

PUBLIC DISCLOSURE

May 9, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Peoples Bank of Louisiana
Certificate Number: 25720**

**201 West Oak Street
Amite, Louisiana 70422**

**Federal Deposit Insurance Corporation
Division of Supervision and Consumer Protection
Dallas Region – Memphis Area Office
5100 Poplar Avenue, Suite 1900
Memphis, Tennessee 38137**

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.

TABLE OF CONTENTS

I. General Information.....1

II. Institution Rating1

III. Description of Institution.....2

IV. Description of Assessment Area3

V. Conclusions5

VI. Glossary17

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Peoples Bank of Louisiana, Amite, Louisiana** prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **May 9, 2005**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

INSTITUTION RATING

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

The bank's CRA performance depicts an outstanding record of providing for the credit needs of its assessment area. The following is a summary of conclusions, derived from the evaluation of each factor, to support this rating:

- Lending performance in meeting the credit needs of residential mortgage borrowers and small businesses is excellent. The bank depicted excellent performance in extending credit to borrowers of different incomes and businesses of different sizes, particularly low- and moderate- income individuals and very small businesses.
- The institution demonstrated an excellent level of lending within geographies of all income levels located within its Non-Metropolitan Statistical Area (MSA) assessment area and a reasonable level of lending within geographies of all income levels located in its MSA assessment area.
- Peoples Bank of Louisiana displayed an excellent record of originating loans inside its assessment area. A substantial majority of the reviewed loans were originated within the bank's assessment area.
- The bank's average loan-to-deposit ratio of 88 percent reflects strong responsiveness to community credit needs based on loan demand and the economic and demographic data for the community.

Separate conclusions were derived for each of the bank's assessment areas; however, the majority of weight in assigning the overall rating was given to the Non-MSA assessment area, since that is where a significant majority of lending was originated for the time period reviewed.

The FDIC rated the institution "Outstanding" at its previous June 2, 1999, evaluation.

DESCRIPTION OF INSTITUTION

Peoples Bank of Louisiana is a full service community bank with \$63,127,000 in total loans and \$84,523,427 in total assets, as of May 9, 2005. This evaluation will be using the criteria for a “small bank” and will consider such performance factors as: loan/deposit ratio, assessment area concentration, lending to businesses of various sizes and consumers of different income levels, geographic distribution of loans, and response to complaints. The bank’s assessment area includes two distinct areas, portions of the Baton Rouge Metropolitan Statistical Areas (MSA) and a Non-MSA assessment area comprised of St. Helena Parish and Tangipahoa Parishes in central Louisiana.

The bank has five office locations all of which are full service branches. The main office and two branches are located in Tangipahoa Parish. Additionally, a full service branch is in St. Helena Parish. Both Tangipahoa and St. Helena Parish are not included in a Metropolitan Statistical Area (MSA). A new branch was opened in September of 2002 in Prairieville, Louisiana. Prairieville is located in Ascension Parish which is in the Baton Rouge MSA.

Table 1 – Office Locations				
Office	MSA	Parish	Census	Income level
Main Office: 201 West Oak Street	Non-MSA	Tangipahoa	0302.04	Upper
1320 South Morrison Boulevard	Non-MSA	Tangipahoa	9543	Middle
614 Third Street	Non-MSA	Tangipahoa	9533	Moderate
16270 Airline Hwy, Suite A	MSA	Ascension	0302.04	Upper
One West Courthouse Square	Non-MSA	St. Helena	9511	Upper

Source: 2000 U. S. Census

The bank’s primary lending focus is business loans representing 39 percent of the loan portfolio, which is comprised of the following two categories: commercial real estate loans and commercial and industrial, and residential mortgage loans which comprise 24 percent of the portfolio. The composition of the bank’s loan portfolio and its asset mix are summarized in Table 2 and Table 3 below:

Table 2 – Loan Distribution		
Loan Type	Dollar Amount (000s)	Percent of Total Loans
Construction and Land Development	12,659	20
Farmland	1,461	2
1-4 Family Residential	13,798	22
Multi-Family Residential	1,278	2
Commercial	17,702	28
Total Real Estate Loans	46,898	74
Farm	721	1
Commercial and Industrial	6,939	11
Consumer-Credit Cards	0	0
Consumer-Other Revolving	0	0
Other Consumer Loans-	8,440	14
Obligations of SCMs	0	0
Other	129	0
Less: Unearned Income	0	0
Total Loans	63,127	100

Source: December 31, 2004 Report of Condition

This evaluation will focus on Home Mortgage Disclosure Act (HMDA) reportable loans and commercial loans. Agricultural loans are not being reviewed as Peoples Bank of Louisiana did not originate a significant number of farm loans since the previous evaluation, and these loans only comprise 3 percent of the loan portfolio.

