



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

May 13, 2003

**Community Reinvestment Act
Performance Evaluation**

**Britton & Koontz First National Bank
Charter Number: 13722**

**500 Main Street
Natchez, MS 39120**

Office of the Comptroller of the Currency

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NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not 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.

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Overall CRA Rating

Institution’s CRA Rating: This institution is rated **Satisfactory.**”

The following table indicates the performance level of **Britton & Koontz First National Bank (B&K)** with respect to the lending, investment, and service tests:

Performance Levels	Britton & Koontz First National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory		X	X
Needs to Improve			
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating

The major factors that support this rating include:

- Overall lending levels reflect a good responsiveness to meeting the credit needs of the community.
- A substantial majority of B&K’s loan originations are within the assessment areas.
- The geographic distribution of loans is good.
- The distribution of loans by the income level of the borrower is good.
- B&K had an adequate level of Community Development loans.
- Given B&K’s size, the investment opportunities, capacity to invest, and dollar amount of investments in the assessment area, their investment performance is adequate.
- B&K’s retail delivery systems are reasonably accessible to geographies and individuals of different income levels in the assessment area.
- B&K had an adequate level of Community Development services.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Block Numbering Area (BNA): A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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, home equity 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).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home Mortgage Loans: such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of

individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any primary metropolitan statistical area (PMSA), metropolitan statistical area (MSA), or consolidated metropolitan area (CMSA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

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.

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.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

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 non-mortgage, commercial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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.

Description of Institution

B&K is an interstate bank headquartered in Natchez, Mississippi that was chartered in 1933. B&K is a wholly owned subsidiary of Britton & Koontz Capital Corporation (BKCC), a one-bank holding company, also headquartered in Natchez, Mississippi. As of December 31, 2002, BKCC had total combined assets of \$308 million.

As of December 31, 2002, B&K had total assets of \$308 million, total loans of \$185 million, and tier 1 capital of \$25 million. The largest segment of the loan portfolio (\$72 million or 39 percent) is 1 – 4 family residential loans. Commercial real estate loans are 29 percent of total loans. Other major segments of the portfolio are commercial and industrial loans, 17 percent, and loans to individuals, 9 percent. B&K's loan-to-deposit ratio is 78 percent.

B&K's performance under the Community Reinvestment Act was last evaluated as of December 9, 1997 and was rated Satisfactory.

On September 11, 1998, B&K acquired the deposit and loan accounts of two Union Planters Bank Natchez offices. One of these branches was closed simultaneously with its acquisition because it was on the same block as B&K's main office.

On May 12, 1999, B&K acquired the deposit and loan accounts of the Union Planters Bank Vicksburg Office.

On January 10, 2000, B&K established a loan production office in Baton Rouge, Louisiana. This loan production office was later converted into a branch. On December 1, 2000, BKCC merged with the holding company of Louisiana Bank and Trust Company in Baton Rouge, Louisiana. The merger represented B&K's first interstate acquisition and added two branch offices in Baton Rouge. These activities occurred before this evaluation period.

B&K's Baton Rouge branches form a triangle in the southern part of the parish. B&K primarily competes with six other banks of the 22 banks in the AA.

In 2003, B&K established a loan production office in Madison, Mississippi.

B&K now operates four full service branches in Adams County Mississippi, three full service branches in East Baton Rouge Parish Louisiana, one full service branch in Warren County Mississippi, and a loan production office in Madison, Mississippi. All full service branches in Mississippi have deposit-taking ATMs.

There were no legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its assessment areas.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The last Community Reinvestment Act evaluation was as of December 9, 1997 using Small Bank evaluation methods. The evaluation focused on mortgage loans made between January 1, 1997 and November 30, 1997, consumer loans made between September 22, 1997 and November 14, 1997, and small business and small farm loans made between October 1, 1997 and November 14, 1997.

B&K became a reporter under the Home Mortgage Disclosure Act (HMDA) as of 2001 due to acquiring branches in the Baton Rouge MSA. In 2002, B&K became a reporter under the Community Reinvestment Act (CRA) when its total assets reached \$250,000 or greater for two calendar years.

This evaluation focuses on HMDA loan performance for the calendar years 2001 and 2002, and CRA loan performance for the calendar year 2002. We reviewed community development loans from December 10, 1997 through May 13, 2003. The Investment and Service Tests include investments and services from December 10, 1997 through May 13, 2003.

Data Integrity

In December of 2002, we reviewed files from a representative sample of B&K's HMDA, small loans to businesses and small loans to farms granted from January 1, 2001 to December 31, 2002, for accuracy and compared them to reported information. Additionally, we reviewed the accuracy of information B&K provided pertaining to community development investments and services. We found B&K's processes and internal controls for collecting, verifying, and reporting HMDA, small loans to businesses and small loans to farms loan data needed some improvement. As a result, the bank corrected its reporting errors. In April of 2003, we reviewed files from a new representative sample of B&K's HMDA, small loans to businesses and small loans to farm loans granted from January 1, 2001 to December 31, 2002 for accuracy and compared them to the corrected information. The reports were found to be reliable and this evaluation is based on the corrected data.

Selection of Areas for Full-Scope Review

B&K has two assessment areas in Mississippi and one assessment area in Louisiana. We completed a full scope review of all areas.

Ratings

We weighted B&K's HMDA and small loans to businesses lending similarly, as both are considered key parts of B&K's operations. In the area of HMDA lending, we gave greatest weight to home purchase lending because of its volume coupled with the direct impact on new affordable housing loans.

The bank's overall rating is a blend of the state ratings. Mississippi was most heavily weighted because of the bank's deposit share in those assessment areas.

The state ratings are based primarily on those areas that received full-scope reviews. Refer to the "Scope" section under each state rating for details regarding how the areas were weighted in arriving at the overall state rating.

Fair Lending Review

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

State Rating

State of Mississippi

CRA Rating for Mississippi:	<u>Satisfactory</u>
The lending test is rated:	<u>High Satisfactory</u>
The investment test is rated:	<u>Low Satisfactory</u>
The service test is rated:	<u>Low Satisfactory</u>

The major factors that support this rating include:

- Overall lending levels reflect a good responsiveness to meeting the credit needs of the assessment area.
- A substantial majority of B&K's loan originations are within the assessment areas.
- The geographic distribution of loans is good.
- The distribution of loans by the income level of the borrower is good.
- B&K had an adequate level of Community Development (CD) loans.
- Given B&K's size, investment opportunities, capacity to invest, and dollar amount of investments in the assessment area, performance is adequate.
- B&K's retail delivery systems are reasonably accessible to geographies and individuals of different income levels in the AA.
- B&K had an adequate level of CD services.

Description of Institution's Operations in Mississippi

B&K's two assessment areas in Mississippi are Adams County and Warren County. Both are non-metropolitan areas. Adams County's main city is Natchez. Warren County's main city is Vicksburg. Both cities are historic communities on the Mississippi River.

B&K operates four full service offices in the Adams County assessment area, one full service office in the Warren County assessment area, and a loan production office in Madison County Mississippi. Mississippi holds 86 percent of B&K's total deposits, with the remaining 14 percent in Louisiana. The Adams County branches hold 90 percent of the deposits in Mississippi. The Warren County branch holds 10 percent of the deposits in Mississippi.

