



## **INTERMEDIATE SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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### **PUBLIC DISCLOSURE**

**June 15, 2006**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Parish National Bank  
Charter Number 15642**

**600 Columbia Street  
Bogalusa, LA 70429**

**Comptroller of the Currency  
New Orleans  
3838 North Causeway Boulevard Suite 2890  
Metairie, LA 70002**

**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.**

The Lending Test is rated: **Satisfactory.**

The Community Development Test is rated: **Satisfactory.**

The major facts that support this rating include:

- The bank's average loan-to-deposit ratio is reasonable given the bank's size and financial condition when compared to similarly situated competitors.
- A significant majority of loans are originated within the bank's Community Reinvestment Act (CRA) designated assessment areas (AAs).
- The distribution of loans reflects a reasonable penetration among individuals of different income levels and businesses of different sizes.
- The geographic distribution of loans reflects a reasonable dispersion throughout the AAs.
- The bank's community development performance demonstrates good responsiveness to community development needs in its AAs through community development loans, qualified investments, and community development services. In particular, the bank's response to address disaster recovery needs following Hurricane Katrina is excellent.

## **SCOPE OF EXAMINATION**

This Performance Evaluation assesses the bank's performance under the Lending and Community Development Tests. The evaluation under the Lending Test covers the bank's performance from January 1, 2004 through December 31, 2005, excluding community development loans. Lending performance is evaluated based on home purchase, home improvement, and refinance loans reported under the Home Mortgage Disclosure Act (HMDA) and small business loans for the years 2004 and 2005. The scope of this examination also included an evaluation of PNB's community development activities, including loans, investments, and services. The evaluation period for community development activities is November 23, 2002 through June 15, 2006.

The analysis is based on the bank's performance in each state where they do business using comparative demographic data from the 2000 U. S. Census and Dun and Bradstreet data. Parish NB operates one branch in Florida, and the branch comprises a small portion of the bank's business with approximately 3 percent of deposits reported during the evaluation period. The bank opened the branch in Florida in June 2004; therefore, performance for this state was assessed since the branch opening. Performance in the New Orleans-Metairie-Kenner, LA MSA AA and the LA Non-MSA AA was weighted the heaviest in this evaluation. These conclusions were factored into the final ratings and the bank's performance overall.

## DESCRIPTION OF INSTITUTION

Parish National Bank (Parish NB) is an interstate commercial bank that was established in 1968 and headquartered in Bogalusa, Louisiana, where the main office remains. Bogalusa is located in Washington Parish. In addition to its main office at 600 Columbia Street, the bank operates 13 full-service branches in the state of Louisiana, 1 in the state of Florida, and 14 proprietary automated teller machines (ATMs) throughout its assessment areas (AAs). Also, Parish NB has joined with other community banks in its AAs in a program called Community Cash to provide customers with free access to an additional 100 ATMs located throughout Louisiana. During the evaluation period, the bank established a branch in Hammond, Kenner, Metairie, and New Orleans, Louisiana and a branch in Destin, Florida. One branch was closed in Folsom, Louisiana.

Parish NB is a wholly-owned subsidiary of Parish National Corporation, a one-bank holding company headquartered in Covington, Louisiana. The bank offers customary credit products and depository accounts. Parish NB operates two subsidiaries, Access Mortgage Corporation and Parish Financial Services. Access Mortgage Corporation is a mortgage banking operation headquartered in Fort Walton Beach, Florida. Parish Financial Services is a full-service insurance agency located in Covington, Louisiana. No merger or acquisition activity impacts CRA performance during the evaluation period.

As of March 31, 2006, Parish NB reports total assets of \$794 million, total liabilities of \$739 million, and tier one capital of \$52 million representing 6.7 percent of average assets. No legal, financial or other factors impede the bank's ability to help meet the credit and community development needs in its AAs.

The bank's lending strategy focuses on business related loans including commercial real estate, and construction and development loans. Parish NB also originates residential mortgage and consumer loans. As of March 31, 2006, loans to businesses represent approximately 76 percent of total loans outstanding. Residential mortgages and loans to individuals represent 19 percent and 5 percent of total loans, respectively.

The bank was rated "Satisfactory" at the previous CRA examination dated November 22, 2002.

