



PUBLIC DISCLOSURE

August 18, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Wynne
Charter Number 10807

528 East Merriman Avenue
Wynne, AR 72396

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, 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

- First National Bank (FNB) of Wynne's loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A majority of the number and dollar volume of loans were originated inside the AAs.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels (including low-and moderate-income (LMI)) and businesses and farms of different sizes.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA for residential real estate, small business, and small farm loans.
- FNB Wynne had no complaints of a CRA-related nature since the previous evaluation.

SCOPE OF EXAMINATION

The Small Bank CRA procedures were used to conduct this evaluation. The evaluation period covers the years 2014, 2015, and through June 30, 2016. Both assessment areas of the bank will be evaluated as full-scope. Loan products evaluated consist of home purchase, home improvement, refinance, small loans to businesses and small loans to farms. More weight is placed on small loans to farms as agriculture loans comprise 30.51 percent of the bank's total loans.

DESCRIPTION OF INSTITUTION

FNB Wynne is located in Wynne (Cross County), Arkansas (AR) and is 100 percent owned by First National Corporation, a one-bank holding company located in Wynne, AR. FNB Wynne operates six branches with ATMs at five of its locations. In addition, the bank has two cash-dispensing walk-up ATMs located in convenience stores in Cross County.

The primary lending focus is agriculture lending, which accounts for 30.51 percent of the portfolio. FNB Wynne offers a variety of loans and deposit products, as well as traditional banking services to meet the needs of its AAs. The bank's primary business focus is agriculture, small business, and residential real estate loans. The loan portfolio composition as of June 30, 2016, is as follows:

Loan Portfolio Composition as of June 30, 2016		
Loan Type	Dollar Amount (000's)	Percent of Total Loans
Construction and Land Development	2,757	1.93%
Secured by Farmland	26,154	18.30%
One-to-Four Family, Multifamily Residential	18,069	12.65%
Nonfarm Nonresidential	31,857	22.30%
Total Real Estate Loans	78,837	55.18%
Agricultural	42,944	30.06%
Commercial and Industrial	16,036	11.22%
Consumer	3,575	2.50%
Other	1,483	1.04%
Total Loans	142,875	100.00%

Source: June 30, 2016 Report of Condition

There are no financial impediments that would limit the bank's ability to help meet the credit needs in its AA. As of June 30, 2016, the bank reported total assets of \$275 million with \$233 million in deposits and \$143 million in net loans. The bank reported total assets of \$290 million at year-end 2015, and \$272 million at year-end 2014. The bank's last CRA examination was performed as of August 20, 2012, and was rated **Satisfactory**.

DESCRIPTION OF ASSESSMENT AREA(S)

FNB Wynne has two AAs, which are located in the northeastern part of the state, approximately 110 miles northeast of Little Rock, AR and 60 miles west of Memphis, Tennessee (TN). FNB Wynne's AAs do not arbitrarily exclude LMI census tracts (CT). Of the 13 CTs, four are LMI CTs. The AAs are consistent with the legal requirements of 12 CFR § 25.41. The narratives below include information on economic and demographic factors relevant to the bank's performance in meeting the credit needs of the markets that it serves. Unemployment rates for both AAs are similar to or higher than the AR unemployment rate.

Cross and St. Francis Counties, AR (Non-Metropolitan Statistical Area (MSA) AA)

Cross County is located in the eastern area of the state, and has rich, flat delta farmland in the east and west and rolling hills in the center. The county seat is Wynne. Agriculture and related enterprises are major to the county with rice production and related enterprises bringing in more than half the county's revenues.

St. Francis County is located in the eastern area of the state and the landscape of the county is rich, flat farmland in the eastern and western halves and rolling hills in the center. The county seat is Forrest City. St. Francis County, dependent on rural agriculture, also has light manufacturing to help its economy.

