PUBLIC DISCLOSURE

November 26, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Farmers Bank and Trust Company
RSSD #33147

400 West Main Street
Blytheville, Arkansas 72315

Federal Reserve Bank of St. Louis

P.O. Box 442
St. Louis, Missouri 63166-0442

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 the 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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INSTITUTION'S CRA RATING: This institution is rated SATISFACTORY.

Farmers Bank and Trust Company (FB&T) meets the criteria for a Satisfactory rating based on the evaluation of the bank's lending activity. The factors supporting the institution's rating are as follows:

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending-related activities are in the assessment area.
- The borrower's profile analysis reveals reasonable penetration among businesses of different revenue sizes and individuals of different income levels, including low- and moderate-income (LMI) levels.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- There were no CRA-related complaints filed against the bank since the previous CRA evaluation.

SCOPE OF EXAMINATION

The bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC's) Examination Procedures for Small Institutions. Small business, 1–4 family residential real estate, and consumer motor vehicle loans were used to evaluate the bank's lending performance, as these loan categories are considered the bank's core business lines based on lending volume and the bank's stated business strategy.[1] Therefore, the loan activity represented by these credit products is deemed indicative of the bank's overall lending performance. However, as the bank has a particular emphasis on commercial lending, performance based on the small business loan category carried the most significance toward the bank's overall performance conclusions. The following table details the performance criterion and the corresponding time periods used in each analysis.

Performance Criterion	Time Period
LTD Ratio	September 30, 2015 – September 30, 2018
Assessment Area Concentration	January 1, 2017 – December 31, 2017
Loan Distribution by Borrower's Profile	January 1, 2017 – December 31, 2017
Geographic Distribution of Loans	January 1, 2017 – December 31, 2017
Response to Written CRA Complaints	August 24, 2015 – November 25, 2018

[1] Small business and consumer motor vehicle loan types were sampled for this review according to CA Letter 01-8, "CRA Sampling Procedures."

Lending Test analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on Home Mortgage Disclosure Act (HMDA) and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2010 U.S. Census data, and certain business demographics are based on 2017 Dun & Bradstreet data. When analyzing bank performance by comparing lending activity to both demographic data and aggregate lending data, greater emphasis is generally placed on the aggregate lending data, because it is expected to describe many factors impacting lenders within an assessment area. Aggregate lending datasets are updated annually and are, therefore, expected to predict more relevant comparisons. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating within the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from $192.5 million to $404.3 million as of September 30, 2018.

To augment this evaluation, two community contact interviews were conducted with members of the local community to ascertain specific credit needs, opportunities, and local market conditions within the bank's assessment area. Information from these interviews also assisted in evaluating the bank's responsiveness to identified community credit needs and community development opportunities. Key details from these community contact interviews are included in the *Description of Assessment Area* section.

DESCRIPTION OF INSTITUTION

FB&T is a full-service retail bank offering both consumer and commercial loan and deposit products. FB&T is a wholly owned subsidiary of Farmers Bancorp, Inc., a one-bank holding company headquartered in Blytheville, Arkansas. The bank's branch network consists of seven offices (including the main office), five of which have full-service automated teller machines (ATMs) on site. In addition, the bank operates one stand-alone ATM. Since the last examination, the bank closed its banking operations in the Nashville, Tennessee, market, where it had two branches. As a result, the bank is no longer operating in a metropolitan statistical area (MSA) and will not be required to submit HMDA data in the future; however, since the bank had reported in 2017, HMDA data within the bank's Blytheville market was used in this Performance Evaluation. Based on this branch network and other service delivery systems, such as extended banking hours of operation and full-service online banking capabilities, the bank is well positioned to deliver financial services to its entire assessment area.

