

# **PUBLIC DISCLOSURE**

**September 21, 2011**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Liberty Bank of Arkansas  
RSSD #2967349**

**2901 East Highland Drive  
Jonesboro, Arkansas 72401**

**Federal Reserve Bank of St. Louis**

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

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of the institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## INSTITUTION'S CRA RATING

### INSTITUTION'S CRA RATING: SATISFACTORY

The following table indicates the performance level of Liberty Bank of Arkansas with respect to the Lending, Investment, and Service Tests.

Performance Levels	<u>Liberty Bank of Arkansas</u>		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			X
High Satisfactory		X	
Low Satisfactory	X		
Needs to Improve			
Substantial Noncompliance			

\* Note: The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors supporting the institution's rating include:

- The bank's lending activity reflects adequate responsiveness to the credit needs of its designated assessment areas.
- A high percentage of the bank's lending occurred inside its designated assessment areas.
- The overall geographic distribution of the loan products reviewed reflects adequate penetration in low- and moderate-income (LMI) geographies.
- The distribution of loans to LMI borrowers and to small business and farm entities is considered adequate.
- Overall, the bank is a leader in making qualified community development loans.
- The bank makes limited use of innovative and/or flexible lending practices in serving assessment area credit needs.
- The bank has a significant level of qualified community development investments and grants and occasionally serves in a leadership role for initiating such activities.
- The bank exhibits good responsiveness to credit and community development investment needs.

- The bank occasionally uses innovative and/or complex investments to support community development investment initiatives.
- Delivery systems are reasonably accessible to all portions of the bank's assessment areas.
- The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and/or individuals.
- The bank is a leader in providing qualified community development services.
- Services are tailored to the convenience and needs of the designated assessment areas, including LMI geographies and individuals. The bank keeps longer hours than most other financial institutions and offers a checking account for individuals that have had trouble maintaining an account in the past.

## INSTITUTION

### DESCRIPTION OF INSTITUTION

Liberty Bank of Arkansas is a wholly-owned subsidiary of Liberty Bancshares, Inc., a one-bank holding company. Both the bank and the holding company are headquartered in Jonesboro, Arkansas. For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credits needs of its customers, and the bank appeared capable of meeting the needs of its assessment areas based on its available resources and financial products. As of June 30, 2011, the bank reported total assets of \$2.6 billion, which represents an increase of 4.0 percent from total assets of \$2.5 billion, as noted at the bank's previous CRA public evaluation as of September 21, 2009. This growth is primarily due to an increase the bank's securities (\$92.8 million). Also as of June 30, 2011, loans and leases outstanding were \$1.7 billion (65.4 percent of total assets), and deposits totaled \$2.0 billion. The bank's loan portfolio composition by credit category is displayed in the table below.

<b>Distribution of Total Loans<sup>1</sup></b>		
<b>Credit Type</b>	<b>\$ (000s)</b>	<b>Percentage</b>
Real Estate Secured		
Construction and Development (1-4 Family Res.)	30,882	1.8
Other Construction	161,874	9.4
Farmland	46,536	2.7
1-4 Family Res. (Revolving, Open-End)	7,953	0.6
1-4 Family Res. (Closed-End, First Lien)	283,631	16.5
1-4 Family Res. (Closed-End, Junior Lien)	25,736	1.5
Multifamily Residential	86,419	0.5
Commercial Real Estate	719,066	41.8
Agricultural Loans	42,867	2.5
Commercial and Industrial Loans	262,749	15.3
Loans to Individuals	41,343	2.4
Obligations to U.S. states and political subdivisions	683	< 0.1
Other Loans	12,110	0.7
<b>TOTAL</b>	<b>1,721,849</b>	<b>100%</b>

Based on dollar volume of outstanding loans as displayed in the previous table, the most significant loan product is commercial real estate loans, which account for 41.8 percent of all

<sup>1</sup> For purposes of this table, total loan information is derived from gross loans and leases data reported on the Consolidated Report of Condition and Income as of June 30, 2011.

loans. Other significant products include 1-4 family residential real estate<sup>2</sup> and commercial and industrial loans, which represent 18.6 and 15.3 percent of the bank's loan portfolio, respectively.

The bank operates in six separate assessment areas, all within the state of Arkansas. As of this evaluation date, the bank operates 45 branches, each with an automated teller machine (ATM). The bank did not add any branch facilities since the previous CRA evaluation. The bank also operates 26-stand alone, cash only ATMs in the state of Arkansas: three in the Jonesboro, Arkansas assessment area, four in the North Central Arkansas assessment area, four in the Central Arkansas assessment area, four in the Fort Smith, Arkansas assessment area, and 11 in the Northwest Arkansas assessment area. Liberty Bank of Arkansas has not acquired or merged with any financial institution since the previous evaluation.

Liberty Bank of Arkansas received a satisfactory rating at the previous CRA evaluation conducted by this Reserve Bank as of September 21, 2009.

### **SCOPE OF EXAMINATION<sup>3</sup>**

The bank's CRA performance was reviewed using the Federal Financial Institutions Examination Council's (FFIEC) *Interagency CRA Procedures for Large Institutions*. The large bank performance standards entail three performance tests, including the lending, investment, and services tests. Bank performance under the performance tests is rated at the institution level, primarily reflecting the overall performance conclusions of assessment areas reviewed under full-scope procedures. The products reviewed for this evaluation period are Home Mortgage Disclosure Act (HMDA) reportable loans, small business loans, and small farm loans.

#### **Assessment Areas**

Liberty Bank of Arkansas operates in six delineated assessment areas within the state of Arkansas. The following table details asset allocation by branch offices, deposit dollars, and the CRA review procedures applicable to each assessment area completed as part of this evaluation.

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<sup>2</sup> The bank also originates and subsequently sells a significant volume of loans related to residential real estate; as these loans are typically sold on the secondary market shortly after origination, this activity would not be captured in the data discussed here.

<sup>3</sup> Information presented in this section (e.g., review period dates and loan sample details) pertains throughout the rest of this evaluation unless specifically noted otherwise.

Assessment Area	Branch #	Branch %	Deposit \$ 8/31/2011	Deposit %	Review Procedures
Jonesboro, Arkansas (MSA)	9	20.0	1,004,215	47.7	Full Scope
Northwest Arkansas (MSA)	10	22.2	190,125	9.0	Full Scope
Fort Smith, Arkansas (MSA)	5	11.1	60,227	2.9	Limited
Central Arkansas (nonMSA)	10	22.2	497,537	23.6	Full Scope
Northeast Arkansas (nonMSA)	4	8.9	111,991	5.3	Limited
North Central Arkansas (nonMSA)	7	15.6	240,578	11.4	Limited
<b>TOTAL</b>	<b>45</b>	<b>100</b>	<b>2,104,673</b>	<b>100</b>	<b>N/A</b>

Overall, the bank’s combined assessment areas are comprised of 189 census tracts: three low-income, 12 moderate-income, 142 middle-income, and 32 upper-income census tracts. A brief summary of each assessment area follows:

- The Jonesboro, Arkansas assessment area is comprised of the Jonesboro, Arkansas Metropolitan Statistical Area (MSA #27860) in its entirety, which includes the Arkansas counties of Craighead and Poinsett. There are 20 census tracts within this assessment area.
- The Northwest Arkansas assessment area is part of the Fayetteville-Springdale-Rogers, Arkansas-Missouri multi-state MSA (MSA #22220). It includes the Arkansas counties of Benton and Washington. There are 60 census tracts within this assessment area.
- The Fort Smith, Arkansas assessment area is part of the Fort Smith, Arkansas-Oklahoma multi-state MSA (MSA #22900). It includes the Arkansas counties of Crawford and Sebastian. There are 33 census tracts within this assessment area.
- The Central Arkansas assessment area is not part of an MSA; it includes the Arkansas counties of Johnson, Pope, and Conway; one geography in Yell County; and three geographies in Logan County. This assessment area is centered on the city of Russellville, Arkansas. There are 27 census tracts within this assessment area.
- The Northeast assessment area is not part of an MSA; it includes the Arkansas counties of Clay and Greene. There are 14 census tracts within this assessment area.
- The North Central Arkansas assessment area is not part of an MSA. It includes the Arkansas counties of Baxter, Fulton, Independence, Sharp, and White. There are 35 census tracts within this assessment area.



