



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

September 16, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Lawrence County at Walnut Ridge
Charter Number 11312

202 West Main Street
Walnut Ridge, AR 72476

Office of the Comptroller of the Currency

Victory Building, 1401 West Capitol Avenue, Suite 350, Little Rock, AR 72201

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

Summarize the major factors supporting the institution's rating.

- The First National Bank of Lawrence County at Walnut Ridge's (FNBLC) loan-to-deposit (LTD) ratio is reasonable.
- A substantial majority of FNBLC loans were made within the bank's assessment areas (AA).
- Lending to borrowers of different income levels and to businesses of different sizes reflects reasonable penetration.
- The absence of low-to-moderate (LMI) income geographies for the full-scope AA limited geographic distribution assessment based on 2000 Census data. However, based on the full-scope AA geographies utilizing 2010 Census Data, FNBLC's geographic distribution of loans reflects reasonable penetration.

SCOPE OF EXAMINATION

FNBLC was examined using small bank examination procedures. The evaluation period for this Community Reinvestment Act (CRA) Performance Evaluation (PE) covers from January 23, 2007, through September 16, 2013. Loan products used to assess the bank's performance under the Lending Test include home mortgage loans, a sample of business loans, and a sample of farm loans. Sampled loan originations were from January 1, 2010, through December 31, 2012.

Data Integrity

The accuracy Home Mortgage Disclosure Act (HMDA) loans collected for the 2010, 2011, and 2012 performance years were reviewed. The HMDA data was found to be accurate and reliable. Additionally, the bank's internal auditors review HMDA annually.

Selection of Areas for Full-Scope Review

Through December 31, 2012, FNBLC has two AAs: Craighead County of the Jonesboro, AR Metropolitan Statistical Area (MSA) and two contiguous Non-MSA Counties located in Northeast Arkansas. The specific counties are Randolph and Lawrence County. The Randolph and Lawrence County AA was chosen for the full-scope review. Approximately 91% of all HMDA reportable transactions from January 1, 2010, through December 31, 2011, originated in the full-scope AA. Additionally, 89% of all HMDA reportable transactions from January 1, 2012, through December 31, 2012, originated in the full-scope AA. Furthermore, FNBLC's 2012 internal tracking indicated 83% of consumer loans were originated within the full-scope AA. Craighead County was chosen for the limited-scope review.

DESCRIPTION OF INSTITUTION

FNBLC is 100% owned by First National Capital Corporation (FNCC), a one-bank holding company headquartered in Walnut Ridge, Arkansas. FNBLC has their main office located at 206 West Main Street Walnut Ridge, AR. FNBLC consists of four full-service branch locations with automated teller machines (ATM) located in the surrounding Arkansas cities of Hoxie, Pocahontas, and Bono. FNBLC has two additional stand-alone ATM locations in Walnut Ridge and College City. Since the prior CRA examination, FNBLC has downgraded one drive-thru branch to an ATM/night depository location. FNBLC has numerous competitors in its two AAs, ranging from locally owned institutions to regional and nationwide institutions.

FNBLC offers a variety of credit and banking services to its community. In addition, FNBLC offers a full range of traditional deposit services. The bank's primary business focus is agricultural, commercial, commercial real estate, and residential real estate lending. FNBLC also offers consumer loan products such as automobile and recreational vehicles. In addition, FNBLC offers a credit card product. FNBLC's loan portfolio composition as reported in the June 30, 2013, Report of Condition and Income is as follows:

Loan Portfolio Composition as of June 30, 2013 (in 000s)		
Loan Type	Amount (000s)	Percent
Construction and Land Development	2,628	2.25%
Farmland	\$19,482	16.67%
1-4 Family Residential	\$30,869	26.41%
Multifamily (5 or more) Residential	\$0	0.00%
Commercial (nonfarm, nonresidential)	\$14,485	12.39%
Total Real Estate Loans	\$67,464	57.72%
Agriculture	\$24,780	21.20%
Commercial and Industrial	\$16,005	13.69%
Consumer	\$8,260	7.07%
Obligations of State and Political Subdivisions in the US.	\$336	0.29%
Other Loans	\$34	0.03%
Total Gross Loans	\$116,879	100%

Source: 06/30/2013 Call Report – Schedule RC-C

FNBLC does not have any financial or legal impediments that would limit its ability to meet the credit needs within its AAs. As of June 30, 2013, FNBLC reported total assets of \$179 million, total deposits of \$160 million, and Tier 1 Capital of \$20 million. FNBLC's prior CRA PE was dated January 23, 2007. FNBLC's prior CRA rating was Satisfactory.

