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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 Lafayette  
Charter Number 5023  
600 Jefferson Street  
Lafayette, Louisiana 70501

**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 Lafayette, Lafayette, 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 **June 23, 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 Lafayette, as well as three other affiliate national banks located in New Orleans, Baton Rouge, 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 Lafayette, Lafayette, Louisiana (FNBL )

## 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: *Satisfactory Record of Meeting Community Credit Needs*. The evaluation period covers July 1, 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 *Satisfactory* because:

- FNBL has been generally responsive to the communities' credit needs for home purchase and home improvement loans from 1995 to 1996.
- FNBL's volume of lending in LMI tracts and to LMI borrowers has been satisfactory.
- FNBL has established a reasonable level of participation in community development related activities and has played a role in providing funds and technical expertise to the community.
- No evidence exists of illegal or discriminatory practices.

## COMMUNITY PROFILE

The bank includes the following parishes in its assessment area: Lafayette, St. Martin, St. Landry, Acadia, Vermilion, and Iberia. Lafayette, St. Martin, and St. Landry Parishes comprise the Lafayette Metropolitan Statistical Area (MSA). The remaining parishes in the bank's assessment area are not in an MSA. Most of the population in the bank's assessment area is concentrated in the Lafayette MSA, which numbers 345 thousand. The combined population of Acadia, Iberia, and Vermilion Parishes is approximately 118 thousand.

The local economy continues to grow and become more diversified. Although the oil and gas industry is still a major industry, the local economy also has significant bases in the wholesale/retail trade and manufacturing sectors.

The median family income for the Lafayette MSA is \$24,153 which defines low- and moderate-income at less than \$19,322. The median family income for Acadia, Iberia, and Vermilion Parishes is \$25,200 which defines low- and moderate-income at less than \$20,160.

The following table summarizes the distribution of businesses, farms, housing units, and households within the bank's delineated community by census tracts.

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	4	4%	25	23%	48	44%	31	29%
Demographic Category	#	%	#	%	#	%	#	%
Businesses	385	2%	2,833	19%	6,110	40%	5,895	39%
Farms	4	1%	58	18%	149	47%	106	34%
Housing Units	3,901	2%	44,322	24%	80,590	44%	54,621	30%
Households	3,274	2%	39,377	24%	69,677	43%	50,048	31%

Source: CRA Wiz® Demographic Data

### BANK PROFILE

First National Bank of Lafayette (FNBL) had assets totaling \$778 Million at 12/31/96. This reflects 5% growth over the prior year of \$745 Million. During 1996, FNBL earned \$10.2 Million on average assets of \$764 Million with a loan to deposit ratio of 77% as of year-end 1996. FNBL is a full service bank with a broad branch and automated teller machine (ATM) network and based on asset size, is the largest bank in the Lafayette MSA. The following table profiles FNBL's loan portfolio at 12/31/95 and 12/31/96:

Profile of Loan Portfolio					
Loan Type	12/31/95 (000's)	% of Portfolio	12/31/96 (000's)	% of Portfolio	% Growth
Real Estate	187,600	42.7	187,371	39.9	(.1)
Individual	161,584	36.8	180,891	38.5	11.9

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Commercial	82,686	18.8	95,733	20.4	15.8
Agricultural	6,114	1.4	4,609	1.0	(24.6)
Other Loans	1,264	.3	711	.2	(43.8)
Gross Loans	439,248	100.0	469,315	100.0	6.8

Source: Uniform Bank Performance Report

FNBL has 16 financial centers and three supermarket branches, each with full function ATM's, 27 stand alone cash dispensing ATM's, and one stand alone ATM. The bank's facilities are located primarily in four of the six Parishes in its assessment area.

Competition among financial institutions is intense. In addition to FNBL, a branch of a large multinational bank, branches of two large regional banks, several banks and savings and loans, and several credit unions are present throughout the entire assessment area.

### REASONABLENESS OF COMMUNITY DELINEATION

FNBL's delineated community is reasonable and meets the purpose of CRA. LMI areas are not arbitrarily excluded from the community. FNBL has designated the Lafayette MSA, which includes the three parishes of Lafayette, St. Martin and St. Landry along with Acadia, Iberia and Vermilion, which are non-MSAs, as their delineated community. Within their community, 4 or 4% of the census tracts are low-income, 25 or 23% are moderate-income, 48 or 44% are middle-income and 31 or 29% are upper-income tracts.