The AA meets the requirements of the regulation and does not arbitrarily exclude LMI geographies. There are 11 CTs in the combined counties; three are moderate-income, six are middle-income, and two are upper-income. CT 9601.00 (moderate-income tract) is excluded from St. Francis County. The CT is outside of the bank’s trade area and FNB Wynne does not have any banking offices in CT 9601.00. There are no low-income CTs in the AA. There are five other financial institutions operating in Cross and St. Francis counties. The AA has a total population of 42,992 persons. In this population, there are 10,086 families residing in the AA. The 2015 Department of Housing and Urban Development (HUD) estimated median family income (MFI) is \$46,300. The HUD Estimated MFI is used to designate the income category of each FNB Wynne bank borrower. Occupied housing within the AA totals 14,545, while vacant housing units totaled 2,887 units. For the total AA, the U.S Census Bureau estimates approximately 24.17 percent of households have incomes below the poverty level. The elevated level of households living below the poverty line impacts the number of individuals that can qualify for traditional lending products. Refer to the table below for additional demographic data.

Demographic and Economic Characteristics of the Non-MSA AA						
Demographic Characteristics	# Total	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts/BNAs)	11	0	27.27	54.55	18.18	0
Population by Geography	42,992	0	33.25	51.20	15.55%	0
Owner-Occupied Housing by Geography	10,701	0	20.12	58.29	21.59	0
Businesses by Geography	2,049	0	19.18	60.52	20.32	0
Farms by Geography	327	0	8.26	70.34	15.58	0
Family distribution by Income Level	10,086	0	25.86	55.91	18.23	0
Distribution of Low and Moderate Income Families throughout AA Geographies	4,119	0	37.41	54.57	8.01	0
Median Family Income, 2010 Census		\$40,181	Median Housing Value (as of 2015)			\$73,733
HUD Adjusted Median Family Income		\$46,300	Unemployment Rate % July 2016 (Not-seasonally adjusted)			
Households Below Poverty Level		24.17	USA			4.9
			Arkansas			4.2
			Cross County			4.2
			St Francis County			5.4
% Businesses with Revenues < \$1 million		74.13	% Farms with Revenues < \$1 million			95.11
% Businesses with Revenues > \$1 million		4.15	% Farms with Revenues > \$1 million			3.06

Source: 2010 U.S. Census data; 2016 HUD updated income data; Dun and Bradstreet; Bureau of Labor Standards.

* The N/A category consists of geographies that have not been assigned an income classification.

Poinsett County, AR (Jonesboro MSA AA)

Poinsett County is located in the northeast area of the state. The county seat is Harrisburg. The landscape of the county is rich, flat, delta farmland in the east and west and rolling hills in the center of the county. East of the ridge, cotton and soybeans are the major crops produced and rice is the major crop produced west of the ridge. Along the ridge, beef and dairy cattle are produced. The economic base of the county is agricultural.

The AA meets the requirements of the regulation and does not arbitrarily exclude LMI geographies. FNB Wynne has chosen two CTs in this county as the bank's AA. One is a middle income CT and the other is a moderate income CT. The CTs were chosen because the bank has branches located in these CTs. There are seven other financial institutions located in Poinsett County. The AA has a total population of 8,202 persons. Of this population, there are 2,287 families that reside in the AA. The 2010 Census Bureau MFI of \$49,796 was used to determine the tract income for each CT. The 2016 HUD Estimated MFI is \$54,100 and is used to designate the income category of each FNB Wynne Bank borrower. Occupied housing within the AA total 3,270, while vacant housing totals 492. 1-4 family units account for 78.34 percent of total housing, while multi-family units account for 0.69 percent. In the AA, households below the poverty lines total 21.65 percent. Refer to the table below for additional demographic data.