DESCRIPTION OF ASSESSMENT AREA(S)

2000 Census Data

❖ Lawrence and Randolph County, Arkansas

The two counties and 8 CTs of this AA are located in the Northeast portion of Arkansas. The 2000 Census reports the total population of the two contiguous counties at 35,969 persons. All the counties have either distressed and/or underserved middle-income CTs. The table below reflects the demographic statistics for the AA based on 2000 Census data.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF LAWRENCE AND RANDOLPH COUNTY AA	
Population	
Number of Families	10,329
Number of Households	14,394
Geographies	
Number of Census Tracts/BNA	8
% Low-Income Census Tracts/BNA	0.00%
% of Moderate-Income Census Tracts/BNA	0.00%
% of Middle-Income Census Tracts/BNA	100.00%
% of Upper-Income Census Tracts/BNA	0.00%
Median Family Income (MFI)	
2000 MFI for Assessment Area	\$32,868
2011 HUD-Adjusted MFI	\$43,300
Economic Indicators	
2000 Median Housing Value	\$48,658
% of Households Below Poverty Level	18.22%

Local employment for the area is centered in manufacturing, medical, and agriculture. The chart below references the individual counties annual unemployment rates from 2010 through 2012. In addition, the chart reflects unemployment rates, for comparison purposes, for the United States and Arkansas.

	2012 Unemployment Rate	2011 Unemployment Rate	2010 Unemployment Rate
United States	7.8%	8.5%	9.3%
Arkansas	7.3%	7.9%	7.9%
Lawrence Co., AR	9.0%	9.6%	9.2%
Randolph Co., AR	9.9%	10.1%	9.5%

Source: Data obtained from the Bureau of Labor Statistics.

❖ Craighead County of the Jonesboro, AR MSA

This AA consists of 13 CTs within Craighead County, Arkansas. The 2000 Census data shows the population of this AA was 82,148 persons. The local economy is diversified with major employers that include medical, retail, education, and agriculture. The table on the next page

reflects the demographic statistics for the AA based on 2000 Census data.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF CRAIGHEAD COUNTY OF THE JONESBORO, AR MSA	
Population	
Number of Families	22,283
Number of Households	32,301
Geographies	
Number of Census Tracts/BNA	13
% Low-Income Census Tracts/BNA	7.69%
% of Moderate-Income Census Tracts/BNA	0%
% of Middle-Income Census Tracts/BNA	76.92%
% of Upper-Income Census Tracts/BNA	15.38%
Median Family Income (MFI)	
2000 MFI for Assessment Area	\$41,516
2011 HUD-Adjusted MFI	\$51,300
Economic Indicators	
2000 Median Housing Value	\$74,765
% of Households Below Poverty Level	16.05%

The chart below references the AA annual unemployment rates from 2010 through 2012. In addition, the chart reflects unemployment rates, for comparison purposes, for the United States and Arkansas.

	2012 Unemployment Rate	2011 Unemployment Rate	2010 Unemployment Rate
United States	7.8%	8.5%	9.3%
Arkansas	7.3%	7.9%	7.9%
Craighead Co., AR	6.7%	7.2%	7.2%

Source: Data obtained from the Bureau of Labor Statistics.

