



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

April 12, 2010

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

The First National Bank of Fort Smith  
Charter Number: 1950

602 Garrison Avenue  
Fort Smith, AR 72902-0000

Office of the Comptroller of the Currency

LITTLE ROCK (MEMPHIS) Field Office  
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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, 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

**Institution’s CRA Rating:** This institution is rated Outstanding.

The following table indicates the performance level of The First National Bank of Fort Smith (FNBFS) with respect to the Lending, Investment, and Service Tests:

Performance Levels	The First National Bank of Fort Smith Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		X
High Satisfactory		X	
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- FNBFS’s lending activity for small business loans in their full-scope assessment area (AA) is excellent.
- Loan distribution to businesses of different sizes is excellent. Small business lending is given the most weight in the Lending Test rating and the distribution of loans to small businesses is the most important factor in evaluating FNBFS’s small business lending.
- The geographic distribution of small business loans reflects an excellent penetration in moderate-income geographies.
- The borrower distribution of home mortgage loans to low- and moderate-income borrowers is excellent.
- The distribution of home mortgage loans to geographies of different income levels is excellent.
- The level of community development lending is excellent. FNBFS has taken a leadership role in community development projects, particularly with regard to affordable housing.
- FNBFS’s branch distribution is excellent and the bank has become a leader in the community in providing community development services.
- The dollar level of community development investments is good with the majority of the investments centered in low-income housing tax credits.

## 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 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 usually have between 2,500 and 8,000 persons, and 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 the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low- or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**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 do 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on 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% 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% of the area median income, or a median family income that is less than 50%, 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 ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development 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 Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

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

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

**Moderate-Income:** Individual income that is at least 50% and less than 80% of the area median income, or a median family income that is at least 50% and less than 80%, 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) and the Thrift Financial Reporting (TFR) 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 thousand 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% of the area median income, or a median family income that is at least 120%, in the case of a geography.

## Description of Institution

First National Bank of Fort Smith (FNBFS) is the largest locally controlled bank in the city with total assets of \$1.056 billion on December 31, 2009, and is an intrastate institution. First Bank Corporation, an interstate, non-regional, multi-bank holding company, owns FNBFS, which is the lead bank in the company. First Bank Corporation's assets were \$1.523 billion at December 31, 2009. Affiliate banks include the National Bank of Sallisaw headquartered in Oklahoma and Citizens Bank and Trust headquartered in Van Buren, Arkansas. FNBFS has only one non-bank affiliate, BHC Insurance and Financial Services, an insurance agency. Activities of the other banks were not considered in FNBFS's community reinvestment activity performance evaluation. Both affiliate banks and the non-bank affiliate are relatively close in proximity to Fort Smith. On December 1, 2008, the Bank of Rogers, Rogers, AR, was merged into FNBFS. This merger enabled the bank to enter the Fayetteville-Springdale-Rogers MSA market.

FNBFS operates 16 locations throughout northwest Arkansas. There are 12 locations in the Fort Smith, AR/OK MSA 22900 and four in the Fayetteville-Springdale-Rogers MSA 22220. The main office and seven branches are in Fort Smith, and one each in Barling, Charleston, Greenwood, and Lavaca. There are two branches in Rogers, and one each in Centeron, and Lowell. All branch locations are full-service, with extended hours. There is an automatic teller machine (ATM) at each branch plus seven stand-alone ATM's.

FNBFS's primary competition in the Fort Smith MSA includes two large financial institutions that are headquartered in the state of Arkansas with \$8.7 billion and \$2.1 billion in total assets.

Primary competitors in the Fayetteville-Springdale-Rogers MSA include the same two banks.

Net loans to total assets was 74% and equity capital totaled \$143 million, according to the December 31, 2009 Call Report. As of December 31, 2009, loans totaled \$780 million. The primary business focus is commercial lending with commercial and commercial real estate loans accounting for 80% of the bank's overall portfolio. FNBFS's loan portfolio composition as reported in the December 31, 2009 Report of Condition and Income is as follows:

<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>
Commercial Real Estate Loans	431,688	55.37%
Commercial Loans	193,512	24.82%
Residential Real Estate Loans	84,007	10.77%
Agriculture Loans	41,070	5.27%
Consumer Loans	29,405	3.77%
	<b>779,680</b>	<b>100%</b>

Source: 12/31/2009 Call Report

Table 1

No financial or legal impediments were identified that limit FNBFS from serving its community. The institution was rated "Outstanding" at the previous CRA examination dated December 3, 2007.

## Scope of the Evaluation

The bank has chosen to be and was evaluated under large bank procedures. The bank could have qualified to be examined under intermediate small bank procedures.

