



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

**December 03, 2007**

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

First National Bank of Benton  
Charter Number 18162

104 Sibley  
Benton, LA 71106-0000

Office of the Comptroller of the Currency

LONGVIEW FIELD OFFICE  
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Longview, TX 75604-2516

**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 of Benton has a satisfactory rating of meeting community credit needs. This rating is based on the following:

- A majority of the bank’s loans are extended within their assessment area.
- The bank’s loan-to-deposit ratio is reasonable based on the bank’s performance context and lending opportunities within its assessment area.
- The distribution of loans demonstrates a reasonable penetration among borrowers of different income levels and businesses of different sizes.

**SCOPE OF EXAMINATION**

This Performance Evaluation (PE) is an assessment of First National Bank’s ability to meet the credit needs of the communities in which it operates. The bank was evaluated under the small bank performance criteria. Conclusions regarding the bank’s lending performance are based on residential real estate and commercial real estate loans originated from September 8, 2003 to December 3, 2007.

**DESCRIPTION OF INSTITUTION**

First National Bank of Benton (FNB) is a \$49 million bank which serves the northern portion of Bossier Parish through one branch and one ATM. FNB is wholly owned by Northwest Bancshares Corporation. The bank offers a full range of loan and deposit products. The following chart reflects the distribution of the bank’s loan portfolio as of September 30, 2007.

<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>
Residential Real Estate Loans	\$7,112	42.84%
Commercial Real Estate Loans	\$5,169	31.13%
Commercial Loans	\$1,968	11.85%
Agricultural Real Estate Loans	\$1,385	8.34%
Consumer Loans	\$969	5.84%
<b>Total</b>	<b>\$16,603</b>	<b>100.00%</b>

There are no legal impediments or other factors that inhibit the bank’s ability to meet the credit needs of the community. The bank was rated satisfactory during the prior CRA Examination dated September 8, 2003.

## DESCRIPTION OF ASSESSMENT AREA

The Board has designated the northern portion of Bossier Parish, which includes census tracts, 111.03, 111.07, 111.08 and 112, as its assessment area. This assessment area meets the requirements of the Community Reinvestment Act and does not arbitrarily exclude any low and moderate-income geographies.

The assessment area has a total population of 20,613. The assessment area consists of two middle-income tracts and two upper-income tracts. It does not contain any low or moderate-income tracts. The unemployment rate is 2.38%. The local economy is growing with most of the growth concentrated between Benton and Bossier City. FNB along with a branch of First Guaranty Bank are the only financial institutions located in Benton. Major employers in the assessment area include Bossier Parish (court house), Town of Benton, Bossier Parish Sherriff's Department, Benton School Board and K Pro Manufacturing. Other residents are employed by the hospitals and casinos located adjacent to the assessment area. Benton is a bedroom community and many residents work in either Bossier City or Shreveport.

Contact with a local government official revealed area financial institutions are meeting the credit needs of the community.

The following table provides a description of the assessment area based on census data and 2006 Department of Housing and Urban Development (HUD) information.

<b>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA</b>	
<i>Population</i>	
Number of Families	5,947
Number of Households	7,454
<i>Geographies</i>	
Number of Census Tracts	4
% Low-Income Census Tracts	0.00%
% Moderate-Income Census Tracts	0.00%
% Middle-Income Census Tracts	50.00%
% Upper-Income Census Tracts	50.00%
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	\$40,445
2006 HUD-Adjusted MFI	\$49,600
<i>Economic Indicators</i>	
Unemployment Rate	2.38%
2000 Median Housing Value	\$95,614
% of Households Below Poverty Level	13.35%

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Management has demonstrated satisfactory performance in meeting the credit needs of the community. The following sections provide detail of our assessment of each performance criteria.

