



Office of the  
Comptroller of the Currency  
Washington, DC 20219

# INTERMEDIATE SMALL BANK

## PUBLIC DISCLOSURE

July 15, 2013

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank in Green Forest  
Charter Number 13543

100 First National Avenue, Green Forest, AR 72638

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.**

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Satisfactory.**

A summary of the major factors supporting the institution's rating:

- The First National Bank in Green Forest's (FNBGF) loan-to-deposit ratio is reasonable.
- A substantial majority of FNBGF's loans were made within the bank's assessment areas (AAs).
- FNBGF's distribution of loans to low- and moderate-income (LMI) borrowers and small businesses and farms within its AAs is reasonable.
- FNBGF's geographic distribution of loans within its AAs is reasonable.
- FNBGF has an adequate level of community development loans, qualified investments, and community development services.

**Scope of Examination**

FNBGF was examined using the intermediate small bank (ISB) examination procedures. The evaluation period for this Community Reinvestment Act (CRA) Performance Evaluation (PE) was July 13, 2009 through July 15, 2013. Loan products used to assess the bank's performance under the Lending Test include residential real estate, commercial real estate (CRE), commercial and industrial (C&I), and agricultural real estate (farmland). The loans were originated between January 1, 2009 and December 31, 2011. The examination included a review of Community Development activities (loans, qualified investments, and services) conducted between July 13, 2009, and July 15, 2013.

Data Integrity

The bank's internal auditors review the adequacy of Home Mortgage Disclosure Act (HMDA) data reporting annually. The most recent review, dated May 31, 2013, indicates the HMDA data for late 2012 and early 2013 are accurate.

Selection of Assessment Areas for Full-Scope Review

As of March 31, 2013, FNBGF has two AAs: a portion of the Fayetteville-Springdale-Rogers Metropolitan Statistical Area (MSA), more specifically Madison County, Arkansas, and three contiguous Non-MSA counties in Northwest Arkansas. The specific counties are Boone, Carroll, and Newton.

The Non-MSA Arkansas Counties AA was selected for a full-scope review. Approximately 82.0% of all HMDA reportable transactions from January 1, 2009 through December 31, 2011, were originated within the full-scope AA. In addition, as of June 30, 2012, the full scope AA included 88.2% of total deposits. The Fayetteville-Springdale-Rogers MSA AA was selected for a limited scope review.

## Description of Institution

The First National Bank in Green Forest (FNBGF) is 100% owned by First National Bancorp, Inc., a single-bank holding company headquartered in Green Forest, Arkansas. First National Bancorp also owns a minority stake in Legacy National Bank of Springdale, Arkansas. FNBGF operates eight branches and one limited service, drive-thru only facility. The main branch and the drive-thru only facility are located in Green Forest, Carroll County. Two branches are located in Berryville, Carroll County, with one recently purchased from First Federal Bank in June 2013. In addition, FNBGF operates two branches in Harrison, Boone County, one branch in Jasper, Newton County, and one branch each in Huntsville and Kingston, Madison County. Automated teller machines (ATMs) are located at all branches except the main branch and Kingston branch. There are no stand-alone ATMs. The main branch and Kingston branch lack drive-thru lanes. All branches offer lending services, with the exception of the drive-thru facility.

The bank's lending business is primarily focused on agricultural real estate, agricultural production (primarily poultry and cattle related), residential real estate, and commercial real estate. FNBGF also offers a range of other lending products including secured and unsecured consumer installment loans and C&I loans. FNBGF's loan portfolio composition as reported in the March 31, 2013, Report of Condition and Income is as follows:

<b>Loan Portfolio Composition as of March 31, 2013 (in 000s)</b>		
<b>Loan Type</b>	<b>Amount (000s)</b>	<b>Percent of Portfolio</b>
Construction and Land Development	\$14,865	6.8%
Farmland	\$60,868	27.7%
1-4 Family Residential	\$42,790	19.5%
Multifamily (5 or more) Residential	\$9,310	4.2%
Commercial (nonfarm, nonresidential)	\$45,311	20.6%
<b>Total Real Estate Loans</b>	<b>\$173,144</b>	<b>78.8%</b>
Agriculture	\$15,555	7.1%
Commercial and Industrial	\$21,276	9.7%
Consumer and Other Loans	\$9,632	4.4%
<b>Total Gross Loans</b>	<b>\$219,607</b>	<b>100.00%</b>