### Evaluation Period/Products Evaluated

Conclusions regarding the Lending Test are based on small business, small farm and HMDA loans from January 1, 2007 through December 31, 2009. The community development lending performance analysis considered loans made since the previous CRA examination and includes loans made from December 4, 2007 through April 12, 2010.

The evaluation period for the Service Test and Investment Test was also from December 4, 2007, through April 12, 2010. The Service Test was evaluated based on branch distribution, hours of operation, branch openings and closings, alternative delivery systems, retail and commercial deposit and loan products and services, and community development services. The Investment Test conclusions are based on an evaluation of qualified community development investments and donations.

### Data Integrity

A Data Integrity examination was conducted in February 2010 to determine the accuracy of FNBFS's HMDA, small business, small farm, and community development loan data. A sample of loans the bank reported for the years 2007 and 2008 was reviewed. We found the data and the bank's internal controls to be reliable. Also, a small sample of community development services and investments were reviewed and they met the regulatory definition.

### Selection of Areas for Full-Scope Review

FNBFS's AAs consist of portions of two separate MSAs: the Fort Smith, AR/OK MSA 22900 and Fayetteville-Springdale-Rogers, AR MSA 22220. Approximately 93% of reported loans originated in the Fort Smith, AR/OK MSA and 85% of deposits are in the Fort Smith, AR/OK MSA. In addition, 12 of the bank's 16 branches are located in this MSA. Also, FNBFS entered the Fayetteville-Springdale-Rogers MSA on December 1, 2008. The Fort Smith, AR/OK MSA was chosen for the full-scope review. The Fayetteville-Springdale-Rogers MSA was chosen for the limited-scope review. Refer to the table in Appendix A for more information.

### Ratings

The bank's overall rating is based primarily on the area that received a full-scope review.

### Other

A community contact was made with a regional business and labor group organization. The contact stated the greatest need for lending in the Fort Smith MSA was loans for operating expenses to keep businesses afloat during the current economic recession and loans to small businesses.

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

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

## Conclusions with Respect to Performance Tests

### LENDING TEST

#### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "Outstanding". Based on the full-scope review in the Fort Smith, AR/OK MSA 22900 AA, the bank's performance is excellent. Small business lending weighed most heavily in the Lending Test since small business lending represents about 82% of the lending activity reviewed. A large number and dollar amount of affordable housing related community development loans were extended during the review period. Community development loans reflected positively on the bank's performance under the Lending Test. FNBFS originated a relatively low volume of home mortgage and small farm loans during the evaluation period and the geographic distributions and borrower distributions for these types of loans do not have consequential impact on the overall conclusions for the Lending Test.

#### Lending Activity

Refer to Tables 1 Lending Volume and Other Products in Appendix C for the facts and data used to evaluate the bank's lending activity.

Lending activity reflects excellent responsiveness to credit needs in the bank's full-scope (Fort Smith MSA). Performance in the limited-scope (Fayetteville-Springdale-Rogers MSA) AA is generally consistent with the full-scope AA. The geographic distribution of home mortgage loans in moderate-income geographies is excellent. Lending activity for small loans to businesses in moderate-income geographies is excellent. The borrower distribution of home mortgage loans to low- and moderate-income borrowers is good. FNBFS has an excellent record of lending to businesses with revenues of \$1 million or less.

In the full-scope AA, approximately 18% of the number of loans was for home mortgage loans and 82% was for small loans to businesses. For the lending test, more weight was given to small loans to business than home mortgage loans.

FNBFS ranked first (1<sup>st</sup>) in the Fort Smith MSA for the June 30, 2009 deposit market share. The bank had a 16.96% deposit market share within the Fort Smith AA. The second (2<sup>nd</sup>), third (3<sup>rd</sup>), and fourth (4<sup>th</sup>) largest deposit market competitors are one regional bank and two larger Arkansas community banks. Based on 2008 Peer Mortgage Data, FNBFS had a market share of 1.09% and was ranked 24<sup>th</sup> for home purchase loans. For home improvement loans, FNBFS had a market share of 4.42% and ranked 5<sup>th</sup>. The bank had a market share of 1.05% for refinancing loans and ranked 24<sup>th</sup>. There was no peer data for 2008 since the bank filed the small business data late. However, the 2007 Peer Small Business Data showed FNBFS with a market share of 9.03% and ranked 5<sup>th</sup> among lenders of small business loans based on number of loans. For dollar volume, FNBFS ranks first with 27.67% with its nearest competitor at 16.33%. For small farm lending, the bank achieved a market rank of 2nd with an 18.71% market share.

## **Distribution of Loans by Income Level of the Geography**

### ***Home Mortgage Loans***

Refer to Tables 2, 3, 4 and 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

FNBFS's overall distribution of loans by income level of geographies is excellent. There are no low-income tracts in the AA.