## **Lending Test**

For the Lending Test, lending activity in 2009 and 2010 was reviewed in the evaluation of the bank's CRA performance, which included residential real estate loans reported under the HMDA for 2009 and 2010, and small business loans and small farm loans originated in 2009 and 2010.<sup>4</sup> For some assessment areas, small farm loans were not included in the analysis due to the low volume of lending, which precluded a meaningful analysis of the data. The analysis period used for the review of community development lending activities spanned from the previous CRA evaluation date to the current one (September 21, 2009, through September 21, 2011).

Throughout this evaluation, the Lending Test entails comparisons of bank performance to assessment area demographics and aggregate lending data<sup>5</sup> relevant to the subject assessment area. The evaluation also used 2010 Dun & Bradstreet data in comparison to the bank's small business and small farm lending performance.<sup>6</sup>

Under the Lending Test, the bank's performance is evaluated under the following criteria, as applicable.

- Level of lending activity.
- Assessment area concentration.
- Geographic distribution of loans.
- Distribution of loans by borrower's income/revenue profile.
- Community development lending activity.
- Product innovation.<sup>7</sup>

Under the Lending Test criteria noted above, analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based upon HMDA and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based upon 2000 U.S. Census Data (certain business and farm geodemographics are based upon Dun & Bradstreet data, which are applicable to the year of loan data being evaluated). Generally speaking, when analyzing bank performance by comparing lending activity to both demographic data and aggregate lending data, greater emphasis is placed on the aggregate lending data because it is expected to describe many factors impacting lenders within an assessment area. In addition, aggregate lending datasets are updated annually and are therefore expected to predict more relevant comparisons.

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<sup>4</sup> Lending activity for 2009 for all loan categories is presented in Appendix C. See the Glossary in Appendix E for the definitions of HMDA loans, small business loans, and small farm loans.

<sup>5</sup> HMDA aggregate data represents all lending activity collected and reported under HMDA for the assessment areas based upon all financial institutions required to report such data. CRA aggregate data represents all lending activity collected and reported under CRA for the assessment area, based upon all financial institutions required to report such data.

<sup>6</sup> Dun & Bradstreet provides data on the location and revenue size of business and agricultural entities within a defined market.

<sup>7</sup> Unlike other large bank CRA performance criteria, a lack of innovative and/or flexible lending practices does not necessarily impact the bank's performance negatively, as these activities are largely used to augment consideration given to an institution's performance under the quantitative criteria, possibly resulting in a higher level of performance rating.

Notwithstanding the aggregate data discussion above, it should be noted that CRA aggregate data (small business and small farm loan data) is oftentimes materially influenced by the extensive business credit card activity of only a few lenders. These effects may significantly dilute (lower) aggregate lending percentages to small businesses and small farms. To the extent possible, these potential dilution effects are considered accordingly during the Lending Test analysis.

### **Investment Test**

All outstanding qualified investments were reviewed and evaluated to determine the bank's level of investment and grant activity, as well as its role in initiating such activities; its use of innovative or complex investments to support community development initiatives; and its responsiveness to credit and community development needs of its assessment areas. The investment test applies to qualified investments, donations, and grants made by the bank. The analysis period used for the review of community development investment activities spanned from the previous CRA evaluation date to the current one (September 21, 2009 through September 21, 2011). In addition, certain community development activities initiated prior to this examination review period but still outstanding (e.g., community development investments like bonds) were also considered as part of the bank's investment test performance.

### **Service Test**

The service test considers the distribution and accessibility of the bank's branches and any alternative delivery systems to its assessment areas as well as to individuals of different income levels; the effect of changes in branch locations on the accessibility of its delivery systems; the reasonableness of hours of operation and available services; and the level of community development services. The analysis period used for the review of community development services spanned from the previous CRA evaluation date to the current one (September 21, 2009 through September 21, 2011).

### **Other**

No CRA-related complaints were filed against the bank during this review period

### **Community Contacts**

As part of this evaluation, four interviews were conducted with members of the bank's local communities; these community contacts provided information related to specific credit needs, opportunities, and local market conditions within the bank's assessment areas.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### LENDING TEST

Liberty Bank of Arkansas' performance under the Lending Test is rated *Low Satisfactory*. The bank's lending levels reflect adequate responsiveness to assessment area credit needs. An analysis of the bank's lending activity reveals that a high percentage of loans are made inside the bank's assessment areas. The geographic distribution of loans reflects adequate penetration throughout the assessment areas, including LMI geographies. An analysis of the loan distribution by borrower's profile reflects adequate penetration among customers of different income levels and businesses and farms of different revenue sizes. Liberty Bank of Arkansas is a leader in making qualified community development loans. Finally, the bank demonstrated limited use of innovative and flexible lending practices in order to better serve the credit needs of its assessment area. These conclusions are based on an adequate lending test performance in all three full-scope assessment areas, as displayed in the following table.

Assessment Area (full-scope review)	Lending Test Performance
Jonesboro, Arkansas Assessment Area	Low Satisfactory
Northwest Arkansas Assessment Area	Low Satisfactory
Central Arkansas Assessment Area	Low Satisfactory
<b>OVERALL</b>	<b>LOW SATISFACTORY</b>

Additional detail regarding the bank's lending test performance is included later, under the sections applicable to each individual assessment area under full-scope review.

As displayed in the following table, the lending test for the three limited-scope assessment areas reflected performance that was consistent with the findings in the full-scope assessment areas.

Assessment Area (limited-scope review)	Lending Test Performance
Fort Smith, Arkansas Assessment Area	Consistent
Northeast Arkansas Assessment Area	Consistent
North Central Arkansas Assessment Area	Consistent
<b>OVERALL</b>	<b>CONSISTENT</b>

### Lending Activity

Lending levels reflect adequate responsiveness to assessment area credit needs. The following table displays the distribution of the loans originated in 2010 in the bank's assessment areas and

reviewed in this evaluation.<sup>8</sup>

<b>2010 Lending Summary</b>						
<b>Assessment Area</b>	<b>HMDA #</b>	<b>HMDA %</b>	<b>CRA #</b>	<b>CRA %</b>	<b>TOTAL #</b>	<b>TOTAL %</b>
Jonesboro, Arkansas	432	23.7%	207	35.8%	<b>639</b>	<b>26.6%</b>
Northwest Arkansas	308	16.9%	39	6.7%	<b>347</b>	<b>14.4%</b>
Fort Smith, Arkansas	148	8.1%	18	3.1%	<b>166</b>	<b>6.9%</b>
Central Arkansas	551	30.2%	90	15.6%	<b>641</b>	<b>26.7%</b>
Northeast Arkansas	129	7.1%	78	13.5%	<b>207</b>	<b>8.6%</b>
North Central Arkansas	256	14.0%	146	25.3%	<b>402</b>	<b>16.7%</b>
<b>TOTAL</b>	<b>1,824</b>	<b>100%</b>	<b>578</b>	<b>100%</b>	<b>2,402</b>	<b>100%</b>

As shown in the preceding table, the bank made 1,824 HMDA loans in 2010. Based on the lending activity detailed in the table above, in most cases, the HMDA loan category was given primary consideration when formulating overall performance conclusions, as HMDA lending formed the strong majority of loan activity inside the bank's assessment areas by number volume of loans (75.9 percent).

