



PUBLIC DISCLOSURE

March 05, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Benton
Charter Number 18162

104 Sibley Street
Benton, LA 71006

Office of the Comptroller of the Currency

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Suite 306
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, and should not 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.

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Overall CRA Rating

This institution is rated **Satisfactory**.

First National Bank of Benton has a “Satisfactory” record of meeting the credit needs within its assessment area. The major factors supporting this rating include:

- The bank’s loan-to-deposit (LTD) ratio is reasonable.
- A majority of the bank’s loans were extended within its assessment area (AA).
- The bank’s distribution of loans based on borrower income represents an excellent penetration within its AA.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area (MA)/assessment area.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor

vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Description of Institution

First National Bank of Benton (FNB) is a nationally chartered community bank located at 104 Sibley Street in Benton, Louisiana. The bank reported total assets of \$58 million as of December 31, 2017. FNB is a full service community bank that offers traditional consumer, residential, and commercial loans. FNB's business strategy is that of a traditional community bank with focus on 1-4 family mortgages. The bank is wholly owned by Northwest Bancshares Corporation, a one bank holding company.

As of December 31, 2017, FNB's loan portfolio totaled \$39.9 million with reported deposits of \$43.7 million. The following chart reflects the distribution of the bank's loan portfolio as of December 31, 2017.

Loan Category	\$ (000)	%
1-4 Family Mortgages	\$26,313	65.99%
Commercial Loans (includes commercial real estate)	\$7,770	19.49%
Agricultural Loans (includes agricultural real estate)	\$4,520	11.34%
Consumer Loans	\$1,008	2.53%
Other	\$260	0.65%
Total	\$39,871	100.00%

There are no financial or legal obstacles affecting the bank's ability to meet community credit needs. The bank was rated "Satisfactory" at the prior CRA Examination dated April 8, 2013. OCC records and the bank's CRA public file indicate there have been no complaints related to the CRA performance. FNB's tier 1 capital equaled \$10.2 million, representing 17.79 percent of adjusted average assets as of December 31, 2017.

Scope of the Evaluation

Evaluation Period/Products Evaluated

FNB's CRA performance was evaluated using the small bank CRA procedures. Under these procedures, loan originations are evaluated to determine if the institution is meeting the credit needs of its AAs. Conclusions regarding the bank's lending performance are based on 1-4 family mortgages originated from January 1, 2015, to December 31, 2017. One-to-four family mortgages represented 43.74 percent of loan originations by number during this evaluation period. Conclusions for this analysis was based on all HMDA reported loans.

Data Integrity

A data integrity review was completed in September 2016 to determine the accuracy of FNB's reporting of HMDA loans. The HMDA data was found to be reliable.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Conclusions with Respect to Performance Tests

LENDING TEST

FNB's performance under the CRA is "Satisfactory". The bank's LTD ratio is reasonable and a majority of the bank's lending activity was originated within its AA. In addition, the distribution of loans to borrowers of different income levels reflects an excellent penetration. Finally, there were no CRA related complaints filed during this evaluation period.

Loan-to-Deposit Ratio

FNB's LTD ratio is reasonable given the bank's size, financial condition, and AA credit needs. The bank's quarterly LTD ratio has averaged 72.62 percent since the previous CRA examination. The average quarterly LTD ratio of similarly situated banks for the same time period equaled 68.56 percent and ranged from a low of 44.44 percent to a high of 98.03 percent.

Lending in Assessment Area

A majority of the bank's lending activity is located inside its AA. We reviewed all HMDA reported loans originated from January 1, 2015, to December 31, 2017. This sample reflected 55 percent of the number of loans that were extended in the institution's AA. Refer to the following table:

Table 1 - Lending in Bossier Parish AA										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
1-4 Family Mortgages	47	54.65	39	45.35	86	4,463	46.89	5,056	53.11	9,519

Source: HMDA Data.

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

FNB's distribution of loans based on borrower income represents an excellent penetration based on the AA's demographics. The percentage of 1-4 family mortgages originated during 2015 and 2016 to both low-income and moderate-income families exceeded the AA's demographics. In addition, the percentage of 1-4 family mortgages originated in 2017 was near to the percentage of low-income families within the AA and exceeded the percentage of moderate-income families within the AA.

Table 2 - Borrower Distribution of Residential Real Estate Loans originated in 2015 and 2016 in Bossier Parish AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
1-4 Family Mortgages	12.51	16.00	10.06	32.00	17.34	16.00	60.09	36.00

Source: HMDA Data; U.S. Census Data

Table 2 - Borrower Distribution of Residential Real Estate Loans originated in 2017 in Bossier Parish AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
1-4 Family Mortgages	13.74	13.64	8.05	13.64	16.14	27.27	62.06	45.45

Source: HMDA Data; American Community Survey.

Geographic Distribution of Loans

A geographic analysis of the bank’s lending activity was not performed. There are no low- or moderate-income geographies located in the AA; therefore, an analysis would not be meaningful.

Responses to Complaints

FNB did not receive any complaints or public comments regarding its CRA performance during this evaluation period.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test (excludes CD loans): (01/01/15 to 12/31/17)	
Financial Institution	Products Reviewed	
First National Bank of Benton (FNB) Benton, Louisiana	1-4 Family Mortgages	
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Bossier Parish AA Part of the Shreveport/Bossier City, LA MSA	Full-Scope	

Appendix B: Community Profiles for Full-Scope Areas

Bossier Parish Assessment Area

Demographic Information for Full-Scope Area: Bossier Parish AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	4	0.00	0.00	50.00	50.00	0.00
Population by Geography	28,825	0.00	0.00	28.36	71.64	0.00
Owner-Occupied Housing by Geography	8,861	0.00	0.00	25.29	74.71	0.00
Businesses by Geography	2,336	0.00	0.00	27.65	72.35	0.00
Farms by Geography	93	0.00	0.00	29.03	70.97	0.00
Family Distribution by Income Level	7,749	13.74	8.05	16.14	62.06	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	1,689	0.00	0.00	43.64	56.36	0.00
Median Family Income = \$56,158						
FFIEC Adjusted Median Family Income for 2017 = \$54,700						
Households Below the Poverty Level = 11.85%						
			Median Housing Value = \$177,858			
			Unemployment Rate = 3.60%			

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 U.S. Census, 2015 ACS, 2017 FFIEC updated MFI, and Louisiana Workforce Commission.

FNB's board has designated Benton and the surrounding geographies as its AA. This area includes census tracts 111.03, 111.07, 111.08, and 112.00 in Bossier Parish, and is considered a bedroom community of nearby Shreveport and Bossier City. The AA is part of the Shreveport/Bossier City, LA MSA, meets the requirements of the Community Reinvestment Act, and does not arbitrarily exclude any low- or moderate-income geographies. The AA has a total population of 28.8 thousand and consists of two middle-income CTs and two upper-income CT. The bank serves this AA through one full-service office.

Major employers within Bossier Parish include Barksdale Air Force Base, Bossier Parish School Board, Horseshoe Casino, Diamond Jacks Casino, State of Louisiana Civil Service, and Margaritaville Casino. The local economy is considered stable with a December 31, 2017, unemployment rate of 3.60 percent, as reported by the Louisiana Workforce Commission. The poverty level within the AA is moderate at 11.85 percent. Competition is significant and consists of national and state chartered banks, along with credit unions and thrifts and numerous branches of larger financial institutions.

A representative of a local economic development organization was contacted as part of our community needs assessment. The representative did not identify any credit needs that were not being met.