



## **PUBLIC DISCLOSURE**

January 30, 2017

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

The First National Bank of Fort Smith  
Charter Number 1950

602 Garrison Avenue  
Fort Smith, AR 72902

Office of the Comptroller of the Currency

Victory Building  
1401 West Capitol Avenue  
Suite 350  
Little Rock, AR 72201

**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.

## Table of Contents

<b>OVERALL CRA RATING .....</b>	<b>2</b>
<b>DEFINITIONS AND COMMON ABBREVIATIONS .....</b>	<b>3</b>
<b>DESCRIPTION OF INSTITUTION .....</b>	<b>7</b>
<b>SCOPE OF THE EVALUATION.....</b>	<b>9</b>
<b>FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW .....</b>	<b>10</b>
<b>MULTISTATE METROPOLITAN AREA RATING .....</b>	<b>11</b>
FORT SMITH, AR-OK MULTISTATE METROPOLITAN AREA #22900 .....	11
<b>STATE RATING.....</b>	<b>20</b>
STATE OF ARKANSAS .....	20
<b>APPENDIX A: SCOPE OF EXAMINATION.....</b>	<b>A-1</b>
<b>APPENDIX B: SUMMARY OF MULTISTATE METROPOLITAN AREA AND STATE RATINGS.....</b>	<b>B-1</b>
<b>APPENDIX C: MARKET PROFILES FOR FULL-SCOPE AREAS .....</b>	<b>C-1</b>
<b>APPENDIX D: TABLES OF PERFORMANCE DATA .....</b>	<b>D-1</b>

## 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	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:

- The distribution of home mortgage loans and small loans to businesses and farms by income level of the geography is excellent.
- The distribution of loans to borrowers of different income levels and to businesses and farms of different sizes is adequate.
- The level of community development (CD) loans is good and a positive factor, reflecting responsiveness to varying needs in the assessment areas (AA) including affordable housing, community services targeted to low- and moderate-income (LMI) individuals, economic development, and revitalization and stabilization of LMI areas.
- There is an excellent level of qualified investments based on the investment opportunities and dollar volume of investments made in the AAs.
- Branch locations are readily accessible in the AAs.
- FNBFS provides an excellent level of CD services.

## 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 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 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 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 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) 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 \$500,000 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

FNBFS is the largest locally controlled bank in the city with total assets of \$1.25 billion as of December 31, 2016, and is an interstate 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 \$1.676 billion at September 30, 2016. FNBFS has one affiliate bank, Citizens Bank and Trust headquartered in Van Buren, Arkansas. A prior affiliate bank, National Bank of Sallisaw, was merged into FNBFS in 2014. FNBFS has two non-bank affiliates, Brown-Hiller-Clark (BHC) Insurance and Financial Services, an insurance agency and Realty Appraisals Inc., an appraisal agency. Activities of the other banks were not considered in FNBFS's CRA performance evaluation. Both the affiliate bank and the non-bank affiliates are relatively close in proximity to Fort Smith.

FNBFS operates 21 full service locations and 24 automated teller machines (ATMs). There are 14 full service locations in the Fort Smith, AR-OK Multistate MA, six in the Fayetteville-Springdale-Rogers MSA 22220, and one branch in Charleston, AR (Franklin County) which is a non-MSA County. The main office and eight branches are in Fort Smith, and one each in Charleston, Greenwood, and Lavaca. There are two branches in Sallisaw, Oklahoma and one in Roland, Oklahoma. Since the previous CRA examination, FNBFS has merged with its affiliate in Oklahoma, National Bank of Sallisaw. This merger added the branches in Sallisaw and Roland. FNBFS also added one branch each in Fayetteville and Bentonville, while closing a branch in Barling. There are two branches in Rogers, and one each in Centerton, Fayetteville, Bentonville, and Lowell. All branch locations are full-service, with extended hours. There is an ATM at each branch except Bentonville and Fayetteville, plus five stand-alone ATMs. One branch is located in a low-income CT seven are in middle-income CTs, five in moderate-income CTs, and eight in upper-income CTs. FNBFS's primary competition includes two mid-size financial institutions: one headquartered in the state of Arkansas: Arvest Bank with total assets of \$16.7 billion; and one headquartered in the state of Mississippi: BancorpSouth with \$14.7 billion in total assets.

Net loans to total assets was 64.4 percent and equity capital totaled \$159 million, based on the December 31, 2016 Call Report. As of December 31, 2016, loans totaled \$820.2 million. Strategically, management's focus is on commercial and commercial real estate loans; while delivering a high level of customer service and a concerted effort to help develop the community within which they operate.

FNBFS's loan portfolio composition as reported in the December 31, 2016 Report of Condition and Income is as follows:

<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>
Commercial Real Estate Loans	435,801	53%
Commercial Loans	155,177	19%
Residential Real Estate Loans	153,963	19%
Agriculture Loans	61,423	7%
Consumer Loans	13,789	2%
Other Loans	77	0%
<b>Total</b>	<b>820,230</b>	<b>100%</b>

Source: 12/31/2016 Call Report

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 February 3, 2014.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

Loan products evaluated for this report consist of home mortgage loans (home purchase, home improvement, and refinance) and small loans to businesses and farms. The evaluation period covers 2014 through 2016. CD activities (loans, investments, and services) were also evaluated. The evaluation dates for CD activities begin February 3, 2014 through January 30, 2017.

### **Data Integrity**

Loan and CD data were determined to be reliable to be used for this evaluation. A data integrity examination was conducted as of October 24, 2016 in advance of the CRA evaluation. FNB Fort Smith's Home Mortgage Disclosure Act Loan Activity Register (HMDA LAR) for 2014 through the third quarter of 2016, the findings of the July 2016 HMDA audit by DD&F Risk Management Group, and CD activities (loans, qualified investments, and services) were reviewed. Also reviewed were policies/procedures for HMDA and the CRA. The HMDA data is reliable to use in the CRA evaluation. The audit report sampled a total of 50 loan applications. Errors were noted on two loans with a rate spread assigned. These loans were not subject to Regulation Z; therefore, a rate spread was not applicable. We also sampled some of the bank's CD loans, qualified investments, and CD services that were submitted for CRA consideration. Most of the activities met the definition of CD.

The following areas were selected as full-scope AA: Fort Smith, AR-OK Multistate MA #22900 and the state of Arkansas (Fayetteville-Springdale-Rogers, AR Metropolitan Statistical Area (MSA) #22220). Franklin County, Arkansas was selected as a limited-scope AA within the state of Arkansas.

### **Ratings**

The bank's overall rating is a blend of the Fort Smith, AR-OK Multistate MA ratings and the state of Arkansas ratings. The Fort Smith, AR-OK Multistate MA was most heavily weighted in this evaluation. FNBFS is headquartered in Fort Smith, AR. The AA has the highest volume of home mortgage loans and small loans to businesses and farms. During the evaluation period, FNBFS originated 57 percent of home mortgage loans, 76 percent of small loans to businesses, and 92 percent of small loans to farms in the AA.

The Fort Smith, AR-OK Multistate MA rating and the Arkansas rating are based primarily on those areas that received full-scope reviews.