#### 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.

*FNBL effectively ascertains the credit needs of its community, and communicates its credit services to all segments of the community.*

Management uses several techniques to ascertain the credit needs of the community. These are detailed below:

- **Officer call program**

Management relies primarily on an internal officer call program to local businesses to gather public comments regarding community credit needs. The Directorate and management receive all comments and act to implement innovative products and enhance current services.

All calls are discussed bi-weekly at business development meetings to determine if the bank already has a product which fills the identified credit need or if one should be developed. Identified credit needs that are not addressed are referred to the Board for consideration.

- **Community Contacts**

FNBL officers maintain regular contact with community leaders and representatives of residential development, commercial development, civic, and minority organizations. These contacts include but are not limited to the following:

- Gulf Coast Business & Industrial Development Corporation,
- Greater Opelousas Economic Industrial Development Council,
- Lafayette Neighborhood Economic Development Corporation,
- Downtown Development Authority, and
- Neighborhood Housing Services.

The bank also co-sponsors several credit seminars relating to small business, home purchase, and personal loans.

- **Demographic research**

The bank periodically reviews published government statistics, and analytical information provided by its parent company, First Commerce Corporation (FCC). FCC provides local demographic data, lending territory information, and loan penetration levels to pinpoint areas of potential need for various bank products. This information is tracked, mapped, and evaluated quarterly. Periodic reports of this information and actions taken are provided to the community development committee of the Board.

Through the bank's ascertainment efforts, the following needs were identified:

- Affordable housing opportunities,
- Downtown revitalization, and
- Financial education.

To meet the needs of the community, FNBL has developed, enhanced, or promoted numerous programs. Some of the non-traditional programs developed include:

- Community Lending Pool - This product was developed to increase the opportunities for obtaining affordable housing for LMI applicants not qualifying under FHA, VA, or local bond programs. The program offers flexible underwriting criteria such as low down payment, reduced closing costs, flexible debt/income ratio, and no private mortgage insurance requirements.
- Second Review Program - FNBL officers review all home lending related denials to determine if other methods may be used to approve the loan,
- First Money, L.L.C. (FM) - A finance company subsidiary of FCC which offers more flexible consumer loan underwriting criteria than FNBL's traditional guidelines. All FNBL denied consumer loans are reevaluated using FM relaxed consumer loan criteria,

Additional programs which have been developed or promoted include:

- FHA & VA mortgages,
- SBA Low Doc,
- SBA 7a loan financing,
- Loans by Phone,
- Pre-approved loans,
- Business Banking lines of credit.

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.

*CRA is a demonstrated and important component of the Board of Director's planning process.*

The Board of Directors support of CRA is evident. The monitoring and oversight of this area is performed by the CRA Steering Committee. The committee remains informed of CRA activities and is responsive to the needs of the community. The Board also requires comprehensive CRA and compliance training through annual training sessions attended by directors, officers and employees. The Board has taken an extra step by adopting an expanded CRA statement. In addition to the required disclosures, the Statement contains information relating to identified needs, community contacts, and special bank services.

## 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.

*FNBL's marketing program is designed to reach all segments of its delineated community.*

The marketing program is designed to educate and inform the community regarding the various credit services available from the bank. The bank uses effective advertising media such as: television, radio, billboards, newspapers, direct mail, and local events. Advertisements have also been placed in publications operated by minorities and nonprofit organizations. All advertisements are reviewed prior to publication to ensure compliance with applicable laws and regulations.

FNBL made a special marketing outreach effort to areas of the community with lower loan penetration. A pre-approved consumer loan campaign was made to seven census tracts, four

of which were moderate-income and the remaining three were middle-income tracts. As of March 1997, 16 loans totaling \$35,000 were originated as a result of this campaign.

The bank is also working to extend its consumer loan lending through dealer services. Through a network of 65 dealers in five of the six parishes in the bank's delineated community, FNBL has originated 4,330 loans totaling \$66.7 million in 1996.