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<sup>8</sup> The CRA loan category includes loan activity required to be collected and reported under the CRA small business and small farm loans.

**Assessment Areas Concentration**

The following table shows the number, dollar volume, and percentage of loans originated inside the bank's assessment areas during 2009 and 2010.

<b>Lending Inside and Outside of Assessment Area</b>			
<b>Loan Type</b>	<b>Inside Assessment Area</b>	<b>Outside Assessment Area</b>	<b>TOTAL</b>
HMDA	3,771	295	<b>4,066</b>
	92.7%	7.3%	<b>100%</b>
	\$ 455,720	\$ 42,612	<b>\$ 498,332</b>
Small Business	91.4%	8.6%	<b>100%</b>
	1,078	102	<b>1,180</b>
	\$ 108,138	\$ 16,635	<b>\$ 124,773</b>
Small Farm	86.7%	13.3%	<b>100%</b>
	159	80	<b>239</b>
	\$ 22,548	\$ 13,493	<b>\$ 36,041</b>
<b>TOTAL</b>	62.6%	37.4%	<b>100%</b>
	<b>5,008</b>	<b>477</b>	<b>5,485</b>
	<b>91.3%</b>	<b>8.7%</b>	<b>100%</b>
	<b>\$ 586,406</b>	<b>\$ 72,740</b>	<b>\$ 659,146</b>
	<b>89.0%</b>	<b>11.0%</b>	<b>100%</b>

The previous table demonstrates that a high percentage of loans (by number of loans and dollar amounts) was extended to borrowers residing inside the bank's assessment areas for all loan types reviewed. Overall, the bank originated 91.3 percent by number and 89.0 percent by dollar volume of loans inside its various assessment areas.

**Geographic Distribution of Loans and Borrower’s Profile Analysis**

The geographic distribution performance criterion focuses on the bank’s lending penetration within its assessment areas among geographies of different income levels, with a specific emphasis placed on the bank’s performance in LMI geographies. Liberty Bank of Arkansas’ combined assessment areas consist of 189 census tracts, including 15 LMI census tracts. The bank’s HMDA, small business, and small farm loans were analyzed by income level of census tract in order to evaluate the bank’s lending levels in LMI census tracts. In this analysis, owner-occupied housing demographics, Dun & Bradstreet data, and aggregate lending activities were used for comparison purposes. Overall, the geographic distribution analysis of these three loan categories reveals that the bank’s lending in LMI geographies is adequate.

<b>Assessment Area (full-scope review)</b>	<b>Geographic Distribution of Loans</b>
Jonesboro, Arkansas Assessment Area	Adequate
Northwest Arkansas Assessment Area	Adequate
Central Arkansas Assessment Area	Not applicable
<b>OVERALL</b>	<b>ADEQUATE</b>

As displayed in the following table, the geographic distribution for the three limited-scope assessment areas reflected performance that was consistent with the findings in the full-scope assessment areas.

<b>Assessment Area (limited-scope review)</b>	<b>Geographic Distribution of Loans</b>
Fort Smith, Arkansas Assessment Area	Consistent
Northeast Arkansas Assessment Area	Not applicable
North Central Arkansas Assessment Area	Exceeds
<b>OVERALL</b>	<b>EXCEEDS</b>

The borrower’s profile performance criterion evaluates the bank’s loan penetration to borrowers of different income levels and businesses and farms of varying revenue sizes. Within each assessment area, borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the U. S. Department of Housing and Urban Development (HUD) estimated median family income figure for the applicable region and time frame. Businesses and farms are categorized by size depending on their gross annual revenues. This performance criterion places special emphasis on loans originated to LMI individuals, small businesses, and small farms. In this analysis, family income demographics, Dun & Bradstreet data, and aggregate lending activity were used for comparison purposes. Overall, the bank’s borrower’s profile performance reflects adequate penetration among individuals of different income levels, including LMI individuals, and businesses and farms of different revenue sizes.

<b>Assessment Area (full-scope review)</b>	<b>Loan Distribution by Borrower's Profile</b>
Jonesboro, Arkansas Assessment Area	Adequate
Northwest Arkansas Assessment Area	Adequate
Central Arkansas Assessment Area	Adequate
<b>OVERALL</b>	<b>ADEQUATE</b>

As displayed in the following table, the loan distribution by borrower's profile for the three limited-scope assessment areas reflected performance that was consistent with the findings in the full-scope assessment areas.

<b>Assessment Area (limited-scope review)</b>	<b>Loan Distribution by Borrower's Profile</b>
Fort Smith, Arkansas Assessment Area	Consistent
Northeast Arkansas Assessment Area	Consistent
North Central Arkansas Assessment Area	Consistent
<b>OVERALL</b>	<b>Consistent</b>

**Community Development Lending Activities**

Liberty Bank of Arkansas is a leader in the origination of community development loans. In total, the bank made 37 qualified community development loans totaling \$81.9 million in its assessment areas. This represents an improvement from the previous examination when the bank made 22 loans totaling \$39.9 million.

<b>Assessment Area (full-scope review)</b>	<b>Community Development Lending</b>
Jonesboro, Arkansas Assessment Area	Leader
Northwest Arkansas Assessment Area	Leader
Central Arkansas Assessment Area	Adequate
<b>OVERALL</b>	<b>LEADER LEVEL</b>

As displayed in the following table, community development lending in the three limited-scope assessment areas reflected performance that was consistent with the findings in the full-scope assessment areas.

<b>Assessment Area (limited-scope review)</b>	<b>Community Development Lending</b>
Fort Smith, Arkansas Assessment Area	Consistent
Northeast Arkansas Assessment Area	Consistent
North Central Arkansas Assessment Area	Consistent
<b>OVERALL</b>	<b>CONSISTENT</b>

**Product Innovation**

Liberty Bank of Arkansas makes limited use of flexible and innovative lending products throughout the combined assessment areas. The following are examples of products offered by the bank that qualify as flexible and/or innovative:

- Small Business Administration (SBA) Loans – Liberty Bank of Arkansas is one of the few lenders in the area that originate SBA loans. During the evaluation period, the bank made 15 SBA loans for a total of \$2.9 million.
- America’s Recovery Capital (ARC) Loans – Liberty Bank of Arkansas has recently started working with ARC Loans, providing financing to businesses that have experienced a 20.0 percent decline in sales. For this evaluation period, the bank originated two ARC Loans totaling \$60,000.

**INVESTMENT TEST**

Liberty Bank of Arkansas’ performance under the investment test is rated *High Satisfactory*. The bank made a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and occasionally acted in a leadership position. Additionally, the bank occasionally uses innovative and/or complex investments to support community development investment initiatives and overall exhibits good responsiveness to credit and community development investment needs. The following table displays the bank’s investment test performance in each full-scope review assessment area.

<b>Assessment Area (full-scope review)</b>	<b>Investment Test Performance</b>
Jonesboro, Arkansas Assessment Area	High Satisfactory
Northwest Arkansas Assessment Area	High Satisfactory
Central Arkansas Assessment Area	Low Satisfactory
<b>OVERALL</b>	<b>HIGH SATISFACTORY</b>



As displayed in the following table, the investment test for the three limited-scope assessment areas reflected performance that was consistent with bank performance in the full-scope review assessment areas.

Assessment Area (limited-scope review)	Investment Test Performance
Fort Smith, Arkansas Assessment Area	Consistent
Northeast Arkansas Assessment Area	Consistent
North Central Arkansas Assessment Area	Consistent
<b>OVERALL</b>	<b>CONSISTENT</b>

**Investment and Grant Activity**

The bank made investments totaling \$11.7 million and contributions totaling \$135,541. The bank also makes grants through the Federal Home Loan Bank of Dallas (FHLB). Through the FHLB, the bank has made eight grants through the economic development program to small businesses, for a total of \$117,321; through the special needs assistance program, the bank has made two grants for \$10,000. In total, the bank disbursed grants of \$127,321. Overall, the bank made a significant level of investments and grants in its assessment areas.

