



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

December 3, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Lucedale
Charter Number 15850**

**300 West Main Street
Lucedale, MS 39452**

**Comptroller of the Currency
New Orleans Duty Station
201 St. Charles Ave., Suite 3815
New Orleans, La 70170-3815**

NOTE: 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.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **First National Bank of Lucedale**, prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **December 3, 1996**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

The First National Bank of Lucedale is responsive to its community's credit needs including low and moderate income individuals and areas based on the following:

- The loan-to-deposit ratio has averaged 74 percent since the last evaluation and is presently at 85 percent. This ratio is considered good given the bank's size, financial condition, and credit needs of the assessment area.
- A substantial majority of loans are made within the bank's assessment area which encompasses all of George and Green counties.
- The geographic distribution of loans covers all census tracts and reflects reasonable dispersion throughout the assessment area.
- A reasonable penetration of loans are granted to low- and moderate individuals and businesses of different sizes.

The following table indicates the performance level of First National Bank of Lucedale with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>First National Bank of Lucedale</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to Businesses of Different sizes		X	
Geographic Distribution of Loans	X		
Response to Complaints	There were no complaints filed during the evaluation period.		

DESCRIPTION OF INSTITUTION

First National Bank of Lucedale (FNB of Lucedale) is a \$75 million institution located in Lucedale, Mississippi. The bank is owned by First Lucedale Bancorp., a one bank holding company. The holding company has no other subsidiaries or affiliates.

FNB of Lucedale has sixty-five percent (65%) of its assets in loans. Below is a table depicting the breakdown of the bank's loan portfolio as of September 30, 1996.

LOAN PORTFOLIO BREAKDOWN by CATEGORY (in thousands)	
Secured by Real Estate	\$21,610
Agricultural Production	\$ 1,841
Commercial and Industrial	\$ 5,268
Consumer and Other	\$19,582
Total Loans	\$48,301

The bank operates three offices. The main office and one branch are located in Lucedale, while the other branch is located in Leakesville, MS. Also, FNB of Lucedale has one automated teller machine (ATM) at its Winter street branch in Lucedale.

There are no legal impediments that prohibit the bank from serving its community. The last CRA examination of FNB of Lucedale was September 22, 1995, and the bank had a satisfactory rating.

DESCRIPTION OF GEORGE AND GREEN COUNTIES

FNB of Lucedale has defined their assessment area to include all of George and Greene counties. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low or moderate income geographies.

The income characteristics of the Assessment Area are described using information from the 1990 U.S. Censuses follows: The median family income for George County is \$21,652. The county does not lend itself to a breakdown of income level by geography. The median family income for Greene County is \$10,593. This county also does not lend itself to a breakdown of income levels by geographies.

George County's main employers are government, retail trade and manufacturing. The local economy has also benefitted from the rise in employment in nearby locations such as Pascagoula, Mississippi and Mobile, Alabama. Casino gambling on the gulf coast has had a positive impact on the local economy of the bank. The largest employers for Greene County are the State of Mississippi Corrections Institution, Peavy Electronics, and the Greene County School District.

Local competition is strong, which is provided by the Bank of Lucedale, First State Bank, and Magnolia Federal Savings Bank. The bank's competition in Leakesville consists of a First State Bank branch and from Grand Bank for Savings.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan to Deposit Ratio

Since the last CRA evaluation on September 22, 1995, FNB of Lucedale's loan-to-deposit ratio has averaged seventy-four percent (74%). The bank's loan-to-deposit ratio has shown a steady increase since the last evaluation. During the four quarters since the last CRA examination, the loan-to-deposit ratio has ranged from a low of sixty-nine percent (69%) to a high of seventy-nine percent (79%) at September 30, 1996. Also, the bank's loan-to-deposit ratio has increased to eighty-five percent (85%) as of the end of November 1996.

When compared to banks similarly situated to itself, FNB of Lucedale's loan-to-deposit ratio is considered good. The loan-to-deposit ratios of the bank's competition range from sixty-one percent (61%) to seventy-five percent (75%) with the average being sixty-eight percent (68%) for the banks combined.

Based on this information, FNB of Lucedale's loan-to-deposit ratio meets the standards for satisfactory performance.

Lending in the Assessment Area:

FNB of Lucedale extends a substantial majority of its loans within the assessment area. The bank generates a report that tracks loans made inside and outside its assessment area. The October 1996 report reflected that total loans originated within the assessment area was 6,445 and accounting for \$50.0 million in loans. The total amount outstanding for loans as of October 31, 1996, was \$60.0 million. This computes into an eighty-three percent (83%) ratio of lending within its assessment area.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes and Geographic Distribution of Loans

First National Bank of Lucedale is not a Home Mortgage Disclosure Act (HMDA) reporter. Therefore, a sample was chosen in order to evaluate the bank's geographic distribution of loans and record of lending to borrowers of different income levels and businesses and farms of different sizes. The sample was taken from loans reviewed for fair lending as well as small business and farm loans originated within the last year. Also included in the review was a survey the bank performed for the week of September 2, through September 7, 1996 to determine the geographic and income distribution of loans made and denied during that week.

The results of the sample and the bank's survey indicate that FNB of Lucedale is lending to borrowers of different income levels and to businesses of different sizes. The sample indicated that the loans originated to borrowers of different incomes and businesses of different sizes were distributed throughout the assessment area that included low-and moderate income tracts. Small business loans included in the sample are defined as loans made to businesses with annual sales of less than \$1 million. The majority of the loans originated at the bank are consumer related loans. FNB of Lucedale's report of all loan originations in October 1996 also depicts a cross section of originations for borrowers in different income categories. The following tables depict the results of the report.

Type of Loan	Total \$ 000's	Total #	\$ in Assessment area 000's	Percent of \$ amount in assessment area	Percent of # in assessment area
1-4 Family Low Inc.	\$84	13	\$83	99%	99%
1-4 Family Med. Inc.	\$271	33	\$226	83%	70%
1-4 Family Other Inc.	\$10,094	538	\$8,820	87%	93%
Total 1-4 Family	\$10,449	584	\$9,129	87%	92%
Small Business Low Inc.	\$38	3	\$38	100%	100%
Small Business Med. Inc.	\$193	7	\$193	100%	100%
Small Business Other Inc.	\$16,134	522	\$11,910	74%	86%
Total Small Business Inc.	\$16,365	532	\$12,141	74%	84%
Consumer Low Inc.	\$303	92	\$293	97%	91%
Consumer Med. Inc.	\$900	212	\$814	90%	90%
Consumer Other Inc.	\$31,983	4,083	\$28,357	89%	91%
Total Other Inc.	\$33,186	4,387	\$29,464	89%	91%

Responses to Complaints

There have been no complaints filed concerning the bank's CRA performance during this current evaluation period. Further, no violations of anti-discrimination laws and regulations were identified. Fair lending training is provided to lending personnel and annual audits are conducted to ensure compliance with the anti-discrimination laws.