



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

May 19, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Louisiana
Charter Number 12523

128 North Parkerson Avenue
Crowley, LA 70526-5002

Office of the Comptroller of the Currency

Birmingham Field Office
100 Concourse Parkway Suite 240
Birmingham, AL. 35244-1870

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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

Summarize the major factors supporting the institution's rating.

- The quarterly loan-to-deposit ratio since the prior examination is more than reasonable and exceeds a peer group ratio for the same period.
- Lending within the assessment area both in number and in dollar volume substantially meets the standard for satisfactory performance.
- Lending to borrowers of different incomes and businesses of different sizes is reasonable.
- The geographic distribution of loans originated in the bank's assessment areas meet the standard for satisfactory performance.

SCOPE OF EXAMINATION

We completed a full-scope review of First National Bank's (FNB) CRA performance. We reviewed the two major loan products: residential real estate and commercial. For residential loans, we reviewed all owner-occupied loans reported on the Home Mortgage Disclosure Act (HMDA) originated in 2006, 2007 and 2008. For commercial loans we reviewed 61 loans originated between May 1, 2007 and May 1, 2009. A review of the Consolidated Reports of Condition (Call Report) was used to determine the primary products of the bank. Consumer Complaints filed with the Customer Assistant Group were reviewed. The Loan-to-Deposit Ratio was reviewed since the last examination dated August 9, 2002, which included 27 quarters.

DESCRIPTION OF INSTITUTION

FNB is a \$217 million full service community bank wholly-owned by Financial Corp. of Louisiana and headquartered in Crowley, Louisiana, the parish seat of Acadia Parish. Primarily a rural and agricultural community which is the center of the state's rice industry, Crowley is approximately 24 miles west of Lafayette and 47 miles east of Lake Charles, Louisiana. FNB operates in Louisiana with five locations: the main bank and one branch are in Crowley, one branch in Lafayette, one branch in Lake Charles and the newest branch in Sulphur, opened in August 2002. FNB's main location, the branch in Crowley and the branch in Lake Charles are located in moderate-income census tracts, the branch in Lafayette and branch in Sulphur are located in upper-income census tracts. No branches have been closed since the previous examination. Banking hours reasonably meet the community needs with lobby hours Monday through Friday and extended Friday hours, motor banking, and automated teller machines (ATM) at all locations. As of March 31, 2009, assets totaled \$217 million and the Tier One Capital ratio was 9.37%. Loans represent the largest portion of the balance sheet at 68% of

total assets. Commercial Real Estate and Commercial Loans represent the largest products for FNB at 65.75% of the loan portfolio. The loan portfolio mix is displayed in the table below:

Loan Category	\$(000)	Percent
Residential RE	38,165	25.90%
Commercial RE	66,342	45.02%
Commercial Loans	30,546	20.73%
Consumer Loans	6,856	4.65%
Agricultural Loans	1,962	1.33%
Other Loans	3,483	2.37%
Total	147,354	100%

Based on 2007 Peer Deposit Data, FNB ranked 2nd in Deposit Market Shares in Acadia Parish and 11th in Deposit Market Shares for Calcasieu Parish based on Total Deposits.

FNB offers a wide range of deposit and loan products and no significant variances exist between locations. Residential real estate and commercial lending are the bank's primary lending focus. No financial or legal impediments exist that prevent FNB from meeting the credit needs of the community. FNB obtained an Outstanding rating at the prior CRA evaluation on August 9, 2002.

DESCRIPTION OF ASSESSMENT AREA(S)

The bank has designated two assessment areas: the combined area of Acadia Parish and the City of Lafayette, and the City of Lake Charles and the City of Sulphur. As of the period of evaluation, the bank's designated assessment areas (AA) includes all 12 census tracts in Acadia Parish, another 41 census tracts in the City of Lafayette in bordering Lafayette Parish, and all 41 census tracts in Calcasieu Parish, which includes the Cities of Lake Charles and Sulphur. Population statistics report Acadia Parish and the City of Lafayette with a population of 186,889, and Calcasieu Parish with a population of 112,758. Overall, the bank's assessment area consists of 6 low-income tracts (6.38%), 19 moderate-income tracts (20.21%), 42 middle-income tracts (44.68%), and 27 upper-income tracts (28.72%). The assessment area meets the legal requirements of the Community Reinvestment Act (CRA) and does not arbitrarily exclude low- or moderate-income geographies.

