



## **PUBLIC DISCLOSURE**

January 27, 2014

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

First National Bank USA  
Charter Number 16473

13386 Highway 90  
Boutte, LA 70039

Office of the Comptroller of the Currency

3838 North Causeway Blvd.  
Suite 2890  
Metairie, LA 70002-8105

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

**INSTITUTION'S CRA RATING: This institution is rated Satisfactory**

- First National Bank USA's loan-to-deposit ratio is reasonable relative to the bank's size, competition, and financial condition.
- First National Bank USA originates the majority of its loans within its assessment area.
- First National Bank USA exhibits a reasonable penetration of loans to borrowers of different incomes.
- First National Bank USA exhibits reasonable dispersion of loans within this assessment area.
- First National Bank USA did not receive any Community Reinvestment Act complaints during the review period.

**SCOPE OF EXAMINATION**

We evaluated First National Bank USA's (Bank) CRA performance utilizing the Interagency Small Bank CRA procedures, which focus on the analysis of the Bank's primary loan products. The Bank's loan portfolio primarily comprises residential real estate loans (42 percent) and commercial loans (32 percent). Total residential real estate lending, combining construction and farm, 1-4 residential, and multifamily, totals 58 percent of the Bank's portfolio. The Bank is primarily a real estate lender.

<b>First National Bank USA Loan Portfolio</b>		
<b>Loan Category</b>	<b>Dollars (000)</b>	<b>Percentage</b>
Construction and Farm	12,640	13
1-4 Residential Properties	39,966	42
Multifamily	2,745	03
Non-Farm / Non-Residential	30,333	32
Commercial and Industrial	8,020	08
Consumer	1,348	01
Other	557	01
<b>Total</b>	<b>95,609</b>	<b>100%</b>

Source: Call Report Data as of 12/31/2012

The Bank's primary business strategy is to originate residential mortgage loans within its assessment area. We utilized Home Mortgage Disclosure Act (HMDA) data to evaluate the Bank's loan performance. We analyzed HMDA loans for 2012 and 2013. When more recent data is needed for comparative purposes, such data is used and the applicable date noted. We conducted our last CRA examination December 8, 2009, which covered a period from January 1, 2004 through December 31, 2008.

Prior to this CRA evaluation, we conducted a stand-alone data integrity HMDA review. The last CRA examination found the Bank satisfactorily met the credit needs of its community.

We contacted a community agency familiar with the Bank's assessment to obtain feedback regarding the area's demographics, perceived credit needs, and the responsiveness of local banks of addressing those needs.

## **DESCRIPTION OF INSTITUTION**

First National Bank USA is a \$132 million, full service community bank that is wholly-owned by First Saint Charles Bancshares, Inc., a one-bank holding company headquartered in Boutte, Louisiana. The Bank operates three branches, with the main office located in Boutte, Louisiana, which is in St. Charles Parish. The main office is located in a moderate-income census tract. Boutte is 28 miles west of the City of New Orleans, the largest city in the area. Boutte is primarily an industrial and commercial community, due to its close proximity to the oil and gas industries. The Bank operates one branch in Narco, Louisiana, which is also located in St. Charles Parish, but in an upper-income census tract. The third branch is located in the City of La Place, which is located in an upper-income census tract in the Parish of St. John the Baptist. All of the Parishes where the Bank has offices are located in the New Orleans Metropolitan Statistical Area (MSA).

The Bank has not closed any branches since the previous examination. Banking hours reasonably meet the community needs with lobby hours Monday through Friday, extended Friday hours, and automated teller machines (ATM) at the Boutte and La Place locations. The Bank offers a wide range of deposit and loan products and no significant differences exist between locations. No financial or legal impediments prevent the Bank from meeting the credit needs of the community.

## **DESCRIPTION OF ASSESSMENT AREA(S)**

The Bank's assessment Area (AA) meets regulatory guidelines by including whole geographies and not arbitrarily excluding low- and moderate-income areas. The Bank's assessment area consists of contiguous parishes within the New Orleans Metropolitan Statistical Area (MSA), including Jefferson, St. Charles, and St. John the Baptist. The Bank's main office is in a moderate-income census tract while the Narco and City of La Place branches are in upper-income census tracts.

The Bank's assessment area comprises 150 census tracts, which include 5 low- (3.33 percent), 41 moderate- (27 percent), 63 middle- (42 percent), and 39 upper-income (26 percent) census tracts. The area has a total population of 531,256 and 224,147 housing units. Of those 224,147 housing units, 132,804 (59.25 percent) are owner occupied and 64,309 (28.69 percent) are rental units. Approximately 2 percent of households live in the low- income census tracts with the remaining 24 percent, 47 percent, and 27 percent of households living in moderate-, middle-, and upper-income census tracts, respectively. Twelve percent of the housing units are vacant.