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

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## **Multistate Metropolitan Area Rating**

### **Fort Smith, AR-OK MSA #22900**

#### **CRA rating for the Fort Smith, AR-OK Multistate Metropolitan Area<sup>1</sup>: Outstanding**

**The lending test is rated: High Satisfactory**

**The investment test is rated: Outstanding**

**The service test is rated: Outstanding**

The major factors that support this rating include:

- The distribution of home mortgage loans by income level of the geography is excellent.
- The distribution of loans to borrowers of different income levels and to businesses and farms of different sizes is good.
- The level of CD loans is good and a positive factor, reflecting responsiveness to varying needs in the AA, including affordable housing, community services targeted to LMI individuals, economic development, and revitalization and stabilization of LMI areas.
- There is an excellent level of qualified investments based on the investment opportunities and dollar volume of investments made in the AA.
- Branch locations are readily accessible in the AA.
- FNBFS provides an excellent level of CD services.

#### **Description of Institution's Operations in the Fort Smith, AR-OK Multistate MA #22900**

FNBFS operates with 14 branches and 14 ATMs within the multistate MA. The bank also has 5 ATM only locations in the multistate MA. Total deposits for the multistate MA was \$947 million, representing 76 percent of total assets. The primary business focus for FNBFS are commercial loans, which represents 77 percent of total loans. FNBFS ranks top in deposits with a 21 percent deposit market share for the multistate MA. The AA has several financial institutions as competitors. The closes competitors are Arvest Bank with a 19 percent deposit market share and Bancorp South with an 11 percent deposit market share.

Refer to the market profile for the Fort Smith, AR-OK Multistate MA in appendix C for detailed demographics and other performance context information for AAs that received full-scope reviews.

---

<sup>1</sup> This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

## **Scope of Evaluation in Fort Smith, AR-OK Multistate MA #22900**

Fort Smith, AR-OK Multistate MA is the only full-scope AA. More weight is given to this AA since the institution is headquartered in Fort Smith, Arkansas, and the AA has the largest volume of loan products and deposits. Small loans to businesses comprise 76 percent of total loans reported.

### **LENDING TEST**

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

The bank's performance under the lending test in Fort Smith, AR-OK Multistate MA is rated "High Satisfactory." Based on full-scope reviews, the bank's performance in the Fort Smith, AR-OK Multistate MA is good.

#### **Lending Activity**

Refer to Tables 1 Lending Volume in the Fort Smith, AR-OK Multistate MA section of Appendix D for the facts and data used to evaluate the bank's lending activity.

The bank's overall lending activity is good, considering the strong competition for all types of loans in the bank's AAs. The bank's good performance in originating home mortgage loans, small business loans, and small farm loans when compared to its local competitors supports this conclusion. Based upon FDIC Deposit Market Share data as of June 30, 2016, FNBFS achieved a 20.84 percent market share of deposits, ranking first among 20 financial institutions in the AA. Based upon 2015 Peer Mortgage Data, FNBFS achieved a 19.27 percent market share of home improvement loans, ranking 3<sup>rd</sup> among 50 reporting lenders. The bank achieved a 2.20 percent market share of home purchase loans, ranking 18<sup>th</sup> among 133 reporting lenders and achieved a 2.36 percent market share of refinance loans, ranking 17<sup>th</sup> among 134 reporting lenders. FNBFS achieved a 12.35 percent market share of small loans to businesses, ranking first among 56 reporting lenders. FNBFS achieved a 34.57 percent market share of small loans to farms, ranking first among 67 reporting lenders. These market ranks/shares are excellent when compared to the deposit market rank/share and competition within the AA.

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

The geographic distribution of the bank's lending is excellent. In performing our analysis, we placed greater weight on the bank's lending to small businesses as small loans to businesses represented the majority of the bank's CRA reportable lending activity.

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

The geographic distribution of home mortgage loans is excellent.

Refer to Tables 2, 3, 4, and 5 in the Fort Smith, AR-OK, Multistate MA section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

In evaluating the geographic distribution of home loans in the Fort Smith AR-OK MSA, it is important to note that there are no low-income CTs in the AA. As a result, we attributed more weight to the bank's performance in moderate-income tracts, which contain almost 20 percent of the owner-occupied housing units.

The bank's geographic distribution of home purchase loans during the evaluation period was excellent. The percentage of loans in moderate-income geographies exceeded the percentage of owner-occupied units in these geographies. The bank's market share in moderate-income CTs exceeded its overall market share for home purchase loans. The bank's geographic distribution of home improvement loans during was good. The percentage of loans in moderate-income geographies was near to the percentage of owner-occupied units in these geographies. The bank's market share in moderate-income CTs exceeded its overall market share for home improvement loans. The bank's geographic distribution of home refinance loans was excellent. The percentage of loans in moderate-income geographies exceeded the percentage of owner-occupied units in these geographies. The bank's market share in moderate-income CTs exceeded its overall market share for home refinance loans.

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

The geographic distribution of small loans to businesses is good.

Refer to Table 6 in the Fort Smith, AR-OK Multistate MA section of Appendix D 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 in during the evaluation period was good. The percentage of loans made in moderate-income geographies was near to the percentage of businesses in those geographies. The bank's market share in moderate-income geographies exceeded its overall market share for loans to small businesses.

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

The geographic distribution of small loans to farms is excellent.

Refer to Table 7 in the Fort Smith, AR-OK Multistate MA section of appendix D 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 in 2014 through 2016 is excellent. The percentage of loans made in moderate-income CTs exceeded the percentage of small farms in those geographies. The bank's market share in moderate-income geographies exceeded its overall market share for small loans to farms.

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

We reviewed summary reports and maps, and analyzed FNBFS's home mortgage, small business, and small farm lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps. The bank's AAs consist of whole geographies, meet the requirements of the CRA regulation, and do not arbitrarily exclude any LMI areas.

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

This ratio is a bank-wide calculation, and not calculated by individual rating area or AA. Analysis is limited to bank originations and purchases, and does not include any affiliate data. For the combined three-year evaluation period, FNBFS originated a majority of all loan products inside the bank's AAs (82.74 percent). The percentage in number of loans made inside the AAs by loan type are as follows: home purchase loans (81.76 percent), home refinance loans (84.52 percent), home improvement loans (83.47 percent), small loans to businesses (85.28 percent) and small loans to farms (66.78 percent).

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

The borrower distribution of the bank's lending is adequate. Borrower distribution is affected by a moderate number of borrowers in which no income data is reported because the borrower is not a natural person (such as a corporation, partnership, or other entity that is not a natural person). As noted previously, we placed greater weight on the bank's lending to small businesses as small loans to businesses represented the majority of the bank's CRA reportable lending activity. Additionally, we considered the relatively high poverty level in the AA in our conclusions.

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

The borrower distribution of home mortgage loans is adequate.

Refer to Tables 8, 9, and 10 in the Fort Smith, AR-OK Multistate MA section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

In evaluating the borrower distribution of home loans in the Fort Smith AR-OK MSA, it is important to note that approximately 17 percent of the families are below the poverty level. This significant level of families living below the poverty level makes it difficult to originate home mortgage loans to LMI individuals.

The bank's borrower distribution of home purchase loans during the evaluation period was poor. The percentage of loans to low-income borrowers was lower than the percentage of low-income families. The percentage of loans made to moderate-income borrowers was somewhat lower than the percentage of moderate-income families. The bank's market share of loans to low-income borrowers exceeded its overall market share of home purchase loans. The bank's market share of loans to moderate-income borrowers was lower than its overall market share of home purchase loans.

The bank's borrower distribution of home improvement loans was good. The percentage of loans to low-income borrowers was somewhat lower than the percentage of low-income families. The percentage of loans made to moderate-income borrowers was near to the percentage of moderate-income families. The bank's market share of loans to low-income borrowers exceeded its overall market share of home improvement loans. The bank's market share of loans to moderate-income borrowers exceeded its overall market share of home improvement loans.

