



PUBLIC DISCLOSURE

April 2, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Lawrence County
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, and should not 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.

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Overall CRA Rating

The Lending Test is rated: Satisfactory.

- The Bank's average quarterly loan-to-deposit (LTD) ratio is reasonable;
- A substantial majority of loan originations are inside the Bank's assessment area (AA);
- The distribution of loans among businesses of different sizes exhibits reasonable penetration;
and
- The geographic distribution of loans within the AA exhibits reasonable dispersion throughout the AA.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. 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.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor

vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

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).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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

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

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Description of Institution

First National Bank of Lawrence County (FNBLC) is an independent, intrastate bank that opened for business in March 1919. FNBLC is 100 percent owned by First National Capital Corporation (FNCC), a one-bank holding company, both headquartered in Walnut Ridge, Arkansas (AR). Total assets for the holding company were \$23.97 million as of December 31, 2017. The holding company also owns Service Abstract and Title Incorporated, a wholly owned subsidiary, which provides professional real estate and other loan closing services related to title services and title insurance. The affiliate has no lending products for consideration in this performance evaluation.

FNBLC has their main office located at 206 West Main Street, Walnut Ridge, AR. Branches are generally located in areas that make them accessible to Bank customers. Since the last performance evaluation, FNBLC opened a new branch in Imboden, AR. FNBLC branches now consist of five full-service branch locations in the surrounding Arkansas cities of Hoxie, Pocahontas, Bono and Imboden. Lobby hours and drive-up hours are set to meet customer needs. Automated Teller Machines (ATMs) that disburse cash and take deposits are located at all branch offices, except for the Main Walnut Ridge Branch. FNBLC offers two stand-alone ATM locations in College City and Walnut Ridge, which also disburse cash and takes deposits. Customers may also access their accounts through telephone banking or by the Internet at <http://www.firstteller.com>. Telephone banking is limited to including transfers between bank accounts and transaction history. Internet banking include transfers between FNBLC accounts, review of bank balances and transactions, access to loan account information and bill paying capability for the Internet banking product. The Bank also offers MasterCard debit cards that can be used to access customer accounts at point of sale (POS) or ATM locations. Additionally, the Bank offers Visa credit cards.

There have been no major changes in the Bank's corporate structure, including merger or acquisition activities, since the last CRA examination dated September 16, 2013, when the Bank received a "Satisfactory" rating. There are no legal or financial impediments to FNBLC's ability to meet the credit needs of its AA. The Bank offers a full-range of loan and deposit services. FNBLC's primary business focus is commercial lending as well as agricultural and commercial real estate loans. As of December 31, 2017, the Bank had total assets and loans of approximately \$194.3 and \$121.6 million, respectively. Gross loans comprised 62.89 percent of total assets. Tier one capital was approximately \$22.6 million. FNBLC's loan portfolio consists of 39.58 percent agricultural and farmland loans, 28.78 percent commercial and commercial real estate, 27.19 percent residential mortgage loans, and 4.45 percent consumer loans. Agricultural loans are cyclical and peak during the third quarter every year and experience significant pay down during the fourth and first quarter of every year.

FNBLC's business strategy includes the continued marketing of commercial credit to small businesses and individuals through its products, staff, and locations. The Bank actively generates agricultural, commercial, home mortgage, and consumer loans to customers located primarily in Pocahontas, Walnut Ridge, Hoxie and Imboden. Agricultural loan activity includes all types of row crop, poultry and cattle lending.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for this CRA Performance Evaluation covers September 16, 2013, through April 2, 2018. However, the evaluation period for the Lending Test was January 1, 2016 through December 31, 2017. Primary loan products included home mortgage, business, and farm loans. We used HMDA data to analyze the home mortgages and loan samples to analyze business and farm loans. Home mortgage loans include home purchase, refinance, and home improvement loans. Separate analyses were conducted for the years 2016 and 2017 due to the 2015 American Community Survey (ACS) US Census that applies to 2017. The 2010 US Census applies to 2016.

Data Integrity

We did not complete a separate data integrity review of the 2016 and 2017 HMDA reportable loans. This data was deemed accurate in the past; there were no material changes to the Bank's process in recording this data; and the Bank's internal review process found the data accurate.

Selection of Areas for Full-Scope Review

We selected the non-MSAs of Lawrence and Randolph Counties for full scope reviews given these areas have the most deposits, lending activity, and offices. These non-MSAs were combined for analysis purpose because they are geographically proximate with similar performance contexts. We completed one community contact with a Lawrence County government official familiar with both counties.