Table 3 – Asset Mix by Dollar Volume		
	Amount (000s)	Percent of Total Assets
Total Investments	8,961	12
Net Loans	62,268	80
Cash & Fed Funds Sold	2,629	3
Premises	2,783	4
Other Assets	887	1
Totals	77,528	100

Source: December 31, 2004 Report of Condition

FIRSTTRUST Corporation., a two-bank holding company, owns the bank. No legal or financial impediments exist which could impair the bank from meeting the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREAS

Scope of Evaluation

The bank is a Home Mortgage Disclosure Act (HMDA) reporter. The bank became subject to the reporting requirements of HMDA after it opened its branch in Prairieville, LA. The bank's HMDA data for 2003 and 2004 was reviewed to determine the bank's record for each of the performance factors. The year-to-date 2005 HMDA data was also reviewed and is similar to prior year's activity. Presentation of the year-to-date 2005 data will not be included in this evaluation as it represents only a partial year of lending and would not materially affect these conclusions. For the commercial loan review, examiners reviewed the business loans originated from August 1, 2004 through February 28, 2005.

The bank has received no CRA related complaints since the previous examination; therefore, this factor did not affect the overall rating.

Demographic and Economic Data

Peoples Bank of Louisiana serves two distinct areas surrounding their branches. Each assessment area will be described below. Collectively the bank's assessment area consists of 32 census tracts which are comprised of 3 moderate-income, 20 middle-income, and 9 upper-income geographies. There are no low-income geographies in the bank's assessment area. The assessment areas will be described using the 2003 MSA definitions and the 2000 U. S. Census information.

Employment in Louisiana has been steady in recent months recording positive year-over-year job growth. The education/health industry has been adding jobs while manufacturing has shown promise of improvement. One source of strength is the state's education and health services which have maintained a brisk expansion in employment. Although natural gas prices continue to rise nationally,

Louisiana’s natural resources and mining employment will continue to struggle since Texas has become this industry’s prime location. Louisiana will continue to grow modestly. In the short term, education and health will compensate for jobs lost in construction and manufacturing. Over the extended forecast, Louisiana will perform poorly, with job creation being weaker than the southern states and the nation. The tourism industry and port related activity will remain the primary growth drivers. Weak population growth, due to considerable out-migration, will also remain a key growth impediment.

Non-MSA Assessment Area

The Non-MSA assessment area consists of St. Helena Parish and Tangipahoa Parish in its entirety. There are 20 geographies in this assessment area. The area contains no low-income geographies, 3 moderate-income geographies, 12 middle-income geographies, and 5 upper-income geographies. Some relevant population and housing related demographic data for the Non-MSA assessment area, as derived from the 2000 census information and 2003 Dun & Bradstreet information is provided in Table 4.

Table 4 – Non-MSA - Census Tract Demographics By Income Level*				
Tract Income Level (# of Tracts)	Population in Assessment Area (AA) # / %*	Families in AA # / %*	Households in AA # / %*	Business Establishments in AA # / %**
Moderate (3)	13,469 / 12	3,273 / 12	4,857 / 12	955 / 15
Middle (12)	65,961 / 59	17,299 / 60	24,101 / 60	3,523 / 54
Upper (5)	31,683 / 29	8,095 / 28	11,423 / 28	2,056 / 31
Totals (20)	111,113 / 100	28,667 / 100	40,381 / 100	6,534 / 100

*Source: 2000 U.S. Census** Dun & Bradstreet 2003 Geodemographic Data. Percentages are based upon data from responding businesses.