## **DESCRIPTION OF ASSESSMENT AREAS**

Parish NB has four AAs. In Louisiana, all the AAs are comprised of parishes instead of whole MSAs and include Jefferson, Orleans, St. Tammany, Tangipahoa, and Washington Parishes. Jefferson, Orleans and St. Tammany Parishes are all located in the New Orleans –Metairie-Kenner MSA, and are combined since all are located within the same metropolitan area (MA). Tangipahoa and Washington Parishes (LA Non MSA AA) are combined for this evaluation since both are not located within a MSA. The two other AAs are located in Florida; one census tract in Walton County (FL Non MSA AA) and two tracts in Okaloosa County which is part of the Fort Walton Beach-Crestview-Destin MSA. Data for all AAs was analyzed; however, this evaluation focuses on the New Orleans-Metairie-Kenner MSA AA, the LA Non MSA AA, and the FL Non MSA AA since these areas represent a very significant portion of bank's business.

All AA parishes and counties are part of the Federal Emergency Management Agency (FEMA) major disaster declaration resulting from Hurricane Katrina. Significant banking needs resulted during the aftermath of Hurricane Katrina, and continue as this area directs its attention towards rebuilding efforts.

### **New Orleans-Metairie-Kenner MSA AA (Jefferson, Orleans, and St. Tammany Parish)**

Based on 2000 U. S. Census data, the AA has a total population of 428,814. Approximately 15 percent of the families in the AA are considered low-income. Moderate-income families approximate 15 percent of the population, and middle- and upper-income families comprise 19 percent and 51 percent of the population, respectively. There are 181,172 housing units in the AA, of which 64 percent are owner-occupied, 29 percent are renter-occupied and 7 percent are vacant. The 2005 median housing value was \$130,223. Median family income for 2000 was \$42,770, and \$51,000 for 2005, as adjusted by the U. S. Department of Housing and Urban Development (HUD).

Based on 2005 Dun and Bradstreet business demographic data, there are 37,793 businesses in the AA, of which 62 percent report gross annual revenue less than or equal to \$1 million and 5 percent report gross annual revenue greater than \$1 million. Because reporting is voluntary, 32 percent, or 12,229 businesses do not report revenue. The unemployment rate in the AA is 4.2 percent based on Census data.

Parish NB's primary market continues to be St. Tammany Parish. The bank operates nine branches in the AA and five are in St. Tammany Parish. The bank's 2005 deposit market share rank in St. Tammany Parish is 3<sup>rd</sup> with a 12 percent market share out of 21 competitors. Local competition is aggressive and includes dominant affiliates of large national banking companies, large regional financial institutions and numerous small community banks. In St. Tammany Parish, the top two competitors are Hibernia National Bank and JP Morgan Chase Bank, N.A. The bank has a smaller presence in Jefferson and Orleans Parish. The bank's 2005 deposit market share rank in Jefferson Parish is 19<sup>th</sup> with a 0.73 percent market share out of 29 competitors. The bank operates three branches in Jefferson Parish. In Orleans Parish, the bank's

2005 deposit market share rank is 23<sup>rd</sup> with a 2.8 percent market share out of 24 competitors. Parish NB operates one branch in Orleans Parish.

### **LA Non MSA AA (Washington and Tangipahoa Parish)**

Based on 2000 U. S. Census data, the AA has a total population of 144,514. Approximately 23 percent of the families in the AA are considered low-income. Moderate-income families approximate 15 percent of the population and middle- and upper-income families comprise 19 percent and 43 percent of the population, respectively. The AA contains 59,900 housing units, of which 66 percent are owner-occupied, 23 percent are renter-occupied and 11 percent are vacant. The 2005 median housing value is \$66,886. Median family income for 2000 is \$32,785, and \$39,050 for 2005, as adjusted by HUD.

Based on 2005 Dun and Bradstreet business demographic data, there are 8,353 businesses in the AA, of which 62 percent report gross annual revenue less than or equal to \$1 million and four percent report gross annual revenue greater than \$1 million. Because reporting is voluntary, 34 percent, or 2,830 businesses do not report revenues. The unemployment rate in the AA is 8.5 percent.

Parish NB's primary market in this AA is Washington Parish. The bank operates five branches in the LA Non MSA AA and two offices are in Washington Parish. The bank's 2005 deposit market share rank in Washington Parish is 2<sup>nd</sup> with an 18 percent market share out of six competitors. Other competitors in Washington Parish include Citizens Savings Bank, Hibernia National Bank, Hancock Bank of Louisiana, Resource Bank and Central Progressive Bank. Parish NB has a smaller presence in Tangipahoa Parish where the bank's 2005 deposit market share rank is 6<sup>th</sup> out of 14 competitors. The bank operates three offices in Tangipahoa Parish. The top five competitors are First Guaranty Bank, Central Progressive Bank, Hancock Bank of Louisiana, AmSouth Bank, and Florida Parishes Bank.