In terms of deposit market share, B&K ranks first of three financial institutions in the Adams County assessment area with 45 percent. In terms of deposit market share, B&K ranks fifth of seven financial institutions in the Warren County assessment area with 3 percent. In terms of deposit market share, institutions ranking higher than B&K ranged from 7.35 to 40.36 percent.

B&K's primary business focus is mortgages. B&K's competitors in the Adams County assessment area are AmSouth Bank, headquartered in Birmingham, Alabama; Concordia Bank & Trust Company, headquartered in Vidalia, Louisiana; and United Mississippi Bank, also headquartered in Natchez, Mississippi.

B&K's competitors in the Warren County assessment area are Trustmark National Bank, headquartered in Jackson, Mississippi; Bancorp South Bank, headquartered in Tupelo, Mississippi; AmSouth Bank, headquartered in Birmingham, Alabama; and River Hills Bank, headquartered in Port Gibson, Mississippi. Trustmark and Bancorp South account for 76.52 percent of Warren County's deposits.

Refer to the Market Profiles for the State of Mississippi in appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

Scope of Evaluation in Mississippi

The Adams County and Warren County assessment areas received a full-scope review. The Adams County assessment area was most heavily weighted in arriving at the overall conclusion since that is where the majority of B&K's loans and deposits are located. We also placed the most weight on HMDA lending when evaluating product performance. This weighting is reflective of the bank's lending performance during the evaluation period and their strategy.

We performed one community contact during this evaluation period. The type of organization contacted has the purpose of economic development. The contact did not know of any credit needs that have not been adequately satisfied by local banks. The contact stated that the obstacle preventing banks from greater involvement in meeting local credit needs is the lack of collateral on the client's part. The contact stated that B&K does an excellent job. Based on our contacts and review, there are few opportunities for banks in the assessment areas to make community development loans and investments. However, there are opportunities to provide community development services. There are a few small business development organizations, non-profit housing organizations, and credit counseling agencies in the assessment area. In addition, there is competition among banks, other financial institutions, and local organizations to provide the products and services needed by the community.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in Mississippi is rated High Satisfactory. Based on full-scope reviews, the B&K performance in the Adams County assessment area is good. B&K's performance in the Warren County assessment area is adequate.

Lending Activity

Refer to Table 1 Lending Volume in the state of Mississippi section of appendix D for the facts and data used to evaluate the bank's lending activity. B&K has a good level of lending activity in Adams and Warren Counties.

Adams County Assessment Area

In the Adams County assessment area, B&K's HMDA lending market share rank is first of 73 reporters. In terms of number and dollar amount, B&K's market share of HMDA lending is 37 percent and 34 percent, respectively. B&K's deposit market share ranks first of three institutions with offices in the assessment area at 45 percent.

Warren County Assessment Area

In the Warren County assessment area, B&K's HMDA lending market share rank is second of 104 reporters. In terms of number and dollar amount, B&K's market share of HMDA lending is 10 percent and 12 percent, respectively. B&K's deposit market share ranks fifth of seven institutions with offices in the assessment area at 3 percent. As shown in Table 1, B&K granted approximately \$43 million in home mortgage, small business, small farm, and CD loans within the Warren County assessment area during the evaluation period. B&K did not make any small farm loans in this assessment area during this period. There was no market share information for CRA small business lending since the bank was not a CRA lending reporter for 2001.

Distribution of Loans by Income Level of the Geography

The overall geographic distribution of loans in Adams and Warren Counties is good. The geographic distribution of HMDA loans is good when considering that it is difficult for low- or moderate-income borrowers to purchase a home in the Adams and the Warren County assessment areas, and there are limited opportunities for home improvement and home refinancing to these borrowers. We considered these mitigating factors in our home mortgage lending analysis to low-or moderate-income geographies.

The 2000 median housing value in the Adams County assessment area is \$60,200. A family living in the low-income geography of Adams County earns slightly over \$16,000 based on the HUD adjusted median family income for 2002. At this earning level or at the moderate-income geography level of less than \$25,000 many families cannot afford to purchase a home with a median value of \$44,749. Around 29% of these families are living below the poverty level. Forty-three percent of the low- and moderate- families in the AA are living in these low- and moderate-income geographies.

The 2000 median housing value in the Warren County assessment area is \$79,100. A family living in the moderate-income geographies earns slightly over \$24,000 based on HUD adjusted median family income for 2002. Additionally, 22.72 percent of the households in the assessment area live below the poverty level.

The geographic distribution of small loans to businesses is good. Farm lending is not part of B&K's performance context and is negligible. Due to the small number of farm loans, a meaningful analysis could not be performed. Multi-family loans were not reviewed during this analysis. The bank originated two multi-family loans during this evaluation period.

Home Mortgage Loans

Refer to Tables 2, 3, 4 and 5 in the state of Mississippi section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

Adams County Assessment Area

The overall geographic distribution of *home purchase loans* is good. B&K's percentage of home purchase loans in low-income tracts is significantly less than the percentage of owner-occupied units in these tracts. B&K's percentage of home purchase loans in moderate-income tracts is significantly less than the percentage of owner-occupied units in these tracts. B&K's market share in low-income tracts exceeds its overall market share. B&K's market share in moderate-income tracts is below its overall market share.

The overall geographic distribution of *home improvement loans* is good. B&K's percentage of home improvement loans in low-income tracts is near to the percentage of owner-occupied units in these tracts. B&K's percentage of home improvement loans in moderate-income tracts is somewhat less than the percentage of owner-occupied units in these tracts. B&K's market share in low-income tracts exceeds its overall market share. B&K's market share in moderate-income tracts exceeds its overall market share.

The overall geographic distribution of *refinance loans* is good. B&K's percentage of refinance loans in low-income tracts is less than the percentage of owner-occupied units in these tracts. B&K's percentage of refinance loans in moderate-income tracts is less than the percentage of owner-occupied units in these tracts. B&K's market share in low-income tracts exceeds its overall market share. B&K's market share in moderate-income tracts is somewhat less than its overall market share.

Warren County Assessment Area

The overall geographic distribution of *home purchase loans* is good. B&K's percentage of home purchase loans in moderate-income tracts is somewhat less than the percentage of owner-occupied units in these tracts. B&K's market share in moderate-income tracts exceeds its overall market share. There are no low-income tracts in the Warren County assessment area.

The overall geographic distribution of *home improvement loans* is excellent. B&K's percentage of home improvement loans in moderate-income tracts exceeds the percentage of owner-occupied units in these tracts. In 2001, B&K did not make any home improvement loans in moderate-income tracts. Therefore, B&K has no market share in those tracts for comparison with its overall market share. There are no low-income tracts in the Warren County assessment area.

The overall geographic distribution of *refinance loans* is excellent. B&K's percentage of refinance loans in moderate-income tracts exceeds the percentage of owner-occupied units in these tracts. B&K's market share in moderate-income exceeds its overall market share. There are no low-income tracts in the Warren County assessment area.

Small Loans to Businesses

Refer to Table 6 in the state of Mississippi section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Adams County Assessment Area

The geographic distribution of small loans to businesses is adequate. B&K's percentage of loans in low-income tracts is less than the percentage of businesses located in these tracts. B&K's percentage of loans in moderate-income tracts is somewhat less than the percentage of businesses located in these tracts. B&K was not

a CRA small business loan reporter in 2001 and does not have a market share for that year.

Warren County Assessment Area

The geographic distribution of small loans to businesses is excellent. B&K's percentage of loans in moderate-income tracts exceeds the percentage of businesses located in these tracts. The Warren County assessment area has no low-income tracts. B&K was not a CRA small business loan reporter in 2001 and does not have a market share for that year.