Assessment Area (full-scope review)	Investment and Grant Activity
Jonesboro, Arkansas Assessment Area	Significant
Northwest Arkansas Assessment Area	Adequate
Central Arkansas Assessment Area	Significant
<b>OVERALL</b>	<b>SIGNIFICANT</b>

As displayed in the following table, investment and grant activity for the three limited-scope assessment areas reflected performance that was consistent with bank performance in the full-scope review assessment areas.

Assessment Area (limited-scope review)	Investment and Grant Activity
Fort Smith, Arkansas Assessment Area	Consistent
Northeast Arkansas Assessment Area	Consistent
North Central Arkansas Assessment Area	Consistent
<b>OVERALL</b>	<b>CONSISTENT</b>

### **Community Development Initiatives**

Overall, the bank makes occasional use of innovative and/or complex investments to support community development initiatives as indicated below:

- Special Needs Assistance Program (SNAP) Grants – The bank works with the FHLB to provide SNAP grants. SNAP grants provide funds for rehabilitation costs of eligible special needs homeowners. For a household to qualify, the family income must be 80.0 percent or less of the median income for the area. The bank made two SNAP Grants totaling \$10,000 during this evaluation period.
- Economic Development Program Plus (EDPP) – The bank works with the FHLB to provide EDPP grants. These grants are designed to promote and enhance small business development; to foster business relationships between member institutions, small businesses, and small business development organizations; to create and retain jobs; and to assist member institutions in providing capital to underserved areas or to underserved populations. The bank has made eight grants totaling \$117,321.

### **SERVICE TEST**

Overall, Liberty Bank of Arkansas’ performance under the service test is rated *Outstanding*. Retail services and delivery systems are considered reasonably accessible for the needs and convenience of the assessment areas. The bank maintains a total of 45 branches and 26 stand alone, full-service ATMs. The bank’s record of opening and closing branches did not adversely affect the accessibility of the bank’s delivery systems to its geographies or to individuals of different income levels. Further, services are tailored to the convenience and needs of its assessment areas, particularly LMI geographies and/or LMI individuals. Finally, Liberty Bank of Arkansas is a leader in providing community development services. The following is a breakdown of the service test conclusions for assessment areas reviewed under full-scope procedures.

<b>Assessment Area (full-scope review)</b>	<b>Service Test Performance</b>
Jonesboro, Arkansas Assessment Area	Outstanding
Northwest Arkansas Assessment Area	Outstanding
Central Arkansas Assessment Area	Outstanding
<b>OVERALL</b>	<b>OUTSTANDING</b>

Additional detail regarding the bank’s service test performance is included later, under the sections applicable to each individual assessment area under full-scope review.

As displayed in the following table, the service test for the three limited-scope assessment areas reflected performance that was overall consistent with the conclusions from the full-scope review assessment areas.

<b>Assessment Area (limited-scope review)</b>	<b>Service Test Performance</b>
Fort Smith, Arkansas Assessment Area	Consistent
Northeast Arkansas Assessment Area	Consistent
North Central Arkansas Assessment Area	Below
<b>OVERALL</b>	<b>CONSISTENT</b>

**Accessibility of Delivery Systems**

Liberty Bank of Arkansas operates 45 full-service branches, each having a full service ATM, and 26 stand-alone, cash-only ATMs. The overall distribution of branches and ATMs within LMI geographies is below the percentage of households within LMI geographies. The following table depicts Liberty Bank of Arkansas’ distribution of branches and stand alone ATMs.

<b>Branches and ATMs in Assessment Areas</b>					
	<b>Number and Percentage of Locations Within Each Geography</b>				<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	
Branches	0 0.0%	0 0.0%	31 68.9%	14 31.1%	<b>45</b> <b>100%</b>
ATMs	1 3.8%	2 7.7%	19 73.1%	4 15.4%	<b>26</b> <b>100%</b>
<b>TOTAL</b>	<b>1</b> <b>1.4%</b>	<b>2</b> <b>2.8%</b>	<b>50</b> <b>70.4%</b>	<b>18</b> <b>25.4%</b>	<b>71</b> <b>100%</b>
Percentage of Geographies	1.6%	6.3%	75.1%	16.9%	<b>100%</b>
Percentage of Household Population	1.5%	4.3%	75.7%	18.6%	<b>100%</b>

As noted in the table, the bank has no branches in LMI geographies and has only three ATMs in LMI geographies. A review of the dispersion of the bank’s branch network shows that the bank has three branches that are reasonably accessible to the LMI geographies. Based on these factors, the distribution of the bank’s branches and ATMs in LMI census tracts is reasonably accessible.

Overall, the bank’s delivery systems are reasonably accessible to geographies and individuals of different income levels in its assessment areas.

<b>Assessment Area (full-scope review)</b>	<b>Accessibility of Delivery Systems</b>
Jonesboro, Arkansas Assessment Area	Reasonably accessible
Northwest Arkansas Assessment Area	Reasonably accessible
Central Arkansas Assessment Area	Reasonably accessible
<b>OVERALL</b>	<b>REASONABLY ACCESSIBLE</b>

As displayed in the following table, the accessibility of delivery systems for the three limited-scope assessment areas reflected performance that was overall consistent with the conclusions from the full-scope review assessment areas.

<b>Assessment Area (limited-scope review)</b>	<b>Accessibility of Delivery Systems</b>
Fort Smith, Arkansas Assessment Area	Consistent
Northeast Arkansas Assessment Area	Consistent
North Central Arkansas Assessment Area	Consistent
<b>OVERALL</b>	<b>CONSISTENT</b>

### **Changes in Branch Locations**

During the evaluation period, Liberty Bank of Arkansas did not open or acquire any new branches. No branch offices were closed during this review period. As a result, the bank's record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and/or LMI individuals.

<b>Assessment Area (full-scope review)</b>	<b>Changes in branch locations</b>
Jonesboro, Arkansas Assessment Area	Not adversely affected
Northwest Arkansas Assessment Area	Not adversely affected
Central Arkansas Assessment Area	Not adversely affected
<b>OVERALL</b>	<b>NOT ADVERSELY AFFECTED</b>

As displayed in the following table, the three limited-scope assessment areas reflected performance that was consistent with the conclusions for the overall institution as no branches were opened or closed in those areas.

<b>Assessment Area (limited-scope review)</b>	<b>Changes in branch locations</b>
Fort Smith, Arkansas Assessment Area	Consistent
Northeast Arkansas Assessment Area	Consistent
North Central Arkansas Assessment Area	Consistent
<b>OVERALL</b>	<b>CONSISTENT</b>

In addition, the bank opened 19 new ATMs as follows: two in moderate-income, 13 in middle-income, and four in upper-income geographies.

**Reasonableness of Business Hours and Services in Meeting Assessment Area Needs**

Liberty Bank of Arkansas has provided two special services including the following:

- Extended Banking Hours – All Liberty Bank of Arkansas branches are opened from 7 a.m. until 7 p.m. Additionally, the bank has some locations inside shopping malls that are open from 9 a.m. until 9 p.m. The bank also offers extended Saturday and Sunday hours at certain locations.
- New Opportunity Checking – Liberty Bank of Arkansas has a new opportunity checking account that is designed to assist individuals that have had trouble managing a checking account in the past. During the review period, the bank opened 4,628 new New Opportunity Checking accounts.

