



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

**September 25, 2008**

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

First National Bank  
Charter Number 9354

5499 Summerhill Road  
Texarkana, TX 75503-0000

Office of the Comptroller of the Currency

LITTLE ROCK (MEMPHIS)  
10201 West Markham, Suite 105 Ozark National Life Bld.  
Little Rock, AR 72205-2180

**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.**

**CRA performance in the Texarkana Texas Arkansas MSA is rated Satisfactory.**

**CRA performance in the Hempstead-Lafayette County Arkansas Assessment Area (AA) is rated Satisfactory.**

- The average loan-to-deposit ratio at 69% is reasonable given the bank's size, financial condition, and AA credit needs.
- A majority of the number and dollar volume of loans originated by First National Bank (FNB) are in the bank's AA.
- The distribution of loans reflects reasonable penetration among individuals of different income levels and businesses of different sizes.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA.

## **SCOPE OF EXAMINATION**

The bank was evaluated using Small Bank CRA criteria. The bank is located in the Texarkana Metropolitan Statistical Area (MSA), and became a Home Mortgage Disclosure Act reporter December 21, 2007. Loan information used for this evaluation included samples of residential, automobile, business/commercial, and agriculture loans made from January 1, 2007 through June 30, 2008.

## **DESCRIPTION OF INSTITUTION**

First National Bank (FNB) is located in Texarkana, Texas. FNB is the result of the mergers of The First National Bank of Hope, and Bank of Blevins into FNB. FNB has full service banking offices in Texarkana, Texas and Hope, Lewisville and Blevins, Arkansas and two paying/receiving branches in Hope. The bank is 100% owned by First National Bancshares of Hempstead County, Hope, Arkansas. As of June 30, 2008, FNB reported total assets of \$203 million, total deposits of \$166 million, and net loans of \$158 million (78% of total assets).

FNB offers convenient banking hours and a variety of traditional loan and deposit products to meet the needs of the AA. The bank's primary lending activity is residential real estate, commercial real estate, consumer, commercial, and agriculture. Over 50% of FNB's loans are in 1 - 4 family residential and consumer loans. There are no financial impediments that would limit the bank's ability to meet the credit needs in its AA.

The bank's last CRA examination was performed by the OCC as of February 3, 2003, and was rated **Satisfactory**.

The loan portfolio composition as of June 30, 2008, is as follows:

<b>Loan Portfolio Composition as of June 30, 2008</b>		
<b>Loan Type</b>	<b>Dollar Amount (000's)</b>	<b>Percent of Total Loans</b>
Construction and Land Development	8,546	5.37%
Secured by Farmland	10,471	6.58%
One-to-Four Family Residential	67,784	42.59%
Commercial Real Estate	34,238	21.52%
<b>Total Real Estate Loans</b>	<b>121,039</b>	<b>76.06%</b>
<b>Agricultural</b>	<b>4,546</b>	<b>2.86%</b>
<b>Commercial and Industrial</b>	<b>11,725</b>	<b>7.37%</b>
<b>Consumer</b>	<b>20,502</b>	<b>12.89%</b>
<b>Other</b>	<b>1,299</b>	<b>0.82%</b>
<b>Total Loans</b>	<b>159,111</b>	<b>100.00%</b>

Source: Report of Condition

## **DESCRIPTION OF ASSESSMENT AREA(S)**

FNB's AA is a contiguous area that includes the following census tracts (CTs) - 9801, 9802, 9803, 9804, and 9805 in Hempstead County, Arkansas; CTs 9701 and 9702 in Lafayette County, Arkansas; CTs 201, 202, 207, and 209 in Miller County, Arkansas; and CTs 101, 106, 107, 108, 109.01, 109.02, 110, and 112 in Bowie County, Texas. The AA meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income geographies.

The CTs in Miller and Bowie County are part of the Texarkana Texas Arkansas Metropolitan Statistical Area (MSA), adjoining Interstate Highway 30. This group of CTs also adjoins Hempstead and Lafayette Counties. There are a total of 19 CTs in the AA. One CT (106 in Bowie County) is a low- income CT; two CTs (108 in Bowie County and 9805 in Hempstead County) are moderate-income CTs; and three CTs (207 in Miller County and 109.01 and 112 in Bowie County) are upper-income CTs. The remaining 13 CTs in the AA are all middle-income CTs. The portions of FNB's AA located in the Texarkana Texas Arkansas MSA and those in Hempstead and Lafayette County are described separately below.