### **FL Non MSA AA (Walton County)**

Parish NB opened a branch in Florida during June 2004, and established both Florida AAs at that time. Based on 2000 U. S. Census data, the AA has a population of 9,737. Approximately 9 percent of the families in the AA are considered low-income. Moderate-income families approximate 15 percent of the population and middle- and upper-income families comprise 15 percent and 61 percent of the population, respectively. There are 14,470 housing units in the AA, including 24 percent owner-occupied, 7 percent renter-occupied, and 69 percent vacant units. The 2005 median housing value was \$163,200. Median family income for 2000 was \$36,689, and \$42,250 for 2005, as adjusted by HUD.

Based on 2005 Dun and Bradstreet business demographic data, there are 2,227 businesses in the AA, and 67 percent report gross annual revenue less than or equal to \$1 million and 3 percent report gross annual revenue greater than \$1 million. Because reporting is voluntary, 30 percent, or 659 businesses did not report revenues. The unemployment rate in the AA is 2.3 percent based on U.S. Census data.

The bank's 2005 deposit market share rank in Walton County is 12<sup>th</sup> with a 1.5 percent deposit market share out of 12 competitors. The top five competitors include AmSouth Bank, BankTrust, Regions Bank, Whitney National Bank and Trustmark National Bank. Again, Parish NB entered this market during this evaluation period.

## **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

Parish NB’s overall rating is a blend of the Louisiana and Florida state ratings. The Louisiana rating is given the most weight because the majority of deposits and loans are from the Louisiana AAs.

## Lending Test

PNB’s performance under the Lending Test is satisfactory.

## Loan-to-Deposit (LTD) Ratio

**Parish NB’s average LTD ratio is reasonable compared to other similarly situated financial institutions in Louisiana given the bank’s size, financial condition, and assessment area credit needs.** No similarly situated banks operate in Florida. The bank’s LTD ratio averaged 84.5 percent over the 14 quarters since the last CRA examination in November 2002. During the evaluation period, the LTD ratio ranges from a low of 69.2 percent as of March 31, 2006, to a high of 93.7 percent as of January 31, 2005. The bank’s ratio compares reasonably to the similarly situated institutions displayed in the table below. Please note that these banks are listed alphabetically by city and that no ranking is intended or implied.

<b>Table 1 - Loan-to-Deposit Ratios</b>		
<b>Institution</b>	<b>Total Assets (000’s) As of 03/31/06</b>	<b>Average Loan-To-Deposit Ratio</b>
<b>Parish National Bank – Bogalusa, LA</b>	<b>\$793,995</b>	<b>84.48%</b>
First Guaranty Bank – Hammond, LA	\$714,320	92.89%
Central Progressive Bank – Lacombe, LA	\$554,685	97.14%
Resource Bank – Mandeville, LA	\$273,797	92.12%
Crescent Bank & Trust – New Orleans, LA	\$352,466	99.35%
First Bank and Trust – New Orleans, LA	\$615,140	97.98%
Gulf Coast Bank & Trust Company – New Orleans, LA	\$694,443	86.33%
Liberty Bank & Trust Company – New Orleans, LA	\$321,742	43.61%

*Source: Institutions Report of Condition from December 31, 2002 through March 31, 2006*

## Lending in Assessment Area

**A significant majority of loans were originated inside the bank’s AAs, which reflects an excellent commitment to meeting the credit needs of the AAs.** For the evaluation period, 83% of loans were made inside the bank’s AAs. The table below reflects the distribution by product type.

Loan Type	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Mortgage	1,108	82.8%	230	17.2%	1,338	123,188	71.8%	48,403	28.2%	\$171,591
Small Business	1,405	83.3%	281	16.7%	1,686	180,136	77.1%	53,353	22.9%	\$233,489
Totals	2,513	83.1%	511	16.9%	3,024	303,324	74.9%	101,756	25.1%	\$405,080

*Source: 2004-2005 HMDA and CRA loan data analysis.*

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

**The distribution of borrowers reflects good penetration among individuals of different income levels and businesses of different sizes.** The distribution of HMDA loans is adequate. The distribution of small loans to businesses is excellent. A majority of loans to businesses were for amounts less than \$100,000. Refer to Tables 3 and 5 in the State of Louisiana and Florida section of Appendix A for the related facts and data used to evaluate the borrower distribution of home mortgage and business loan originations and purchases.