Overall, the reasonableness of the bank’s business hours and services in meeting assessment area needs are tailored to the convenience and needs of its assessment areas, particularly LMI geographies and/or LMI individuals.

<b>Assessment Area (full-scope review)</b>	<b>Reasonableness of Business Hours and Services</b>
Jonesboro, Arkansas Assessment Area	Are tailored to convenience and needs
Northwest Arkansas Assessment Area	Are tailored to convenience and needs
Central Arkansas Assessment Area	Are tailored to convenience and needs
<b>OVERALL</b>	<b>ARE TAILORED TO CONVENIENCE AND NEEDS</b>

As displayed in the following table, the reasonableness of business hours and services for the three limited-scope assessment areas reflected performance that was overall consistent with the conclusions from the full-scope review assessment areas.

<b>Assessment Area (limited-scope review)</b>	<b>Reasonableness of Business Hours and Services</b>
Fort Smith, Arkansas Assessment Area	Consistent
Northeast Arkansas Assessment Area	Consistent
North Central Arkansas Assessment Area	Consistent
<b>OVERALL</b>	<b>CONSISTENT</b>

**Community Development Services**

Liberty Bank of Arkansas is a leader in providing community development services throughout its combined assessment areas. The bank’s primary community development focus is addressing the need for financial assistance to LMI individuals. The bank is involved with several organizations that benefit LMI individuals by providing them with financial expertise and services. Liberty Bank of Arkansas employees and officers were identified as providing 48 qualified community development services.

<b>Assessment Area (full-scope review)</b>	<b>Community Development Services</b>
Jonesboro, Arkansas Assessment Area	Leader
Northwest Arkansas Assessment Area	Leader
Central Arkansas Assessment Area	Leader
<b>OVERALL</b>	<b>LEADER</b>

As displayed in the following table, the bank’s level of community development services for the three limited-scope assessment areas reflected performance that was overall consistent with the conclusions from the full-scope review assessment areas.

<b>Assessment Area (limited-scope review)</b>	<b>Community Development Services</b>
Fort Smith, Arkansas Assessment Area	Consistent
Northeast Arkansas Assessment Area	Consistent
North Central Arkansas Assessment Area	Consistent
<b>OVERALL</b>	<b>CONSISTENT</b>

**FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

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

## **METROPOLITAN AREAS**

*(Full-scope reviews)*

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE JONESBORO, ARKANSAS ASSESSMENT AREA<sup>9</sup>**

Liberty Bank of Arkansas delineated one assessment area in the Jonesboro, Arkansas MSA. The bank has described the assessment area as the entirety of Craighead and Poinsett Counties, which comprise the entire MSA. Craighead County contains 13 census tracts: one low-, ten middle-, and two upper-income areas. Poinsett County contains seven census tracts: two moderate- and five middle-income census tracts.

#### **Bank Structure**

Liberty Bank of Arkansas' main office is located in the Jonesboro, Arkansas assessment area. The bank operates nine branches, including the main office, and three stand-alone ATMs in this assessment area. All nine branches are located in Craighead County, seven of which are located in the city of Jonesboro. According to the Federal Deposit Insurance Corporation's (FDIC) "Deposit Market Share Report" as of June 30, 2011, Liberty Bank of Arkansas was one of 19 FDIC-insured institutions in the market. The bank has the most offices in the Jonesboro, Arkansas assessment area and the largest deposit market share at 34.4 percent. Based on this branch structure, the bank is well-positioned to serve the entire county of Craighead, with a primary focus on the city of Jonesboro and Craighead County and a secondary focus on serving Poinsett County.

#### **General Demographics**

The bank's Jonesboro, Arkansas assessment area, which has a population of 107,762, is located in northeastern Arkansas. Craighead County has a much larger population of 82,148 when compared to Poinsett County's population of 25,614. As the demographics of this assessment area cover a wide area and the population is a diverse mix, credit needs in the area are also varied, including a standard blend of various consumer, business, and agricultural loan products. Further, as the assessment area is in an MSA anchored by the city of Jonesboro and a major university, this area offers ample opportunity for community development involvement.

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<sup>9</sup> Unless otherwise noted, demographic information is based upon year 2000 census information.

**Income and Wealth Demographics**

As previously noted, the bank’s Jonesboro, Arkansas assessment area is comprised of the two counties. These counties contain a total of 20 census tracts, which are displayed in the following table by income level of geography and family population characteristics.

<b>Assessment Area Geographical Information by Income Category</b>						
<b>2000 Census Data</b>	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	<b>TOTAL</b>
Assessment Area Geographies	1 5.0%	2 10.0%	15 75.0%	2 10.0%	0 0.0%	<b>20</b> <b>100%</b>
Family Population	876 3.0%	1,641 5.6%	22,004 74.7%	4,955 16.8%	0 0.0%	<b>29,476</b> <b>100%</b>

The previous table reveals that the strong majority of assessment area census tracts are considered to be middle-income; there is a small portion of LMI geographies and families living within these geographies located in this assessment area. The low-income census tract is in the city of Jonesboro near the campus of Arkansas State University. However, the two moderate-income census tracts are located in more rural areas of Poinsett County. The bank has no offices in Poinsett County, but it has an office in Bay, Arkansas, which is near one of the moderate-income census tracts.

Based upon 2000 census data, the median family income for the assessment area was \$38,695. More recently, HUD estimates the 2010 Jonesboro MSA median family income to be \$50,700, representing a 31.0 percent increase from 2000. The following table displays population percentages of assessment area families by income level, compared to the state of Arkansas’ population as a whole.

<b>Assessment Area Family Population by Income Level</b>						
<b>2000 Census Data</b>	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	<b>TOTAL</b>
Assessment Area	6,292 21.3%	5,137 17.4%	6,408 21.7%	11,639 39.5%	0 0.0%	<b>29,476</b> <b>100%</b>
State of Arkansas	148,233 20.1%	163,567 22.2%	131,570 17.9%	292,693 39.8%	0 0.0%	<b>736,063</b> <b>100%</b>

As displayed in the previous table, the population characteristics of the assessment area are similar to those of the entire state of Arkansas. Both the assessment area and the state have a significant percentage of LMI families, noted to be 38.7 and 42.3 percent, respectively.



**Housing Demographics**

Housing affordability in the assessment area has historically been reasonable. The 2000 median housing value for the assessment area was \$67,333, which is very similar to the figure for the state of Arkansas, \$67,400. Similarly, assessment area housing has been reasonably affordable relative to respective income levels. The affordability ratio<sup>10</sup> for the assessment area was 45.0 percent, which is close to the affordability ratio for the state of Arkansas, 47.0 percent. Lastly, the median gross rent figure for the assessment area was \$435 per month, which is below the same figure for the state of Arkansas, \$453 per month. Therefore, it appears housing options in the assessment area are relatively affordable.

**Industry and Employment Demographics**

According to 2010 Dun & Bradstreet business demographic data, there are 5,177 businesses in the assessment area, of which 89.0 percent of businesses report gross annual revenues equal to or less than \$1 million. Of these assessment area businesses, only 2.4 percent are located in the low-income geography and 4.7 percent are located in moderate-income geographies. This minimal presence in the low-income census tract is due to the small land area and the fact that it is mostly part of the Arkansas State University campus. Unemployment rates for the Jonesboro assessment area vary between the two counties, but June 30, 2011, averages for the entire assessment area are generally similar to that of the state of Arkansas, as is displayed in the following table.<sup>11</sup>

<b>Unemployment Rates</b>		
<b>County</b>	<b>June 30, 2011</b>	<b>September 30, 2009</b>
Craighead	7.3	6.7
Poinsett	8.9	8.5
<b>Jonesboro MSA</b>	<b>7.6</b>	<b>7.0</b>
<b>State of Arkansas</b>	<b>8.0</b>	<b>7.4</b>

As displayed in the previous table, the more recent unemployment rate for the Jonesboro MSA is similar to the unemployment rate for the state of Arkansas. As with the rest of the state, the Jonesboro assessment area unemployment rates have been increasing since September 30, 2009.

