



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

August 13, 2001

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank Of IZARD County
Charter Number 21165**

**2005 Highway 56
Calico Rock, AR 72519**

**Comptroller of the Currency
ADC - Little Rock, Arkansas
10201 West Markham, Suite 105 Ozark National Life Building
Little Rock, AR 72205**

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.

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INSTITUTION'S CRA RATING: This bank is rated Satisfactory.

Based on this evaluation, First National Bank of IZARD County has a satisfactory record of meeting the credit needs of its assessment area. This is demonstrated by the following:

- The average loan-to-deposit ratio of 75% is more than reasonable given the bank's size, financial condition, and assessment area credit needs.
- A substantial majority of the bank's loans are within its assessment area.
- The distribution of loans to borrowers and businesses of different incomes reflects reasonable penetration.
- The geographic distribution of loans within its assessment area is reasonable.

DESCRIPTION OF INSTITUTION

First National Bank (FNB) of IZARD County is located in Calico Rock, Arkansas, with branches located in IZARD and Stone Counties. FNB has five locations, four of which are in IZARD County, and one in adjoining Stone County in the City of Mt. View. FNB offers a full range of traditional loan and deposit products and services. Most lending activity is conducted at the Calico Rock, Melbourne, and Mt. View locations. All locations are easily accessible to the public and the bank has three ATM's that are operational at all times.

As of March 31, 2001 total assets were approximately \$107 million. FNB is owned by Wyatt Bancshares that is a single bank holding company. Based on FNB's financial performance, there are no impediments that would limit the bank's ability to meet the financial needs of its assessment area. As the table below indicates, the bank's loan portfolio has a large volume of real estate loans. These real estate loans include 1-4 family residential, small farms, and investment real estate in small farms and timberland. As compared to its peer group, the bank also has a high volume of consumer loans.

Loan Portfolio	\$ (000)	%
Commercial Real Estate Loans	22,004	39
Commercial Loans	7,115	13
Residential Real Estate Loans	19,098	34
Consumer Loans	8,118	14
Total	56,335	100

DESCRIPTION OF IZARD AND STONE COUNTIES

FNB has identified all of Izard County and the eastern half of Stone County as its assessment area for purposes of the CRA. According to the 1990 Census, the total population for these counties (bank's assessment area) was 21,139. Izard County contains four Census Tracts/Block Numbering Areas (9601,9602,9603,9604). Based on 1990 Census data, three of the tracts are middle income, and one tract (9604) is moderate income. While Stone County contains two tracts, both middle income, the bank has selected tract 9502 to be included in its assessment area since the Mt. View branch is located within this tract. The assessment area, as selected by the bank, is appropriate given the bank's distribution system and includes whole geographies. There are numerous financial institution branches located in Izard and Stone Counties. FNB of Izard County and The Bank of Mt. View are the only banks with their main offices located in the counties.

The bank's assessment area is located in north central Arkansas and is considered highly rural. Izard and Stone Counties are large in terms of land coverage with large tracts of farm and timberland. Both counties have large agricultural communities with income derived from the cattle, poultry and timber industries. The vast majority of businesses in the area are considered to be small business operations. As in other areas of north Arkansas, both counties benefit from tourism and retirement relocation.

A community contact was conducted as part of this evaluation with the Mayor of Calico Rock. The contact indicated that the primary lending needs within the assessment area includes home loans, small business/farm loans, and consumer loans. He indicated that affordable housing for the low and moderate income population is adequately provided by government agencies and local financial institutions.

The table on the following page reflects demographic data for the assessment area and is derived from the 1990 Census. Income and unemployment data was obtained from government agencies from their most recent reports.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
<i>Population</i>	
Number of Families	6,528
Number of Households	8,619
<i>Geographies</i>	
Number of Census Tracts/BNA	5
% Low-Income Census Tracts/BNA	0
% Moderate-Income Census Tracts/BNA	17%
% Middle-Income Census Tracts/BNA	83%
% Upper-Income Census Tracts/BNA	0
<i>Median Family Income (MFI)</i>	
1990 MFI for AA	22,208
2001 HUD-Adjusted MFI	33,800
2000 HUD-Adjusted MFI	32,500
<i>Economic Indicators</i>	
Unemployment Rate: (as of July 2001)	
Izard County	7.4%
Stone County	4.5%
Arkansas	4.6%
US	4.5%
1990 Median Housing Value	36,124
% of Households Below Poverty Level	24%

