



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

May 27, 2010

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Simmons First Bank of Eldorado, National Association
Charter Number 12429

100 West Grove & Washington Streets
El Dorado, AR 71731-0000

Office of the Comptroller of the Currency

LITTLE ROCK (MEMPHIS) Field Office
Ozark National Life Building 10201 West Markham, Suite 105
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.

- ◆ The average loan-to-deposit ratio at 61% is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- ◆ A majority of loans (90% by number and 79% by dollar) 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 applicable to banks with assets less than \$274 million at the end of each of the prior two calendar years. Small bank assessment factors for the lending test are the loan-to-deposit ratio, lending within the bank's AA, lending to borrowers of different incomes and businesses of different sizes, geographic distribution of loans, and response to complaints. Since no CRA related complaints were received from the period of the last evaluation, this factor was not considered in the overall rating. The bank is not located in Metropolitan Statistical Areas (MSA); therefore the bank is not a Home Mortgage Disclosure Act reporter. Loan information used for this evaluation included a sample of residential (refinancing), consumer (motor vehicles) and business/commercial loans made during 2009.

DESCRIPTION OF INSTITUTION

Simmons First Bank of El Dorado, N.A. (SFE) is located in El Dorado (Union County), Arkansas (AR) which has a population of 21,530 according to the 2000 census. The bank has six banking facilities: the Main Office located at 100 West Grove and five additional Branch Offices. There are automated teller machines (ATMs) located at four branch offices: Southeast, Downtown, Strong, and Timberlane Branch Offices. Additionally, ATMs are located at Expressway Convenience Store and South Arkansas Community College. As of December 31, 2009, the bank reported total assets of \$289 million with \$249 million in deposits and \$115 million in loans (40% of total assets).

The bank's primary business focus is residential real estate, commercial real estate, and business/commercial loans. SFE offers residential real estate, home improvement, consumer, commercial real estate, commercial and business loans. The loan portfolio composition as of December 31, 2009, is as follows:

Table 1 - Loan Portfolio Composition as of December 31, 2009		
Loan Type	Dollar Amount (000's)	Percent of Total Loans
Construction and Land Development	9,449	12.20%
Secured by Farmland	3,824	4.94%
One-to-Four Family Residential	33,961	43.84%
Commercial Real Estate	30,229	39.02%
Total Real Estate Loans	77,463	66.39%
Agricultural	0	0.00%
Commercial and Industrial	24,958	21.39%
Consumer	14,045	12.04%
Other	209	0.18%
Total Loans	116,675	100.00%

Source: Report of Condition

SFE offers convenient banking hours and a variety of loan and deposit products to meet the needs of the AA. 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 Simmons First National Corporation, a multi-bank holding company located in Pine Bluff, AR. The bank's last CRA examination was performed as of September 30, 2004 and was rated **Satisfactory**.

DESCRIPTION OF ASSESSMENT AREA (UNION COUNTY)

SFE's AA is Union County. The AA meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income geographies. There are ten Block Numbering Areas (BNAs)/Census Tracts (CTs) in the AA, one of which is moderate-income, six are middle-income, and three are upper-income. These BNAs/CTs are 9501 through 9510. The Median Family Income (MFI) for non-Metropolitan Statistical Areas (MSA) in Arkansas was \$37,135 in 2000. This income figure is used to determine the income level of individual CTs. CT 9510 is the only moderate-income tract. The 2009 Housing and Urban Development (HUD) estimated MFI for non-MSA in Arkansas was \$43,500. HUD estimated MFI is updated annually and is used to determine the income level of individual applicants. The income ranges for the four income levels are as follow: Low-Income = under \$21,750; Moderate-Income = \$21,751 - \$34,799; Middle-Income = \$34,800 - \$52,199; and, Upper-Income = above \$52,200.

El Dorado is located in the southern part of the state about 118 miles south of Little Rock, AR, the state capital, and about 88 miles east of Texarkana, AR. According to 2000 Census Data, the population of Union County was 45,629. The economy of the county is considered to be in a slow growth mode.

The largest employers in Union County are: AmerCable Company (steel cables); Anthony Forest Products (forestry and lumber); Chemtura Corporation (bromine products); Clean Harbors, Inc. (hazardous waste incineration); Cross Oil Company (oil products); Del-Tin Fiber Corporation (fiberboard); and, El Dorado Chemical Co.(nitrate and nitric acid), each with more than 100 employees.

Unemployment as of November 2009 was 10.2%, non-seasonably adjusted, for Union County. The unemployment rate is above the Arkansas average of 7.4% and the U.S. average of 10.0% as of November 2009, both seasonably adjusted.

The following table shows the demographic and economic characteristics of the AA.