## Geographic Distribution of Loans

**The geographic distribution of loans reflects reasonable dispersion throughout the AAs.** The distribution of HMDA loans is good. The distribution of loans to businesses is adequate. No unexplained gaps or areas of low penetration in the bank’s lending patterns in Louisiana are evident. Florida AAs have no low- or moderate-income census tracts. Refer to Table 4 in the State of Louisiana section of Appendix A for the facts and data used to evaluate the geographic distribution of home mortgage and business loan originations and purchases.

## Responses to Complaints

No complaints exist regarding the bank’s CRA performance during the evaluation period.

## Community Development Test

**The bank’s community development performance demonstrates good responsiveness to community development needs in its AAs.** Parish NB has met critical needs through community development loans, qualified investments, and community development services. Most community development activities benefit the Louisiana AAs. Community development activity in Florida is limited and centered on availability of services and products, and community development services. The bank’s community development activities in Florida are

reasonable given its limited market presence in Florida, and since Parish NB has operated in Florida for a short period of time. In addition to community development activities targeted to specific AAs, Parish NB has demonstrated leadership through its efforts to respond to the basic needs of local citizens, and aid in repair and rehabilitation of the gulf coast after the hurricane. These items are described below and are considered bank-wide since all bank locations are included in the Major Disaster Declaration for Hurricane Katrina and activities help the entire gulf region respond to needs resulting from the hurricane.

### **Bank Activities Responding to Needs Resulting from Hurricane Katrina**

Parish NB has been involved in many activities to help meet the immediate needs of the gulf coast after Hurricane Katrina. Also, community development activities have addressed longer term needs such as repairing and rebuilding the gulf coast area. These activities help the entire gulf region impacted by the hurricanes, although the greatest impact has been in Louisiana. Several of the more significant efforts are highlighted below:

#### ***Lending***

Parish NB extended a line of credit for \$250,000 to repair a hotel located in a low-to moderate-income area that helps provide temporary housing in New Orleans. The line of credit assisted to eliminate the timing gap between repair and receipt of insurance proceeds. The hotel is located in New Orleans, and has provided lodging for disaster response officials and construction workers.

The bank participates in lending programs that provide financing to assist in recovery efforts. Parish NB has extended 101 loans totaling approximately \$5.6 million through these programs. The programs include the Louisiana Public Fund Authority/Louisiana Department of Economic Development Bridge Loan Program, and the SBA Gulf Opportunity loan program. These loans are included in small business lending, but bank participation also includes the provision of financial services that qualify as community development including assistance with financial planning and the lending process. Loan proceeds fund businesses, and help in repair and recovery efforts.

Parish NB provides a financial service for the Louisiana Road Home Program by managing disbursements for customers and non-customers that require a disbursement agent. The Road Home program is designed to help residents of Louisiana affected by Hurricane Katrina or Rita to get back into their homes by providing monetary compensation for damaged homes. Given the significant damage caused by these two hurricanes, this program is the largest housing recovery program in U.S. history. Currently, the bank is working with nine Road Home applicants.

In Louisiana, the bank also committed a \$500,000 line of credit to a local homeowners association to help cover the \$1.4 million cleanup from Hurricane Katrina.

#### ***Providing Financial Services***

Parish NB has provided several financial services to help customers deal with financial strains resulting from Hurricane Katrina by waiving fees or providing financial relief. These activities directly benefit all AAs including Louisiana and Florida:

- A substantial portion of loan customers were granted 60-day extensions for loan payments in September and October 2005. In some cases, the bank provided special financing at below market rates to afford customers additional time to recover or to grant relief while businesses waited for insurance proceeds or other financing.
- Parish NB provided financial relief by waiving ATM fees for all foreign ATMs for 60-days following the hurricane.
- Non sufficient fund fees were waived for a period of time following the hurricane.

After Hurricane Katrina, Parish NB met critical banking and business needs by opening branches quickly and offering services to non-customers. Parish NB was the first bank to open in Slidell, and this was done through a partnership with the city mayor and police chief. The bank conducted non-customer transactions in the Franklinton office, helped the City of Covington with payroll needs for city employees, and cashed payroll checks for displaced employees of Central Louisiana Electric Company.

### ***Community Development Services***

Parish NB provided radio advertisements to support local businesses after the storms. These advertisements included the provision of financial services by providing information about the SBA GO Loan Program. The bank supported businesses by providing free Wi-Fi zones in some branches, and offering the use of phones for those owners that lost their physical location. The advertisements provided details about these services.

Parish NB organized a donation program to gather school supplies for local schools after the hurricane.

A bank officer is on the board of an economic development district in Louisiana, and is involved in approving GO Zone (Gulf Opportunity Zone) bonds for area businesses. These bonds provide financing integral to gulf recovery efforts.