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

FNB's loan-to-deposit ratio is more than reasonable given its size, financial condition, and assessment area credit needs. In order to compare the bank's level of lending to other financial institutions in the assessment area, it was necessary to select a similarly situated bank that compares to the bank's size, lending philosophy, and financial condition. Based on this criteria, The Bank of Mountain View was selected. The loan-to-deposit ratio stated below is derived by calculating the quarterly average since the bank's prior CRA examination in 1997.

Institution	Assets (as of March 31,2001)	Average LTD Ratio
Bank of Mountain View	\$134 million	64%
FNB Izard County	\$107 million	75%

Lending in Assessment Area

A substantial majority of FNB loans are to customers within the bank's assessment area. All of the following loans were originated since June 1999. Bank records contain sufficient information to determine if loans are granted to customers located in or out of the bank's assessment area.

TOTAL LOANS REVIEWED								
	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
LOAN TYPE	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Consumer	850	93	5,177	91	62	7	536	9
Real Estate	286	96	6,860	95	13	4	364	5
Commercial	173	98	2,820	98	3	2	46	2
Total Review	1,309	94	14,851	94	78	6	946	6

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

The distribution of loans to borrowers and businesses of different incomes reflects a reasonable penetration when compared to Census data. A total of 20 1-4 family residential real estate, 40 consumer, and 38 business loans, originated since June 1999, were sampled to determine borrowers' income levels. Census income information is updated by HUD annually to reflect current family income levels and used for residential real estate and consumer loan comparisons. Income information for businesses was derived from the 1990 Census and will not be updated until the 2000 Census results are released. The table below reflects the distribution of 1-4 family residential, consumer, and business loans within its assessment area.

1-4 FAMILY RESIDENTIAL REAL ESTATE LOANS								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families (Census)	24%		25%		21%		30%	
Bank Loans	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Total	10%	4%	25%	23%	40%	23%	25%	48%

AUTO AND SECURED CONSUMER LOANS								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Households (Census)	27%		19%		20%		34%	
Bank Loans	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Total	25%	17%	23%	23%	30%	34%	22%	26%

DISTRIBUTION OF LOANS TO BUSINESSES OF DIFFERENT SIZES		
Business Revenues	≤\$1,000,000	>\$1,000,000
% of AA Businesses (Census)	95%	5%
% of Bank Loans in AA #	97%	3%
% of Bank Loans in AA \$	66%	44%

Geographic Distribution of Loans

The geographic distribution of loans to borrowers and businesses reflects a reasonable

penetration when compared to Census data. An analysis for geographic distribution was necessary since one of the Census tracts (9604) in the bank's assessment area is moderate income. A total of 20 1-4 family residential real estate, 40 consumer, and 38 business loans, originated since June 1999, were sampled to determine their geographic distribution. Census information was derived from the 1990 Census and will not be updated until the 2000 Census results are released. The table below reflects the distribution of bank loans within its assessment area.

1-4 FAMILY RESIDENTIAL REAL ESTATE LOANS								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Owner Occupied (Census)	0		10%		90%		0	
Bank Loans	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Totals	0	0	5%	2%	95%	98%	0	0

AUTO AND SECURED CONSUMER LOANS								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Households (Census)	0		9%		91%		0	
Bank Loans	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Totals	0	0	10%	6%	90%	94%	0	0

BUSINESS LOANS								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Businesses (Census)	0		3%		97%		0	
Bank Loans	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Totals	0	0	5%	4%	95%	96%	0	0

Responses to Complaints

FNB has not received any formal CRA complaints since the prior CRA examination in 1997. A

CRA file is maintained by the bank containing all required public disclosures.

Fair Lending Review

An analysis of recent public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with this CRA evaluation. The latest comprehensive fair lending examination was performed in 1997. No substantive violations of fair lending laws and regulations were detected at that time.