**Community Contact Information**

As a part of this CRA examination, one community contact interview was completed in order to obtain additional assessment area background, including information relating to credit needs, community development opportunities, and the local economy. This interview was with two

<sup>10</sup> This figure is calculated by dividing the median household income by the median housing value; it represents the amount of single family owner-occupied housing that a dollar of income can purchase for the median household in the geography. Values closer to 100 percent indicate greater affordability.

<sup>11</sup> Source: Bureau of Labor Statistics. Rates are not seasonally adjusted.

individuals specializing in small business and technology economic development projects. The interviewees were both headquartered in Jonesboro. Generally speaking, these community contacts stated that the economy has felt the slowdown effects of the current recession, but they also indicated that the Jonesboro area does not seem to have been hit as hard as most areas throughout the country. Further, these individuals' perceptions of banking conditions in the assessment area were generally favorable, stating that the banking community is doing a good job of meeting the credit needs of both consumers and businesses. The interviewees stated that the bank is a leader in the community and is very involved in all facets of the local community.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE JONESBORO, ARKANSAS ASSESSEMENT AREA**

**LENDING TEST**

The bank’s lending activity in the Jonesboro, Arkansas assessment area reflects adequate responsiveness to assessment area credit needs. The overall geographic distribution of loans reflects adequate penetration throughout the assessment area, including LMI geographies. Further, the overall distribution of loans by borrower’s profile reflects adequate penetration among borrowers of different income levels and businesses and farms of different revenue sizes. Finally, Liberty Bank of Arkansas is a leader in making community development loans, which significantly impacted the bank’s overall lending test performance in this assessment area. Based on the conclusions of the lending performance tests, the bank’s lending test for the Jonesboro, Arkansas assessment area is rated *Low Satisfactory*.

**Lending Activity**

The following table displays the bank’s 2010 lending volume in this assessment area by number and dollar volume.

<b>Assessment Area</b>	<b>#</b>		<b>\$(000s)</b>	
HMDA	432	67.6%	\$ 57,691	66%
Small Business	177	27.7%	\$ 24,886	29%
Small Farm	30	4.7%	\$ 4,279	5%
<b>OVERALL</b>	<b>639</b>	<b>100%</b>	<b>\$ 86,856</b>	<b>100%</b>

The bank’s lending activity in the Jonesboro, Arkansas assessment area represents 26.6 percent of total HMDA and CRA loans made within the bank’s combined assessment areas. This level of HMDA and CRA activity is commensurate with the bank’s branch network in this assessment area, representing 20.0 percent of total bank branches; however, the percentage of loans originated in this assessment is significantly below the area’s proportion of total deposit holdings of 45.7 percent. Additionally, the number of HMDA and CRA loan originations in 2010 declined by 3.2 percent over originations in 2009. In light of these factors, the bank’s lending activity in the Jonesboro, Arkansas assessment area reflects adequate responsiveness to assessment area credit needs.

**Geographic Distribution of Loans**

The geographic distribution performance criterion focuses on the bank’s lending penetration within the assessment area among geographies of different income levels, with a specific

emphasis placed on the bank’s performance in LMI geographies. As noted in the *Description of Institution’s Operations in the Jonesboro, Arkansas Assessment Area* section, this assessment area includes one low-income geography and two moderate-income geographies, which represent 15.0 percent of the total geographies.

First, the bank’s HMDA loans were analyzed according to the income level of the census tract in order to evaluate the bank’s lending in LMI census tracts. In this analysis, the owner-occupied housing data and aggregate lending activity were used for comparison purposes. The following table displays the geographic distribution of the bank’s 2010 HMDA loans in comparison to owner-occupied housing data for the assessment area.

<b>Distribution of Loans Inside Assessment Area by Income Level of Geography</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Home Purchase	0 0.0%	1 0.6%	105 62.5%	62 36.9%	0 0.0%	<b>168</b> <b>100%</b>
Refinance	1 0.4%	2 0.9%	128 56.1%	97 42.5%	0 0.0%	<b>228</b> <b>100%</b>
Home Improvement	1 3.2%	1 3.2%	22 71.0%	7 22.6%	0 0.0%	<b>31</b> <b>100%</b>
Multi-Family	1 20.0%	0 0.0%	1 20.0%	3 60.0%	0 0.0%	<b>5</b> <b>100%</b>
<b>TOTAL LOANS</b>	3 0.7%	4 0.9%	256 59.3%	169 39.1%	0 0.0%	<b>432</b> <b>100%</b>
Owner-Occupied Housing	0.8%	4.9%	76.6%	17.7%	0.0%	<b>100%</b>

The geographic distribution analysis of the bank’s HMDA loans reflects adequate penetration throughout this assessment area. Liberty Bank of Arkansas’ HMDA lending in LMI census tracts is less than the LMI owner-occupied housing percentage. However, the bank’s lending in the low-income census tract is about the same as the owner-occupied housing percentage in the low-income census tract. The bank’s lending in moderate-income census tracts (0.9 percent) is lower than the owner-occupied housing percentage of 4.9 percent, but only slightly lower than the 2010 aggregate total of 2.2 percent. Overall, the bank’s penetration to LMI geographies represents 1.6 percent of HMDA loans originated (and 1.6 percent by dollar volume). In comparison, the LMI owner-occupied housing percentage for this assessment area is 5.7 percent. Further, the bank’s performance is slightly lower than the 2010 aggregate LMI lending level, 3.1 percent by number of loans originated (1.9 percent by aggregate dollar volume) within this assessment area. The

total number of HMDA loans for HMDA Purchase loans decreased from six in 2009 to one in 2010; however, HMDA Refinance loans increased from one to three during 2010, and HMDA Home Improvement loans increased from none in 2009 to two during 2010.

Therefore, even though the bank’s HMDA lending in moderate-income geographies reflects poor performance, the bank’s overall LMI lending performance is adequate in consideration of an adequate lending level in the low-income geography. In addition, the one low-income census tract located in the Jonesboro assessment area is made up mostly of the Arkansas State University student population. This does not afford many opportunities for financing homes.

Next, the geographic distribution of the bank’s small business loans within the Jonesboro, Arkansas assessment area was reviewed. The following table displays the geographic distribution of small business loans in comparison to the percentages of businesses operating within each census tract income category.

<b>Distribution of Loans (Number and Dollar Volume in \$000s) Inside Assessment Area by Income Level of Geography</b>					
<b>Loan Type</b>	<b>Geography Income Classification</b>				<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	
Small Business	2	2	134	39	<b>177</b>
	1.1%	1.1%	75.7%	22.0%	<b>100%</b>
	\$ 23	\$ 165	\$ 19,823	\$ 4,875	<b>\$ 24,886</b>
Business Institutions	0.1%	0.7%	79.7%	19.6%	<b>100%</b>
	2.4%	4.7%	72.4%	20.5%	<b>100%</b>

As displayed in the preceding table, Liberty Bank of Arkansas’ lending level in LMI census tracts was less than the percentage of businesses operating within those census tracts. However, the bank’s performance was similar to those of other lenders. The bank originated 1.1 percent of its small business loans in low-income census tracts. While slightly lower than the business institutions population of 2.4 percent, the bank compares favorably to the 2010 small business aggregate of 1.4 percent. The bank originated 1.1 percent of its loans in the moderate-income census tracts which is lower than the business institutions’ population of 4.7 percent; however, the bank equals the 2010 small business aggregate of 1.1 percent. Overall, 2.2 percent of its small business loans were originated in LMI census tracts. According to Dun & Bradstreet data, 7.1 percent of the reporting businesses within this assessment area are located in LMI census tracts. In addition, the bank’s LMI lending level was slightly lower than the aggregate small business lending level in LMI geographies, 2.5 percent. Therefore the bank’s geographic distribution of small business loans appears adequate.

