



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

November 28, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank in Mena
Charter No. 13693**

**600 Highway 71 South
Mena, Arkansas 71953**

**Office of the Comptroller of the Currency
Little Rock Duty Station
10201 West Markham, Suite 105
Little Rock, Arkansas 72205-2180**

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 in Mena, Mena, AR** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **November 28, 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**.

- The bank's average loan-to-deposit ratio at 87% reflects more than reasonable responsiveness to its community needs.
- A majority of the bank's lending is within the assessment area.
- The distribution of loans to borrowers in the assessment area reflects a reasonable penetration to individuals of different income levels, and businesses and farmers of different sizes.

The following table indicates the performance level of **First National Bank in Mena, Mena, AR** with respect to each of the five CRA performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	First National Bank in Mena 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	Geographic distribution by income tract is not meaningful for the purposes of this performance criteria since all areas are middle-income.		
Response to Complaints	No applicable CRA complaints were received since the prior evaluation.		

DESCRIPTION OF INSTITUTION

First National Bank in Mena has a main office and two branches located in Mena, Arkansas, and a branch in Cove, Arkansas (15 miles south of Mena). One of the Mena branches is located inside a Walmart Supercenter, with this facility opened since the prior evaluation. All locations, except for the Walmart branch, have drive-up facilities. Both of the Mena branches have automated teller machines (ATMs). Lending services are provided only at the main office. As of September 30, 1997, the bank reported total assets of \$109 million with \$80 million in total loans. Loans secured by 1-4 family real estate represent 42% of the portfolio with another 31% in nonresidential real estate. The remainder of the loan portfolio is comprised of 15% consumer, 10% commercial, and 2% agriculture.

The bank is 100% owned by First Community Banking Corporation, a multi-bank holding company headquartered in Little Rock, Arkansas. This Office performed the last CRA evaluation as of April 3, 1995, and the bank was rated Satisfactory. There are no financial impediments that would limit the bank's ability to meet the credit needs of its assessment area.

DESCRIPTION OF THE ASSESSMENT AREA

The bank's assessment area is all of Polk County which is comprised of six block numbering areas (BNAs). These BNAs are 9501 through 9506. Polk County is located in a non-Metropolitan Statistical Areas (MSA), and the median family income (MFI) for non-MSA in Arkansas was \$22,420 in 1990. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income geographies.

According to 1990 Census Data, the population of Polk County is 17,347. The Department of Housing and Urban Development has estimated that the MFI for non-MSA in Arkansas in 1996 and 1997 were \$27,300 and \$29,500, respectively. All BNAs in Polk County are designated as middle-income.

The following are the family income characteristics of the population within the Polk County assessment area: 19% low-income, 20% moderate-income (39% low-and moderate-income), 25% middle-income, and 36% 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.

The local economy is stable. Most of the workforce are employed in industrial or technical companies, and the remainder in agricultural related businesses. There are branches of four financial institutions located in Mena but the primary competitor is a local state-chartered bank of comparable size.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and in comparison with the other local financial institution. The average loan-to-deposit (L-T-D) ratio since the April 3, 1995 CRA examination was 87%. During the past ten quarters, the bank's L-T-D ratios range from 85% to 89%. The local competitor's L-T-D ratios range from 72% to 74% during the same evaluation period with an average of 73%.

Lending in Assessment Area

A majority of the bank's lending is within its assessment area. An analysis of all loans outstanding as of September 30, 1997 revealed that 77% of the number, and 71% of the dollar volume of loans were within the assessment area.

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

An analysis of consumer loans originated in 1996 and 1997, and home loans originated in 1997 revealed a reasonable penetration among individuals of different income levels. Approximately 31% of the consumer loans (by number) were made to low-income, 19% to moderate-income, 17% to middle-income, and 34% to upper-income individuals. For home loans, approximately 4% (by number) were made to low-income borrowers, 9% to moderate-income, 12% to middle-income, and 76% to upper-income borrowers.

All farm loans and a substantial majority of the bank's commercial lending are to small businesses (defined as businesses or farms with gross revenues of less than \$1 million). Approximately 92% of all outstanding commercial loans (by number) were to small businesses, and almost 99% of the commercial loans (by number) made in 1997 were to small businesses.

Geographic Distribution of Loans

This Office did not perform a geographic distribution analysis of the bank's lending performance during the examination. The analysis would not be meaningful since all BNA's in the assessment area are designated as middle-income. However, a review of the bank's geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

Response to Substantiated Complaints

No valid complaints have been received since the prior examination.

Discrimination or Other Illegal Credit Practices

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