### **Home Purchase Loans**

The bank's geographic distribution of home purchase loans is excellent. The percentage of home purchase loans in moderate-income geographies is excellent and exceeds the percentage of owner-occupied housing units in moderate-income geographies. The bank's market share in moderate-income census tracts exceeds the bank's overall market share for home purchase loans.

### **Home Improvement Loans**

The geographic distribution of home improvement loans is excellent. FNBFS originated 130 home improvement loans in the Fort Smith assessment area. The percentage of home improvement loans in moderate-income geographies is excellent and exceeds the percentage of owner-occupied housing units in moderate-income geographies. The bank's market share in moderate-income census tracts exceeds the bank's overall market share for home improvement loans.

### **Refinance Loans**

The bank's geographic distribution of refinance loans is excellent. The percentage of refinance loans in moderate-income geographies is excellent and exceeds the percentage of owner-occupied housing units in moderate-income geographies. The bank's market share in moderate-income geographies is lower than its overall market share. Based on 2008 Peer Mortgage Data, the actual volume of loan refinanced by all lenders was low at 14 for moderate-income geographies.

### **Multifamily Loans**

The bank generated eight multifamily loans during the assessment period. While the actual volume of loans originated is low, the percentage of multifamily loans in moderate income geographies is excellent and exceeds the percentage of owner-occupied units in moderate-income geographies. The bank's market share in moderate-income census tracts exceeds the bank's overall market share for multifamily loans.

### ***Small Loans to Businesses***

Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The bank's geographic distribution of small loans to businesses is excellent. FNBFS originated 2,041 small loans to businesses in the Fort Smith assessment area. The bank's

percentage of small loans to businesses in moderate-income tracts exceeds the percentage of small businesses in moderate-income tracts. No 2008 market share data was available to make a market share determination. However, the bank's 2007 market share in moderate income geographies exceeded its overall market share.

### ***Small Loans to Farms***

Refer to Table 7 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

The bank's geographic distribution of small loans to farms is poor. FNBFS originated 80 small loans to farms in the Fort Smith assessment area. The bank's percentage of small loans to farms in moderate-income tracts is significantly lower than the percentage of small businesses in moderate-income tracts. No 2008 market share data was available to make a market share determination. However, the bank's 2007 market share in moderate income geographies is significantly lower than the overall market share.

### ***Lending Gap Analysis***

Analysis of home mortgage loans and small loans to businesses revealed no unexplained conspicuous gaps in lending.

### ***Inside/Outside Ratio***

The percentage of loans originated inside the bank's AA is good. A majority (82%) of the bank's reported loans were made within its AA. By loan type, 87% of home mortgage loans and 85% of small loans to businesses were originated within the AA. While the results of this analysis are positive, they are not given significant weight in the overall conclusion concerning geographic distribution. This analysis indicates that the bank is primarily serving its AA; however, the bank's activity within the AA provides a better measure of performance relating to geographic distribution of lending by income level of geography.

## **Distribution of Loans by Income Level of the Borrower**

### ***Home Mortgage Loans***

Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

FNBFS's overall distribution of loans by borrower's income levels is good.

### **Home Purchase Loan**

FNBFS's record of originating home purchase loans by borrower's income level is adequate overall.

FNBFS's record of lending to low-income borrowers is poor. The percentage of loans to low-income borrowers is lower than the percentage of low-income families in the AA. However, the 14% poverty level limits the bank's opportunity to make home purchase loans. The bank's market share to low-income borrowers is lower than the bank's overall market share.

FNBFS's record of lending to moderate-income borrowers is excellent. The percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. FNBFS's market share for moderate-income borrowers exceeds the overall market share for home purchase loans. More weight is given to moderate-income borrowers than low-income borrowers.

### **Home Improvement Loans**

The bank's record of lending for home improvement loans by borrower's income level is excellent overall.

FNBFS's record of lending to low-income borrowers for home improvement loans is good. The percentage of bank loans to low-income borrowers substantially meets the percentage of low-income families in the AA. FNBFS's market share to low-income borrowers exceeds the bank's overall market share for home improvement loans.

The bank's performance in lending to moderate-income borrowers for home improvement loans is excellent. The percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. FNBFS's market share for moderate-income borrowers exceeds the overall market share for home improvement loans. More weight is given to moderate-income borrowers than low-income borrowers.

### **Refinance Loans**

FNBFS's record of originating refinance loans by borrower's income level is good overall.

The bank's performance in lending to low-income borrowers for refinance loans is adequate. The percentage of bank loans to low-income borrowers is lower than the percentage of low-income families in the AA. However, the 14% poverty level limits the bank's opportunity to make home mortgage refinance loans. The bank's market share for low-income borrowers exceeds the overall market share for home mortgage refinance loans.