Demographic and Economic Characteristics of the Jonesboro MSA AA						
Demographic Characteristics	# Total	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts/BNAs)	2	0	50	50	0	0
Population by Geography	8,202	0	79.30	20.70	0	0
Owner-Occupied Housing by Geography	3762	0	80.30	19.70	0	0
Businesses by Geography	453	0	69.76	30.24	0	0
Farms by Geography	180	0	59.44	40.46	0	0
Family distribution by Income Level	2,287	0	78.21	21.29	0	0
Distribution of Low and Moderate Income Families throughout AA Geographies	1,165	0	82.31	17.68	0	0
Median Family Income, 2000 Census		\$38,889	Median Housing Value (as of 2000)			\$63,366
HUD Adjusted Median Family Income for 2011		\$49,796	Unemployment Rate % July 2016 (Not-seasonally adjusted)			
Households Below Poverty Level		21.65	USA			4.9
			Arkansas			4.2
			Poinsett County			4.3
% Businesses with Revenues < \$1 million		73.73	% Farms with Revenues < \$1 million			98.89
% Businesses with Revenues > \$1 million		3.53	% Farms with Revenues > \$1 million			0.56

Source: 2010 U.S. Census data; 2016 HUD updated income data; Dun and Bradstreet; Bureau of Labor Standards.

* The N/A category consists of geographies that have not been assigned an income classification.

A community contact was conducted with a regional organization whose main purpose is to bring industries and jobs to the Delta area of eastern Arkansas. The contact stated that the economy in the Delta has been stagnant for several decades. A primary need for the Delta is the creation of long-term jobs and industry to the area. The organization would like to work with banks located in the Delta area to assist in financial counseling for businesses and government programs available to businesses.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

FNB Wynne’s loan-to-deposit ratio exceeds the standard for satisfactory performance. The bank’s loan-to-deposit ratio is more than reasonable given the bank’s size, financial condition, seasonality associated with agricultural lending, and AA credit needs.

The table shows the quarterly average net loan-to-deposit ratio from September 30, 2012, through June 30, 2016, for FNB Wynne and similarly situated banks.

Average Net Loans-to-Deposit Ratios		
Institution	Assets (millions) as of 6-30-2016	Average LTD Ratio
FNB, Wynne, AR	\$275	60.00%
Cross County Bank, Wynne, AR	\$227	92.43%
FNB-Eastern AR, Forrest City, AR,	\$382	39.43%
Forrest City Bank, N.A., Forrest City, AR	\$48	43.35%
First Delta Bank, Marked Tree, AR	\$58	38.92%
Little River Bank, Lepanto, AR	\$301	37.94%

Source: Institution Reports of Condition September 30, 2012 - June 30, 2016.

Lending in Assessment Area

Loan originations within the bank’s AAs meets the standard for satisfactory performance. As shown below, a majority of the number and dollar volume of loans were originated inside the Non-MSA AA and the Jonesboro MSA AA.

Lending in FNB of Wynne										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	50	69.44	22	30.56	72	\$4,483	67.71	\$2,138	32.29	\$6,621
Home Improvement	23	79.31	6	20.69	29	\$688	48.01	\$745	51.99	\$1,433
Refinance	21	80.77	5	19.23	26	\$1,301	57.98	\$943	42.02	\$2,244
Small Business	226	73.86	80	26.14	306	\$17,090	58.64	12,054	41.36	\$29,144
Small Farm	305	80.47	74	19.53	379	\$45,396	76.80	\$13,711	23.20	\$59,107
Totals	625	76.97	187	23.03	812	\$68,958	69.97	\$29,591	30.03	\$98,549

Source: Small loans to businesses and small loans to farms; 2014 through 2Q 2016 data reported under HMDA.

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

Lending to borrowers of different incomes and to businesses of different sizes meets the standard for satisfactory performance. The distribution of borrowers reflects reasonable penetration among individuals of different income levels (including LMI individuals) and businesses and farms of different sizes.

