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Comptroller of the Currency  
Administrator of National Banks

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Southwestern District Office  
1600 Lincoln Plaza  
500 North Akard Street  
Dallas, Texas 75201-3394

PUBLIC DISCLOSURE

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

August 15, 1997

First National Bank of Commerce  
Charter Number 13689  
201 St. Charles Avenue  
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

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **First National Bank of Commerce, New Orleans, Louisiana**, prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency.

The evaluation represents the OCC's current assessment and rating of the institution's CRA performance based on an examination conducted as of **August 15, 1997**. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977 (12 U.S.C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and (2) take that record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the Agencies to make public certain portions of their CRA performance assessments of financial institutions.

### **Basis for the Rating**

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under 5 performance categories, as detailed in the following section of this evaluation.

## GLOSSARY OF TERMS AND COMMON ABBREVIATIONS

The following terms and abbreviations are used throughout this Performance Evaluation.

**Metropolitan Statistical Area (MSA)** - Area consisting of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

**Census Tract (CT)** - Small, locally defined statistical areas within a MSA. These areas are determined by the United States Census Bureau in an attempt to group homogeneous populations. A CT has defined boundaries per 10-year census and an average population of 4,000.

**Median Family Income** - The median income determined by the United States Census Bureau. This figure is based on estimations developed by the Department of Housing and Urban Development and is updated annually.

**Low- and Moderate-Income (LMI)** - Income levels which are less than 80% of the median family income. Low-income means an income level which is less than 50% of median family income.

**Community Reinvestment Act (CRA)** - A statute that requires federal regulators to evaluate a financial institution's lending performance in light of the credit needs in the institution's local community. The regulator must also evaluate whether the institution's defined community is reasonable. *[THIS IS A GENERIC DESCRIPTION OF THE BANK'S REQUIREMENTS AND NOT A LEGAL EXPLANATION OF THE REQUIREMENTS CONTAINED IN 12 U. S. C. 2901, AS AMENDED AND 12 C. F. R. 25, AS AMENDED.]*

**Home Mortgage Disclosure Act (HMDA)** - A statute that requires certain mortgage lenders that do business or have banking offices in MSAs to file annual summary reports of their lending activity. The reports include such data as the race, gender, and the income of the applicant(s), the amount of loan requested and its disposition (e.g made, turned down, withdrawn). The types of loan applications reported include governmentally-guaranteed home purchase and home improvement loans, conventional home purchase loans, home improvement loans, refinancings of home purchase and home improvement loans and loans for the purchase of multi-family (5 or more units) dwellings. *[THIS IS A GENERIC DESCRIPTION OF THE BANK'S REQUIREMENTS AND NOT A LEGAL EXPLANATION OF THE REQUIREMENTS CONTAINED IN 12 U. S. C. 2801, AS AMENDED AND 12 C.F.R. 203, AS AMENDED.]*

**First Commerce Corporation (FCC)** - located in New Orleans, Louisiana, is the parent company of First National Bank of Commerce, as well as three other affiliate national banks located in Baton Rouge, Lafayette, and Lake Charles, Louisiana. FCC is also the parent company of two affiliate state chartered banks located in Alexandria and Monroe, Louisiana.

**First National Bank of Commerce, New Orleans, Louisiana (FNBC)**

## **ASSIGNMENT OF RATING**

### **Identification of Ratings**

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

#### **Outstanding record of meeting community credit needs.**

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

#### **Satisfactory record of meeting community credit needs.**

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

#### **Needs to improve record of meeting community credit needs.**

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

#### **Substantial noncompliance record of meeting community credit needs.**

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

## DISCUSSION OF INSTITUTION'S PERFORMANCE

### Institution's Rating:

Based on the findings presented below, this institution is rated: **“Outstanding Record of Meeting Community Credit Needs.”** The evaluation period covers **June 30, 1995, through August 15, 1997.**