The bank's borrower distribution of home refinance loans was adequate. The percentage of loans to low-income borrowers was lower than the percentage of low-income families. The percentage of loans to moderate-income borrowers was somewhat lower than the percentage of moderate-income families. The bank's market share of loans to low-income borrowers was somewhat lower than its overall market share of refinance loans. The bank's market share of loans to moderate-income borrowers was near to its overall market share of refinance loans.

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

Borrower distribution of small loans to businesses is good.

Refer to Table 11 in the Fort Smith, AR-OK Multistate MA section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The bank's borrower distribution of small loans to businesses is good. The percentage of small loans to small businesses (businesses with gross annual revenue of \$1 million or less) was somewhat lower than the percentage of small businesses. Most of the bank's loans originated at \$100 thousand or less. The bank's adequate performance was enhanced by excellent market

share. The bank's market share of loans to small businesses exceeded its overall market share of loans to small businesses.

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

Borrower distribution of small loans to farms is adequate.

Refer to Table 12 in the Fort Smith, AR-OK Multistate MA section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to farms.

The bank's borrower distribution of small loans to farms was adequate. The bank's borrower distribution of small loans to small farms (farms with gross annual revenue of \$1 million or less) was somewhat lower than the percentage of small farms. The bank's market share of loans to small farms was near to its overall market share of loans to small farms.

### **Community Development Lending**

FNBFS had a positive level of CD loans that were responsive to community needs.

Refer to Table 1 Lending Volume in the Fort Smith, AR-OK Multistate MA section of Appendix D for the facts and data used to evaluate the bank's level of CD 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. Table 5 does not separately list CD loans, however.

FNBFS's level of CD lending had a significantly positive impact on its overall lending performance in the AA. During the evaluation period, FNBFS originated 36 loans totaling \$7.1 million in qualified CD loans in the AA during the evaluation period. This volume represented 5.06 percent of allocated Tier One capital. The bank's CD loans were highly responsive to AA credit needs, demonstrated leadership, and supported affordable housing initiatives for LMI individuals and activities that revitalized or stabilized LMI geographies.

Specific examples of the CD loans originated during this evaluation period include:

- A substantial majority (81 percent) of loans were made for affordable housing, which is an identified need in the AA. FNBFS originated 29 loans totaling \$6.9 million to developers who construct or rehabilitate affordable housing for LMI individuals. The housing developments are located in moderate-income geographies.
- FNB Fort Smith originated 7 loans totaling \$277,075 that helped to revitalize/stabilize LMI CTs. The loan funds were used to remodel or construct a new building in LMI geographies.

## **Product Innovation and Flexibility**

FNBFS did not originate innovative or flexible loan products in this AA during the evaluation period.

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

There are no limited-scope AA associated with the Fort Smith, AR-OK Multistate MA.

## **INVESTMENT TEST**

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

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

Refer to Table 14 in the Fort Smith, AR-OK Multistate MA section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

The level of qualified investments is excellent. Qualifying investments are investments, deposits, membership shares or grants that have as their primary purpose CD, as defined in the CRA regulation. During the evaluation period, FNBFS made 75 investments totaling \$9.9 million. This represents approximately 7.01% of Tier One Capital for the AA. The bank's qualified investments are centered in school district bonds targeted to LMI areas and donations with the primary purpose of affordable housing and CD services.

Investment opportunities in the bank's AA are numerous. FNBFS has done an excellent job in seeking out these opportunities. Following are two examples of the investments:

- FNBFS made 43 investments totaling \$9.77 million in school district bonds that provide services to LMI individuals and families.
- FNBFS made 32 donations totaling \$99 thousand to organizations that primarily provide community services targeted to LMI individuals.

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

There are no limited-scope AAs associated with the Fort Smith, AR-OK Multistate MA.

## **SERVICE TEST**

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

The bank's performance under the service test in the Fort Smith, AR-OK Multistate MA is rated "*Outstanding*". Based on full-scope reviews, the bank's performance in the Fort Smith, AR-OK Multistate MA is excellent.

### **Retail Banking Services**

Refer to Table 15 in the Fort Smith, AR-OK Multistate MA section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Branch distribution in the Fort Smith AR-OK MSA AA is excellent. There are no low-income CTs in the AA. There are branch locations in moderate-income CTs. Branch distribution in moderate-income CTs exceeds the percentage of the population that resides 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. Banking hours are adjusted based on the local needs for banking. Branches start opening at 7:00am and close at 7:00 pm. Saturday banking is available at some locations from 9:00 am to 2:00 pm. Saturday banking at the three locations in the Oklahoma region go from 8:00 am to 12:00 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.

FNBFS has five stand-alone ATMs; all are located in the Fort Smith area. All ATM's, except one, are non-deposit taking. Geographic distribution of the ATMs shows one ATM located in a moderate-income CT, one ATM in a middle-income CT, and three ATMs in an upper-income CT.

Alternative delivery systems include: Online/Mobile banking, Call Center, free ATM usage, point of sale services, 24-Hour Automatic Teller Service, and remote deposit capture. 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.

Since the last CRA evaluation, a branch closed in Barling, AR. The branch was closed year end of 2015. The branch was located in an upper-income CT.

### **Community Development Services**

The level of the bank's CD is excellent. During the evaluation period the bank participated in 14 organizations in the AA that qualified under the definition of CD services. Bank staff members participate in a variety of CD organizations by serving either as Board members, committee members, or program participants. The bank's CD services are centered in financial literacy and technical assistance to organizations that serve LMI individuals and families. Other organizations supported provide affordable housing, counseling services for financial literacy needs, promotion of economic development, and revitalize/stabilize moderate-income CTs. The following is a portion of the bank's CD services that were targeted to LMI 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 downtown Fort Smith business district. It is designed to combat the deterioration of core business districts such as retail and commercial enterprises that are spread across the business district. The CBID is located in a moderate-income CT.
- **Innovation and Entrepreneurship Program** - The program is a partnership with the University of Arkansas Fort Smith, Fort Smith Entrepreneurship Center, area high schools, and First National Bank of Fort Smith. A Bank staff member assists in providing business students guidance on small business development by creating business plans for students at the high schools. Majority of the students are on the free/reduced meal program.
- **Dollars and Sense Program** - Staff members teach financial literacy to students in 28 area schools all located within 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 donates \$5 to open each account. The bank opened 394 accounts for students during 2014, 488 in 2015, 471 in 2016. There are currently 2,519 accounts at the bank opened under this program, with total deposits of \$923,000.

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

There are no limited-scope AAs associated with the full-scope Fort Smith, AR-OK Multistate MA.

## State Rating

### State of Arkansas

#### **CRA Rating for Arkansas<sup>2</sup>: Satisfactory**

**The lending test is rated: Low Satisfactory**

**The investment test is rated: Low Satisfactory**

**The service test is rated: High Satisfactory**

The major factors that support this rating include:

- The distribution of home mortgage loans by income level of the geography is adequate.
- The distribution of loans to borrowers of different income levels and to businesses and farms of different sizes is adequate.
- The level of CD loans is good and a positive factor, reflecting responsiveness to varying needs in the AA, including affordable housing, community services targeted to LMI individuals, economic development, and revitalization and stabilization of LMI areas.
- There is an adequate level of qualified investments based on the investment opportunities and dollar volume of investments made in the AA.
- Branch locations are readily accessible in the AA.
- FNBFS provided an adequate level of CD services.