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.

*FNBL is responsive to the communities' credit needs through the origination of home purchase, home improvement and small business and farm loans. The majority of HMDA and small business and small farm loans are made within the bank's delineated community.*

In 1995, the last year comparable data was available, the bank's origination of home improvement loans gave the bank a 16% share of the market. This placed the bank in the number two position among local lenders in home improvement originations. The bank also produced a reasonable share of the market in home improvement loans in low income tracts with a 14.6% share and a 10.6% share in moderate income tracts. The bank's number of originations of home purchase loans translated into a market share of 4.6%. The bank's market percentage of home purchase loans was higher in low and moderate income tracts than the overall market share. The following table illustrates the bank's overall market share in all income tracts and its market share in low and moderate income tracts.

1995 Home Mortgage Loan Originations Market Share Within the Delineated Community by Income Level of the Census Tract									
Loan Product	All Tracts			Low-Income Tracts			Moderate-Income Tracts		
	#	% Mkt	Rank	#	% Mkt	Rank	#	% Mkt	Rank
Home Purchase/Refi	247	4.6%	6	5	6.2%	4	29	5.8%	5
Home Improvement	269	16.0%	2	7	14.6%	4	25	10.6%	2
Total	516	7.3%	2	12	9.4%	3	54	7.3%	4

Source: CRA Wiz® HMDA Aggregate Data

The bank's market share by borrower income level follows the same trend as the census tract level. FNBL is ranked number two in home improvement loans to all borrowers as well as to low and moderate income borrowers. The market share among low and moderate income borrowers is 14.3%. Home purchase originations rank the bank number seven among low income borrowers and number seven among moderate income borrowers.

FNBL increased its percentage of mortgage related loans originated within its community from 69% in 1995 to 75% in 1996 (81% in dollar amount). The bank has also originated over \$54 million or 96% of its small business and small farm loans within its community. This concentration of lending reflects favorably on the banks efforts to increase credit availability within its delineated community.

The following two tables illustrate number and dollar volume of mortgage, small business and small farm lending within the community:

Volume of Home Mortgage Loan Originations Within the Delineated Community						
Product (Year)	Total Originations		Within the Delineated Community			
	#	\$ (000s)	#	%	\$ (000s)	%
Home Purchase/Refinance (1995)	395	\$22,502	248	63%	\$18,128	80%
Home Improvement (1995)	373	\$3,100	279	75%	\$2,419	78%
Multifamily (1995)	1	\$40	1	100%	\$40	100%
Total 1995	769	\$25,642	528	69%	\$20,587	80%
Home Purchase/Refinance (1996)	199	\$11,799	123	62%	\$9,458	80%
Home Improvement (1996)	303	\$2,251	253	83%	\$1,884	84%
Total 1996	502	\$14,050	376	75%	\$11,342	81%

Source: 1995 and 1996 HMDA Loan Application Registers

Volume of Small Business and Small Farm Loan Originations in 1996 Within the Delineated Community						
Loan Product	Total Originations		Within the Delineated Community			
	#	\$ (000s)	#	%	\$ (000s)	%
Small Business	803	\$55,107	777	97%	\$52,439	95%
Small Farm	34	\$1,977	31	91%	\$1,922	97%
Total	837	\$57,084	808	96%	\$54,361	95%

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

FNBL's First Money, L.L.C. affiliate has also generated a number of loans for customers who would have been denied credit under the bank's normal underwriting standards. In 1995, a total of 283 loans for \$4,238M were made. In 1996, the volume increased to 626 loans for \$9,127M and through April 1997, the total loans made were 79 totaling \$983M.

From the small business and small farm information collected for 1996, the majority of the business loans FNBL has originated are small in loan size or loans to small businesses. The following table illustrates the number and dollar amount of loans by size and the number and dollar amount of loans made to businesses with revenues under \$1 million.