For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credit needs of its customers, and the bank appeared capable of meeting assessment area credit needs based on its available resources and financial products. As of September 30, 2018, the bank reported total assets of $264.3 million. As of the same date, loans and leases outstanding were $221.9 million (84.0 percent of total assets), and deposits totaled $206.8 million. The bank's loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans as of September 30, 2018		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Construction and Development	$7,480	3.4%
Commercial Real Estate	$43,331	19.5%
Multifamily Residential	$1,309	0.6%
1–4 Family Residential	$50,935	23.0%
Farmland	$24,769	11.2%
Farm Loans	$47,987	21.6%
Commercial and Industrial	$38,132	17.2%
Loans to Individuals	$7,825	3.5%
Total Other Loans	$165	0.1%
TOTAL	**$221,933**	**100%**

As indicated by the table above, a significant portion of the bank's lending resources is directed to 1–4 family residential real estate loans, farm loans, and commercial real estate loans. While not reflected in the previous table, it is also worth noting that by number of loans originated, loans to individuals (such as consumer motor vehicle loans) represent a significant product offering for the bank. Consumer loans not related to residential real estate are typically made in smaller dollar amounts relative to other credit products.

The bank received a Satisfactory rating at its previous CRA evaluation conducted on August 24, 2015, by this Reserve Bank.

DESCRIPTION OF ASSESSMENT AREA

General Demographics

The bank's assessment area consists of Mississippi County, Arkansas, located in a nonMSA portion of Arkansas in the far northeastern quadrant of the state, bordering the state of Missouri to the north, and the Mississippi River and the state of Tennessee to the east. The assessment area had a population of 42,159 as of the latest available U.S. Census Bureau population estimates, showing a downward trend since the 2010 census figure of 46,480. Mississippi County includes 12 census tracts in total, 3 of which are moderate-income, 8 are middle-income, and 1 is upper-income. Furthermore, the FFIEC has designated all eight of the middle-income census tracts as distressed due to poverty and population loss. Within this assessment area, Blytheville, the county seat and largest city in Mississippi County, has the largest population at 15,620 per the 2010 census. Community contact interviews indicate that credit needs for the assessment area include small business financing, workforce development programs, and affordable mortgage products to LMI families.

According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2018, there are eight FDIC-insured depository institutions in the assessment area that operate a total of 22 offices. FB&T (operating seven, or 31.8 percent, offices in the assessment area) ranked first in terms of deposit market share, with 39.1 percent of the total assessment area deposit dollars.

Income and Wealth Demographics

The following table summarizes the distribution of assessment area census tracts by income level and the family population within those tracts.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	0	3	8	1	0	**12**
	0.0%	25.0%	66.7%	8.3%	0.0%	**100%**
Family Population	0	2,558	7,894	1,220	0	**11,672**
	0.0%	21.9%	67.6%	10.5%	0.0%	**100%**

As shown above, 25.0 percent of the census tracts in the assessment area are moderate-income geographies but only 21.9 percent of the family population resides in these tracts. These moderate-income areas are primarily concentrated in and around Blytheville and Osceola, the two largest cities within the assessment area.

Based on 2010 U.S. Census data, the median family income for the assessment area was $41,870. At the same time, the median family income for all of nonMSA Arkansas was $45,060. More recently, the FFIEC estimates the 2017 nonMSA Arkansas median family income to be $46,500. The following table displays population percentages of assessment area families by income level compared to the nonMSA Arkansas family population as a whole.

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area	2,856	2,205	2,118	4,493	**11,672**
	24.5%	18.9%	18.1%	38.5%	**100%**
NonMSA Arkansas	64,826	54,506	59,209	125,086	**303,627**
	21.4%	18.0%	19.5%	41.2%	**100%**

As shown in the table above, 43.4 percent of families within the assessment area were considered LMI, which is higher than LMI family percentages of 39.4 percent in all nonMSA Arkansas. The poverty level of families within the bank's assessment area was higher than nonMSA Arkansas as well, with 21.0 percent of assessment area families living below the poverty level compared to

16.6 percent for nonMSA Arkansas. Based on the data from the previous table, the assessment area is less affluent than nonMSA Arkansas as a whole.