### **Description of Institution's Operations in Arkansas**

FNB FS operates with seven branches and six ATMs within the state of Arkansas. Total deposits for the state of Arkansas was \$102 million, representing 11 percent of total assets. The primary business focus for FNBFS are commercial loans, which represents 77 percent of total loans. FNBFS ranks 20<sup>th</sup> out of 32 financial institutions in the AA for deposits with a 1.12 percent deposit market share for the state of Arkansas. The AA has numerous financial institutions as competitors. Arvest Bank leads the deposit market share with a 47.52 percent of deposits within the state of AR. FNBFS entered the northwest AR market in December 2008 through acquisitions and constructing two branches in 2014.

Refer to the market profile for the state of Arkansas in Appendix C for detailed demographics and other performance context information for AAs that received full-scope reviews.

---

<sup>2</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

## **Scope of Evaluation in Arkansas**

The Fayetteville-Springdale-Rogers, AR MSA was evaluated as a full-scope AA. Franklin County, AR (non-MSA County) was evaluated as a limited-scope AA. The ratings are based primarily on the results of those areas that received full-scope reviews. For the state of Arkansas, six of the seven branches and five of the six ATMs are located in the Fayetteville-Springdale-Rogers, AR MSA. The Fayetteville-Springdale-Rogers, AR MSA was chosen as a full-scope AA due to the loan volume and the number of branches in the AA.

Refer to the table in Appendix A for more information.

## **LENDING TEST**

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

The bank's performance under the lending test is rated "Satisfactory". Based on full-scope reviews, the bank's performance in the Fayetteville-Springdale-Rogers MSA is good. Small business lending weighed most heavily in the lending test since small business lending represents about 53 percent of the lending activity reviewed. A significantly large number and dollar amount of affordable housing related CD loans were extended during the review period. CD loans reflected positively on the bank's performance under the lending test.

### **Lending Activity**

Refer to Tables 1 Lending Volume in the state of Arkansas section of Appendix D for the facts and data used to evaluate the bank's lending activity.

The bank's overall lending activity is poor, considering the strong competition for all types of loans in the bank's AAs. The bank's poor performance in originating home mortgage loans, small business loans, and small farm loans when compared to its local competitors supports this conclusion. Based upon FDIC Deposit Market Share data as of June 30, 2016, FNBFS achieved a 1.06 percent market share of deposits, ranking 21<sup>st</sup> among forty financial institutions in the AA. Based upon 2015 Peer Mortgage Data, FNBFS achieved a 1.02 percent market share of home refinance loans, ranking 36<sup>th</sup> among 215 reporting lenders. The bank achieved a 0.84 percent market share of home purchase loans, ranking 31<sup>st</sup> among 275 reporting lenders and achieved a 0.02 percent market share of home improvement loans, ranking 65<sup>th</sup> among 73 reporting lenders. These market ranks/shares are poor when compared to the deposit market rank/share of 10.47 percent and competition within the AA. FNBFS achieved a 2.19 percent market share of small loans to businesses, ranking 11<sup>th</sup> among 72 reporting lenders. FNBFS achieved a 0.85 percent market share of small loans to farms, ranking sixth among 20 reporting lenders.

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

The geographic distribution of the bank's lending was poor. In performing our analysis, we placed greater weight on the bank's lending to small businesses as small loans to businesses represented the majority of the bank's CRA reportable lending activity.

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

The geographic distribution of home mortgage loans is poor.

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

The bank's geographic distribution of home purchase loans during the evaluation period was adequate. The percentage of loans in low-income geographies was somewhat lower than the percentage of owner-occupied units in these geographies. The percentage of loans in moderate-income geographies was somewhat lower than the percentage of owner-occupied units in these geographies. The bank's market share in low-income CTs was significantly lower than its overall market share for home purchase loans. The bank's market share in moderate-income CTs was near to its overall market share for home purchase loans.

The bank's geographic distribution of home improvement loans was very poor. The percentage of loans in low-income geographies was significantly lower than the percentage of owner-occupied units in these geographies. The percentage of loans in moderate-income geographies was near to the percentage of owner-occupied units in these geographies. The bank's market share in low-income CTs was significantly lower than its overall market share for home improvement loans. The bank's market share in moderate-income CTs was significantly lower than its overall market share for home improvement loans.

The bank's geographic distribution of home refinance loans was poor. The percentage of loans in low-income geographies was significantly lower than the percentage of owner-occupied units in these geographies. The percentage of loans in moderate-income geographies was somewhat lower than the percentage of owner-occupied units in these geographies. The bank's market share in low-income CTs was significantly lower than its overall market share for home refinance loans. The bank's market share in moderate-income CTs was near to its overall market share for home refinance loans.

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

The geographic distribution of small loans to businesses is adequate.

Refer to Table 6 in the state of Arkansas section of Appendix D 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 in during the evaluation period was adequate. The percentage of loans made in low-income geographies exceeded the

percentage of businesses in those geographies. The percentage of loans made in moderate-income geographies was somewhat lower than the percentage of businesses in those geographies. The bank's market share in low-income geographies was near to its overall market share for loans to small businesses. The bank's market share in moderate-income geographies was somewhat lower than its overall market share for loans to small businesses.

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

The geographic distribution of small loans to farms is very poor.

Refer to Table 7 in the state of Arkansas section of Appendix D 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 very poor. The percentage of loans made in low-income CTs was significantly lower than the percentage of small farms in those geographies. The percentage of loans made in moderate-income CTs was significantly lower than the percentage of small farms in those geographies. The bank's market share in low-income geographies was significantly lower than its overall market share for loans to small farms. The bank's market share in moderate-income geographies was significantly lower than its overall market share for loans to small farms.

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

We reviewed summary reports and maps, and analyzed FNBFS's home mortgage, small business, and small farm lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps. The bank's AAs consist of whole geographies, meet the requirements of the CRA regulation, and do not arbitrarily exclude any LMI areas.

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

This ratio is a bank-wide calculation, and not calculated by individual rating area or AA. Analysis is limited to bank originations and purchases, and does not include any affiliate data. For the combined four-year evaluation period, FNBFS originated a majority of all loan products inside the bank's AAs (82.74 percent). The percentage in number of loans made inside the AAs by loan type are as follows: home purchase loans (81.76 percent), home refinance loans (84.52 percent), home improvement loans (83.47 percent), small loans to businesses (85.28 percent) and small loans to farms (66.78 percent).

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

The borrower distribution of the bank's lending is adequate. Borrower distribution is affected by a moderate number of borrowers in which no income data is reported because the borrower is not a natural person (such as a corporation, partnership, or other entity that is not a natural person). As noted previously, we placed greater weight on the bank's lending to small businesses, as small loans to businesses represented the majority of the bank's CRA reportable

lending activity. Additionally, we considered the moderate poverty level in the AAs in our conclusions.

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

The borrower distribution of home mortgage loans is poor.

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

In evaluating the borrower distribution of home loans in the Fayetteville Springdale AR MSA, it is important to note that approximately 12 percent of the families are below the poverty level. This significant level of families living below the poverty level makes it difficult to originate home mortgage loans to LMI individuals, particularly with more stringent underwriting with home mortgage products.

The bank's borrower distribution of home purchase loans during the evaluation period was poor. The percentage of loans to low-income borrowers was lower than the percentage of low-income families. The percentage of loans made to moderate-income borrowers was somewhat lower than the percentage of moderate-income families. The bank's market share of loans to low-income borrowers was significantly lower than its overall market share of home purchase loans. The bank's market share of loans to moderate-income borrowers was significantly lower than its overall market share of home purchase loans.