The bank’s main office in Amite, LA and three full service branches are located in this assessment area. A community contact was conducted in the Non-MSA assessment area in order to determine the current economic conditions and credit needs in the area. The contact expressed the need for additional retailers and strip malls which would cater to small town shopping needs. Furthermore, larger department stores would encourage people to shop locally and boost the local economy.

The fourth quarter unemployment rate for St. Helena and Tangipahoa Parishes was 5.3 percent and 6.7 percent, respectively, as compared to the state unemployment rate of 5.4 percent and the national unemployment rate of 5.1 percent. According to the 2003 HMDA Aggregate Data, the Non-MSA assessment area had 238 financial institutions reporting mortgage activity. These lenders include banks, mortgage companies, and credit unions.

Baton Rouge MSA Assessment Area

The Baton Rouge MSA assessment area includes all census tracts east of the Mississippi river in Ascension Parish. There are a total of 12 tracts in this assessment area. This assessment area contains no low- or moderate- income tracts. Some relevant population and housing related demographic data for the bank's MSA assessment area, as derived from the 2000 census information and 2003 Dun & Bradstreet information is provided in Table 4a.

Table 4a – Baton Rouge MSA - Census Tract Demographics By Income Level*				
Tract Income Level (# of Tracts)	Population in Assessment Area (AA) # / %*	Families in AA # / %*	Households in AA # / %*	Business Establishments in AA # / %**
Middle (8)	42,260 / 64	11,595 / 63	14,896 / 65	5,030 / 3
Upper (4)	23,558 / 36	6,673 / 37	8,193 / 35	180,078 / 97
Totals (12)	65,818 / 100	18,268 / 100	23,089 / 100	185,108 / 100

*Source: 2000 U.S. Census ** Dun & Bradstreet 2003 Geodemographic Data. Percentages are based upon data from responding businesses.

The bank maintains one full service office in this assessment area. The economy of the Baton Rouge MSA has been in a holding pattern after considerable job losses during the first half of 2004. Industries responsible for underpinning growth during the recovery, education/healthcare and leisure/hospitality, have been weak performers for almost a year. On a positive note, employment conditions in the government and construction sector have improved and are mitigating losses caused elsewhere. The largest employers in the Baton Rouge MSA are Exxon Mobil Corporation, Anco/Basic Industries, Bank One Corporation, and BASF Wyandotte Corporation. The employment rate has slightly increased from 2003 to 2004 and is currently staying just under six percent. According to the 2003 HMDA Aggregate Data, the MSA assessment area had 301 financial institutions reporting mortgage activity. The assessment area is home to many large regional banks and has several offices of larger regional and national banks.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Peoples Bank of Louisiana is a Home Mortgage Disclosure Act (HMDA) reporter. The evaluation of the bank's lending performance is based upon the review of the bank's HMDA data for 2003 and 2004. The year-to-date 2005 HMDA data was also reviewed and is similar to prior year's activity. One to four residential real estate loans represent 22 percent of the bank's loan portfolio. Examiners also reviewed a sample of the commercial loans originated from August 1, 2004, through February 28, 2005. For the period, the bank originated approximately 379 commercial loans totaling \$7,184,855. A sample of 42 commercial loans totaling \$1,053,425 was reviewed from the commercial loan portfolio. The loans reviewed for this evaluation also included 180 HMDA loans totaling \$7,786,000 originated in 2003 and 167 loans totaling \$6,340,000 originated in 2004. More weight was placed on the 2003 Non MSA assessment area because it demonstrated the majority of the bank's lending activity. Comparatively, less weight was focused on lending patterns in the MSA assessment area as the bank's presence in this area is relatively new.

Borrowing needs of small businesses are typically for lower dollar amounts than larger operations. It is characteristic for the relative number of loans made to small businesses to be greater than the relative dollar volume of those loans. For this reason, the number of loans made, versus the dollar amount of those loans, provides the better measurement of the bank's performance in meeting the credit needs of small businesses within the assessment area.

CONCLUSION FOR THE NON-MSA ASSESSMENT AREA

Overall, the bank is meeting the needs of the Non-MSA assessment area and performance is considered excellent. This conclusion is supported by the review of HMDA and business loans. Eighty two percent of the HMDA loans originated by Peoples Bank of Louisiana in 2003 were originated in the Non-MSA assessment area. Seventy four percent of the HMDA loans originated in 2004 were also in this area. Review of the business loans revealed that 62 percent of the business loans were originated in this assessment area.