Distribution of Small Business and Farm Loan Originations in 1996 Within the Delineated Community By Loan Size and Business Revenues								
	Loan Size				Annual Revenues < \$1 Million			
	#	%	\$ (000s)	%	#	%*	\$ (000s)	%*
less than \$100,000	695	86%	\$14,589	27%	424	61%	\$8,777	60%
\$100,000 to \$250,000	57	7%	\$10,727	20%	17	30%	\$3,233	30%
\$250,000 to \$1,000,000	54	7%	\$29,045	53%	15	28%	\$7,019	24%
Totals	806	100%	\$54,361	100%	456	56%	\$19,029	35%
<b>Distribution of Businesses and Farms in the Community by Annual Revenues of the Business or Farm:</b>				< 1 Million 74%	*As a percentage of loans of the size category			
				> 1 Million 9%				
				Unknown 17%				

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

The table shows 56% of loans originated were to businesses with revenues less than \$1 million and of those loans, 61% were less than \$100 thousand.

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

*FNBL frequently participates in government insured, guaranteed, and subsidized loan programs for housing and small businesses.*

The bank participates in various types of governmentally insured programs to continue to meet the needs of the community. The following table summarizes the bank’s performance in 1995 and 1996:

<b>Governmentally insured, guaranteed or subsidized loan programs</b>				
Program	1995		1996	
	# of loans	\$ of loans	# of loans	\$ of loans
FHA insured	14	820,000	12	674,800
VA insured	4	254,000	13	900,350
LHFA bond program	2	94,200	16	854,150
SBA guaranteed	5	1,706,700	7	1,153,525
FMHA guaranteed	5	209,800	1	1,750,000
Total	30	3,084,700	49	5,332,825

Source: Bank information.

### 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.

*FNBL demonstrates a reasonable distribution of housing related loans throughout their delineated community with a concentration in home improvement lending.*

FNBL’s distribution of HMDA lending across census tract income levels reflects a satisfactory representation of the opportunities available for home lending. The following table compares

the number and percentage of loans made in each income level of census tracts to the percentage of owner-occupied units available within the community.

<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	4	4%	25	23%	48	44%	31	29%
Census Tracts Penetrated (% of tracts in income group)	4	100%	17	68%	31	64%	22	71%
Number of 1-4 Family Units (owner-occupied)	1,755	2%	20,699	24%	38,017	45%	24,393	29%
Median Age of Housing	1962		1965		1969		1972	
<b>Loan Product (Year)</b>	<b>\$ (000s)</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Home Purchase/Refi (1995)	6	2%	32	13%	74	30%	136	55%
Home Improvement (1995)	8	3%	33	12%	107	38%	131	47%
<b>Total 1995</b>	<b>14</b>	<b>3%</b>	<b>65</b>	<b>12%</b>	<b>181</b>	<b>34%</b>	<b>267</b>	<b>51%</b>
Home Purchase/Refi (1996)	2	2%	13	10%	44	36%	64	52%
Home Improvement (1996)	5	2%	39	15%	114	45%	95	38%
<b>Total 1996</b>	<b>7</b>	<b>2%</b>	<b>52</b>	<b>14%</b>	<b>158</b>	<b>42%</b>	<b>159</b>	<b>42%</b>

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

FNBL's proportion of lending in low-income tracts is similar to the proportion of owner-occupied households in the area while, moderate income tracts show the potential for increased lending.

FNBL's residential lending patterns, inside and outside the bank's community, in 1995 and 1996 have shown a decline of 35% from 769 loans in 1995 to 502 in 1996. Within the bank's delineated community, home purchase loans have declined in all income categories with home improvement loans showing some increase in loans to moderate and middle-income borrowers. Although their total loans have decreased, the bank has maintained approximately the same percentage of its lending to low and moderate income borrowers as evidenced by the following table.

<b>Distribution of Home Mortgage Loan Originations Within the Delineated Community By Income Level of the Borrower</b>								
<b>Community Data</b>	<b>Low-Income</b>		<b>Mod-Income</b>		<b>Middle-Income</b>		<b>Upper-Income</b>	
Characteristics of Families	30,897	25%	17,832	15%	20,728	17%	52,136	43%
<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)	11	5%	40	16%	34	14%	160	65%
Home Improvement (1995)	40	15%	43	17%	58	22%	118	46%
Total 1995	51	10%	83	17%	92	18%	278	55%
Home Purchase/Refi (1996)	6	5%	13	10%	24	20%	79	65%
Home Improvement (1996)	24	9%	53	21%	66	26%	110	44%
Total 1996	30	8%	66	18%	90	24%	189	50%

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

FNBL analyzes its geographic distribution of HMDA, consumer and small business applications by census tract on a quarterly basis. Through this process, bank staff identify census tracts whose penetration of potential households is significantly below average. Those tracts are reviewed by the CRA Officer and explanations are sought for the lack of lending activity.