Housing Demographics

Based on housing values, income levels, and rental costs, housing in the assessment area appears to be more affordable than nonMSA Arkansas. The median housing value for the assessment area is $79,614, which is significantly below the figure for nonMSA Arkansas, $85,989. The assessment area housing affordability ratio of 43.3 percent is above the nonMSA Arkansas figure of 41.0 percent, indicating greater affordability in the assessment area relative to income. In contrast, the median gross rent for the assessment area of $624 per month is higher than the $588 per month for nonMSA Arkansas. Furthermore, rental units appear to be more prevalent in the assessment area than in nonMSA Arkansas despite higher rental costs. Of all housing units in the assessment area, 35.5 percent are rental units compared to 24.9 percent of rental units found in nonMSA Arkansas. Conversely, owner-occupied housing is less prevalent, despite its relative affordability as compared to the nonMSA.

Industry and Employment Demographics

Most of the businesses in the assessment area tend to be small businesses; Dun & Bradstreet data reveals that 86.4 percent of businesses in the assessment area had less than or equal to $1 million in annual revenue. U.S. Census Bureau figures from the County Business Patterns dataset indicate that there are 17,271 paid employees in the assessment area. By percentage of employees, the three largest job categories in the assessment area are manufacturing (26.9 percent), followed by information (21.7 percent), and retail trade (10.6 percent). The table below details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area compared to nonMSA Arkansas as a whole.

Unemployment Levels (%) for the Assessment Area		
Time Period (Annual Average)	**Assessment Area**	**NonMSA Arkansas**
2015	9.0	6.0
2016	6.7	4.8
2017	5.9	4.4

As shown in the table above, unemployment levels for the assessment area, as well as nonMSA Arkansas, have shown a decreasing trend. Additionally, unemployment levels in the assessment area are higher than nonMSA Arkansas levels, though the difference in 2017 is half of what it was in 2015.

Community Contact Information

Information from two community contacts was used to help shape the performance context in which the bank's activities in this assessment area were evaluated. Of these community contact interviews, one was with an individual specializing in affordable housing, and one was with an individual specializing in economic development.

The housing representative stated that the local economy fares well compared to the rest of the state, buoyed by an increase in manufacturing facilities (particularly steel processing), as well as related logistics firms that serve these facilities. The contact noted that the most notable demographic shift has been an aging of the overall population, and therefore also the workforce, which has had the effect of slowing down both the broader economy and housing market. This contact further stated that many applicants for credit are not qualified due to low credit scores, low incomes, and limited credit histories; financial literacy programs are needed to address some of these issues. Regarding housing, the contact noted that the housing stock of Mississippi County was primarily composed of older units, with the only new rental housing being subsidized multifamily units in Blytheville and Osceola. An overall limited stock of habitable and decent housing units (due, in part, to decreasing overall population and increasing housing vacancy rates) combined with low wages has caused some Mississippi County workers to seek out affordable housing in nearby counties, despite the uptick in industrial jobs. The contact attested to the need for home purchase and home improvement loan products and again noted that underqualified borrowers require credit repair and financial literacy services to access these products. Finally, the contact noted that certain area banks once were partners with local government to reduce blight and vacancy and that reviving these efforts could strengthen the overall economy and improve the housing market all at once.

The economic development contact corroborated the growth of the local economy in recent months due to steel processing. Mississippi County was reported to be the second-highest steel-producing county in the nation, with enough diversity in its overall workforce to ensure some level of resilience in a downturn in the steel industry, per the contact. The contact further stated that, despite a decent and stable employment situation for the county, the area has long been known for its elevated poverty rates and has been declining in population. The contact specifically mentioned that the Delta Bridge Project, a social and economic development strategy for rural communities in the Arkansas Delta region, including Mississippi County, had shown early signs of success and was seen as a blueprint for further enhancing the economic competitiveness of the larger region. The barriers to attracting new businesses of any size, according to the contact, are the lack of population growth, as well as the lack of public transportation service that could serve LMI commuters to various job sites. The contact stated that small business owners have some difficulty obtaining credit in this market due to limited experience in business and lack of business plans. There are, however, several programs available through local colleges and workforce development agencies that attempt to tackle these issues. Finally, the contact stated that FB&T was a known local partner to the small business and small farm sectors.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit (LTD) Ratio

One indication of the bank's overall level of lending activity is its LTD ratio. The chart below displays the bank's average LTD ratio in comparison to those of regional peers. The average LTD ratio represents a 13-quarter average.