Lending to Borrowers of Different Income Levels and Businesses of Different Sizes

The income levels, percent of median family income (MFI) used to determine income ranges based on the 2003 and 2004 MFI are described in the following table. The 2003 Department of Housing and Urban Development (HUD) estimated MFI of \$39,400 and the 2004 estimated MFI of \$40,010 for the Non-MSA assessment area are used in analyzing lending to borrowers of different income levels. The analysis is based on current income of borrowers.

Non-MSA - Income Levels of Borrowers			
INCOME LEVEL	PERCENTAGE OF MFI	2003	2004
Low	Less than 50%	Less than \$19,700	Less than \$20,005
Moderate	50% to 80%	\$19,700 to \$31,520	\$20,005 to \$32,008
Middle	80% to 120%	\$31,520 to \$47,280	\$32,008 to \$48,012
Upper	120% and over	\$47,280 and over	\$48,012 and over

A review of one to four family residential real estate loans and business loans was conducted to determine the bank's lending to borrowers of different incomes and to businesses of different sizes. As depicted in the following tables, the bank's distribution of borrowers, given the demographics of the assessment area, reflects an excellent penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes, specifically very small businesses.

The tables below reflect only those loans which were originated within the bank's Non MSA assessment area: 148 loans totaling \$6,342,000 in 2003 and 151 loans totaling \$5,355,000 in 2004. A review of the demographics of the assessment area reveals 23 percent of families are classified as low-income and 14 percent represent moderate-income families. Further analysis reveals that 24 percent (all of the low-income families) live below the poverty level. Families living below the poverty level would generally not qualify for conventional real estate loan products. A review of the bank's lending

trends, coupled with the demographics of the assessment area, revealed the penetration among low- and moderate-income borrowers reflects an excellent dispersion in both 2003 and 2004.

The following table reflects the lending distribution of the real estate loans reviewed. In addition the table includes the percentage of families within each income level according to the 2000 census data. Also, 2003 aggregate data from all reporting financial institutions is used to gauge and help assess this bank's performance to other lenders in the assessment area. The aggregate data for 2004 is not yet available and, accordingly, is not presented. The analysis only includes the loans which were originated within the Non-MSA assessment area.

Non-MSA - Distribution of Real Estate Loans by Borrower Income						
Income Level	Percent of Families	2003			2004	
		Aggregate (% by #)	Number	Percent	Number	Percent
Low	23	5	23	16	26	17
Moderate	14	12	33	22	28	19
Middle	18	23	34	23	49	32
Upper	45	55	54	36	42	28
Unknown	0	5	4	3	6	4
Total	100	100	148	100	151	100

Non-MSA - Distribution of Real Estate Loans by Borrower Income						
Income Level	Percent of Families	2003 (000's)			2004 (000's)	
		Aggregate (% by \$)	Amount	Percent	Amount	Percent
Low	23	2	624	10	432	8
Moderate	14	9	657	10	627	12
Middle	18	19	959	15	1,319	25
Upper	45	64	4,056	64	1,710	32
Unknown	0	6	46	1	1,267	23
Total	100	100	6,342	100	5,355	100

The 2003 data revealed 23 loans representing 16 percent were originated to low-income borrowers and 33 loans representing 22 percent were originated to moderate-income borrowers. Both of these lending levels significantly exceed the aggregate data reported by other lenders which was 5 percent and 12 percent, respectively. In 2003 the percent of loans originated to low-income borrowers is more than three times greater than the lending record of the other HMDA reporters and the percentage of loans originated to moderate-income borrowers is almost double that reported by the aggregate. This

performance represents an excellent penetration, considering that 24 percent of the se families have income levels below the poverty level.

The 2004 originations mirror the 2003 data with a slight increase in lending to low-income borrowers and a slight decrease in lending to moderate-income borrowers. Loans originated to low-income borrowers represent 17 percent and moderate-income borrowers represent 19 percent of the bank’s lending pattern. Again, this penetration is considered excellent.

