



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

January 03, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Florida Parishes Bank
Charter Number 703862

1300 W. Morris Ave.
Hammond, LA 70403-4120

Office of the Comptroller of the Currency

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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.

Florida Parishes Bank (Florida Parishes or FPB) has a satisfactory record of meeting community credit needs. Major factors contributing to the overall rating include the following:

- The bank's average loan-to-deposit (LTD) ratio is more than reasonable and exceeds the standards for satisfactory performance.
- A substantial majority of loans originated by the bank during the period of review were extended to borrowers within its assessment area (AA).
- The distribution of lending reflects reasonable penetration among individuals of different income levels in the AA.
- The bank's geographic distribution of loans originated in its assessment areas meets the standard for satisfactory performance.

SCOPE OF EXAMINATION

This evaluation of FPB CRA performance is based on the Small Retail Institution CRA Examination procedures adopted by the Federal Financial Institutions Examination Council (FFIEC), which is comprised of the lending test. The lending test evaluates the bank's record of meeting the credit needs of its AA through its lending activities. This is an evaluation of FPB's overall CRA performance during the January 1, 2007 through November 30, 2011 review period.

FPB's primary loan products are mortgage and consumer loans. The bank is not a Home Mortgage Disclosure Act reporter (HMDA). Conclusions regarding lending performance are based on the bank's primary loan products which were identified as residential and commercial real estate loans. Loan originations for these product types were reviewed for years 2009, 2010 and the eleven months ended November 30, 2011. There have not been any significant changes to FPB's corporate structure, including merger or acquisition activities, since the previous CRA examination. In addition, a community leader was consulted to obtain feedback on the area's demographics, perceived credit needs, and financial institution responsiveness regarding the CRA within the bank's AA.

DESCRIPTION OF INSTITUTION

FPB is a \$170 million (as of September 30, 2011) federally chartered, stock bank headquartered in Hammond, Louisiana. In addition to the main office, there are two other branches located in Hammond, one in Ponchatoula and one branch located in Amite, Louisiana. The main office and branches are full service facilities with traditional operating hours. FPB offers drive-up facilities and an on-site deposit-taking automated teller machine at its branch office locations. The Amite branch location was opened since the last CRA examination. The main office and branch are located in a Non-MSA. FPB provides many types of banking services, including, residential mortgage, commercial real estate and personal or consumer lending, as well as deposit (limited to Certificates of Deposit), funds transfer, and safe deposit

services. The bank also originates residential construction, consumer, commercial mortgage, business non-mortgage, and land loans. As of our evaluation date, FPB had no legal or regulatory impediments identified that would impact its lending activities or impede the bank's ability to meet the credit needs within the AA. The bank is wholly-owned by FPB Financial Corp., a one-bank holding company. At the previous CRA examination dated October 31, 2006, FPB received a satisfactory rating.

The following table provides information related to various balance sheet components:

Table 1 - Major Components of Assets, Liabilities and Capital			
As of September 30, 2011			
(000's omitted)			
Balance Sheet Component	Balance Sheet \$ Amount	% of Total Assets	\$ Growth in Period
Loans			
Mortgage Loans secured by 1 st Liens	110,160	64.55%	+21,926
Nonmortgage Loans	12,268	7.19%	-1,378
Other Assets			
Repossessed Assets	793	0.47%	+793
Other Assets	8,008	4.69	+1,514
Cash & Investments			
US Agency Securities, MBS (GNMA)	13,541	7.94%	+12,274
Cash, Deposits, & Interest Bearing Bank Balances	24,597	14.41%	+4,843
Total Assets	170,650	100.00%	
Liabilities & Capital (LC)		% of Total LC	
Deposits	128,405	75.24%	+28,652
FHLB Advances	24	0.01%	
Total Liabilities	153,194	89.77	
Retained Earnings	13,258	7.77%	+5,347
Total Capital	17,456	10.23%	

Source: Thrift Financial Report

DESCRIPTION OF ASSESSMENT AREA(S)

At the previous CRA examination, FPB identified/defined its AA as nine contiguous census tracts in the southern portion of Tangipahoa Parish. This decision was based on the fact that the entire parish was too large for the bank to reasonably serve. During this review period, the bank designated all 18 census tracts in Tangipahoa Parish, two census tracts in western St. Tammany Parish and two tracts in eastern Livingston Parish. None of the AA is in a Metropolitan Statistical Area (MSA). The four census tracts outside of Tangipahoa Parish were added due to branch locations which serve local residences. The AA meets the requirements of the CRA regulation and does not arbitrarily exclude any low-or moderate-income geographies. The table below illustrates select demographic data of the bank's AA:

