



LARGE BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

Public Disclosure

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Community Reinvestment Act
Performance Evaluation

**First National Bank of Paragould
Charter Number: 10004**

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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

Institution's CRA Rating: This institution is rated **Satisfactory**.

The following table indicates the performance level of **First National Bank of Paragould** with respect to the Lending, Investment, and Service Tests:

Performance Levels	First National Bank of Paragould Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- The bank's lending activity in the full-scope assessment area (AA) is excellent for home mortgage, small business, and small farm loans.
- Approximately 90 percent of the bank's small business, home purchase, home improvement, and refinance loans were originated within its AA.
- FNB's geographic distribution of small business loans in the moderate-income tract is excellent. There are no low-income census tracts in the bank's designated AAs. The geographic distribution of small farm loans is good in the moderate-income census tract. Given performance context issues, the distribution of home mortgage loans is adequate in the moderate-income tract.
- Loan distribution to businesses of different sizes is good. The penetration of small business loans to small businesses is slightly lower than the percentage of businesses within the AA that have annual revenues less than \$1 million.
- Investments reflect an adequate responsiveness to the needs of its AA considering the limited investment opportunities available.
- Accessibility of FNB's offices to geographies and individuals of different income levels and the responsiveness of FNB's services to the needs of its AA are satisfactory.
- FNB maintains satisfactory performance in providing community development services.

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.

Block Numbering Area (BNA): A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

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 usually have between 2,500 and 8,000 persons, and 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 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; or, activities that revitalize or stabilize low- or moderate-income geographies.

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 household 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 or a block numbering area 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 do business or have banking offices in a metropolitan area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home Mortgage Loans: such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

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 ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development 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 primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

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) and the Thrift Financial Reporting (TFR) 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. 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): 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 more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

Description of Institution

First National Bank (FNB) was chartered in 1911 and is headquartered in Paragould, Arkansas, located approximately 90 miles northwest of Memphis, Tennessee. FNB is an intrastate bank with eight branches located in Greene, Craighead, and Clay counties. The bank is 100 percent owned by First Paragould Bankshares Inc., a single bank holding company located in Paragould, Arkansas.

As of December 31, 2002, FNB reported total assets of \$419 million and a total loan-to-deposit ratio of 88 percent. Net loans are 70 percent of total assets. Tier 1 capital totaled \$58 million. FNB offers lending and deposit services providing a full range of commercial and consumer loans. FNB also offers mortgage loans, small business, and small farm loans. As of December 31, 2002, FNB's loan mix was reported as 73 percent real estate loans, 12 percent agriculture loans, 10 percent individual loans, and 5 percent commercial and industrial loans. There are no significant financial barriers limiting FNB's ability to help meet the identified credit needs of its assessment areas (AAs).

FNB's business strategy is to provide its customers with a full range of products and services consistent with a community bank. The bank's lending focus is to continue originating home mortgage, small business, and small farms. A community contact indicated that the primary credit need is lending programs with flexible terms to assist low- and moderate-income individuals to qualify for credit.

FNB has three stated AAs. The Greene County AA consists of the entire county, which includes eight census tracts. The bank's main branch, along with a full service and limited service branch, are located in this AA. The Jonesboro MSA is comprised of Craighead County, which includes 12 census tracts. The bank has two full service branches in Craighead County. In November 2002, FNB merged with its affiliate, Corning Bank, a financial institution also owned by First Paragould Bancshares. This merger added three branches and a third AA consisting of three census tracts in Clay County. Two of the branches in Clay County are located in Corning and one branch is located in Knobel. Due to the merger date and the fact that HMDA and CRA loan originations from these branches were not reported during the evaluation period, the Clay County AA is not included in the Lending Test evaluation. As of June 30, 2003, the Federal Deposit Insurance Corporation (FDIC) reported that FNB maintains 43.71 percent of the commercial bank deposits in the Greene County non-MSA AA. The bank considers their top five competitors to be the Bank of Paragould, American State Bank, First Community Bank, Peoples Bank, and Unico Bank. For additional information on the AAs, please refer to Appendix B: *Market Profiles for Areas Receiving Full-Scope Reviews*.