LTD Ratio Analysis			
Name	**Headquarters**	**Asset Size ($000s) as of September 30, 2018**	**Average LTD Ratio**
FB&T	Blytheville, Arkansas	$264,263	93.4%
Regional Banks	Wynne, Arkansas	$252,363	96.3%
	Forrest City, Arkansas	$404,346	47.5%
	Kennett, Missouri	$192,471	104.8%

Based on data from the previous table, the bank's level of lending is similar to that of several other banks in the region. During the review period, the LTD ratio was generally stable with a 13-quarter average of 93.4 percent. In comparison, the average LTD ratios for the regional peers were similar and had a generally stable or decreasing trend. Therefore, compared to data from regional banks, the bank's average LTD ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.

Assessment Area Concentration

For the loan activity reviewed as part of this evaluation, the following table displays the number and dollar volume of loans inside and outside the bank's assessment area.

Lending Inside and Outside of Assessment Area January 1, 2017 through December 31, 2017						
Loan Type	**Inside Assessment Area**		**Outside Assessment Area**		**TOTAL**	
Small Business	61	79.2%	16	20.8%	**77**	**100%**
	5,091	78.6%	1,386	21.4%	**$6,477**	**100%**
HMDA	93	93.0%	7	7.0%	**100**	**100%**
	6,854	92.0%	596	8.0%	**$7,450**	**100%**
Consumer Motor Vehicle	87	82.1%	19	17.9%	**106**	**100%**
	1,101	80.1%	274	19.9%	**$1,375**	**100%**
TOTAL LOANS	**241**	**85.2%**	**42**	**14.8%**	**283**	**100%**
	$13,047	**85.3%**	**$2,256**	**14.7%**	**$15,303**	**100%**

A majority of loans were made in the bank's assessment area. As shown above, 85.2 percent of the total loans were made inside the assessment area, accounting for 85.3 percent of the dollar volume of total loans.

Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is reasonable, based on performance from the three loan categories reviewed. Greater significance is placed on performance in the small business loan category given the bank's emphasis on small business lending. The bank's distribution of small business loans was reviewed to determine the bank's level of lending to businesses of various sizes. The following table reflects FB&T's distribution of small business loans by gross annual revenue and loan amount.

Distribution of Loans Inside Assessment Area by Business Revenue January 1, 2017 through December 31, 2017								
Gross Revenue	**Loan Amounts in $000s**						**TOTAL**	
	<u><</u>$100		**>$100 and <u><</u>$250**		**>$250 and <u><</u>$1,000**			
$1 Million or Less	42	68.9%	12	19.7%	5	8.2%	**59**	**96.7%**
Greater than $1 Million/Unknown	1	1.6%	1	1.6%	0	0.0%	**2**	**3.3%**
TOTAL	**43**	**70.5%**	**13**	**21.3%**	**5**	**8.2%**	**61**	**100%**
Dun & Bradstreet Businesses <u><</u> $1MM							**86.4%**	
Small Business Aggregate <u><</u> $1MM							**32.6%**	

As displayed in the preceding table, 96.7 percent of the bank's small business loans were made to businesses with gross annual revenues of $1 million or less. This percentage is above business geodemographic estimates that indicate that 86.4 percent of assessment area businesses have gross annual revenues of $1 million or less. Furthermore, based on 2017 CRA aggregate data, the bank's performance is significantly above the small business lending level of other lenders (32.6 percent). In addition, the fact that 68.9 percent of loans reviewed to small businesses with gross annual revenues of $1 million or less were in amounts of $100,000 or less further indicates the bank's willingness to meet the credit needs of small businesses. Therefore, the bank's distribution of small business loans by borrower's profile is excellent.