The bank's record of lending to moderate-income borrowers for refinance loans is good. The percentage of bank loans to moderate-income borrowers is near to the percentage of moderate-income families in the AA. The market share to moderate-income borrowers is adequate when compared to the overall market share for home mortgage refinance loans. More weight is given to moderate-income borrowers than low-income borrowers.

### ***Small Loans to Businesses***

Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

FNBFS's record of lending to businesses with revenues less than or equal to \$1 million is excellent. The bank's percentage of loans to businesses with revenues less than or equal to \$1 million exceeds the percentage of such business loans in the AA. No 2008 market share data was available; however, the bank's 2007 market share in moderate income geographies exceeds the overall market share.

FNBFS originated 84.81% of its loans to businesses with revenues of \$1 million or less. All other lenders in the AA originated 39.47% of their loans to businesses with revenues of \$1 million or less. Almost 70% of the bank's loans, regardless of revenue size, originated at \$100 thousand or less.

### **Small Loans to Farms**

Refer to Table 12 in the Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

FNBFS's originated 80 small loans to farms during the evaluation period. The bank's record of lending to businesses with revenues less than or equal to \$1 million is good. The bank's percentage of loans to farms with revenues less than or equal to \$1 million substantially meets the percentage of such business loans in the AA. No 2008 market share data was available; however, the bank's 2007 market share in moderate income geographies exceeds the overall market share.

### **Community Development Lending**

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. However, Table 5 does not separately list CD loans.

FNBFS has a good record of extending credit for community development purposes. During the evaluation period, the bank originated 35 loans totaling \$9.8 million, or 6.3% of Tier 1 Capital. The purpose of these loans was for affordable housing, community development services targeted to low- and moderate-income individuals, and economic development through financing of small businesses and small farms.

- FNBFS made 32 loans totaling \$8.3 million to developers/builders who constructed affordable housing for low- and moderate-income individuals and families.
- The bank originated one loan totaling \$600 thousand to a nursing home facility that provides services to low- and moderate-income seniors. Approximately 85% of patient revenue comes from Medicare/Medicaid.
- FNBFS made two loans totaling \$775 thousand loan to a business that wholesales commercial cooking and food service equipment. The company is located in a moderate-income area and employs approximately 40 people.

The dollar volume of CD loans has a positive impact on the overall Lending Test rating.

### **Product Innovation and Flexibility**

FNBFS does not offer any innovative or flexible lending products.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the lending test in the Fayetteville-Springdale-Rogers MSA is generally consistent with the bank's overall ("lending test rating") performance under the lending test. Refer to Tables 1 through 13 in Appendix C for the facts and data that support these conclusions.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated "*High Satisfactory*". Based on the full-scope reviews, the bank's performance in the Fort Smith MSA #22900 is good.

Refer to Table 14 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

Qualifying investments are investments, deposits, membership shares or grants that have as their primary purpose community development, as defined in the CRA regulation. During the evaluation period, FNBFS made 13 investments/grants totaling \$4.1 million. The bank's qualified investments are centered in investments and grants/donations with the primary purpose of affordable housing, community development services, and activities that revitalize/stabilize low- and moderate-income areas.

Investment opportunities in the bank's AA are numerous. FNBFS has done a good job in seeking out those opportunities.

- FNBFS made three low income investment housing tax credit investments to organizations that provide affordable housing to low- and moderate-income individuals and families. These investments totaled \$3.5 million.
- FNBFS made seven investments totaling \$574,098 to organizations that provide services to low- and moderate-income individuals and families. The most notable of these investments was \$200 thousand to a local university to fund need-based scholarships for the college of business.
- FNBFS made three donations totaling \$75 thousand to organizations that help to revitalize/stabilize low- and moderate-income areas of Fort Smith.

### Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Investment Test in the Fayetteville-Springdale MSA #22220 is weaker than the bank's overall "*High Satisfactory*" performance under the Investment Test. FNBFS has been in the Fayetteville-Springdale MSA since December 2008. Benton County is a heavily banked county with 25 financial institutions. The bank's presence in this market is small. Refer to Table 14 in Appendix C for the facts and data that support these conclusions.

## SERVICE TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "*Outstanding*". Based on a full-scope review, the bank's performance in the Fort Smith MSA is excellent.