The purpose of CRA is to ensure that financial institutions help meet the credit needs of their local communities. We rated this institution's CRA record as Outstanding because:

- **FNBC has established itself as a leader in community development activities benefiting primarily low- and moderate-income residents of its community;**
- **FNBC provides a reasonable level of lending within its delineated community;**
- **FNBC has documented a reasonable distribution of its lending within its community;**
- **No evidence exists of illegal or discriminatory lending practices.**

## REASONABLENESS OF COMMUNITY DELINEATION

- **FNBC has delineated a reasonable community for the provision of banking services.**

No changes have been made to the bank's delineated community during this evaluation period, and the bank's operations have not been altered in any way which would render the delineation inappropriate. The delineation (described in detail in the bank's CRA Statement) consists of the entireties of Orleans, St. Charles, and St. Tammany Parishes and of portions of Jefferson, St. Bernard, and St. John the Baptist Parishes, in Louisiana. This encompasses much of the greater New Orleans area.

The following table shows, for the information of the reader, the distribution of census tracts and resident population within the banks delineated community.

First National Bank of Commerce Delineated Community															
Low-Income				Moderate-Income				Middle-Income				Upper-Income			
Census Tracts		Families		Census Tracts		Families		Census Tracts		Families		Census Tracts		Families	
64	18%	73,340	25%	72	21%	45,545	15%	108	31%	55,219	18%	104	30%	125,267	42%

Source: CRA Wiz® Demographic Data - 1990 U.S. Census

## COMMUNITY PROFILE

The delineated community of FNBC contains a population of approximately 1,100,000 persons. New Orleans is the center of the community and of the local economy which is based largely upon the activities associated with the Port of New Orleans and tourism to the historic districts of the city. Concentrations of upper-income persons and large numbers of low-income individuals constitute the population of the city. Surrounding parishes are largely inhabited by middle- and upper-income persons. The table above shows the distribution of census tracts and families among four income groups, while the table below reveals the same type of distribution for businesses, farms, housing units, and households. In the delineated community the median family income in 1996 is estimated by the United States Department of Housing and Urban Development to be approximately \$35,500. The median housing value is approximately \$64,000.

The following chart shows the distribution of households and businesses among census tracts of various income levels within FNBC's delineated community.

Distribution of the Number of Businesses, Farms, Housing Units and Households Within the Delineated Community By Income Level of the Census Tracts								
	Low-Income		Mod-Income		Middle-Income		Upper-Income	
Census Tracts	64	18%	72	21%	108	31%	104	30%
<b>Demographic Category</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Businesses	4,349	10%	8,924	22%	13,580	33%	14,431	35%
Farms	13	3%	81	18%	208	46%	151	33%
Housing Units	66,800	14%	98,480	20%	170,978	34%	160,301	32%
Households	51,797	12%	80,638	19%	151,507	35%	147,024	34%

Source: CRA Wiz® Demographic Data

## BANK PROFILE

- **FNBC is one of the major depository and lending institutions in the New Orleans market and the surrounding region.**

FNBC, with total assets of approximately \$5.8 billion, is the largest banking subsidiary of First Commerce Corporation (FCC), also located in New Orleans. FCC, with total banking assets of approximately \$9 billion, has six banking subsidiaries, four of which operate under national charter. Each of these banks has invested in the First Commerce Community Development

Corporation which has been active in revitalization efforts in New Orleans and other communities.

FNBC is a multi-purpose bank, offering a wide and typical variety of deposit and loan products for individuals and organizations. The bank dispenses its services through a system of 51 financial centers, four drive-up facilities, 252 automated teller machines, and various other methods such as telephone and mail transactions.

The following data, extracted from regulatory reports filed by FNBC, shows a rate of growth in loans of approximately 25%. The distribution among loans types has remained consistent during the period.