Table 2 - Demographic and Economic Characteristics of Union County						
Demographic Characteristics	# Total	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts/BNAs)	10	0%	10.00%	60.00%	30.00%	
Population by Geography	45,629	0%	12.59%	54.23%	33.18%	
Owner-Occupied Housing by Geography	20,676	0%	8.95%	55.77%	35.28%	
Businesses by Geography	4,231	0%	8.56%	46.99%	44.46%	
Farms by Geography	96	0%	1.14%	61.36%	37.50%	
Family distribution by Income Level	12,791	20.64%	15.63%	19.80%	43.93%	
Distribution of Low and Moderate Income Families throughout AA Geographies	4,640	0%	16.92%	58.02%	28.06%	
Median Family Income, 2000 Census		\$37,135	Median Housing Value			\$51,235
HUD Adjusted Median Family Income for 2009		\$43,500	Unemployment Rate: 11/2009 United States Arkansas Union County			10.0%
Households Below Poverty Level		18.50%				7.4%
% Businesses with Revenues < \$1 million		73.15%	% Farms with Revenues < \$1 million			89.53%
% Businesses with Revenues > \$1 million		4.40%	% Farms with Revenues > \$1 million			4.65%

Source: 2000 U.S. Census data; 2009 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.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

SFE's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and AA credit needs and is satisfactory. There are two other banks that are somewhat similarly situated in the AA. These banks are the Smackover State Bank, Smackover, AR and First Financial Bank, El Dorado, AR. There are six banks with branches in Union County and SFE has 21.16% of the deposit market share based on the June 30, 2009 FDIC Deposit Market Share Report. SFE is ranked second. First Financial Bank is ranked first with 37.88% of the deposit market share and Smackover State Bank is ranked sixth with 5.74%% of the deposit market share. The following table shows total assets as of December 31, 2009, and the quarterly average loan-to-deposit ratio from September 30, 2004 through December 31, 2009 (21 quarters) for these three similarly situated banks.

Table 3 - Loan-to-Deposit Ratios		
Institution	Assets (as of 12-31-2009)	Average LTD Ratio
Simmons First Bank, El Dorado, AR	\$289 million	60.51%
Smackover State Bank, Smackover, AR	\$166 million	51.03%
First Financial Bank, El Dorado, AR	\$637 million	117.72%

Source: Institution Reports of Condition.

Lending in Assessment Area

A majority of SFE loans (90% by number and 79% by dollar volume) are in the bank’s AA and is satisfactory. A sample of 25 residential real estate loans, 23 consumer loans and 25 business/commercial loans made during 2009 was reviewed to determine lending within the AA. Lending within the AA is detailed in the following table.

Table 4 - Lending in Union County										
Loan Type	Number of Loans					Dollars of Loans (000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential	23	92%	2	8%	25	1,293	87%	187	13%	1,481
Consumer	20	87%	3	13%	23	171	81%	39	19%	210
Business	23	92%	2	8%	25	3,228	76%	1,044	24%	4,272
Totals	66	90%	7	10%	73	4,672	79%	1,271	21%	5,963

Source: sample of loans used for CRA performance analysis.

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

The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels (including low-and moderate-income) and businesses of different sizes and is satisfactory. The poverty level in the AA at 18.50% hinders the bank’s ability to make loans to low and moderate income borrowers. The poverty level in the AA equals to approximately 89.63% of the low income AA families. The same samples for lending within the AA were used to determine lending to borrowers of different incomes. While lending to different income levels varied within the bank’s AA, the overall lending pattern is satisfactory.

Table 5 - Borrower Distribution of Residential Real Estate Loans in Union County								
Borrower Income Level	Low		Moderate		Middle		Upper	
% of AA Families	20.64		15.63		19.80		43.93	
Loan Year	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
2009								
Home Purchase	13.04%	2.19%	13.04%	8.78%	17.39%	19.85%	56.52%	69.18%

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

The above table shows that residential real estate loans were made to low-income and moderate-income borrowers. Residential real estate loans, by number of loans, made to low-income borrowers is somewhat lower than the percentage of low-income families in the AA but is considered to be adequate performance. Residential real estate loans, by dollar volume of loans, made to low-income borrowers is lower than the percentage of low-income families in the AA and is considered to be poor performance. Residential real estate loans, by number of loans, made to moderate-income borrowers is near to the percentage of low- and moderate-income families in the AA and is considered to be good performance. Residential real estate loans, by dollar volume of loans, made to moderate-income borrowers is somewhat lower than the percentage of low- and moderate-income families in the AA and is considered to be adequate performance.