## **Retail Banking Services**

Refer to Table 15 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Distribution of the bank's branches in its AA is excellent. While there is no low-income CT located in the MSA, there are four moderate-income CTs located within the MSA, representing 11% of the total MSA CTs. FNBFS has a total of 12 branches, with three of its branches located within these moderate-income CTs. These branches represent 33.33% of the bank's total branch network. Of the 12 branches located in the full-scope AA, four (4) are located in moderate-income CTs; three (3) are located in middle-income CTs; and five (5) are located in upper-income CTs. All of the branches have automated teller machines (ATMs) FNBFS also has seven stand alone ATMs, all of which are located in middle-income areas. All bank branches are reasonably accessible to residents in the bank's AA, particularly those residing in moderate-income CTs.

FNBFS's retail banking system, including the quantity, quality, and accessibility of services, is excellent. The primary delivery system for its retail banking services is the branch network. While banking hours are adjusted based on the local area's banking needs, branches start opening at 7:00 am and close at 6:00 pm. Saturday banking is available at most locations from 9:00 am to 2:00 pm. Loan and deposit products are available at all branch locations. All of the bank's ATMs and telephone banking services provide 24-hour service, and are available in English and Spanish. Two of the branches that are located in moderate-income tracts have employees that speak Spanish.

During this evaluation period the bank did not open or close any branches. However, in December 2008, FNBFS merged in the four branch network and four ATM's of its former affiliate bank, The Bank of Rogers. These branches and ATM's are all located in the Fayetteville-Springdale-Rogers AR MSA. Please refer to the limited scope review below for details of the bank's performance in this portion of the AA.

Alternative delivery systems include free ATM/debit/point of sale services, telephone and Internet banking services, and bank by mail services. The use of these services is monitored, but not by any particular income level of the user. The availability of these services does not factor into the rating for the Service Test.

FNBFS offers a variety of low cost individual and small business deposit and loan products and services. These include free and low minimum balance checking and savings accounts. FNBFS also offers small business, home purchase, home improvement, and home refinance, and small consumer loans.

## **Community Development Services**

The level of FNBFS envelopment in community development services is excellent. During the evaluation period the bank participated in 15 organizations in the AA that qualified under the definition of community development services. Bank staff members participated in various community development organizations by serving as Board member, committee members, and program participants. The bank's community development services were centered in financial literacy and technical assistance to organizations that serve low-and moderate-income

individuals and families. Other organizations supported provide for affordable housing, individual counseling services for financial needs, promote economic development, and revitalize/stabilize moderate-income census tracts. Following is a portion of the bank's community development services that were targeted to low- and moderate-income individuals and small businesses located within the bank's AA:

**Central Business Improvement District (CBID)** - The bank actively participates in this program that directs activities to revitalize/stabilize the down town Fort Smith business district. This portion of the MSA is located in a moderate-income CT.

**Arkansas Small Business Development Center** - Bank staff members provide training workshops to small business to better manage their financials. Training includes understanding financial statements and managing cash flow.

**Bank Day** - Twice monthly bank staff visit four Fort Smith area nursing homes and provides free financial services. These include prescription drug program enrollment, power of attorney information, and identify theft and record keeping. These nursing homes are comprised of Medicare and Medicaid residents.

**Children Advocacy Center** - Bank staff members oversee the financial direction and policies of the center that provide mental health services for children referred to the center. Approximately 50% of children's families are low- to moderate-income.

**Innovation and Entrepreneurship Program** - The program is a partnership with the University of Arkansas Fort Smith, Fort Smith Entrepreneurship Center, area high schools, and FNBFS. Bank staff member assist in providing various financial training programs to area students. These training programs are focused on small business performance and financial planning.

**Dollars and Sense Program** - Staff members teach financial literacy to students in 11 area schools all located with-in the AA. The program consists of teaching lifelong learning skills for saving money and setting financial goals. As part of the program the bank opens savings accounts for the students and denotes \$5 to open each account. The bank opened 305 accounts for students during 2009. There are currently 1,003 accounts at the bank opened under this program, with total deposits of \$186 thousand. The program has been expanded to meet the Arkansas Social Studies Framework that is now required for schools.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on a limited-scope review, the bank's performance under the Service Test for the Fayetteville-Springdale-Rogers MSA does not negatively impact the bank's overall "Outstanding" performance for the Service Test. FNBFS obtained the four branches in the Fayetteville-Springdale-Rogers MSA in December 2008 through the merger with its former affiliate bank. One (25%) of the FNBFS branches in the Fayetteville-Springdale-Rogers, AR MSA is located in moderate-income tracts. There are no low-income tracts in this MSA, with moderate-income tracts representing 12% of the AA. Refer to Table 15 in Appendix C for the facts and data that support these conclusions.