Lending Gap Analysis

We reviewed reports detailing the bank's lending distribution during the evaluation period to determine any unexplained gaps in the geographic distribution of loans. Unexplained conspicuous gaps were not identified. This performance had a positive effect on the bank's overall geographic distribution analysis.

Inside/Outside Ratio

A substantial majority of B&K's loan originations and purchases were inside the assessment areas. Overall, 81 percent of HMDA loans were inside the assessment areas. By HMDA reportable loan products, 80 percent of home purchase loans, 81 percent of refinancings, and 98 percent of home improvement loans were inside the assessment areas. By CRA reportable loan products, 81 percent of small business loans were inside the assessment areas. This analysis measures performance on the entire bank rather than by each assessment area. This performance had a positive effect on the overall geographic distribution analysis.

Distribution of Loans by Income Level of the Borrower

The overall distribution of loans by the income level of the borrower is good. The distribution of HMDA loans is good when considering that it is difficult for low- or moderate-income borrowers to purchase a home in the Adams and the Warren County assessment areas, and there are limited opportunities for home improvement and home refinancing to these borrowers.

The 2000 median housing value in the Adams County assessment area is \$60,200. A low-income person earns less than \$18,000 and a moderate-income person earns less than \$28,800 based on the HUD adjusted median family income for 2002. Additionally, 29.04 percent of the households in the assessment area live below the poverty level.

The 2000 median housing value in the Warren County assessment area is \$79,100. A low-income person earns less than \$18,000 and a moderate-income person earns less than 28,800 based on the HUD adjusted median family income for 2002. Additionally, 22.72 percent of the households in the assessment area live below the poverty level.

We considered these mitigating factors in our home mortgage lending analysis to low-or moderate-income borrowers. The distribution of small loans to businesses is good. Farm lending is not part of B&K's performance context and is negligible. Due to the small number of farm loans, a meaningful analysis could not be performed.

Home Mortgage Loans

Refer to Tables 8, 9 and 10 in the state of Mississippi section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Adams County Assessment Area

The overall distribution of *home purchase loans* is good when considering the percentage of households below the poverty level and the difficulty that low- or moderate-income borrowers have in purchasing a home as discussed above. B&K's percentage of home purchase loans to low-income borrowers is significantly less than the percentage of low-income families living in the assessment area.

B&K's percentage of home purchase loans to moderate-income borrowers is significantly less than the percentage of moderate-income families living in the assessment area. B&K's market share of lending to low-income borrowers exceeds its overall market share. B&K's market share of lending to moderate-income borrowers is significantly less than its overall market share.

The overall distribution of *home improvement loans* is good when considering the mitigating factors discussed above and the fact that the bank's performance significantly exceeded the demographics for low-income borrowers. B&K's percentage of home improvement loans to low-income borrower significantly exceeds the percentage of low-income families living in the assessment area. B&K's percentage of home improvement loans to moderate-income borrowers is less than the percentage of moderate-income families living in the assessment area. B&K's market share of lending to low-income borrowers exceeds its overall market share. B&K's market share of lending to moderate-income borrowers is significantly less than its overall market share.

The overall distribution of *refinance loans* is good when considering the mitigating factors discussed above. B&K's percentage of refinance loans to low-income borrowers is significantly less than the percentage of low-income families living in the assessment area. B&K's percentage of refinance loans to moderate-income borrowers is somewhat less than the percentage of moderate-income families living in the assessment area. B&K's market share of lending to low-income borrowers is somewhat less than its overall market share. B&K's market share of lending to moderate-income borrowers is near to its overall market share.

Warren County Assessment Area

The overall distribution of *home purchase loans* is adequate when considering the percentage of households below the poverty level and the difficulty that low-or moderate-income borrowers have in purchasing a home as discussed above. B&K made no home purchase loans to low-income borrowers while 19.75 percent of families are low-income. B&K's percentage of home purchase loans to moderate-income borrowers is significantly less than the percentage of moderate-income families living in the assessment area. B&K's market share of lending to moderate-income borrowers is significantly less than its overall market share.

The overall distribution of *home improvement loans* is poor. B&K made no home improvement loans to low- or moderate-income borrowers while 19.75 and 12.00 percent of families are low- and moderate- income, respectively.

The overall distribution of *refinance loans* is adequate when considering the mitigating factors discussed above. B&K made no refinance loans to low-income borrowers while 19.75 Percent of families are low-income. B&K's percentage of refinance loans to moderate-income borrowers is significantly less than the percentage of moderate-income families living in the assessment area. B&K's market share of lending to moderate-income borrowers is significantly less than its overall market share.

Small Loans to Businesses

Refer to Table 11 in the state of Mississippi section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

Adams County Assessment Area

The distribution of small loans to businesses is adequate. B&K's percentage of small loans to small businesses (businesses with annual revenues of \$1 million or less) is somewhat less than the percentage of small businesses in the assessment area. B&K was not a CRA small business loan reporter in 2001 and does not have a market share for that year.

A majority of the bank's business loans are for amounts of \$100,000 or less.

Warren County Assessment Area

The distribution of small loans to businesses is excellent. B&K's percentage of small loans to small businesses (businesses with annual revenues of \$1 million or less) exceeds the percentage of small businesses in the assessment area. B&K was not a CRA small business loan reporter in 2001 and does not have a market share for that year.

A majority of the bank's business loans are for amounts of \$100,000 or less.

Community Development Lending

Refer to Table 1 Lending Volume in the state of Mississippi section of appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all community development loans, including multifamily loans that also qualify as community development loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

Adams County Assessment Area

No CD loans were made in this AA during this evaluation period. This had a neutral impact on the lending test rating.

Warren County Assessment Area

During the evaluation period, B&K made a \$20,000 loan for the construction of a house for a low- or moderate-income family in Warren County. Once the house is complete, it will be sold to an individual qualified through Habitat for Humanity, Inc., converted to an in-house mortgage at 0 percent interest, and set for a 20-year amortization. During the repayment phase, B&K's contribution of waived interest is approximately \$15,787.

Product Innovation and Flexibility

Descriptions of the bank's flexible lending programs are described below. These programs had a positive impact on the bank's lending test rating.

Adams County Assessment Area

B&K is the only participant in the City of Natchez Homebuyer Program. The city provides funds to provide down payment assistance for low- and moderate-income borrowers. This assistance is provided in the form of a second mortgage with a combined loan to value of up to 105%. B&K processes these mortgage and funds the first mortgages. The funds are available to buyers purchasing homes within the City of Natchez. During the program first year in 2002 the bank funded 16 first mortgages totaling \$645,220.

B&K is a participant in the HOME program, in which the Mississippi Development Authority has awarded funds to provide down payment assistance for low- and moderate-income borrowers. This is a second mortgage up to 20 percent of the purchase price plus eligible closing costs, loaned at 3 percent fixed for 30 years. The funds are available to buyers purchasing homes within Adams County. While this is a worthy project, the availability of funds in more attractive projects has prevented B&K from funding any loans under this program. However, B&K will remain a participant in this project as other project monies will eventually become exhausted and this project

will become more attractive. This product is considered to provide flexibility for low- and moderate-income borrowers.

