



**SMALL BANK**

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

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## **PUBLIC DISCLOSURE**

**November 21, 2006**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**First Louisiana National Bank  
Charter Number 17927**

**485 Mills Avenue  
Breaux Bridge, LA 70517**

**Comptroller of the Currency  
New Orleans Field Office  
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.**

First Louisiana National Bank (FLNB) has a satisfactory record of meeting community credit needs. The primary factors supporting the bank's overall rating include:

- The average net loan-to-deposit ratio at 59 percent reflects an adequate lending level, and compares reasonably to similarly situated institutions.
- A majority of loans are made within the assessment area.
- Lending to borrowers of different incomes and businesses of different sizes is excellent.
- The geographic distribution of loans is reasonable, primarily due to good performance for residential real estate lending.

## **DESCRIPTION OF INSTITUTION**

First Louisiana National Bank (FLNB) is a wholly-owned subsidiary of First Bancshares of St. Martin, LTD., a one-bank holding company headquartered in Breaux Bridge, Louisiana. The bank is a \$102 million intrastate financial institution with locations in the Acadiana Region of Louisiana. The bank has four full-service branches with ATM facilities located in the communities of Breaux Bridge, St. Martinville, Rayne, and Lafayette.

A variety of retail and commercial products and services are offered commensurate with the bank's size and financial capacity. The bank's loan portfolio mix is diversified with 40 percent of loans consisting of 1-4 family residential real estate, 34 percent commercial and commercial real estate, and 23 percent consumer loans.

No legal or financial factors impede FLNB's ability to meet the credit needs within the assessment area. FLNB received a Satisfactory rating during the prior CRA evaluation dated November 5, 2001.

## **DESCRIPTION OF LAFAYETTE MSA**

The bank's designated assessment area (AA) covers the upper portion of St. Martin Parish, the northern portion of Lafayette Parish, and the entire Acadia Parish. The AA consists of portions of the Lafayette Metropolitan Statistical Area (MSA), plus Acadia Parish which is outside of the MSA, but is contiguous and does not extend the AA significantly beyond the MSA. The AA meets regulatory requirements. The lower portion of St. Martin Parish is excluded from the bank's assessment area because it is geographically separated by the Atchafalaya Basin, and is not closely associated with the communities of Breaux Bridge or St. Martinville. In general, the

AA is heavily banked with numerous community banks of similar size, and branches of large and mid-size banks.

The Lafayette MSA is heavily dependent upon the Oil and Gas industry for employment. Other employment is provided through retail, farming, and tourism sectors. Income levels in the area are below the national average. The following table summarizes demographic data for the entire AA.

<b>Demographic and Economic Characteristics of Lafayette MSA Assessment Area</b>	
<b>Population</b>	
Total Population	149,819
Number of Families	39,732
Number of Households	53,571
<b>Geographies</b>	
Number of Census Tracts	30
% Low-Income Census Tracts	7%
% Moderate-Income Census Tracts	20%
% Middle-Income Census Tracts	70%
% Upper-Income Census Tracts	3%
<b>Median Family Income (MFI)</b>	
2000 MFI for AA	\$34,734
2005 HUD-Adjusted MFI	\$46,490
<b>Economic Indicators</b>	
Unemployment Rate	3%
2000 Median Housing Value	\$60,094
% Households Below Poverty Level	23%

*Source: 2000 Census data and HUD updated income data.*

A community representative stated that affordable housing is needed. The supply of housing for low- or moderate-income people is not sufficient, and new construction costs make new homes difficult to afford for this population. The influx of population resulting from Hurricane Katrina increases housing and other community needs.

## **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

Lending performance was assessed by analyzing lending performance for three primary loan products. These products include residential real estate loans, commercial loans and consumer loans. Residential real estate lending received the most weight in the overall ratings since it accounts for the largest dollar volume of the loan portfolio, and affordable housing is an important community need.

Lending performance is good. The loan-to-deposit ratio exhibits reasonable lending levels. A majority of loans are made within the AA, with a substantial majority of consumer loans in the AA. Borrower distributions are excellent, with especially strong performance for residential real estate and commercial loans. Consumer lending to moderate-income borrowers also exhibits excellent performance. The geographic distribution of loans is reasonable with good performance for residential real estate loans.

### Loan-to-Deposit Ratio

**The loan-to-deposit ratio is reasonable.** For 16 quarters since the last CRA evaluation, the ratio averaged 59 percent. This ratio is reasonable when compared to four similar banks. The average ratio for similar banks was 64 percent for the same time period, and the ratios ranged from 53 percent to 83 percent.