Next, HMDA loans were reviewed to determine the bank's lending levels to borrowers of different incomes. The following table shows the distribution of HMDA-reported loans by borrower income level compared to both family population income demographics and 2017 HMDA aggregate data for the assessment area.

Distribution of Loans Inside Assessment Area by Borrower Income January 1, 2017 through December 31, 2017												
	Borrower Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Home Purchase	3	4.8%	4	6.5%	10	16.1%	29	46.8%	16	25.8%	**62**	**100%**
Refinance	0	0.0%	2	10.0%	1	5.0%	12	60.0%	5	25.0%	**20**	**100%**
Home Improvement	1	9.1%	2	18.2%	1	9.1%	6	54.5%	1	9.1%	**11**	**100%**
TOTAL HMDA	**4**	**4.3%**	**8**	**8.6%**	**12**	**12.9%**	**47**	**50.5%**	**22**	**23.7%**	**93**	**100%**
Family Population	24.5%		18.9%		18.1%		38.5%		0.0%		**100%**	
2017 HMDA Aggregate	2.4%		13.5%		16.8%		39.4%		27.9%		**100%**	

As indicated in the preceding table, the bank's level of lending to low-income borrowers (4.3 percent) is well below the low-income family population percentage (24.5 percent). However, the bank's level of lending exceeds the aggregate lending level to low-income borrowers (2.4 percent). Additionally, 21.0 percent of families in the assessment area live below the poverty line, reducing the number of individuals who may qualify for traditional financing. Given these factors, the bank's performance to low-income borrowers is reasonable. The bank's lending level to moderate-income borrowers (8.6 percent) is below both the percentage of moderate-income families within the assessment area (18.9 percent) and the aggregate lending level to moderate-income borrowers (13.5 percent), reflecting poor performance. However, the bank's overall level of HMDA lending by borrower's profile is reasonable, particularly when considering the bank's percentage of home improvement lending to LMI borrowers which was a need cited by community contacts.

Lastly, the following table shows the distribution of consumer motor vehicle loans by income level of the borrower compared to household population income characteristics.

Distribution of Bank Loans Inside Assessment Area by Income Level of Borrower January 1, 2017 through December 31, 2017										
	Borrower Income Level								TOTAL	
	Low-		Moderate-		Middle-		Upper-			
Consumer Motor Vehicle Loans	14	16.1%	35	40.2%	24	27.6%	14	16.1%	**87**	**100%**
Household Population	27.5%		14.1%		17.0%		41.5%		**100%**	

As displayed in the previous table, the level of consumer motor vehicle loans made to low-income borrowers is significantly below the percentage of low-income households in the assessment area, reflecting poor performance to low-income borrowers. Alternatively, the bank's level of consumer motor vehicle loans made to moderate-income borrowers is well above the percentage of moderate-income households in the assessment area, reflecting excellent performance. When combined, the bank's performance is excellent, as 56.3 percent of its consumer motor vehicle loans were to LMI borrowers, compared to the household population of 41.6 percent.

Geographic Distribution of Loans

As noted previously, the assessment area includes no low-income and three moderate-income census tracts, representing 25.0 percent of all assessment area census tracts. Overall, the bank's geographic distribution of loans in this assessment area reflects reasonable penetration throughout these LMI census tracts, based on the small business, HMDA, and consumer motor vehicle loan categories. As previously stated, performance in the small business loan category carried the most significance in the overall rating of reasonable for geographic distribution.

The following table displays the geographic distribution of 2017 small business loans compared to business demographics and aggregate performance for the assessment area.

Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2017 through December 31, 2017												
	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Small Business Loans	0	0.0%	10	16.4%	43	70.5%	8	13.1%	0	0.0%	**61**	**100%**
Business Institutions	0.0%		26.6%		63.6%		9.8%		0.0%		**100%**	
2017 Small Business Aggregate	0.0%		18.8%		67.1%		11.5%		2.6%		**100%**	

While the bank's total penetration of moderate-income census tracts by number of loans (16.4 percent) is below the percentage of business institutions operating within those tracts (26.6 percent), community contacts noted barriers to credit particularly for small businesses. Consequently, bank performance is similar to that of other lenders based on aggregate lending data (18.8 percent) and is considered reasonable.