A CRA Performance Evaluation dated September 20, 1999 was previously prepared for FNB and a "Satisfactory" performance rating was assigned. A review of OCC records, as well as the bank's CRA Public File, did not reveal any complaints relating to the bank's CRA performance.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This Performance Evaluation assesses the bank's performance under the Lending, Investment, and Services Tests. Residential mortgage loans subject to filing under the Home Mortgage Disclosure Act (HMDA) and small business and small farm loans were reviewed to evaluate the bank's lending performance. With the exception of community development (CD) loans, the evaluation period for the Lending Test was January 1, 2000 through December 31, 2002. For CD loans and the Investment and Service Tests, the evaluation period was September 20, 1999 through January 26, 2004. The Investment Test included a review of investments, grants, and donations made in the bank's AAs that meet the definition of CD investments. The Service Test included a review of retail and CD services provided in the bank's AAs.

Data Integrity

A Data Integrity examination was conducted September 2003 to ensure the accuracy of FNB's small business and HMDA loan data. The review focused on the bank's internal data integrity audits, the data collection and reporting process, and internal controls. The review found that the bank's process and internal controls for collecting, verifying, and reporting HMDA and CRA loans is effective and that reporting error rates disclosed in internal audits was low. Based on this review, the HMDA and small business loan data reported is considered reliable.

Selection of Areas for Full-Scope Review

FNB has designated three AAs. The Greene County non-MSA AA was selected for the full-scope review because this area is where the bank maintains a substantial share of its business with 92 percent of the deposits and 72 percent of the reportable loans during the evaluation period. A limited scope review was conducted in the Jonesboro MSA. FNB merged with an affiliate bank, Corning Bank, in November 2002. This merger added three new branches and three census tracts in Clay County, comprising the bank's third AA. Since no originations from the affiliate bank were reported during evaluation period, this AA is not included in the bank's performance under the Lending Test. FNB is an active lender in originating home mortgage, small business, and small farm loans. Therefore, equal weight was given to all three loan types when evaluating performance under the Lending Test.

Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews. FNB is an active lender in originating home mortgage, small business, and small farm loans. Therefore, equal weight was given to all three loan categories when evaluating performance under the Lending Test.

Other

A community contact was conducted during the examination with the Executive Director of a local non-profit public utility company that provides the city of Paragould with electrical, water, cable and Internet services. The contact was also a former banker in the community. The contact felt that the primary need of the community is loan products with flexible terms to allow low- and moderate-income families to qualify for credit. These flexible loan products are necessary due to the high level of low-income families, the high level of poverty, and the amount of people on public assistance and social security. The contact stated he thought the local banks were meeting these credit needs. He also stated that there was ample affordable housing in the community for renters, owner occupants, and the elderly. The contact also stated opportunities for community development investments are extremely limited.

Fair Lending Review

We found no evidence of illegal discrimination or illegal credit practices.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test is rated "High Satisfactory". Based on the full-scope review, the bank's performance in the Greene County non-MSA AA is good. Home mortgage, small business, and small farm lending were weighed equally in assessing performance under the Lending Test due to the level of lending for each loan type.

Lending Activity

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's lending activity.

Overall lending activity reflects a good responsiveness to the credit needs within FNB's AA. The bank's primary lending strategy is to provide home mortgage, small business, and small farm loans to its community. As of December 31, 2002, the bank's loan-to-deposit ratio was 88 percent. For the evaluation period, home mortgage loan originations represented 41 percent of the dollar volume, small business loan originations represented 30 percent of the dollar volume, and small farm loan originations represented the remaining 29 percent of the dollar volume.

The volume of home mortgage loans is excellent, particularly in light of performance context issues. During the evaluation period, the bank originated 958 home mortgage loans totaling \$53.3 million in the full-scope AA. The bank retains virtually all of the home mortgage loans it originates. Ninety percent of the number and 92 percent of the dollar volume of home mortgage loans were originated within the bank's AAs. Mortgage loans originated within the bank's AAs were distributed as follows: 88 percent home purchase, 93 percent home improvement, and 91 percent refinance. In the Greene County non-MSA AA, FNB is ranked first with 43.71 percent of the deposit market share as of June 30, 2003. As illustrated in the table below, FNB is ranked first in the Greene County non-MSA AA for all home mortgage products based on 2002 aggregate peer mortgage data.