The following tables contain the review of business loans that was conducted to determine the bank’s lending to businesses of different sizes and gross annual revenues within the assessment area. Business loans consist of loans secured by non-farm or non-residential real estate or are classified as commercial and industrial loans by the bank. The analysis included a sample of the business loans originated from August 2004 thru February 2005. The following table reflects the lending distribution of the business loans reviewed.

Non-MSA - Distribution of Business Loans by Gross Annual Revenue of the Business						
Gross Annual Revenue Category	Assessment Area Businesses		Business loans			
	Number	Percent	Number	Percent	Dollar Volume (000)	Percent
\$1,000,000 or Under	3,878	94	25	96	411	93
Over \$1,000,000	252	6	1	4	33	7
Total	4,130	100	26	100	444	100

Source: Bank Management; Dun & Bradstreet. Available demographic data did not break down the distribution of non-farm business gross annual revenues beyond \$1,000,000. The table does not include 2,230 non-farm business for which income was not reported.

The analysis revealed 96 percent of the number of loans was originated to businesses with gross annual revenues equal to or below one million dollars. The penetration of the number of loans originated to businesses with annual gross revenue equal to or below one million dollars is attributed to the demographics of the assessment area. The bank’s performance is slightly higher than the demographics of the business establishments in the assessment area. The distribution of loans by the business's revenue indicates a willingness to lend to small businesses within the assessment area.

The distribution of business loans by loan amounts that were originated within the bank’s assessment area was also considered. Small business loans are defined as loans, regardless of the business’s gross annual revenues, that are originated in an amount of one million dollars or less. The review revealed 100 percent of the business loans were originated in an amount below \$100,000. The distribution of loans by the loan amounts indicates a willingness to lend to small businesses within the assessment area for all loan requests regardless of size. Based on the bank’s lending record exceeding the demographics of the community and 100 percent of the loans originated were in amounts less than \$100,000, this lending pattern is also considered to be excellent.

Non-MSA - Business Loans By Amounts	Number of Loans*	% by Number of Loans	Dollar Volume of Loans* (000's)	% by Dollar Volume of Loans
Less than \$100,000	26	100	444	100
\$100,000 thru \$250,000	0	0	0	0
\$250,000 thru \$1,000,000	0	0	0	0
Over \$1,000,000	0	0	0	0
Total	26	100	444	100

*Source: 2003 Dun & Bradstreet Business Geodemographic Data. Available demographic data did not break down the distribution of non-farm business gross annual revenues beyond \$1,000,000. The table does not include 2,230 non-farm business for which income was not reported.

Geographic Distribution of Loans

The review revealed an excellent dispersion of loans among the various geographies in the assessment area. The assessment area has no low-income geographies, 3 moderate-, 12 middle-, and 5 upper-income geographies.

The following tables reflect the distribution by number and dollar amount of the location of the HMDA reportable loans originated in the bank's assessment area by census tract income level. The review revealed 13 loans (9 percent) were originated to borrowers in moderate-income geographies in 2003 and 46 loans (30 percent) in 2004. The bank's percentage of lending to borrowers in moderate-income geographies exceeds the aggregate in 2003. Additionally, the lending to borrowers in moderate-income geographies significantly increased in 2004 and is considered excellent.

Non-MSA - Distribution of Residential Loans by Income Category of the Census Tract						
Income Level of census tract	Percent of Owner Occupied Housing	2003			2004	
		Aggregate (% by #)	Number	Percent	Number	Percent
Moderate	11	7	13	9	46	30
Middle	61	56	113	76	81	54
Upper	28	37	22	15	24	16
Total	100	100	148	100	151	100

Non-MSA - Distribution of Residential Loans by Income Category of the Census Tract						
Income Level of Census Tract	Percent of Owner Occupied Housing	2003 (000's)			2004 (000's)	
		Aggregate (% by \$)	Amount	Percent	Amount	Percent
Moderate	11	5	240	4	1,181	22
Middle	61	52	4,425	70	3,673	69
Upper	28	43	1,677	26	501	9
Total	100	100	6,342	100	5,355	100

The dispersion of business loans within the assessment area represents an excellent performance. The following table reflects the geographic distribution of the business loans reviewed and demonstrates the bank's ability to service geographies of all income levels located within the assessment area. As noted in the table, the bank originated 19 percent, by number, in moderate-income geographies. This performance exceeds the demographics provided by Dun and Bradstreet data which shows 15 percent of the assessment area businesses are located in moderate-income geographies. This lending pattern increased in 2004 and is also considered excellent.

