



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

May 14, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Eastern Arkansas
Charter Number: 13637

101 North Washington Street
Forrest City, Arkansas 72335

Office of the Comptroller of the Currency

ADC – LITTLE ROCK Field Office
Victory Building 1401 West Capitol Avenue
Little Rock, Arkansas 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, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

- The loan-to-deposit ratio is reasonable.
- A substantial majority of the bank's loans are within its assessment area (AA).
- The bank's level of lending to borrowers of different income levels is reasonable.
- The bank's geographic distribution of loans by geographic income level is reasonable.
- The bank is meeting the needs of its community through community development (CD) lending, investments, and providing CD services.

Scope of Examination

An onsite examination of the bank was performed to evaluate its performance under the Community Reinvestment Act (CRA). To determine its performance, the bank elected to be evaluated using Intermediate Small Bank CRA criteria. Loan information used for this evaluation included Home Mortgage Disclosure Act (HMDA) data from 2010 and 2011, and business, farm, and consumer loans from 2010 and 2011. A data integrity examination of the bank's HMDA reports was performed in April 2012. No deficiencies were noted in the accuracy of the bank's data, data collection processes, and internal controls to ensure that data collected is accurate. The data used for this report was determined to be reliable. This performance evaluation starts from the date of the bank's previous CRA examination, and covers a six year period from September 27, 2005, to April 27, 2012. The bank was rated "Satisfactory" at the previous examination.

Description of Institution

First National Bank of Eastern Arkansas (FNBEA) was chartered in 1932 and its main office is located in Forrest City, Arkansas.

FNBEA operates 14 offices in eight contiguous counties located in east central Arkansas. Those offices are located in Crittenden, Cross, Lee, Mississippi, Monroe, Phillips, Saint Francis, and Woodruff counties. Bank offices include the main office and two branches located in Forrest City (Saint Francis County) and one branch each in the cities of Colt, Hughes, Palestine, and Wheatley (also located in Saint Francis County). Other locations include one branch each in Earle and Marion (both located in Crittenden County), and one branch each in Barton (Phillips County), Holly Grove (Monroe County), Marianna (Lee County), Osceola (Mississippi County), and Wynne (Cross County). All branches except Colt, Wheatley, and Wynne have ATM machines. There are also two free standing ATMs;

one in Forrest City and the other in Wynne. The Osceola branch was opened since the last performance evaluation. The bank has not closed any branches during the evaluation period.

There are no financial impediments that would limit the bank's ability to help meet the credit needs in its AA. The bank is 100% owned by Bancshares of Eastern Arkansas, a one-bank holding company also located in Forrest City, Arkansas. As of December 31, 2011, FNBEA had total assets of \$355 million, and capital of \$39 million. FNBEA facilities are open Monday through Friday and the branches in Forrest City are open a half day on Saturdays.

FNBEA offers a variety of traditional loan and deposit products to meet the financial needs within its assessment area. The bank's primary lending focus is commercial real estate, agriculture loans, 1-4 family residential, and consumer loans.

Loan products include home purchase/refinance, home improvement, automobile, agricultural, commercial, and small business. The loan portfolio composition as of December 31, 2011, is as follows:

Loan Portfolio Composition		
Loan Type	Amount (000's)	Percent
Construction and Development	0	0
Farmland	8,452	8
1-4 Family Residential	19,312	17
Multifamily Residential	338	0
Commercial Real Estate	32,070	29
Total Real Estate Loans	60,172	54
Agriculture	22,027	20
Commercial and Industrial	2,677	2
Consumer and Other Loans	16,598	15
Other Loans	9,769	9
Total Gross Loans	111,243	100

Description of Assessment Area (AA)

The bank's assessment area meets the requirements of the regulation. The AA is contiguous and does not arbitrarily exclude low- and moderate-income geographies. FNBEA's assessment areas includes all of Crittenden County, which is located in the Memphis, TN-MS-AR Metropolitan Statistical Area (MSA) (32820), and all of the following counties which are also located in Arkansas - Cross, Lee, Mississippi, Monroe, Phillips, Saint Francis, and Woodruff. The bank operates full service branch locations in all of these counties. For this evaluation, performance analysis was separated by the MSA (Crittenden County) portion of the AA and the two non-MSA portions of the AA, which are Mississippi County, located to the north of Crittenden County, and the Cross, Lee, Monroe, Phillips, Saint Francis, and Woodruff group of counties located to the south and west of Crittenden County.