Table 5 - Demographic Information for FPB's AA						
Demographic Characteristics	#	Low** % of #	Moderate* % of #	Middle % of #	Upper % of #	NA* % of #
Census Tracts	2	0.00	9.09	59.09	31.82	0
Population by Tract	119,846	0.00	6.68	56.71	36.61	0
Owner-Occupied Housing by Tract	33,026	0.00	5.43	57.32	37.25	0
Family Distribution by Income Level	31,378	21.86	14.81	18.13	45.19	0
Median Family Income (2000 US Census)		\$36,817	Median Housing Value			\$73,605
			Unemployment Rate (***)			
			Tangipahoa Parish			7.6%
Median Household Income for 2006-2010 (US Census Bureau Quick Facts)		\$38,957	State of Louisiana			6.8%
Households Below Poverty Level		23.22%				
2010 HUD updated MFI (*) The NA category consists of Tracts that have not been assigned an income classification. (**) There are no low or moderate income tracts within the banks AA. (***) Rates are those reported at November 2011.						

Source: CRA Wiz reports 2011 Business Geodemographic Data of Tangipahoa Parish Only

Hammond is the seat of the parish, and is located north of the New Orleans MSA, east of the Baton Rouge MSA, and west of the city of Slidell, Louisiana. FPB's AA is a combination of rural and suburban areas with a large commuter population working in the Baton Rouge and New Orleans metropolitan areas. Historically, the local economy relies on the stability of both the Baton Rouge and New Orleans areas, with Southeastern Louisiana University, the local medical center, and several distribution centers employing a significant number of residents. The bank's AA is competitive with regard to banking services and lending activities. As of June 30, 2011, 15 different insured banks, with a total of forty-one (including the bank's three branches) branch offices, operate within the parish. Each of these sites is fully capable of providing a wide array of lending and deposit services to residents within the AA. According to the Federal Deposit Insurance Corporation's June 30, 2010 deposit market share report, FPB ranks fourth of 15 financial institutions in Tangipahoa Parish with a deposit market share of 9.50% in the bank's AA. The following table reflects deposit market share data within the bank's AA:

Table 6 - Selected Market				June 30, 2011				
State: Louisiana	Parish: Tangipahoa	City: All	Zip Code All	Outside of Market		Inside of Market		
Institution Name	CERT	State (Hqtrd)	State/ Federal Charter	No. of Offices	Deposits (\$000)	No. of Offices	Deposits (\$000)	Market Share
First Guaranty Bank	14028	LA	State	10	539,522	6	512,516	36.61%
Whitney Bank	33029	LA	State	211	10,811,476	8	310,167	22.16%
Regions Bank	12368	AL	State	1,764	98,245,786	4	151,450	10.82%
Florida Parishes Bank	29670	LA	Federal	0	0	3	132,944	9.50%
Central Progressive Bank	19657	LA	State	12	244,478	5	105,051	7.50%
Capital One National Assn	4297	VA	Federal	976	92,193,886	2	65,427	4.67%
First Community Bank	35090	LA	State	1	31,147	1	61,853	4.42%
First Bank & Trust	33405	LA	State	13	612,635	2	60,364	4.32%
Number of institutions in the Market – 15*			TOTALS	2,987	202,678,930	31	1,399,772	100.00%

Source: FDIC June 2010 Market Share Report .

*This table does not include seven institutions with percentage less than four percent of market share.

FPB’s AA can be described as a “bedroom” community, as residents often commute west to Baton Rouge, east to Slidell, and south to the New Orleans MSA communities for employment and financial needs. Industry in the AA centers on college education and health care. Southeastern Louisiana University is a large regional university based in the AA and is one of the parish’s largest single employers. The second largest employer is the numerous community based hospital organizations. These businesses have responded to the needs of a growing community with health systems employment. The city of Hammond hosts numerous warehouses and is a distribution point for Wal-Mart regional operations. Since Hurricane Katrina, there has been an abundance of new development in the banks AA, both commercial and residential, as well as numerous hotels which absorb overflowing demand for lodging when major events are hosted in New Orleans.

In conjunction with this examination, we conducted one community contact in the AA. This non-profit organization provides affordable housing opportunities and services to low-and moderate-income (LMI) individuals. The stated mission of the contact is to operate for the purpose of providing decent, safe and sanitary dwellings within the financial reach of families of LMI individuals. The organization identified a need for more affordable housing and small business loans. In terms of financial services, the organization identified a need for credit counseling and home ownership counseling in this AA. Our contact stated that there are too few community development projects which target LMI individuals. The contact stated that perceptions of local financial institutions are the same, with no one institution viewed more or less favorably than the other.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

FPB’s LTD ratio is more than reasonable and exceeds the standards for satisfactory performance.