2010 Census Data

❖ Lawrence and Randolph County, Arkansas

The two counties and 10 CTs of this AA are located in the Northeast portion of Arkansas. The 2010 Census reports the total population of the two contiguous counties at 35,384 persons. All the counties have either distressed or underserved middle-income CTs. The table on the next page reflects the demographic statistics for the AA based on 2010 Census data.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF LAWRENCE AND RANDOLPH COUNTY AA	
Population	
Number of Families	9,703
Number of Households	14,023
Geographies	
Number of Census Tracts/BNA	10
% Low-Income Census Tracts/BNA	0.00%
% of Moderate-Income Census Tracts/BNA	10.00%
% of Middle-Income Census Tracts/BNA	90.00%
% of Upper-Income Census Tracts/BNA	0.00%
Median Family Income (MFI)	
2000 MFI for Assessment Area	\$41,477
2011 HUD-Adjusted MFI	\$43,900
Economic Indicators	
2000 Median Housing Value	\$64,158
% of Households Below Poverty Level	22.49%

❖ Craighead County of the Jonesboro, AR MSA

This AA consists of 17 CT within Craighead County, Arkansas. The 2010 Census data shows the population of this AA was 96,443 persons. The local economy is diversified with major employers that include medical, retail, education, and agriculture. The table below reflects the demographic statistics for the AA based on 2010 Census data.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF CRAIGHEAD COUNTY OF THE JONESBORO, AR MSA	
Population	
Number of Families	24,571
Number of Households	35,864
Geographies	
Number of Census Tracts/BNA	17
% Low-Income Census Tracts/BNA	5.88%
% of Moderate-Income Census Tracts/BNA	23.53%
% of Middle-Income Census Tracts/BNA	41.18%
% of Upper-Income Census Tracts/BNA	29.41%
Median Family Income (MFI)	
2000 MFI for Assessment Area	\$54,406
2011 HUD-Adjusted MFI	\$52,000
Economic Indicators	
2000 Median Housing Value	\$107,022
% of Households Below Poverty Level	18.97%

Community Contact

A community contact was conducted in Walnut Ridge, Arkansas. The information cited in this evaluation was taken from this contact. This contact provides financial literacy programs and supports small businesses in rural communities. The contact indicated there are opportunities for local financial institutions to get involved in regards to economic development and community development. FNBLC is meeting the credit needs of the local area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

FNBLC's LTD ratio is reasonable given its size, financial condition, and AAs credit needs. The LTD ratio was calculated over 27 quarters beginning with the fourth quarter of 2006 to the second quarter of 2013. FNBLC's average LTD ratio was 69.58%. Similarly, situated banks' LTD ratios were 70.87% and 90.61%. The following table shows FNBLC's average LTD ratio and similarly situated institutions.

Financial Institution	Assets (000s) as of 12/31/2012	Average LTD Ratio
The First National Bank of Lawrence County at Walnut Ridge	\$179,479	69.58
Heritage Bank, National Association	\$241,235	90.61
Integrity First Bank, National Association	\$399,863	70.87

Lending in Assessment Area

FNBLC's lending within the AA exceeds the standard for satisfactory performance. A substantial majority of FNBLC loans were made to borrowers located within the bank's AAs. Approximately 96% of the number and 94% of the dollar volume of total loans were originated in the bank's AAs.

Lending in AA										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	191	95.98	8	4.02	199	11,877	95.39	574	4.61	12,451
Home Improvement	63	98.44	1	1.56	64	2,806	98.46	44	1.54	2,850
Refinancing	124	95.38	6	4.62	130	10,834	97.32	298	2.68	11,132
Commercial	38	95.00	2	5.00	40	9,466	95.61	435	4.39	9,901
Farm	37	92.50	3	7.50	40	8,973	86.22	1,434	13.78	10,407
Totals	453	95.77	20	4.23	473	43,956	94.04	2,785	5.96	46,741

Source: Data reported under HMDA from 2010 through 2012, a sample of business loans from 2010 through 2012, and a sample of farm loans from 2010 through 2012.

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

Based on the demographics of the AAs, the bank's distribution of loans meets the standard for satisfactory performance. Lending to borrowers of different income levels and to businesses of different sizes reflects reasonable penetration.

2000 Census Data

❖ Lawrence and Randolph County, Arkansas

FNBLC has reasonable penetration of loans to LMI borrowers for home mortgage products within the AA. Lending to low-income borrowers for home purchase is adequate. Loan distribution to low-income borrowers for home purchase is somewhat lower than the percentage of low-income families within the AA. Lending to low-income borrowers for home improvement and refinancing is poor. Loan distribution to low-income borrowers for home improvement and refinancing is lower than the percentage of low-income families within the AA. However, demographic data shows that 18% of households within the AA are below the poverty level. This makes it more difficult to extend credit to low-income applicants.