A community contact was made with a local municipal official during the examination as part of the procedures to assess FNBEA's lending performance in the assessment area. The contact indicated that the local economy has been deteriorating over the last decade and that unemployment and poverty rates are increasing due to the loss of several local manufacturing employers; property values are declining due to the above and compounded by recent demographic trends, and less availability to credit due to tighter underwriting standards for home and commercial loans.

Unemployment and poverty rates remain high throughout the assessment area and have increased over the last decade. Five of the eight counties in the bank's assessment area (Lee, Monroe, Phillips, Saint Francis, and Woodruff) are designated as distressed areas by the Board of Governors of the Federal Reserve System (Federal Reserve), the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC). The charts below reflect the demographic characteristics for the counties and are separated by MSA, non-MSA status.

Demographic and Economic Characteristics Crittenden County (Crittenden County Arkansas MSA)	
Population	
Crittenden County Population as of 2010	50,866
Number of Families	13,444
Number of Households	18,460
Geographies	
Number of Census Tracts/BNA	16
% Low-Income Census Tracts/BNA	6
% Moderate-Income Census Tracts/BNA	5
% Middle-Income Census Tracts/BNA	4
% Upper-Income Census Tracts/BNA	1
Median Family Income (MFI)	
2000 MFI for AA	\$36,612
2011 HUD-Adjusted MFI	\$58,300
Economic Indicators	
Unemployment Rate April 2012	11.0
Median Housing Value as of 2000	\$66,189
% of Households Below Poverty Level	23.07

Source: 2000 and 2010 U.S. Census data, Bureau of Labor Statistics

Demographic and Economic Characteristics Mississippi County	
Population	
Population as of 2010	51,979
Number of Families	13,970
Number of Households	19,309
Geographies	
Number of Census Tracts/BNA	13
% Low-Income Census Tracts/BNA	0
% Moderate-Income Census Tracts/BNA	4
% Middle-Income Census Tracts/BNA	6
% Upper-Income Census Tracts/BNA	3
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	\$33,431
2011 HUD-Adjusted MFI	\$43,300
Economic Indicators	
Unemployment Rate April 2012	10.0
Median Housing Value as of 2000	\$49,918
% of Households Below Poverty Level	22.51

Source: 2000 and 2010 U.S. Census Data, Bureau of Labor Statistics

Demographic and Economic Characteristics Cross, Lee, Monroe, Phillips, Saint Francis, and Woodruff Counties	
Population	
Population as of 2010	106,875
Number of Families	27,529
Number of Households	39,020
Geographies	
Number of Census Tracts/BNA	27
% Low-Income Census Tracts/BNA	0
% Moderate-Income Census Tracts/BNA	11
% Middle-Income Census Tracts/BNA	14
% Upper-Income Census Tracts/BNA	2
Median Family Income (MFI)	
2000 MFI for AA	\$29,397
2011 HUD-Adjusted MFI	\$43,300
Economic Indicators	
Unemployment Rate April 2011– Cross	7.3
Unemployment Rate November 2011 – Lee	10.4
Unemployment Rate April 2011 – Monroe	7.7
Unemployment Rate April 2011 – Phillips	10.0
Unemployment Rate April 2011 – Saint Francis	9.8
Unemployment Rate April 2011 – Woodruff	9.8
Median Housing Value as of 2000	\$45,323
% of Households Below Poverty Level	26.85

