



— Comptroller of the Currency

Administrator of National Banks

SMALL BANK

Public Disclosure

May 11, 1998

Community Reinvestment Act Performance Evaluation

**Forrest City Bank, N.A.
Charter No. 23195**

**715 North Washington
Forrest City, Arkansas 72335**

**Office of the Comptroller of the Currency
80 Monroe Street, Suite 505
Memphis, Tennessee 38103**

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 CRA performance of **Forrest City Bank, N.A. (FCB)** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of May 11, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

Institution's CRA Rating: This institution is rated "**Meets Standards for Satisfactory Performance.**"

We concluded that the bank's performance is "satisfactory." Factors leading to this conclusion were: FCB's average loan-to-deposit ratio of 104% is considered reasonable, a substantial majority of FCB's loans originated in 1996 and 1997 were within the bank's assessment areas. Lending patterns show a good representation of loans made to individuals with various income levels and businesses and farms of different sizes. The bank is also lending throughout its assessment area.

Description of Institution

Forrest City Bank, N.A. (FCB) is a \$58 million financial institution headquartered in Forrest City, Arkansas. The institution is owned by Forrest City Financial Corporation, a one bank holding company. The bank's main lending focus is residential lending. As of March 31, 1998, loans secured by 1-4 family residential properties totaled \$25 million and represented over 72% of total loans.

The main office, branch, and ATMs are located in Forrest City, the county seat of Saint Francis County. Its only branch was opened in April 1998 and no offices have been closed. There are no supervisory concerns (impediments) that would affect FCB's ability to meet various credit needs based on their financial condition and size.

Based on information generated by the FDIC, FCB controls 15% of the available deposits. In addition to FCB, four other institutions operate in Saint Francis County. These institutions and their respective market share follow: First National Bank of Eastern Arkansas (56%), Union Planters National Bank (11%), First National Bank of Wynne (9%), and Planters National Bank (8%).

Description of Assessment Area

FCB has designated Saint Francis County as its assessment area. Saint Francis county is located in Northeast Arkansas, approximately 45 miles from Memphis, TN and 85 miles from Little Rock, AR. The county is divided into six Block Numbering Areas (BNAs) and meets the requirements of the regulation. Three of the BNAs have been designated as moderate-income and three as middle-income.

Conclusions with Respect to Performance Criteria

Loan-to-deposit ratio

Forrest City Bank converted from a federal savings institution to a national bank in January 1997. Since that time, the bank's average loan-to-deposit ratio has been 104% and is considered reasonable. As of March 31, 1998, the bank's loan-to-deposit ratio was 96%.

Lending in the Assessment area

A substantial majority of the loans originated by FCB are within the bank's assessment area. Thirty-one of the 35 loans in our sample were within the bank's assessment area (89%).

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

FCB's loan dispersion for 1996 and 1997 reflects reasonable lending levels to borrowers of different incomes and businesses of different sizes. Demographic data utilized during the examination shows that low-income families make up 32.33% of the population, 16.72% is moderate-income, 18.81% is middle-income, and 32.12% is upper-income. We sampled 28 real estate and consumer loans. Of these, we divided income into the four categories. This analysis shows that the bank's lending percentages to low and moderate, and middle income families are somewhat lower than the population percentages of families making up those income levels. However, lending to upper income borrowers are slightly higher.

Different Loan Types			
Income Level	# of Loans	Percentage	Demographic Percentage
Low Income	10	22%	32%
Moderate Income	5	11%	17%
Middle Income	8	18%	19%
Upper Income	22	49%	32%
Total	28	100%	100%

Loans to small businesses, those with annual revenue less than \$1 million, are also reasonable. Business revenue is not captured by the bank for CRA purposes;

however, only 1 loan in the asset quality sample had annual revenue in excess of \$1 million.

Geographic Distribution of Loans

As discussed under “*Description of the Assessment Area,*” 50% of the BNAs have moderate income characteristics and 50% have middle income characteristics. Therefore, an analysis of loan distribution would not necessarily be meaningful. Nonetheless, 35% of the loans were in moderate BNAs and 65% in middle income BNAs.

Response to Complaints

The bank’s public file did not contain any complaints regarding the bank’s performance under the CRA.