PRODUCT	PERCENT MARKET SHARE	RANKING
Home purchase	29.23	1
Home improvement	57.92	1
Refinancing	17.48	1

FNB's volume of small business loans is excellent. During the evaluation period, the bank originated 1,056 small business loans totaling \$39.8 million. The bank originated 90 percent of the number and 87 percent of the dollar volume within its AAs. Based on 2002 aggregate small business data, FNB ranks first in small business loans with 43.26 percent market share.

FNB's volume of small farm loans is good. During the evaluation period, the bank originated 635 small farm loans totaling \$37.2 million. The bank originated 80 percent of the number and 73 percent of the dollar volume within its AAs. Based on 2002 aggregate small farm data, FNB ranks first in small farm loans with 65.27 percent market share.

Distribution of Loans by Income Level of the Geography

Overall, the geographic distribution of loans is good.

Home Mortgage Loans

Refer to Tables 2, 3, 4 and 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Home Purchase Loans:

As detailed in Appendix B: *Market Profiles For Full-Scope Area* section of the Performance Evaluation, there are no low-income census tracts in the full-scope Greene County non-MSA AA. Therefore, this analysis focuses on performance in the one moderate-income tract in the Greene County non-MSA AA. Opportunities to make home mortgage loans in the one moderate-income CT are limited as the percentage of owner-occupied units is low at only 5.97 percent. Opportunities to lend are further limited given that 31.17 percent of the households in this CT live below the poverty level. Furthermore, a substantial portion of the moderate-income tract, including the residential areas, is in a federally designated flood zone.

The bank's geographic distribution of home purchase loans is good given the performance context issues discussed above. The geographic distribution of loans is near to the percentage of owner-occupied housing units in the moderate-income tract. The bank's market share in the moderate-income CT is somewhat lower than its overall market share.

Home Improvement Loans:

The bank's geographic distribution of home improvement loans is poor. The percentage of home improvement loans is lower than the percentage of owner-occupied housing units in the moderate-income tract. This performance is mitigated by the performance context issues previously mentioned. The bank's market share in the moderate-income CT is somewhat lower than its overall market share.

Home Mortgage Refinance Loans:

The bank's geographic distribution of home refinance loans is adequate. The percentage of home refinance loans in the moderate-income tract is somewhat lower than the percentage of owner-occupied housing units in this tract. The bank's market share in the moderate-income CT is somewhat lower than its overall market share.

Multi-Family Loans:

An evaluation of the geographic distribution of multi-family loans in the AA is not meaningful as no loans of this type were originated in the full-scope review AA during this evaluation period.

Small Loans to Businesses

Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The bank's geographic distribution of small loans to businesses in the AA is excellent. The percentage of small loans to businesses originated in the moderate-income CT exceeds the percentage of businesses located within this tract. The bank's market share in the moderate-income CT exceeds its overall market share.

Small Loans to Farms

Refer to Table 7 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to farms.

FNB's geographic distribution of small loans to farms in the AA is good. The percentage of small loans to farms originated in the moderate-income CT is near to the percentage of farms located within this tract. The bank's market share in the moderate-income CT exceeds its overall market share.

Lending Gap Analysis

Our review included an evaluation of FNB's geographic distribution of home mortgage loans and small loans to businesses and farms. This was done using maps and reports showing the bank's lending in each census tract. No unexplained conspicuous gaps in lending were identified.

Inside/Outside Ratio

The bank's distribution of loans inside/outside of its AAs is good. A majority of the home mortgage loans, small loans to businesses, small loans to farms and CD loans originated by FNB over the evaluation period were within its AAs. Approximately 90 percent of home mortgage loans, 90 percent of small business loans, 80 percent of small farm loans, and 100 percent of the CD loans were within its AAs. This performance was positively factored into the overall analysis of the geographic distribution of lending.

