



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

December 8, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank USA

Charter Number 16473

Highway 90
Boutte, LA 70039

Office of the Comptroller of the Currency

Birmingham Field Office
100 Concourse Parkway, Suite 240
Birmingham, AL 35244-1870

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 (FNB) has a satisfactory record of meeting its community credit needs. The rating is based upon the following factors:

- FNB's loan to deposit ratio of 107% is outstanding for its size, competitive factors and financial condition.
- FNB performance in lending to borrowers within the assessment area is satisfactory. Our sample revealed that a substantial majority (69%) of originations were to borrowers residing in the assessment area.
- Lending to borrowers of different incomes reflects satisfactory performance.
- The geographic distribution of loans to low- and moderate-income geographies reflects an adequate dispersion throughout the assessment area.
- The bank handling of complaints is satisfactory.

SCOPE OF EXAMINATION

This document is an evaluation of the Community Reinvestment Act of First National Bank USA, N.A. prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of December 08, 2008. The rating period covers January 1, 2004 through December 08, 2008. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR § 25.

DESCRIPTION OF INSTITUTION

FNB is a wholly owned subsidiary of First Saint Charles Bancshares, Inc., a one-bank holding company headquartered in Boutte, Louisiana. FNB has approximately \$233 million in assets, and offers a variety of loan and deposit products to retail and commercial customers.

The bank has four branch locations in St. Charles, St. John the Baptist, and Ascension parishes. The four branches are located in the cities of Boutte, Norco, LaPlace, and Prairieville along with automated teller machines in Boutte and LaPlace. Since the last CRA examination, dated September 30, 2002, the Prairieville location opened and two loan production offices in Jefferson and Tangipahoa Parishes closed.

FNB offers a full range of lending products with net loans comprising 87% of total assets as of September 30, 2008. The majority of originations continues to be centered in one-to-four family residential loans. Based on loan origination information obtained from the third quarter 2008 call report, one-to-four family residential loans represent approximately 50 percent of total loans. See the chart below for details of all loan categories. The primary products used in our analysis were residential purchase, refinance, and home improvement loans.

LOAN CATEGORY	Dollar Amount	Percentage
Real Estate 1-4 Family Residential	102,776	49.9
Construction, Land Development, & Other Land Loans	50,477	24.5
Non-Farm Non Residential	33,340	16.2
Commercial Loans	6,503	3.2
Consumer Loans	4,058	2.0
Other	8,861	4.3
Total	\$206,005	100%

Source: 9/30/08 Call Report.

During this evaluation period, FNB's financial condition did not adversely affect its ability to meet the credit needs of the assessment area. There are no known legal impediments existing that prevent the bank from continuing to meet those needs. At the last CRA examination, dated September 30, 2002, the bank's performance was satisfactory.

DESCRIPTION OF ASSESSMENT AREA(S)

The Assessment Area (AA) meets regulatory guidelines by including whole geographies and does not arbitrarily exclude low- and moderate-income areas. The assessment area consists of contiguous parishes within the New Orleans Metropolitan Statistical Area (MSA), including Jefferson, St. Charles, and St. John the Baptist. The fourth parish, Ascension parish, is in the Baton Rouge MSA.

Primary employers are oil and gas refineries, large chemical manufacturing companies, and local government.

Competitors include branches of large multi-national, regional and other financial and non-bank lending institutions.

The number of families in the assessment area continues to grow. The total number of families grew by 18 percent and the number of households grew by 21 percent since the previous CRA examination. The 2007 weighted average income provided by the U.S. Department of Housing Urban Development (HUD) is \$52,548. Household income in the AA is as follows: 2 percent low-income; 18 percent moderate-income; 46 percent middle-income; and 33% upper-income. The following table summarizes demographic data for the AA.

Demographic and Economic Characteristics of AA	
Population	
Number of Families	166,371
Owner Occupied Housing Units	250,041
Geographies	
Number of Census Tracts	161
% Low-Income Census Tracts	3%
% Moderate-Income Census Tracts	21%
% Middle-Income Census Tracts	42%
% Upper-Income Census Tracts	31%
% N/A	1%
<i>Median Family Income (MFI)</i>	
2007 MFI for AA	\$48,060
2007 MSA/non-MSA MFI	43,018
Updated MSA/non-MSA MFI	52,548
Economic Indicators	
Unemployment Rate	2%
2007 Median Housing Value	105,431
% of Households Below Poverty Level	12%

Source: CRA Wiz

Two community contacts were made in conjunction with the examination. Both are executive directors for community housing development organizations in the assessment area. Both contacts encouraged the FNB to continue offering products benefiting low- and moderate-income individuals. The contacts indicated there is a need in the community for small affordable one-to-four family residential properties. The also felt that FNB was providing the types of loan products to meet this need.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Performance is satisfactory in meeting the credit needs of its AA and is consistent with its resources and opportunities. We used loan information obtained from bank records that were filed in accordance with the Home Mortgage Disclosure Act (HMDA). We used HMDA loans originated from 2004-2007. We also used 2000 census bureau information and financial information provided in the quarterly call reports.