Lending to moderate-income borrowers for home purchase and home improvement is excellent. The bank's loan distribution for home purchase and home improvement to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. Lending to moderate-income borrowers for refinancing is good. The percentage of loans for refinancing to moderate-income borrowers is near to the percentage of moderate-income AA families.

Borrower Distribution of Residential Real Estate Loans in Lawrence and Randolph County, AR AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans
	Home Purchase	20.60	15.13	19.12	20.17	24.35	20.17	35.93
Home Improvement	20.60	5.88	19.12	20.59	24.35	26.47	35.93	47.06
Refinancing	20.60	6.74	19.12	17.98	24.35	13.48	35.93	61.80

Source: Data reported under HMDA from 2010 through 2011. 2000 U.S. Census data.

The following table reflects that FNBLC has excellent penetration of loans to businesses with revenues of \$1 million or less within the AA. Borrower distribution of loans to businesses is excellent. The number of loans to businesses with revenues of \$1 million or less exceeds the percentage of businesses in the AA that reported revenues of \$1 million or less.

Borrower Distribution of Loans to Businesses in Lawrence and Randolph County, AR AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unknown	Total
% of AA Businesses	71.84	1.78	26.38	100%
% of Bank Loans in AA by #	95.00	5.00	0.00	100%
% of Bank Loans in AA by \$	98.14	1.86	0.00	100%

Source: A sample of business loans from 2010 through 2011 and Dunn and Bradstreet data.

The following table reflects the number and dollar volume of sampled business loans.

Borrower Distribution of Loans to Businesses by Loan Size in Lawrence and Randolph County, AR AA				
Loan Size (000's)	Number of Loans	Percent of Number	\$ Volume of Loans	% of Dollar Volume
\$0 - \$100,000	5	25.00	387	6.54
\$100,001 - \$250,000	10	50.00	1,537	25.98
\$250,001 - \$500,000	3	15.00	1,044	17.65
\$500,001 - \$1,000,000	1	5.00	648	10.95
Over \$1,000,000	1	5.00	2,300	38.87

Source: A sample of business loans from 2010 through 2011.

The table at the top of the next page reflects that FNBLC has reasonable penetration of loans to farms with revenues of \$1 million or less within the AA. Borrower distribution of loans to farms is good. The number of loans to farms with revenues of \$1 million or less is near to the percentage of businesses in the AA that reported revenues of \$1 million or less.

Borrower Distribution of Loans to Farms in Lawrence and Randolph County, AR AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unknown	Total
% of AA Farms	99.70	0.00	0.30	100%
% of Bank Loans in AA by #	95.00	5.00	0.00	100%
% of Bank Loans in AA by \$	96.84	3.16	0.00	100%

Source: A sample of farm loans from 2010 through 2011 and Dunn and Bradstreet data.

The following table reflects the number and dollar volume of sampled farm loans.

Borrower Distribution of Loans to Farms by Loan Size in Lawrence and Randolph County, AR AA				
Loan Size (000's)	Number of Loans	Percent of Number	\$ Volume of Loans	% of Dollar Volume
\$0 - \$100,000	6	30.00	380	11.19
\$100,001 - \$250,000	10	50.00	1,525	44.89
\$250,001 - \$500,000	3	15.00	992	29.20
Over \$500,000	1	5	500	14.72

❖ **Craighead County of the Jonesboro, AR MSA**

Lending activity within the AA was based on a limited-scope assessment. As of June 30, 2012, the Deposit Market Share Report (DMSR) provided by the Federal Deposit Insurance Corporation (FDIC) indicates FNBLC has a .18% share of total deposits within the AA. FNBLC has one branch located in Bono, AR. Lending activity is consistent with activity within FNBLC full-scope AA.

2010 Census Data

❖ Lawrence and Randolph County, Arkansas

FNBLC has reasonable penetration of loans to LMI borrowers for home mortgage products within the AA. Lending to low-income borrowers for home improvement is adequate. Loan distribution to low-income borrowers for home improvement is somewhat lower than the percentage of low-income families within the AA. Lending to low-income borrowers for home purchase and refinancing is poor. Loan distribution to low-income borrowers for home purchase and refinancing is lower than the percentage of low-income families within the AA. However, demographic data shows that 22% of households within the AA are below the poverty level. This makes it more difficult to extend credit to low-income applicants.

Lending to moderate-income borrowers for home improvement and refinancing is excellent. The bank's loan distribution for home improvement and refinancing to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. Lending to moderate-income borrowers for home purchase is good. The percentage of loans for home purchase to moderate-income borrowers is near to the percentage of moderate-income AA families.

Borrower Distribution of Residential Real Estate Loans in Lawrence and Randolph County, AR AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans
Home Purchase	23.88	5.56	16.99	16.67	21.32	25.93	37.80	46.30
Home Improvement	23.88	15.38	16.99	34.62	21.32	11.54	37.80	38.46
Refinancing	23.88	4.00	16.99	24.00	21.32	32.00	37.80	12.00

Source: Data reported under HMDA for 2012. 2010 U.S. Census data.

The following table reflects that FNBLC has excellent penetration of loans to businesses with revenues of \$1 million or less within the AA. Borrower distribution of loans to businesses is excellent. The number of loans to businesses with revenues of \$1 million or less exceeds the percentage of businesses in the AA that reported revenues of \$1 million or less.

Borrower Distribution of Loans to Businesses in Lawrence and Randolph County, AR AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unknown	Total
% of AA Businesses	75.19	2.58	22.22	100%
% of Bank Loans in AA by #	90.00	10.00	0.00	100%
% of Bank Loans in AA by \$	81.31	18.69	0.00	100%

Source: A sample of business loans from 2012 and Dunn and Bradstreet data.

The following table reflects the number and dollar volume of sampled business loans.

Borrower Distribution of Loans to Businesses by Loan Size in Lawrence and Randolph County, AR AA				
Loan Size (000's)	Number of Loans	Percent of Number	\$ Volume of Loans	% of Dollar Volume
\$0 - \$100,000	11	55.00	590	18.58
\$100,001 - \$250,000	5	25.00	810	25.52
\$250,001 - \$500,000	3	15.00	1,173	36.98
\$500,001 - \$1,000,000	1	5	600	18.91
Over \$1,000,000	0	0.00	0	0.00

Source: A sample of business loans from 2012.

The following table reflects that FNBLC has excellent penetration of loans to farms with revenues of \$1 million or less within the AA. Borrower distribution of loans to farms is excellent. The number of loans to farms with revenues of \$1 million or less exceeds the percentage of businesses in the AA that reported revenues of \$1 million or less.

Borrower Distribution of Loans to Farms in Lawrence and Randolph AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unknown	Total
% of AA Farms	99.72	0.00	0.28	100%
% of Bank Loans in AA by #	100.00	0.00	0.00	100%
% of Bank Loans in AA by \$	100.00	0.00	0.00	100%

Source: A sample of farm loans from 2012 and Dunn and Bradstreet data.

The following table reflects the number and dollar volume of sampled farm loans.

Borrower Distribution of Loans to Farms by Loan Size in Lawrence and Randolph AA				
Loan Size (000's)	Number of Loans	Percent of Number	\$ Volume of Loans	% of Dollar Volume
\$0 - \$100,000	8	40.00	415	10.56
\$100,001 - \$250,000	7	35.00	895	22.79
\$250,001 - \$500,000	4	20.00	1,667	42.45
Over \$500,000	1	5.00	950	24.20

Source: A sample of farm loans from 2012.

❖ **Craighead County of the Jonesboro, AR MSA**

Lending activity within AA was based on a limited-scope assessment. As of June 30, 2012, the Deposit Market Share Report (DMSR) provided by the Federal Deposit Insurance Corporation (FDIC) indicates FNBLC has a .18% share of total deposits within the AA. FNBLC has one branch located in Bono, AR. Lending activity is consistent with activity within FNBLC full-scope AA.

Geographic Distribution of Loans

The 2000 Census Data for Lawrence and Randolph County, AR shows they do not include any LMI CTs. The absence of these geographies limits geographic distribution assessment for 2000 Census Data. However, all middle-income CTs are designated as distressed, underserved, or both. Middle-income CTs represent 100% of the geography.