Source: 2000 and 2010 U.S. Census Data, Bureau of Labor Statistics

Conclusions with Respect to Performance Tests

LENDING TEST

Loan-to-Deposit Ratio

FNBEA’s average loan-to-deposit ratio at 43.7% is reasonable given its size, financial condition, funding sources, and assessment area’s credit needs. Although lower than two of its three competitor’s averages, FNBEA’s ratio reflects low loan demand related to the general and local economy. The average quarterly loan-to-deposit ratio was calculated for the years 2006 through 2011. For purposes of this analysis, three banks conducting business in the bank’s AA were used to assess the bank’s lending performance. These banks include Fidelity National Bank, First National Bank of Wynne, and Helena National Bank.

Loan-to-Deposit Ratios		
Institution	Assets (as of 12/31/2011) \$(000)	Average LTD Ratio
First National Bank Eastern Arkansas	\$355,009	43.7%
Fidelity National Bank	\$332,453	42.8%
Helena National Bank	\$175,369	57.4%
First National Bank of Wynne	\$259,791	67.5%

Source: Uniform Banking Performance Reports (Call Reports)

Lending in Assessment Area

FNBEA's real estate lending within its AA is reasonable. The majority of FNBEA's loans were made within the bank's AA. The table below reflects loans made during 2010 and 2011 in the following categories. As indicated in Table 1 below, 76% of the number of real estate loans and 76% of the dollar volume of loans were made within FNBEA's AA.

Table 1 - Lending in AA										
Loan Type	Number of Loans					Dollars of Loans(000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	408	71	164	29	572	21,810	71	8,921	19	30,731
Home Improvement	693	77	265	23	958	7,211	73	2,624	27	9,835
Refinance	669	85	119	15	788	36,299	80	8,916	20	45,215
Total Real Estate Loans	1,770	76	548	24	2,318	65,320	76	20,461	24	85,781

Source: New Loans 2010 and 2011.]

A sample of 50 consumer, business, and farm loans were also reviewed at this examination. FNBEA made 92 percent of the number of consumer loans and 85 percent of the dollar volume of consumer loans sampled within its AA; 98 percent of the number of business loans and 99 percent of the dollar volume of business loans sampled within its AA; and 100 percent of the number of farm loans and 100 percent of the dollar volume of farm loans sampled within its AA.

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

The bank's level of lending to borrowers, businesses, and farms of different income levels is satisfactory. The tables below reflect the distribution of home purchase, home improvement, and refinance loans, consumer loans, business loans, and farm loans in 2010 and 2011.

The distribution of loans home loans to borrowers of different revenues shows reasonable penetration. FNBEA's distribution of home purchase and refinance loans to low-income borrowers is less than the percentage of low-income borrower's throughout the AA. This is due primarily to the high percentage of low- and moderate- income borrowers whose incomes are below poverty levels and the difficulty in qualifying these borrowers due to loan down payment and term requirements. However, FNBEA's distribution of home purchase loans in non-MSA counties is near the percentage of moderate-income families within the AA. Also, FNBEA's distribution of home purchase loans to moderate-income borrowers in Mississippi County exceeds the distribution of moderate income families. FNBEA's distribution of refinance loans to moderate-income borrowers in Cross, Lee, Monroe, Phillips, Saint Francis, and Woodruff Counties exceeds the distribution of moderate-income families in the AA. FNBEA's distribution of home improvement loans to low- and moderate-income families in the Memphis, TN-MS-AR MSA (32820) and Cross, Lee, Monroe, Phillips, Saint Francis, and Woodruff Counties exceeds the distribution of low- and moderate-income families in these two AA's.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Memphis, TN-MS-AR-MSA Co AA

Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	32.98	9.09	19.85	4.55	19.24	40.91	27.92	40.91
Home Improvement	32.98	50.00	19.85	21.63	19.24	7.14	27.92	21.43
Refinance	32.98	4.44	19.85	4.44	19.24	13.33	27.92	66.67

