



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

September 17, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank
Charter Number: 14328**

**1890 North Railroad Avenue
P.O. Box 149
Arcadia, LA 71001**

**Office of the Comptroller of the Currency
Longview Field Office
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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.

First National Bank has a satisfactory record of meeting community credit needs. This rating is based on the following:

- The bank's loan-to-deposit ratio is reasonable based on the bank's performance context and lending opportunities within its assessment area.
- A substantial majority of the bank's loans are extended within the bank's assessment area.
- The distribution of loans demonstrates a reasonable penetration among borrowers of different income levels and businesses of different sizes.
- The distribution of loans reflects a reasonable dispersion throughout the bank's assessment areas.

SCOPE OF EXAMINATION

This Performance Evaluation (PE) is an assessment of First National Bank's ability to meet the credit needs of the communities in which it operates. The bank was evaluated under the Small Bank performance criteria. Conclusions regarding the bank's lending performance are based on commercial real estate, residential real estate, and agriculture loans originated from July 21, 2003 to September 17, 2007.

DESCRIPTION OF INSTITUTION

First National Bank (FNB) is a \$138 million bank which serves Bienville, Lincoln, Union, Ouachita, and the southern portion of Claiborne parish through six branches and twelve ATM locations. FNB is wholly owned by First North LA Bancshares. The bank offers a full range of loan and deposit products. The following chart reflects the distribution of the bank's loan portfolio as of June 30, 2007.

Loan Category	\$ (000)	%
Commercial Real Estate Loans	33,879	30.25%
Residential Real Estate Loans	31,881	28.47%
Agriculture Loans	20,105	17.95%
Construction and Land Development Loans	11,382	10.16%
Commercial Loans	7,404	6.61%
Consumer Loans	6,239	5.57%
Other Loans	1,103	0.99%
Total	\$111,993	100.00%

There are no legal impediments or other factors that inhibit the bank's ability to meet the credit needs of the community. The bank was rated satisfactory during the prior CRA Performance Evaluation dated July 21, 2003.

DESCRIPTION OF ASSESSMENT AREAS

The Board designated the following parishes: Bienville, Lincoln, Union, Ouachita, and the southern portion of Claiborne as its assessment area. All of these parishes are contiguous; however; since Union Parish is part of the Monroe, Louisiana Metropolitan Statistical Area (MSA) it was reviewed separately. The non-MSA portion of the assessment area including: Bienville, Lincoln, Union, and Claiborne Parishes were reviewed together. Ouachita Parish was added to the assessment area in conjunction with the opening of the West Monroe branch in March 2007 and as a result was not included in our analysis. The bank's assessment area meets the requirements of the Community Reinvestment Act and no low or moderate income geographies are arbitrarily excluded.

Lincoln, Bienville, and Claiborne Parishes

These parishes contain 2 moderate-income, 11 middle-income, and 4 upper-income tracts. This area has a total population of 65,189. Competition is strong with numerous banks and credit unions located throughout the assessment area. The local economy is stable, however the unemployment rate is somewhat high at 5.45%. Major employers include: Louisiana Tech University, Grambling State University, Randall Farms LLC, Williamette Industries, and Angelo Iafate Construction. Contact with a local government office revealed the need for affordable housing for low and moderate-income families. The interviewee believes banking and credit needs are being met. The following table provides a description of the assessment area based on census data and 2006 Department of Housing and Urban Development (HUD) information.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
<i>Population</i>	
Number of Families	15,822
Number of Households	24,012
<i>Geographies</i>	
Number of Census Tracts	17
% Low-Income Census Tracts	0%
% Moderate-Income Census Tracts	11.76%
% Middle-Income Census Tracts	64.71%
% Upper-Income Census Tracts	23.53%
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	\$32,785
2006 HUD-Adjusted MFI	\$40,000
<i>Economic Indicators</i>	
Unemployment Rate	5.45%
2000 Median Housing Value	\$60,904
% of Households Below Poverty Level	27.56%

Union Parish

The MSA portion of the bank's assessment area includes Union Parish, which has a population of 22,803 and includes six census tracts, one of which is a moderate-income tract. Competition is moderate in Union Parish. The local economy is stable with an unemployment rate of 3.07%. Major employers are Conagra Poultry and Louisiana Pacific Corporation. A local government office revealed they have received good support from area bankers.

