing those needs. According to the community contact, the primary unmet needs are in the West End Redevelopment District. They indicated that the West End is an unbanked community and financial institutions are not providing enough services to this underserved region.

## **DESCRIPTION OF INSTITUTION**

The First National Bank of Jeanerette is a wholly owned subsidiary of Jeanerette First National Bancorp, a one-bank holding company located in Jeanerette, LA. The bank operates with six total offices, four of which, including the main office, are located in Iberia Parish. The remaining two offices are located in Saint Mary Parish. The main office is located in a moderate-income census tract, as are two other offices, with one located in Loreauville and the other also in Jeanerette. The remaining three offices, located in New Iberia, Baldwin, and Franklin, are all located in middle-income census tracts. Each office has a 24-hour accessible automated teller machine that is cash dispensing only.

The economy of Iberia and Saint Mary Parish continues forward on its steady pace. The unemployment rate (not seasonally adjusted) at 5.2 percent in Iberia Parish and 6.1 percent in Saint Mary Parish is similar to the state average of 6.1 percent as of June 30, 2014. The local economy remains dependent on the farming of sugar cane and crawfish, with the prices of those products varying from season to season, depending upon harvest yields. The local area has been positively impacted by the opening of a new casino, which is anticipated to bring in additional revenue and employment for the parishes.

As of June 30, 2014, The First National Bank of Jeanerette had total assets of \$214 million, net income of \$1.8 million, and tier one capital of \$19.5 million. The bank offers numerous loan products including commercial, commercial real estate, consumer, home improvement, agricultural, and various home purchase products. No financial or legal impediments exist that prevent The First National Bank of Jeanerette from meeting the credit needs of the community.

## **DESCRIPTION OF ASSESSMENT AREA(S)**

The First National Bank of Jeanerette's AA meets regulatory guidelines by including whole geographies and not arbitrarily excluding low- and moderate-income areas. The AA is designated as all of Iberia and Saint Mary Parishes, neither of which are part of a Metropolitan Statistical Area. Major cities in the AA include Franklin, Jeanerette, Morgan City, and New Iberia. The AA is made up of 31 geographies – 2 low-income tracts (6 percent), 5 moderate-income tracts (16 percent), 17 middle-income tracts (55

percent), and 7 upper-income tracts (23 percent). Further detail regarding the bank's AA is discussed in the following table and is based on 2010 census data.

<b>ASSESSMENT AREA DEMOGRAPHIC AND ECONOMIC DATA</b>	
<b>Population</b>	127,890
Number of Families	33,347
Number of Households	46,248
<b>Geographies</b>	
Number of Census Tracts	31
Low-Income Census Tract	2
Moderate-Income Census Tract	5
Middle-Income Census Tract	17
Upper-Income Census Tract	7
<b>Median Family Income (MFI)</b>	
2010 MFI for AA	\$45,646
2010 HUD-Adjusted MFI	\$47,000
<b>Economic Indicators</b>	
Unemployment Rate in June 2013	8.6%
2010 Median Housing Value	\$91,139
% of Households Below Poverty Level	19.71
% of Vacant Housing Units	11.51

Source: 2010 census data

Based on 2012 business demographic data, there were 18,807 non-farm businesses in the AA. Of these, 11,189 (59 percent) of the businesses had revenues of less than \$1 million, 501 (3 percent) had revenues greater than \$1 million, and 7,117 (38 percent) did not report revenue information. The majority of the businesses in the AA are small businesses in the service and retail industries, with approximately 66 percent of the businesses having less than fifty employees and 55 percent of the businesses having one to four employees. Thirty-three percent of the businesses did not report the number of employees. Major industries in the AA include agriculture, oil and gas, manufacturing, fishing, recreation, and tourism.

Competition among financial institutions in the AA remains strong, with the bank competing with several large national and regional banks. According to the Federal Deposit Insurance Corporation's June 30, 2013, deposit market share report, The First National Bank of Jeanerette commands 6.10 percent of the market share and ranks 7<sup>th</sup> out of 13 banks in the AA. The top five banks account for 67.4 percent of the deposits in the AA.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

The bank's performance in meeting the credit needs of its AA is satisfactory. Our conclusion is based on a reasonable LTD ratio, a substantial majority of loans that were made in the bank's AA in light of all performance context factors, a reasonable borrower and small business distribution of loans within the AA, and a reasonable geographic dispersion of loans.

### Loan-to-Deposit Ratio

The First National Bank of Jeanerette’s LTD is reasonable given the credit needs of the AA and the bank’s size, financial condition, and location. This determination is based on the quarterly LTD ratios from September 2009 to March 2014 that averaged 70.51 percent. During this evaluation period, the LTD ratio ranged from a low of 58.42 percent to a high of 82.23 percent.