**Source: March 31, 2013 Report of Condition and Income (Call Report)**

FNBGF does not have any legal or financial impediments that would limit its ability to meet the credit needs within its AAs. As of March 31, 2013, the bank reported total assets of \$379 million including \$217 million in net loans (57% of total assets). Deposits totaled \$332 million and Tier 1 Capital was \$41.3 million, or 11.05% of adjusted average assets. FNBGF's prior CRA Performance Evaluation was dated July 13, 2009, and the institution was rated Satisfactory.

**Description of Full Scope Assessment Area**

*Non-MSA Arkansas Counties: (Boone, Carroll, and Newton)*

FNBGF’s Non-MSA AA includes the entirety of Boone, Carroll, and Newton counties. The 2000 Census data shows the population of the AA was 67,913 persons. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income geographies. There is one moderate-income Census Tract (CT) and 12 middle-income CTs in the AA. The moderate-income CT is located in Newton County. Local employment for the area is centered in farming and manufacturing. The table below reflects the demographic statistics for the AA based on 2000 Census data.

<b>Demographic and Economic Characteristics</b>	
	<b>2000 Census</b>
<b>Population</b>	
Number of Families	19,646
Number of Households	27,580
<b>Geographies</b>	
Number of Census Tracts/BNA	13
% Low-Income Census Tracts/BNA	0.00%
% Moderate-Income Census Tracts/BNA	7.69%
% Middle-Income Census Tracts/BNA	92.31%
% Upper-Income Census Tracts/BNA	0.00%
Not Applicable	0.00%
<b>Median Family Income (MFI)</b>	
MFI for AA	\$33,728
2011 HUD-Adjusted MFI	\$43,300
<b>Economic Indicators</b>	
Median Housing Value	\$75,934
% of Households Below Poverty Level	16.50%

**Source: 2000 US Census Data; US Department of Housing and Urban Development (HUD) Data**

The chart below references the annual unemployment rates for each county in the AA from 2009 to 2012. In addition, the chart reflects unemployment rates for the United States and Arkansas for comparison purposes.

	<b>2012 Unemployment Rate</b>	<b>2011 Unemployment Rate</b>	<b>2010 Unemployment Rate</b>	<b>2009 Unemployment Rate</b>
United States	7.8%	8.5%	9.3%	9.9%
Arkansas	7.3%	7.9%	7.9%	7.5%
Boone County	9.3%	9.4%	7.6%	7.7%
Carroll County	7.2%	8.4%	9.2%	7.9%
Newton County	7.1%	7.8%	8.2%	7.7%

**Source: Bureau of Labor Statistics**

*Banking Competition within the Assessment Area:*

Banking competition within the AA is high. There are currently nine banks operating in the three counties that make up the AA: five locally based community banks, three multi-state regional banks, and one nationwide banking institution. The following table illustrates the deposit market share within the AA as of June 30, 2012:

<b>Bank</b>	<b>Market Share</b>
Community First Bank	24.49%
<b>The First National Bank in Green Forest</b>	<b>20.51%</b>
First Federal Bank	17.91%
Arvest Bank	9.85%
Cornerstone Bank	8.96%
First National Bank of North Arkansas	8.35%
Bank of the Ozarks	5.07%
Regions Bank	3.04%
Bank of America	1.81%
<b>Total</b>	<b>100.00%</b>

**Source: June 30, 2012 FDIC Deposit Market Share Data**

**Community Contacts**

Two community contacts were conducted during the examination. The contacts work to provide affordable housing options to low- and moderate-income residents and to provide economic development opportunities for the region. The contacts indicated that economic conditions in the area are weaker than the state of Arkansas as a whole, primarily due to the rural nature of the area. It was also indicated that there are opportunities for financial institutions to meet the credit needs of the community and assist in economic development. Further, it was noted that local banks as a whole are helpful and have partnered with the contacts on several efforts. The key needs identified by the contacts were for a larger supply of quality, affordable housing options and improved job skills to foster economic growth.