The bank’s quarterly average LTD ratio was 100.12% since the prior October 31, 2006 CRA examination. As show in the table below FPB’s LTD performance exceeds all but one similarly situated bank during the same time period.

Table 7 – Loan to Deposit Ratio Data				
Thrift Institution	Average Total Assets	# of Branches	Basic LTDR	
			# Quarters Average	% Change over Period
Florida Parishes Bank	\$165,458	3	100.2%	95.5%
State-Investors Bank	211,617	3	131.4%	69.0%
Home Federal Bank	165,738	2	56.9%	242.5%
MBL Bank	183,314	1	74.3%	67.3%
Anthem Bank & Trust	78,320	1	62.5%	106.9%
Homeland Federal Savings Bank	130,311	1	95.0%	80.1%
Group 3 Peer Median	\$171,914		91.6%	86.6%

Source: CRA Wiz reports

Lending in Assessment Area

A substantial majority of the bank’s lending activity is within its AA. FPB has historically operated as a traditional thrift primarily offering residential mortgage loans. However, recent years reflect a transition to a more diverse commercial banking operation. Between January 1, 2009 and November 30, 2011 FPB originated 2,033 residential mortgage and consumer loans. The table below shows that a substantial majority of these loans were originated in the bank’s AA.

Table 8 - Concentration of Thrift Loans Originated In and Outside of the Assessment Area						
Loan Type	% Inside Area		% Outside Area		Total	
	#	\$(000)	#	\$(000)	#	\$(000)
Mortgage & Consumer Loans	1,820	61,104	213	14,374	2,033	75,478
Total	89.52%	80.96%	10.48%	19.04%	100%	100%

Source: Loan Sample

Lending to Borrowers of Different Incomes

FPB’s distribution of loans by income level of the borrower is reasonable given the demographics of the assessment areas. The bank’s record of extending credit to individuals of different income levels reflects adequate lending to LMI borrowers in the AA. Between January 1, 2009 and November 30, 2011, FPB originated 623 residential mortgage loans and 1,410 consumer loans totaling \$75 million. The following tables illustrate the number and percentage of mortgage and consumer loans originated by borrower income level within the AA, during a 35 month period ended November 30, 2011:

Table 9 - Distribution of Residential Real Estate Loans By Borrower Income Level in the Assessment Area		
Borrower Income Category	% of Loans	% Family Distribution
Low	8.02	21.86
Moderate	12.68	14.81
Middle	20.55	18.13
Upper	58.57	45.19
Total	623	25,895

Source: CRA Wiz Reports and Loan Sample

Table 10 - Distribution of Consumer Loans By Borrower Income Level in the Assessment Area		
Borrower Income Category	% of Loans	% Household Distribution
Low	23.26	26.03
Moderate	22.13	13.51
Middle	21.56	15.77
Upper	33.05	44.69
Total	1,410	100.00

Source: CRA Wiz Reports and Loan Sample

While the level of residential real estate lending to low income individuals is below the percentage of low income families, this is reasonable considering the barriers for these persons to purchase a home. A low income family earns less than \$25M annually but the median housing value in the AA is over \$73M. This makes purchasing a house difficult for most low income families. The level of residential real estate lending to moderate income individuals is satisfactory and almost matches the percentage of moderate income families.

The level of consumer loans to low income borrowers is good and ties closely to the level of low income households in the AA. The level of consumer lending to moderate income borrower is also good and exceeds the level of moderate income households in the AA.

Geographic Distribution of Loans

As shown in the following tables, the distribution of FPB’s residential real estate and consumer loans in moderate-income census tracts is reasonable in light of the AA composition and demographics. In particular, the bank’s performance exceeds the characteristics of the AA for residential real estate loans in moderate-income tracts. The AA does not include any low-income census tracts.

Table 11 - Distribution of Residential Real Estate Loans By Geography in the Assessment Area		
Census Tract	% of Loans	% Owner Occupied
Moderate	12.04	5.43
Middle	37.08	57.32
Upper	50.88	37.25
Total	623	25,895

Source: CRA Wiz Reports and Loan Sample

Table 13 - Distribution of Consumer Loans By Geography in the Assessment Area		
Census Tract	% of Loans	% Household
Moderate	10.28	6.74
Middle	37.87	56.90
Upper	51.84	36.36
Total	1,410	100.00

Source: CRA Wiz Reports and Loan Sample

Responses to Complaints

FPB did not receive any complaints related to CRA performance during the review period.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discrimination or other illegal practices that prevented the bank from meeting the lending/financial or credit needs of the community.