Loan-to-Deposit Ratio

FNB's loan-to-deposit ratio is outstanding. The average loan-to-deposit ratio based on the prior 23 quarters is 107 percent as of September 30, 2008. This compares favorably to the average of 105 percent at the previous CRA examination. The loan-to-deposit ratio is also higher than similarly situated banks in or near the assessment area. Below is a chart depicting comparative data as of September 30, 2008.

Loan-to-Deposit Ratio		
Institution	Total Assets (000's)	Average LTD Ratio
Community Bank (Raceland)	\$317,559	90%
Metairie Bank & Trust (Metairie)	320,682	68%
First National Bank USA (Boutte)	233,098	107%

Source: FDIC call reports

Lending in Assessment Area

FNB's lending in the assessment area is satisfactory. A majority of the dollar volume and number of home loans originated are in the assessment area as illustrated by the chart below. Loans originated within the assessment area totaled 70 percent of the number and dollar volume of loans originated.

Total Loans Reviewed (1/01/04 – 12/31/07)								
LOAN TYPE	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Home Purchase Conventional	776	69	117,770	69	352	31	52,482	31
Home Purchase Government	303	82	42,034	83	68	18	8,813	17
Refinance	684	67	106,092	66	336	33	55,617	34
Home Improvement	50	66	2,518	56	26	34	1,944	44
Total Reviewed	1,813	70	268,414	69	782	30	118,856	31

Source: HMDA Data 2004-2007

Lending to Borrowers of Different Incomes

FNB's lending to borrowers of different incomes is satisfactory. The percentage of home purchase loans originated to low-income borrowers is below the percentage of low-income families within the AA. However, the high level (12 percent) of households with incomes below the poverty level limits FNB's opportunities to originate loans to low-income borrowers. The percentage of home purchase loans originated to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. The percentage of home refinance loans originated to low-income borrowers is below the percentage of low-income families in the AA. Again, the high poverty level in the AA limits home ownership in the AA, and thus limits the home refinance market opportunities. The percentage of home refinance loans to moderate-income borrowers is commensurate with the percentage of moderate-income families in the AA.

Borrower Distribution of Residential Real Estate Loans								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	19.00	4.54	16.00	18.63	20.00	28.82	45.00	42.63
Home Refinance	19.00	5.12	16.00	11.26	20.00	26.02	45.00	51.17

Sources: 2004-2007 HMDA data; 2000 US Census data

Geographic Distribution of Loans

The geographic distribution of the bank’s loans meets the standards for satisfactory performance. The percentage of home purchase loans in low-income geographies within the assessment area is significantly lower than the percentage of owner-occupied units in those geographies. However, further analysis of the low-income tracts shows the number of owner occupied units is very low. This limits the bank’s opportunity to make loans in those areas. The percentage of home purchase loans in moderate-income tracts is proportionate to the percentage of owner occupied households in those tracts. The percentage of home refinance loans in low-income is below the percentage of owner occupied units. Again, the low number of owner occupied units within these geographies limits the bank’s opportunities to make these loans. The percentage of home refinance loans in moderate-income geographies is proportionate to the percentage of owner occupied units in the moderate-income geographies.

Purpose:	Low (<50%)		Mod (50-79%)		Mid (80-119%)		Upper (>120%)	
	% of Owner Occupied Housing Units	% of Number of Loans	% of Owner Occupied Housing Units	% of Number of Loans	% of Owner Occupied Housing Units	% of Number of Loans	% of Owner Occupied Housing Units	% of Number of Loans
Home Purchase	3.00	0.37	19.00	12.33	46.00	51.53	32.00	35.50
Home Refinance	3.00	1.17	19.00	14.33	46.00	55.99	32.00	28.22

Sources: 2004-2007 HMDA data; 2000 US Census data

Responses to Complaints

The institution’s process for responding to complaints is satisfactory.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.