## Texarkana Texas Arkansas MSA

Texarkana, Texas and Texarkana, Arkansas comprise the Texarkana MSA, which is located in southwest Arkansas and northeast Texas. The following table shows the demographic and economic characteristics of the AA.

Demographic and Economic Characteristics of the Texarkana MSA						
Demographic Characteristics	# Total	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	12	8.33%	8.33%	41.66%	25.00%	0.00%
Population by Geography	60,713	4.32%	7.41%	58.75%	29.52%	0.00%
Owner-Occupied Housing by Geography	16,104	2.74%	5.03%	59.90%	32.33%	0.00%
Businesses by Geography	5,745	2.49%	10.08%	54.39%	33.04%	0.00%
Farms by Geography	140	1.43%	12.86%	54.29%	31.42%	0.00%
Family distribution by Income Level	16,934	20.35%	14.79%	17.50%	47.36%	0.00%
Household distribution by Income Level	24,266	22.94%	14.33%	15.94%	46.79%	0.00%
Household Distribution by Income Level of the Geography	24,266	3.56%	8.37%	59.32%	28.75%	0.00%
Median Family Income, 2000 Census		\$39,684	Median Housing Value (as of 2000)			\$70,196
HUD Adjusted Median Family Income for 2007		\$51,700	Unemployment Rate June 2008			
Households Below Poverty Level		12.18%	USA			5.8%
			Texas			5.0%
			Texarkana MSA			7.9%
% Businesses with Revenues < \$1 million		59.06%	% Farms with Revenues < \$1 million			97.14%
% Businesses with Revenues > \$1 million		3.88%	% Farms with Revenues > \$1 million			2.14%

Source: 2000 U.S. Census data; 2007 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.

The economy of the MSA is considered one of the fastest growing small metropolitan areas in the country. Texarkana is a major transportation hub being centrally located in between Dallas-Ft. Worth, Little Rock-North Little Rock, Shreveport-Bossier City, Northwest Arkansas, and Houston. The leading industries in Texarkana, Arkansas are educational, health and social services, manufacturing, and retail trade.

## Hempstead-Lafayette County AA

The Hempstead and Lafayette Counties are located in southwest Arkansas, adjoining Miller County which is part of the Texarkana MSA. The following table shows the demographic and economic characteristics of the AA.

<b>Demographic and Economic Characteristics of the Hempstead-Lafayette County AA</b>						
Demographic Characteristics	# Total	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	7	0.00%	14.29%	85.71%	0.00%	0.00%
Population by Geography	32,146	0.00%	14.69%	85.31%	0.00%	0.00%
Owner-Occupied Housing by Geography	8,903	0.00%	9.57%	90.43%	0.00%	0.00%
Businesses by Geography	3,087	0.00%	15.39%	84.61%	0.00%	0.00%
Farms by Geography	152	0.00%	5.92%	94.08%	0.00%	0.00%
Family distribution by Income Level	8,759	23.15%	18.13%	19.26%	39.46%	0.00%
Household Distribution by Income Level	12,369	27.37%	14.87%	17.61%	40.15%	0.00%
Household Distribution by Income Level of the Geography	12,369	0.00%	13.36%	86.64%	0.00%	0.00%
Median Family Income, 2000 Census		\$34,263	Median Housing Value (as of 2000)			\$44,642
HUD Adjusted Median Family Income for 2007		\$42,000	Unemployment Rate June 2008			
Households Below Poverty Level		16.71%	USA			5.0%
			Arkansas			4.9%
			Hempstead – Lafayette Counties			6.6%
% Businesses with Revenues < \$1 million		40.33%	% Farms with Revenues < \$1 million			95.39%
% Businesses with Revenues > \$1 million		1.91%	% Farms with Revenues > \$1 million			1.32%

Source: 2000 U.S. Census data; 2007 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.