## Conclusions with Respect to Performance Tests

### LENDING TEST

#### Loan-to-Deposit Ratio

FNBGF's average loan-to-deposit (LTD) ratio of 68.77% is reasonable given its size, financial condition, funding sources, and credit needs of its AAs. The average LTD ratio was derived from a fifteen-quarter average taken from September 2009 to March 2013. For purposes of this analysis, five banks, with comparable asset sizes, conducting business within the bank's AAs were reviewed to determine the bank's performance relative to its competition. These banks include Community First Bank in Harrison, First National Bank of Northern Arkansas in Berryville, Cornerstone Bank in Eureka Springs, First Federal Bank in Harrison, and First State Bank of Northwest Arkansas in Huntsville. In addition, three regional banks and one nationwide banking institution operates within FNBGF's AAs; however, they are not considered direct competitors in this analysis. The five institutions had an overall average LTD ratio of 83.13% during the same period. These institutions had average LTDs ranging from a high of 104.20% percent to a low of 72.23%. While FNBGF had the lowest LTD ratio in this peer group, three of the peer banks had LTD ratios within six percentage points of FNBGF's LTD ratio. Management indicated that the LTD ratio has declined since the prior CRA examination due to stronger deposit growth that has outpaced loan growth and changes in the poultry industry that have decreased demand for poultry loans.

The following table illustrates FNBGF's average LTD ratio and that of similarly situated institutions:

<b>Financial Institution</b>	<b>Assets (000s) as of 3/31/2013</b>	<b>Average LTD Ratio</b>
First National Bank of Northern Arkansas	\$171,081	104.20%
Community First Bank	\$489,938	91.99%
Cornerstone Bank	\$157,760	73.86%
First State Bank of Northwest Arkansas	\$93,897	73.37%
First Federal Bank	\$547,508	72.23%
<b>The First National Bank in Green Forest</b>	<b>\$379,137</b>	<b>68.77%</b>

Source: Uniform Bank Performance Reports (UBPR)

#### Lending in Assessment Area

A substantial majority of loans, 90.6% of the number and 77.9% of the dollar volume, originated by FNBGF are located inside the AAs. Approximately 91.6% of the number and 89.3% of the dollar volume of residential real estate loans were originated inside the AAs. In addition, a sample of 20 loans was selected from each of the bank's three primary loan product types (excluding residential real estate loans): C&I, CRE, and agricultural real estate (farmland). A substantial majority, 75.0% of the number and 81.9% of the dollar volume, of C&I loans were

originated within the AAs. In addition, a substantial majority, 85.0% of the number and 89.4% of the dollar volume, of farmland loans were originated within the AAs. While the majority of CRE loans were originated within the AAs, 85.0% of the number, a majority of the dollar volume of these loans, 67.4%, was originated outside the AAs. This is primarily due to the presence of one large credit originated outside the AAs, which made up 62.7% of the CRE sample and approximately 12.6% of the total business and farm loan sample.

<b>Table 1 - Lending in Assessment Area</b>										
<b>Loan Type</b>	<b>Number of Loans</b>					<b>Dollars of Loans</b>				
	<b>Inside</b>		<b>Outside</b>		<b>Total</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
						<b>(in 000s)</b>		<b>(in 000s)</b>		
Home Purchase	148	89.16	18	10.84	166	\$10,974	87.34	\$1,590	12.66	\$12,564
Home Improvement	108	93.10	8	6.90	116	\$1,783	95.81	\$78	4.19	\$1,861
Refinance	247	92.51	20	7.49	267	\$19,127	89.92	\$2,144	10.08	\$21,271
C&I	15	75.00	5	25.00	20	\$399	81.92	\$88	18.08	\$487
CRE	17	85.00	3	15.00	20	\$3,207	32.58	\$6,635	67.42	\$9,842
Farmland	17	85.00	3	15.00	20	\$2,692	89.41	\$319	10.59	\$3,011
<b>Total</b>	<b>552</b>	<b>90.64</b>	<b>57</b>	<b>9.36</b>	<b>609</b>	<b>\$38,182</b>	<b>77.87</b>	<b>\$10,854</b>	<b>22.13</b>	<b>\$49,036</b>