<b>Report of Condition - Loan Portfolio</b>						
	12/31/95		12/31/96		3/31/97	
<b>Loan Type</b>	\$(000's)	%	\$(000's)	%	\$(000's)	%
Home (1-4 family)	490,390	16	666,389	17	632,746	16
Real Estate-Other	497,802	16	653,285	17	689,427	18
Commercial	638,001	21	680,650	18	687,885	18
Agriculture	1,544	nil	5,010	nil	6,941	nil
Installment	720,453	23	877,984	22	803,175	21
Credit Cards	572,843	19	798,202	21	833,636	22
Loans to Governments	55,586	2	75,928	2	105,265	3
Other	111,481	3	96,740	3	96,782	3
<b>Total</b>	<b>3,088,100</b>	<b>100</b>	<b>3,854,188</b>	<b>100</b>	<b>3,855,857</b>	<b>100</b>

## **I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS**

**Assessment Factor A - Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.**

*Through longstanding efforts, FNBC has established strong relationships with various members of its community and has ongoing affiliations with a number of community-based organizations.*

Ascertainment has long been considered a basic tenet and part of a strong foundation for good community reinvestment. FNBC has conducted a wide gamut of ascertainment activities, and these activities have continued during this evaluation period. The activities include various meetings and contacts with the public, both privately and in group situations; an officer calling program; and various other outreach and education activities. In addition, analysis of demographic information and other data is part of the bank's activities. These activities have allowed banking officials to become better acquainted with the needs and conditions in the community and to respond with products and services to meet those needs.

Specific responses have included community redevelopment activities, especially those instituted by the First Commerce Community Development Corporation (see the Community Development section of this document.) The bank has established lending programs especially designed to meet the needs of underserved constituencies. This includes specifically the bank's Community Lending Pool program of affordable housing loans, and its Second Look program which reviews potential declines at a high management level before final decisions are made. This program resulted in the approval of over 1,200 home purchase and home improvement loan applications in 1996 which would otherwise have been declined. These loans totaled in excess of \$50 million. FNBC also participates in local housing bond programs when available (typically providing lower-cost mortgages) and in government-enhanced home mortgage, small business, and education loans programs.

For those customers requiring it, FNBC has been active, in conjunction with community organizations, in providing credit counseling and homebuyer education. For consumer lending purposes, FNBC refers applicants who do not meet its credit criteria to its finance company affiliate, First Money, LLC. FNBC has entered into agreements with the Petra Group, Inc., and the New Orleans Jazz and Heritage Foundation to participate in micro-lending programs for small businesses. These programs encompass risk-sharing characteristics to enable very small entrepreneurs to establish or expand their enterprises.

**Assessment Factor C - The extent of participation by the institution's Board of Directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.**

*The Board of Directors has historically provided support and resources to the bank's efforts to comply with the Community Reinvestment Act, and these efforts continue.*

The directors of FNBC have provided a superior level of oversight to the bank's efforts to comply with the Community Reinvestment Act. The board has authorized high levels of staffing and necessary technology to allow management to monitor its activities and to analyze its results in meeting community credit needs. The directors have clearly authorized and supported efforts to expand the bank's customer base and to increase lending to low- and moderate-income persons. The directors are able to remain informed through regular reports required from management.

## **II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED**

**Assessment Factor B - The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.**

*FNBC markets its products and services broadly throughout its community and has established marketing efforts to address low- and moderate-income needs specifically.*

FNBC utilizes a traditional mix of marketing and advertising methods. Again, as with ascertainment activities, the bank has well-established programs for marketing all of its products, and it includes in those programs activities which target specific markets segments.

The bank has been active for several years in credit seminars and bank fairs. These activities are an effective means of introducing the bank's products and services to low- and moderate-income persons and of providing those persons with additional tools to enable them to utilize credit.

**Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or farm loans within its community, or the purchase of such loans originated in its community.**

*The volume of lending by FNBC is clearly sufficient for a bank of its type and resources.*

FNBC has a current loan-to-deposit ratio of approximately 88%. The following tables reveal the level of originations for various types of lending which have been emphasized by the Community Reinvestment Act.

