



327

Florida Parishes Bank

Ronnie Fugarino
President & CEO

1300 W. Morris Street • Post Office Box 99 • Hammond, Louisiana 70404
Phone (985) 345-1880 • Fax (985) 345-1586 • (b) (6) • www.floridaparishesbank.com

March 6, 2009

Mr. Neil M. Barofsky
Special Inspector General
Office of the Special Inspector General
Troubled Asset Relief Program
1500 Pennsylvania Avenue NW
Suite 1064
Washington, DC 20220

RE: FPB Financial Corp.
Florida Parishes Bank
UST Sequence Number 506
Hammond, LA

Dear Mr. Barofsky:

Reference is made to your February 6, 2009 letter requesting a narrative response outlining our use of TARP-CPP funds. Please allow this correspondence to serve as our response as follows:

ANTICIPATED USE OF TARP FUNDS:

Since our funding on January 23, 2009, we have begun an advertising campaign focused on increased lending. The results thus far have been encouraging with our net loans increasing 2.66% or \$3.52 million to the close of business on March 4, 2009. This increase in loans exceeds the total gross proceeds of \$3.24 million received by FPB Financial Corp. Consumer confidence in our market area has been affected by the nationwide recession and increasing lending continues to be a challenge. However, we note that credit quality still appears very good on the majority of the applications being processed.

SEGREGATION OF TARP-CPP FUNDS:

The TARP-CPP proceeds were received by our holding company, FPB Financial Corp. Of the \$3.24 million gross proceeds received, \$2.6 million was contributed to Florida Parishes Bank as Tier 1 Capital. As noted above, all of the proceeds received by the Bank have already been used to fund increased loan originations, as the increase in the loan portfolio since January 23, 2009 has exceeded the amount of proceeds received by the Bank. The \$640,000.00 retained by FPB Financial has been segregated on our books from other available funds.

EXPECTED USE OF UNSPENT TARP-CPP FUNDS:

FPB Financial Corp. intends to use the \$640,000.00 of gross proceeds retained by it as a source of strength or additional capital for the Bank. In addition, such proceeds will also be used to make dividend payments on the preferred stock issued to the Treasury. The TARP-CPP funding has given us the ability to be a bit more aggressive in seeking out qualified borrowers and also to assist our current borrowers with credit issues they may be experiencing as a result of the slowing local and national economy.

EXECUTIVE COMPENSATION:

The dollar level of our executive compensation is well below \$500,000.00, and our incentive compensation programs do not encourage our senior executive officers to take unnecessary and excessive risks. Our compensation committee will review later this month all of the interim rules issued by the Treasury and the restrictions on executive compensation set forth in Title VII of the American Recovery and Reinvestment Act of 2009. The required reviews and certifications will be completed in a timely manner, and all applicable limitations on executive compensation will be implemented. In addition, our proxy statement for our upcoming annual meeting will include a separate proposal for shareholders to approve our executive compensation.

I am enclosing several advertisements and articles which have appeared in local newspapers as well as other promotional literature we have used in an attempt to promote and increase our lending activity.

The foregoing response to your request and the supporting documents enclosed are to the best of my knowledge and belief an accurate assessment of FPB Financial Corp's and Florida Parishes Bank's use of the TARP-CPP funding to date. I will be glad to answer any questions or provide any additional information you may need.

In closing, I would like for you to note Florida Parishes Bank has been the only locally headquartered financial institution in our area to accept the TARP-CPP funding. One other regional bank that operates in our market has used the media to announce it does not need to be "bailed-out" and to question whether it is prudent for "your tax payer dollars" to be used for such purposes. While I certainly understand the competitive nature of our business, I do believe it is irresponsible to be detrimental to the institutions who are participating in the TARP-CPP program in an effort to turn our economy around.

Sincerely,

A handwritten signature in black ink, appearing to read 'RF', with a horizontal line extending to the right.

Ronnie Fugarino
President and CEO
Florida Parishes Bank

Enclosure

Treasury provides \$3.24M to bank

Florida Parishes Bank is first locally to receive money

By **BRENNAN DAVID**
Daily Star Staff Writer

Florida Parishes Bank received \$3.24 million Friday through the U.S. Treasury Department's Capital Purchase Program.

Bank President Ronnie Fugarino said the money will enable the bank to provide economic development to the area and better stabilize the bank for the unseen future.