Distribution of Loans by Income Level of the Borrower

Overall, the distribution of home mortgage loans to borrowers of different income levels is adequate.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Home Purchase Loans:

The bank's distribution of home purchase loans to borrowers of different income levels is adequate. The percentage of home purchase loans to low-income borrowers is significantly lower than the percentage of low-income families in the AA, which is mitigated by performance context issues. Roughly 20 percent of the households in this AA live below the poverty level. It is difficult for households below the poverty level to qualify for home purchase loans. The percentage of home purchase loans to moderate-income borrowers is near to the percentage of moderate-income families in the AA. The bank's market share to low- and moderate-income borrowers is somewhat lower than its overall market share in the AA.

Home Improvement Loans:

The bank's distribution of home improvement loans is adequate. The percentage of home improvement loans to low-income borrowers is lower than the percentage of low-income families in the AA, which is mitigated by performance context issues. The percentage of home improvement loans to moderate-income borrowers is near to the percentage of moderate-income families in the AA. The bank's market share to low-income borrowers is lower than its overall market share. The bank's market share to moderate-income borrowers is near to its overall market share.

Home Mortgage Refinance Loans:

The bank's distribution of home refinancing loans is adequate. The percentage of home refinance loans to low-income borrowers is lower than the percentage of low-income families in the AA, which is mitigated by performance context issues. The percentage of home refinancing loans to moderate-income borrowers is near to the percentage of moderate-income families in the AA. The bank's market share to low-income borrowers exceeds its overall market share. The bank's market share to moderate-income borrowers is near to its overall market share.

Multi-Family Loans:

An evaluation of the distribution of loans by income level of the borrower for multi-family loans in the AA is not meaningful as no loans of this type were originated in the full-scope review AA during this evaluation period.

Small Loans to Businesses

Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small business loans.

The distribution of small business loans is good in the AA. The percentage of bank loans to businesses with revenues of less than \$1 million is near to the percentage of businesses with revenues of less than \$1 million. The bank's market share of businesses with revenues less than \$1 million exceeds its overall market share.

Small Loans to Farms

Refer to Table 12 in the Appendix C for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small farm loans.

The distribution of small farm loans is good in the AA. The percentage of bank loans to farms with revenues of less than \$1 million is near to the percentage of farms with revenues of less than \$1 million. The bank's market share of small loans to farms with revenues of less than \$1 million is near to its overall market share.

Product Innovation and Flexibility

FNB has developed in-house mortgage products with flexible lending terms in response to the credit needs of the community. Flexible terms include low down payments, low closing costs, high loan-to-value mortgages without private mortgage insurance (PMI); and up to 30-year amortizations. These flexible terms make mortgage products more accessible to low- and moderate-income individuals that would not normally qualify for conventional mortgage products. In-house home mortgage loans with flexible terms represent approximately 30 percent of the bank's residential mortgage portfolio.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Lending Test in the Jonesboro MSA AA is not inconsistent with the bank's overall "High Satisfactory" performance rating. Refer to Tables 1 through 12 in Appendix C for the facts and data that support these conclusions.

Community Development Lending

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of CD lending.

Community development lending had a neutral affect on the Lending Test conclusions in FNB's AA.

In March 2003, FNB originated a \$100 thousand CD loan to Abilities Unlimited with the financing of a parcel of other real estate owned held by the bank. The bank also originated two working capital loans to Abilities Unlimited for \$68 thousand each during the evaluation period. Abilities Unlimited is a local nonprofit organization benefiting the mentally and physically disabled. Abilities Unlimited provides clients with daily living skills, such as, housekeeping, cleaning, and cooking. The goal of this organization is to help the disabled function independently in the mainstream or with assisted living. Over 99 percent of the clients are low- to moderate-income individuals.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Greene County non-MSA AA is adequate.

Refer to Table 13 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

Qualified investments are investments, deposits, grants, donations, or in-kind contributions of property that have as their primary purpose "Community Development" as defined in the CRA regulation.

FNB has an adequate level of investments in the Greene County non-MSA AA. The bank has 43 qualified investments/donations and in-kind contributions totaling \$103 thousand and a prior period investment of \$980 thousand.