The level of small business and small farm originations in 1996 (the only year for which this information is currently available) is reasonable. As the table below also shows, the majority of these loans have been made within the delineated community.

<b>Volume of Small Business and Small Farm Loan Originations in 1996 Within the Delineated Community</b>						
<b>Loan Product</b>	<b>Total Originations</b>		<b>Within the Delineated Community</b>			
	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Small Business	3,771	\$226,137	2,966	79%	\$193,378	86%
Small Farm	30	\$2,708	25	83%	\$2,094	77%
<b>Total</b>	<b>3,801</b>	<b>\$228,845</b>	<b>2,991</b>	<b>79%</b>	<b>\$195,472</b>	<b>85%</b>

Source: Bank prepared Small Business and Small Farm Data Collection Registers

The table below shows the total originations during 1995 and 1996 for home loans. The volume is reasonable. The bank extends a relatively large portion of this lending outside of its delineated community. As a large regional bank, FNBC engages actively in indirect home improvement lending throughout a wide area. In addition, FNBC accepts, processes, and funds applications for home mortgage financing which have originated through its affiliate banks.

<b>Volume of Home Mortgage Loan Originations Within the Delineated Community</b>						
<b>Product (Year)</b>	<b>Total Originations</b>		<b>Within the Delineated Community</b>			
	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Home Purchase/Refinance (1995)	1,807	\$205,684	1,073	59%	\$106,243	52%
Home Improvement (1995)	2,465	\$23,982	1,403	57%	\$18,578	77%
Multifamily (1995)	10	\$3,084	10	100%	\$3,084	100%
<b>Total 1995</b>	<b>4,282</b>	<b>\$232,750</b>	<b>2,486</b>	<b>58%</b>	<b>\$127,905</b>	<b>55%</b>
Home Purchase/Refinance (1996)	1,992	\$188,045	1,373	69%	\$137,286	73%
Home Improvement (1996)	2,787	\$22,740	1,292	46%	\$15,755	69%
<b>Total 1996</b>	<b>4,779</b>	<b>\$210,785</b>	<b>2,665</b>	<b>56%</b>	<b>\$153,041</b>	<b>73%</b>

Source: 1995 and 1996 HMDA Loan Application Registers

The table below shows that the majority of home mortgage lending in 1995 and 1996 is within the delineated communities of First Commerce Corporation affiliate banks. In 1996, a significant majority of home purchase and refinance lending was so situated.

<b>Volume of Home Mortgage Loan Originations Within the Delineated Communities of All First Commerce Corporation Affiliate Banks</b>						
<b>Product (Year)</b>	<b>Total Originations</b>		<b>Within the Delineated Communities</b>			
	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Home Purchase/Refinance (1995)	1,807	\$205,684	1,224	68%	\$117,753	57%
Home Improvement (1995)	2,465	\$23,982	1,425	58%	\$18,689	78%
Multifamily (1995)	10	\$3,084	10	100%	\$3,084	100%
<b>Total 1995</b>	<b>4,282</b>	<b>\$232,750</b>	<b>2,659</b>	<b>62%</b>	<b>\$139,526</b>	<b>60%</b>
Home Purchase/Refinance (1996)	1,992	\$188,045	1,818	91%	\$172,310	92%
Home Improvement (1996)	2,787	\$22,740	1,416	51%	\$16,281	72%
<b>Total 1996</b>	<b>4,779</b>	<b>\$210,785</b>	<b>3,234</b>	<b>68%</b>	<b>\$188,591</b>	<b>89%</b>

Source: 1995 and 1996 HMDA Loan Application Registers

Included in the data shown above are loans made in the bank's Community Lending Pool. This program, established in 1992, is designed to provide special assistance to applicants for home mortgage loans who may have difficulty qualifying under regular programs. The program is designed to emphasize the needs of low- and moderate-income persons. In cooperation with an organization called the New Orleans Resources for Independent Living, FNBC has allocated \$400,000 from the Community Lending Pool to provide home financing for persons who have physical disabilities. During 1995 and 1996, FNBC reports 355 loans totaling \$20,116,750 have been extended as part of the Community Lending Pool.