Source: Data reported under HMDA; U.S. Census data. Income not available for 4.55% of Home Purchase; and 11.11% of Refinance.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Mississippi Co AA

Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	24.51	0.00	16.66	15.69	19.63	15.69	39.19	66.67
Home Improvement	24.51	15.00	16.66	10.00	19.63	15.00	39.19	55.00
Refinance	24.51	3.64	16.66	9.09	19.63	9.09	39.19	72.73

Source: Data reported under HMDA and; U.S. Census data. Income not available for 1.96% of Home Purchase, 5.00% of Home Improvement, and 5.45% of Refinance.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Cross, Lee, Monroe, Phillips, Saint Francis, and Woodruff Co AA

Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	29.42	9.87	17.34	16.74	19.63	22.75	33.61	48.93
Home Improvement	29.42	29.25	17.34	22.45	19.63	23.77	33.61	24.53
Refinance	29.42	13.08	17.34	22.06	19.63	17.20	33.61	45.05

Source: Data reported under HMDA and; U.S. Census data. Income not available for 1.72% of Home Purchase, and 2.62% of Refinance.

The distribution of consumer loans with different income levels shows reasonable penetration. A sample of 50 consumer loans totaling \$261 thousand that FNBEA made in 2010 and 2011 were also reviewed as part of this evaluation. In this sample, FNBEA made 14 percent of the number of consumer loans and 13 percent of dollar volume of consumer loans to low-income borrowers. FNBEA has also made 32 percent of the number of consumer loans and 21 percent of dollar volume of consumer loans to moderate-income borrowers. In Tables 2 below, the percentage of the number of consumer loans made to moderate-income borrowers within Cross, Lee, Monroe, Phillips, Saint Francis, and Woodruff Counties exceeds the percentage of moderate-income households.

Table 2 - Borrower Distribution of Consumer Loans in Memphis, TN-MS-AR-MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Household	% of Number of Loans	% of AA Household	% of Number of Loans	% of AA Household	% of Number of Loans	% of AA Household	% of Number of Loans
Consumer Loans	26.20	0.00	13.63	100.00	17.87	0.00	42.30	0.00

Source: New Loans 2010 and 2011; U.S. Census data.

Table 2 - Borrower Distribution of Consumer Loans in Mississippi Co AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Household	% of Number of Loans	% of AA Household	% of Number of Loans	% of AA Household	% of Number of Loans	% of AA Household	% of Number of Loans
Consumer Loans	27.09	0.00	15.60	0.00	17.15	0.00	40.16	100.00

Source: New Loans 2010 and 2011; U.S. Census data.

Table 2 - Borrower Distribution of Consumer Loans in Cross, Lee, Monroe, Phillips, Saint Francis, and Woodruff Co AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Household	% of Number of Loans	% of AA Household	% of Number of Loans	% of AA Household	% of Number of Loans	% of AA Household	% of Number of Loans
Consumer Loans	31.89	16.67	15.76	35.71	16.91	11.91	35.44	35.71

Source: New Loans 2010 and 2011; U.S. Census data.

The distribution of loans to businesses of different revenues shows reasonable penetration. A sample of 50 business loans totaling \$3.7 million that FNBEA made in 2010 and 2011 were reviewed as part of this evaluation. FNBEA made 94 percent of the number of business loans and 44 percent of the dollar volume of business loans to businesses with revenues of \$1 million or less. In Tables 2A below, the percentage of the number of business loans made to businesses with gross revenues of \$1million or less within all counties of FNBEA's AA exceed the percentage of businesses with gross revenues of \$1million or less.

Table 2A - Borrower Distribution of Loans to Businesses in Crittenden Co AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	64.50	2.48	33.01	100%
% of Bank Loans in AA by #	100.00	0.00		100%
% of Bank Loans in AA by \$	100.00	0.00		100%

Source: New Loans 2010 and 2011; Dunn and Bradstreet data.