The bank's borrower distribution of home improvement loans was poor. The percentage of loans to low-income borrowers was lower than the percentage of low-income families. The percentage of loans made to moderate-income borrowers exceeded the percentage of moderate-income families. The bank's market share of loans to low-income borrowers was significantly lower than its overall market share of home improvement loans. The bank's market share of loans to moderate-income borrowers was significantly lower than its overall market share of home improvement loans.

The bank's borrower distribution of home refinance loans was very poor. The percentage of loans to low-income borrowers was significantly lower than the percentage of low-income families. The percentage of loans to moderate-income borrowers was significantly lower than the percentage of moderate-income families. The bank's market share of loans to low-income borrowers was significantly lower than its overall market share of refinance loans. The bank's market share of loans to moderate-income borrowers was significantly lower than to its overall market share of refinance loans.

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

Borrower distribution of small loans to businesses is adequate.

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

The bank's borrower distribution of small loans to businesses during the evaluation period is adequate. The percentage of small loans to small businesses (businesses with gross annual revenue of \$1 million or less) was somewhat lower than the percentage of small businesses. Less than half of the bank's loans originated at \$100 thousand or less. This adequate performance was enhanced by good market share. The bank's market share of loans to small businesses was near to its overall market share of loans to small businesses

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

Borrower distribution of small loans to farms is good.

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

The bank's borrower distribution of small loans to farms was adequate. The bank's borrower distribution of small loans to small farms (farms with gross annual revenue of \$1 million or less) was lower than the percentage of small farms. The bank's market share of loans to small farms was near to its overall market share of loans to small farms.

### **Community Development Lending**

Refer to Table 1 Lending Volume in the state of Arkansas section of Appendix D for the facts and data used to evaluate the bank's level of CD 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. Table 5 does not separately list CD loans, however.

FNBFS's level of CD lending had a significantly positive impact on its overall lending performance in the AA. During the evaluation period, FNBFS originated 22 loans totaling \$4.9 million in qualified CD loans in the AA during the evaluation period. All loans provided affordable housing for LMI individuals. This volume represented 3.5 percent of allocated Tier One capital. The bank's CD loans were highly responsive to AA credit needs by supporting affordable housing initiatives for LMI individuals.

Specific examples of CD loans originated during this evaluation period include:

- FNB originated 18 loans and one line of credit totaling \$1.7 million to a real estate developer to construct affordable housing for LMI individuals in the AA.
- The bank originated 4 loans totaling \$3.2 million to a real estate developer who builds affordable homes for LMI individuals.

### **Community Development Loans – Outside the Assessment Area**

FNB FS originated five CD loans totaling \$5.6 million outside of the AA. The purpose of the loans were to construct affordable housing for LMI individuals. The loans were primarily constructed in LMI geographies.

### **Product Innovation and Flexibility**

FNBFS did not originate innovative loan products during the evaluation period. The bank does offer some flexible loan programs. FNBFS offers Small Business Administration (SBA) loans, which offer more flexible underwriting due to the government guaranty. For the evaluation period, FNBFS originated 5 SBA loans totaling \$1.2 million.

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

Based on limited-scope reviews, the bank's performance under the lending test in the Franklin County non-MSA is not inconsistent with performance under the lending test in state of AR. Refer to the Tables 1 through 13 in the state of state of Arkansas section of Appendix D 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 "*Satisfactory*". Based on the full-scope review, the bank's performance in the state of Arkansas is adequate.

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

The level of qualified investments is adequate. Qualifying investments are investments, deposits, membership shares or grants that have as their primary purpose CD, as defined in the CRA regulation. During the evaluation period, FNBFS made 12 investments totaling \$1.8 million. This represents approximately 1.27% of Tier One Capital for the AA. The bank's qualified investments are centered in school district bonds targeted to LMI areas and donations with the purpose of CD services.

Investment opportunities in the bank's AA declined during the evaluation period. During the 2014-2015 school year, some school districts within the MSA had free and reduced lunches fall

below 50 percent. This resulted in the municipal bond purchases of these districts no longer being eligible for CRA. Following are two examples of the investments:

- FNBFS made nine investments totaling \$1.8 million in school district bonds that provide services to LMI individuals and families.
- FNBFS made three donations totaling \$9.5 thousand to organizations that provide community services targeted to LMI individuals.

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

Based on the limited-scope review, the bank's performance under the Investment Test in the Franklin County AA is not inconsistent with the bank's overall "*Satisfactory*" performance under the Investment Test. The bank's presence in this market is small. Refer to Table 14 in Appendix D 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 "*Satisfactory*". Based on a full-scope review, the bank's performance in the Fayetteville-Springdale-Rodgers MSA is good.

### **Retail Banking Services**

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

Branch distribution in the Fayetteville-Springdale-Rodgers MSA is good. There is one branch in the low-income CT. Branch distribution in low-income CT exceeds the percentage of the population that resides in low-income CTs. There are no branch locations in the moderate income CT.

FNBFS's Arkansas 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. Banking hours are adjusted based on the local needs for banking. Branches start opening at 8:00am and close at 4:00 pm. Saturday banking is available at some locations from 8:00 am to 12:00 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.

FNBFS has four ATMs; all are located in the Northwest Arkansas area. All ATM's are part of the branches. The Fayetteville and Bentonville locations currently do not have ATM services. Geographic distribution of the ATMs shows one ATM located in a low-income CT and three ATM's located in an upper-income CT.

Alternative delivery systems include: Online/Mobile banking, Call Center, free ATM usage, point of sale services, 24-Hour Automatic Teller Service, and remote deposit capture. 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.

Since the last CRA evaluation, two branches were opened. The branch openings were located in Fayetteville and Bentonville. Both branches are located in a middle-income CTs.

### **Community Development Services**

The level of the bank's CD services is adequate. During the evaluation period the bank participated in two organizations in the AA that qualified under the definition of CD services. Bank staff members participate in the CD organizations by serving either as Board members, committee members, or program participants. The bank's CD services are centered in financial literacy and technical assistance to organizations that serve LMI individuals and families.

**Children of Centerton** - The bank actively participates in this program that provides financial expertise. The organization provides clothing, food, and other necessities for families in need in the Centerton area.

**Single Parent Scholarship Fund**- Provides financial expertise. The scholarship provides assistance to LMI single parents. FNBFS provides financial expertise on the investment committee.

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

Based on limited-scope reviews, the bank's performance under the service test in the Franklin County non-MSA is weaker than the bank's performance in the full-scope AAs. The reason for the weaker performance pertains to the branch distribution. There is only one branch in Franklin County and it is located in an upper-income CT. In addition, there were no CD services for this AA. Any differences noted in the review for the limited scope AAs were not significant enough to impact the bank's overall rating.

## 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”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): (01/01/2014 to 12/31/2016) Investment and Service Tests and CD Loans: (02/03/2014 to 01/30/2017)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
First National Bank of Fort Smith (FNBFS) Fort Smith, Arkansas	Home mortgage loans, small loans to businesses, small loans to farms, CD loans, investments, and services.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
<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 Multistate MA #22900	Full-Scope	All of Sebastian and Crawford Counties, AR and CTs in LeFlore and Sequoyah Counties, OK.
State of Arkansas Fayetteville-Springdale-Rogers AR MSA #22220	Full-Scope	Washington and Benton Counties, AR.
Franklin County	Limited-Scope	Census tract #9503.00

## Appendix B: Summary of Multistate Metropolitan Area and State Ratings

---

RATINGS		First National Bank of Fort Smith		
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
FNBFS	High Satisfactory	Outstanding	Outstanding	Outstanding
Multistate Metropolitan Area or State:				
Fort Smith, AR-OK Multistate MA	High Satisfactory	Outstanding	Outstanding	Outstanding
State of Arkansas	Low Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory

(\*) The lending test is weighted more heavily than the investment and service tests in the overall rating.