The following table provides a description of the assessment area based on census data and 2006 Department of Housing and Urban Development (HUD) information.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
<i>Population</i>	
Number of Families	6,430
Number of Households	8,864
<i>Geographies</i>	
Number of Census Tracts	6
% Low-Income Census Tracts	0%
% Moderate-Income Census Tracts	16.67%
% Middle-Income Census Tracts	66.67%
% Upper-Income Census Tracts	16.67%
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	\$39,466
2006 HUD-Adjusted MFI	\$48,100
<i>Economic Indicators</i>	
Unemployment Rate	3.07%
2000 Median Housing Value	\$52,372
% of Households Below Poverty Level	18.72%

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Management has demonstrated satisfactory performance in meeting the credit needs of the community. The following sections provide details of our assessment of each performance criteria.

Loan-to-Deposit Ratio

The loan-to-deposit ratio of First National Bank is reasonable given the bank's size, financial condition, and assessment area credit needs. The bank's loan-to-deposit ratio is comparable to other banks headquartered in the assessment area. First National Bank's loan-to-deposit ratio since the prior CRA Performance Evaluation averaged 88.78%. The average loan-to-deposit ratio of banks within the assessment area, regardless of size since the prior CRA Performance Evaluation was 74.55%.

Institution	Assets (000s) (as of 6/30/07)	Average LTD Ratio
Bank of Ringgold	\$37,761	35.57%
Community Trust Bank	\$758,408	96.03%
First National Bank	\$144,149	88.78%
Gibbsland Bank & Trust Company	\$116,189	69.24%
Marion State Bank	\$101,963	69.31%
Ouachita Independent Bank	\$341,648	88.38%

Lending in Assessment Area

A substantial majority of the bank's lending activity is located within the assessment area. Our review focused on the bank's primary product lines: commercial real estate, agriculture, and residential real estate loans. We reviewed a sample of 40 commercial real estate, 20 agriculture, and 757 residential real estate loans. This sample revealed approximately 83% of the number of loans and 85% of the dollar amount of loans were extended in the bank's assessment area. The breakdown by loan category is illustrated below:

Lending in Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial RE	33	82.50%	7	17.50%	40	\$5,367	75.26%	\$1,764	24.74%	\$7,131
Agriculture	16	80.00%	4	20.00%	20	\$834	80.04%	\$208	19.96%	\$1,042
Residential RE	625	82.56%	132	17.44%	757	\$49,181	85.98%	\$8,019	14.02%	\$57,200
Totals	674	82.50%	143	17.50%	817	\$55,382	84.72%	\$9,991	15.28%	\$65,373

Source: Data reported under HMDA, loan sample.

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

The distribution of loans within the assessment area reflects a reasonable penetration among borrowers of different income levels and businesses of different sizes.

Bienville, Lincoln and Claiborne Parishes

Residential real estate, business, and agriculture loans are the primary lending products in the Bienville, Lincoln and Claiborne parish portion of the assessment area. The distribution of real estate loans reflects a reasonable penetration. While the distribution of residential mortgages is somewhat low, this is due to the limited amount of affordable housing stock and a higher unemployment rate of 5.45%, which supports the low penetration of residential real estate loans to low-income families. Credit extended to moderate-income families generally approximates the percentage of moderate-income families in the assessment area.

BORROWER DISTRIBUTION OF RESIDENTIAL REAL ESTATE								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families ¹	24.36%		13.69%		17.38%		44.57%	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	8.95%	3.11%	10.53%	4.87%	16.84%	12.95%	63.68%	79.07%

Source: Loan Sample; U.S. Census data.

The distribution of business loans reflects a reasonable penetration among businesses of different sizes. Based on U.S. Census data, there are 4,002 businesses in the assessment area; however, revenue information was not reported for approximately 35% of the businesses. As a result, the percentage of businesses by income level may not accurately reflect a true percentage of the businesses in each income category. According to our sample, a substantial majority of the bank's commercial loans were to businesses with revenues less than one million.

BORROWER DISTRIBUTION OF LOANS TO BUSINESSES				
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable	Total
% of AA Businesses ³	60.89%	4.22%	34.89%	100.00%
% of Bank Loans in AA #	93.75%	6.25%	---	100.00%
% of Bank Loans in AA \$	99.65%	0.35%	---	100.00%

Source: Loan Sample; Dun & Bradstreet data.

The distribution of agriculture loans reflects a reasonable penetration among agriculture businesses of different sizes. Based on U.S. Census data, only 4% of agriculture businesses do not report revenue information. All of the loans in our sample were extended to agriculture businesses with revenues less than one million.