B&K is a participant in the Home Equity Leverage Program (HELP). B&K is the only bank in Mississippi to receive HELP funds in the second round from the Federal Home Loan Bank of Dallas. The program provides down payment assistance to low- and moderate-income borrowers. The program requires that participants be first-time homebuyers, attend homebuyer's education, and contribute at least \$1,000 of their own money toward the down payment. The funds are available to buyers purchasing homes within Adams County. While this is a worthy project, the availability of funds in more attractive projects has prevented B&K from funding any loans under this program. However, B&K will remain a participant in this project as other project monies will eventually become exhausted and this project will become more attractive.

Warren County Assessment Area

B&K has committed to converting loans to Habitat for Humanity from zero-percent construction loans to zero-percent permanent financing for the homeowner.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in the state of Mississippi is rated Low Satisfactory. Based on full-scope reviews, the bank's performance in the Adams County assessment area and the Warren County assessment area is adequate.

Refer to Table 14 in the state of Mississippi section of appendix D for the facts and data used to evaluate the bank's level of qualified investments. All investments were made during the evaluation period.

Although B&K's presence is most significant in the Adams County assessment area, it has encountered limitations with regard to community development investments there. These limitations are from the absence of locally based community development organizations that afford the bank an opportunity to invest. Consequently, B&K has determined that it must participate in the actual founding and organization of such organizations.

B&K has a \$100,000 investment in a certified tax-exempt community development financial institution (CDFI). The CDFI provides commercial financing, venture capital, mortgage loans, technical assistance, and training to entrepreneurs, homeowners, communities, and businesses that support other businesses. The CDFI's mission is to improve the lives of residents of economically distressed areas of Arkansas, Louisiana, and Mississippi through economic and community development.

B&K provided \$21,765 to pay property taxes in arrears for a multi-family property that provides affordable housing to low- and moderate-income residents in the Adams County assessment area. Donating the monies for property tax arrears furthered the existence and prevented foreclosure on this affordable housing for low- and moderate-income individuals.

To date, B&K has funded \$6,000 of its \$10,000 pledge in matching funds to the Individual Development Account (IDA) program. The IDA is a home purchase assistance program is for low- and moderate-income individuals. While meeting education and credit requirements of the program, participants deposit money into the IDA. IDA funds are to be used only at closing. When the home purchase loan is approved, B&K matches the funds 3 to 1. During the evaluation period, there were 12 participants in the program, bringing the bank's current investment to \$6,000 with the additional \$4,000 to be allocated later in the year. The IDA program is available in the Adams County assessment area and the Warren County assessment area.

To date, B&K has funded \$3,000 of its \$10,000 pledge in sponsoring the homebuyer's education and financial fitness courses component of the IDA program. When the home purchase loan is approved, B&K reimburses a local community action agency for the homebuyer's education and financial fitness courses at a cost of \$250 per participant. The total provided during this evaluation period is \$3,000, with the remaining \$7,000 to be allocated throughout the remainder of the year. The IDA program is available in the Adams County assessment area and the Warren County assessment area.

B&K donated \$3,747 to organizations that provide services targeted to low- and moderate-income individuals.

Due to the loss of a significant number of jobs in the Mississippi-Louisiana area during the last year, the Adams County United Way has experienced a considerable drop in pledges and a considerable rise in needs for additional services. United Way was leasing space from B&K. However, due to the impact of the economic downturn, B&K is now donating the \$200 per month space to the United Way. The majority of the United Way's constituents are low- and moderate-income individuals.

B&K donated \$5,000 to a state university for a scholarship fund. The scholarships are need-based for low- and moderate-income individuals.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test in Mississippi is rated Low Satisfactory. Based on full-scope reviews, the bank's performance in the Adams County AA and the Warren County AA is adequate.

Retail Banking Services

Refer to Table 15 in the state of Mississippi section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

B&K's retail delivery systems are reasonably accessible to geographies and individuals of different income levels in the Adams County and Warren County AAs. All B&K branches in Adams County are less than one mile from the low- and moderate-income tracts in the Adams County AA. The B&K branch in Warren County is 1.25 miles from the moderate-income tracts in the Warren County AA.

B&K does not have any branches or deposit-taking ATMs in low- or moderate-income census tracts. However, branches and deposit-taking ATMs are in close proximity to the 1 low-income and 2 moderate-income tracts in the Adams County AA. In the Warren County AA, the branch is in an upper-income census tract that borders both of the moderate-income tracts in that AA.

Under the previous evaluation, B&K operated three full service offices, all located in Natchez, Mississippi. In Mississippi, B&K now operates four full service branches in Adams County and one full service branch in Warren County Mississippi. All full service branches in Mississippi have deposit-taking ATMs.

B&K offers a wide range of banking products and services throughout the two AAs. Products, services, and business hours are reasonable and do not vary substantially from one location to another.

Community Development Services

B&K's level of CD services is adequate. The bank's community development services consisted of four qualifying activities. Management was unable to provide details about the number of bank employees involved and the number of LMI individuals or small businesses served. Community development services consisted of:

- Assisting a community development group applying for a grant from the Federal Home Loan Bank Affordable Housing Program for down payment assistance and homebuyer education funds,
- Processing applications for second mortgages funded by the City of Natchez for down payment assistance for low- and moderate-income buyers,
- Sponsoring a presentation program dealing with basic financial management skills targeted toward low- and moderate-income individuals,
- Hosting a financial counseling session for potential Habitat for Humanity homeowners, and
- Providing financial guidance during the basic financial management presentation.

State Rating

State of Louisiana

CRA Rating for Louisiana: Satisfactory

The lending test is rated: Low Satisfactory

The investment test is rated: Low Satisfactory

The service test is rated: Low Satisfactory

The major factors that support this rating include:

- Overall lending levels reflect an adequate responsiveness to meeting the credit needs of the assessment area.
- A substantial majority of B&K's loan originations are within the AA.
- The geographic distribution of loans is adequate.
- The distribution of loans by the income level of the borrower is good.
- Given B&K's size, capacity to invest, and dollar amount of investments in the AA, performance is adequate.
- B&K's retail delivery systems are reasonably accessible to geographies and individuals of different income levels in the AA.

Description of Institution's Operations in Louisiana

B&K's presence in Baton Rouge is in its beginning stages. B&K's assessment area in Louisiana consists of a majority of East Baton Rouge Parish, which is part of the four-parish Baton Rouge MSA.

In terms of deposit market share, B&K ranks 16th of 22 financial institutions in East Baton Rouge Parish with 0.48 percent. In terms of deposit market share, institutions ranking higher than B&K ranged from 0.54 to 38.72 percent. B&K's top competitors in East Baton Rouge Parish are Bank One, N.A., headquartered in Chicago, Illinois, and Hibernia National Bank, headquartered in New Orleans, Louisiana. Bank One and Hibernia account for 62.35 percent of the parish's deposits.

The bank has only three offices in the Baton Rouge AA, which is served by 136 branches of 21 banks and a host of credit unions as of June 2002, not including B&K. While management has determined that there is a need for affordable housing and homebuyer education, they have found it difficult to penetrate the community because of newness in the market and absence of brand name recognition. Management recently made progress with the assistance of the Foundation for the Mid South and the Caleb Community Development Corporation, and will offer matching IDAs and homebuyers education programs to the Baton Rouge AA. Additionally, management has actively recruited lending personnel that are competent and motivated to determine the needs of the community and work to meet those needs.