Further support for the adequate rating focuses on the one low-income census tract located in the Jonesboro assessment area, which is made up mostly of the Arkansas State University student

population. This does not afford many opportunities for financing small businesses.

The last loan category reviewed in assessing the bank’s lending penetration within LMI census tracts was small farm loans. The following table displays the bank’s geographic distribution of small farm loans in comparison to the percentage of farms operating within each census tract income category.

<b>Distribution of Loans (Number and Dollar Volume in \$000s) Inside Assessment Area by Income Level of Geography</b>					
<b>Loan Type</b>	<b>Geography Income Classification</b>				<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	
Small Farm	0	0	21	9	<b>60</b>
	0.0%	0.0%	70.0%	30.0%	<b>100%</b>
	\$ 0	\$ 0	\$ 3,212	\$ 1,067	<b>\$ 4,279</b>
	0.0%	0.0%	75.1%	24.9%	<b>100%</b>
Agricultural Institutions	0.4%	4.2%	79.9%	15.5%	<b>100%</b>

As displayed in the preceding table, the bank made the vast majority of its small farm loans in middle-income census tracts, where the strong majority of farms are located. However, the bank did not make any loans in LMI geographies, where 4.6 percent of farms are located. This LMI performance is also below that of other lenders. The 2010 aggregate lending level in LMI census tracts was 0.0 percent for low-income and 1.3 percent for moderate-income geographies. While all lenders made a low level of small farm loans in LMI geographies, this analysis reveals that the bank’s lending penetration throughout this assessment area, including LMI census tracts, is poor.

As previously discussed, the bank’s performance is mitigated by having only the one low-income census tract located in the Jonesboro assessment area, which is made up mostly of the Arkansas State University student population. This does not afford many opportunities for financing small farms.

In conclusion, based on performance from all three loan categories reviewed, the overall geographic distribution analysis revealed that the bank’s lending penetration throughout the assessment area, including LMI census tracts, is adequate.

**Borrower’s Profile**

For this performance criterion, the bank’s HMDA loans were analyzed to determine the reasonableness of lending to borrowers of different income levels and businesses and farms of different sizes within this assessment area. The 2010 HUD estimated median family income for the Jonesboro MSA is \$50,700. The following table shows the bank’s distribution of HMDA loans by borrower income level, in comparison to family population income characteristics for

the assessment area.

<b>Distribution of Loans Inside Assessment Area by Income Level of Borrower</b>						
<b>Dataset</b>	<b>Borrower Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Home Purchase	14 8.3%	47 28.0%	32 19.0%	51 30.4%	24 14.3%	<b>168</b> <b>100%</b>
Refinance	15 6.6%	25 11.0%	51 22.4%	109 47.8%	28 12.3%	<b>228</b> <b>100%</b>
Home Improvement	4 12.9%	6 19.4%	6 19.4%	13 41.9%	2 6.5%	<b>31</b> <b>100%</b>
Multi-Family	0 0.0%	0 0.0%	0 0.0%	0 0.0%	5 100%	<b>5</b> <b>100%</b>
<b>TOTAL LOANS</b>	<b>33</b> 7.6%	<b>78</b> 18.1%	<b>89</b> 20.6%	<b>173</b> 40.0%	<b>59</b> 13.7%	<b>432</b> <b>100%</b>
Family Population	21.3%	17.4%	21.7%	39.5%	0.0%	<b>100%</b>

The analysis of HMDA loans revealed that the bank’s loan distribution to LMI borrowers varied. While the bank’s low-income lending level (7.6 percent by number of HMDA loans) is significantly below the low-income family population (21.3 percent), the bank’s lending to low-income borrowers is above the 2010 aggregate of 7.3 percent. The bank’s lending to moderate-income borrowers (18.1 percent) is above the moderate-income family population (17.4 percent) and also above the 2010 moderate-income aggregate of 15.7 percent. HMDA aggregate data reveals that in 2010 other lenders made 23.0 percent of loans to LMI borrowers in the assessment area, which is lower than the bank’s combined LMI lending level of 25.7 percent. Therefore, the bank’s performance by borrower’s distribution is still considered adequate in light of adequate lending to moderate-income borrowers and the aggregate lending performance. The total number of HMDA loans for HMDA Purchase loans increased from 57 in 2009 to 61 in 2010; HMDA Refinance loans increased from 32 to 40 during 2010; and HMDA Home Improvement loans increased from six in 2009 to 10 during 2010.

As previously discussed, the bank’s performance is mitigated by having only the one low-income census tract located in the Jonesboro assessment area, which is made up mostly of the Arkansas State University student population. This does not afford many opportunities for financing homes.

Small business loans were reviewed to determine the bank’s lending level to businesses with

gross annual revenues of \$1 million or less. The following table shows the distribution of small business loans by business revenue level and the loan origination amount.

<b>Lending Distribution by Business Revenue Level</b>				
<b>Gross Revenue</b>	<b>Loan Amounts in \$000s</b>			<b>TOTAL</b>
	<b>≤\$100</b>	<b>&gt;\$100 ≤\$250</b>	<b>&gt;\$250 ≤\$1,000</b>	
\$1 Million or Less	75	14	11	<b>100</b>
	48.4%	9.0%	7.1%	<b>64.5%</b>
Greater Than \$1 Million	22	19	14	<b>55</b>
	14.2%	12.3%	9.0%	<b>35.5%</b>
<b>TOTAL</b>	<b>97</b>	<b>33</b>	<b>25</b>	<b>155</b>
	<b>62.6%</b>	<b>21.3%</b>	<b>16.1%</b>	<b>100%</b>
Totals do not include 22 loans where revenue is unknown				

As reflected in the table above, Liberty Bank of Arkansas made 64.5 percent of its small business loans to entities with gross annual revenues of \$1 million or less. According to Dun & Bradstreet data, 88.9 percent of the business entities operating within this assessment area are small business entities. In addition, the bank’s small business lending of 64.5 percent to entities with gross revenues of \$1 million or less exceeds the 2010 Small Business aggregate of 59.7 percent. As a result, the bank’s performance to small businesses is considered adequate.

Lastly under this performance criterion, small farm loans were reviewed to determine the bank’s lending level to farms with gross annual revenues of \$1 million or less. The following table shows the distribution of small farm loans by farm revenue level and loan origination amount.

<b>Lending Distribution by Farm Revenue Level</b>				
<b>Gross Revenue</b>	<b>Loan Amounts in \$000s</b>			<b>TOTAL</b>
	<b>≤\$100</b>	<b>&gt;\$100 ≤\$250</b>	<b>&gt;\$250 ≤\$500</b>	
\$1 Million or Less	15	8	5	<b>28</b>
	50.0%	26.7%	16.7%	<b>93.3%</b>
Greater Than \$1 Million	1	1	0	<b>2</b>
	3.3%	3.3%	0.0%	<b>1.3%</b>
<b>TOTAL</b>	<b>16</b>	<b>9</b>	<b>5</b>	<b>30</b>
	<b>53.3%</b>	<b>30.0%</b>	<b>16.7%</b>	<b>100%</b>
Totals do not include any loans where revenue is unknown				



The analysis of the bank's small farm loans revealed that 93.3 percent were originated to small farms, which is slightly below data from Dun & Bradstreet indicating that 97.0 percent of the reporting farms inside the assessment area are small farms. However, the bank's small farm loans originated to small farms at 93.3 percent exceeds the 2010 small farm aggregate of 91.6 percent. Therefore the bank's distribution of small farm loans by borrower's profile is adequate.