### Loan-to-Deposit Ratio

First National Bank of Benton's (FNB) loan-to-deposit (LTD) ratio as of September 30, 2007 totaled 39.82%; however, the LTD ratio increases to 52.94% when public fund deposits are netted out of the total deposit figures. The average LTD was 37.46% during our evaluation period. When public funds are omitted that figure increases to 55.86%. FNB is one of the depository institutions for the Bossier Parish Sheriff's Department. The balance for this entity increases dramatically in the first and fourth quarters each year as local residents pay their taxes to the aforementioned body. The Sheriff's Department exhibits a history of keeping significant balances on hand throughout the year. There are numerous other public fund accounts on record including various municipalities. Their combined balances significantly influence the LTD ratio. As these deposits are labeled public funds, securities are required to be pledged against them. This limits the bank's capacity to make these funds available for lending purposes. Therefore, the average LTD ratio of 55.86% is more indicative of the bank's true LTD ratio and is reasonable given the bank's size, financial condition, and assessment area credit needs. The adjusted LTD ratio results in a much more favorable number when compared to three other institutions in the area. Information for these financial institutions is detailed in the following table:

Institution	Assets (000s) as of 9/30/07	LTD Ratio as of 9/30/07	Average LTD Ratio
	\$	%	%
Tri-State Bank & Trust of Haughton	33,650	26.73	17.89
Citizens Bank & Trust Company of Springhill	101,888	61.73	56.28
Citizens Bank & Trust Company of Vivian, Louisiana	94,008	71.03	66.13
First National Bank of Benton	48,539	39.82	37.46
*FNB Benton Net of Public Funds	48,539	52.94	55.86

## Lending in Assessment Area

A majority of the bank’s lending activity is located within the assessment area. Our review focused on the bank’s primary product lines, residential real estate and commercial real estate. We reviewed a sample of 61 residential real estate and 20 commercial real estate loans. This sample revealed approximately 67% of the number of loans and 32% of the dollar amount of loans were extended in the bank’s assessment area. The breakdown by loan category is illustrated below:

Lending in Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential RE	43	70.49%	18	29.51%	61	\$1,458	37.57%	\$2,423	62.43%	\$3,881
Commercial RE	11	55.00%	9	45%	20	\$848	25.15%	\$2,524	74.85%	\$3,372
<b>Totals</b>	<b>54</b>	<b>66.67%</b>	<b>27</b>	<b>33.33%</b>	<b>81</b>	<b>\$2,306</b>	<b>31.79%</b>	<b>\$4,947</b>	<b>68.21%</b>	<b>\$7,253</b>

Source: Loan Sample and 2005-2007 HMDA data.

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

Residential real estate and commercial real estate loans are the bank’s primary lending products in the assessment area. The distribution of real estate loans reflects an excellent penetration. Sixteen percent of assessment area families are considered low-income while our sample revealed 40% by number of loans and 15% by dollar amount of loans are to low-income families. Likewise, eleven percent of assessment area families are considered moderate-income while our sample revealed 30% by number of loans and 38% by dollar amount are to this income-level. Growth in the Benton/Bossier City area along with abundant housing stock supports these percentages.

BORROWER DISTRIBUTION OF RESIDENTIAL REAL ESTATE								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families <sup>1</sup>	16.19%		11.00%		18.35%		54.46%	
	% of Number	% of Amount						
	39.53%	15.09%	30.23%	38.07%	9.30%	5.69%	20.93%	41.15%

Source: HMDA data and U.S. Census data.

The distribution of loans to businesses reflects a reasonable penetration. Approximately thirty-two percent of businesses do not report their revenues; therefore the percentage of businesses by income level may not accurately reflect a true percentage in each income category. Our sample of business loans inside the assessment area revealed a substantial majority of the bank’s business loans were to businesses with revenues less than \$1 million.

<b>BORROWER DISTRIBUTION OF LOANS TO BUSINESSES</b>				
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable	Total
% of AA Businesses <sup>3</sup>	65.79%	2.24%	31.97%	100.00%
% of Bank Loans in AA #	94.44%	5.56%	---	100.00%
% of Bank Loans in AA \$	81.92%	18.08%	---	100.00%

*Source: Loan Sample; Dun & Bradstreet data.*

### **Geographic Distribution of Loans**

A geographic analysis of lending activity was not performed. There are no low or moderate income geographies located in the assessment area, therefore an analysis would not be meaningful.

### **Responses to Complaints**

First National Bank of Benton has not received any CRA related complaints during the assessment period.

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

We found no evidence of discriminatory or other illegal credit practices.