Refer to the Market Profiles for the State of Louisiana in appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

Scope of Evaluation in Louisiana

The Baton Rouge AA received a full-scope review. We placed the most weight on HMDA lending when evaluating product performance based on identified credit needs and since this product was granted more than any other bank product.

We reviewed community contacts during this evaluation period. Community contacts most commonly cited the continuing need for small business and affordable housing lending, and financial and credit education programs. B&K is prepared to respond to these needs. Refer to Appendix A for more information.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in Louisiana is rated Low Satisfactory. Based on full-scope reviews, the bank's performance in the Baton Rouge AA is adequate.

Lending Activity

Refer to Tables 1 Lending Volume in the state of Louisiana section of appendix D for the facts and data used to evaluate the bank's lending activity.

B&K has an adequate level of lending activity in the Baton Rouge AA. There was no market share information for CRA small business lending since the bank was not a CRA lending reporter for 2001. B&K's market share of HMDA lending is approximately 1 percent. B&K's deposit market share ranks 16th of 22 institutions with offices in the AA at 0.48 percent. B&K did not make any small farm loans.

Distribution of Loans by Income Level of the Geography

The overall geographic distribution of loans in the Baton Rouge AA is adequate. The geographic distribution of HMDA loans is adequate. The geographic distribution of small loans to businesses is good.

Home Mortgage Loans

Refer to Tables 2, 3, 4 and 5 in the state of Louisiana section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

The overall geographic distribution of *home purchase loans* is poor. B&K's percentage of home purchase loans in low-income tracts is significantly less than the percentage of owner-occupied units in these tracts. B&K's percentage of home purchase loans in moderate-income tracts is significantly less than the percentage of owner-occupied units in these tracts. B&K's market share in low-income tracts is near its overall market share. B&K's market share in moderate-income tracts is less than its overall market share.

The overall geographic distribution of *home improvement loans* is adequate. B&K's percentage of home improvement loans in low-income tracts is near or equal to the percentage of owner-occupied units in these tracts. B&K's percentage of home improvement loans in moderate-income tracts is less than the percentage of owner-occupied units in these tracts. B&K's market share in low-income tracts exceeds its overall market share. B&K did not make a home improvement loan in a moderate-income tract in 2001 and therefore does not have a market share to compare.

The overall geographic distribution of *refinance loans* is poor. B&K's percentage of refinance loans in low-income tracts is significantly less than the percentage of owner-occupied units in these tracts. B&K's percentage of refinance loans in moderate-income tracts is significantly less than the percentage of owner-occupied units in these tracts. B&K's market share in low-income tracts is less than its overall market share. B&K's market share in moderate-income tracts is somewhat less than its overall market share.

Small Loans to Businesses

Refer to Table 6 in the state of Louisiana section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses is good. B&K's percentage of loans in low-income tracts is somewhat less than the percentage of businesses located in these tracts. B&K's percentage of loans in moderate-income tracts is near the percentage of businesses located in these tracts. B&K was not a CRA small business loan reporter in 2001 and does not have a market share for that year.

Distribution of Loans by Income Level of the Borrower

The overall distribution of loans by the income level of the borrower is good. The distribution of HMDA loans is good when considering that it is difficult for low-income borrowers to purchase a home in the Baton Rouge AA, and there are limited opportunities for home improvement and home refinancing to these borrowers.

The 2000 median housing value in the Baton Rouge AA is \$98,800. A low-income person earns less than \$24,600 based on the HUD updated 2002 median family income. Additionally, 21.03 percent of the households in the AA live below the poverty level and the unemployment rate is 4.07. We considered these mitigating factors in our home mortgage lending analysis to low-income borrowers. The distribution of small loans to businesses is good.

Home Mortgage Loans

Refer to Tables 8, 9 and 10 in the state of Mississippi section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall distribution of *home purchase loans* is good when considering the percentage of households below the poverty level and the difficulty that low-income borrowers have in purchasing a home as discussed above. B&K's percentage of home purchase loans to low-income borrowers is significantly less than the percentage of low-income families living in the AA. B&K's percentage of home purchase loans to moderate-income borrowers exceeds the percentage of moderate-income families living in the AA. B&K's market share of lending to low-income borrowers exceeds its overall market share. B&K's market share of lending to moderate-income borrowers is near or equal to its overall market share.

The overall distribution of *home improvement loans* is good when considering the percentage of households below the poverty level and the difficulty that low-income borrowers have in purchasing a home as discussed above. B&K's percentage of home improvement loans to moderate-income exceeds the percentage of moderate-income families living in the AA. B&K's market share of lending to moderate-income borrowers exceeds its overall market share. B&K did not make a home improvement loan to a low-income borrower during the evaluation period and has no market share in these tracts.

The overall distribution of *refinance loans* is adequate when considering the percentage of households below the poverty level and the difficulty that low-income borrowers have in purchasing a home as discussed above. B&K's percentage of refinance loans to low-income borrowers is significantly less than the percentage of low-income families living in the AA. B&K's percentage of refinance loans to moderate-income borrowers is less than the percentage of moderate-income families living in the AA. B&K's market share of lending to low-income borrowers is less than its overall market share. B&K's market share of lending to moderate-income borrowers is less than its overall market share.

Small Loans to Businesses

Refer to Table 11 in the state of Louisiana section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The distribution of small loans to businesses is excellent. B&K's percentage of small loans to small businesses (businesses with annual revenues of \$1 million or less) exceeds the percentage of small businesses in the AA. B&K was not a CRA small business loan reporter in 2001 and does not have a market share for that year. A significant majority of the bank's business loans are for amounts of \$100,000 or less.

Community Development Lending

Refer to Table 1 Lending Volume in the state of Louisiana section of appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

For the period from December 10, 1997 to May 12, 2003, B&K had no community development lending in this AA, which had a neutral impact on its Lending Test rating.

Product Innovation and Flexibility

B&K does not yet offer any innovative or flexible loan products in this AA.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in Louisiana is rated Low Satisfactory. Based on full-scope reviews, the bank's performance in the Baton Rouge AA is adequate.

Refer to Table 14 in the state of Louisiana section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

Refer to the market profile section of the PE for information on the available CD opportunities in the bank's AA.

B&K has a \$100,000 investment in a private, non-profit community development financial institution (CDFI). The CDFI provides commercial financing, venture capital, mortgage loans, technical assistance, and training to entrepreneurs, homeowners, communities, and businesses that support other businesses. The CDFI's mission is to improve the lives of low- and moderate-income residents in Arkansas, Louisiana, and Mississippi.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test in Louisiana is rated Low Satisfactory. Based on full-scope reviews, the bank's performance in the Baton Rouge AA is adequate.

Retail Banking Services

Refer to Table 15 in the state of Louisiana section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

B&K's retail delivery systems are reasonably accessible to geographies and individuals of different income levels in the Baton Rouge AA.

B&K operates three full service branches in Baton Rouge AA. B&K does not have any branches in low- or moderate-income census tracts. However, branches are in reasonable proximity to the 16 low-income and 16 moderate-income tracts in the Baton Rouge AA. The Florida Boulevard branch is across the street from a low-income tract; the Blue Bonnet branch is 5 miles from a moderate-income tract; and the Perkins branch is located 9 miles from a moderate-income tract. All three branches are located on public transportation lines.

B&K offers a wide range of banking products and services throughout the AA. Products, services, and business hours are reasonable and do not vary substantially from one location to another.

