

PUBLIC DISCLOSURE

February 16, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Benton
Charter Number 18162
104 Sibley Street
Benton, Texas 71006**

**Office of the Comptroller of the Currency
Southwestern District
1600 Lincoln Plaza
500 North Akard
Dallas, Texas 75201-3394**

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 Community Reinvestment Act (CRA) performance of **The First National Bank of Benton** prepared by **The Office of the Comptroller of the Currency** the institution's supervisory agency, as of February 16, 1999. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

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

The First National Bank of Benton has a satisfactory record of meeting community credit needs. This satisfactory rating is based upon:

- < The bank's average loan-to-deposit ratio of 48.02% is comparable to the ratios of other area banks.
- < A majority of the bank's core loan products are extended within its assessment area.
- < The distribution of borrowers reflects a good penetration among customers of different income levels and businesses of different sizes.
- < The geographic distribution of loans reflects a reasonable penetration throughout the assessment area.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>THE FIRST NATIONAL BANK of BENTON</u> 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	No complaints have been received since the previous CRA examination		

DESCRIPTION OF INSTITUTION:

The First National Bank of Benton is a community bank with average assets of \$36 million. Outstanding loans on December 31, 1998 totaled \$15 million. Loan products offered include 1- 4 family residential (interim construction and permanent), home improvement, home equity, commercial, consumer, and agricultural loans. Composition of the loan portfolio by type is as follows: commercial 45%; residential real estate 44%; consumer 9%; agricultural 1%; and other 1%. The primary business focus consists of residential real estate and commercial lending. There are no legal impediments which limit the bank's ability to meet the credit needs of the assessment area. The financial institution is located at 104 Sibley Street, Benton, Louisiana. The bank does not have any branch locations or Automated Teller Machines (ATM). The bank's CRA performance was rated satisfactory at the previous CRA examination dated April 25, 1996.

DESCRIPTION OF THE ASSESSMENT AREA:

The Board has designated the bank's assessment area as census tracts 111.03 and 112.00 in the Shreveport/Bossier Metropolitan Statistical Area (MSA). The designated census tracts incorporate the communities of Benton, Red Chute, and Plain Dealing. Census tract 111.03 is designated upper income with census tract number 112.00 designated moderate income. These census tracts have a total population of 16,785 based on 1990 Census information. Approximately 20% of the families are low income, 14% are moderate income, 19% are middle income, and 47% are upper income. According to 1998 Department of Housing and Urban Development (HUD) information, the median family income in Bossier Parish and in the financial institution's designated assessment area is \$36,600. The area economy is stable with an unemployment rate of approximately 4% (1998). Employment opportunities within Bossier Parish are centered in the following industries: agriculture, gaming, retail sales, and military. Major employers located within the assessment area include Bossier Parish School District, City of Benton, and the Bossier Parish Highway Department.

A recent contact with a local quasi-governmental official indicated that there are no unfulfilled credit needs as area financial institutions have been responsive to credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

LOAN TO DEPOSIT RATIO:

The loan-to-deposit ratio of The First National Bank of Benton is comparable to the ratios of other area banks. Although First National Bank's loan-to-deposit ratio as of December 31, 1998 equaled 35.31%, the average loan-to-deposit ratio has been 48.02% since our previous assessment of the bank's CRA activities dated April 25, 1996. The reason for the decrease in the bank's loan-to-deposit ratio in December is the result of the acquisition of approximately \$10 million in county public funds (Bossier Parish School District Tax Collector Account). The bank obtains these public funds each fall, and the funds leave the institution during the first quarter of the following year. Without these cyclical public funds, the bank's loan-to-deposit ratio would be approximately 49.91% as of December 31, 1998. The loan-to-deposit ratio of two other financial institutions (one national bank and one state chartered bank) located in Bossier Parish has averaged 53.38% since April 25, 1996. Individual loan-to-deposit ratios for these banks ranged from a low of 34.85% to a high of 79.37%.

LENDING IN ASSESSMENT AREA:

A majority of the bank's lending activity is located within its assessment area. We reviewed a sample of 37 residential mortgages, 25 consumer loans, and 25 business loans, originated in 1998 and 1999. The combined sample reflected approximately 67% of loans by number and 63% of loans by dollar amount were extended within the bank's assessment area. The breakdown by loan category is illustrated in the table below.

Analysis of Lending Inside and Outside Assessment Area								
Loan Type	Inside				Outside			
	#	%	\$ (000)	%	#	%	\$ (000)	%
Mortgage	23	62%	1,002	53%	14	38%	901	47%
Consumer	21	84%	55	71%	4	16%	22	29%
Commercial	14	56%	1,922	71%	11	44%	798	29%
Total	58	67%	2,979	63%	29	33%	1,721	37%

LENDING TO BORROWERS OF DIFFERENT INCOME AND TO BUSINESSES OF DIFFERENT SIZES:

The distribution of loans within the assessment area reflects a good penetration among individuals of different income levels and businesses of different sizes. We performed an analysis based on a sample of consumer, residential, and business loans originated within the bank's assessment area in 1998 and 1999. The distribution of loans within each income category approximates the assessment area's median family income characteristics. Residential loans for low- and moderate-income persons are also available through the Farm Service Administration located in Shreveport, Louisiana. The following table details the results of our income analysis.

Lending to Borrowers of Different Income Levels										
	Low Income Families		Moderate Income Families		Middle Income Families		Upper Income Families		Total	
Area Demographic Characteristics	20%		14%		19%		47%		100%	
Loan Types:	#	%	#	%	#	%	#	%	#	%
Mortgage	5	22%	8	35%	4	17%	6	26%	23	100%
Consumer	15	71%	2	10%	3	14%	1	5%	21	100%
Revenue Ranges	Less than \$100,000		\$100,000-\$500,000		\$500,000--\$1,000,000		Over \$1,000,000			
Commercial	5	36%	6	43%	2	14%	1	7%	14	100%

GEOGRAPHIC DISTRIBUTION OF LOANS:

The geographic distribution of loans reflects a reasonable penetration throughout the assessment area. We performed an analysis based on a sample of consumer, residential, and business loans originated within the bank’s assessment area in 1998 and 1999. The distribution of loans within each applicable income tract approximates the characteristics of the assessment area’s population.

Lending to Borrowers in Different Geographies										
	Low Income Tracts		Moderate Income Tracts		Middle Income Tracts		Upper Income Tracts		Total	
Area Demographic Characteristics	0%		38%		0%		62%		100%	
Loan Types:	#	%	#	%	#	%	#	%	#	%
Mortgage	0	0%	7	30%	0	0%	16	70%	23	100%
Consumer	0	0%	8	38%	0	0%	13	62%	21	100%
Business	0	0%	3	21%	0	0%	11	79%	14	100%

RESPONSE TO COMPLAINTS:

Management has not received any written complaints related to CRA performance since the previous CRA Examination. A Fair Lending Examination was performed in conjunction with this CRA evaluation. Based on the samples reviewed, no discriminatory practices were noted. Furthermore, we did not identify any substantive violations involving anti-discrimination laws or regulations.