"The future is always unknown," he said. "We don't know what the future brings. We look at this as an insurance policy."

The bank issued 3,240 shares of Series A Preferred Stock and 162 shares of Series B Preferred Stock. The preferred stock issued to the Treasury Department pays a 5-percent annual dividend for the first five years and a 9-percent annual dividend thereafter.

As of Tuesday afternoon, FPB was the only local bank to receive CPP or Troubled Asset Relief Program funding.

Only four other Louisiana financial institutions have received the money. They are Whitney Holding Corporation of New Orleans, Iberia Bank of Lafayette, MidSouth Bank Corp. of Lafayette and Community Trust Financial Corp. of Ruston.

Sid Seymour, Office of Financial Institutions chief examiner, said applications for funding is not made public by the Treasury Department until applications are approved. Because applications are not public until approved, banks are allowed to withdraw applications in exchange of being publicly denied.

The Treasury Department last updated the list of recipients on Jan. 22.

To qualify for the CPP, banks are rewarded for their financial strengths, not weaknesses. Fugarino said he views the move by the Treasury Department as a vote of confidence in FPB, its management and employees.

"This addition to the bank's current \$12 million of capital will allow FPB to build on our strong local lending programs. FPB over the past three years has increased net lending to individuals and businesses by \$47.7 million, and our mortgage loan department has originated \$79.7 million of residential loans. We now have increased capacity and desire to lend to credit worthy customers and applicants."

While the \$3.24 million is part of the \$700 billion bailout package passed by Congress, Fritz Anderson, board chairman, said the bank is not in need of a "bailout," and was required to qualify for the program based on its successful lending history.

Before receiving the funds under the CPP, FPB was well-capitalized as measured by all regulatory guidelines. On Dec. 31, 2008, the bank's tier 1 leverage capital ratio was 6.96 percent and its total risk-based capital ratio was 11.38 percent.

The addition of new capital through the Treasury's CPP will increase the bank's tier 1 leverage capital ratio to approximately 8.65 percent and total risk-based capital ratio to approximately 13.70 percent.

FPB keeps federal loan

But changing rules concern bank president

By **BRENNAN DAVID**
Daily Star Staff Writer

Despite rules changing nearly every day, Florida Parishes Bank plans to keep the \$3.24 million in TARP funds it received last month.

Some Louisiana banks that took loans tied to the federal financial bailout are considering giving back the money in light of new rules, but FPB

President Ronnie Fugarino said Thursday he does not plan to do so. Unlike some banking presidents, he does not regret accepting TARP funds from the U.S. Department of Treasury but, like his banking peers, he is concerned about the changing rules and conditions associated with accepting the funding.

"They continue to change the rules," Fugarino said. "So far we can live with everything set

forth. We understand the rules of the game. If we can't live with it, we will pay the money back. But for now that is not our intention."

The latest change was an amendment in the \$787 billion economic-stimulus package that requires banks to repay the loan in full to the Treasury Department before bank executives can get cash bonuses or incentives. Some banking exec-

utives rely on incentives for a significant part of their take-home pay, but Fugarino said that is not the case locally.

"There is no compensation issue here," he said. "None of our executives make over a half million a year. Local bankers don't make that kind of money. It is not an issue for us."

FPB recently made its first payment on the loan and has **See FEDERAL LOAN, 2A**

FEDERAL LOAN

Continued from page 1A

reduced bonuses for top executives this year. Fugarino said the move in no way represents deficiencies within the bank but was a precautionary measure because the rules continue to change for TARP recipients.

To qualify for TARP funds through the Capital Purchasing Program, which FPB is participating in, banks are rewarded for their financial strengths, not weaknesses, he said. The added funding lets the bank increase its capital by a considerable amount and in turn allows the bank to free up credit.

Loan demand at the bank has increased, Fugarino said, and he believes the past few months to be the best ever for the mortgage department. After the \$3.24 million is leveraged by the bank, it creates an additional \$35 million available for lending.

"It's a long term project," he said. "We are not going to lend \$35 mil-

24 months to get out on the street... The capital gives us the ability to work with people who have issues."

As of Tuesday's latest Treasury Department list of banks to get TARP funding, FPB is the only locally owned bank to do so.

Sid Seymour, Louisiana Office of Financial Institutions chief examiner, believes some banks could be waiting to see how the rules change before accepting funding.

"Further restrictions are causing several bankers to reconsider what they are going to do," Seymour said. "Compensation is a big part of that."