Our analysis of HMDA lending activity found all low-income tracts were penetrated and 14 or 56% of the moderate-income tracts had some mortgage-related loan activity. When consumer loans were included, the bank's loan penetration in the moderate-income tracts increased to 80%. The five remaining tracts with no lending activity are on the outskirts of the banks delineated community with no banking offices and/or in areas which are heavily banked by other local financial institutions. The bank continues to review the demographics of the areas and is working to identify ways to increase their penetration.

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

*FNBL has invested in LMI neighborhoods through supermarket branches and alternate delivery systems. FNBL's financial centers are reasonably accessible to all segments of its community.*

FNBL has 16 financial centers and three supermarket branches, each with full function ATM's. There are 27 stand alone cash dispensing ATM's, and one stand alone ATM. FNBL has made an increased effort to serve the north Lafayette area which is predominately LMI. One of the supermarket branches, which was opened within the past two years, is located in North Lafayette. Additionally, major improvements were made to the Northgate branch also located in North Lafayette. Eight of the financial centers throughout the delineated community are located in moderate income census tracts with one of the centers bordering a low and a moderate income tract.

Since the previous CRA Evaluation, two additional financial centers were opened totaling 16 centers. Only one center was officially closed since the prior examination. This closure was a result of the acquisition of City Bancorp, Inc in New Iberia, LA. After notifying the community of the impending closure and receiving some concerned responses from citizens, FNBL searched and found a buyer for the branch. While FNBL closed the branch on July 18, 1995, the facility was reopened as a branch of another local bank on the following business day.

Six of the bank's financial centers were consolidated into existing financial centers due to the acquisitions of First Acadiana National Bank and City Bancorp, Inc. One additional financial center was relocated to another facility within the same shopping center to upgrade and improve the facility.

FNBL has a satisfactory policy that governs the branch closures and requires proper notification of effected customers.

#### 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.

*First National Bank of Lafayette does not engage in any practice to discourage applications for the types of credit offered.*

FNBL affirmatively solicits credit applications from all segments of its communities including LMI and minority neighborhoods in the bank's service area. No practices or activities were noted that would discourage applications on a discriminatory basis.

The Board has approved adequate policies, procedures, and training programs supporting nondiscrimination. FNBL has conducted 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. First National Bank of Lafayette has a second review process for residential mortgage and home improvement related loans to ensure consistency in the loan decision process.

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 July 1, 1996 through December 31, 1996. FNBL underwrites home improvement loans using a combination of credit scoring and judgmental underwriting. Examiners analyzed 81 home improvement loan applications to determine whether similar applicants received similar loan outcome without regard to their race.

FNBL 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.

*FNBL has established a reasonable level of participation in community development related activities and has played a role in providing funds and technical expertise to the community organizations.*

FNBL actively supports community development and redevelopment projects through direct loans, participation with community development corporations, and support of community based organizations with contributions and technical assistance. While the opportunities to invest in projects which revitalize the Lafayette and surrounding communities are limited, the following are examples of specific projects and programs in which FNBL has participated.

### First Commercial Community Development Corporation (FCCDC)

FCCDC is a non-profit corporation initially capitalized by equal investments from the five subsidiary banks of First Commerce Corporation including FNBL. The FCCDC seeks to promote community and economic development efforts in the communities served by the subsidiary

banks. FNBL made an initial investment of \$40 thousand in FCCDC. FCCDC has partnered with the city of Lafayette in constructing three houses in the Fightingville Project. That project is described in detail later in this document.