The economy of Hempstead and Lafayette counties is considered to be stable with modest growth. This AA is located in southwest Arkansas, adjoining the Texarkana Texas Arkansas MSA. The leading industries in the Hempstead-Lafayette County AA include manufacturing, education, healthcare, and transportation, and state and local government.

A community contact with the Executive Director of the Hope, Arkansas Chamber of Commerce was conducted in conjunction with this CRA examination. This contact revealed that local banks are meeting the primary credit needs in the area.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

FNB's overall lending performance is satisfactory. Lending performance in the Texarkana Texas Arkansas MSA and the Hempstead-Lafayette County AA is satisfactory. FNB's loan to deposit ratio is reasonable and the majority of the number and dollar volume of their loans are within the AA. The distribution of loans reflects adequate to distribution to low- and moderate-income borrowers, small businesses, and farms. The geographic distribution of FNB's loans reflects adequate distribution in low- and moderate-income geographies.

### Loan-to-Deposit Ratio

FNB's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and AA. There are 18 banks with branches in FNB's AA. However, only three other banks of similar size are headquartered in the AA and considered similarly situated. These banks are Commercial National Bank of Texarkana, Texarkana, Texas, Bodcaw Bank, Stamps, Arkansas, State Bank of De Kalb, De Kalb, Texas.

FNB has 7.27% of the deposit market share based on the June 30, 2008 FDIC Deposit Market Share Report, ranking fifth. Commercial National Bank of Texarkana had 6.64% of the deposit market share ranking 6th. Bodcaw Bank had 2.73% of the deposit market share ranking 8th. The State Bank of De Kalb had 2.26% of the deposit market share ranking 10th.

The following table shows total assets as of June 30, 2008 and the quarterly average loan-to-deposit ratio from March 31, 2004 through June 30, 2008 (18 quarters) for these four banks.

<b>Loan-to-Deposit Ratios</b>		
Institution	Assets (as of 06-30-2008)	Average LTD Ratio
Commercial National Bank of Texarkana, Texarkana, TX	\$165 million	78%
<b>FNB, Texarkana, TX</b>	<b>\$203 million</b>	<b>69%</b>
State Bank of De Kalb, De Kalb, TX	\$118 million	58%
Bodcaw Bank, Stamps, AR	\$69 million	38%

Source: *Institution Reports of Condition.*

## Lending in Assessment Area

The majority of the number and dollar volume of FNB's loans are within the bank's AA. A sample of 50 residential real estate loans, 50 automobile loans, 50 business/commercial loans, and 37 agriculture loans FNB originated from January 1, 2007 through June 30, 2008 were reviewed to assess lending performance within the AA. The results of this review are detailed in the following table.

Lending in the AA										
Loan Type	Number of Loans					Dollars of Loans (000)				
	Inside		Outside		Total #	Inside		Outside		Total \$
	#	%	#	%		\$	%	\$	%	
Residential Loans Texarkana MSA	17	68%	8	32%	25	\$1,477	71%	\$609	29%	\$2,086
Residential Loans Hempstead Lafayette County AA	23	92%	2	8%	25	\$738	78%	\$203	22%	\$941
<b>Total Residential Loans</b>	<b>40</b>	<b>80%</b>	<b>10</b>	<b>20%</b>	<b>50</b>	<b>\$2,215</b>	<b>73%</b>	<b>812\$</b>	<b>27%</b>	<b>\$3,027</b>
Automobile Loans Texarkana MSA	18	72%	7	28%	25	\$205	79%	\$56	21%	\$261
Automobile Loans Hempstead Lafayette County AA	19	76%	6	24%	25	\$134	71%	\$54	29%	\$188
<b>Total Automobile Loans</b>	<b>37</b>	<b>74%</b>	<b>13</b>	<b>26%</b>	<b>50</b>	<b>\$339</b>	<b>76%</b>	<b>\$110</b>	<b>24%</b>	<b>\$449</b>
Business Loans Texarkana MSA	19	76%	6	24%	25	\$3,007	62%	\$1,828	38%	\$4,835
Business Loans Hempstead Lafayette County AA	22	88%	3	12%	25	\$2,727	97%	\$97	3%	\$2,824
<b>Total Business Loans</b>	<b>41</b>	<b>82%</b>	<b>9</b>	<b>18%</b>	<b>50</b>	<b>\$5,734</b>	<b>75%</b>	<b>\$1,925</b>	<b>25%</b>	<b>\$7,659</b>
Agriculture Loans Texarkana MSA	8	67%	4	33%	12	\$770	82%	\$170	18%	\$940
Agriculture Loans Hempstead Lafayette County AA	24	96%	1	4%	25	\$1,708	100%	\$4	0%	\$1,712
<b>Total Agriculture Loans</b>	<b>32</b>	<b>86%</b>	<b>5</b>	<b>14%</b>	<b>37</b>	<b>\$2,478</b>	<b>93%</b>	<b>\$174</b>	<b>7%</b>	<b>\$2,652</b>
<b>Totals</b>	<b>150</b>	<b>80%</b>	<b>37</b>	<b>20%</b>	<b>187</b>	<b>\$10,766</b>	<b>78%</b>	<b>\$3,012</b>	<b>22%</b>	<b>\$13,787</b>