The Jonesboro, AR MSA 27860, a partial MSA that includes Craighead County, received a limited scope review due to a small market share, a low volume of lending, and one branch office in the partial MSA. For more information please refer to the table in Appendix A for more information.

Ratings

The Bank's overall rating is based primarily on those areas that received full-scope reviews. Business and farm lending received the most weight considering the Bank's strategic focus. Given there are no low-income geographies, the lending in moderate-income and middle-income distressed geographies received the most weight.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Conclusions with Respect to Performance Tests

LENDING TEST

The Bank’s performance under the Lending Test is rated **Satisfactory**. The LTD ratio is reasonable, a substantial majority of lending is inside the AA, the borrower distribution of loans is reasonable, and the geographic distribution of loans has reasonable dispersion.

Loan-to-Deposit Ratio

- FNBLC’s loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance.

The Bank’s quarterly average LTD ratio since the last CRA performance evaluation is 71.54 percent. Four similarly situated community banks had a quarterly average LTD ratio of 84.12 percent during the same period and have main offices and branches in the AA. The Banks’ quarterly average ratios ranged from 75.93 percent to 107.70 percent. The four banks were Riverbank, Bank of Cave City, The Citizens Bank, and Integrity First Bank, National Association.

Lending in Assessment Area

- A substantial majority of the Bank's lending activity is located inside its AA and exceeds the standard for satisfactory performance.

FNBLC originated or purchased a substantial majority of loans in the AA. As illustrated in Table 1, FNBLC originated or purchased 94.97 percent of the Bank’s loans by number and 89.71 percent by dollar during the evaluation period in the AA. This analysis is completed at the bank level rather than by the AA level.

Table 1 - Lending in Lawrence County, Randolph County, and Jonesboro, Arkansas MSA 27860 (Craighead County)										
Loan Type	Number of Loans					Dollars of Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Mortgages	190	89.62	22	10.38	212	\$13,312	87.12	1,968	12.88	\$15,280
Business	43	95.56	2	4.44	45	\$5,606	99.52	\$27	0.48	\$5,633
Farm	38	92.68	3	7.32	41	\$5,977	87.41	\$861	12.59	\$6,838
Totals	271	94.97	27	5.03	298	\$24,895	89.71	\$2,856	10.29	\$27,751

Source: Data reported under HMDA; Business and Farm Loan Samples 2016-2017.

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

- The distribution of loans to borrowers of different income levels, businesses of different sizes, and farms of different sizes exhibits reasonable penetration. The Bank's residential and business lending are reasonable. Lending to farms is excellent.

Home Mortgage Loans

For 2016, the Bank's home mortgage lending to low- income borrowers was significantly lower than the percentage of families in the AA and would normally be considered very poor. However, when considering the limited product offerings of the Bank, the difficulty low-income borrowers have obtaining and maintaining a home without the help of a subsidized loan, and the additional costs of taxes and insurance, the performance is reasonable. To add perspective, the updated median family income for the 2010 US Census was \$44,700. Low-income would have annual income less than \$22,350. The average cost of a home in 2016 was \$64,158 based on 2010 US Census data. The Bank's lending to moderate-income borrowers exceeded the percentage of families in the AA and is excellent.

Table 2 - Borrower Distribution of Residential Real Estate Loans In Lawrence and Randolph Counties								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Mortgage Loans	35.29	11.39	17.48	20.25	17.81	16.46	29.42	35.44

Source: Data reported under HMDA; 2010 U.S. Census data. 16.46 percent of the loans did not report income.

For 2017, the Bank's home mortgage lending to low- income borrowers was somewhat lower than the percentage of families in the AA and is reasonable. The updated median family income for the 2015 ACS US Census increased to \$46,500. The low-income would be less than \$23,250 annually. The average cost of a home in 2017 was \$69,759 based on the 2015 ACS US Census. The Bank's lending to moderate-income borrowers was near the percentage of families in the AA and is reasonable.

Table 2 - Borrower Distribution of Residential Real Estate Loans In Lawrence and Randolph Counties								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Mortgage Loans	23.09	11.83	18.72	16.13	19.40	18.28	38.79	45.16

Source: Data reported under HMDA; 2015 ACS US Census data. 8.6 percent of the loans did not report income.

Business Loans

For 2016, FNBLC's distribution of loans to businesses demonstrates reasonable penetration among businesses of different sizes. As illustrated in Table 2A below, the percentage of loans by numbers to small businesses exceeds the percentage of small businesses in the AA. A small business is defined as a business with revenues of \$1 million or less. The percentage by dollar is near to the demographic and performance is reasonable.