Next, the bank's geographic distribution of HMDA loans was reviewed. The following table displays the geographic distribution of 2017 HMDA loans compared to owner-occupied housing statistics and 2017 HMDA aggregate data for the assessment area.

Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2017 through December 31, 2017										
	Geography Income Level								TOTAL	
	Low-		Moderate-		Middle-		Upper-			
Home Purchase	0	0.0%	4	6.5%	50	80.6%	8	12.9%	**62**	**100%**
Refinance	0	0.0%	2	10.0%	18	90.0%	0	0.0%	**20**	**100%**
Home Improvement	0	0.0%	2	18.2%	7	63.6%	2	18.2%	**11**	**100%**
TOTAL HMDA	**0**	**0.0%**	**8**	**8.6%**	**75**	**80.6%**	**10**	**10.8%**	**93**	**100%**
Owner-Occupied Housing	0.0%		20.6%		68.1%		11.3%		**100%**	
2017 HMDA Aggregate	0.0%		16.6%		71.0%		12.4%		**100%**	

The analysis of the bank’s HMDA loans reveals poor penetration of moderate-income census tracts. The bank’s lending to borrowers residing in moderate-income census tracts by number of loans (8.6 percent) is well below the percentage of owner-occupied housing units in moderate-income census tracts (20.6 percent). Similarly, the bank’s performance in moderate-income census tracts is lower than that of other lenders based on aggregate lending data (16.6 percent). Therefore, the bank’s geographic distribution of HMDA loans is poor.

The geographic distribution of consumer motor vehicle loan activity reflects favorably upon the bank’s CRA performance. The following table displays the geographic distribution of 2017 consumer motor vehicle loans, compared to the household population located in each geography income category.

Distribution of Bank Loans Inside Assessment Area by Income Level of Geography January 1, 2017 through December 31, 2017										
	Geography Income Level								TOTAL	
	Low-		Moderate-		Middle-		Upper-			
Consumer Motor Vehicle Loans	0	0.0%	17	19.5%	60	69.0%	10	11.5%	**87**	**100%**
Household Population	0.0%		23.2%		67.7%		9.0%		**100%**	

The analysis of consumer motor vehicle loan distribution revealed lending performance commensurate with the household population of the assessment area. The bank originated 19.5 percent of motor vehicle loans to individuals residing in moderate-income geographies, which is in line with the household population of 23.2 percent. Consequently, the geographic distribution of motor vehicle loans reflects reasonable penetration throughout the LMI areas in the assessment area.

Lastly, based on reviews from all three loan categories, FB&T had loan activity in all 12 assessment area census tracts. Additionally, there were no conspicuous lending gaps noted in

LMI areas. This information supports the conclusion that the bank's overall geographic distribution of loans is reasonable.

<u>Responses to Complaints</u>

No CRA-related complaints were filed against the bank during this review period (August 24, 2015 through November 25, 2018).