### **Number and amount of community development loans**

In addition to the items related to hurricane relief, the bank funded four community development loans totaling \$1.2 million to a community development organization in Louisiana that provides and supports affordable housing.

### **Number and amount of qualified investments**

The bank made ten qualified investments and donations totaling \$1.4 million during the evaluation period. Parish NB also retained a prior period investment totaling \$61,000. Investments and contributions went to organizations that support housing for low- and moderate-income individuals and geographies and provide services to low- and moderate-income individuals.

### **Extent to which the bank provides community development services**

Parish NB offers a good range of deposit and loan products and business services are available at all branch locations. The bank offers a basic checking account with no minimum balance requirement, no monthly maintenance fee, unlimited check writing, free bill pay, VISA Check Card, and online banking.

The branch system is the primary delivery system for retail banking services, and the branches are reasonably accessible to geographies and individuals of different income levels in the bank's AAs. Branch penetration is excellent when compared with the percentage of the population in each income level in the bank's AAs.

During the evaluation period, bank officers and employees provided technical services and support to twelve qualified community development organizations in Louisiana AAs and one in the Florida market.

### **Bank's responsiveness to address community development lending, investment, and services needs**

Responsiveness through community development activities is good. The bank continues in a leadership role by making significant investments in and loans to Habitat for Humanity, an active supporter of affordable housing in St. Tammany Parish. The bank also supports civic and non-profit organizations that provide services to low- and moderate-income individuals. Also, responses to a variety of needs created by major gulf hurricanes are especially noteworthy.

### **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.

## **Louisiana State Rating**

### **The overall CRA rating for Louisiana: Satisfactory**

The lending test is rated: **Satisfactory**.

The community development test is rated: **Satisfactory**.

The major factors that support this rating include:

- The distribution of borrowers reflects, given the demographics of the AA, a good penetration among individuals of different income levels and businesses of different sizes.
- A significant majority of loans to businesses were for amounts less than \$100,000.
- The geographic distribution of loans reflects a reasonable dispersion throughout the AA.
- The bank's community development performance demonstrates good responsiveness to community development needs in its AA.

### **Description of Bank's Operations in the State of Louisiana**

Parish NB operates 14 branches in Louisiana. As of June 30, 2005, the bank had deposits of \$516 million in Louisiana, which represents less than a 1 percent deposit market share in the state, and ranked 11<sup>th</sup> out of 172 financial institutions operating in the State of Louisiana. Parish NB's primary competitors in its AAs include dominant affiliates of large national banking companies, large regional financial institutions, and numerous small community banks.

A significant portion of the bank's lending and deposit base is derived from the state of Louisiana. Therefore, performance in this state will be weighted heavily when deriving the overall rating.

Refer to the description of the assessment areas for demographic and other performance context information.

## **Conclusions about Performance Criteria**

The bank's performance in Louisiana is satisfactory, including both the New Orleans-Metairie-Kenner MSA and the LA Non MSA AAs.

In evaluating performance under the Lending Test and determining how each loan type will be weighted, the bank's business strategy and the volume of originations are considered. Residential real estate loans and small loans to businesses are the bank's primary products and are weighted equally in this evaluation.

In evaluating performance under the Community Development test, Parish NB's capacity to lend and invest in its community, the availability of investment and community development lending opportunities, and responsiveness in providing services to the communities in which it does business are evaluated. Community development activities related to Hurricane Katrina are included as bank-wide activities since the hurricane impacts the larger regional area. These activities have greater impact in Louisiana and carry significant weight in the community development test for Louisiana.

## **Lending Test**

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

The distribution of loans reflects, given the demographics of the AA, a reasonable penetration among individuals of different income levels and businesses of different sizes. Refer to Table 3 in the State of Louisiana section of Appendix A for the facts and data used to evaluate the borrower distribution of home mortgage and small business loan originations/purchases.

Parish NB's distribution of HMDA loans is good. In the New Orleans-Metairie-Kenner MSA AA, 10 percent of HMDA loans are to low-income, and 15 percent are to moderate-income borrowers compared to the proportion of low (15 percent) and moderate-income families (15 percent) in the AA. In the LA Non MSA AA, 8 percent of HMDA loans are to low-income, and 13 percent are to moderate-income borrowers. Penetrations demonstrate adequate performance as compared with the proportion of low (23 percent) and moderate-income (16 percent) families in the AA.

The distribution of loans to small businesses is reasonable. Approximately 75% of the bank's loans in both of the Louisiana AAs were to businesses with gross revenues of \$1 million or less. Additionally, a significant majority of the loans to small businesses were for amounts less than \$100,000.