### **School Days Apartments**

This project involved the restoration of the old New Iberia High School constructed in 1926 into a 65 unit apartment complex for low-income senior citizens. The building is located in a moderate income census tract and was once threatened with demolition. The Neo-Classical style building was restored as a historical landmark and is now registered as a certified historic structure. FNBL along with FNBC as limited partners worked with Historic Restorations, Inc. to retain the original qualities of the schoolhouse. An equity contribution of \$1,025M by FNBL and \$1,025M plus \$335M in tax option agreements by FNBC were used to complete the project. The complex opened in the fall of 1995 and has operated close to 100% occupancy since opening.

### **Fightingville Project**

This project involved the construction of three houses in North Lafayette. The North Lafayette area consists of LMI census tracts and is in need of significant housing renewal. FNBL worked through the FCCDC to partner with the city of Lafayette to construct the residences. The FCCDC made an investment of \$125 thousand along with the city's \$30 thousand investment to complete the project. The city also provided a second mortgage subsidy of \$10 thousand for each home. All three homes have been sold. City officials, community leaders and representatives of FNBL are working to continue the revitalization of the North Lafayette area.

### **Bank-at-School**

FNBL has participated in the Louisiana Bank at School program since 1994. The program is a partnership with the Louisiana Treasurer's Office, the Louisiana Young Bankers, local banks and local elementary schools. The Bank-at-School program helps elementary school students across the state to build financial skills by opening educational bank branches, and giving them access to their own savings accounts. The students are taught the importance of regular savings through regularly scheduled Bank Days, where they are encouraged to make deposits into their accounts. The program teaches financial management through hands-on learning experiences. FNBL has partnered with four schools during the past three years. Two of the schools are in Lafayette Parish, one in St. Landry Parish and one in Vermilion Parish.

### **Partners in Credit Education**

FNBL along with the other First Commerce Banks provide financial support to the Consumer Credit Counseling Services of Louisiana (CCCS). CCCS is a state-wide, non-profit consumer credit counseling and education foundation with offices in fourteen Louisiana communities and one Arkansas community. Their counseling services are provided in Lafayette, Opelousas and New Iberia within the banks delineated community. FNBL along with other members of the

credit community help fund a high school program entitled .Credit Counts.. The bank helps by funding the production and donation of textbooks along with the cost of providing certified teachers to high schools throughout the state. FNBL is a Platinum Partner for donations exceeding \$3,500. In 1996, the .Credit Counts!. program received a Presidential Citation Award in the Innovative Education Program by the National Foundation for Consumer Credit. The award recognizes CCCS for publishing and arranging the donation of 51,000 copies of the .Credit Counts!. textbook into 451 Louisiana high schools. As of October, 1996, the Lafayette office had conducted 55 sessions and reached 552 students in 7 schools.

### Affordable Housing

FNBL has made loans or lines of credit available to local contractors who remodel and rent homes in low and moderate income areas. All of the homes are occupied by LMI individuals and rent subsidies are provided by HUD on some of the properties. Outstanding loans for low income rental housing totaled \$2,045M for 1996. Direct loans for LMI housing totaled 66M.

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.

*FNBL has the financial capacity to meet the credit needs of the community. There are no legal impediments, local economic conditions, or financial concerns which significantly impede FNBL’s ability to meet reasonable credit needs, consistent with its size and resources.*

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.

*FNBL contributes to activities which improve the quality of life in the Lafayette and surrounding communities. These activities contribute to the institution’s efforts to meet the community credit needs.*

FNBL has established good working relationships with local government and private sector representatives in the six parishes which make up their delineated community. The bank has provided support through loans to various organizations which provide community support such as the Boys and Girls Club and Lafayette Catholic Services. They have also supported various city projects to make road improvements, acquire equipment and expand water lines in Lafayette and the surrounding cities. Currently, FNBL has outstanding commercial loans to public entities which originated from January, 1995 to April, 1997 totaling \$10,629M.

FNBL directors, officers and employees are very involved in the community and provide financial support and contribute time and leadership to numerous organizations. Their participation includes serving as board members, officers, members and volunteers of civic, housing, economic development and organizations which work to benefit the lives of LMI citizens.

### **ADDITIONAL INFORMATION**

This bank is located in the Lafayette Metropolitan Statistical area # 3880 .

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

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