



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**September 30, 2002**

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

**First National Bank USA  
Charter Number 16473**

**13386 Highway 90  
Boutte, LA 70039**

**Comptroller of the Currency  
ADC - Houston East  
3838 North Causeway Boulevard Suite 2890  
Metairie, LA 70002**

**NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

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## **INSTITUTION'S CRA RATING**

**This institution is rated Satisfactory.**

Factors supporting this rating are:

- The bank has an excellent loan-to-deposit ratio given its asset size, financial condition, and the economic circumstances of its assessment area.
- A substantial majority of the bank's loans are to customers in its assessment area.
- Loan originations are reasonably distributed to borrowers of different income levels and businesses of varying sizes.
- The bank's geographic distribution of loans reflects an adequate dispersion throughout its assessment area.
- The bank has not received any CRA-related consumer complaints since the prior CRA examination. A process is in place to handle complaints if the need arises.

## DESCRIPTION OF INSTITUTION

First National Bank USA (bank) is a wholly owned subsidiary of First St. Charles Bancshares, Inc., a one-bank holding company headquartered in Boutte, Louisiana. The bank is a \$100 million intrastate financial institution with branch locations in St. Charles and St. John parishes and loan production offices in Jefferson and Tangipahoa parishes. The bank has three full-service branches in Boutte, Norco, and LaPlace with Automated Teller Machines in Boutte and LaPlace. The LaPlace branch has been opened since the last Community Reinvestment Act (CRA) examination, dated August 21, 1997.

The bank offers a full range of lending products with 92.50% of its total assets in loans as of June 30, 2002. This is comparable to 97% at the prior CRA examination of August 21, 1997, which was rated satisfactory. Originations are primarily in one-to-four family Residential Loans. Based on loan origination information provided by the bank, one-to-four family Residential Loans represent approximately 81% of the total amount originated from January 1, 1999 through December 31, 2001. This amount steadily increased over the three-year period from roughly 65% in 1999, to 85% in 2000, and 87% in 2001. The next largest lending category is Construction, Land Development & Other Land Loans with a cumulative dollar percentage of 7.69% over the three years beginning in 1999. On a cumulative basis, all other loan categories represent approximately 2% or less of the loans originated over the three-year period.

As of June 30, 2002, the bank's loan portfolio mix is as follows:

<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>
Residential Real Estate Loans	35,442	39%
Construction, Land Development, & Other Land Loans	31,080	35%
Commercial Real Estate Loans	10,695	12%
Commercial Loans	5,737	6%
Consumer Loans	4,464	5%
Other	2,873	3%
<b>Total</b>	<b>\$90,291</b>	<b>100%</b>

The bank's financial condition does not adversely impact its ability to meet the credit needs of the assessment area and no known legal impediments exist that would prevent the bank from continuing to meet those needs. The bank offers a variety of retail and commercial products and services that are commensurate with the bank's size and financial capacity.

## DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area meets the requirements of the regulation and consists of contiguous parishes within the New Orleans Standard Metropolitan Statistical Area (MSA). The bank's assessment area includes the three parishes of Jefferson, St. Charles, and St. John. All three are largely suburban communities of New Orleans. The growth of these parishes has been caused primarily by the out-migration from New Orleans. Primary employers are oil and gas refineries, large chemical manufacturing companies, and local government. Based on information available from the U. S. Bureau of Labor Statistics, the 2001 unemployment rate for the bank's three parish assessment area is 4.68%, not seasonally adjusted. This compares favorably to the 2001 unemployment rate of 5.20% for the entire New Orleans MSA, not seasonally adjusted.

The area is highly competitive in financial services with numerous financial institutions located throughout the three parish area. Major competitors include branches of regional and national banks along with numerous credit unions, savings and loan associations, and community banks.

The family income level for the assessment area is characterized as follows: 17.91% low income, 15.14% moderate income, 20.46% middle income, and 46.49% upper income. Following is a table that summarizes demographic data for the bank's entire assessment area (AA).

<b>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA</b>	
<i>Population</i>	
Number of Families	140,923
Number of Households	193,190
<i>Geographies</i>	
Number of Census Tracts/BNA	139
% Low-Income Census Tracts/BNA	4.32%
% Moderate-Income Census Tracts/BNA	18.71%
% Middle-Income Census Tracts/BNA	41.01%
% Upper-Income Census Tracts/BNA	35.97%
<i>Median Family Income (MFI)</i>	
1990 MFI for AA	\$33,980
1990 MSA/non-MSA MFI	29,212
Updated MSA/non-MSA MFI	44,000
<i>Economic Indicators</i>	
Unemployment Rate	4.68%
2001 Median Housing Value	72,411
% of Households Below Poverty Level	13.87%

One community contact was made in conjunction with the examination. This contact is in the real estate business that represents two of the three parishes in the bank's assessment area. Three other community contacts from other CRA examinations of banks in the assessment area were also reviewed.