Table 2A - Borrower Distribution of Loans to Businesses in Mississippi Co AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	65.23	2.52	32.25	100%
% of Bank Loans in AA by #	100.00	0.00		100%
% of Bank Loans in AA by \$	100.00	0.00		100%

Source: New Loans 2010 and 2011; Dunn and Bradstreet data.

Table 2A - Borrower Distribution of Loans to Businesses in Cross, Lee, Monroe, Phillips, Saint Francis, and Woodruff Co AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	65.99	2.32	31.69	100%
% of Bank Loans in AA by #	94.59	5.41		100%
% of Bank Loans in AA by \$	34.33	65.67		100%

Source: New Loans 2010 and 2011; Dunn and Bradstreet data.

The distribution of loans to farms of different revenues shows reasonable penetration. A sample of 50 farm loans totaling \$10.6 million that FNBEA made in 2010 and 2011 were reviewed as part of this evaluation. In Tables 2A below, the percentage of the number of farm loans made to farms with gross revenues of \$1million or less within all counties of FNBEA's AA exceed the percentage of farms with gross revenues of \$1million or less.

Table 2A - Borrower Distribution of Loans to Farms in Crittenden Co AA				
Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farms	92.51	3.74	3.74	100%
% of Bank Loans in AA by #	75.00	25.00		100%
% of Bank Loans in AA by \$	41.88	58.12		100%

Source: New Loans 2010 and 2011; Dunn and Bradstreet data.

Table 2A - Borrower Distribution of Loans to Farms in Mississippi Co AA				
Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farms	96.26	3.06	0.68	100%
% of Bank Loans in AA by #	40.00	60.00		100%
% of Bank Loans in AA by \$	14.60	85.40		100%

Source: New Loans 2010 and 2011; Dunn and Bradstreet data.

Table 2A - Borrower Distribution of Loans to Farms in Cross, Lee, Monroe, Phillips, Saint Francis, and Woodruff Co AA				
Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farms	95.79	2.10	2.10	100%
% of Bank Loans in AA by #	75.61	24.39		100%
% of Bank Loans in AA by \$	42.66	57.34		100%

Source: New Loans 2010 and 2011; Dunn and Bradstreet data.

Geographic Distribution of Loans

The bank's geographic distribution of home loans by income levels of the census tract is satisfactory. Of the 16 census tracts located in the Memphis, TN-MS-AR MSA, there are six low-income, 5 moderate-income, four middle-income, and one upper-income census tracts. In Mississippi County, there are four moderate-income, six middle-income, and three upper-income census tracts. In the Cross, Lee, Monroe, Phillips, Saint Francis, and Woodruff Counties, there are no low-income, nine moderate, 12 middle income, and two upper-income census tracts.

Table 3 - Geographic Distribution of Residential Real Estate Loans in Memphis, TN-MS-AR MSA

Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	16.50	13.64	31.42	13.64	42.22	72.73	9.85	0.00
Home Improvement	16.50	28.57	31.42	50.00	42.22	21.43	9.85	0.00
Refinance	16.50	31.11	31.42	37.78	42.22	31.11	9.85	0.00

Source: Data reported under HMDA; U.S. Census data.

Table 3 - Geographic Distribution of Residential Real Estate Loans in Mississippi Co AA

Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.00	0.00	24.87	25.49	43.78	43.14	31.35	31.37
Home Improvement	0.00	0.00	24.87	40.00	43.78	10.00	31.35	50.00
Refinance	0.00	0.00	24.87	29.09	43.78	27.27	31.35	43.64

Source: Data reported under HMDA; U.S. Census data.