### Lending in Assessment Area

**A majority of loans were made within the bank’s assessment area, and this performance meets the standard for satisfactory performance.** Consumer lending is especially strong with a substantial majority of loans originated within the AA. Although a majority of the dollar amount of commercial loans was made outside of the bank’s assessment area; a majority of the number of commercial loans were made within the assessment area.

<b>Table 1 - Lending in Lafayette MSA</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	108	72	43	28	151	3,759	59	2,600	41	6,359
Home Improvement	190	86	32	14	222	3,644	85	666	15	4,310
Home Refinance	344	86	57	14	401	13,518	76	4,252	24	17,770
Commercial	15	56	12	44	27	1,302	37	2,202	63	3,504
Consumer	26	90	3	10	29	289	96	12	4	301
Totals	683	82	147	18	830	22,512	70	9,732	30	32,244

*Source: sample of loans, data reported under HMDA*

### 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.** Small business lending exceeds standards for satisfactory performance. Residential real estate lending to moderate-income families is also excellent, and the penetration to low-income families is very good. Consumer lending to moderate-income borrowers also exhibits excellent performance.

Residential lending to borrowers of different incomes is excellent. The penetration to low-

income families is near to the percentage of low-income families in the AA for each type of mortgage loan. Lending performance to moderate-income borrowers is excellent. The bank has a higher penetration for each type of mortgage loan than the 17 percent of AA families that are moderate-income.

<b>Table 2 – Borrower Distribution of Residential Real Estate Loans in Lafayette MSA</b>								
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
Home Purchase	29	24	17	21	20	29	34	21
Home Improvement	29	21	17	29	20	21	34	19
Home Refinance	29	16	17	23	20	25	34	27

Source: data reported under HMDA; U.S. Census data.

The distribution of loans to businesses with revenues less than \$1 million is excellent. The penetrations by both number and dollar amount of loans made to businesses with revenues less than \$1 million exceed the percentage of small businesses in the AA.

<b>Table 2A - Borrower Distribution of Loans to Businesses in Lafayette MSA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	60	5	35	100%
% of Bank Loans in AA by #	78	13	9	100%
% of Bank Loans in AA by \$	64	35	1	100%

Source: Loan sample; Dunn and Bradstreet data.

The distribution of consumer loans to borrowers of different incomes is good. Consumer loans have an excellent penetration for moderate-income borrowers. The penetration for low-income borrowers is considered adequate, although the bank’s penetration is well below the percentage of low-income AA households.

<b>Table 2B – Borrower Distribution of Consumer Loans in Lafayette MSA</b>								
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	29	16	15	24	16	24	40	36

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

## Geographic Distribution of Loans

**The geographic distribution of loans is reasonable.** Good performance for residential real estate loans offsets weaker performance for consumer loans. The geographic distribution of commercial loans reflects adequate performance.

The geographic distribution of residential real estate loans is good. Only a small portion of AA owner-occupied units are located in low-income census tracts, so the bank has limited opportunities to extend mortgages in these areas. Home purchase, home improvement and refinance loans have been extended in low-income census tracts despite limited opportunities, and this performance is strong. Penetrations for residential real estate loans in moderate-income census tracts are near to the percentage of owner-occupied units, and demonstrate good performance.

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
Home Purchase	3	1	18	13	75	86	4	0
Home Improvement	3	3	18	15	75	82	4	0
Home Refinance	3	2	18	15	75	83	4	0

*Source: data reported under HMDA; U.S. Census data.*

The geographic distribution of business loans meets the standard for satisfactory performance. The penetration of loans in moderate-income geographies is near to the percentage of AA businesses in moderate-income census tracts. No loans were made in low-income census tracts since only a small portion of AA businesses are located in these geographies. Therefore, commercial lending opportunities are limited, and overall performance is considered reasonable.

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	7	0	21	17	69	83	3	0

*Source: loan sample; D & B data.*

The geographic distribution of consumer loans does not meet standards for satisfactory performance. Only a small percentage of households live in low-income geographies, so the lack of lending in the low-income census tracts is considered reasonable. The penetration of loans in the moderate-income census tracts is much lower than the percentage of AA households.

**Table 3B – Geographic Distribution of Consumer Loans in Lafayette MSA**

Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Household s	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	4	0	21	8	72	92	3	0

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

### **Responses to Complaints**

No complaints related to CRA performance were received during the evaluation period. This has a neutral impact on the bank's CRA performance 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.