When a banking institution applies for TARP funding, such records are not public until the bank is awarded the money. Banks are notified when they are deemed eligible to get TARP funding and are allowed 30 days to accept or decline.

Hancock Bank, which is not locally owned but operates in Hammond, turned down TARP funding because the probability of rotating rules and conditions did not outweigh the bank's need for addition capital. The bank recently was named a top-10

by Bank Director magazine. President and CEO Carl Chaney said 2008 was a record year in terms of loan growth for the bank.

Hancock initially played the wait and see game concerning TARP funds when legislation would allow TARP funds to be used by healthy banks to acquire failing banks, Chaney said.

"It was a pretty smart idea. We knew and continue to know we don't need the capital," he said. "The only reason TARP funds would be of interest to us if we could utilize it to acquire troubled banks. All of a sudden the winds started changing, particularly when Congress got involved. They began stating that taxpayer dollars should not be used to acquire other banks. We started hearing that, and that is understandable. So we had no need for it."

While Chaney said he is not a full supporter of TARP and would prefer to see the free enterprise system prevail, he remains hopeful banks that accepted funding will be in position to pay it back.

Brennan David can be reached at

that led to a one-time gain of 35 cents a share, or \$32.4 million. It also was required to establish tax reserves and make other tax allowances that led to a combined \$9.3 million charge that lowered earnings 10 cents a share.

The company's stock closed at \$21.26 a share Tuesday, down 5.5 percent. Its trading volume of 1.59 million shares on the New York Stock Exchange was about twice the recent average.

Its steelmaking plants, once churning at 91 percent of capacity in 2008, have dropped to 43 percent of capacity now.

"Market conditions are lousy everywhere, on every product line," DiMicco said, later adding: "They all suck. I know that's a technical term, but they're all in bad shape."

What's not in bad shape is Nucor's cash balance, standing at \$2.3 billion at year's end.

That and the highest credit rating of Standard & Poor's give Nucor the ability to pursue new projects like the proposed pig iron mill the company may build in Louisiana.

If we're going to spend money we don't have, let's figure out a way, right now, to provide health care to people without the coverage being tied to their jobs.

The individual tax cut Obama is likely to put forth to get people to spend more is more of the same. And that's not change.

Michelle Singletary is a syndicated columnist with the Washington Post Writers Group and participates in National Public Radio's "Day to Day" personal finance program every Tuesday. To hear her reports online go to <http://www.npr.org>. She can be reached by e-mail at singletarym@washpost.com or by mail c/o The Washington Post, 1150 15th St., N.W., Washington, D.C. 20071.

Applicants must be at least 18, be U.S. citizens and pass a background check. Steormann said they also must pass tests of basic skills with map-read-

ty." Steormann said the only way to apply for census jobs is through the bureau's toll-free number, (866) 861-2010.

BUSINESS BRIEFS

The following is roundup of area news from Tuesday:

AMEDISYS ACQUISITIONS: Baton Rouge-based Amedisys Inc. will buy three home health agencies and one hospice agency from White River Health System of Batesville, Ark. Terms of the deal were not disclosed.

The agencies had annual revenue of around \$2.9 million, according to Amedisys, one of the country's largest home health nursing firms.

Amedisys does not expect the Arkansas agencies to add materially to its 2009 earnings.

The deal expands Amedisys' coverage to seven new counties in Arkansas.

MARDI GRAS BOOKINGS: Hotel room bookings are ahead of pace for the 2009 Mardi Gras season and the season could be the most successful since 2004, according to the Greater New Orleans Hotel and Lodging Association.

Figures from last year show that 750,000-850,000 people attended Mardi Gras, and those numbers do not include the 1 million-plus day-trippers or local spending.

Average estimated attendance for Mardi Gras in 2005 before Hurricane Katrina was around 1 million.

Mardi Gras falls this year on

Feb. 24.

SHAW UK OFFICE: The Shaw Group Inc. said it is opening an office of its Power Group — the company's largest operating unit — in the United Kingdom, a move that parallels the company's bid to gain several billion dollars worth of work to develop new coal-fired energy plants there.

In 2008, Shaw won an early-stage development services contract from British electricity supplier RWE npower, which is proposing carbon-capture coal-burning plants that would produce up to 4,000 megawatts of electricity.