The following table depicts FNBC's share of the home mortgage and home improvement lending market within its delineated community in 1995 (the latest year for which such information is available). Among all HMDA reporters which have made home mortgage loans within FNBC's delineated community, FNBC ranks sixth, with 1,073 originations, equating to 4.7% of the total loans made. In low-income census tracts, FNBC's share drops slightly to 4%, but it is also ranked sixth in that category. In moderate-income tracts, FNBC maintains its 4.7% share, and its rank moves to fifth.

For home improvement loans, FNBC's overall rank is second, with a 23% market share. Its share in low-income tracts is even greater, at 26.8%, and it ranks first among all HMDA reporters in market share in these tracts. When both home mortgage and home improvement loans are taken together, FNBC is the second largest lender market-wide within its delineated community. It is the leading lender in low-income census tracts, with a market share of 11.2%.

<b>1995 Home Mortgage Loan Originations Market Share Within the Delineated Community by Income Level of the Census Tract</b>									
	<b>All Tracts</b>			<b>Low-Income Tracts</b>			<b>Moderate-Income Tracts</b>		
<b>Loan Product</b>	<b>#</b>	<b>% Mkt</b>	<b>Rank</b>	<b>#</b>	<b>% Mkt</b>	<b>Rank</b>	<b>#</b>	<b>% Mkt</b>	<b>Rank</b>
Home Purchase/Refi	1,073	4.7%	6	30	4.0%	6	109	4.7%	5
Home Improvement	1,403	23.0%	2	93	26.8%	1	163	21.7%	2
<b>Total</b>	<b>2,476</b>	<b>8.6%</b>	<b>2</b>	<b>123</b>	<b>11.2%</b>	<b>1</b>	<b>272</b>	<b>8.9%</b>	<b>2</b>

Source: CRA Wiz® HMDA Aggregate Data

**Assessment Factor J - The institution's participation in governmentally-insured, guaranteed or subsidized loan programs for housing, small business, or small farms.**

*FNBC participates in some government guaranteed or enhanced lending programs.*

FNBC has participated in the Title I home improvement loan program through the United States Department of Housing and Urban Development. During 1996, FNBC reports the origination of 47 loans totaling \$724 thousand.

FNBC utilizes the guarantee programs of the United States Small Business Administration to enhance loans to its business customers. During 1996, the bank reports 40 such loans totaling \$7.4 million. This appears to be the largest number of SBA-guaranteed loans made by any lender in the New Orleans in 1996.

During 1996, FNBC funded \$50 million in government assisted education loans.

In addition, FNBC originated 88 home mortgage loans totaling \$6 million guaranteed by the Federal Housing Administration and 43 such loans totaling \$4 million guaranteed by the Veterans Administration. Also, 62 home mortgage loans totaling \$4 million were made under local and state bond programs designed to provide affordable mortgage funds.

### **III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES**

**Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.**

*FNBC monitors and documents the distribution of its applications, loans, and denials, and the distribution is reasonable.*

FNBC employs a staff to collect and analyze data showing its geographic distribution of lending activity. Reports prepared by this staff are distributed to senior management and the board of directors. Through these activities, FNBC is able to identify areas where its service might be improved or to determine reasons why additional service may not be reasonable. Appropriate management officials are charged with the development of plans and activities to increase lending and other banking services in low- and moderate-income or other underserved areas.

The following table demonstrates the distribution of small businesses and farms in the bank's community and FNBC's lending to those businesses. The distribution of the lending is reasonable. FNBC has provided credit throughout all segments and in proportions which are reasonably related to the distribution of the businesses and farms. FNBC is not a major agricultural lender.