Table 2A - Borrower Distribution of Loans to Businesses in Lawrence and Randolph Counties				
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable	Total
% of AA Businesses	76.11	4.51	19.38	100
% of Bank Loans in AA by #	88.89	11.11	0.00	100
% of Bank Loans in AA by \$	61.86	38.14	0.00	100

Source: 2016 Loan sample; Dun and Bradstreet data.

For 2017, FNBLC's distribution of loans to businesses demonstrates reasonable penetration among businesses of different sizes. As illustrated in Table 2A below, the percentage of loans by number to small businesses is near to the percentage of small businesses in the AA and performance is reasonable. The percentage by dollar is significantly lower than the demographic and considered poor, but we placed the most weight on the number of loans originated or purchased to arrive at a rating, as well as considering performance context.

Table 2A - Borrower Distribution of Loans to Businesses in Lawrence and Randolph Counties				
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable	Total
% of AA Businesses	75.35	4.52	20.13	100
% of Bank Loans in AA by #	65.00	35.00	0.00	100
% of Bank Loans in AA by \$	34.30	65.70	0.00	100

Source: 2017 Loan sample; Dun and Bradstreet data.

Farm Loans

For year 2016, FNBLC's distribution of loans to farmers demonstrates a reasonable penetration among farms of different sizes. As illustrated in Table 2A, the percentage of loans by numbers to small farms is near to the percentage of small farmers in the AA and is reasonable. A small farm is defined as a farm with revenues of \$1 million or less. The percentage of loans by dollar exceeds the demographic and is considered excellent.

Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable	Total
% of AA Businesses	99.00	0.00	0.67	100
% of Bank Loans in AA by #	95.00	5.00	0.00	100
% of Bank Loans in AA by \$	99.78	0.22	0.00	100

Source: 2016 Loan sample; Dun and Bradstreet data.

For 2017, FNBLC’s distribution of loans to farms demonstrates an excellent penetration among farms of different sizes. As illustrated in Table 2A below, the percentage of loans by number to small businesses exceeds the percentage of small businesses in the AA. The percentage by dollar exceeded the demographic data.

Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable	Total
% of AA Businesses	98.70	0.32	0.98	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: 2017 Loan sample; Dun and Bradstreet data.

Geographic Distribution of Loans

- The geographic distribution of loans within the AA exhibits reasonable dispersion and meets the standard for satisfactory performance. The geographic distribution for home mortgage loans is reasonable, business loans is reasonable, and farm loans is excellent.

Home Mortgage Loans

The Bank had no low-income geographies in its AA. For 2016, the percentage of home purchase loans made in moderate-income geographies is near the percentage of owner occupied housing units in the moderate-income geographies and is reasonable. All of the middle-income geographies are distressed and the Bank’s lending in these tracts exceeds the percent of owner occupied housing units and is excellent.

Table 3 - Geographic Distribution of Residential Real Estate Loans In Lawrence and Randolph Counties								
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
Mortgage Loans	0.00	0.00	14.72	12.90	35.28	87.10	0.00	0.00

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

For 2017, there were no low-income geographies. Home mortgage loans in moderate-income geographies were near the percentage of owner occupied housing units and is reasonable. All of the middle-income geographies are distressed and the Bank's lending in these tracts exceeds the percent of owner occupied housing units and is excellent.

Table 3 - Geographic Distribution of Residential Real Estate Loans In Lawrence and Randolph Counties								
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
Mortgage Loans	0.00	0.00	17.61	17.20	82.39	82.80	0.00	0.00

Source: Data reported under HMDA; 2015 ACS US Census data.

Business/Farm Loans

For 2016, the geographic distribution of business and farm loans within the AA exhibits reasonable dispersion. As depicted in the following table for the evaluation period, there are no low CTs within the AA. FNBLC's farm loans originated in moderate-income geographies is lower than the percentage of farms located in such geographies and businesses loans originated in moderate-income geographies is near to the percentage of businesses located in such geographies. In the middle-income geographies, farm loans originated exceeds the percentage of farms located in such geographies and businesses loans originated is near to the percentage of businesses located in such geographies. It is important to note that 100 percent of the loans sampled that were in middle income geographies were in distressed income geographies for 2016.

Table 3A - Geographic Distribution of Loans to Businesses/Farms In Lawrence and Randolph County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
Farm	0.00	0.00	14.00	5.00	86.00	95.00	0.00	0.00
Business	0.00	0.00	8.67	11.11	91.33	88.89	0.00	0.00

Source: 2016 Loan sample; Dun and Bradstreet data.