Investments include 42 donations over the evaluation period totaling \$26 thousand. Donations are extended primarily to local non-profit organizations that provide social services to low- and moderate-income families or affordable housing.

FNB also made an in-kind contribution of property of \$77 thousand to Abilities Unlimited, a local nonprofit benefiting the mentally and physically disabled. FNB sold a parcel of other real estate owned to this organization for \$100 thousand with an appraised value of \$177 thousand. The remaining \$77 thousand represents an in-kind contribution of property. Over 99 percent of the clients are low- to moderate-income individuals.

In 1994, FNB invested \$1.4 million in a county issued revenue bond to construct and provide permanent financing for Greene Acres Nursing Home, an identified need within the community of Paragould. Greene Acres Nursing Home is a non-profit entity and owned by the county. Greene Acres Nursing Home reported that 108 of the 122 patients are low to moderate-income. The balance of the bonds at December 31, 2002, was \$980 thousand.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Investment Test in the Jonesboro MSA and Clay County non-MSA AAs is not inconsistent with the bank's overall "Low Satisfactory" performance under the Investment Test. Refer to Table 13 in Appendix C for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Area Receiving Full-Scope Review

The bank's performance under the Service Test is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in the Greene County non-MSA AA is satisfactory.

Retail Banking Services

Refer to Table 14 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

The quantity, quality and accessibility of FNB's retail banking system are satisfactory. The primary delivery system of retail banking service is the bank's branch network. In total, FNB has eight branches and nine ATMs. Five of the branches are full-service branches and three are limited service branches. The three limited service branches are basically deposit only facilities.

The bank's branches are distributed throughout the bank's three AAs as follows: The Greene County non-MSA AA has two full service branches, one limited service branch, and five ATMs. The Jonesboro MSA has two full service branches and two ATMs. The Clay County non-MSA AA has one full service branch, two limited service branches, and one ATM. The Clay County branches were opened via acquisition of the former affiliate Corning Bank in November of 2002.

All three of the bank's Greene County non-MSA AA branches and five ATMs are located in upper-income CTs within the city of Paragould and are reasonably accessible to geographies and individuals of different income levels. The two CTs in which the bank's branches and ATMs are located are adjacent to this AA's only moderate-income CT.

Banking and lobby and drive through facility hours are reasonable and all branches are open Monday through Friday. Two of the three branches are also open for half a day on Saturday. Alternative delivery systems include free ATM, debit/point of sale cards, free telephone and Internet banking services, free public utility bill payment service, and free postage paid bank by mail services.

Since the previous CRA examination, the bank acquired three branches and two ATMs in Clay County via a merger with affiliate Corning Bank in November 2002. There have been no branch closings during the evaluation period.

Community Development Services

FNB has demonstrated a satisfactory level of community development service performance in the AA that received a full scope review. Activities indicate a willingness to assist its communities through technical assistance, economic development, and affordable housing initiatives.

Below are examples of the bank’s involvement in community development services:

American Public Power Association – This non-profit organization lobbies Congress to provide funding for the Low-Income Home Energy Assistance Program. This program provides assistance to low-income households. A senior bank officer has served on the Administrative Council of this organization.

Paragould Rotary Club – This organization provides funding for local nonprofit organizations that provide social services to low- and moderate-income individuals. Examples of organizations that receive funding include Mission Outreach, a homeless shelter, Court Appointed Special Advocates for Children, which provides legal assistance to the courts for minors, and Arkansas Sheriff’s Ranch for Children, a youth home. Senior bank officers have served as Treasurer of this organization.

Greene County Chamber of Commerce Economic Development - This organization promotes and provides technical assistance and expertise, primarily to small businesses. A senior bank officer serves on the Land Acquisition Committee.

Endowment Foundation of Greene County - This organization provides assistance to individuals making philanthropic donations to local social service organizations benefiting low- and moderate-income individuals. These organizations include the local Main Street of Paragould, a local economic development project for small business, Pregnancy Help Center, which provides children’s car seats to low- and moderate-income families, and Senior Bees, a meals-on-wheels service for the elderly and disabled persons. A senior bank officer is a member of and provides technical assistance and expertise to this organization.