BORROWER DISTRIBUTION OF LOANS TO AGRICULTURE BUSINESSES				
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable	Total
% of AA Businesses ³	87.94%	7.80%	4.26%	100.00%
% of Bank Loans in AA #	100.00%	0.00%	---	100.00%
% of Bank Loans in AA \$	100.00%	0.00%	---	100.00%

Union Parish

The primary loan products of the Farmerville branch located in Union parish are residential and commercial real estate loans. The distribution of residential real estate loans represents a reasonable penetration.

BORROWER DISTRIBUTION OF RESIDENTIAL REAL ESTATE LOANS								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families ¹	23.09%		20.45%		21.52%		34.94%	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	14.29%	6.85%	17.14%	11.12%	17.14%	18.22%	51.43%	63.81%

Source: Loan Sample; U.S. Census data.

The distribution of business loans reflects a reasonable penetration among businesses of different sizes. Based on Census data, there are 1,341 businesses in the assessment area; however, approximately 39% do not report revenue information. As a result, the percentage of businesses by income level may not accurately reflect a true percentage of the businesses in each income category. Our sample revealed a substantial majority of the bank's commercial loans were to businesses with revenues less than one million.

BORROWER DISTRIBUTION OF LOANS TO COMMERCIAL BUSINESSES				
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable	Total
% of AA Businesses ³	57.72%	2.98%	39.30%	100.00%
% of Bank Loans in AA #	95.00%	5.00%	---	100.00%
% of Bank Loans in AA \$	98.75%	1.25%	---	100.00%

Source: Loan Sample; Dun & Bradstreet data.

Geographic Distribution of Loans

First National Bank has a reasonable dispersion of loans within the assessment area.

Bienville, Lincoln and Claiborne Parishes

The distribution of residential real estate loans reflects a reasonable dispersion by census tract income level throughout the Bienville, Lincoln, and Claiborne portion of the assessment area.

GEOGRAPHIC DISTRIBUTION OF RESIDENTIAL REAL ESTATE LOANS								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Owner Occupied ⁴	0.00%		6.71%		64.89%		28.40%	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	0.00%	0.00%	3.42%	3.14%	66.10%	48.88%	30.48%	47.98%

Source: Loan Sample; U.S. Census data

The distribution of business loans reflects a reasonable dispersion throughout the assessment area. While the percentage of business loans originated in the moderate-income tracts is somewhat lower than the demographics, these census tracts are located south of downtown Ruston and contain older residential real estate, hospitals, churches, the Methodist Children's Home, Ruston Country Club, and baseball fields. A conversation with President Woodard revealed a church real estate loan in this area recently paid off. He also listed two large business loans in the area, which were not part of our sample. Additionally, Ruston has six banks and three federal credit unions which have led to increased competition for business loans. Most of these institutions have branches downtown.

GEOGRAPHIC DISTRIBUTION OF LOANS TO BUSINESSES								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Businesses ⁶	0.00%		10.00%		54.77%		35.23%	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	0.00%	0.00%	2.04%	0.35%	51.02%	36.76%	46.94%	62.89%

Source: Loan Sample; Dun & Bradstreet data.

The distribution of agriculture loans reflects no dispersion in the two moderate-income tracts. However, only seven agriculture businesses are located in these census tracts which are south of downtown Ruston. Refer to the following chart for details.

GEOGRAPHIC DISTRIBUTION OF AGRICULTURE LOANS								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Businesses ⁶	0.00%		4.97%		60.99%		34.04%	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	0.00%	0.00%	0.00%	0.00%	69.57%	63.83%	30.43%	36.17%

Union Parish

The distribution of residential real estate loans reflects an excellent dispersion by census tract income level.

GEOGRAPHIC DISTRIBUTION OF RESIDENTIAL REAL ESTATE LOANS								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Owner Occupied ⁴	0.00%		12.36%		66.11%		21.53%	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	0.00%	0.00%	16.22%	13.82%	63.51%	67.59%	20.27%	18.59%

Source: Loan Sample; U.S. Census data

The distribution of business loans reflects an excellent dispersion by census tract income level.

GEOGRAPHIC DISTRIBUTION OF LOANS TO BUSINESSES								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Businesses ⁶	0.00%		16.67%		66.66%		16.67%	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	0.00%	0.00%	30.00%	33.27%	50.00%	48.16%	20.00%	18.57%

Source: Loan Sample; Dun & Bradstreet data.

Responses to Complaints

First National Bank of Arcadia has not received any CRA related complaints during the assessment period.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices.