



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

July 9, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Caddo First National Bank
Charter No. 16952**

**Highway 8 North
Glenwood, Arkansas 71943**

**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 **Caddo First National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **July 9, 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 is reasonable at 79%.
- ▶ A substantial majority of the bank's loans originated in the assessment area.
- ▶ The distribution of borrowers reflects reasonable dispersion among individuals of different income levels and business of different sizes.
- ▶ Geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>Caddo First National Bank</u> 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 were received since the prior examination.		

DESCRIPTION OF INSTITUTION

Caddo First National Bank (CFNB) is located in Glenwood, Arkansas, approximately 30 miles southwest of Hot Springs, Arkansas. At March 31, 1997, the bank reported total assets of \$69 million. CFNB is the second largest institution in its lending area. The bank's competition in asset size ranges from \$58 million to \$90 million. CFNB is 83% owned by Caddo Holding Company, Inc., which in turn is 100% owned by The First Community Banking Corporation, a two-tier holding company, with total assets of \$238 million at December 31, 1996. CFNB operates with four banking offices. The main office is located in Glenwood, and is a full service institution. In addition, there is a limited service branch in Glenwood. There is also a full service branch and a limited service branch in Murfreesboro. CFNB's primary business focus is agriculture and small business lending. The loan portfolio composition as of March 31, 1997, consists of the following: 24% commercial, 21% commercial real estate, 18% agriculture and farmland, 9% installment, and 28% residential real estate. CFNB began offering Small Business Administration (SBA) loans in 1996.

DESCRIPTION OF ASSESSMENT AREA

CFNB's assessment area is defined as all of Pike and Montgomery Counties, the western portion of Garland County, the town of Bismarck in Hot Spring County, and the town of Amity in Clark County. The assessment area is located in western Arkansas near the Ouachita Mountains and is considered a non-Metropolitan Statistical Area (MSA). The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income areas. The population of the assessment area is 46,032, based on 1990 Census information. There are 13,941 families in the assessment area of which 18% are low-income, 17% are moderate-income, 22% are middle-income, and 43% are upper-income. The 1990 Census Median Family Income (MFI) for non-MSAs is \$22,420. The 1997 Updated MFI for non-MSAs is \$29,500. The Updated MFI is provided annually by the Department of Housing and Urban Development (HUD) and is used to determine the income level of individual borrowers.

There are a total of 13 block numbering areas (BNA) in the assessment area: three in Pike County, three in Montgomery County, five in Garland County, and one each in Clark and Hot Spring Counties. The income distribution for the BNAs are: one moderate-income, eight middle-income, and four upper-income.

The local economy is stable. The employment base in the area consists primarily of agriculture (poultry and livestock) and timber. The local economy is also dependent upon recreational and tourism dollars due to the proximity of lakes, rivers, and campgrounds.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LOAN-TO-DEPOSIT

The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. Since the February 1995 evaluation, CFNB's net loan-to-deposit ratio averaged 79%. By asset size, CFNB is the second largest bank in the area and has the second highest average loan-to-deposit ratio.

ASSESSMENT AREA CONCENTRATION

An analysis of the lending activity from January 1, 1997 through June 24, 1997, shows that a substantial majority of loans originated during this period were made in the bank's assessment area. CFNB made 954 loans totaling \$9,488,240. Of this amount 938 (98%) and \$9,414,039 (99%) originated in the assessment area. Loan types include commercial, agriculture, residential real estate, and consumer.

BORROWERS' PROFILE

Given the demographics of the assessment area, the distribution of borrowers reflects reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.

Loans Originated in Assessment Area by Borrower Income January 1, 1997 - June 24, 1997				
Income Level	Count	%	\$000's	%
Low	63	6.7%	161	1.7%
Moderate	155	16.5%	590	6.3%
Middle	178	19.0%	1,192	12.7%
Upper	508	54.2%	7,209	76.5%
Unknown	34	3.6%	262	2.8%
TOTAL	938	100.0%	9,414	100.0%

GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic loans reflects a reasonable dispersion throughout the assessment area.

Loans Originated in Assessment Area by BNA Income January 1, 1997 - June 24, 1997				
BNA Income Level	Count	%	\$000's	%
Low†	NA	NA	NA	NA
Moderate	227	24.2%	2,228	23.7%
Middle	665	70.9%	6,276	66.7%
Upper	46	4.9%	910	9.6%
TOTAL	938	100.0%	9,414	100.0%

†There are no low-income BNAs in the assessment area.

RESPONSE TO COMPLAINTS

No complaints concerning CRA have been received since the last examination in February 2, 1995.

ADDITIONAL INFORMATION

DISCRIMINATION OR OTHER ILLEGAL CREDIT PRACTICES

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