Source: sample of loans used for CRA performance analysis.

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

FNB’s distribution of loans to borrowers, businesses, and farms of different income levels is satisfactory. The loan samples previously described to determine FNB’s lending performance within the AA were also used to determine FNB’s lending performance to borrowers, businesses, and farms of different income levels from January 1, 2007 through June 30, 2008.

The following table shows the distribution of 25 residential real estate loans within the Texarkana MSA, to borrowers of various income levels.

<b>Borrower Distribution of Residential Real Estate Loans in the Texarkana Texas Arkansas MSA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
% of AA Families	20.35%		14.79%		17.50%		47.36%	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
FNB's Loans from 1-1-2007 to 6-30-2008	4.00%	0.10%	24.00%	15.34%	8.00%	4.22%	32.00%	80.34%

*Source: Loan sample and U.S. Census data.*

The table above shows that the number and dollar volume of residential real estate loans to low-income borrowers was below the percentage of low-income families in the AA. However, the number and dollar volume of residential real estate loans to moderate-income borrowers exceeded the percentage of moderate-income families in the AA.



The following table shows the distribution of 25 residential real estate loans within the Hempstead and Lafayette County AA, to borrowers of various income levels.

<b>Borrower Distribution of Residential Real Estate Loans in the Hempstead-Lafayette County AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
% of AA Families	23.15%		18.13%		19.26%		39.46%	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
FNB's Loans from 1-1-2007 to 6-30-2008	24.00%	29.22%	16.00%	14.35%	32.00%	26.04%	28.00%	30.39%

Source: Loan sample and U.S. Census data.

The table above shows that the number of residential real estate loans to low- and moderate- income borrowers was near the percentage of low- and moderate-income families in the AA. The dollar volume of residential real estate loans to low-income borrowers exceeded the percentage of low-income families in the AA and, the dollar volume of residential real estate loans to moderate-income borrowers was below the percentage of moderate-income families in the AA.

The following table shows the distribution of 25 automobile loans within the Texarkana MSA, to borrowers of various income levels.

<b>Borrower Distribution of Automobile Loans in the Texarkana Texas Arkansas MSA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
% of AA Households	22.94%		14.33%		15.94%		46.79%	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
FNB's Loans from 1-1-2007 to 6-30-2008	28.00%	23.37%	28.00%	29.50%	20.00%	25.67%	24.00%	21.46%

Source: Loan sample and U.S. Census data.

The table above shows that the number and dollar volume of automobile loans to low- and moderate- income borrowers exceeded the percentage of low- and moderate-income families in the AA.

The following table shows the distribution of 25 automobile loans within the Hempstead and Lafayette County AA, to borrowers of various income levels.

<b>Borrower Distribution of Automobile Loans in the Hempstead-Lafayette County AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
% of AA Households	27.37%		14.87%		17.61%		40.15%	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
FNB's Loans from 1-1-2007 to 6-30-2008	40.00%	43.62%	32.00%	38.83%	16.00%	5.85%	12.00%	11.70%

Source: Loan sample and U.S. Census data.

The table above shows that the number and dollar volume of automobile loans to low- and moderate- income borrowers exceeded the percentage of low- and moderate-income families in the AA.