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

### Fort Smith, AR-OK Multistate MA #22900

Demographic Information for Full Scope Area: Fort Smith AR-OK MSA 22900						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	47	0.00	29.79	48.94	21.28	0.00
Population by Geography	227,288	0.00	26.00	51.62	22.38	0.00
Owner-Occupied Housing by Geography	58,047	0.00	19.97	54.64	25.39	0.00
Business by Geography	11,762	0.00	28.59	45.51	25.90	0.00
Farms by Geography	385	0.00	20.52	52.73	26.75	0.00
Family Distribution by Income Level	60,263	20.99	18.25	19.51	41.24	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	23,648	0.00	35.34	50.01	14.65	0.00
Median Family Income	46,436		Median Housing Value	99,305		
FFIEC Adjusted Median Family Income for 2016	48,100		Unemployment Rate (March 2017	4.1%		
Households Below Poverty Level	17%		Bureau of Labor and Statistics)			

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

\*Source: 2010 US Census and 2016 FFIEC updated MFI

The Fort Smith, AR-OK Multistate MA #22900 consists of four counties: Sebastian and Crawford Counties in Arkansas, and Leflore and Sequoyah Counties in Oklahoma. The AA has all of Sebastian County and eight CTs out of 11 for Crawford County. All CTs in Sequoyah County and four out of 12 CTs in Leflore County are designated as the bank's AA. The main office is located in Fort Smith, which is adjacent to the Oklahoma border. Bank branches are located in Arkansas and Oklahoma. Some CTs in Crawford County, AR and Leflore County, OK were excluded due to the geographical distance from Fort Smith, Arkansas. There are no low-income tracts in the AA. The AA is comprised of 14 moderate-income CTs, 23 middle-income CTs, and 10 upper-income CTs.

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 Multistate MA. During the evaluation period, the primary competitors for financial services included Arvest Bank, BancorpSouth Bank, Bank of the Ozarks, Citizens' Bank and Trust Company, and Regions Bank. FNBFS has the largest deposit market share in the AA at 20.84 percent, with Arvest Bank ranked second with 19.29 percent.

Based on 2010 census data, the population of the Fort Smith, AR-OK Multistate MA AA was 227,288. Fort Smith is the largest city in Sebastian County. Fort Smith is the major manufacturing, trade, and transportation center in western Arkansas. Overall, the local economy is stabilizing and showing signs of improvement. The Fort Smith, AR-OK Multistate MA unemployment rate, not seasonally adjusted, is 4.1 percent as of March 2017. This is slightly lower than the US average at 4.6 percent. This multistate unemployment rate is higher than the state of Arkansas' rate at 3.6 percent, and slightly lower than the state of Oklahoma's 4.3 percent.

The Fort Smith area relied heavily on manufacturing and food processing; however, during the recent years, manufacturing jobs have declined and other industries have prospered. One of the largest employers in Fort Smith, Whirlpool Corporation, closed the plant on June 29, 2012, which caused over 900 employees to lose their jobs. In addition, the \$100 million Mitsubishi Wind Turbine Plant set to open in 2012 has been indefinitely delayed, resulting in an additional 300 plus job loss in manufacturing jobs for the region.

Per the December 2016 Bureau of Labor Statistics, the leading industries include trade, transportation, utilities, education, manufacturing, general medical and surgical hospitals, and government positions. Fort Smith is home to several large employers including the OK Industries, Sparks Health System, Mercy Medical Center, Baldor Electric Company, Arkansas Best, and Rheem Manufacturing Company. The largest growing sector is education and health services.

FNBFS continues to be one of the largest small business lenders in the Fort Smith AR-OK Multistate MA. According to 2013 Business Demographic Data, there were 13,944 businesses in the AA. Of those, 9,942 or 71.30 percent were businesses with annual gross revenues of less than \$1 million. Of the 526 farms in the AA, 98.67 percent reported annual gross revenues of less than \$1 million. This is a decline in the number of businesses outlined in the 2010 Business Demographic data.

Housing statistics from 2010 U.S. Census Demographic data show that there are 97,312 housing units in the AA. About 60 percent are owner-occupied and 29 percent are renter occupied. The average monthly rent was \$569. The median housing value was \$99,305.

A community contact was conducted with a director of the local housing authority. The mission of the housing authority is to develop, rehabilitate and manage decent, safe and sanitary quality affordable housing in a manner that promotes equal opportunity, fair housing goals and the de-concentration of race and poverty. In accomplishing this goal, the housing authority is committed to maintaining its developments as affordable housing assets that can meet the needs of low-income households in the long term and serve as viable community resources promoting economic independence and self-sufficiency for its residents every day. The contact stated that affordable rental property is desperately needed in the Fort Smith area. The price of new construction is beyond what most LMI individuals can afford. Decent, affordable rental property is hard to find in the Fort Smith area. The contact stated that First National Bank of Fort Smith appear to be doing a good job in making loans to develop affordable housing.

## State of Arkansas

Demographic Information for Full Scope Area: Fayetteville-Springdale-Rogers AR MSA 22220						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	58	1.72	15.52	53.45	29.31	0.00
Population by Geography	280,508	1.37	17.09	53.88	27.66	0.00
Owner-Occupied Housing by Geography	66,294	0.91	11.39	55.34	32.36	0.00
Business by Geography	16,545	1.61	17.62	52.10	28.67	0.00
Farms by Geography	656	1.22	7.32	62.35	29.12	0.00
Family Distribution by Income Level	71,903	18.82	18.30	20.69	42.18	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	26,694	2.93	23.52	55.39	18.15	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		54,186 61,600 12%	Median Housing Value Unemployment Rate (March 2017 Bureau of Labor and Statistics)		162,204 2.83%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census and 2016 FFIEC updated MFI

FNBFS's AA is comprised of Washington County and Benton County in northwest Arkansas. Washington and Benton Counties are included in the Fayetteville-Springdale-Rogers MSA. The MSA is a multistate MSA with counties in Arkansas (Benton, Madison, and Washington); and one county in Missouri (McDonald). The AA meets the requirements of the regulation and does not arbitrarily exclude LMI geographies.

The 2010 Census reported 81 CTs in the bank's AA. The MFI in 2010 was \$54,186 for the Fayetteville-Springdale-Rogers MSA. The MFI figure is used to determine the income level of individual CTs. The AA consists of three low-income CTs, 11 moderate-income CTs, 44 middle-income CTs, and 23 upper-income CTs.

The 2016 HUD estimated MFI for the Fayetteville-Springdale-Rogers MSA was \$61,600. This figure increased by \$5,000 since 2014. HUD estimated MFI is updated annually and is used to determine the income level of individual applicants. The percent of households below poverty level is reported at 14 percent. The poverty level is considered high which means it was difficult for low-income individuals to qualify for mortgage financing.

According to the updated 2016 Census, the population of Washington County was 203,065. The updated 2016 Census showed the population of Benton County at 221,339. The Fayetteville-Springdale-Rogers MSA has been the primary growth area in Arkansas in the past decade.

