



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

May 05, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank Of Wynne
Charter Number 10807**

**528 East Merriman
Wynne, AR 72396**

**Comptroller of the Currency
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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.

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 First National Bank of Wynne, Wynne, AR as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of May 5, 2003. 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 conclusion is based on the following:

- **A substantial majority of loans are made in the assessment area.**
- **The bank has a good distribution of loans to borrowers of different income levels and businesses of different sizes.**
- **The loan-to-deposit ratio is good given the bank's size, financial condition, and the assessment area credit needs.**
- **The geographic distribution of lending reflects a reasonable distribution of loans throughout the assessment area.**

DESCRIPTION OF INSTITUTION

First National Bank of Wynne (FNB) had total assets of \$176.9 million and loans of \$146.2 million as of December 31, 2002. The bank is located in eastern Arkansas approximately 75 miles west of Memphis, TN. The bank's primary business focus is real estate and agricultural loans with the loan portfolio representing approximately 83% of total assets. As a percentage of Tier 1 Capital, real estate loans totaled 309%, agricultural 113%, commercial 167%, with consumer and others 44%. The loan portfolio composition is as follows:

Loan Type	\$ Volume (000)	% Of Portfolio
Real Estate	\$71,340	49%
Agricultural	\$26,144	18%
Commercial	\$38,552	26%
Consumer & Other	\$10,171	7%
Total	\$146,207	100%

FNB operates only in Arkansas, with three branches located in Wynne, Cherry Valley, Forrest City. The bank has two stand alone ATM's, one located in Wynne, and the other in Harrisburg. The main facility is located in Wynne. The bank offers a full range of banking services that are accessible at all locations. The bank's holding company is First National Corporation located in Wynne and has total assets of \$172.4 million. They are not an interstate bank and are not in an MSA. There are no legal, merger and acquisition, or financial constraints that prohibit the bank from meeting assessment area credit needs. The last CRA evaluation is dated March 1998, with the rating of "Satisfactory".

Within their assessment area, the bank's deposit competition consists of three regional banks and ten local state and national banks. See the table below for a breakdown of deposit market shares as of June 30, 2002.

Deposit Market Share Within Assessment Area			
	FNB	Three Regional Banks	Ten Local Banks
As of 6/30/02	16.69%	11.54%	71.77%

DESCRIPTION OF ASSESSMENT AREA

FNB's assessment area consists of Cross, Poinsett and St. Francis counties. The updated 1990 U.S. Census median family income for non-Metropolitan Statistical Areas in Arkansas, including the assessment area for the three counties was \$34,200. This number is used to determine the income level of families in the assessment area. FNB's assessment area is comprised of six (6) moderate-income, twelve (12) middle-income and one (1) upper-income census tracts. The bank's assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude any low and moderate-income geography.

According to the updated 1990 U.S Census demographic data, the reported population of the assessment area was 72,386. Twenty-nine percent of the households showed income below the poverty level. The 2002-updated median family income is \$34,200. This income figure is updated annually and is used to determine the income level of individual applicants. There are 20,024 families in the assessment area of which: 5,498 (27%) are low-income, 3,419 (18%) are moderate-income, 4,016 (20%) are middle-income and 7,019 (35%) are upper-income families. The average cost of housing in the assessment area is \$37,730 with owner occupied housing representing 59% of the population.

The assessment area has a history of high unemployment, compared to the State of Arkansas and national averages. The latest unemployment data shows the national unemployment average of 6%. The state of Arkansas shows 6%, with the combined assessment area of Cross, Poinsett and St. Francis counties averaging 7.1%. The high unemployment can best be explained by the lack of employment opportunities in that market.

The bank's assessment area is primarily agricultural, manufacturing, retail trade, and services related. Major employers within the assessment area are Addison Shoe and Mueller Industries, with several smaller businesses such as Borks Head and Sanyo.

One community contact was made during this CRA review period. According to the community based development contact person there were no credit needs identified that have not been adequately satisfied by area financial institutions.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The calculated loan-to-deposit ratio of 86.54% exceeds the standards for satisfactory performance. For purposes of the loan-to-deposit ratio, the quarterly loan-to-deposit ratio was calculated for the twenty-one quarters since the last CRA review. The bank's capacity to lend is good.

Lending in Assessment Area

The level of lending inside and outside the assessment area meets the standards for satisfactory performance. A majority of loans and other lending-related activities are in the bank's assessment area. As of April 2, 2003 there were a total of 2,572 loans or (85%) for a dollar amount of \$89.6 million, or (68%) inside the assessment area and 444 loans for \$41.4 million outside the assessment area.

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

The distribution of loans from a sample a total of eighty loans were reviewed, with twenty loans for each of the major loan types for the Borrower Income Distribution Performance Criteria. The primary loan types are Real Estate, Consumer, Agricultural and Commercial. The distribution of loans reflects reasonable penetration among individuals in all income levels (including low and moderate income), given the demographics of the assessment area.

Distribution of Consumer and Real Estate Loans in Assessment Area by Borrower Income										
	Low		Moderate		Middle		Upper		Total	
	#	%	#	%	#	%	#	%	#	%
Family within Census Tracts	5,498	27%	3,419	17%	4,016	21%	7,091	35%	20,024	100%
Borrower Distribution of Loans	7	18%	9	22%	8	20%	16	40%	40	100%

FNB also has a good record of making loans to small businesses and small farms of different sizes. The farm and commercial loans reviewed showed that the bank makes loans to both categories, revenues and loan size of under \$1 million and over \$1 million.

Distribution of Business and Farm Loans in Assessment Area by Revenue and Loan Size										
	Revenue Under \$1 Million		Revenue Over \$1 Million		Loan Size Under \$1 Million		Loan Size Over \$1 Million		Total	
	#	%	#	%	#	%	#	%	#	%
Business & Farms Loans	34	80%	6	20%	39	97%	1	3%	40	100%

Geographic Distribution of Loans

FNB's geographic lending performance meets the standards for satisfactory performance and reflects a reasonable distribution of loans throughout the assessment area. No conspicuous gaps were identified.

Bank generated distribution reports reflect the following geographic distribution:

Geographic Distribution of Loans by Census Tract Income Level				
Census Tract Income Level	Number of Loans	Percentage	Dollar Amount in Millions	Percentage
Low	0	0%	\$ 0	0%
Moderate	604	24%	\$20.6	23%
Middle	1,577	61%	\$49.2	55%
Upper	391	15%	\$19.8	22%
Total	2,572	100%	\$89.6	100%

Responses to Complaints

No complaints have been received from the public specifically related to the bank's performance in helping to meet community credit needs.

Fair Lending Review

An analysis of three years public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. 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 exam was performed in 1998.

