

# **PUBLIC DISCLOSURE**

November 12, 1996

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**First National Bank of Lawrence County  
Charter Number 11312  
Main and Second Streets  
P. O. Box 509  
Walnut Ridge, Arkansas 72476**

**Office of the Comptroller of the Currency  
80 Monroe Avenue, Suite 505  
Memphis, Tennessee 38103**

**NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

## GENERAL INFORMATION

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of First National Bank of Lawrence County, Walnut Ridge, Arkansas, prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of September 30, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

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

We concluded that the bank's performance is "satisfactory." Factors leading to this conclusion were: A substantial majority of FNB's loans are within the bank's assessment area of Lawrence County. Its lending patterns show a good representation of loans made to individuals with various income levels. The bank is also lending throughout its assessment area.

The following table indicates the performance level of the First National Bank of Lawrence County with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	First National Bank of Lawrence County		
	PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio			✓
Lending in Assessment Area	✓		
Lending to Borrowers of Different Incomes and to businesses of Different sizes		✓	
Geographic Distribution of Loans		✓	
Response to Complaints	No complaints have been received regarding the bank's performance under the Community Reinvestment Act		

## **DESCRIPTION OF INSTITUTION**

First National Bank (FNB), with assets of \$70 million, is headquartered in Walnut Ridge, Arkansas. The main banking office and its branch office are located in Walnut Ridge, Arkansas.

The bank has a diverse loan portfolio. As of 06/30/96, loans secured by 1-4 family residential properties represented 15% of the portfolio, consumer loans represented 16%, commercial loans represented 23%, and agricultural production loans represented 44%.

FNB's primary business focus is agricultural related and business lending. The bank is well-capitalized and there are no supervisory concerns or legal impediments which preclude this institution from meeting the requirements of the Community Reinvestment Act.

## **DESCRIPTION OF LAWRENCE COUNTY**

FNB's assessment area is Lawrence County, Arkansas. The 1990 census placed the county's population at 17M. Walnut Ridge is the largest city in the county with a population of 4M or 24% of the county. For 1996, the HUD nonmetropolitan median family income for the state of Arkansas was \$27,300.

The bank's assessment area is divided into five whole BNAs (Block Number Areas). There are no BNAs that have low or high income characteristics, one has moderate income characteristics, and four have middle income characteristics. Moderate income is considered to be between 50% and 79% of the nonmetropolitan median family income and middle income is 80% to 119%.

Competition comes from branches of larger financial institutions headquartered outside of the county.

The economy is good. The unemployment rate for Lawrence County was 7% as of August 1996. Major industries are manufacturing, services and retail trade. Major employers are SB Power Tools, Douglas, and Miller Sports.

Discussions with the Lawrence County Chamber of Commerce and the City of Walnut Ridge Housing Authority did not reveal any specific unmet credit needs. Bank management indicated a continuing need for small business and consumer loans.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :**

### ***Loan-to-deposit ratio***

The bank's loan-to-deposit ratio is low. FNB's average loan-to-deposit ratio of 37.34% does not compare favorably to the average ratio of 58.83% for similarly situated banks. The ratio was averaged over 13 quarters. The time period covers June 1993 to June 1996 which represents the time elapsed since the bank's CRA performance was last reviewed. The bank's actual loan-to-deposit ratio was 45.66% as of 06/30/96.

### ***Lending in the Assessment Area***

A substantial majority of the loans originated by FNB are within the bank's assessment area. An internal report showing loans by zip codes is produced monthly. This report shows that 90% of all loans are within the banks assessment area. Findings from a sample of the bank's consumer loans confirmed the bank's findings.

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

FNB's loan dispersion for 1996 reflects reasonable lending to borrowers of different incomes. Demographic data utilized during the examination shows that low-income families make up 28% of the population, 18% is moderate-income, 21% is middle-income, and 33% is upper-income.

The bank's lending percentages to low-income and middle-income borrowers are somewhat lower than the percentage of families making up those income levels. However, lending levels are slightly higher to moderate-income and upper-income borrowers as a percentage of total families within the assessment area. Based on our sample, 13% of the loans were to low-income borrowers, 19% was to moderate-income, 19% to middle-income, and 49% is upper income.

The bank does not track business or farm loans.

### ***Geographic Distribution of Loans***

The geographic distribution of loans originated by FNB shows reasonable penetration throughout all areas of the community. The bank does not analyze its lending patterns based on BNAs. However, our sample indicates that loans have been made in all segments of the community with the exception of BNA number 9704.

### ***Response to complaints***

The bank's public file did not contain any complaints regarding the bank's performance under the CRA.

***Compliance with Antidiscrimination Laws and Regulations***

No evidence of discriminatory practices was noted during the fair lending examination conducted concurrently with this CRA review. We evaluated FNB's compliance with the Equal Credit Opportunity Act, Fair Housing Act, and the Federal Home Loan Data System. No substantive violations were noted.