Non-MSA - Distribution of Business Loans by Income Category of the Census Tract						
Census Tract Income Category	Assessment Area Businesses		Business Loans			
	Number	Percent	Number	Percent	Dollar	Percent
					Volume (000's)	
Moderate	955	15	5	19	101	23
Middle	3,523	54	17	66	317	71
Upper	2,056	31	4	15	26	6
Total	6,534	100	26	100	444	100

CONCLUSION FOR THE BATON ROUGE MSA ASSESSMENT AREA

The bank has had a presence in this assessment area for a limited time. The bank's branch in this assessment area was opened in the fall of 2002. Accordingly less weight is given to the bank's performance in this assessment area. Overall, the bank is meeting the credit needs of borrowers

located within the Baton Rouge MSA and performance is considered reasonable. This conclusion is supported by the review of HMDA and business loans. In 2003 there were 301 HMDA reporters in this assessment area. Ten percent of the bank's HMDA loans originated in 2004 were originated in the Baton Rouge MSA assessment area. Eight percent of the bank's HMDA loans originated in 2003 were in the Baton Rouge MSA. Review of the business loans revealed seven percent of the business loans sampled were originated in this assessment area.

Lending to Borrowers of Different Income Levels and Businesses of Different Sizes

The income levels, percent of median family income (MFI) used to determine income ranges based on the 2003 and 2004 MFI, are described in the following table. The 2003 Department of Housing and Urban Development (HUD) estimated the MFI at \$54,900. In 2004 the estimated MFI decreased to \$53,600 for the Baton Rouge MSA assessment area. These estimates are used in analyzing lending to borrowers of different income levels. The analysis is based on current income of borrowers.

Table 5 – Baton Rouge MSA - Income Levels of Borrowers*			
<i>INCOME LEVEL</i>	PERCENTAGE OF MFI	2003	2004
Low	Less than 50%	Less than \$27,450	Less than \$26,800
Moderate	50% to 80%	\$27,450 to \$43,920	\$26,800 to \$42,880
Middle	80% to 120%	\$43,920 to \$65,880	\$42,880 to \$64,320
Upper	120% and over	\$65,880 and over	\$64,320 and over

A review of one to four family residential real estate loans and business loans was conducted to determine the bank's lending to borrowers of different incomes and to businesses of different sizes. As depicted in the following tables, the bank's distribution of borrowers, given the demographics of the assessment area, reflects a reasonable penetration among individuals of different income levels and businesses of different sizes.

The tables below reflect only those loans which were originated within the bank's defined MSA assessment area: 12 loans totaling \$623,000 in 2003, and 12 loans totaling \$638,000 in 2004. A review of the demographics of the assessment area reveals that 19 percent of the families are classified as low-income. Further analysis reveals that 10 percent of the low-income families live below the poverty level. A review of the bank's lending trends, coupled with the demographics of the assessment area, revealed the penetration among low- and moderate-income borrowers reflects a reasonable dispersion in both 2003 and 2004.

The following table reflects the lending distribution of the real estate loans reviewed. In addition the table includes the percentage of families within each income level according to the 2000 census data. Also, 2003 aggregate data from all reporting financial institutions is used to assess the bank's performance relative to other lenders in the assessment area. The aggregate data for 2004 is not yet available and, accordingly, is not presented. The analysis only includes the loans which were originated within the assessment area.

Baton Rouge MSA- Distribution of Real Estate Loans by Borrower Income						
Income Level	Percent of Families	2003			2004	
		Aggregate (% by #)	Number	Percent	Number	Percent
Low	19	6	2	17	1	8
Moderate	15	18	0	0	3	26
Middle	20	26	6	50	1	8
Upper	46	45	4	33	6	50
Unknown	0	5	0	0	1	8
Total	100	100	12	100	12	100

Baton Rouge MSA - Distribution of Real Estate Loans by Borrower Income						
Income Level	Percent of Families	2003 (000's)			2004 (000's)	
		Aggregate (% by \$)	Amount	Percent	Amount	Percent
Low	19	3	60	10	48	8
Moderate	15	13	0	0	152	24
Middle	20	24	354	57	43	7
Upper	46	54	209	33	333	52
Unknown	0	6	0	0	62	9
Total	100	100	623	100	638	100

In 2003, loans originated to low-income borrowers represents 17 percent. There were no loans to moderate-income borrowers in 2003. In comparison, 17 percent of low-income borrowers is in alignment with the demographics of the assessment area where 19 percent of the families are low-income. This penetration of 17 percent is also significantly higher than the reported aggregate penetration of 6 percent. The bank reports no record of lending to moderate-income borrowers compared to the aggregate of 18 percent.