Greene County Community Fund – This organization provides funding for various local non-profit organizations that offer social services to low- and moderate-income families. Several senior bank officers have served in various positions with this organization.

Lions Club – This organization provides health/vision services to low- and moderate-income individuals. Senior bank officers have served in various positions with this organization providing technical assistance.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank’s performance under the Service Test in the Jonesboro MSA and Clay County non-MSA AAs is not inconsistent with the overall “High Satisfactory” performance under the Service Test. Refer to Table 14 of Appendix C for the facts and data that support these conclusions.

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

non-metropolitan 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 (excludes CD Loans): 1/1/00 to 12/31/02 Investment and Service Tests and CD Loans: 9/20/99 to 1/26/04	
Financial Institution	Products Reviewed	
First National Bank of Paragould (FNB) Paragould, Arkansas	Small loans to businesses, home mortgage loans and CD loans.	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Greene County Non MSA Jonesboro MSA Clay County Non-MSA	Full-Scope Limited Scope Limited Scope	

Appendix B: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

Greene County Non MSA	B-2
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Greene County Non MSA AA

Demographic Information for Full-Scope Area: Greene County Non MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	8	0.00	12.50	62.50	25.00	0.00
Population by Geography	31,804	0.00	6.24	58.27	35.49	0.00
Owner-Occupied Housing by Geography	9,000	0.00	5.97	58.08	35.96	0.00
Businesses by Geography	1,743	0.00	6.88	44.41	48.71	0.00
Farms by Geography	150	0.00	4.67	81.33	14.00	0.00
Family Distribution by Income Level	9,528	18.62	16.40	23.69	41.29	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	3,337	0.00	8.21	65.75	26.04	0.00
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below the Poverty Level	= \$22,208 = \$34,200 =19.6%	Median Housing Value Unemployment Rate		= \$37,902 = 3.5%		

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 U.S. Census, and 2002 HUD updated MFI.

FNB is located in northeast Arkansas adjacent to the Missouri border. The bank has defined Greene County non-MSA as their primary AA. The AA includes all census tracts within Greene County. The AA does not arbitrarily exclude any low- and moderate-income tracts. There are no low-income tracts, one moderate tract, five middle tracts, and two upper-income tracts in the AA.

As of the 1990 census, the total population was 31,804 with 9,528 families and 12,468 households. The population is distributed at 12.50 percent, 62.50 percent, 25.00 percent, in moderate, middle, and upper-income tracts, respectively. The moderate-income tract is located in southeast Paragould.

Of the 9,528 families in the AA, 18.62 percent, 16.40 percent, 23.69 percent, 41.29 percent report earning low, moderate, middle, and upper-incomes, respectively. Approximately 40 percent of the households in the AA receive public assistance or social security and 20 percent live below the poverty level. Approximately 93 percent of the housing units are occupied with 68 percent being owner-occupied.

FNB operates two full service branches, one limited service branch, and four automated teller machines (ATMs) in the Greene County non-MSA AA. The main branch is located in downtown Paragould in an upper-income tract. Two ATMs are located onsite at the main branch with an ATM onsite at each of the other two branches and an ATM located at the Arkansas Methodist Hospital. Local competition is strong and is provided by branches of large

regional banks and financial institutions, such as, Bank of Paragould, American State Bank, Peoples Bank, First Community Bank, and Regions Bank.

The local economy is stable. The Arkansas Employment Security Department quotes the November 2003 unemployment rate for Greene County at 5.9 percent, which is commensurate with the national and state averages of 5.9 percent and 6.0 percent, respectively. Leading employers in Paragould include Emerson Electric Company, Tenneco Automotive (formerly Monroe), Darling Store Fixtures, and Arkansas Methodist Hospital. Local economic development efforts include revitalization of the downtown area to provide increased employment and small business in downtown Paragould.