FPB FEDERAL FUNDS: FPB Financial Corp. Inc., of Hammond, the parent company of Florida Parishes Bank, has received \$3.24 million from the federal bank bailout program.

As a participant in the U.S. Treasury Department's Capital Purchase Program, the bank sold the department 3,240 shares of Series A Preferred Stock and 162 shares of Series B Preferred stock.

The additional capital will allow the bank to provide greater support for economic development, Ronnie Fugarino, the bank's president and chief executive officer, said in a news release.

Compiled from staff reports

SAVINGS DAYS 

GOOD SELECTION



2009 RX350

PRICE LE BLANC LEXUS 877-227-8980



We Have Money to Lend

For all your loan needs, give us a call today.

Sound • Secure • Strong



Rated 5-Star Superior
by Bauer Financial



Florida Parishes Bank

TRUSTED SINCE 1922

1300 W. Morris Ave. Hammond 985.345.1880	18014 Hwy. 190 East Hammond 985.277.5372	490 Barringer Dr. Ponchatoula 985.386.2442
--	--	--

www.floridaparishesbank.com

*\$1,000 minimum deposit to open certificates of deposit. Fees for early withdrawal may apply. Annual Percentage Yield as of 2-19-09 and may change without notice. \$100 minimum balance to open e-Checking + Interest account. With the e-Checking + Interest account, balances up to \$25,000 earn a variable rate of interest currently at 3.00% Annual Percentage Yield. Balances over \$25,000 earn a variable rate of interest currently at 1.50% APY. For complete account information, please see an FPB Customer Service Representative.

Watch Your Money Grow with Us

SHORT-TERM COMMITMENT

6 or 9 Month
Certificate of Deposit

3.00%^{*}
APY

with any new checking account or
converting existing FPB checking
account to e-statement

OR FOR LONGER TERMS

ADD
25 BASIS POINTS TO
OUR STANDARD
RATE C.D.

with any new checking account or
converting existing FPB checking
account to e-statement

GREAT FOR SMALL SAVERS

e-Checking + Interest

3.00%^{*}
APY

3.00% Annual Percentage Yield
for balances up to \$25,000



**WE HAVE
MONEY**

UP TO

9.5%

TO LEND



Florida Parishes Bank

Trusted Since 1922

985-345-1880

985-277-5372

985-386-2442

**Lot
Loan**

Financing



Member
FDIC



Bending Over Backwards to Make Your Dreams Come True

Ask yourself,

"Will my bank bend over backwards to help me when I need it most?"

If the answer is no, now's the time to visit Florida Parishes Bank.

Since 1922, Florida Parishes Bank has been lending money to your friends and neighbors for them to purchase a new house, expand their business, pay tuition for their children, buy a new car, plus a whole lot more.

Today, Florida Parishes Bank is one of the strongest banks in Louisiana. Being fully capitalized, Florida Parishes Bank has the strength to "bend over backwards" to meet all of your loan needs.

If you feel you're not getting the attention you deserve at your bank, come see us at Florida Parishes Bank...where strength and personal service meet.

FPB

Florida Parishes Bank

TRUSTED SINCE 1922

www.floridaparishesbank.com

1300 W. Morris Ave. • Hammond • 985-345-1880

18014 Hwy. 190 East • Hammond • 985-277-5372

490 Barringer Dr. • Ponchatoula • 985-386-2442



Member
FDIC



"What Credit Crunch?"

WE HAVE MONEY TO LEND!

Contrary to what you may have heard, there's no credit

"Banks are wonderful things,
when they work.

And they usually do."

Paul Krugman

2008 Nobel Prize Winner in Economics
Princeton University

"Such is the case at
Florida Parishes Bank."

Money to Lend

Quite simply, Florida Parishes Bank has money to lend at very affordable rates. Just as the bank has done in the past, FPB is lending money to businesses and families for all their financial needs.

Safe and Secure

Since 1922, Florida Parishes Bank has proved to be one of the safest and most secure banks in the area. The bank constantly exceeds the national bank averages for safety, security and bank operation.

Highest Safety Ratings

Florida Parishes Bank continues to gain national recognition for safety and security. The bank has received the highest safety ratings from nationally-acclaimed bank rating organizations.

Here to Serve

It's business as usual at Florida Parishes Bank. Each day we are opening new accounts, serving our business customers and meeting the banking needs of the community in which we live.

Come By Today

Stop by Florida Parishes Bank and let us be your hometown bank. We