Table 3 - Geographic Distribution of Residential Real Estate Loans in Cross, Lee, Monroe, Phillips, Saint Francis, and Woodruff Co AA

Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.00	0.00	32.14	27.04	60.34	49.79	7.52	23.18
Home Improvement	0.00	0.00	32.14	34.91	60.34	56.60	7.52	8.49
Refinance	0.00	0.00	32.14	25.05	60.34	57.38	7.52	17.57

Source: Data reported under HMDA; U.S. Census data

FNBEA made 92 percent of the number of consumer loans sampled and 68 percent of the dollar volume of consumer loans in Lee, Monroe, Phillips, Saint Francis, and Woodruff Counties; 15 percent of the number of the consumer loans and 19 percent of the dollar volume of consumer loans in Mississippi County; and two percent of the number of the consumer loans and less than one percent of the dollar volume of consumer loans in the Memphis, TN-MS-AR MSA. In Table 3 below, the distribution of consumer loans in all counties exceeded the percentage households in moderate-income census tracts.

Table 3 - Geographic Distribution of Consumer Loans in Memphis, TN-MS-AR MSA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Household	% of Number of Loans						
Consumer Loans	32.98	0.00	19.85	100.00	19.24	0.00	27.92	0.00

Source: New Loans 2010 and 2011; U.S. Census data.

Table 3 - Geographic Distribution of Consumer Loans in Mississippi Co AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Household	% of Number of Loans						
Consumer Loans	24.51	0.00	16.66	33.33	19.63	33.33	39.19	33.33

Source: New Loans 2010 and 2011; U.S. Census data.

Table 3 - Geographic Distribution of Consumer Loans in Cross, Lee, Monroe, Phillips, Saint Francis, and Woodruff Co AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Household	% of Number of Loans						
Consumer Loans	0.00	0.00	37.53	42.86	55.30	52.38	7.17	4.76

Source: New Loans 2010 and 2011; U.S. Census data.

FNBEA made 64 percent of the number of business loans sampled and 86 percent of the dollar volume of business loans in Lee, Monroe, Phillips, Saint Francis, and Woodruff Counties; 18 percent of the number of the business loans and 13 percent of the dollar volume of business loans in Mississippi County; and 15 percent of the number of the business loans and less than one percent of the dollar volume of business loans in the Memphis, TN-MS-AR MSA. In Table 3 below, the distribution of all business loans made in Crittenden County MSA's low-income census tracts exceeded the percentage of businesses in low-income census tracts and; the percentage of business loans made in Crittenden County MSA's moderate-income census tracts. The percentage of business loans made in all non-MSA counties' moderate-income census tracts exceeds the percentage of businesses located in moderate-income census tracts.

Table 3A - Geographic Distribution of Loans to Businesses in Memphis, TN-MS-AR MSA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Business	% of Number of Loans	% of AA Business	% of Number of Loans	% of AA Business	% of Number of Loans	% of AA Business	% of Number of Loans
Businesses	10.93	33.33	34.03	33.33	49.72	33.33	5.32	0.00

Source: New Loans 2010 and 2011; Dunn and Bradstreet data.

Table 3A - Geographic Distribution of Loans to Businesses in Mississippi Co AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Business	% of Number of Loans	% of AA Business	% of Number of Loans	% of AA Business	% of Number of Loans	% of AA Business	% of Number of Loans
Businesses	0.00	0.00	34.96	55.56	37.19	22.22	27.85	22.22

Source: New Loans 2010 and 2011; Dunn and Bradstreet data.

Table 3A - Geographic Distribution of Loans to Businesses in Cross, Lee, Monroe, Phillips, Saint Francis, and Woodruff Co AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Business	% of Number of Loans	% of AA Business	% of Number of Loans	% of AA Business	% of Number of Loans	% of AA Business	% of Number of Loans
Businesses	0.00	0.00	32.41	51.35	54.90	43.24	12.69	5.41

Source: New Loans 2010 and 2011; Dunn and Bradstreet data.