Residential Real Estate Loans:

Borrower Distribution of Residential Real Estate Loans in the Non-MSA 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	24.67	10.71	16.17	10.71	21.21	6.25	37.95	60.71
Home Improvement	24.67	5.88	16.17	5.88	21.21	35.29	37.95	52.94
Refinance	24.67	7.69	16.17	30.77	21.21	0.00	37.95	61.54

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

The table above indicates FNB Wynne has reasonable penetration to LMI borrowers for residential real estate loans. Although the bank’s loan penetration to low-income borrowers is lower than the percentage of families that are low-income, this is mitigated by the high level of households that fall below the poverty level. The demographic data shows that 24.17 percent of households in the Non-MSA AA are below the poverty level. A financial institution’s ability to qualify low-income borrowers for residential loans is somewhat limited due to stricter underwriting criteria. The percentage of bank loans to moderate-income families are lower than the percentage of families that are moderate-income for home purchase and home improvement loans. For refinance loans, the percentage of loans to moderate-income families exceeds the percentage of moderate-income families in the assessment area.

Borrower Distribution of Residential Real Estate Loans in the Jonesboro MSA 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	30.00	0.00	20.94	12.50	20.11	6.25	28.95	81.25
Home Improvement	30.00	75.00	20.94	0.00	20.11	0.00	28.95	25.00
Refinance	30.00	14.29	20.94	14.29	20.11	28.57	28.95	42.86

Source: Data reported under 2014 through 2Q 2016 HMDA; U.S. Census data.

FNB Wynne had reasonable penetration of residential real estate loans to LMI borrowers in the Jonesboro MSA. The percentage of bank loans to low-income borrowers is lower than the percentage of low-income families for home purchase and refinance loans. The percentage of home improvement bank loans to low-income families exceeds the percentage of families that are low-income. The poverty level for households in Poinsett County is 21.65 percent. As stated above, a financial institution’s ability to qualify low-income borrowers for residential loans is somewhat limited due to stricter underwriting criteria. Bank loans show reasonable penetration to moderate-income borrowers. The percentage of bank loans is somewhat lower than the percentage of moderate-income families for home purchase and refinance loans and lower than the percentage of moderate-income families for home improvement loans.

Small Business and Small Farm Loans:

Borrower Distribution of Loans to Businesses in the Non-MSA AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	74.13%	4.15%	21.72%	100%
% of Bank Loans in AA by #	90.59%	8.01%	1.39%	100%
% of Bank Loans in AA by \$	80.03%	16.18%	3.79%	100%

Source: Loan sample; Dun and Bradstreet data.

Borrower Distribution of Loans to Farms in the Non-MSA AA				
Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Farms	95.11%	3.06%	1.83%	100%
% of Bank Loans in AA by #	84.48%	15.52%	0.00%	100%
% of Bank Loans in AA by \$	89.62%	10.38%	0.00%	100%

Source: Loan sample; Dun and Bradstreet data.

The tables above demonstrate FNB Wynne originates small business and small farm loans to businesses and farms that report revenues of \$1 million or less. The percentage of bank loans to businesses that reported revenues less than or equal to \$1 million exceeds the percentage of businesses that reported revenues of \$1 million or less in the AA. The percentage of bank loans to farms that reported revenues less than or equal to \$1 million is near to the percentage of farms that reported revenues of \$1 million or less in the AA.

Borrower Distribution of Loans to Businesses in the Jonesboro MSA AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	73.73%	3.53%	22.74%	100%
% of Bank Loans in AA by #	90.62%	7.81%	1.56%	100%
% of Bank Loans in AA by \$	79.90%	15.30%	4.80%	100%

Source: Loan sample; Dun and Bradstreet data.

Borrower Distribution of Loans to Farms in the Jonesboro MSA AA				
Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Farms	98.89%	0.56%	0.56%	100%
% of Bank Loans in AA by #	87.76%	12.24%	0.00%	100%
% of Bank Loans in AA by \$	87.80%	12.20%	0.00%	100%

Source: Loan sample; Dun and Bradstreet data.