For 2017, the geographic distribution of business and farm loans within the AA exhibits excellent dispersion. As depicted in Table 3A below, there are no low-income CTs within the AA. FNBLC's business loans originated or purchased in moderate-income geographies is near the percentage of businesses located in such geographies and is reasonable. Farm loans originated in moderate-income geographies exceed the percentage of farms located in such geographies and is excellent. Nine of the 15 or 60 percent of the loans were in distressed middle-income geographies.

Table 3A – Geographic Distribution of Loans to Businesses/Farms in Lawrence and Randolph County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
Farm	0.00%	0.00%	8.44%	20.00%	91.56%	80.00%	0.00%	0.00%
Business	0.00%	0.00%	17.02%	16.67%	82.98%	83.33%	0.00%	0.00%

Source: 2017 Loan sample; Dun and Bradstreet data.

There are no unexplained conspicuous gaps in the Bank's lending patterns. Geographies in the AA without loan penetration are due to the Bank's limited number of offices and the large AA served. These limitations prevent the Bank from penetrating all areas in the AA.

Conclusion for limited-scope AA(s)

An analysis for Craighead County of the Jonesboro, AR MSA was not meaningful. The volume of originated or purchased loans was too low per product to complete a meaningful analysis for the evaluation period. Performance was considered weaker than the overall Satisfactory performance but mitigated and explainable given the Bank's small deposit market share of 0.33

percent and rank of 16th out of 16 banks with offices in the AA. The impact on the overall rating is considered neutral. Competing banks operate 43 banking offices in the County.

Responses to Complaints

The Bank did not receive any complaints or public comments regarding its CRA performance during this evaluation period.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test: 01/01/16 to 12/31/17 Investment and Service Tests and CD Loans: Not Applicable	
Financial Institution	Products Reviewed	
The First National Bank of Lawrence County at Walnut Ridge (FNBLC) 202 West Main Street Walnut Ridge, AR 72476	Residential Mortgage Loans Small Loans to Businesses Farm Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Not Applicable		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Lawrence County, AR Randolph County AR Jonesboro, AR MSA 27860 (Craighead County)	Full Scope Full Scope Limited Scope	

Appendix B: Community Profiles for Full-Scope Areas

Lawrence and Randolph Counties-Non-MSAs

Demographic Information for Full-Scope Area: Lawrence and Randolph Counties						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	10	0.00	20.00	80.00	0.00	0.00
Population by Geography	0	0.00	18.74	81.26	0.00	0.00
Owner-Occupied Housing by Geography	16,608	0.00	14.72	85.28	0.00	0.00
Businesses by Geography	1,416	0.00	17.02	82.98	0.00	0.00
Farms by Geography	308	0.00	8.44	91.56	0.00	0.00
Family Distribution by Income Level	9,373	23.09	1872	19.40	38.79	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	3,919	0.00	51.02	39.60	0.00	0.00
Median Family Income FFIEC Updated Median Family Income for 2017 Households Below the Poverty Level	= \$43,212 = \$44,700 = 21.87%	Median Housing Value Unemployment Rate				= \$69,759 = 3.12%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2015 ACS U.S. Census, and 2017 FFIEC updated MFI.

Lawrence and Randolph Counties are Non-Metropolitan Statistical Areas adjacent to each other and located in the Northeastern portion of Arkansas. There are no low- or upper-income geographies in the AA. There are two moderate-income and eight middle-income geographies in the AAs that are distressed due to the poverty level in these geographies. The 2015 ACS U.S. Census reports the total combined population of the counties is 34,724.

The two counties share similar industries and economic characteristics. Both specialize in agriculture, forestry, fishing and hunting, and utilities. Lawrence County also has management of companies and enterprises. Randolph County has mining, quarrying, oil and gas extraction. The largest industries include healthcare and social assistance, educational services and manufacturing. For Lawrence County, the highest paying industries are the arts, entertainment, finance and insurance, transportation and warehousing. For Randolph County, the highest paying industries are mining, quarrying, oil, gas extraction, transportation and warehousing, and utilities.

According to the Bureau of Labor and Statistics, unemployment decreased during the evaluation period. The chart below references the respective annual unemployment rates for 2016 and 2017 per county, as well as comparison to the United States and the state of Arkansas.

	2016 Unemployment Rate	2017 Unemployment Rate
United States	4.7%	4.1%
Arkansas	3.9%	3.7%
Lawrence Co., AR	4.2%	3.3%
Randolph Co., AR	4.9%	3.8%

Source: Data obtained from the Bureau of Labor Statistics.

A community contact with a Lawrence County official indicated credit needs for affordable housing and financing to rehabilitate older existing properties or build new 1-4 family or multifamily lodging is needed.