Community Development Services

B&K's community development services had a neutral effect on the bank's services test. Due to B&K's newness in this AA, there are currently no reportable community development services in this AA.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test (excludes CD Loans): 1/01/01 to 12/31/02 Investment Test, Service Test, CD Loans: 12/10/97 to 5/13/03	
Financial Institution		Products Reviewed
Britton & Koontz First National Bank (B&K), Natchez, Mississippi		HMDA loans, small business and farm loans, community development loans, community development investments, and community development services.
Affiliate(s)	Affiliate Relationship	Products Reviewed
Not Applicable		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
State of Mississippi Adams County (Non-MSA) Warren County (Non-MSA)	Full-scope Full-scope	
State of Louisiana Baton Rouge (MSA)	Full-scope	Portion of East Baton Rouge Parish, which is a portion of the Baton Rouge MSA

Appendix B: Summary of State Ratings

RATINGS BRITTON & KOONTZ FIRST NATIONAL BANK				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State Rating
Britton & Koontz First National Bank	High Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory
State:				
Mississippi	High Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory
Louisiana	Low Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory

(*) The lending test is weighted more heavily than the investment and service tests in the overall rating.

Appendix C: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

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State of Mississippi Full-Scope Areas

According to the Bureau of the Census, Mississippi is the poorest state in the nation in terms of poverty statistics. The OCC's economic profiles state that while Mississippi's economy is beginning to climb slowly out of recession, the recovery remains tenuous. Steady growth in services payrolls and a modest improvement in the retail trade are driving the state's fragile recovery. However, lingering weaknesses in Mississippi's manufacturing industry, coupled with a sharp downturn in construction activity, is putting the breaks on the rebound. The state's historically dismal credit conditions reflect its weak economy, as bankruptcy rates remain twice the national average.

The state's manufacturing industry has been in recession since early 1999. The recent economic downturn and consequent weak demand for print advertising has resulted in downward price pressures for most paper products. This is hurting the highly cyclical paper and forest products industry. Paper exports from Mississippi have been declining steadily since mid-2000 and now stand at 1998 levels. A decline in exports caused many manufacturers to slash payrolls and drove the capacity utilization rate in the industry to a 25-year low. Additionally, low prices for paper products have been crimping profits for firms across the state since 2000.

While Mississippi's low corporate tax burden, inexpensive labor, and low unionization rate will remain attractive to firms looking to relocate, the lack of a well-educated workforce and poor infrastructure will remain the state's major impediments to growth over the forecast horizon. Mississippi's strengths are low business costs, extremely affordable housing, and strong federal political figures in Washington, D.C. Mississippi's weaknesses are lowest per capita income in the country, low educational attainment, and reliance on a mature gaming industry for growth.

Adams County AA

Demographic Information for Full-Scope Area: Adams County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	10	10	20	30	30	10
Population by Geography	35,356	11.80	19.57	41.93	26.69	0.01
Owner-Occupied Housing by Geography	9,476	7.22	19.32	44.74	28.71	0.00
Businesses by Geography	2,617	8.60	11.58	20.60	59.23	0.00
Farms by Geography	63	1.59	12.70	42.86	42.86	0.00
Family Distribution by Income Level	9,790	27.47	14.48	16.81	41.24	0.00
Distribution of Low- and Moderate-Income Families throughout the AA Geographies	4,107	17.17	25.59	41.95	15.29	0.00
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below the Poverty Level	= \$21,994 = \$36,000 = 29.40%	Median Housing Value for 2000 Unemployment Rate		= \$60,200 = 5.07%		

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 1990 U.S. Census, and 2002 HUD updated MFI.

Adams County is located in the southwestern part of the state, bounded on the south by the Homochitto River, and on the west by the Mississippi River. The size of the county is 460 square miles of land and 26 square miles of water. Surrounding counties are Wilkinson County to the south, Jefferson County to the north, and Franklin County to the east. Concordia Parish, Louisiana is due west, across the Mississippi River.

The economy of Natchez and Adams County is unusually diverse for the region. Manufacturing is the largest employment sector, with wood pulp and lumber being the primary products. The oil and gas industry remain a cornerstone of the area economy. Because of Natchez' wealth of historic attractions, tourism is the most rapidly growing job sector. The community serves as a regional commercial and medical center for a 50-mile radius.

According to the Mississippi Manufacturers Database, MDA, June 2003, the largest manufacturers in Adams County were International Paper Co. (600), Dynasteel Corp. (120), Mississippi River Corp. (100), Kelly's Kids (100), and J.M. Jones Lumber Co., Inc. (95). However, the local manufacturing base in Adams County has been devastated by closure of Fidelity Tire Company (600+ jobs), Ethyl Corporation plant (100+ jobs), Johns Manville plant (300+ jobs), and the largest area employer, International Paper mill (1,000+ jobs).

The AA complies with regulatory requirements and does not arbitrarily exclude low- and moderate-income areas.

We reviewed recent community contacts conducted by Federal financial regulators and CRA Performance Evaluations of other banks in the assessment area. These community contacts stated that the economic conditions for Adams County have been declining. In the past few years, the area has lost approximately 580 jobs due to downsizing and plant closures. Additionally, the population has decreased due to a lack of jobs in the area. The contact stated that currently there is very little opportunity for local banks to be very active in community development due to the lack of prospects. The contact stated that local banks have been very good in meeting the credit needs of the local community and that all local banks have offered to assist in the economic development of the area when needed.

We also performed a community contact during this evaluation to determine opportunities and needs within B&K's AAs. The contact is an executive administrator of a small business development center covering 12 Mississippi counties, including Adams County. Established in 1981, the center's primary function is to provide up-to-date counseling, training and research assistance in all aspects of small business management. The contact stated that the local banks are doing what they are supposed to do and did not know of any credit needs that have not been adequately satisfied by area financial institutions. The contact stated that there are plenty of financial services and ATMs available.

Warren County AA

Demographic Information for Full-Scope Area: Warren County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	12	0.00	16.67	33.33	41.67	8.33
Population by Geography	47,880	0.00	15.12	28.92	55.94	0.01
Owner-Occupied Housing by Geography	11,986	0.00	11.34	28.40	60.26	0.00
Businesses by Geography	2,978	0.00	25.79	19.04	55.17	0.00
Farms by Geography	87	0.00	9.20	25.29	65.52	0.00
Family Distribution by Income Level	12,790	19.75	12.00	14.78	53.47	0.00
Distribution of Low- and Moderate-Income Families throughout the AA Geographies	4,061	0.00	23.69	37.48	38.83	0.00
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below the Poverty Level	= \$21,994 = \$36,000 = 22.72%	Median Housing Value for 2000 Unemployment Rate		= \$79,100 = 3.44%		

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 1990 U.S. Census, and 2002 HUD updated MFI.

Warren County is located in the southwestern part of the state. The size of the county is 587 square miles of land and 32 square miles of water. Surrounding counties are Claiborne County to the south, Hinds County to the east, Yazoo County to the northeast, Issaquena County to the North. Warren County is bounded on the west by the Mississippi River.

According to the Mississippi Manufacturers Database, MDA, June 2003, the largest manufacturers in Warren County were LeTourneau, Inc. (756), Tyson Foods, Inc. (650), Cooper Lighting HID (630), Anderson-Tully Co. (550), and International Paper Co. (346).