Management considers the following four institutions to be their competitors, as all actively offer residential loan products and may have at least one branch location within the same boundaries of The First National Bank of Jeanerette’s AA. The LTD ratio for these peer banks was 73.30 percent, which is slightly higher than The First National Bank of Jeanerette’s average during the same period of time. The average LTD ratio for these peer banks ranged from a low of 41 percent to a high of 106.66 percent from September 2009 to March 2014.

Institution	Assets – As of March 31, 2014 (in thousands)	Average LTD
The First National Bank of Jeanerette	\$210,732	70.51%
Patterson State Bank	\$221,584	78.31%
MC Bank and Trust Company	\$342,664	44.53%
Teche Federal Bank	\$861,055	101.23%
Midsouth Bank	\$1,885,539	69.08%

Source: Call Reports; FDIC Summary of Deposits

### Lending in Assessment Area

The First National Bank of Jeanerette originated a substantial majority of loans in its assessment during the review period. As shown in the following table, 92 percent of the bank’s loans by number and 86 percent by dollar amount were made in the bank’s AA.

Lending in the Assessment Area										
Loan Type	Number of Loans					Dollars of Loans (000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential	34	97	01	03	35	2,686	98	55	02	2,741
Commercial	21	84	04	16	25	4,955	80	1,208	20	6,163
Totals	55	92	05	08	60	7,641	86	1,263	14	8,904

Source: Loan sample

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

Lending to borrowers of different income levels for residential real estate loans in the AA reflects a reasonable penetration, given the bank’s performance contexts. As the table below shows, the bank’s performance is only nominally below the percentage of families in both the low- and moderate-income census tracts.

<b>Borrower Distribution of Residential Real Estate Loans in AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% 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	3.23	3	10.50	9	60.79	70	25.48	18

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

The First National Bank of Jeanerette’s lending to small businesses with revenues of less than one million in the AA reflects excellent penetration, given the lending opportunities in the AA and the bank’s performance context. As the table below illustrates, by both number and dollar amount, lending activities were significantly more than the percent of businesses in the AA.

<b>Borrower Distribution of Loans to Businesses in Iberia/St. Mary Parishes AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	59.49	2.66	37.84	100%
% of Bank Loans in AA by #	95	05	0	100%
% of Bank Loans in AA by \$	74	26	0	100%

Source: Loan sample; Dunn and Bradstreet data.

The table below shows the loan size of credit extended to small business in the bank’s AA. As the table reveals, the majority of loans, at 81 percent, are below \$500,000, with 66 percent of loans being \$100,000 or less. The vast majority of businesses within the AA are very small and do not require large extensions of credit to support their operations.

<b>Borrower Distribution of Loans to Businesses by Loan Size in the Iberia/Saint Mary Parishes AA</b>				
Loan Size (000’s)	Number of Loans	Percent of Number	Dollar Volume of Loans (thousands)	Percent of Dollar Volume
\$0 - \$100,000	14	66	718	15
\$100,001 - \$250,000	2	10	240	05
\$250,001 - \$500,000	1	05	494	10
\$500,001 - \$1,000,000	3	14	2,203	44
Over \$1,000,000	1	05	1,300	26
Total	21	100	4,955	100

Source: Loan sample

### Geographic Distribution of Loans

The geographic distribution of residential loans originated reflects reasonable dispersion across the AA. The bank’s lending in the two low-income census tracts for residential

real estate is slightly greater than the percentage of AA owner occupied housing. For loans made in the moderate-income census tracts, the bank’s performance is on par with the percentage of AA owner occupied housing.

Geographic Distribution of Residential Real Estate Loans in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% 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	2.75	3	9.23	9	60.04	70	27.98	18

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

The geographic distribution of loans to small businesses originated by the bank reflects reasonable dispersion throughout the AA. While no small business loans were made in the low-income census tracts, only 2.73 percent of businesses in the AA are located in the low-income census tracts. The bank’s lending to small businesses in the moderate-income census tracts is on par with the percentage of businesses in those census tracts. Of the 21 commercial loans made in the AA, the geographic distribution is as follows:

Geographic Distribution of Loans to Businesses in Iberia/St. 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
Commercial	2.73	0	14.50	14	57.16	72	25.60	14

Source: Loan sample; D & B data

### Responses to Complaints

No written or other complaints were received regarding the bank’s performance in helping to meet the credit needs in the AA during the evaluation period.

### Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 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 AA 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.