FNBEA made 82 percent of the number of farm loans sampled and 73 percent of the dollar volume of farm loans in Lee, Monroe, Phillips, Saint Francis, and Woodruff Counties; 10 percent of the farm loans and 10 percent of the dollar volume of farm loans in Mississippi County; and 8 percent of the number of the farm loans and 17 percent of the dollar volume of farm loans in the Memphis, TN-MS-AR MSA. In Table 3 below, the distribution of farm loans made in all counties in the AA's moderate-income census tracts exceeded the percentage of farms in moderate-income census tracts.

Table 3B - Geographic Distribution of Loans to Farms in Memphis, TN-MS-AR MSA

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Business	% of Number of Loans	% of AA Business	% of Number of Loans	% of AA Business	% of Number of Loans	% of AA Business	% of Number of Loans
Businesses	10.16	0.00	42.25	100.00	42.25	0.00	5.35	0.00

Source: New Loans 2010 and 2011; Dunn and Bradstreet data.

Table 3B - Geographic Distribution of Loans to Farms in Mississippi Co AA

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Business	% of Number of Loans	% of AA Business	% of Number of Loans	% of AA Business	% of Number of Loans	% of AA Business	% of Number of Loans
Businesses	0.00	0.00	24.83	100.00	44.22	0.00	30.95	0.00

Source: New Loans 2010 and 2011; Dunn and Bradstreet data.

Table 3B - Geographic Distribution of Loans to Farms in Cross, Lee, Monroe, Phillips, Saint Francis, and Woodruff Co AA

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Business	% of Number of Loans	% of AA Business	% of Number of Loans	% of AA Business	% of Number of Loans	% of AA Business	% of Number of Loans
Businesses	0.00	0.00	26.02	34.15	68.66	65.85	5.32	0.00

Source: New Loans 2010 and 2011; Dunn and Bradstreet data.

Responses to Complaints

FNBEA has not received any formal CRA complaints since the prior examination

COMMUNITY DEVELOPMENT TEST

FNBEA's performance under the community development test over the five year evaluation period is satisfactory. The bank provides community development lending, CRA qualified investments, and community development services in relation to the overall needs and opportunities within its assessment areas.

The definition of community development includes the following: affordable housing for low- and moderate-income individuals; community services targeted toward low- and moderate-income individuals; activities that promote economic development by financing small businesses or farms; or activities that revitalize or stabilize low- and moderate-income geographies. As of September 1, 2005, the following activities were added to the definition: activities that revitalize or stabilize low-or-moderate-income areas; designated disaster areas; or distressed or underserved non-metropolitan middle-income geographies that have been designated by the Federal Reserve, the FDIC, and the OCC.

Number and Amount of Community Development Loans

- During the evaluation period FNBEA made \$4.9 million in loans to small municipalities within its AA in counties designated as distressed due to its high poverty and or unemployment rates. These loans help stabilize the local economy and provide basic city services in these counties, and provide employment to residents of the county.
- Other loans totaling \$2.5 million that were made to local non-profit organizations within the AA that provide services targeted to the low- and moderate- income individuals.

Number and Amount of Qualified Investments

- During the evaluation period FNBEA purchased 12 investments totaling approximately \$1.7 million in municipal bonds located in counties designated as distressed areas.

Extent to Which the Bank Provides Community Development Services

During this assessment period, several officers and employees of the bank have provided technical services and administrative support to various community development organizations within FNBEA's AA by serving on boards, chairing committees, or as members of local civic and non-profit organizations that provide community services to low- and moderate- income individuals. A significant portion of these contributions in time were during banking hours.

Responsiveness to Community Development Needs

FNBEA participates in various programs designed to meet the needs of its community. During the evaluation period, FNBEA made \$11 thousand in donations to various municipalities, civic groups, and organizations located within the distressed counties of its AA whose purpose was to provide services primarily to low- and moderate- income individuals.

Fair Lending or Other Illegal Credit Practices Review

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