## **Geographic Distribution of Loans**

The geographic distribution of loans reflects reasonable dispersion throughout the AAs. The distribution of HMDA loans is considered good, and the distribution of small business loans is considered adequate. There are no apparent gaps or areas of low penetration in the bank's lending patterns in Louisiana. Refer to Table 4 in the State of Louisiana section of Appendix A for the facts and data used to evaluate the geographic distribution of the bank's home mortgage and small business loan originations/purchases.

## **Community Development Test**

Community development performance demonstrates good responsiveness to community development needs in Parish NB's Louisiana AAs. Community development activities related to Hurricane Katrina disaster recovery efforts are described in the overall community development section and benefit all bank AAs. However, hurricane related community development activities had a more significant impact in Louisiana.

### **Number and amount of community development loans**

All of the bank's community development loans were made in the New Orleans-Metairie-Kenner MSA AA. PNB originated four community development loans totaling \$1.2 million to a community development organization in St. Tammany Parish that provides and supports affordable housing.

### **Number and amount of qualified investments**

The bank made ten qualified investments and donations totaling \$1.4 million during the evaluation period that provide direct benefit to the AAs, and one prior period investment of \$61,000 that benefits a wider geographic area that includes the AAs. Investments and contributions help organizations that provide human services and housing for low- and moderate-income individuals. The bank's investments include a \$12,300 in-kind donation of real property to a community development organization, and a \$1.4 million investment in a mortgage-backed security primarily backed by affordable housing loans to low- and moderate-income people in Louisiana.

**Extent to which the bank provides community development services**

Parish NB offers a basic checking account with no minimum balance requirement and no monthly maintenance fee. Branch penetration is excellent when compared with the percentage of the population in each income level in the bank's AAs. During the evaluation period and across the bank's AAs, officers and employees provided technical services and support to 12 qualified community development organizations. Additionally, the bank helped a community development organization and one municipality secure grants under the Federal Home Loan Bank's (FHLBs) Affordable Housing Program totaling \$836,000. With Parish NB's assistance, grants were also awarded to community development organizations under the FHLBs Disaster Relief Program (\$15,000) and Economic Development Program (\$892,123).

**Bank's responsiveness through such activities to community development lending, investment, and serviced needs.**

The bank is responsive to community credit needs within the context of the products and services offered and the opportunities to lend to and invest in organizations where the focus is community development. Bank officers and employees are actively involved in the community.

## **Florida State Rating**

### **The overall CRA rating for Florida: Satisfactory**

The lending test is rated: **Satisfactory**.

The community development test is rated: **Satisfactory**.

The major factors that support this rating include:

- The distribution of borrowers reflects, given the demographics of the AA, a reasonable penetration among individuals of different income levels and businesses of different sizes.
- Community development activity directly benefiting Florida is limited, but is reasonable given Parish NB's limited market presence, good accessibility to banking products and services in Florida, and good level of community development activities directed toward hurricane relief and recovery that benefit the gulf coast region including the Florida markets.

### **Description of Bank's Operations in the State of Florida**

Parish NB operates one branch in Fort Walton County. As of June 30, 2005, the bank reports deposits of \$13 million in Florida. Deposits comprise less than 1 percent deposit market share in the state, and Parish NB ranks 333<sup>rd</sup> of 349 financial institutions operating in Florida. The bank ranks 12<sup>th</sup> among 13 financial institutions with a 1.5 percent deposit market share of deposits in the AAs.

Approximately 3 percent of Parish NB's total deposits, 2 percent of residential real estate loans, and 13 percent of small loans to businesses originated during the evaluation period are located in the Florida Non MSA AA.

Refer to the description of the assessment area for demographic and other performance context information.

### **Conclusions about Performance Criteria**

Parish NB's performance in Florida is rated Satisfactory.

In evaluating performance under the Lending Test and determining how each loan type will be weighted, Parish NB's business strategy and the volume of originations are considered. For this evaluation, residential real estate loans and small loans to businesses are weighted equally.

In evaluating performance under the Community Development test, the bank's capacity to lend and invest in its community, the availability of investment and community development lending opportunities, and the bank's responsiveness in providing services to the communities in which it

does business are evaluated.

## **Lending Test**

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

The distribution of loans reflects, given the demographics of the AA, a reasonable penetration among individuals of different income levels and businesses of different sizes. Refer to Table 5 in the State of Florida section of Appendix A for the facts and data used to evaluate the borrower distribution of home mortgage and small business loan originations/purchases.