Source: 2009 – 2001 Home Mortgage Disclosure Act (HMDA) Data; Loan Sample

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

#### *Non-MSA Arkansas Counties: (Boone, Carroll, and Newton)*

FNBGF has reasonable penetration of loans to LMI borrowers for residential real estate products within the AA. The loan distribution for home purchase and home improvement is somewhat lower and refinance is lower than the percentage of low-income families within the AA. However, loan distribution to moderate-income borrowers for home purchase exceeds the percentage of home purchase loans in the AA. Loan distribution to moderate-income borrowers for home improvement is near to the percentage of moderate-income families within the AA. Loan distribution to moderate-income borrowers for refinancing is somewhat lower than the percentage of low-income families within the assessment area. Boone County's population makes up approximately 50% of the total population of the AA and Boone County's 2012 annual unemployment rate of 9.3% is higher than the overall state unemployment rate of 7.8%. This elevated unemployment rate in the AA's most populous county, along with a poverty rate of 16.5% for the AA as a whole, make it more difficult to qualify low-income borrowers for residential real estate loans. The table below reflects the percentage of loans by borrower income level.

<b>Table 2 - Borrower Distribution of Residential Real Estate Loans in AA</b>								
<b>Borrower Income Level</b>	<b>Low</b>		<b>Moderate</b>		<b>Middle</b>		<b>Upper</b>	
<b>Loan Type</b>	<b>% of AA Families</b>	<b>% of # of Loans</b>	<b>% of AA Families</b>	<b>% of # of Loans</b>	<b>% of AA Families</b>	<b>% of # of Loans</b>	<b>% of AA Families</b>	<b>% of # of Loans</b>
<i>Full Scope AA</i>								
Home Purchase	19.01	10.16	19.19	24.22	23.78	22.66	38.02	42.19
Home Improvement	19.01	11.34	19.19	18.56	23.78	31.96	38.02	38.14
Refinancing	19.01	8.44	19.19	15.11	23.78	27.11	38.02	47.11
<i>Limited Scope AA</i>								
Home Purchase	28.43	25.00	24.00	40.00	24.69	15.00	22.88	20.00
Home Improvement	28.43	27.27	24.00	45.45	24.69	18.18	22.88	9.09
Refinancing	28.43	18.18	24.00	18.18	24.69	31.82	22.88	31.82

**Source: 2009 – 2001 Home Mortgage Disclosure Act (HMDA) Data; 2000 US Census Data**

The following table reflects that FNBGF has a reasonable penetration of loans to businesses with revenues of \$1 million or less within the AA. The number of loans to businesses with revenues of \$1 million or less is somewhat lower than the percentage of businesses in the AA that reported revenues of \$1 million or less. The dollar volume of loans to businesses with revenues of \$1 million or less is somewhat lower than average due to the high number of small loans that were sampled. FNBGF's lending practices permit them to lend in lower amounts without a minimum requirement. A number of these loans have an unknown income level due to the FNBGF loan policy enabling lending without financial information if the loans are less than \$100 thousand.