The following table shows the distribution of 25 loans within the Texarkana MSA, to businesses of various income levels.

<b>Borrower Distribution of Loans to Businesses in the Texarkana Texas Arkansas MSA</b>			
Business Revenues(or Sales)	≤\$1,000,000	>\$1,000,000	Revenues not known
% of AA Businesses	59.06%	3.88%	37.06%
% of FNB's Loans in AA by #	24.00%	76.00%	0.00%
% of FNB's Loans in AA by \$	62.19%	37.81%	0.00%

Source: Loan sample and Dun and Bradstreet data

The table above shows the distribution of the number of loans to businesses with revenues under \$1,000,000 is less than the percentage of businesses with revenues under \$1,000,000 in the AA. However, the dollar volume of loans to businesses with revenues under \$1,000,000 exceeds the percentage of businesses with revenues under \$1,000,000 in the AA.

The following table shows the distribution of 25 loans within the Hempstead and Lafayette County AA, to businesses of various income levels.

<b>Borrower Distribution of Loans to Businesses in the Hempstead-Lafayette County AA</b>			
Business Revenues(or Sales)	≤\$1,000,000	>\$1,000,000	Revenues not known
% of AA Businesses	40.33%	1.91%	57.76%
% of FNB's Loans in AA by #	88.00%	12.00%	0.00%
% of FNB's Loans in AA by \$	78.08%	21.92%	0.00%

Source: Loan sample and Dun and Bradstreet data

The table above shows the distribution of the number and dollar volume of loans to businesses with revenues under \$1,000,000 exceeds the percentage of businesses with revenues under \$1,000,000 in the AA.

The following table shows the distribution of 12 loans within the Texarkana MSA, to farms of various income levels.

<b>Borrower Distribution of Loans to Farms in the Texarkana Texas Arkansas MSA</b>			
Business Revenues(or Sales)	≤\$1,000,000	>\$1,000,000	Revenues not known
% of AA Farms	97.14%	2.14%	0.72%
% of FNB's Loans in AA by #	100.00%	0.00%	0.00%
% of FNB's Loans in AA by \$	100.00%	0.00%	0.00%

Source: Loan sample and Dun and Bradstreet data

The table above shows the distribution of the number and dollar volume of loans to businesses with revenues under \$1,000,000 exceeds the percentage of businesses with revenues under \$1,000,000 in the AA.

The following table shows the distribution of 25 loans within the Hempstead and Lafayette County AA, to farms of various income levels.

<b>Borrower Distribution of Loans to Farms in the Hempstead-Lafayette County AA</b>			
Business Revenues(or Sales)	≤\$1,000,000	>\$1,000,000	Revenues not known
% of AA Farms	95.39%	1.32%	3.29%
% of FNB's Loans in AA by #	100.00%	0.00%	0.00%
% of FNB's Loans in AA by \$	100.00%	0.00%	0.00%

Source: Loan sample and Dun and Bradstreet data

The table above shows the distribution of the number and dollar volume of loans to farms with revenues under \$1,000,000 exceeds the percentage of businesses with revenues under \$1,000,000 in the AA.

### Geographic Distribution of Loans

The geographic distribution of loans in the AA is satisfactory. The loan samples previously described to determine FNB's lending performance within the AA were also used to assess FNB's lending performance throughout the AA, including low- and moderate-income CTs. FNB's distribution of loans made from January 1, 2007 through June 30, 2008 reflects a reasonable dispersion throughout the AA.

The following table shows the geographic distribution of 25 residential real estate loans within the Texarkana MSA.

<b>Geographic Distribution of Residential Real Estate Loans in the Texarkana Texas Arkansas MSA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
%of AA Owner Occupied Housing	2.74%		5.03%		59.90%		32.33%	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
FNB's Loans from 1-1-2007 to 6-30-2008	0.00%	0.00%	0.00%	0.00%	88.24%	92.28%	11.76%	7.72%

Source: Loan sample and U.S. Census data.

The table above shows that the number and dollar volume of residential real estate loans in low- and moderate-income CTs is below the percentage of low- and moderate-income CTs in the AA.

The following table shows the geographic distribution of 25 residential real estate loans within the Hempstead and Lafayette County AA.