The distribution of HMDA loans is adequate. In the FL Non MSA AA the bank made 5 percent of its HMDA loans to low-income borrowers compared to 9 percent of AA families that are low-income, and performance is considered adequate. Approximately 15 percent of the AAs families are classified moderate-income and the bank did not originate any HMDA loans to these borrowers. Performance is weak for lending to moderate-income borrowers.

The distribution of loans to small businesses is excellent. Approximately 90 percent of the bank's loans in the FL Non MSA AA were to businesses with gross revenue of \$1 million or less.

### **Geographic Distribution of Loans**

A limited review of the bank's distribution of loans by geography was performed, as the analysis would not be meaningful. There are no low- or moderate-income geographies in the AA.

## **Community Development Test**

Community development performance is satisfactory. Parish NB provides good accessibility to banking products and services in Florida, and performance considers the strong level of community development activity targeted toward relief and recovery of the gulf region after recent hurricanes. Parish NB demonstrates limited involvement in community development activities directed specifically to the Florida markets. This is offset by bank-wide activities. The activity is considered reasonable due to limited community development opportunities in the AA coupled with the bank's limited market presence in Florida, and the fact that Parish NB was in the Florida market for a short time during the evaluation period.

### **Number and amount of community development loans and investments.**

Parish NB did not originate any community development loans or investments that solely benefit Florida. Refer to the Hurricane relief and recovery for a description of items that received bank-wide consideration. Most of the loans and investments were directed in Louisiana, but help provide relief for the entire gulf region.

### **Extent to which the bank provides community development services**

PNB offers a basic checking account with no minimum balance requirement and no monthly maintenance fee. Branch penetration is excellent when compared with the percentage of the population in each income level in the bank's AAs; however, since only one branch is located in Florida the branch distribution has limited importance in the overall rating conclusion.

During the evaluation period, Parish NB provided one qualifying community development service that benefits both Florida AAs. The activity includes providing a qualified service to help with projects that provide clothes and furniture for needy families, including school clothing for needy children.

### **Bank's responsiveness through such activities to community development lending, investment, and serviced needs.**

The bank has been responsive to community credit needs. Parish NB officers demonstrate limited involvement in community development activities directly in the Florida AAs; however, activity is considered reasonable given the limited market presence in Florida, limited community development opportunities in this market, and is augmented by the bank-wide activities directed at the regional area impacted by recent hurricanes.

## APPENDIX A STATE OF LOUISIANA

### HMDA Loans

<b>Table 3a - Borrower Distribution of Residential Real Estate Loan New Orleans-Metairie-Kenner MSA AA</b>								
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
Home Purchase	15.22	8.74	14.58	15.38	19.36	21.68	50.84	46.85
Home Improvement	15.22	13.76	14.58	12.84	19.36	22.94	50.84	42.20
Home Refinance	15.22	7.73	14.58	13.92	19.36	25.77	50.84	45.36
<b>Total HMDA</b>	<b>15.22</b>	<b>10.03</b>	<b>14.58</b>	<b>14.18</b>	<b>19.36</b>	<b>23.21</b>	<b>50.84</b>	<b>44.99</b>

*Source: 2004 & 2005 HMDA Loan Data; U.S. Census data.*

<b>Table 3b - Borrower Distribution of Residential Real Estate Loans LA Non MSA AA</b>								
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
Home Purchase	22.60	4.35	15.57	12.42	18.97	22.36	42.85	51.55
Home Improvement	22.60	17.20	15.57	15.57	18.97	11.48	42.85	45.08
Home Refinance	22.60	4.26	15.57	9.57	18.97	14.89	42.85	59.57
<b>Total HMDA</b>	<b>22.60</b>	<b>8.49</b>	<b>15.57</b>	<b>12.73</b>	<b>18.97</b>	<b>16.98</b>	<b>42.85</b>	<b>51.46</b>

*Source: 2004 & 2005 HMDA Loan Data; U.S. Census data.*

## Loans to Small Business

<b>Table 3c - Borrower Distribution of Loans to Businesses</b>				
<b>New Orleans-Metairie-Kenner MSA AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	62.25	5.39	32.36	100%
% of Bank Loans in AA by #	74.69	17.19	8.12	100%
% of Bank Loans in AA by \$	65.44	30.93	3.63	100%

Source: 2004 & 2005 CRA Loan Data; Dun and Bradstreet data.

<b>Table 3d - Borrower Distribution of Loans to Businesses</b>				
<b>LA Non MSA AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	62.32	3.80	33.88	100%
% of Bank Loans in AA by #	75.78	16.55	7.67	100%
% of Bank Loans in AA by \$	63.47	35.13	1.40	100%

Source: 2004 & 2005 CRA Loan Data; Dun and Bradstreet data.