Community Contacts

The community contact conducted during the examination revealed that local financial institutions are generally meeting the credit needs of the community. Affordable housing is not currently a primary concern. The contact stated a primary need in the community is more jobs and diversification from the heavy concentration in manufacturing. The primary economic development project in Paragould is the revitalization of downtown Paragould to promote downtown renovation and attract new businesses. The contact stated opportunities for community development investments are extremely limited.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses

(regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within

each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume

LENDING VOLUME												Geography: PARAGOULD		Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002	
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***			
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)				
Full Review:															
Greene Co. non - MSA	71.98	958	53,256	1,056	39,817	635	37,234	3	236	2,652	130,543	92.00			
Limited Review:															
Jonesboro MSA	28.02	452	35,334	554	28,175	25	1,675	0	0	1,031	65,184	8.00			

* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is January 1, 2000 to December 31, 2002.

*** Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: PARAGOULD					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					Market Share (%) by Geography				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
Greene Co. non-MSA	355	66.11	0.00	0.00	5.97	5.07	58.08	53.24	35.96	41.69	25.86	0.00	20.69	25.69	26.73	
Limited Review:																
Jonesboro MSA	182	33.89	0.00	0.00	14.76	5.49	64.72	71.98	20.52	22.53	3.14	0.00	2.42	3.38	2.85	

* Based on 2002 Peer Mortgage Data: Southwest Region.

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: PARAGOULD						Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002							
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full Review:															
Greene Co. non-MSA	255	80.32	0.00	0.00	5.97	2.77	58.08	45.85	35.96	51.38	57.25	0.00	50.00	52.94	62.50
Limited Review:															
Jonesboro MSA	62	19.68	0.00	0.00	14.76	9.68	64.72	67.74	20.52	22.58	14.40	0.00	10.26	15.71	14.06

* Based on 2002 Peer Mortgage Data: Southwest Region.

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE												Geography: PARAGOULD					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography										
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp						
Full Review:																					
Greene Co. non-MSA	350	62.95	0.00	0.00	5.97	3.71	58.08	52.00	35.96	44.29	19.90	0.00	13.64	19.50	20.85						
Limited Review:																					
Jonesboro MSA	206	37.05	0.00	0.00	14.76	10.68	64.72	67.96	20.52	21.36	2.99	0.00	4.28	3.19	2.31						

* Based on 2002 Peer Mortgage Data: Southwest Region.

** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: PARAGOULD						Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002							
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full Review:															
Greene Co. non-MSA	0	0.00	0.00	0.00	20.59	0.00	37.15	0.00	42.25	0.00	0.00	0.00	0.00	0.00	0.00
Limited Review:															
Jonesboro MSA	2	100.00	0.00	0.00	34.04	50.00	60.12	50.00	5.84	0.00	7.14	0.00	0.00	12.50	0.00

* Based on 2002 Peer Mortgage Data: Southwest Region.

** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

*** Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: PARAGOULD				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography									
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Over all	Low	Mod	Mid	Upp					
Full Review:																				
Greene Co. non-MSA	1,056	65.59	0.00	0.00	6.88	13.64	44.41	57.01	48.71	29.36	31.12	0.00	61.18	32.27	26.91					
Limited Review:																				
Jonesboro MSA	554	34.41	0.00	0.00	3.68	3.79	78.08	80.69	18.24	15.52	5.21	0.00	3.36	6.10	3.91					

* Based on 2002 Peer Small Business Data: US.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet 2003.

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS															Geography: PARAGOULD		Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography										
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms**	% BANK Loans	Overall	Low	Mod	Mid	Upp						
Full Review:																					
Greene Co. non-MSA	635	96.21	0.00	0.00	4.67	3.94	81.33	83.78	14.00	12.28	65.54	0.00	100.00	64.44	63.41						
Limited Review:																					
Jonesboro MSA	25	3.79	0.00	0.00	14.11	0.00	58.56	100.00	27.33	0.00	0.64	0.00	0.00	0.98	0.00						

* Based on 2002 Peer Small Business Data: US.

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet 2003.