Lending data for 2004 was also reviewed revealing a decrease in lending to low-income borrowers to eight percent. The percentage of lending to moderate-income borrowers substantially increased to 26 percent. The distribution of borrowers reflects a reasonable penetration among individuals of different income levels.

The following pages contain the review of business loans that was conducted to determine the bank's lending to businesses of different sizes and gross annual revenues within the assessment area. Business loans are typically secured by non-farm or non-residential real estate or are classified as commercial and industrial loans by the bank. The analysis included a sample of the business loans

recorded by the bank from August 2004 through February 2005. The distribution is considered reasonable among businesses of different sizes given the demographics of the community. The following table reflects the lending distribution of the business loans reviewed.

Baton Rouge MSA - Distribution of Business Loans by Gross Annual Revenue of the Business						
Gross Annual Revenue Category	Assessment Area Businesses		Business loans			
	Number	Percent	Number	Percent	Dollar Volume (000)	Percent
\$1,000,000 or Under	2,175	91	3	100	185	100
Over \$1,000,000	210	9	0	0	0	0
Total	2,385	100	3	100	185	100

Source: Bank Management; Dun & Bradstreet. Available demographic data did not break down the distribution of non-farm business gross annual revenues beyond \$1,000,000. The table does not include 1,348 non-farm business for which income was not reported.

The analysis revealed 100 percent of the number of loans were originated to businesses with gross annual revenues equal to or below one million dollars. The penetration of the number of loans originated to businesses with annual gross revenue equal to or below one million dollars is attributed to the demographics of the assessment area. The bank’s performance is slightly higher than the demographics of the business establishments in the assessment area. The distribution of loans by the business revenue indicates a willingness to lend to small businesses within the assessment area. The bank’s distribution of loans to businesses of different sizes reflects a reasonable penetration considering that 91 percent of the business in the assessment area has gross annual revenues below one million dollars.

The distribution of business loans by loan amounts that were originated within the bank’s assessment area was also considered. Small business loans are defined as loans, regardless of the business’s gross revenues, that originate in an amount of one million dollars or less. The review revealed that 67 percent of the business loans were originated in an amount below \$100,000.

The distribution of loans by the loan amounts indicates a willingness to lend to small businesses within the assessment area for all loan requests regardless of size.

Baton Rouge MSA - Business Loans By Amounts with Revenues Under \$1,000,000	Number of Loans*	% by Number of Loans	Dollar Volume of Loans* (000's)	% by Dollar Volume of Loans
Less than \$100,000	2	67	80	43
\$100,000 to \$250,000	1	33	105	57
\$250,000 thru \$1,000,000	0	0	0	0
Over \$1,000,000	0	0	0	0
Total	3	100	185	100

*Source: 2003 Dun & Bradstreet Business Geodemographic Data.

Geographic Distribution of Loans

The review revealed the geographic distribution of loans reflects a reasonable dispersion through out the assessment area. The assessment area has no low- or moderate-income geographies, eight middle-income and four upper-income geographies. Since there are no low- or moderate-income geographies, this performance criterion is given very little weight. The following tables reflect the distribution by number and dollar amount of the location of the HMDA reportable loans originated in the bank's assessment area by census tract income level. The bank's performance in the middle-income geographies in 2003 represents 92 percent which is significantly higher than the activity reported by the other lenders (50 percent) and significantly above the percentage of owner occupied housing units (62 percent) in the middle-income geographies. Ninety-two percent of the bank's lending in the middle-income geographies is attributed to only 11 loans, out of a total of 12 loans. This reflects a reasonable dispersion throughout the assessment area considering there were no low- or moderate-income geographies. The bank's lending record for 2005 mirrors the percent of owner-occupied housing for the assessment area and is considered reasonable.