<b>Table 3e - Borrower Distribution of Loans to Businesses</b>				
<b>New Orleans-Metairie-Kenner MSA AA</b>				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$1 - \$100,000	640	66.67	23,941	19.33
\$100,001 - \$250,000	169	17.60	28,594	23.08
\$250,001 - \$1,000,000	151	15.73	71,337	57.59

Source: 2004 & 2005 CRA Loan Data.

<b>Table 3f - Borrower Distribution of Loans to Businesses</b>				
<b>LA Non MSA AA</b>				
Loan Size (000s)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0-\$100,000	302	72.42	11,009	22.06
\$100,001 - \$250,000	55	13.19	8,978	17.99
\$250,001 - \$1,000,000	60	14.39	29,923	59.95

Source: 2004 & 2005 CRA Loan Data

## Geographic Distribution of Loans

### HMDA Loans

<b>Table 4a - Geographic Distribution of Residential Real Estate Loans New Orleans-Metairie-Kenner MSA AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans						
Home Purchase	0.45	0.00	5.52	8.74	43.05	49.30	50.98	41.96
Home Improvement	0.45	0.92	5.52	4.59	43.05	54.59	50.98	39.91
Home Refinance	0.45	0.00	5.52	3.09	43.05	43.81	50.98	53.09
<b>Total HMDA</b>	<b>0.45</b>	<b>0.29</b>	<b>5.52</b>	<b>5.87</b>	<b>43.05</b>	<b>49.43</b>	<b>50.98</b>	<b>44.41</b>

Source: 2004 & 2005 HMDA Loan Data; U.S. Census data.

<b>Table 4b - Geographic Distribution of Residential Real Estate Loans LA Non MSA AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans						
Home Purchase	0.00	0.00	11.15	8.07	57.62	60.25	31.23	31.68
Home Improvement	0.00	0.00	11.15	17.21	57.62	68.85	31.23	13.93
Home Refinance	0.00	0.00	11.15	6.38	57.62	50.00	31.23	43.62
<b>Total HMDA</b>	<b>0.00</b>	<b>0.00</b>	<b>11.15</b>	<b>10.61</b>	<b>57.62</b>	<b>60.48</b>	<b>31.23</b>	<b>28.91</b>

Source: 2004 & 2005 HMDA Loan Data; U.S. Census data.

## Loans to Small Businesses

<b>Table 4c- Geographic Distribution of Loans to Businesses/Farms New Orleans-Metairie-Kenner MSA AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans						
Small Business	2.29	0.52	11.80	7.50	37.47	31.98	48.43	60.00

Source: 2004 & 2005 CRA Loan Data; D & B data.

<b>Table 4d - Geographic Distribution of Loans to Businesses/Farms LA Non MSA AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans						
Small Business	0.00	0.00	16.13	7.91	59.26	55.16	24.61	36.93

Source: 2004 & 2005 CRA Loan Data; D & B data.

## APPENDIX A STATE OF FLORIDA

### HMDA Loans

<b>Table 5a - Borrower Distribution of Residential Real Estate Loans FL Non MSA AA</b>								
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
Home Purchase	9.11	5.00	15.08	0.00	14.59	0.00	61.21	95.00
Home Improvement	9.11	0.00	15.08	0.00	14.59	0.00	61.21	0.00
Home Refinance	9.11	0.00	15.08	0.00	14.59	0.00	61.21	0.00
<b>Total HMDA</b>	<b>9.11</b>	<b>5.00</b>	<b>15.08</b>	<b>0.00</b>	<b>14.59</b>	<b>0.00</b>	<b>61.21</b>	<b>95.00</b>

*Source: 2004 & 2005 HMDA Loan Data; U.S. Census data.*

### Loans to Small Businesses

<b>Table 5b - Borrower Distribution of Loans to Businesses FL Non MSA AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	66.64	3.77	29.59	100%
% of Bank Loans in AA by #	80.00	6.67	13.33	100%
% of Bank Loans in AA by \$	89.71	8.20	2.09	100%

*Source: 2004 & 2005 CRA Loan Data; Dun and Bradstreet data.*

<b>Table 5c - Borrower Distribution of Loans to Businesses FL Non MSA AA</b>				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$1 - \$100,000	7	46.67	295	9.06
\$100,001 - \$250,000	2	13.33	295	9.06
\$250,001 - \$1,000,000	6	40.00	2,666	81.88

*Source: 2004 & 2005 CRA Loan Data.*