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: PARAGOULD						Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
Greene Co. non-MSA	355	66.11	18.62	0.89	16.40	12.72	23.69	22.19	41.29	64.20	27.17	18.75	15.66	25.89	32.87
Limited Review:															
Jonesboro MSA	182	33.89	21.32	5.71	16.93	13.71	23.63	23.43	38.12	57.14	3.60	1.67	3.94	3.84	3.66

* Based on 2002 Peer Mortgage Data: Southwest Region.

** As a percentage of loans with borrower income information available. No information was available for 4.47% of loans originated and purchased by Bank.

*** Percentage of Families is based on the 1990 Census information.

**** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: PARAGOULD						Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002							
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	% Families***	% BANK Loans***	Overall	Low	Mod	Mid	Upp
Full Review:															
Greene Co. non-MSA	253	80.32	18.62	4.58	16.40	13.33	23.69	21.25	41.29	60.83	56.59	22.22	52.17	57.14	62.32
Limited Review:															
Jonesboro MSA	62	19.68	21.32	6.67	16.93	5.00	23.63	26.67	38.12	61.67	14.04	11.76	3.45	12.07	17.56

* Based on 2002 Peer Mortgage Data: Southwest Region.

** As a percentage of loans with borrower income information available. No information was available for 4.76% of loans originated and purchased by Bank.

*** Percentage of Families is based on the 1990 Census information.

**** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: PARAGOULD								Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families***	% BANK Loans**	% Families* **	% BANK Loans**	Over all	Low	Mod	Mid	Upp
Full Review:															
Greene Co. non-MSA	350	62.95	18.62	4.13	16.40	12.39	23.69	22.12	41.29	61.36	23.44	31.25	22.09	24.81	22.65
Limited Review:															
Jonesboro MSA	206	37.05	21.32	3.03	16.93	8.59	23.63	20.71	38.12	67.68	3.78	3.88	2.88	3.23	4.14

* Based on 2002 Peer Mortgage Data: Southwest Region.

** As a percentage of loans with borrower income information available. No information was available for 3.42% of loans originated and purchased by Bank.

*** Percentage of Families is based on the 1990 Census information.

**** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

Table11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: PARAGOULD			Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002	
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
Full Review:									
Greene Co. non-MSA	1,056	65.59	66.15	64.87	91.67	5.78	2.56	31.12	42.84
Limited Review:									
Jonesboro MSA	554	34.41	62.62	72.38	89.71	5.78	4.51	5.21	8.71

* Based on 2002 Peer Small Business Data: US.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2003).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 22.92% of small loans to businesses originated and purchased by the Bank.

Table12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: PARAGOULD			Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share [*]	
	#	% of Total ^{**}	% of Farms ^{***}	% BANK Loans ^{****}	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
Full Review:									
Greene Co. non-MSA	635	96.21	97.33	80.63	81.42	15.75	2.83	65.54	64.74
Limited Review:									
Jonesboro MSA	25	3.79	91.29	80.00	88.00	4.00	8.00	0.64	0.68

^{*} Based on 2002 Peer Small Business Data: US.

^{**} Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

^{***} Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B -2003).

^{****} Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 17.42% of small loans to farms originated and purchased by Bank.

Table 13. Qualified Investments

QUALIFIED INVESTMENTS									
				Geography: PARAGOULD		Evaluation Period: SEPTEMBER 20, 2000 TO JANUARY 26, 2004			
MA/Assessment Area:	Prior Period Investments		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Greene Co. MSA	1	980	43	103	44	1,503	100	0	0
Limited Review:									
Jonesboro MSA	0	0	0	0	0	0	0	0	0

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 14. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: PARAGOULD Evaluation Period: SEPTEMBER 20, 1999 TO JANUARY 26, 2004																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Greene Co. non-MSA	92.00	3	37.50	0.00	0.00	0.00	100.00	0	0	0	0	0	0	0.00	6.24	58.27	35.49
Limited Review:																	
Jonesboro MSA	7.00	2	25.00	0.00	0.00	0.00	100.00	1	0	0	0	0	1	0.00	21.13	61.97	16.90
Clay Co. non-MSA	1.00	3	37.50	0.00	0.00	100.00	0.00	3	0	0	0	3	0	0.00	0.00	100.00	0.00