## Appendix A: Scope of Examination

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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”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): 01/01/2007 to 12/31/2009 Investment and Service Tests and CD Loans: 12/04/2007 to 04/12/2010	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
First National of Fort Smith Fort Smith, Arkansas	Home Purchase, home improvement, home refinance, small business, and small farms	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
No affiliate products reviewed		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Fort Smith, AR/OK MSA #22900	Full-Scope	Includes most of the multi-state MSA
Fayetteville-Springdale-Rogers, AR MSA #22220	Limited-Scope	Includes most of Benton and Washington Counties

## Appendix B: Market Profiles for Full-Scope Areas

Institution ID: 1950

### Ft Smith MSA

Demographic Information for Full Scope Area: Ft Smith 2009						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	36	0.00	11.11	66.67	22.22	0.00
Population by Geography	185,492	0.00	7.39	74.30	18.31	0.00
Owner-Occupied Housing by Geography	48,619	0.00	5.22	75.82	18.96	0.00
Business by Geography	15,557	0.00	10.52	67.33	22.15	0.00
Farms by Geography	313	0.00	4.15	80.19	15.65	0.00
Family Distribution by Income Level	51,064	17.99	17.03	22.96	42.02	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	17,883	0.00	10.41	79.07	10.52	0.00
Median Family Income		37,051	Median Housing Value		69,257	
HUD Adjusted Median Family Income for 2009		46,500	Unemployment Rate		8.8%	
Households Below Poverty Level		14%	(February 2010)			

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

Source: 2000 US Census and 2009 HUD updated MFI

### Fort Smith MSA

The Fort Smith MSA 22900 consists of five counties: Sebastian, Franklin, and Crawford Counties in Arkansas and Leflore and Sequoyah County in Oklahoma. First National Bank of Fort Smith's (FNBFS) only full-scope assessment area (AA) consists of MSA 22900, a multi-state MSA. The main office is located in northwest Arkansas adjacent to the Oklahoma border. Branches are all located in Arkansas. The following MSA census tracts have been excluded: 201.00, 202.01, 204.02, 301.01, 302.01, 302.02, and 303.00. These census tracts were excluded primarily due to the geographical distance from Fort Smith, Arkansas. There are no low-income tracts, and four moderate-income census tracts are located in the AA.

Competitors include a number of financial institutions consisting of branches of larger national and state banks and savings and loans institutions operating in the Fort Smith MSA. During the evaluation period, the primary competitors for financial services included Arvest Bank, Bancorp South Bank, Bank of the Ozarks, Citizens' Bank and Trust Company, Regions Bank, and Superior Federal Bank. FNBFS has the largest deposit market share in the AA at 16.96%, with Arvest Bank ranked 2<sup>nd</sup> with 11.59%.

Based on 2009 estimated census data, the population of the Fort Smith MSA was 293,063. Based on 2008 U.S. Census Bureau population estimates, Fort Smith has a population of 84,716. Fort Smith is the largest city in Sebastian County and the second largest in the state. Fort Smith is the major manufacturing center in Western Arkansas. Overall, the local economy is stabilizing. The Fort Smith MSA unemployment rate, not seasonally adjusted, has ranged

between 7.8% and 8.9% since October 2009. Through February 2010, the unemployment rate, not seasonally adjusted, for the Fort Smith MSA was 8.8%.

The Fort Smith area relies heavily on appliance manufacturing and food processing. Per the Bureau of Labor Statistics, the leading industries include animal slaughtering and processing, general medical and surgical hospitals, household appliance manufacturing and other electrical component manufacturing and employment services. Fort Smith is home to several large employers including the Whirlpool Corporation, OK Industries, Sparks Health System, Baldor Electric Company, Arkansas Best, Rheem Manufacturing Company, and St. Edward Mercy Medical Center. Mitsubishi Heavy Industries, LTD. has announced plans to locate a Wind Manufacturing Plant in Fort Smith. Potentially, 400 new jobs could be created for the Fort Smith MSA as noted from the Fort Smith Chamber of Commerce Newsletter dated October 16, 2009. Additionally, FNBFS continues to be one on the largest small business lenders in the Fort Smith MSA.

According to 2010 Business Demographic Data, there were 18,036 businesses in the AA. Of those, 12,612 or 70% were businesses with annual gross revenues of less than \$1 million. Of the 75 farms in the AA, 97% reported annual gross revenues of less than \$1 million.

