



Comptroller of the Currency
Administrator of National Banks

Public Disclosure

August 21, 1997

Community Reinvestment Act Performance Evaluation

**First National Bank of St. Charles Parish
Charter Number 16473**

**13386 Highway 90
Boutte, LA 70039**

**Comptroller of the Currency
Houston-East Duty Station
201 St. Charles Ave., Suite 3815
New Orleans, LA 70170-3815**

Note: 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.

General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **First National Bank of St. Charles Parish**, prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of (August 21, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

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

The First National Bank of St. Charles Parish is responsive to its communities' needs including low and moderate income individuals and is based on the following:

- o The loan-to-deposit ratio has averaged 87 percent since the last evaluation and is presently at 97 percent. This ratio is considered excellent given the bank's size, financial condition, and credit needs of the assessment area.
- o A majority of loans and other lending-related activities are made within the bank's assessment area which encompasses St. Charles, Jefferson and the southwest portion of St. Tammany parishes.
- o The geographic distribution of loans covers all census tracts and reflects reasonable dispersion throughout the assessment area.
- o A reasonable penetration of loans are granted to low-and moderate income individuals and to businesses of different sizes.

The following table indicates the performance level of **First National Bank of St. Charles Parish** with respect to each of the five performance criteria.

Small Institution Assessment Criteria	First National Bank of St. Charles Parish Performance Levels		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does Not Meet Standards for Satisfactory Performance
Loan-to-deposit ratio	X		
Lending in assessment area		X	
Lending to borrowers of different incomes and to businesses of different sizes		X	
Geographic distribution of loans		X	
Response to complaints	There were no complaints filed during the evaluation period.		

Description of Institution

First National Bank of St. Charles Parish (FNB of St. Charles) is a \$51 million institution located in Boutte, Louisiana. The bank is wholly owned by First St. Charles Bancshares, Inc., a one bank holding company. The holding company has no other subsidiaries or affiliates.

FNB of St. Charles has 97 percent (97%) of its assets in loans. The following table depicts the breakdown of the bank's loan portfolio as of June 30, 1997.

LOAN PORTFOLIO BREAKDOWN by CATEGORY (in thousands)	
Secured by Real Estate	\$39,887
Commercial and Industrial	\$2,115
Consumer and Credit Cards	\$2,525
Other	\$66
Agricultural Production	\$0
Total Loans	\$44,593

The bank operates two branches which includes its main office in Boutte, Louisiana, and its full service branch in Norco, LA. There is one automated teller machine (ATM) located at the main office. FNB of St. Charles also has two loan production offices (LPO) located in Jefferson and southwest St. Tammany parishes.

There are no legal impediments that prohibit the bank from serving its community. The last CRA examination of FNB of St. Charles was June 6, 1994, and the bank had an Outstanding rating.

Description of the Assessment Area

FNB of St. Charles has defined its assessment area to include all of St. Charles, Jefferson and the southwest portion of St. Tammany parishes. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low or moderate income geographies.

The income characteristics of the assessment area are described using information from the 1990 U.S. Census as follows: The median family income for St. Charles and Jefferson parishes is \$29,212. The updated family income figure for 1996 is \$35,500. St. Charles parish has fifteen census tracts which includes one tract that is defined as “Low-income”, two tracts defined as “moderate-income”, seven tracts defined as “middle-income”, three tracts defined as “upper-income” and two tracts that are uninhabitable. The parish’s racial make-up is seventy-five percent (75%) white, twenty-four percent (24%) black and one percent (1%) other. Jefferson parish has 383 census tracts which includes sixty-three low-income, eighty-three moderate-income, one hundred sixteen middle income, and one hundred three upper income tracts. Jefferson parish’s racial make-up is sixty-two percent (62%) white, thirty-five percent (35%) black, two percent (2%) Asian/Pacific Islander and one percent (1%) other.