<b>Distribution of Small Business and Farm Loan Originations in 1996 Within the Delineated Community By Income Level of the Census Tract</b>								
<b>Community Data</b>	<b>Low-Income</b>		<b>Mod-Income</b>		<b>Middle-Income</b>		<b>Upper-Income</b>	
Census Tracts	64	18%	72	21%	108	31%	104	30%
Census Tracts Penetrated (% of tracts in income group)	31	48%	53	74%	86	80%	88	85%
Number of Businesses	4,349	10%	8,924	22%	13,580	33%	14,431	35%
Number of Farms	13	3%	81	18%	208	46%	151	33%
<b>Loan Product</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Small Business	106	4%	816	27%	1,152	39%	892	30%
Small Farm	0	0%	4	16%	8	32%	13	52%
<b>Total</b>	<b>106</b>	<b>4%</b>	<b>820</b>	<b>27%</b>	<b>1,160</b>	<b>39%</b>	<b>905</b>	<b>30%</b>

Source: CRA Wiz® BusinessDemographic Data and Bank prepared Small Business and Farm Loan Data Collection Register

The table below shows that FNBC, during 1996, made 87% of its small business and small farm loans in amounts of less than \$100,000. Fifty per cent of its small business and small farm loans were made to businesses or farms with annual revenues of less than \$1 million. These data represent a reasonable willingness to and success in lending to small businesses and farms.

<b>Distribution of Small Business and Farm Loan Originations in 1996 Within the Delineated Community By Loan Size and Business Revenues</b>								
<b>Loan Size</b>					<b>Annual Revenues &lt; \$1 Million</b>			
	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>	<b>#</b>	<b>%*</b>	<b>\$ (000s)</b>	<b>%*</b>
less than \$100,000	2,604	87%	\$65,551	34%	1,304	50%	\$37,831	58%
\$100,000 to \$250,000	196	7%	\$36,018	18%	107	54%	\$19,241	53%
\$250,000 to \$1,000,000	188	6%	\$93,903	48%	92	49%	\$40,327	43%
<b>Totals</b>	<b>2,988</b>	<b>100%</b>	<b>\$195,472</b>	<b>100%</b>	<b>1,503</b>	<b>50%</b>	<b>\$97,399</b>	<b>50%</b>
<b>Distribution of Businesses and Farms in the Community by Annual Revenues of the Business or Farm:</b>			< 1 Million 73%		*As a percentage of loans of the size category			
			> 1 Million 9%					
			Unknown 18%					

Source: CRA Wiz<sup>®</sup> Business Demographic Data and Bank prepared Small Business and Farm Data Collection Register

The following table shows the distribution of home mortgage and home improvement lending by FNBC during 1995 and 1996, within its delineated community and compares that activity to some demographic information about the community. It can be seen that FNBC has lent in a substantial majority of low-income census tracts as well as in virtually all of the moderate-income census tracts. It was noted above, as well, that FNBC is the leading home improvement lender in low-income census tracts in its community and the second-leading home mortgage lender in that segment.

<b>Distribution of Home Mortgage Loan Originations Within the Delineated Community By Income Level of the Census Tracts</b>								
<b>Community Data</b>	<b>Low-Income</b>		<b>Mod-Income</b>		<b>Middle- Income</b>		<b>Upper-Income</b>	
Census Tracts	64	18%	72	21%	108	31%	104	30%
Census Tracts Penetrated (% of tracts in income group)	50	78%	70	97%	106	98%	103	99%
Number of 1-4 Family Units	47,224	12%	74,580	19%	133,534	35%	132,427	34%
Median Age of Housing	1947		1955		1961		1963	
<b>Loan Product (Year)</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Home Purchase/Refi (1995)	30	3%	109	10%	406	38%	528	49%
Home Improvement (1995)	93	7%	163	12%	503	36%	644	45 %
<b>Total 1995</b>	<b>123</b>	<b>5%</b>	<b>272</b>	<b>11%</b>	<b>909</b>	<b>37%</b>	<b>1,172</b>	<b>47%</b>
Home Purchase/Refi (1996)	59	4%	120	9%	469	34%	725	53%
Home Improvement (1996)	51	4%	181	14%	455	35%	605	47%
<b>Total 1996</b>	<b>110</b>	<b>4%</b>	<b>301</b>	<b>11%</b>	<b>924</b>	<b>35%</b>	<b>1,330</b>	<b>50%</b>