The 2010 Census Data for Lawrence and Randolph County, AR indicates 10% of the CTs are designated moderate-income geographies. The remaining 90% of CTs are identified as middle-income and designated as distressed, underserved, or both. Based on the full-scope AA geographies utilizing 2010 Census Data, FNBLC's geographic distribution of loans meets the standard for satisfactory performance. Geographic distribution reflects reasonable dispersion among moderate and distressed/underserved middle-income CTs.

2000 Census Data

❖ Lawrence and Randolph County, Arkansas

Geographic distribution for residential real estate loans within the AA was not analyzed. The AA does not have any LMI CTs. However, FNBLC has substantial lending activity in middle-income CTs designated distressed, underserved, or both. Refer to summary under **Geographic Distribution of Loans** for further detail.

Geographic Distribution of Residential Real Estate Loans in Lawrence and Randolph County, AR AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchasing	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00
Home Improvement	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00
Refinancing	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00

Source: Data reported under HMDA from 2010 through 2011. 2000 U.S. Census data.

Geographic distribution for loans to businesses within the AA was not analyzed. The AA does not have any LMI CTs. However, FNBLC has substantial lending activity in Middle Income CTs designated distressed, underserved, or both. Refer to summary under **Geographic Distribution of Loans** for further detail.

Geographic Distribution of Loans to Businesses and Farms in Lawrence and Randolph County, AR AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA	% of # of Loans	% of AA	% of # of Loans	% of AA	% of # of Loans	% of AA	% of # of Loans
Businesses	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00
Farms	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00

Source: A sample of business and farm loans from 2010 through 2011 and Dunn and Bradstreet data.

❖ Craighead County of the Jonesboro, AR MSA

An analysis for the limited-scope AAs was not conducted. The AA has one low-income CT and no moderate-income CTs. Of the 2010 and the 2011 HMDA data originations reviewed, only 8.89% and 9.09% respectively were originated within the AA.

2010 Census Data

❖ Lawrence and Randolph County, Arkansas

Geographic distribution for home mortgage loans reflects reasonable dispersion within the AA. Lending in moderate-income CTs for home improvement and refinancing is excellent. The percentage of home improvement and refinancing loans exceeds the percentage of owner-occupied housing in moderate-income geographies. Lending in moderate-income CTs for home purchase is good. The percentage of home purchase loans is near to the percentage of owner-occupied housing in moderate-income geographies.

Geographic Distribution of Residential Real Estate Loans in Lawrence and Randolph County, AR AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchasing	0.00	0.00	14.72	12.96	85.28	87.04	0.00	0.00
Home Improvement	0.00	0.00	14.72	15.38	85.28	84.62	0.00	0.00
Refinancing	0.00	0.00	14.72	16.00	85.28	84.00	0.00	0.00

Source: Data reported under HMDA from 2012. 2010 U.S. Census data

Geographic distribution of loans to businesses reflects excellent dispersion within the AA. The number of loans to businesses originated within moderate-income CTs exceeds the percentage of AA businesses. Geographic distribution of loans to farms reflects very poor dispersion within the AA. The number of loans to farms originated within moderate-income CTs is significantly lower than the percentage of AA businesses. However, FNBLC has substantial lending activity in middle-income CTs designated distressed, underserved, or both.

Geographic Distribution of Loans to Businesses and Farms in Lawrence and Randolph AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA	% of # of Loans	% of AA	% of # of Loans	% of AA	% of # of Loans	% of AA	% of # of Loans
Businesses	0.00	0.00	11.22	15.00	88.78	85.00	0.00	0.00
Farms	0.00	0.00	14.89	0.00	85.11	100.00	0.00	0.00

Source: A sample of business and farm loans from 2012 and Dunn and Bradstreet data.

❖ Craighead County of the Jonesboro, AR MSA

An analysis for the limited-scope AAs was not conducted. The AA has one low-income CT and four moderate-income CTs. Of the 2012 HMDA data originations reviewed, only 10.69% were originated within the AA.

Qualified Investments and CD Services

FNBLC's CRA examination was conducted utilizing Small Bank examination procedures. Small Bank examination procedures do not require an assessment of the bank's responsiveness to community development activities through community development loans, qualified investments, and community development services.

Responses to Complaints

FNBLC did not have any complaints relating to its lending practices.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.