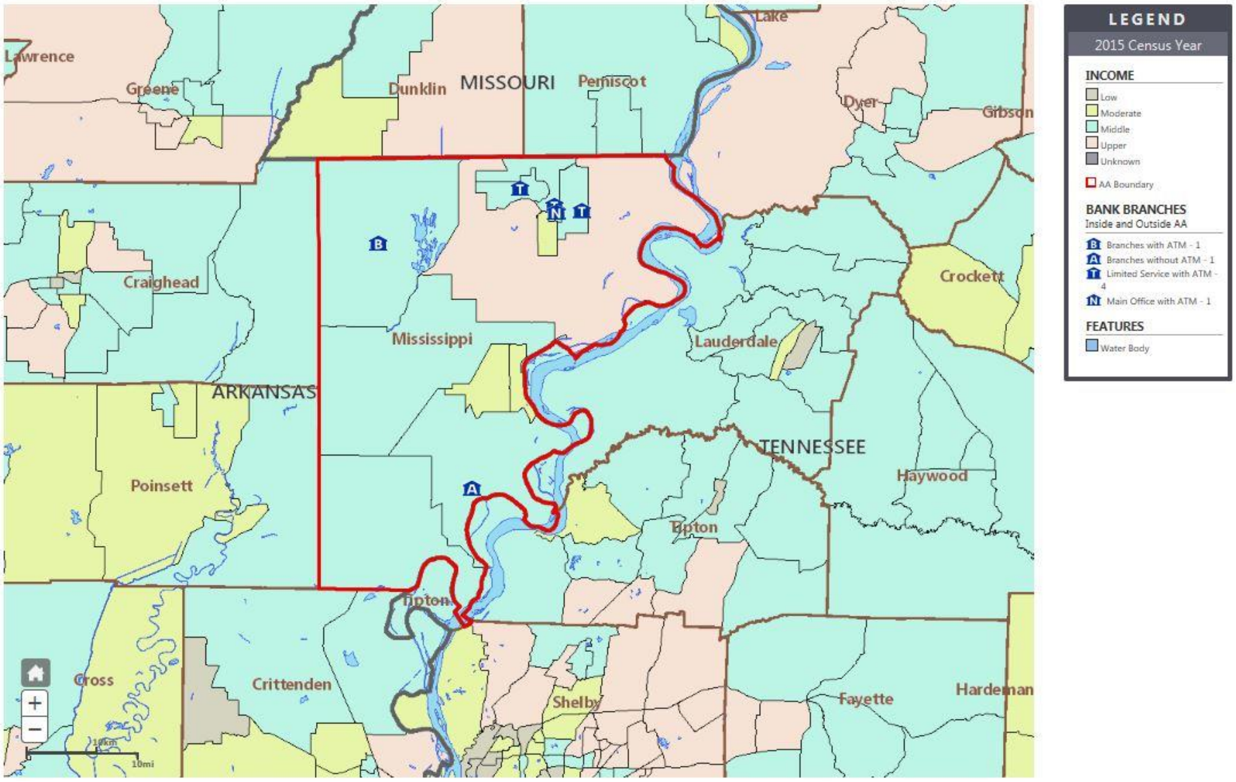
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Based on findings from the Consumer Affairs examination, including a fair lending analysis performed under Regulation B – Equal Credit Opportunity and the Fair Housing Act requirements, conducted concurrently with this CRA evaluation, no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

ASSESSMENT AREA DETAIL

Farmers B&TC - Blytheville, AR

Mississippi County NonMSA AA



GLOSSARY

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 metropolitan area/assessment area.

Assessment area: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

Census tract: A small subdivision of metropolitan and nonmetropolitan counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely, depending on 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 contact: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

Community development: An activity associated with one of the following five descriptions: (1) affordable housing (including multifamily rental housing) for low- and moderate-income (LMI) individuals; (2) community services targeted to LMI individuals; (3) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of $1 million or less; (4) activities that revitalize or stabilize LMI geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or (5) Neighborhood Stabilization Program (NSP) eligible activities in areas with HUD-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate-, and middle-income individuals and geographies.

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.

Demographics: The statistical characteristics of human populations (e.g., age, race, sex, and income) used especially to identify markets.

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) an unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20 percent or more, or (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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 nonrelatives 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-scope 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 who do 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 income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

Household: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing affordability ratio: Calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

Limited-scope 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 metropolitan area/assessment area.

Median family income: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

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.

Nonmetropolitan statistical area (nonMSA): Not part of a metropolitan area. (See metropolitan area.)

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.

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

Performance criteria: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

Performance evaluation (PE): A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

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 multistate 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 multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small businesses/small farms: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were $1 million or less.

Small loan(s) to business(es): That is, "small business loans" are included in 'loans to small businesses' as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of $1 million or less and typically are secured by either nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): That is, "small farm loans" are included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Reports 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.

Underserved middle-income geography: A middle-income, nonmetropolitan geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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