<b>Geographic Distribution of Residential Real Estate Loans in the Hempstead-Lafayette County AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
% of AA Owner Occupied Housing	0.00%		9.57%		90.43%		0.00%	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
FNB's Loans from 1-1-2007 to 6-30-2008	NA	NA	17.39%	12.87%	82.61%	87.13%	NA	NA

Source: Loan sample and U.S. Census data.

The table above shows that the number and dollar volume of residential real estate loans in moderate-income CTs exceeds the percentage of moderate-income CTs in the AA.

The following table shows the geographic distribution of 25 automobile loans within the Texarkana MSA.

<b>Geographic Distribution of Automobile Loans in the Texarkana Texas Arkansas MSA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
% of AA Households	3.56%		8.37%		59.32%		28.75%	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
FNB's Loans from 1-1-2007 to 6-30-2008	0.00%	0.00%	0.00%	0.00%	61.11%	65.61%	38.89%	24.39%

Source: Loan sample and U.S. Census data.

The table above shows that the number and dollar volume of automobile loans in low-and moderate-income CTs is below the percentage of low-income CTs in the AA.

The following table shows the geographic distribution of 25 automobile loans within the Hempstead and Lafayette County AA.

<b>Geographic Distribution of Automobile Loans in the Hempstead-Lafayette County AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
% of AA Households	0.00%		13.36%		86.64%		0.00%	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
FNB's Loans from 1-1-2007 to 6-30-2008	NA	NA	10.53%	7.46%	89.47%	92.54%	NA	NA

Source: Loan sample and U.S. Census data.

The table above shows that the number and dollar volume of automobile loans in low-and moderate-income CTs is below the percentage of low-income CTs in the AA.

The following table shows the geographic distribution of 25 loans to businesses within the Texarkana MSA.

<b>Geographic Distribution of Loans to Businesses in the Texarkana Texas Arkansas MSA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
% of AA Businesses	2.49%		10.08%		54.39%		33.04%	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
FNB's Loans from 1-1-2007 to 6-30-2008	0.00%	0.00%	0.00%	0.00%	61.54%	44.23%	38.46%	55.77%

Source: Loan sample and U.S. Census data.

The table above shows that the number and dollar volume of business loans in low- and moderate-income CTs is below the percentage of low- and moderate-income CTs in the AA.

The following table shows the geographic distribution of 25 loans to businesses within the Hempstead and Lafayette County AA.

<b>Geographic Distribution of Loans to Businesses in the Hempstead-Lafayette County AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
% of AA Businesses	0.00%		15.39%		84.61%		0.0%0	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
FNB's Loans from 1-1-2007 to 6-30-2008	NA	NA	10.53%	7.46%	89.47%	92.54%	NA	NA

Source: Loan sample and U.S. Census data.

The table above shows that the number and dollar volume of business loans in moderate-income CTs is below the percentage of moderate-income CTs in the AA.

The following table shows the geographic distribution of 12 loans to farms within the Texarkana MSA.

<b>Geographic Distribution of Loans to Farms in the Texarkana Texas Arkansas MSA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
% of AA Farms	1.43%		12.86%		54.29%		31.42%	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
FNB's Loans from 1-1-2007 to 6-30-2008	0.00%	0.00%	0.00%	0.00%	25.00%	40.91%	75.00%	59.09%

Source: Loan sample and U.S. Census data.

The table above shows that the number and dollar volume of business loans in low- and moderate-income CTs is below the percentage of moderate-income CTs in the AA.

The following table shows the geographic distribution of 25 loans to farms within the Hempstead and Lafayette County AA.

<b>Geographic Distribution of Loans to Farms in the Hempstead-Lafayette County AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
% of AA Farms	0.00%		5.92%		94.08%		0.00%	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
FNB's Loans from 1-1-2007 to 6-30-2008	NA	NA	8.33%	57.90%	91.67%	42.10%	NA	NA

*Source: Loan sample and U.S. Census data.*

The table above shows that the number and dollar volume of business loans in moderate-income CTs exceeds the percentage of moderate-income CTs in the AA.

### **Responses to Complaints**

First National Bank has not received any formal CRA complaints since the previous examination.

### **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.