<b>Table 2A - Borrower Distribution of Loans to Businesses in AA</b>				
<b>Business Revenues (or Sales)</b>	<b>\$1,000,000</b>	<b>&gt;\$1,000,000</b>	<b>Unknown</b>	<b>Total</b>
<i>Full Scope AA</i>				
% of AA Businesses	72.07	1.84	26.09	100.00
% of Bank Loans in AA by #	60.00	20.00	20.00	100.00
% of Bank Loans in AA by \$	42.55	47.24	10.21	100.00
<i>Limited Scope AA</i>				
% of AA Businesses	71.01	1.38	27.61	100.00
% of Bank Loans in AA by #	70.00	5.00	25.00	100.00
% of Bank Loans in AA by \$	47.90	35.70	16.40	100.00

**Source: Loan Sample; 2011 Dunn & Bradstreet Data**

The following table reflects that FNBGF has a reasonable penetration of loans to farms with revenues of \$1 million or less within the AA. The number of loans to farms with revenues of \$1 million or less is somewhat lower than the percentage of farms in the AA that reported

revenues of \$1 million or less. The sample had a large number of loans with an unknown income level.

<b>Table 2B - Borrower Distribution of Loans to Farms in AA</b>				
<b>Business Revenues (or Sales)</b>	<b>\$1,000,000</b>	<b>&gt;\$1,000,000</b>	<b>Unknown</b>	<b>Total</b>
<i>Full Scope AA</i>				
% of AA Farms	99.08	0.31	0.61	100.00
% of Bank Loans in AA by #	60.00	0.00	40.00	100.00
% of Bank Loans in AA by \$	91.09	0.00	8.91	100.00
<i>Limited Scope AA</i>				
% of AA Farms	100.00	0.00	0.00	100.00
% of Bank Loans in AA by #	35.00	5.00	60.00	100.00
% of Bank Loans in AA by \$	47.60	8.81	43.59	100.00

**Source: Loan Sample; 2011 Dunn & Bradstreet Data**

Due to the material levels of sampled loans with unknown income, the distribution of loans by loan size was utilized as a proxy for business size.

The business loan sample primarily consisted of loans less than \$250 thousand, which is indicative of a reasonable level of lending to small businesses. Management has opted not to collect income information on loan relationships with a balance of \$100 thousand or less.

<b>Table 2C - Borrower Distribution of Loans to Businesses by Loan Size in AA</b>				
<b>Loan Size (000s)</b>	<b>Number of Loans</b>	<b>Percent of Number</b>	<b>Dollar Volume of Loans</b>	<b>Percent of Dollar Volume</b>
<i>Full Scope AA</i>				
\$0 - \$50,000	6	30.00%	\$130,611	4.04%
\$0 - \$100,000	6	30.00%	\$434,899	13.47%
\$100,001 - \$250,000	6	30.00%	\$1,177,961	36.48%
\$250,001 - \$500,000	1	5.00%	\$286,000	8.86%
\$500,001 - \$1,000,000	0	0.00%	\$0	0.00%
Over \$1,000,000	1	5.00%	\$1,200,000	37.16%
<i>Limited Scope AA</i>				
\$0 - \$50,000	15	75.00%	\$267,899	18.50%
\$0 - \$100,000	4	20.00%	\$279,916	19.33%
\$100,001 - \$250,000	0	0.00%	\$0	0.00%
\$250,001 - \$500,000	0	0.00%	\$0	0.00%
\$500,001 - \$1,000,000	1	5.00%	\$900,084	62.16%
Over \$1,000,000	0	0.00%	\$0	0.00%

The farm loan sample primarily consisted of loans less than \$250 thousand, which is indicative of a reasonable level of lending to small businesses. Management has opted not to collect income information on loan relationships with a balance of \$100 thousand or less.