Source: CRA Wiz® Demographic Data and 1995 and 1996 HMDA Loan Application Registers

**Assessment Factor G - The institution's record of opening and closing offices and providing services at offices.**

*FNBC's system of financial centers and ATMs is reasonably situated and complemented by alternative delivery systems such as telephone access.*

FNBC operates a system of 51 financial centers (branches), four drive-up facilities, and 252 automated teller machines within its delineated community. During the evaluation period, FNBC closed four branch locations after performing service and profitability analyses in accordance with its written policy. Proper notification was given to customers and regulators. These closings did not have significant adverse impact upon the bank's existing or potential customers, and the bank's service system is judged adequate to provide reasonable access throughout its community.

FNBC also offers alternative means of access to its products and services. Loan-by-phone facilitates credit applications without the necessity of visiting a financial center.

**IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES**

**Assessment Factor D - Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement.**

*FNBC does not engage in any practice to discourage applications for the types of credit offered.*

FNBC affirmatively solicits credit applications from all segments of its communities including LMI areas in the bank's service area. Efforts are made to increase participation from minority persons and LMI areas in the bank's service area. No practices or activities were noted that would discourage applications on a discriminatory basis.

The Board of Directors has approved adequate policies, procedures, and training programs supporting nondiscrimination. FNBC conducts fair lending training for all affected employees on an ongoing basis. Diversity training will be provided to all existing managers in the fall of 1997 and will be required for all new managers going forward. FNBC has a second review process for residential mortgage and home improvement related loans to ensure consistency in the loan decision process. FNBC has established a practice of conducting internal fair lending self-assessments.

**Assessment Factor F - Evidence of prohibited discriminatory or other illegal credit practices.**

*No evidence exists of illegal or discriminatory practices.*

The fair lending review performed by examiners focused on home improvement loans underwritten from January 1, 1996, through December 31, 1996. FNBC underwrites home improvement loans using a combination of credit scoring and judgmental underwriting. Examiners analyzed 163 home improvement loan applications to determine whether similar applicants received similar loan outcome without regard to their race.

FNBC is in substantial compliance with the provisions of anti-discrimination laws and regulations including the Equal Credit Opportunity Act and the Fair Housing Act. Based on the review of sampled loan applications, no instances were identified where applicants were treated differently because of race.

**V. Community Development**

**Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.**

*Primarily through its affiliate, First Commerce Community Development Corporation, FNBC has made significant contributions to the development and renovation of its community.*

FNBC is an investor, along with its five commercial banking affiliates in Louisiana, in the First Commerce Community Development Corporation (FCCDC). This corporation has as its purpose the improvement of communities, primarily economically disadvantaged communities and neighborhoods, within the larger communities served by FNBC and its affiliates. FCCDC's primary activity has been centered in New Orleans, although it has undertaken projects in other Louisiana cities, as well.

In New Orleans, the activities of the FCCDC have been purposefully concentrated in the Central City neighborhood. This neighborhood is one of New Orleans' many older areas, located just a few blocks from the central business district. The neighborhood once boasted a thriving commercial district, but that has largely degenerated, with only a few small businesses remaining. The primary employer remaining in the area is a dairy products processing facility.

Housing stock in Central City has consisted largely of smaller single family homes. Many of these homes are architecturally significant, but as the neighborhood experienced many years of decline and neglect, the majority of these structures also deteriorated. Unfortunately, some have been razed or otherwise destroyed.