The tables above indicates that FNB Wynne originates small business and small farm loans to businesses and farms that have revenues of \$1 million or less. The percentage of bank loans to businesses that reported revenues less than or equal to \$1 million exceeds the percentage of businesses that reported revenues of \$1 million or less in the AA. The percentage of bank loans to farms that reported revenues less than or equal to \$1 million is near to the percentage of farms that reported revenues of \$1 million or less in the AA.

Geographic Distribution of Loans

Geographic distribution of loans meets the standard for satisfactory performance. The geographic distribution of loans reflects reasonable dispersion throughout the AA for residential real estate, small business, and small farm loans.

Geographic Distribution of Residential Real Estate Loans in the Non-MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% 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	20.12	6.25	58.29	53.13	21.59	40.63
Home Improvement	0.00	0.00	20.12	5.26	58.29	52.63	21.59	42.11
Refinance	0.00	0.00	20.12	0.00	58.29	53.85	21.59	46.15

Source: 2014 – 2Q2016 data reported under HMDA; U.S. Census data.

The percentage of home mortgage loans in moderate-income CTs is lower than the percentage of owner-occupied housing units for home purchase and home improvement loans. The bank did not originate any refinance loans in LMI CTs during the evaluation period.

Geographic Distribution of Residential Real Estate Loans in the Jonesboro MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% 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	80.30	100.00	19.70	0.00	0.00	0.00
Home Improvement	0.00	0.00	80.30	100.00	19.70	0.00	0.00	0.00
Refinance	0.00	0.00	80.30	100.00	19.70	0.00	0.00	0.00

Source: 2014 through 2Q 2016 data reported under HMDA; 2010 U.S. Census data.

The percentage of home mortgage loans in moderate-income CTs exceeds the percentage of owner-occupied housing units. The 2010 Census data reports that moderate-income CTs for the Jonesboro MSA have a higher percentage of owner occupied units (63 percent) which allows for opportunities to originate loans to home owners in moderate-income CTs.

Geographic Distribution of Loans to Businesses in the Non-MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Small Business	0.00%	0.00	19.18	5.77	60.52	50.87	20.30	14.44%

Source: Data collected by bank; 2015 Dun & Bradstreet data.

Geographic Distribution of Loans to Farms in the Non-MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans
Small Farm	0.00%	0.00%	8.26	5.39	70.34	80.50	21.41	14.11

Source: Data collected by bank; 2015 Dun & Bradstreet data.

The tables above reflect an adequate dispersion of small business and small farm loans in moderate-income CTs in the Non-MSA AA. The percentage of loans to businesses in moderate-income CTs is lower than the percentage of businesses located in moderate-income CTs. The percentage of loans to farms in moderate-income CTs is somewhat lower than percentage of farms located in moderate-income CTs. However, as the tables reflect, there are more small businesses and farms located in middle- and upper-income CTs than moderate-income CTs. There is less opportunity to lend in moderate-income CTs.

Geographic Distribution of Loans to Businesses in the Jonesboro MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Small Business	0.00%	0.00	69.76	87.50	30.24	12.50	0.00	0.00

Source: Data collected by bank; 2015 Dun U.S. Census data.

The table above reflects an excellent dispersion of loans to businesses in moderate-income geographies. The percentage of loans to businesses in moderate-income CTs exceeds the percentage of businesses in moderate-income CTs in the Jonesboro MSA AA.

Geographic Distribution of Loans to Farms in the Jonesboro MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Small Farms	0.00	0.00	59.44	65.31	40.56	34.70	0.00	0.00

Source: Data collected by bank; 2015 Dun & Bradstreet data.

The table above reflects an excellent dispersion of farm loans in moderate-income CTs in the Jonesboro MSA AA. The percentage of bank loans to farms located in moderate-income CTs exceeds the percentage of farms located in moderate-income CTs.

Responses to Complaints

FNB Wynne has not had any CRA-related complaints since the prior Performance Evaluation.

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 or FSA’s lending performance.

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