



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

March 24, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Searcy
Charter No. 15631**

**200 West Race Street
Searcy, Arkansas 72143**

**Office of the Comptroller of the Currency
Southwestern District
1600 Lincoln Plaza, 500 North Akard
Dallas, TX 75201**

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 Searcy** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of March 24, 1997. 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**.

- Reasonable loan to deposit ratio of 59% given the bank's size and financial condition, and in comparison with local financial institutions.
- A majority of the bank's lending is within the assessment area.
- The bank's lending performance reflects a reasonable penetration among individuals of different income levels, and businesses of all sizes.
- Reasonable distribution of loans throughout the assessment area.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>First National Bank of Searcy</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

First National Bank of Searcy has a main office and four branches located in Searcy, Arkansas. There are also branches in the White County towns of Bald Knob (10 miles north), Beebe (15 miles south), and Rose Bud (25 miles northwest). The Rose Bud branch is located in a Conoco gas station/convenience store. All banking locations, with the exception of Rose Bud and the Wal-Mart branch in Searcy, have drive-up facilities. Lending services are provided at all locations except for Rose Bud and the West Pleasure branch in Searcy. However, loan applications are available at these branches, and forwarded to the main office for credit decisions. Automated teller machines (ATMs) are operated at all locations and at the local university.

As of December 31, 1996, the bank reported total assets of \$261 million with \$140 million in total loans. Loans secured by real estate represent 67% of the total portfolio, with 39% of the real estate loans secured by 1-4 family residential properties. The remainder of the portfolio is comprised of 15% commercial, 15% consumer, and 3% agriculture loans.

The bank is a 100% owned by First Central Corporation, a one-bank holding company.

This Office performed the last CRA examination as of March 1994. The bank was rated Satisfactory. There are no financial impediments that would limit the bank's ability to meet the credit needs in its assessment area.

DESCRIPTION OF WHITE COUNTY

The bank's assessment area is White County, a non-MSA (metropolitan statistical area) county located in the central section of Arkansas. The assessment area does not arbitrarily exclude low-income or moderate-income geographies.

According to 1990 Census Data, White County has a population of 54,676. Approximately 60% of the county is rural. Searcy is the county seat and the largest city in the county with a population of 15,180. In 1990, the median family income (MFI) for non-MSA areas in Arkansas was \$22,420. The Department of Housing and Urban Development estimates the median family income for 1996 at \$27,300. The assessment area is comprised of 12 block numbering areas (BNAs): 1 moderate-income BNA, 8 middle-income BNAs, and 3 upper-income BNAs. There are no block numbering areas designated as low-income. The following is the family income characteristics of White County: 19% low-income families, 18% moderate-income families, 20% middle-income families, and 43% upper-income families. Income levels are defined as follows: Low-income = less than 50% of MFI; moderate-income = 50% to 79% of MFI; middle-income = 80% to 119% of MFI, and upper income = more than 120% of MFI.

Searcy's diversified economy of agriculture, retail, and industrial business provides a stable base for the area. The city is a distribution center for Wal-Mart. Major employers are Wal-Mart, Land-O-Frost of Arkansas (specialty luncheon meats manufacturer), Harding University, Vickers, Inc. (hydraulic valves manufacturer), and the two regional hospitals. According to local Chamber of Commerce information, the unemployment rate in White County as of January 1997 was 7.1%, just slightly above the state rate of 5.3%.

Financial competition in the assessment area is primarily a slightly larger state-chartered bank, and a \$73 million state-chartered bank.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

LOAN TO DEPOSIT RATIO

The bank's loan to deposit ratio is reasonable given the bank's size and financial condition, and in comparison with local financial institutions. The average loan to deposit ratio since the March 1994 CRA examination is 59%. During the past eleven quarters, the bank's loan to deposit ratio went from 53% as of June 30, 1994 to 61% as of December 31, 1996. The local competitors' loan to deposit ratio range from 46% to 93% during the same evaluation period.

LENDING IN ASSESSMENT AREA

A majority of the bank's lending is within its assessment area. A sample of home purchase, automobile and commercial loans originated in 1996 revealed 93% of the number, and 95% of the dollar volume of loans were within the assessment area.

LENDING TO BORROWERS OF DIFFERENT INCOMES AND BUSINESSES OF DIFFERENT SIZES

Our sample analysis of home purchases and auto loans originated in 1996 revealed a reasonable penetration among individuals of different income levels. Approximately 12% of the sample loans were made to low-income individuals, 22% to moderate-income individuals, 12% and 54% to middle- and upper-income individuals, respectively.

A majority of the bank's commercial lending is to small businesses (businesses with gross revenues less than \$1 million). Our sample analysis of commercial loans originated in 1996 revealed small businesses of all sizes, and loans of all sizes with a substantial majority under \$100,000.

GEOGRAPHIC DISTRIBUTION OF LOANS

Our sample analysis reveals a reasonable distribution of loans throughout the assessment area. Based on 1990 Census Data, only one block numbering area is a moderate-income area. This area includes the townships of Bald Knob, Coldwell, and Cypert. A 1996 internal report of new loan originations reflects approximately 6% of the total number of loans, excluding the mortgage department, were originated by the branch located in Bald Knob.

DISCRIMINATION OR OTHER ILLEGAL CREDIT PRACTICES

The Fair Lending review performed during this evaluation period disclosed no violations of the substantive provisions of the antidiscrimination laws and regulations.