Table 5A - Borrower Distribution of Consumer Loans in Union County								
Borrower Income Level	Low		Moderate		Middle		Upper	
% of AA Households	24.63%		14.45%		17.34%		43.58%	
Loan Type	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
2009								
Motor Vehicle	20.00%	14.75%	50.00%	54.99%	15.00%	22.32%	15.00%	7.95%

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

The above table shows that consumer loans were made to low-income and moderate-income borrowers. Consumer loans, by number of loans, made to low income borrowers is near the percentage of low-income households in the AA and is considered to be good performance. Consumer loans, by dollar volume of loans, made to low income borrowers is somewhat lower than the percentage of low-income households in the AA and is considered to be adequate performance. Consumer loans, by number and dollar amount of loans, made to moderate income borrowers exceeds the percentage of moderate-income families in the AA and is considered to be excellent performance.

Table 5B – Borrower Distribution of Loans to Businesses in Union County			
Business Revenues(or Sales)	≤\$1,000,000	>\$1,000,000	Revenues not known
% of AA Businesses	73.15	4.40	22.45
% of Bank Loans in AA by #	73.91%	26.91%	0.00%
% of Bank Loans in AA by \$	47.50%	52.50%	0.00%

Source: Loan sample and Dun and Bradstreet data

The above table shows that small business loans to borrowers with revenues under \$1,000,000, by number of loans, exceed the numbers of small businesses with revenues under \$1,000,000 in the AA and are considered to be excellent performance. Small business loans to borrowers with revenues under \$1,000,000, by dollar volume of loans, is somewhat lower than the numbers of small businesses with revenues under \$1,000,000 in the AA, and are considered to be adequate performance.

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion throughout the AA and is satisfactory. The same samples for lending within the AA were used to determine lending to borrowers of various geographic areas. The following tables show the distribution of residential real estate and business/commercial loans within the various CT income levels. While lending to different CT income levels varied within the bank’s AA, the overall lending pattern is satisfactory.

Table 6 - Geographic Distribution of Residential Real Estate Loans in Union County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
%of AA Owner Occupied Housing	0		8.95		55.77		35.28	
Loan Year	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
2009								
Home Purchase	0	0	13.04%	12.33%	39.13%	42.18%	47.83%	45.84%

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

The above table shows that the bank is making residential real estate to borrowers located in the moderate-income CTs. The sample of residential real estate loans, by number and dollar amount, made to borrowers residing in moderate-income tracts exceeds the percentage of owner-occupied houses in moderate-income tracts and is considered to be excellent performance.

Table 6B - Geographic Distribution of Consumer Loans in Union County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
% of AA Households	0%		10.95%		54.40%		34.65%	
Loan Year 2009	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Used Vehicle	0%	0%	10.00%	4.47%	65.00%	70.69%	25.00%	24.84%

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

The above table shows that the bank is making consumer loans to borrowers located in the moderate-income CTs. The sample of consumer loans, by number, made to borrowers residing in moderate-income tracts is near to the percentage of households located in the moderate-income CTs and is considered to be good performance. The sample of consumer loans, by dollar amount, made to borrowers residing in moderate-income tracts is lower than the percentage of households located in the moderate-income CTs and is considered to be poor performance.

Table 6C - Geographic Distribution of Business Loans in Union County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
% of AA Businesses	0		8.55		46.99		44.46	
Loan Year 2009	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
2009	0	0	00.00%	00.00%	43.48%	28.89%	56.52%	71.11%

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

The above tables show that the bank, based on the sample, is not making business/commercial loans to borrowers located in the moderate-income CTs. The sample of business loans, by number and dollar volume, made to borrowers residing in moderate-income tracts is significantly lower than the percentage of businesses located in the moderate-income CTs and is considered to be very poor performance.

Responses to Complaints

Simmons First of El Dorado, NA has not received a formal CRA complaint 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.

Glossary

GEOGRAPHY TERMS

Assessment Area: A geographic area delineated by the bank in accordance with the requirements of the Community Reinvestment Act.

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Statistical Area (MSA): One or more Metropolitan Districts that have economic and social ties.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

HOUSING TERMS

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100% tabulations, the count of households always equals the count of occupied housing units.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

INCOME TERMS

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Low-Income: Individual income that is less than 50% of the area median income, or a median family income that is less than 50% in the case of geography.

Moderate-Income: Individual income that is at least 50% and less than 80% of the area median income, or a median family income that is at least 50% and less than 80% in the case of geography.

Middle-Income: Individual income that is at least 80% and less than 120% of the area median income, or a median family income that is at least 80% and less than 120% in the case of geography.

Upper-Income: Individual income that is more than 120% of the area median income, or a median family income that is more than 120% in the case of geography.

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates, which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.