



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

September 08, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank Of Benton
Charter Number 18162**

**104 Sibley Street
Benton, Louisiana 71006**

**Comptroller of the Currency
ADC Marshall W. Mitchell
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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.

TABLE OF CONTENTS

| | |
|--|----------|
| INSTITUTION'S CRA RATING..... | 2 |
| DESCRIPTION OF INSTITUTION | 2 |
| DESCRIPTION OF THE ASSESSMENT AREA | 3 |
| CONCLUSIONS ABOUT PERFORMANCE CRITERIA..... | 4 |

INSTITUTION'S CRA RATING:

This institution is rated Satisfactory.

First National Bank of Benton (FNB) has a satisfactory record of meeting community credit needs. This rating is based upon the following:

- ❖ A majority of loans sampled, representing 63% of the number and 52% of the dollar volume, originated within the bank's assessment area;
- ❖ The average loan-to-deposit ratio of 42% meets the standards for satisfactory performance;
- ❖ The geographic distribution of the sampled residential loans and commercial real estate loans reflects an adequate dispersion to moderate-income census tracts within the assessment area;
- ❖ An adequate penetration of the commercial real estate loans sampled was made to businesses with revenues of less than \$1 million; and
- ❖ The distribution of sampled home purchase loans to borrowers reflects an adequate penetration among families defined as low- and moderate-income.

DESCRIPTION OF INSTITUTION:

FNB is a community bank with total assets of \$49 million as of June 30, 2003. Northwest Bancshares Corporation, a one-bank holding company, wholly owns the bank. As of June 30, 2003, Northwest Bancshares Corporation had total assets of approximately \$50 million.

Currently, FNB serves the northern half of Bossier Parish through their location at 104 Sibley Street, Benton, Louisiana. The bank has no branches and does not operate any automated teller machines.

FNB is a full service institution, providing various deposit and loan products. Management's lending philosophy is to provide all types of loans to their community from one-to-four family residential mortgage loans to commercial and agriculture loans. The following table portrays the principal loan mix of FNB:

| Loan Category | \$ (000) | % |
|-------------------------|-----------------|----------------|
| Residential Real Estate | \$7,510 | 48.47% |
| Commercial Real Estate | \$4,930 | 31.82% |
| Commercial | \$1,258 | 8.12% |
| Consumer | \$937 | 6.05% |
| Farmland | \$679 | 4.38% |
| Agricultural Production | \$180 | 1.16% |
| Total | \$15,494 | 100.00% |

FNB was rated “Satisfactory” in its previous CRA public evaluation dated February 16, 1999. The bank continues to have no financial or legal obstacles that could affect its ability to meet community credit needs. As of June 30, 2003, FNB had a “net loans to total assets” ratio of 31%.

DESCRIPTION OF THE ASSESSMENT AREA:

The Board of Directors has designated FNB’s assessment area as Census Tracts 111.03 and 112.00, located in the northern two-thirds of Bossier Parish and the Shreveport/Bossier City Metropolitan Statistical Area. The designated Census Tracts incorporate the communities of Benton, Red Chute, and Plain Dealing. Competition consists of a single state bank branch located in Benton. The bank’s assessment area meets the requirements of regulatory guidelines and does not arbitrarily exclude any low- or moderate-income areas. The following table reflects the demographics for the assessment area (AA):

| DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA | |
|---|----------|
| <i>Population</i> | |
| Number of Families | 4,617 |
| Number of Households | 5,839 |
| <i>Geographies</i> | |
| Number of Census Tracts (CTs) | 2 |
| # - % Low-Income CTs | 0 (0%) |
| # - % Moderate-Income CTs | 1 (50%) |
| # - % Middle-Income CTs | 0 (0%) |
| # - % Upper-Income CTs | 1 (50%) |
| <i>Median Family Income (MFI)</i> | |
| 1990 MFI for AA | \$27,402 |
| 2002 HUD-Adjusted MFI | \$40,100 |
| <i>Economic Indicators</i> | |
| Shreveport/Bossier City Metropolitan Statistical Area Unemployment Rate | 8.3% |
| 2002 Median Housing Value | \$57,961 |
| % of Households on Social Security | 26% |
| % of Households Below Poverty Level | 19% |

Unemployment data for July 2003 obtained from the Bureau of Labor Statistics web-site

Census Tract 111.03 is designated as upper income, with 112.00 designated as moderate income. These Census Tracts have a total population of 16,785, based upon 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 the 2002 Department of Housing and Urban Development (HUD) information, the median family income in Bossier Parish is \$40,100. The area economy is considered stable, with an unemployment rate of 8.3% as of the end of July 2003. Employment opportunities within Bossier Parish are centered in military service, government, public education, manufacturing, gaming, and health care. Major employers include Barksdale Air Force Base, the State of Louisiana, Caddo and Bossier Parish School Districts, LSU Medical Center, Willis Knighton Health Systems, the City of Shreveport, Christus Schumpert Health System, General Motors Corporation, and the various casinos located within Shreveport and Bossier City.

A recent contact with an official from the local Chamber of Commerce indicated there are no unfulfilled credit needs as area financial institutions have been responsive to the credit needs of the community.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA:

The June 30, 2003 Report of Condition indicates that the majority of FNB's loan portfolio consists of residential real estate and commercial real estate loans. We sampled these types of loans originated between February 16, 1999 and December 31, 2002. We did not select any loans originated from January 1, 2003 to September 16, 2003, due to 2000 Census information unavailability.

Overall, FNB is meeting the standards of satisfactory performance. The bank's strengths are extending 1-4 family residential mortgage loans to low- and moderate-income families and lending to small businesses.