Acadia/Lafayette Parish

Acadia Parish and the City of Lafayette assessment area is located in the Lafayette metropolitan Statistical Area (MSA) and consists of 12 census tracts in Acadia Parish and 41 census tracts in the City of Lafayette. The HUD-updated median family income 2008 figure is \$55,200. Within the combined assessment area of Acadia Parish and the City of Lafayette, the 2000 Census data for the assessment area reflects 4 low-income tracts (7.55%), 8 moderate-income tracts (15.09%), 25 middle-income tracts (47.17%), and 16 upper-income tracts (30.19%). There are 0 low-income tracts and only 1 upper-

income tract in Acadia Parish. Approximately 14.06% of families have incomes below the poverty level. The assessment area has 101,331 housing units of which 87.89% represent one-to-four family units with 62.23% accounted for as owner-occupied. The average median housing value is \$89,450. Income, or a portion thereof, is derived from social security and retirement income for 21.90% and 11.05% of the total number of households, respectively. The leading industries in Acadia Parish are: educational services, health care, and social assistance (26%) and agriculture, forestry, fishing and hunting, and mining (12%). The leading industries in Lafayette Parish are: educational services, health care, and social assistance (22%) and retail trade (12%).

Calcasieu Parish

The assessment area in the City of Lake Charles and City of Sulphur are located in the Lake Charles Metropolitan Statistical Area (MSA) and consists of 41 census tracts. The HUD-updated family median income 2008 figure is \$52,900. Within the assessment area, the 2000 Census data reflects there are 2 low-income tracts (4.88%), 11 moderate-income tracts (26.83%), 17 middle-income tracts (41.46%) and 11 upper-income tracts (26.83%). Approximately 12.8% of families have incomes below the poverty level. The assessment area has 75,995 housing units of which 92.64% represent one-to-four family units with 64.59% accounted for as owner-occupied. The average median housing value is \$76,166. Income, or a portion thereof, is derived from social security and retirement income for 25.97% and 15.48% of the total number of households, respectively. Lake Charles is the largest city in Calcasieu Parish followed by Sulphur, and Moss Bluff, respectively. The economy is stable and dependent upon the school board, casinos, and construction and petroleum companies as major employers. The leading industries in Calcasieu Parish are: educational services, health care, and social assistance (20%), arts, entertainment, recreation, accommodation, and food services (13%).

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The loan-to-deposit (LTD) ratio is more than reasonable. Since the prior examination and for an average of 27 quarters, the bank's LTD was 72%. We selected a peer group of 7 banks in Lafayette Parish, Acadia Parish and Calcasieu Parish. The bank's LTD ratio exceeds the 63% average ratio of this peer group for the same period.

Lending in Assessment Area

FNB's percentage of loans within the AA's is excellent. Residential real estate and commercial loans comprise 89% of the loan portfolio and are the bank's primary lending focus. Our analysis included all loans reported on the 2006, 2007 and 2008 Home Mortgage Disclosure Act Loan Application registers (HMDA-LAR) and 61 commercial loans. Loans reviewed revealed 92.5% of the number and 93.5% of the dollar amount

were originated within the bank’s assessment area.

Performance for each category reviewed demonstrated a substantial majority of loans originated in the assessment area as reflected in the following table.

Table 1 - Lending in All Parishes										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		#	%	#	%	
Residential Real Estate	495	92	43	8	538	46,788	88	6,390	12	53,178
Commercial	57	93	4	7	61	6,167,359	99	75,548	1	6,242,907
Totals	552	92.5	47	7.5	599	6,214,147	93.5	81,938	6.5	6,296,085

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

Lending to borrowers of different income levels for residential real estate loans in Acadia/Lafayette Parish assessment area is satisfactory. While it appears that FNB had very poor penetration to low-income borrowers, it is important to note the average median house value is \$89,450 in assessment area and 14.06% of the population lives below the poverty level. Therefore, it would be difficult for people at this level to afford housing. FNB had adequate penetration to moderate-income borrowers in comparison to number of assessment area families.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Acadia/Lafayette Parish								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential Real Estate	22.38	4.33	15.85	9.09	18.93	10.82	42.84	48.49

Source: data reported under HMDA; U.S. Census data. Income is NA for 27.27% of residential real estate