Housing statistics from 2000 U.S. Census Demographic data show that there are 87,251 housing units in the AA. About 62% are owner-occupied and 28% are renter occupied. The average monthly rent was \$412. The median housing value was \$67,845. High land costs and fewer developers to construct affordable housing, and low- and moderate-income individuals' inability to purchase entry-level homes continue to create barriers for affordable housing in Fort Smith. The price point for newly constructed homes in the AA begins at \$130 thousand.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500 thousand) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Institution ID: 1950

Table 1. Lending Volume

LENDING VOLUME		Geography: ARKANSAS						Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, 2009				
Assessment Area (2009):	% of Rated Area Loans (#), in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans **		Total Reported Loans		% of Rated Area Deposits in MA/AA ***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Ft Smith MSA	92.71	345	28,363	2,041	199,996	82	5,585	31	9,452	2,499	396	84.49
<b>Limited Review:</b>												
Fayetteville-Rogers MSA	7.29	76	15,076	117	10,929	1	12	4	316	198	26,333	15.51

\* Loan Data as of December 31, 2009. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2007 to December 31, 2009.

\*\*\* Deposit Data as of April 20, 2010. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: 1950

Table 1. Other Products

LENDING VOLUME		Geography: ARKANSAS						Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, 2009						
Assessment Area (2009):	% of Rated Area Loans (#) in MA/AA	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
Ft Smith MSA	0.00	0	0	0	0	0	0	0	0	0	0	0	0	84.49
<b>Limited Review:</b>														
Fayetteville-Rogers MSA	0.00	0	0	0	0	0	0	0	0	0	0	0	0	15.51

\* Loan Data as of December 31, 2009. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is from January 01, 2007 to December 31, 2009.

\*\*\* Deposit Data as of April 20, 2010. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: 1950

Table 1. Other Products

LENDING VOLUME		Geography: ARKANSAS		Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, 2009	
Assessment Area (2009):	Other Unsecured Consumer Loans <sup>*</sup>		Other Optional Loans <sup>*</sup>		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
Ft Smith MSA	0	0	0	0	0
<b>Limited Review:</b>					
Fayetteville-Rogers MSA	0	0	0	0	0

<sup>\*</sup> The evaluation period for Optional Product Line(s) is from January 01, 2007 to December 31, 2009.

Institution ID: 1950

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE			Geography: ARKANSAS				Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, 2009					Market Share (%) by Geography*				
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Ft Smith MSA	114	74.51	0.00	0.00	5.22	12.28	75.82	64.04	18.96	23.68	1.06	0.00	2.76	0.87	1.52	
<b>Limited Review:</b>																
Fayetteville-Rogers MSA	39	25.49	0.00	0.00	4.38	5.13	80.00	89.74	15.62	5.13	0.53	0.00	0.80	0.61	0.11	

\* Based on 2008 Peer Mortgage Data (Western)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: 1950

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT 2009		Geography: ARKANSAS						Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31,							
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Ft Smith MSA	130	89.04	0.00	0.00	5.22	9.23	75.82	63.85	18.96	26.92	4.43	0.00	15.15	3.31	6.25
<b>Limited Review:</b>															
Fayetteville-Rogers MSA	16	10.96	0.00	0.00	4.38	12.50	80.00	81.25	15.62	6.25	0.84	0.00	4.17	0.81	0.54

\* Based on 2008 Peer Mortgage Data (Western)

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: 1950

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE 2009			Geography: ARKANSAS						Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31,						
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Ft Smith MSA	93	81.58	0.00	0.00	5.22	5.38	75.82	63.44	18.96	31.18	1.02	0.00	0.00	0.84	1.77
<b>Limited Review:</b>															
Fayetteville-Rogers MSA	21	18.42	0.00	0.00	4.38	9.52	80.00	90.48	15.62	0.00	0.26	0.00	0.00	0.33	0.00

\* Based on 2008 Peer Mortgage Data (Western)

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: 1950

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY		Geography: ARKANSAS						Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, 2009							
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overa II	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Ft Smith MSA	8	100.00	0.00	0.00	11.71	25.00	57.20	62.50	31.09	12.50	7.41	0.00	14.29	0.00	16.67
<b>Limited Review:</b>															
Fayetteville-Rogers MSA	0	0.00	0.00	0.00	18.32	0.00	68.18	0.00	13.49	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2008 Peer Mortgage Data (Western)

\*\* Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

\*\*\* Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

\*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Institution ID: 1950

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: ARKANSAS										Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, 2009				
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography					
	#	% of Total**	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Ft Smith MSA	2,041	94.58	0.00	0.00	10.52	17.88	67.33	56.30	22.15	25.82	9.03	0.00	18.42	8.11	11.04	
<b>Limited Review:</b>																
Fayetteville-Rogers MSA	117	5.42	0.00	0.00	11.71	16.24	71.71	64.10	16.58	19.66	0.26	0.86	0.00	0.34	0.15	

\* Based on 2007 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2009).