<b>Table 2D - Borrower Distribution of Loans to Farms by Loan Size in AA</b>				
<b>Loan Size (000s)</b>	<b>Number of Loans</b>	<b>Percent of Number</b>	<b>Dollar Volume of Loans</b>	<b>Percent of Dollar Volume</b>
<i>Full Scope AA</i>				
\$0 - \$50,000	7	35.00%	\$127,552	4.16%
\$0 - \$100,000	5	25.00%	\$328,588	10.72%
\$100,001 - \$250,000	5	25.00%	\$899,723	29.34%
\$250,001 - \$500,000	2	10.00%	\$623,534	20.34%
\$500,001 - \$1,000,000	0	0.00%	\$0	0.00%
Over \$1,000,000	1	5.00%	\$1,086,781	35.44%
<i>Limited Scope AA</i>				
\$0 - \$50,000	8	40.00%	\$264,466	12.40%
\$0 - \$100,000	5	25.00%	\$369,458	17.32%
\$100,001 - \$250,000	5	25.00%	\$687,109	32.20%
\$250,001 - \$500,000	2	10.00%	\$812,610	38.09%
\$500,001 - \$1,000,000	0	0.00%	\$0	0.00%
Over \$1,000,000	0	0.00%	\$0	0.00%

*Fayetteville-Springdale-Rogers MSA: Madison County*

Based on a limited-scope review, the bank's performance under the Lending Test in the Madison County AA is not inconsistent with the bank's overall satisfactory performance under the lending test. This is due to an overall reasonable distribution for residential real estate loans, loans to small businesses, and loans to small farms. Based on low lending volume relative to the bank's overall lending volume, this AA is considered part of a limited review and does not have a significant impact on the overall conclusion.

**Geographic Distribution of Loans**

The analysis indicates that FNBGF originated loans in each CT within the AAs during the evaluation period. A review of the distribution of the loan sample by CT does not indicate any material gaps in lending coverage.

*Non-MSA Arkansas Counties: (Boone, Carroll, and Newton)*

FNBGF’s geographic dispersion for residential real estate loans within the AA is excellent. The level of lending within moderate-income CTs is higher than the level of owner-occupied housing within moderate-income CTs for home purchase and refinance loans and somewhat lower than the overall level for home improvement loans.

<b>Table 3 - Geographic Distribution of Residential Real Estate Loans in AA</b>								
<b>Census Tract Income Level</b>	<b>Low</b>		<b>Moderate</b>		<b>Middle</b>		<b>Upper</b>	
<b>Loan type</b>	<b>% of AA Owner Occupied Housing</b>	<b>% of Number of Loans</b>	<b>% of AA Owner Occupied Housing</b>	<b>% of Number of Loans</b>	<b>% of AA Owner Occupied Housing</b>	<b>% of Number of Loans</b>	<b>% of AA Owner Occupied Housing</b>	<b>% of Number of Loans</b>
<i>Full Scope AA</i>								
Home Purchasing	0.00	0.00	7.86	14.06	92.14	85.94	0.00	0.00
Home Improvement	0.00	0.00	7.86	4.12	92.14	95.88	0.00	0.00
Refinancing	0.00	0.00	7.86	17.78	92.14	82.22	0.00	0.00
<i>Limited Scope AA</i>								
Home Purchasing	0.00	0.00	80.85	45.00	19.15	55.00	0.00	0.00
Home Improvement	0.00	0.00	80.85	45.45	19.15	54.55	0.00	0.00
Refinancing	0.00	0.00	80.85	45.45	19.15	54.55	0.00	0.00

**Source: 2009 – 2001 Home Mortgage Disclosure Act (HMDA) Data; 2000 US Census Data**

The geographic distribution of business and farm loans reflects excellent dispersion within the AA. The percentage of loans to businesses located within a moderate-income CT exceeds the percentage of AA businesses located within a moderate-income CT. The percentage of loans to farms located within a moderate income CT exceeds the percentage of AA farms located within a moderate-income CT.

<b>Table 3A - Geographic Distribution of Loans to Businesses and Farms in AA</b>								
<b>Census Tract Income Level</b>	<b>Low</b>		<b>Moderate</b>		<b>Middle</b>		<b>Upper</b>	
	<b>% of AA</b>	<b>% of # of Loans</b>	<b>% of AA</b>	<b>% of # of Loans</b>	<b>% of AA</b>	<b>% of # of Loans</b>	<b>% of AA</b>	<b>% of # of Loans</b>
<i>Full Scope AA</i>								
Businesses	0.00	0.00	2.11	5.00	97.89	95.00	0.00	0.00
Farms	0.00	0.00	1.22	10.00	98.78	90.00	0.00	0.00