Lending to borrowers of different income levels for residential real estate loans in Calcasieu Parish assessment area is satisfactory. FNB had again poor penetration to low-income borrowers. It is important to note the average median house value is \$76,166 in assessment area and 12.80% of the population lives below the poverty level. Therefore, it would be difficult for people at this level to afford housing. FNB had adequate penetration to moderate-income borrowers in comparison to number of assessment area families.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Calcasieu Parish								
Borrower Income Level	Low		Moderate		Middle		Upper	

Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential Real Estate	22.54	6.06	16.53	8.71	19.57	12.50	41.36	44.32

Source: data reported under HMDA; U.S. Census data. Income is NA for 28.41% of residential real estate

FNB’s lending to small businesses with revenues of less than \$1mm in the Lafayette Parish assessment area is satisfactory. The sample of business loans reviewed found 53.12% of the number and 49.41% of the dollar volume of loans were extended to businesses with gross revenues of less than \$1 million per year compared to 59% of businesses in the assessment area.

Table 2A- Borrower Distribution of Loans to Businesses in Acadia/Lafayette Parish				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	58.75	4.68	36.57	100%
% of Bank Loans in AA by #	53.12	31.25	15.63	100%
% of Bank Loans in AA by \$	49.41	45.70	4.89	100%

Source: Loan sample; Dunn and Bradstreet data.

FNB’s lending to businesses with revenues of less than \$1mm in the Calcasieu Parish assessment area is satisfactory. The sample of business loans reviewed found 48.00% of the number of loans was extended to businesses with gross revenues of less than \$1 million per year compared to 52% of businesses in the assessment area. demographic comparator.

Table 2A- Borrower Distribution of Loans to Businesses in Calcasieu Parish				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	52.47	3.49	44.04	100%
% of Bank Loans in AA by #	48.00	28.00	24.00	100%
% of Bank Loans in AA by \$	33.75	44.98	21.27	100%

Source: Loan sample; Dunn and Bradstreet data.

Geographic Distribution of Loans

Overall, the geographic distribution of loans originated in the bank’s assessment areas is satisfactory.

The geographic distribution of residential real estate loans has poor dispersion for low-income tracts and excellent dispersion for moderate-income tracts and meets the standards for satisfactory performance for Acadia and Lafayette Parish.

Table 3 - Geographic Distribution of Residential Real Estate Loans in Acadia/Lafayette Parish

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential Real Estate	2.45	0.00	12.94	18.61	50.89	61.47	33.71	19.92

Source: loan sample for commercial and HMDA data for 2006, 2007, and 2008; U.S. Census data

The geographic distribution of residential real estate loans has excellent dispersion for Calcasieu Parish.

Table 3 - Geographic Distribution of Residential Real Estate Loans in Calcasieu Parish								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential Real Estate	1.38	1.89	18.74	27.65	44.74	34.47	35.14	35.99

Source: loan sample for commercial and HMDA data for 2006, 2007, and 2008; U.S. Census data.

The geographic distribution of business loans has reasonable dispersion for Acadia and Lafayette Parish.

Table 3A - Geographic Distribution of Loans to Businesses in Acadia/Lafayette Parish								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
Commercial	2.84	0.00	10.57	6.25	48.37	46.88	38.22	46.87

Source: loan sample; Dunn and Bradstreet data for 2008.

The geographic distribution of small business loans has reasonable dispersion for Calcasieu Parish.

Table 3A - Geographic Distribution of Loans to Businesses in Calcasieu Parish								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
Commercial	1.34	0.00	30.74	20.00	40.92	36.00	27.00	44.00

Source: loan sample; Dunn and Bradstreet data for 2008.

Community Development

We identified loans for 3 properties totaling \$1.2 million for affordable rental housing in the assessment areas. They are in the HUD Section 8 Housing Assistance Program. Although they are not multi-family properties meeting all elements of the definition under current CRA regulations, they are worthy of mention. These loans provided a significant level of affordable housing for low- and moderate-income residents.

FNB also took many steps during the Hurricanes of 2005 (Katrina and Rita) in order to help customers in a time of need. Services included extending loans for a 90 day period upon customers’ request, participation in the newly established SBA GO Loan Program, single pay loans were made to customers to bridge the gap between receipt of insurance proceeds and repair bills, provided visiting National Guardsmen access to wired funds, and participation in the Louisiana program established to provide customers with no interest loans after the hurricane.

Responses to Complaints

FNB did not receive any CRA related complaints during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.