LOAN-TO-DEPOSIT RATIO

FNB's loan-to-deposit (LTD) ratio averaged 42% during our evaluation period. The LTD ratio as of June 30, 2003 totaled 36%; however, the LTD ratio increases to 65% when public fund deposits are netted out of the total deposit figure. The bank is the depository institution for Bossier Parish and the City of Benton. These two entities cause the bank's deposits to increase dramatically in the fourth and first quarters every year. They also maintain significant deposits through out the year. As these are public deposits they are required to have investment securities pledged against them; therefore, the money is generally not available to be loaned out. Therefore, the 65% LTD ratio is more indicative of the bank's lending performance and is on the upper end of the average with the other two institutions. Given the bank's size, financial condition, and assessment area credit needs, the bank meets the standard for satisfactory performance. Information for these financial institutions is detailed in the following table:

| Institution | Assets \$ (000's) as of 6/30/03 | LTD net of public Funds as of 06/30/03 | Average LTD Ratio |
|---|--|---|--------------------------|
| Citizens Bank & Trust Company of Vivian | 73,869 | 77.58% | 71.79% |
| Tri-State Bank of Haughton | 63,741 | 14.33% | 24.41% |
| <i>First National Bank of Benton</i> | 48,954 | 64.88% | 42.36% |

LENDING IN ASSESSMENT AREA

Based on our review of FNB's lending patterns, the bank meets the standards of satisfactory performance. Our sample of 20 home purchase loans and 20 commercial loans revealed 65% of the number were originated within the bank's assessment area, while 53% of the dollar amount originated within the bank's assessment area. The bank is a bedroom community of Bossier City and there has been a surge of residential building in the assessment area and adjacent to the assessment area which accounts for the high volume of residential loans. Furthermore, of the eight commercial loans located outside the assessment area, three were located in adjacent tracts. Following is a table detailing these conclusions:

| TOTAL LOANS REVIEWED | | | | | | | | |
|-----------------------------|---------------------------|-----------|------------------|-----------|-------------------------------|-----------|------------------|-----------|
| LOAN TYPE | IN ASSESSMENT AREA | | | | OUT OF ASSESSMENT AREA | | | |
| | # | % | \$ (000s) | % | # | % | \$ (000s) | % |
| Commercial RE | 12 | 60 | 1,431 | 51 | 8 | 40 | 1,361 | 49 |
| 1 – 4 Family | 14 | 70 | 475 | 56 | 6 | 30 | 364 | 44 |
| Total Reviewed | 26 | 65 | 1,906 | 53 | 14 | 35 | 1,725 | 47 |

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

The bank exceeds the standard for satisfactory performance in lending to borrowers of different incomes and to businesses of different sizes.

We reviewed a sample of 20 home purchase loans made during this evaluation period, which originated within the bank's assessment area. FNB's home purchase lending to low- and moderate-income borrowers exceeds the percentage of those borrowers based on the demographics of the assessment area. The number of home purchase loans to low- and moderate-income borrowers is good. Overall, the bank's penetration to low- and moderate-income borrowers exceeds the standards for satisfactory performance when compared to the percentage of low- and moderate-income families within the assessment area as seen in the following table:

| RESIDENTIAL REAL ESTATE | | | | | | | | |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Borrower Income Level | LOW | | MODERATE | | MIDDLE | | UPPER | |
| % of AA Families | 20.2% | | 14.1% | | 18.5% | | 47.2% | |
| LOANS | % of Number | % of Amount | % of Number | % of Amount | % of Number | % of Amount | % of Number | % of Amount |
| Purchase | 30% | 15% | 30% | 27% | 5% | 9% | 35% | 49% |

FNB has also originated a significant number of loans to businesses with revenues of less than \$1 million. We reviewed a sample of 20 commercial real estate loans originated within the bank's assessment area during the assessment period. The following table summarizes the results of that sample:

| BORROWER DISTRIBUTION OF SMALL LOANS TO BUSINESSES | | |
|--|--------------|--------------|
| Business Revenues | ≤\$1,000,000 | >\$1,000,000 |
| % of AA Businesses | 96% | 4% |
| % of Bank Loans in AA # | 90% | 10% |
| % of Bank Loans in AA \$ | 63% | 37% |

GEOGRAPHIC DISTRIBUTION OF LOANS

FNB has a reasonable dispersion of loans within its assessment area. The number and dollar volume of residential loans made within the moderate-income census tract is satisfactory, as detailed in the following table:

| RESIDENTIAL REAL ESTATE | | | | |
|---------------------------|-------------|-------------|-------------|-------------|
| Census Tract Income Level | MODERATE | | UPPER | |
| % of AA Owner Occupied | 40% | | 60% | |
| LOANS | % of Number | % of Amount | % of Number | % of Amount |
| Purchase | 25% | 23% | 75% | 77% |

The number and dollar volume of the sampled commercial real estate loans made within the moderate-income census tract is reasonable in comparison to the percentage of businesses within the assessment area as can be seen in the following table:

| BUSINESS LOANS | | | | |
|---------------------------|-------------|-------------|-------------|-------------|
| Census Tract Income Level | MODERATE | | UPPER | |
| % of AA Businesses | 30% | | 70% | |
| LOANS BY TYPE | % of Number | % of Amount | % of Number | % of Amount |
| Commercial RE | 10% | 3% | 90% | 97% |

RESPONSES TO COMPLAINTS

FNB has not received any CRA related complaints during this evaluation period.

FAIR LENDING REVIEW

An analysis of four years public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. We found no evidence of illegal discrimination or other illegal credit practices. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending examination was performed in 1999.