<i>Limited Scope AA</i>								
Businesses	0.00	0.00	78.37	75.00	21.63	25.00	0.00	0.00
Farms	0.00	0.00	88.29	90.00	11.71	10.00	0.00	0.00

**Source: Loan Sample; 2011 Dunn & Bradstreet Data**

*Fayetteville-Springdale-Rogers MSA: Madison County*

Based on a limited-scope review the bank’s performance under the Lending Test in the Madison County AA is weaker than the bank’s overall satisfactory performance under the lending test. This is due to an overall poor distribution for residential real estate loans within the AA. Based on low lending volume relative to the bank’s overall lending volume, this AA is considered part of a limited review and does not have a significant impact on the overall conclusion.

**Responses to Complaints**

FNBGF has not had any complaints made relating to the Community Reinvestment Act since the prior examination dated July 13, 2009.

**COMMUNITY DEVELOPMENT TEST**

FNBGF’s community development performance demonstrates adequate responsiveness to community development needs in its AAs through community development loans, qualified investments, and community development services. Given the rural nature and relatively low level of low- to moderate-income CTs within FNBGF’s AAs, there are limited opportunities for qualifying community development (CD) activities, particularly qualifying CD loans.

*Non-MSA Arkansas Counties: (Boone, Carroll, and Newton)*

FNBGF’s community development performance within this AA demonstrates adequate responsiveness to community development needs through community development loans, qualified investments, and community development services.

**Number and Amount of Community Development Loans**

FNBGF did not originate any qualifying CD loans within this AA during the assessment period.

**Number and Amount of Qualified Investments**

FNBGF’s number and amount of qualified investments reflects adequate responsiveness. FNBGF made three investments totaling \$1.4 million within this AA during the assessment period. In addition, seven qualifying grants/donations totaling \$77 thousand were made within the AA during the assessment period.

**Extent to Which the Bank Provides Community Development Services**

The level of community development services reflects adequate responsiveness. FNBGF employees and officers have actively participated in three community development service activities within this AA during the assessment period. The services provided financial expertise to various organizations that provide services to LMI individuals and families in the bank’s AAs.

### **Responsiveness to Community Development Needs**

The AA does not contain any low-income CTs and 7.7% of the CTs in the AA are designated as moderate-income. One of the middle-income CTs is designated as Distressed. Of FNBGF's six full service branches located within the AA, one is located in a distressed middle-income CT in Newton County, Arkansas.

FNBGF's branch network offers a broad range of banking services and the services offered are consistent throughout the branch network. FNBGF offers ATM services, telephone banking, online banking, a mobile banking application, low cost checking accounts, and Automated Clearing House (ACH) deposits. In addition, FNBGF offers residential real estate lending through the origination of both secondary market and portfolio loans.

#### *Fayetteville-Springdale-Rogers MSA: Madison County*

Based on a limited-scope review, the bank's performance under the Community Development Test in the Madison County AA is weaker than the bank's overall satisfactory performance under the Community Development Test in the Non-MSA counties. This is due to a lack of qualified CD loans, a limited volume of qualified investments, a lack of qualified donations/grants, and a lack of qualified services within the AA. Based on low lending and deposit volume relative to the bank overall, this AA is considered part of a limited review and does not have a significant impact on the overall conclusion.

#### *Outside the Assessments Areas*

### **Number and Amount of Community Development Loans**

During the evaluation period, FNBGF originated one loan totaling \$1.4 million to entities that meet the definition of community development or are located in distressed and/or underserved middle-income CTs. This loan was originated to an entity located in an Empowerment Zone located outside FNBGF's AAs.

### **Number and Amount of Qualified Investments**

FNBGF made two investments totaling \$1.1 million outside its AAs. No qualifying donations/grants were made outside the AAs during the assessment period.

### **Extent to Which the Bank Provides Community Development Services**

FNBGF did not provide any qualifying CD services outside its AAs during the assessment period.

### **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.