



**Comptroller of the Currency
Administrator of National Banks**

PUBLIC DISCLOSURE

December 2, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**MidSouth National Bank
Charter Number 18484**

**102 Versailles Boulevard
Lafayette, Louisiana 70502**

**Comptroller of the Currency
201 St. Charles Ave. Suite 3815
New Orleans, Louisiana 70170**

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 **MidSouth National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of December 2, 1997. 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.**"

MidSouth National Bank is responsive to its communities' needs including low and moderate income individuals and is based on the following:

- o The loan-to-deposit ratio has averaged 57 percent since the last evaluation and is presently at 72 percent. This ratio is considered satisfactory given the bank's size, financial condition, and credit needs of the assessment area.
- o A majority of loans and other lending-related activities are made within the bank's assessment area which encompasses the Lafayette Metropolitan Statistical Area (MSA), Jefferson Davis, Iberia and St. Mary parishes.
- o The geographic distribution of loans covers all census tracts and reflects reasonable dispersion throughout the assessment area.
- o A reasonable penetration of loans are granted to low-and moderate income individuals and to businesses of different sizes.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	MidSouth National Bank 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	No complaints filed during the review period.
------------------------	---

DESCRIPTION OF INSTITUTION:

MidSouth National Bank (MidSouth) is a \$210 million institution with its main office location in Lafayette, Louisiana. The bank is owned by MidSouth Bancorp, Inc., a one bank holding company, also located in Lafayette, Louisiana. The holding company wholly-owns Financial Services of the South, Inc., (a finance company), which has locations in Lafayette and Jefferson Davis parishes.

MidSouth has sixty-four percent (64%) of its assets in loans. Below is a table depicting the breakdown of the bank’s loan portfolio as of November 30, 1997.

LOAN PORTFOLIO BREAKDOWN by CATEGORY (In thousands)		
Commercial and Industrial	49.50%	\$61,942
Consumer and Other	29.42%	36,815
Secured by Real Estate	18.33%	22,933
Agricultural Production	2.75%	3,440
Total Loans	100%	\$125,130

The bank operates fourteen branch offices and twenty-four automated teller machine (ATM) locations in the following six parishes:

BRANCH AND ATM LOCATIONS			
PARISH	CITY	Number of Branches	Number of ATMs
LAFAYETTE	Lafayette	6	14
ST. MARTIN	Breaux Bridge and Cecilia	2	3
JEFFERSON DAVIS	Jennings	1	1
ST. LANDRY	Opelousas	1	1
IBERIA	New Iberia and Jeanerette	3	3
ST. MARY	Morgan City	1	2

TOTAL:	8 cities	14 Branches	24 ATMs
---------------	-----------------	--------------------	----------------

There are no legal impediments that prohibit the bank from serving its community. The last **CRA** examination of MidSouth was March 27, 1995.

DESCRIPTION OF ASSESSMENT AREA

MidSouth has defined their assessment area to include the parishes of Lafayette, St. Martin, and St. Landry which are all located within the Metropolitan Statistical Area (MSA) of Lafayette, and the parishes of Jefferson Davis, Iberia, and St. Mary. MidSouth faces keen competition in its market area not only with other commercial banks, but also with savings and loan associations, credit unions, finance companies, mortgage companies, leasing companies, insurance companies, money market mutual funds and brokerage houses. In the Lafayette Parish area there are thirteen state chartered or national banks and four savings banks. Several of the banks in Lafayette are subsidiaries of holding companies or branches of banks having far greater resources than MidSouth. MidSouth's assessment area meets the requirements of the regulation and does not arbitrarily exclude low or moderate income geographies.

Lafayette MSA:

The employment characteristics of the Lafayette MSA are described using information from The Louisiana Economic Outlook: 1997 and 1998, dated October, 1996, and published by the Division of Economic Development and Forecasting of Louisiana State University, Baton Rouge, Louisiana. There are eight MSAs in Louisiana. The Lafayette MSA is made up of the parishes of Lafayette, St. Martin, St. Landry, and Acadia. The MSA relies heavily on the oil and gas extraction sector and manufacturing sector of textile/apparel for employment. The MSA experienced violent employment swings over the past 15 years losing 26,700 jobs or nearly one-fifth of its workforce during the 1982-1987 oil and gas related recession. In the late 1980's, Fruit of the Loom started operations in the area. Non-agricultural employment growth rates were projected to increase by 2.3% in 1997 primarily from the continuing expansion in the oil and gas and related ancillary industries and the new jewelry manufacturer in Lafayette, Stuller Settings. However, the MSA is expected to be impacted by the negative effects of the NAFTA and GATT treaties with layoffs by Fruit of the Loom holding down employment growth projections to 2.4% in 1998. The October 1997 average unemployment rate in Lafayette MSA is 4.2%, with the national average at 4.9% and the state of Louisiana average at 5.7%.