The median family income is \$62,820, with 12.81 percent of households living below the poverty level. Primary employers are oil and gas refineries, large chemical manufacturing companies, and local government. The assessment area's unemployment rate is 6.7 percent, which is slightly above the 6.2 percent state

unemployment rate. Approximately 21.5 percent of the households in the AA are low-income. Moderate-income families approximate 17.5 percent of the population, middle-income families total 19.7 percent, and upper-income families total 41.3 percent of the population. Thirteen percent of the families in the AA are below the poverty level.

As part of the evaluation, we discussed the credit needs of the assessment area with one community contact. The contact indicated that the assessment area has fared well during the recent recession and that growth has continued since Hurricane Katrina. Construction spending is a driving force for the economy, but significant state government layoffs have dampened recovery efforts. The need for affordable housing has increased across the assessment area, especially after Hurricanes Katrina and Rita. In many cities, the housing units have not returned to pre-hurricane levels. The contact indicated that low credit scores are making it difficult to locate qualified borrowers but did not reveal specific deficiencies in the assessment area that the banks could address.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The Bank's performance in meeting the credit needs of its assessment area is **satisfactory**. We based our conclusion on the Bank's reasonable loan-to-deposit ratio, lending with its assessment area, borrower distribution of loans within its assessment area, and geographic dispersion of loans.

### Loan-to-Deposit Ratio

The Bank's loan-to-deposit ratio (LTD) is reasonable given the credit needs of the assessment area and the Bank's size, financial condition, and location. We based this determination on quarterly LTD ratios from December 31, 2008 to September 30, 2013 that averaged 90.77 percent. During this evaluation period, the Bank's LTD ratio ranged from a low of 82.70 percent to a high of 106.93 percent.

Management considers the five banks in the following table to be its competitors. All are of comparable size, actively offer residential loan products, and may have at least one branch location within the same boundaries of the Bank's assessment area. The LTD ratio for these peer banks was 83.39 percent, which is lower than the Bank's average during the same period. Their average LTD ratio for the same period ranged from a low of 51.11 percent to a high of 157 percent.

Institution	Assets (\$000's) – As of 12/31/2013	Average LTD
First National Bank USA	137,454	90.77%
Mutual Savings and Loan Association	34,390	155.00%
State-Investors Bank	255,972	116.22%
Eureka Homestead	93,543	107.74%
United Community Bank	188,633	90.74%
Bank of Louisiana	84,490	71.50%

Source: Call Reports

**Lending in Assessment Area**

The Bank originated a majority of loans in its assessment during the review period. The Bank made 77 percent of loans by number and 72 percent by dollar amount in its assessment area.

<b>Lending in Assessment Area</b>										
Loan Type	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	27	72.92	10	27.03	37	4,220	80.23	1,040	19.77	5,260
Home Improvement	8	88.89	1	11.11	9	269	47.86	293	52.14	562
Refinance	141	77.05	42	22.95	183	15,061	70.31	6,359	29.69	21,420
Totals	176	76.86	53	23.14	229	19,550	71.76	7,692	28.24	27,242

Source: 2012 and 2013 HMDA Data

**Lending to Borrowers of Different Incomes**

Lending to borrowers of different income levels for residential real estate loans in the Bank's assessment area reflects a reasonable penetration, given the Bank's performance contexts. The percentage of home purchase loans originated to low-income borrowers is below the percentage of low-income families within the AA. Thirteen percent of the families in the AA live below the poverty level, which significantly limits the pool of potentially qualified low-income borrowers. Despite this, the Bank has demonstrated a reasonable level of lending to low-income borrowers in the Home Improvement and Refinance categories. The level of lending to moderate-income borrowers is reasonable and approximates the level of moderate-income families in the AA.

<b>Borrower Distribution of Residential Real Estate Loans in Assessment Area</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans
Home Purchase	21.52	0	17.50	14.29	19.68	21.43	41.30	64.28
Home Improvement	21.52	12.50	17.50	12.50	19.68	12.50	41.30	62.50
Refinance	21.52	20.56	17.50	18.69	19.68	16.82	41.30	43.93

Source: Data reported under HMDA; U.S. Census data.

**Geographic Distribution of Loans**

The geographic distribution of loans originated in the Bank's assessment area reflects good penetration in the assessment area. The assessment contained only five low-income census tracts with only 1.21 percent owner-occupied housing in those tracts. Such a low percentage severely limits the Bank's ability to offer residential loans in such

areas. The Bank’s lending in moderate-income census tracts for purchases approximates the percentage of assessment area owner occupied housing.

<b>Geographic Distribution of Residential Real Estate Loans in Assessment Area</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	1.21	0	17.69	14.29	50.39	50.00	30.71	35.71
Home Improvement	1.21	0	17.69	12.50	50.39	50.00	30.71	37.50
Refinance	1.21	2.80	17.69	10.28	50.39	69.16	30.71	17.76

*Source: Data reported under HMDA; U.S. Census data.*

**Responses to Complaints**

First National Bank USA received no consumer complaints pertaining to its performance in helping to meet the credit needs within the assessment areas since the previous CRA Performance Evaluation.

**Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank’s (bank) or Federal Savings Association’s (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank’s or FSA’s lending performance. We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.