Within the past two years, FCCDC has renovated or constructed forty-four single-family houses in the Central City neighborhood. Of those, at last count, thirty-seven had been sold and are occupied. Six are under contract for sale and one remains available for purchase. These houses have been priced in the range of \$65,000 to \$80,000, and are affordable for persons of low and moderate incomes. Some of the purchasers have been residents of the neighborhood who have previously rented housing. Some are persons who left the neighborhood because of the paucity of good housing and have now returned. The renovated houses have retained the architectural integrity of the structures while incorporating current conveniences and necessary improvements. The newly constructed houses, while generally much simpler in design, are compatible with the older architecture of the neighborhood.. FCCDC staff have spent considerable time and effort working with the City of New Orleans and with preservation interests to provide convenient liveable housing, at reasonable cost, while retaining much of the historic “flavor” of the city and the neighborhood.

In addition to the single family housing, FCCDC has engaged in the construction and renovation of rental apartments. Many of these are part of a scattered site development project undertaken in cooperation with three churches in the Central City neighborhood. This project is collectively known by the historic name, “Cabbage Alley”. At this writing, fifty-six apartments are under renovation, with approximately 20% pre-leased. Several of these apartments will be reserved for the elderly, and all of them will be available for lease to persons qualifying for housing assistance due to low-income status.

Although not yet to the building stage, several other projects are anticipated to enhance the activities of FCCDC in Central City. These are planned to include the renovation of several commercial spaces along the neighborhood’s major thoroughfare and at least thirty additional rental apartment units, planned to lease at market rates. These projects are in various stages of execution and serve to demonstrate the ongoing efforts of the FCCDC. These will be evaluated as part of a future CRA examination.

Overall, the activities of FCCDC in the Central City neighborhood, as well as endeavors by other parties, are transforming the neighborhood from a severely blighted and dangerous area to one where families and individuals may live and work in good conditions. The large business enterprise mentioned above has made a commitment to remain in the neighborhood, after considering a relocation, due in part to an expansion project facilitated by FCCDC and by certain street and infrastructure improvements provided by the city. This business employees several hundred people.

FCCDC has also invested in projects in other parts of New Orleans and has made loans to other CDCs to facilitate development and revitalizations in neighborhoods which are the focus of their activities. This is an excellent way to leverage monies and resources. Total commitments in New Orleans, outside of the Central City initiatives, are nearly \$1 million, with outstanding investments of approximately \$660 thousand.

FNBC has facilitated community development in the New Orleans community in other ways, as well, notably through investment in low-income housing tax credits and associated projects. In New Orleans, the investment of FCC, on behalf of FNBC, is approximately \$5 million.

FNBC has also demonstrated a high level of initiative and innovation in making investments in certain corporations or joint ventures for the purpose of encouraging economic development within its assessment area and, in some cases, in a wider area. This is consistent with its position as a regional bank. Most recently, FNBC has invested \$750,000 in the Enterprise Corporation of the Delta Investments, a limited liability company which will provide financing for small businesses in an area along the Mississippi River.

**Assessment Factor K - The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions and other factors.**

*FNBC is well positioned to meet a large segment of the credit needs of its community.*

There are no impediments to FNBC's capability to provide services, including credit, within its community.

**Assessment Factor L - Any other factors that, in the regulatory authority's judgment, reasonably bear upon the extent to which and institution is helping to meet the credit needs of its entire community.**

*FNBC provides other services and participates in its community appropriately.*

As might be expected of any large business enterprise, FNBC participates in a variety of ways in the life of its community. For the most part, civic activities have no direct bearing upon the provision of credit, but may enhance the bank's image and improve opportunities for the public to become acquainted with the bank and its various products and services.

### **ADDITIONAL INFORMATION**

This bank is located in Metropolitan Statistical area # 5560.

The Office of the Comptroller of the Currency is responsible for supervising FNBC. Members of the public can contact this regulatory agency with questions, concerns, or issues. The address is:

Office of the Comptroller of the Currency  
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Dallas, Texas 75201-3394  
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