The income characteristics of the Lafayette MSA are described using information from the 1990 U.S. Censuses. The weighted average median family income updated for 1997 for the Lafayette MSA is \$33,300. The MSA is comprised of 82 census tracts of which 5% are designated low, 26% designated moderate, 43% designated middle,

and 27% designated upper income. The MSA has a population of 344,953 with a minority population of 29% and white population of 71%.

Jefferson Davis Parish:

The local Chamber of Commerce in Jefferson Davis Parish provided the information used to describe employment in the parish. The major employment sectors are government, agriculture, and manufacturing primarily the shipyard and textile industries. The average unemployment rate for the parish as of September 1997 is 9.8% which is well above the state average of 5.7%. The income characteristics for the parish are described using information from the 1990 U.S. Censuses. The weighted average median family income updated for 1997 for Jefferson Davis Parish is \$27,400. The parish is comprised of 7 census tracts of which 14% are designated moderate and 86% designated middle income. The parish has a population of 30,722 with a minority population of 19% and a white population of 81%.

Iberia Parish:

The local Chamber of Commerce in Iberia Parish provided the information used to describe employment in the parish. The major employment sectors are textile, agriculture, and oil and gas related services. The major employers are Fruit of the Loom, six sugar mills, and the Port of Iberia. The October 1997 average unemployment rate is 6.3% but is expected to jump to 7.4% in January 1998 when Fruit of the Loom lays off 900 workers. The current state average is 5.7%. The income characteristics for the parish are described using information from the 1990 U.S. Censuses. The weighted average median family income updated for 1997 for Iberia Parish is \$27,400. The parish is comprised of 14 census tracts of which 21% are designated moderate, 36% designated middle, and 43% designated upper income. The parish has a population of 68,297 with a minority population of 33% and white population of 67%.

St. Mary Parish:

The local Chamber of Commerce in St. Mary Parish provided the information used to describe employment in the parish. The major employment sectors are shipbuilding, fabrication for the oil and gas industry, government, medical, gaming, and the fishing industry. Major employers are McDermott, the Coast Guard, Lakewood Hospital, and Cypress Bayou Casino. The October 1997 average unemployment rate is 5.7% which is the same as the state average. The income characteristics for the parish are described using information from the 1990 U.S. Censuses. The weighted average median family income updated for 1997 for St. Mary Parish is \$27,400. The parish is comprised of 18 census tracts of which 6% are designated moderate, 56% designated middle, 29% designated upper income, and 11% not designated. The

parish has a population of 58,086 with a minority population of 37% and a white population of 63%.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan to Deposit Ratio

For the last seven quarters starting in January 1996, MidSouth's loan to deposit ratio has averaged fifty-seven percent (57%). During this time, the ratio has ranged from a low of fifty-three percent (53%) for the first quarter of 1997 to the current high as of November 30, 1997 of sixty-four percent (64%). Net loans have grown by over forty percent (40%) for the last four quarters. However, the current ratio is still below the Uniform Bank Performance Report (UBPR) peer average of seventy-two percent (72%).

Based on the above information, MidSouth's loan to deposit ratio meets the standards for satisfactory performance.

Lending in the Assessment Area and to borrowers of different Income Levels :

MidSouth extends a substantial majority of its loans within the assessment area. The bank subscribes to a service to generate reports that tracks loans made inside and outside of its assessment area. The June 1997 report reflected that total loans originated within the assessment area was 13,691 for a total dollar volume of \$92 million. This computes to an eighty-four percent (84%) ratio of lending within its assessment area. The total amount outstanding for loans as of November 30, 1997 is \$124 million.

MidSouth has a reasonable distribution of loans to borrowers with different income levels.

The table below depicts MidSouth's loan portfolio by borrower income level. The information in the table is for the six months ended June 30, 1997.

Loan Distribution Summary by Income Level				
Income Level	Number	Percent	Amount (\$)	Percent

Loan Distribution Summary by Income Level				
LOW	139	1%	\$1,326,540	1%
MODERATE	901	6%	\$4,876,594	5%
MIDDLE	8,148	50%	\$47,551,084	44%
UPPER	4,503	28%	\$37,787,597	34%
TOTAL IN AREA	13,691	85%	\$91,541,814	84%
OUTSIDE	1,539	10%	\$9,404,180	9%
UNDETERMINED	915	5%	\$8,304,723	7%
TOTAL	16,145	100%	\$109,250,717	100%

Response to Complaints

There have been no complaints filed against the bank concerning the bank's CRA performance during the current evaluation period. Furthermore, no violations of anti-discrimination laws and regulations were identified during the concurrent compliance examination. Fair lending practices are applied by bank personnel and periodic audits are conducted to ensure compliance with all laws and regulations.