State of Louisiana Full-Scope Areas

Baton Rouge AA

Demographic Information for Full-Scope Area: Baton Rouge AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	64	25.00	25.00	20.31	29.69	0.00
Population by Geography	276,074	20.05	22.14	23.84	33.97	0.00
Owner-Occupied Housing by Geography	56,274	12.97	21.73	21.34	43.95	0.00
Businesses by Geography	23,038	12.20	14.33	29.60	43.87	0.00
Farms by Geography	267	5.62	9.74	24.72	59.93	0.00
Family Distribution by Income Level	68,235	26.28	14.60	17.55	41.57	0.00
Distribution of Low- and Moderate-Income Families throughout the AA Geographies	27,893	32.17	31.89	19.65	16.29	0.00
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below the Poverty Level	= \$32,467 = \$49,200 = 21.03%	Median Housing Value for 2000 Unemployment Rate				= \$98,800 = 4.07%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 1990 U.S. Census, and 2002 HUD updated MFI.

According to OCC's economic profiles, Baton Rouge's significant construction industry remains strong and the local government posted a substantial gain the last quarter of 2002. Baton Rouge's housing market remains loose, with excess housing supply continuing to mount and the number of home sales contracting of the last two quarters of 2002. Unemployment remains below the national average, although a contracting labor force and overall poor demographic trends are likely suppressing the true level of unemployment. Accordingly, area balance sheets are growing increasingly unhealthy, with business and personal bankruptcy filings increasing at alarming rates. Baton Rouge's two riverboat casinos experienced double digit increases in 2002 revenues compared with 2001 revenues. However, Baton Rouge's gaming industry is facing considerable downside risk. With Louisiana's economy still struggling to recover from recession, many consumers are unlikely to spend for entertainment purposes. In addition, the continued strength of Lake Charles' casino poses an additional downside risk, as it is slowly devouring the market share of other state casinos.

Baton Rouge's growth prospects are dampened by weak demographic trends due to the area's lack of industrial diversity and few strong growth drivers. Net migration has remained negative over the last five years. Baton Rouge's weak demographical profile could improve because of "medical tourism." Anthrogenesis Corporation is planning a

stem-cell bank to be based in Baton Rouge. Service-producing industries will show the most consistent expansion, while most other industries will experience only spotty growth. The area will continue to benefit from the large government presence, which will help provide some stability to the local economy. Over the long term, weak demographic and income trends will weigh a bit more than previously.

Baton Rouge's strengths are having a large research university that is a stable employer attracting technology companies and its proximity to transportation networks linking it to the Midwest and international markets. Baton Rouge's weaknesses are its concentration in non-durable manufacturing, lack of dynamic growth drivers, weakening demographic trends, and little exposure to the high-tech industry.

According to the City of Baton Rouge, the following employers are the largest in the Baton Rouge area, each employing more than 1,000 people: BASF Wyandotte Corporation, Baton Rouge General Medical Center, Dow Chemical Company, Entergy/Gulf States Utilities, Exxon Chemical Americas, Exxon Chemical Company, Georgia Gulf Corporation, Harmony Corporation, International Maintenance Corporation, J. E. Merit Construction, Inc., Our Lady of the Lake Medical Center, Bank One, South Central Bell Telephone, Turner Industries, Baton Rouge City Parish Government, Earl K. Long Memorial Hospital, East Baton Rouge Parish School Board, Louisiana State Government, Louisiana State Penitentiary, Louisiana State University, Southern University, and the United States Post Office.

Appendix D: Tables of Performance Data

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Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income

geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues

of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.

Table 12. Borrower Distribution of Small Loans to Farms - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

Table 13. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

Table 14. Distribution of Branch Delivery System and Branch Openings/Closings
- Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume

LENDING VOLUME												Geography: MISSISSIPPI		Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002	
MA/Assessment Area (2002):	% Of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% Of Rated Area Deposits in MA/AA***			
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)				
Full Review:															
Adams County AA	65.82	559	43,379	267	16,499	6	497	0	0	832	60,375	90.43			
Warren County AA	34.18	303	32,405	128	10,090	0	0	1	20	432	42,515	9.57			

* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is From December 10, 1997 to May 12, 2003.

*** Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: MISSISSIPPI				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002						Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
Adams County AA	171	54.98	7.22	3.51	19.32	9.36	44.74	30.99	28.71	56.14	25.48	50.00	23.08	20.00	28.74	
Warren County AA	140	45.02	0.00	0.00	11.34	9.29	28.40	13.57	60.26	77.14	7.02	0.00	12.73	6.25	6.70	

* Based on 2001 Peer Mortgage Data: Southeast Region 1.

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: MISSISSIPPI				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% Of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Adams County AA	28	82.35	7.22	7.14	19.32	14.29	44.74	53.57	28.71	25.00	23.91	33.33	30.77	22.22	16.67
Warren County AA	6	17.65	0.00	0.00	11.34	16.67	28.40	0.00	60.26	83.33	2.09	0.00	0.00	0.00	3.67

* Based on 2001 Peer Mortgage Data: Southeast Region 1.

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: MISSISSIPPI					Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% Of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
Full Review:																
Adams County AA	359	69.71	7.22	3.90	19.32	10.31	44.74	32.03	28.71	53.76	29.42	35.29	24.69	27.36	31.83	
Warren County AA	156	30.29	0.00	0.00	11.34	12.18	28.40	19.87	60.26	67.95	7.73	0.00	10.11	6.73	7.75	

* Based on 2001 Peer Mortgage Data: Southeast Region 1.

** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: MISSISSIPPI					Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% Of Total**	% Of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
Full Review:																
Warren County AA	1	50.00	0.00	0.00	25.35	100.00	12.72	0.00	61.93	0.00	0.00	0.00	0.00	0.00	0.00	
Adams County AA	1	50.00	17.77	0.00	9.44	100.00	20.92	0.00	51.87	0.00	100.00	0.00	100.00	0.00	0.00	

* Based on 2001 Peer Mortgage Data: Southeast Region 1.

** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

*** Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES															
Geography: MISSISSIPPI															
Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002															
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% Of Total**	% Of Businesses ***	% BANK Loans	% Of Businesses ***	% BANK Loans	% Of Businesses ***	% BANK Loans	% Of Businesses ***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Adams County AA	267	67.59	8.60	3.75	11.58	9.74	20.60	33.71	59.23	52.81	0.00	0.00	0.00	0.00	0.00
Warren County AA	128	32.41	0.00	0.00	25.79	41.41	19.04	16.41	55.17	42.19	0.00	0.00	0.00	0.00	0.00

* Based on 2001 Peer Small Business Data: US&PR.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data: Dun and Bradstreet (2002).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS		Geography: MISSISSIPPI					Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Overall	Low	Mod	Mid	Upp	
Full Review:																
Adams County AA	6	100.00	1.59	0.00	12.70	50.00	42.86	50.00	42.86	0.00	0.00	0.00	0.00	0.00	0.00	
Warren County AA	0	0.00	0.00	0.00	9.20	0.00	25.29	0.00	65.52	0.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2001 Peer Small Business Data: US&PR.

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Source Data: Dun and Bradstreet (2002).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: MISSISSIPPI					Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% Of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp	
Full Review:																
Adams County AA	171	54.98	27.47	10.11	14.48	6.74	16.81	32.58	41.24	50.56	30.48	36.00	11.11	38.67	32.61	
Warren County AA	140	45.02	19.75	0.00	12.00	5.26	14.78	7.02	53.47	87.72	8.03	0.00	2.21	2.27	13.33	

* Based on 2001 Peer Mortgage Data: Southeast Region 1.