St. Tammany Parish’s median family income was \$29,212 according to the 1990 U.S. Census . The updated median family income as of year end 1996 was \$35,500. The parish has thirty-three census tracts with none considered low-income tracts, four considered “moderate-income”, sixteen considered “middle-income” and thirteen considered “upper-income” tracts. The parish’s

racial make-up is eighty-eight percent (88%) white, eleven percent (11%) black and one percent (1%) other.

All of the parishes included in the bank's assessment area included in the New Orleans Metropolitan area. FNB of St. Charles' competition is strong, because of the proximity to the New Orleans market. Competition is provided by branches from the three regional banks located in New Orleans, First National Bank of Commerce, Whitney and Hibernia National banks. Also, providing the bank with competition are state banks and credit unions located in the assessment areas.

The growth of Jefferson, St. Tammany and St. Charles parishes is primarily the result of out-migration from New Orleans. The parishes share the special geographical features of the metropolitan region including extensive water coverage and large amounts of land that are not available for development because of periodic flooding. The economic base of the Consortium largely reflects that of southern Louisiana, i.e. the predominance of the oil and gas industry, fishing and agriculture. The main employers of St. Charles parish include large manufacturing companies such as Monsanto, Shell Oil, Oxy and Union Carbide.

Conclusions with Respect to Performance Criteria

Loan to Deposit Ratio

Since the last CRA evaluation on June 6, 1994, FNB of St. Charles' loan-to-deposit ratio has averaged eighty-seven percent (87%). The bank's loan-to-deposit ratio has steadily increased since the last examination. During the twelve quarters since the last CRA examination, the loan-to-deposit ratio has ranged from a low of sixty-eight percent (68%) to a high of one hundred three percent (103%) at June 30, 1996. FNB of St. Charles' loan-to-deposit ratio as of our compliance examination date, June 30, 1997, was ninety-seven percent (97%).

When compared to banks of similarly situated to itself, FNB of St. Charles' loan-to-deposit ratio is considered excellent. The bank is considered in the upper tier of the rankings of banks in its peer group.

Based on this information, FNB of St. Charles' loan-to-deposit ratio exceeds the standards for satisfactory performance for this criterion.

Lending in the Assessment Area

FNB of St. Charles extends a majority of its loans within the assessment area. The bank contracted a company to generate a report that tracked loans made inside and outside the assessment area. The November 11, 1996, report reflected that total loans originated within the assessment area was 1,240 and accounted for \$35.4 million in loans. The total amount of loans outstanding as of October 31, 1996 was \$48.7 million. This computes into a seventy-three percent (73%) ratio of lending within its assessment area.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes and Geographic Distribution of Loans

FNB of St. Charles's loan originations made within the assessment area reflects a reasonable penetration of loans to borrowers of different incomes and to businesses of different sizes. Our loan review indicated that FNB of St. Charles' commercial lending activity includes many small business owners ranging from single family builders to bed and breakfast owners. The bank's primarily line of business is secured real estate lending accounting for eighty-six percent (86%) of the loan portfolio. The table below depicts the bank's lending activity within its assessment area to borrowers of different income levels.

Distribution of Loans made within the Assessment Area								
St. Charles Parish	Low-Income		Moderate-Income		Middle-Income		Upper-Income	
	Number of Loans	Dollar Amount \$(000s)	Number of Loans	Dollar Amount \$(000s)	Number of Loans	Dollar Amount \$(000s)	Number of Loans	Dollar Amount \$(000s)
	2	\$35	118	\$2,276	394	\$7,100	210	\$6,094
Jefferson Parish	1	\$32	41	\$1,462	187	\$6,126	202	\$8,999
St. Tammany Parish	0	\$0	5	\$166	21	\$701	57	\$2,485

Source: Loan density analysis report performed by the Attus Inc. Group for FNB of St. Charles

Response to Complaints

There have been no complaints filed against the bank concerning the bank's CRA performance during the current evaluation period. Furthermore, no violations of anti-discrimination laws and regulations were identified during the concurrent compliance examination. Fair lending practices are applied by bank personnel and periodic audits are conducted to ensure compliance with all laws and regulations.