Baton Rouge MSA – Distribution of Residential Loans by Income Category of the Census Tract						
Income Level of census tract	Percent of Owner Occupied Housing	2003			2004	
		Aggregate (% by #)	Number	Percent	Number	Percent
Middle	62	50	11	92	6	50
Upper	38	50	1	8	6	50
Total	100	100	12	100	12	100

Baton Rouge MSA - Distribution of Residential Loans by Income Category of the Census Tract						
Income Level of census tract	Percent of Owner Occupied Housing	2003 (000's)			2004 (000's)	
		Aggregate (% by \$)	Amount	Percent	Amount	Percent
Middle	62	45	579	93	292	46
Upper	38	55	44	7	346	54
Total	100	100	623	100	638	100

The dispersion of business loans within the assessment area also represents a reasonable penetration. The following table reflects the geographic distribution of the business loans reviewed and demonstrates the bank's ability to service geographies of all income levels located within the assessment area. There were no low- or moderate-income geographies. As noted in following table the bank originated 33 percent, by number (one loan), in middle-income geographies. The lending pattern in the middle-income geographies is slightly below the Dun and Bradstreet data which shows 67 percent of the assessment area businesses were located in middle-income geographies.

Baton Rouge MSA - Distribution of Business Loans by Income Category of the Census Tract						
Census Tract Income Category	Assessment Area Businesses		Business Loans			
	Number	Percent	Number	Percent	Dollar Volume (000's)	Percent
Middle	2,567	67	1	33	5	3
Upper	1,266	33	2	67	180	97
Total	3,833	100	3	100	185	100

**Source: 2003 Dun & Bradstreet Business Geodemographic Data. Available demographic data did not break down the distribution of non-farm business gross annual revenues beyond \$1,000,000. The table does not include 1,348 non-farm business for which income was not reported.*

Lending Inside the Assessment Areas

The bank makes a substantial majority of its loans within its assessment area. Specifically 82 percent of the number and 81 percent of the dollar volume of reviewed loans were made within the assessment area.

In 2003, the bank originated 180 residential loans totaling \$7,786,000 of which 160 loans totaling \$6,965,000 were located within the bank's assessment area. This represents 89 percent by number and

89 percent by dollar volume of loans. In 2004, the bank originated 205 residential loans totaling \$8,005,000 of which 167 loans totaling \$6,340,000 were located in the assessment area. This represents 81 percent by number and 79 percent by dollar volume in 2004.

The business loan review revealed 29 loans totaling \$629,000 or 69 percent by number and 60 percent by amount of the sampled loans were in the assessment area.

The overall assessment area penetration indicates the bank is concentrating lending efforts within its community.

Loan-to-Deposit Ratio

The bank has displayed a more than reasonable responsiveness to community credit needs. One indicator of a bank’s lending activity is measured in terms of its net loan-to-deposit ratio (LDR): the dollar volume of net loans compared to the dollar volume of deposits. For the 23 quarters since the last evaluation, the average LDR is 88 percent. The bank’s high ratio of 94 percent occurred in June 2003. The low of 82 percent occurred on June 30, 2002 and September 30, 2002. The following table provides a comparative analysis of the bank and the two institutions operating within its assessment area that management considers its main competitors. Banks are listed alphabetically by bank name with no inference of ranking or preference.

Loan-to-Deposit Ratio Comparative Analysis				
Bank	Location	Net LDR		Total Assets (000s) as of 12/04
		12/31/04 (Percent)	Avg. (Percent)*	
First Community Bank	Hammond	106	77	\$53,000
Peoples Bank of Louisiana	Amite	89	88	\$78,000
United Community Bank	Gonzales	94	95	\$74,000

*** Average Loan to Deposit Ratio over 23 quarters (6/30/99- 12/31/04)**

Response to CRA Complaints

The bank has not received any CRA-related complaints since the last evaluation.

Compliance with Anti-discrimination Laws and Regulations

No violations of the substantive provisions of the anti-discriminatory laws and regulations were identified during this examination.

GLOSSARY

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male household and no wife present) or 'female householder' (a family with a female householder and no husband present).

Geography: A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.