** As a percentage of loans with borrower income information available. No information was available for 3.22% of loans originated and purchased by B&K.

*** Percentage of Families is based on the 1990 Census information.

**** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT																
Geography: MISSISSIPPI																
Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002																
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% Of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid
Full Review:																
Adams County AA	28	82.35	27.47	36.36	14.48	9.09	16.81	9.09	41.24	45.45	24.44	50.00	6.25	16.67	33.33	
Warren County AA	6	17.65	19.75	0.00	12.00	0.00	14.78	50.00	53.47	50.00	2.16	0.00	0.00	4.35	2.06	

* Based on 2001 Peer Mortgage Data: Southeast Region 1.

** As a percentage of loans with borrower income information available. No information was available for 0% of loans originated and purchased by B&K.

*** Percentage of Families is based on the 1990 Census information.

**** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: MISSISSIPPI				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002					Market Share*				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp
	#	% Of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****					
Full Review:															
Adams County AA	359	69.71	27.47	5.39	14.48	10.78	16.81	19.16	41.24	64.67	35.61	28.13	32.14	35.16	37.24
Warren County AA	156	30.29	19.75	0.00	12.00	2.82	14.78	5.63	53.47	91.55	9.03	0.00	2.86	3.42	11.17

* Based on 2001 Peer Mortgage Data: Southeast Region 1.

** As a percentage of loans with borrower income information available. No information was available for 5.24% of loans originated and purchased by B&K.

*** Percentage of Families is based on the 1990 Census information.

**** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

Table11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: MISSISSIPPI			Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% Of Total**	% Of Businesses***	% BANK Loans****	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Adams County AA	267	67.59	71.53	50.56	83.15	12.73	4.12	0.00	0.00
Warren County AA	128	32.41	74.71	78.13	84.38	7.03	8.59	0.00	0.00

* Based on 2001 Peer Small Business Data: US&PR.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2002).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 22.28% of small loans to businesses originated and purchased by the bank.

Table12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: MISSISSIPPI			Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% Of Total**	% Of Farms***	% BANK Loans****	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Adams County AA	6	100.00	87.30	33.33	66.67	33.33	0.00	0.00	0.00
Warren County AA	0	0.00	95.40	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2001 Peer Small Business Data: US&PR.

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2002).

**** Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 33.33% of small loans to farms originated and purchased by the bank.

Table 13. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: MISSISSIPPI									
Evaluation Period: December 10, 1997 to May 13, 2003									
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Adams County AA	0	0	6	41	6	41	29	2	10
Warren County AA	0	0	0	0	0	0	0	0	0
State-wide/Regional	0	0	1	100	1	100	71	0	0

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 14. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: MISSISSIPPI				Evaluation Period: December 10, 1997 to May 13, 2003									
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% Of Rated Area Deposits in AA	# Of BANK Branches	% Of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# Of Branch Openings	# Of Branch Closings	Net change in Location of Branches (+ Or -)				% Of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Adams County AA	90.43	4	80	0.00	0.00	75	25	1	0	0	0	0	1	11.80	19.57	41.93	26.69
Warren County AA	9.57	1	20	0.00	0.00	0.00	100.00	1	0	0	0	0	1	0.00	15.12	28.92	55.94

Table 1. Lending Volume

LENDING VOLUME												Geography: LOUISIANA		Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002	
MA/Assessment Area (2002):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***			
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)				
Full Review:															
Baton Rouge AA	100.00	244	29,848	39	4,445	0	0	0	0	283	34,293	100.00			

* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is From December 10, 1997 to May 12, 2003.

*** Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE															Geography: LOUISIANA					Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*													
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp							
Full Review:																								
Baton Rouge AA	91	100.00	12.97	5.49	21.73	3.30	21.34	28.57	43.95	62.64	0.98	0.97	0.54	0.87	1.12									

* Based on 2001 Peer Mortgage Data: Southwest Region.

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: LOUISIANA				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans					
Full Review:															
Baton Rouge AA	8	100.00	12.97	12.50	21.73	12.50	21.34	0.00	43.95	75.00	0.47	1.41	0.00	0.00	0.63

* Based on 2001 Peer Mortgage Data: Southwest Region.

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: LOUISIANA				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Baton Rouge AA	139	100.00	12.97	2.16	21.73	7.19	21.34	29.50	43.95	61.15	1.01	0.52	0.79	1.12	1.06

* Based on 2001 Peer Mortgage Data: Southwest Region.

** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: LOUISIANA				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Baton Rouge AA	6	100.00	21.48	50.00	19.15	16.67	35.98	33.33	23.39	0.00	11.36	18.75	25.00	5.56	0.00

* Based on 2001 Peer Mortgage Data: Southwest Region.

** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

*** Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: LOUISIANA					Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
Full Review:																
Baton Rouge AA	39	100.00	12.20	10.26	14.33	12.82	29.60	33.33	43.87	43.59	0.00	0.00	0.00	0.00	0.00	

* Based on 2001 Peer Small Business Data: US&PR.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2002).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS																
Geography: LOUISIANA																
Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002																
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Overall	Low	Mod	Mid
Full Review:																
Baton Rouge AA	0	0.00	5.62	0.00	9.74	0.00	24.72	0.00	59.93	0.00	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2001 Peer Small Business Data: US&PR.

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2002).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE															Geography: LOUISIANA					Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*													
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp							
Full Review:																								
Baton Rouge AA	91	100.00	26.28	9.80	14.60	17.65	17.55	13.73	41.57	58.82	1.21	1.40	1.07	0.75	1.43									

* Based on 2001 Peer Mortgage Data: Southwest Region.

** As a percentage of loans with borrower income information available. No information was available for 0% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 1990 Census information.

**** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT															Geography: LOUISIANA					Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*													
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp							
Full Review:																								
Baton Rouge AA	8	100.00	26.28	0.00	14.60	33.33	17.55	0.00	41.57	66.67	0.49	0.00	0.98	0.00	0.66									

* Based on 2001 Peer Mortgage Data: Southwest Region.

** As a percentage of loans with borrower income information available. No information was available for 0% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 1990 Census information.

**** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE															Geography: LOUISIANA					Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*													
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp									
Full Review:																								
Baton Rouge AA	139	100.00	26.28	4.23	14.60	8.45	17.55	19.72	41.57	67.61	1.25	0.75	0.72	1.17	1.47									

* Based on 2001 Peer Mortgage Data: Southwest Region.

** As a percentage of loans with borrower income information available. No information was available for 2.16% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 1990 Census information.

**** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: LOUISIANA			Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Baton Rouge AA	39	100.00	66.53	79.49	74.36	17.95	7.69	0.00	0.00

* Based on 2001 Peer Small Business Data: US&PR.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2002).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 7.69% of small loans to businesses originated and purchased by the bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS									
Geography: LOUISIANA									
Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Baton Rouge AA	0	0.00	90.64	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2001 Peer Small Business Data: US&PR.

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2002).

**** Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

Table 13. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: LOUISIANA			Evaluation Period: December 10, 1997 to May 13, 2003						
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Baton Rouge AA	0	0	0	0	0	0	0.00	0	0
State-wide/Regional	0	0	1	100	1	100	100	0	0

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 14. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Geography: LOUISIANA																	
Evaluation Period: December 10, 1997 to May 13, 2003																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Baton Rouge AA	100.00	3	100	0.00	0.00	33.33	66.67	0	0	0	0	0	0	20.05	22.14	23.84	33.97