The community contact interviewed noted that the bank is typically a leader in providing new residential lending products and offered the Federal National Mortgage Association (FNMA) lease/purchase product as an example. She did suggest the need for banks to work with parish governments to obtain community development block grants for down payment assistance to the low- and moderate-income segment of the population.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

The bank's performance is satisfactory in meeting the credit needs of its assessment area consistent with its resources and capabilities. This conclusion was developed after a review of the loans captured on the 1999-2001 Home Mortgage Act Disclosure Act Loan Application Register (HMDA LAR), bank records of loan originations made from 1999-2001, 1990 census tract information, financial information provided in the quarterly Call Report, and discussion with the community contact. The basis of this conclusion is detailed as follows.

### Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio exceeds the standard for satisfactory performance. The bank's average loan-to-deposit ratio is based on the prior 18 quarters and is 105.13% as of June 30, 2002. This compares favorably to the 87% average loan-to-deposit ratio at the last CRA examination. It is also favorable when compared to similarly situated banks in the assessment area. Below is a chart depicting comparative data as of June 30, 2002.

Institution	Total Assets (000's)	Average LTD Ratio
Community Bank (Raceland)	\$160,963	96.52%
Metairie Bank & Trust (Metairie)	248,988	51.50%
<b>First National Bank USA (Boutte)</b>	<b>99,803</b>	<b>105.13%</b>

### Lending in Assessment Area

Lending in the assessment area exceeds the standard for satisfactory performance. A substantial majority of the dollar volume and number of loans originated by the bank were in its assessment area. As illustrated by the chart below, loan originations of the bank's primary real estate related loan products within the assessment area have been significant at 72% of both the dollar volume and the number of loans originated.

TOTAL LOANS REVIEWED (1/01/99 – 12/31/01)								
LOAN TYPE	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Home Purchase	758	73.31	71,597	73.13	276	26.69	26,305	26.87
Refinance	373	69.20	39,832	68.62	166	30.80	18,219	31.38
Home Improvement	73	79.35	4,128	76.36	19	20.65	1,278	23.64
<b>Total Reviewed</b>	<b>1,204</b>	<b>72.31</b>	<b>115,557</b>	<b>71.61</b>	<b>461</b>	<b>27.69</b>	<b>45,802</b>	<b>28.39</b>

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

The distribution of borrower income levels reflects a reasonable penetration among individuals of different income levels and to businesses of different sizes and meets the standard for satisfactory performance. Since over 80% of loan originations consist of home purchase, refinance, and home improvement loans, a recap of these loan products is presented in the chart below.

RESIDENTIAL REAL ESTATE								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	17.91%		15.14%		20.46%		46.49%	
LOANS 1/01/99 – 12/31/01	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Total	5.25%	3.19%	16.56%	12.45%	24.04%	21.82%	54.14%	62.54%

An analysis of Commercial Loans was not considered meaningful since the volume originated amounts to only 2% percent of the loans originated since the last CRA examination.

## Geographic Distribution of Loans

The geographic distribution of the bank's loans meets the standard for satisfactory performance. The bank's loans are adequately dispersed throughout its assessment area. This conclusion is based on the following chart that presents the dispersion of residential real estate loan originations for 1999-2001. The bank's actual number and amount of real estate lending for each income tract is compared to 1990 census demographic data of the assessment area.

RESIDENTIAL REAL ESTATE								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Owner Occupied	1.3%		13.6%		40.2%		44.8%	
LOANS 1/01/99 – 12/31/01	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Total	00.61%	00.51%	10.24%	10.27%	41.91%	39.43%	47.24%	49.80%

## Responses to Complaints

The bank received no complaints about its performance in helping to meet the assessment area needs during this evaluation period.

## Fair Lending Review

A comprehensive fair lending examination was completed with a start date of May 20, 2002. A comparative analysis of Federal Housing Administration (FHA) home purchase loans originated and declined in 2001 was performed. Race was the prohibited basis used in this review and no violations of the substantive provisions of the anti-discrimination laws and regulations were identified.