Institution ID: 1950

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS 2009		Geography: ARKANSAS						Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31,							
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms** *	% BANK Loans	% of Farms** *	% BANK Loans	% of Farms** *	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Ft Smith MSA	80	98.77	0.00	0.00	4.15	0.00	80.19	87.50	15.65	12.50	18.67	0.00	0.00	20.15	11.54
<b>Limited Review:</b>															
Fayetteville-Rogers MSA	1	1.23	0.00	0.00	7.22	0.00	77.22	100.00	15.56	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2007 Peer Small Business Data -- US and PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2009).

Institution ID: 1950

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: ARKANSAS						Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, 2009							
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>1</sup>	% BANK Loans**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Ft Smith MSA	114	74.51	17.99	6.25	17.03	20.83	22.96	20.83	42.02	52.08	1.18	0.43	1.20	0.99	1.43
<b>Limited Review:</b>															
Fayetteville-Rogers MSA	39	25.49	15.44	5.13	18.17	17.95	24.20	17.95	42.20	58.97	0.59	0.37	0.73	0.55	0.58

\* Based on 2008 Peer Mortgage Data (Western)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 11.8% of loans originated and purchased by bank.

<sup>1</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT		Geography: ARKANSAS								Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, 2009					
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>2</sup>	% BANK Loans****	% Families** *	% BANK Loans****	% Families** *	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Ft Smith MSA	130	89.04	17.99	17.19	17.03	24.22	22.96	19.53	42.02	39.06	4.66	6.41	6.30	4.09	3.97
<b>Limited Review:</b>															
Fayetteville-Rogers MSA	16	10.96	15.44	25.00	18.17	18.75	24.20	31.25	42.20	25.00	1.29	4.76	0.91	1.47	0.97

\* Based on 2008 Peer Mortgage Data (Western)

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 1.4% of loans originated and purchased by bank.

<sup>2</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: 1950

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE 2009		Geography: ARKANSAS						Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31,							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>3</sup>	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Ft Smith MSA	93	81.58	17.99	11.11	17.03	14.81	22.96	18.52	42.02	55.56	1.09	2.19	0.85	0.62	1.22
<b>Limited Review:</b>															
Fayetteville-Rogers MSA	21	18.42	15.44	0.00	18.17	18.75	24.20	18.75	42.20	62.50	0.22	0.00	0.15	0.22	0.27

\* Based on 2008 Peer Mortgage Data (Western)

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 14.9% of loans originated and purchased by bank.

<sup>3</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: 1950

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES 2009		Geography: ARKANSAS			Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31,				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share	
	#	% of Total**	% of Businesses***	% BANK****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Ft Smith MSA	2,041	94.58	73.02	84.81	69.82	21.51	8.67	9.03	16.37
<b>Limited Review:</b>									
Fayetteville-Rogers MSA	117	5.42	75.90	81.20	72.65	20.51	6.84	0.26	0.28

\* Based on 2008 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2009).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 1.16% of small loans to businesses originated and purchased by the bank.

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**Table 12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS 2009		Geography: ARKANSAS			Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31,				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Ft Smith MSA	80	98.77	97.12	95.00	78.75	17.50	3.75	18.67	21.88
<b>Limited Review:</b>									
Fayetteville-Rogers MSA	1	1.23	96.39	0.00	100.00	0.00	0.00	0.00	0.00

\* Based on 2007 Peer Small Business Data -- US and PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2009).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

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**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: ARKANSAS				Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, 2009			
Assessment Area:	Prior Period Investments		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Ft Smith MSA	2	64	13	4,117	15	4,181	100.00	0	0
<b>Limited Review:</b>									
Fayetteville-Rogers MSA	0	0	0	0	0	0	0.00	0	0

\* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

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**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS TO DECEMBER 31, 2009								Geography: ARKANSAS				Evaluation Period: JANUARY 1, 2007					
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Ft Smith MSA	84.49	12	75.00	0.00	33.33	25.00	41.67	0	0	0	0	0	0	0.00	7.39	74.30	18.31
<b>Limited Review:</b>																	
Fayetteville-Rogers MSA	15.51	4	25.00	0.00	25.00	50.00	25.00	0	0	0	0	0	0	0.00	6.91	77.89	15.20

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**Distribution of Branch and ATM Delivery System**

Distribution of Branch and ATM Delivery System				Geography: ARKANSAS				Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, 2009									
MA/Assessment Area:	Deposits	Branches				ATMs				Population							
	% of Total Bank Deposits	# of Bank Branches	Location of Branches by Income of Geographies (%)				# of Bank ATMs	% of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography				
			Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp	
<b>Full Review:</b>																	
Ft Smith MSA	0.00	0	0.00	0	0	0	0	0	0.00	0	0	0	0	0.00	7.39	74.30	18.31
<b>Limited Review:</b>																	
Fayetteville-Rogers MSA	0.00	0	0.00	0	0	0	0	0	0.00	0	0	0	0	0.00	6.91	77.89	15.20