The local economy is now stable after recovering from over-development in the real estate segment in the mid-2000s. The primary industries in Washington and Benton counties include retail, education, trucking, health care, and the production, distribution, and marketing of poultry and other protein products. The Fayetteville-Springdale-Rogers MSA is home to several Fortune 500 companies: Wal-Mart Stores, Inc., poultry and meat processors Tyson Foods, Inc. and

George's, Inc., and trucking company J.B. Hunt Transport Services, Inc. In terms of education, the University of Arkansas, the Springdale/Fayetteville school system, and the Bentonville/Rogers school system are large employers in their respective counties. The largest healthcare employer is Mercy Health Care System in Benton County. Wal-Mart, Tyson, and the University of Arkansas account for one fourth of the total number of jobs in the MSA.

Based on December 2016 statistics provided by the Bureau of Labor Statistics, the unemployment rate, non-seasonally adjusted (NSA) was 2.8 percent for Benton County and 2.5 percent for Washington County. The unemployment rates for Benton and Washington Counties are below the Arkansas average of 3.9 percent and the U.S. average of 4.7 percent.

The bank's AA is characterized by a high percentage of families classified as upper-income at 41.94 percent, followed by middle-income at 20.51 percent, moderate-income at 17.99 percent, and low-income at 19.56 percent. Banking competition is considered strong, with numerous branches of large regional banks, credit unions, finance companies, and mortgage companies located throughout the Fayetteville-Springdale-Rogers MSA.

A community contact was conducted with a city of Springdale government organization that provides affordable housing for LMI individuals. The contact identified the primary needs in the Springdale area: affordable housing, rental assistance, and credit counseling. Local banks have assisted with home ownership and credit counseling. The contact stated that financing of homes is a major obstacle for LMI individuals and that affordable housing loan programs need support from local banks.

## Appendix D: Tables of Performance Data

---

### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of 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. Deposit data are compiled by the Federal Deposit Insurance Corporation and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- 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, if applicable, 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 \$500,000) 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 \$500,000) 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.

## **Tables of Performance Data**

---

### **Fort Smith, AR-OK Multistate Metropolitan Area**

#### **State of Arkansas**

**Table 1. Lending Volume**

LENDING VOLUME												
Geography: ARKANSAS						Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016						
Assessment Area (2016):	% 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>												
Fort Smith AR-OK Multistate MA #22900	100.00	402	68,799	1,249	134,164	188	11,813	36	7,100	1,875	221,876	100.00

\* Loan Data as of December 31, 2016. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from February 03, 2014 to January 30, 2017.

\*\*\* Deposit Data as of June 30, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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

Geographic Distribution: HOME PURCHASE		Geography: ARKANSAS				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016									
Assessment Area:	Total Home Purchase 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	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Fort Smith AR-OK Multistate MA #22900	180	100.00	0.00	0.00	19.97	25.56	54.64	52.78	25.39	21.67	1.41	0.00	2.30	1.43	0.92

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* 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 2010 Census information.

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

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

Geographic Distribution: HOME IMPROVEMENT		Geography: ARKANSAS				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016									
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>															
Fort Smith AR-OK Multistate MA #22900	136	100.00	0.00	0.00	19.97	19.12	54.64	50.74	25.39	30.15	9.83	0.00	13.10	7.67	12.68

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* 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 2010 Census information.

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

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

Geographic Distribution: HOME MORTGAGE REFINANCE															Geography: ARKANSAS					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				
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	Overall	Low	Mod	Mid	Upp									
<b>Full Review:</b>																								
Fort Smith AR-OK Multistate MA #22900	75	100.00	0.00	0.00	19.97	29.33	54.64	42.67	25.39	28.00	1.32	0.00	1.73	1.24	1.23									

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* 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 2010 Census information.

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

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

Geographic Distribution: MULTIFAMILY															Geography: ARKANSAS					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				
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	Overall	Low	Mod	Mid	Upp									
<b>Full Review:</b>																								
Fort Smith AR-OK Multistate MA #22900	11	100.00	0.00	0.00	36.27	36.36	29.81	54.55	33.92	9.09	3.45	0.00	0.00	12.50	0.00									

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* 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 2010 Census information.

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

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

Geographic Distribution: SMALL LOANS TO BUSINESSES															
Geography: ARKANSAS															
Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016															
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 Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Fort Smith AR-OK Multistate MA #22900	1,249	100.00	0.00	0.00	28.59	27.14	45.51	38.03	25.90	34.83	12.35	0.00	12.87	10.18	18.08

\* Based on 2015 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 (2015).

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

Geographic Distribution: SMALL LOANS TO FARMS															
Geography: ARKANSAS															
Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016															
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>															
Fort Smith AR-OK Multistate MA #22900	188	100.00	0.00	0.00	20.52	31.38	52.73	67.02	26.75	1.60	34.57	0.00	51.56	31.65	5.26

\* Based on 2015 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 (2015).

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

Borrower Distribution: HOME PURCHASE		Geography: ARKANSAS					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016					Market Share*				
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Full Review:</b>																
Fort Smith AR-OK Multistate MA #22900	180	100.00	20.99	8.33	18.25	14.17	19.51	15.00	41.24	62.50	1.19	1.29	0.18	0.74	1.89	

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* 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 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 33.3% of loans originated and purchased by bank.

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

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

Borrower Distribution: HOME IMPROVEMENT		Geography: ARKANSAS					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016					Market Share*				
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families*	% BANK Loans****	% Families <sup>4</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Full Review:</b>																
Fort Smith AR-OK Multistate MA #22900	136	100.00	20.99	16.38	18.25	18.10	19.51	16.38	41.24	49.14	10.02	14.89	14.29	6.03	9.62	

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* 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 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 14.7% of loans originated and purchased by bank.

<sup>4</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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

Borrower Distribution: HOME MORTGAGE REFINANCE															Geography: ARKANSAS					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				
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>5</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp									
<b>Full Review:</b>																								
Fort Smith AR-OK Multistate MA #22900	75	100.00	20.99	6.67	18.25	11.67	19.51	15.00	41.24	66.67	1.39	1.01	1.37	0.92	1.67									

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* 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 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 20.0% of loans originated and purchased by bank.

<sup>5</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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

Borrower Distribution: SMALL LOANS TO BUSINESSES									
Geography: ARKANSAS					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				
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 Loans****	\$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>									
Fort Smith AR-OK Multistate MA #22900	1,249	100.00	74.37	47.16	70.70	17.13	12.17	12.35	12.45

\* Based on 2015 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 - 2015).

\*\*\*\* 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 24.90% of small loans to businesses originated and purchased by the bank.

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

Borrower Distribution: SMALL LOANS TO FARMS									
Geography: ARKANSAS									
Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016									
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>									
Fort Smith AR-OK Multistate MA #22900	188	100.00	97.66	70.21	82.98	11.70	5.32	34.57	33.70

\* Based on 2015 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 - 2015).

\*\*\*\* 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 26.60% of small loans to farms originated and purchased by the bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS									
			Geography: ARKANSAS		Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				
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>									
Fort Smith AR-OK Multistate MA #22900	0	0	75	9,864	75	9,864	100.00	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.

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																Geography: ARKANSAS				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016			
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>																							
Fort Smith AR-OK Multistate MA #22900	100.00	14	100.00	0.00	35.71	28.57	35.71	0	1	0	0	0	- 1	0.00	26.00	51.62	22.38						

**Table 1. Lending Volume**

LENDING VOLUME												
Geography: ARKANSAS												
Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016												
Assessment Area (2016):	% 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>												
Fayetteville-Springdale-Rogers AR MSA #22220	88.83	259	62,777	365	69,993	4	155	22	4,900	650	137,825	85.14
<b>Limited Review:</b>												
Franklin County AR-Non MSA	11.17	40	2,367	26	1,131	13	1,631	0	0	79	5,129	14.86

\* Loan Data as of December 31, 2016. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2016 to December 31, 2016.

\*\*\* Deposit Data as of February 24, 2017. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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

Geographic Distribution: HOME PURCHASE		Geography: ARKANSAS				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016									
Assessment Area:	Total Home Purchase 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	Over-all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Fayetteville-Springdale-Rogers AR MSA #22220	159	95.78	0.91	0.63	11.39	6.29	55.34	39.62	32.36	53.46	0.69	0.00	0.62	0.45	0.98
<b>Limited Review:</b>															
Franklin County AR-Non MSA	7	4.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00	3.49	0.00	0.00	3.49

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* 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 2010 Census information.

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

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

Geographic Distribution: HOME IMPROVEMENT		Geography: ARKANSAS					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016									
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>																
Fayetteville-Springdale-Rogers AR MSA #22220	45	65.22	0.91	0.00	11.39	11.11	55.34	55.56	32.36	33.33	1.80	0.00	0.00	2.05	1.84	
<b>Limited Review:</b>																
Franklin County AR-Non MSA	24	34.78	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00	28.00	0.00	0.00	0.00	28.00	

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* 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 2010 Census information.

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

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

Geographic Distribution: HOME MORTGAGE REFINANCE															Geography: ARKANSAS					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				
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	Overall	Low	Mod	Mid	Upp									
<b>Full Review:</b>																								
Fayetteville-Springdale-Rogers AR MSA #22220	44	83.02	0.91	0.00	11.39	9.09	55.34	54.55	32.36	36.36	0.69	0.00	0.68	0.73	0.66									
<b>Limited Review:</b>																								
Franklin County AR-Non MSA	9	16.98	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00	4.41	0.00	0.00	0.00	4.41									

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* 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 2010 Census information.

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

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

Geographic Distribution: MULTIFAMILY															Geography: ARKANSAS					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				
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	Overall	Low	Mod	Mid	Upp									
<b>Full Review:</b>																								
Fayetteville-Springdale-Rogers AR MSA #22220	11	100.00	2.91	0.00	24.19	18.18	55.39	81.82	17.51	0.00	12.50	0.00	14.29	16.67	0.00									
<b>Limited Review:</b>																								
Franklin County AR-Non MSA	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00									

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* 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 2010 Census information.

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

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

Geographic Distribution: SMALL LOANS TO BUSINESSES															
Geography: ARKANSAS															
Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016															
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 Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Fayetteville-Springdale-Rogers AR MSA #22220	365	93.35	1.61	3.56	17.62	9.04	52.10	47.40	28.67	40.00	2.19	2.17	1.61	1.90	2.98
<b>Limited Review:</b>															
Franklin County AR-Non MSA	26	6.65	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00	6.63	0.00	0.00	0.90	16.00

\* Based on 2015 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 (2015).

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

Geographic Distribution: SMALL LOANS TO FARMS															
Geography: ARKANSAS															
Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016															
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>															
Fayetteville-Springdale-Rogers AR MSA #22220	4	23.53	1.22	0.00	7.32	0.00	62.35	100.00	29.12	0.00	0.85	0.00	0.00	1.05	0.00
<b>Limited Review:</b>															
Franklin County AR-Non MSA	13	76.47	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00	5.61	0.00	0.00	0.00	10.34

\* Based on 2015 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 (2015).

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

Borrower Distribution: HOME PURCHASE		Geography: ARKANSAS					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016					Market Share*				
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families 6	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Full Review:</b>																
Fayetteville-Springdale-Rogers AR MSA #22220	159	95.78	18.82	6.85	18.30	9.59	20.69	19.18	42.18	64.38	0.24	0.00	0.00	0.26	0.34	
<b>Limited Review:</b>																
Franklin County AR-Non MSA	7	4.22	13.98	0.00	19.50	0.00	13.20	14.29	53.31	85.71	4.62	0.00	0.00	5.26	7.69	

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* 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 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 51.8% of loans originated and purchased by bank.

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

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

Borrower Distribution: HOME IMPROVEMENT		Geography: ARKANSAS					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016					Market Share*				
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families* **	% BANK Loans****	% Families <sup>7</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Full Review:</b>																
Fayetteville-Springdale-Rogers AR MSA #22220	45	65.22	18.82	2.27	18.30	20.45	20.69	22.73	42.18	54.55	2.01	0.00	0.00	1.50	3.28	
<b>Limited Review:</b>																
Franklin County AR-Non MSA	24	34.78	13.98	4.17	19.50	25.00	13.20	25.00	53.31	45.83	29.17	33.33	40.00	25.00	25.00	

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* 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 2010 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>7</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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

Borrower Distribution: HOME MORTGAGE REFINANCE															Geography: ARKANSAS					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				
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>8</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp									
<b>Full Review:</b>																								
Fayetteville-Springdale-Rogers AR MSA #22220	44	83.02	18.82	0.00	18.30	0.00	20.69	25.00	42.18	75.00	0.27	0.00	0.00	0.65	0.26									
<b>Limited Review:</b>																								
Franklin County AR-Non MSA	9	16.98	13.98	33.33	19.50	11.11	13.20	0.00	53.31	55.56	6.38	50.00	0.00	0.00	6.45									

\* Based on 2015 Peer Mortgage Data -- US and PR

\*\* 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 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 45.3% of loans originated and purchased by bank.

<sup>8</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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

Borrower Distribution: SMALL LOANS TO BUSINESSES									
Geography: ARKANSAS									
Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016									
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 Loans****	\$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>									
Fayetteville-Springdale-Rogers AR MSA #22220	365	93.35	76.68	53.70	41.37	31.51	27.12	2.19	1.77
<b>Limited Review:</b>									
Franklin County AR-Non MSA	26	6.65	80.51	80.77	96.15	0.00	3.85	6.63	10.19

\* Based on 2015 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 - 2015).

\*\*\*\* 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 13.81% of small loans to businesses originated and purchased by the bank.

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

Borrower Distribution: SMALL LOANS TO FARMS									
Geography: ARKANSAS									
Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016									
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>									
Fayetteville-Springdale-Rogers AR MSA #22220	4	23.53	96.04	25.00	100.00	0.00	0.00	0.85	0.78
<b>Limited Review:</b>									
Franklin County AR-Non MSA	13	76.47	100.00	92.31	76.92	0.00	23.08	5.61	6.25

\* Based on 2015 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 - 2015).

\*\*\*\* 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 17.65% of small loans to farms originated and purchased by the bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS									
			Geography: ARKANSAS		Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				
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>									
Fayetteville-Springdale-Rogers AR MSA #22220	0	0	12	1,785	12	1,785	73.61	0	0
<b>Limited Review:</b>									
Franklin County AR-Non MSA	0	0	3	640	3	640	26.93	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.

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																Geography: ARKANSAS				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016			
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>																							
Fayetteville-Springdale-Rogers AR MSA #22220	84.14	6	85.71	16.67	0.00	33.33	50.00	2	0	0	0	2	0	1.37	17.09	53.88	27.66						
<b>Limited Review:</b>																							
Franklin County AR-Non MSA	14.86	1	14.29	0.00	0.00	0.00	100.00	0	0	0	0	0	0	0.00	0.00	0.00	100.00						