In summary, based upon the three loan categories reviewed, Liberty Bank of Arkansas' overall performance by borrower's profile within the Jonesboro assessment area is adequate.

### **Community Development Lending Activities**

Liberty Bank of Arkansas is a leader in making community development loans in the Jonesboro assessment area. The bank originated or renewed 15 community development loans totaling \$30.9 million to 14 different borrowers during this review period, which represents a significant increase (\$16.8 million) in community development loan activity compared to the previous evaluation.

Many of the community development loans (seven loans totaling \$12.3 million) financed affordable housing construction and renovation projects for LMI individuals within the assessment area. Some of these projects were for the renovation of HUD subsidized apartments. Seven of the loans totaling about \$15.6 million were for economic development with four of these loans creating 160 new permanent jobs in the assessment area. The remaining loan was for a community service organization that targets LMI individuals.

### **INVESTMENT TEST**

Liberty Bank of Arkansas has a significant level of qualified community development investments and grants within the Jonesboro assessment area. Additionally, the bank makes significant use of available innovative/complex investments to help support community development initiatives. This level of community development investment performance exhibits good responsiveness to credit and community development needs in the assessment area.

### **Investment and Grant Activity**

The bank has a total of \$3.6 million in qualified investments benefitting this assessment area. The majority of these investments are in a school bond program targeting the Jonesboro area. Additionally, Liberty Bank of Arkansas made a significant level of qualified community development grants and donations within the Jonesboro, Arkansas assessment area. The bank has made qualified grants (\$127,321) and donations (\$112,738) totaling \$240,059 to numerous organizations throughout the assessment area during this review period. Among the qualifying donations are contributions to organizations targeting community development initiatives such as affordable housing, neglected and abused women and children, scholarship programs for LMI individuals, health care, and food pantries.

**Responsiveness to Credit and Community Development Needs**

Based on the bank’s community development investment performance as largely detailed in the previous section, the bank exhibits good responsiveness to credit and community development needs in the Jonesboro assessment area.

**SERVICE TEST**

Liberty Bank of Arkansas’ headquarters and eight other branches are located within this assessment area. This accounts for 20.0 percent of the bank’s 45 branches. Liberty Bank of Arkansas’ service delivery systems are reasonably accessible to the assessment area, including a cash-only ATM in the assessment area’s one low-income census tract. The opening and closing of branch offices has not adversely affected accessibility of the bank’s service delivery systems, particularly to LMI geographies and LMI individuals within this assessment area. The bank’s services are tailored to the convenience and needs of its assessment area. Finally, Liberty Bank of Arkansas is a leader in providing community development services within this assessment area.

**Accessibility of Delivery Systems**

The bank operates nine full-service branch offices and nine full-service ATMs within the Jonesboro, Arkansas assessment area (including an ATM in the assessment area’s only low-income census tract). The following table illustrates the location of the bank’s branches and ATMs by income level of the geography, as compared to assessment area demographics.

<b>Branches and ATMs in Assessment Area</b>					
<b>Facility Type</b>	<b>Number and Percentage of Locations Within Each Geography</b>				<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	
Branches	0 0.0%	0 0.0%	7 77.8%	2 22.2%	<b>9</b> <b>100%</b>
ATMs	1 33.3%	0 0.0%	1 33.3%	1 33.3%	<b>3</b> <b>100%</b>
<b>TOTAL</b>	<b>1</b> <b>8.3%</b>	<b>0</b> <b>0.0%</b>	<b>8</b> <b>66.6%</b>	<b>3</b> <b>25.0%</b>	<b>12</b> <b>100%</b>
Percentage of Geographies	5.0%	10.0%	75.0%	10.0%	<b>100%</b>
Percentage of Household Population	4.4%	6.1%	74.4%	15.1%	<b>100%</b>

The geographic distribution of the bank’s service delivery systems in LMI geographies is reasonably accessible. As illustrated in the above table, Liberty Bank of Arkansas’ service delivery systems in LMI census tracts represent 8.3 percent of the total. The single low-income census tract in this assessment area is located in the city of Jonesboro, within close proximity of numerous bank branches and ATMs, including three branches within one mile of this geography.

However, the bank does not have any delivery systems in the two moderate-income census tracts, which are in the more rural parts of the assessment area. In addition to its branches and ATMs, the bank offers free online banking and bill pay services, as well as an informational and transactional website for its customers. All of Liberty Bank of Arkansas' branches offer drive-thru banking hours from 7 a.m. to 7 p.m. It also continues to offer traditional services, such as banking by mail and telephone. Further, the bank offers ATM cards with debit features to its customers. Overall, the bank's service delivery systems are considered to be reasonably accessible to geographies and individuals of different income levels in the Jonesboro, Arkansas assessment area.

### **Changes in Branch Locations**

Liberty Bank of Arkansas has not closed any branch offices in the Jonesboro, Arkansas assessment area since the previous evaluation. Therefore, the bank's record of opening and closing branches in the Jonesboro, Arkansas assessment area has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and/or LMI individuals.

### **Reasonableness of Business Hours and Services in Meeting Assessment Area Needs**

The bank's business hours and services are tailored to the convenience and needs of its assessment area, particularly LMI geographies and/or LMI individuals. The bank has branches located throughout the city of Jonesboro and offers hours that are considered more convenient when compared to other financial institutions. Most bank offices operate from at least the hours of 8 a.m. until 5 p.m. Liberty Bank of Arkansas has two branches with drive-thru hours from 7 a.m. until 7 p.m., Monday through Saturday. Two other branches are open from 7 a.m. until 7 p.m., Monday through Friday, and from 7 a.m. through 2 p.m. on Saturday. One of these branches is located less than one mile away from the assessment area's only low-income geography. Further, the bank has a facility in a shopping mall that is open from 9 a.m. until 9 p.m., Monday through Saturday and from 1 p.m. until 4 p.m. on Sunday. This facility is also located less than one mile from the area's only low-income census tract.

The bank offers standard retail products, including low-cost checking and savings accounts, certificates of deposit, real estate loans, credit cards, and other consumer lending products. Additionally, the bank offers a checking account designed to assist individuals that have had trouble managing a checking account in the past. The bank also maintains an alternate delivery system designed to meet the needs of its customers, including online banking with online bill pay.

### **Community Development Services**

Liberty Bank of Arkansas' staff members within the Jonesboro, Arkansas assessment area are leaders in providing community development services. A significant number of bank employees participate in numerous qualifying community development organizations providing financial expertise on an ongoing basis. The organizations focus on providing affordable housing, promoting economic development, or providing social services such as child care, health care, job training, homeless shelters, and financial education to LMI individuals. Since the previous

examination, 13 different employees have participated in qualified services. In total, the bank provided 18 different qualifying services within this assessment area. Bank staff members are especially active in presenting financial education training to LMI public school students, low-income and elderly individuals, and to small business entities within the assessment area. Liberty Bank of Arkansas often takes a leadership role in providing community development services in the Jonesboro assessment area.

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE NORTHWEST ARKANSAS ASSESSMENT AREA**

Liberty Bank of Arkansas delineated one assessment area in the Fayetteville-Springdale-Rogers, Arkansas-Missouri multistate MSA (Fayetteville MSA). The Fayetteville MSA is comprised of the counties of Benton, Washington, and Madison in Arkansas and McDonald County in Missouri. The bank’s assessment area only consists of Benton County and Washington County, Arkansas in their entireties. The MSA includes one county in Missouri, but it is not a part of this assessment area.

**Bank Structure**

The bank operates ten branch offices throughout the Northwest Arkansas assessment area, six in Benton County, and four in Washington County. Since the last examination, the bank added 16 cash-dispensing only ATMs, all of which are located inside retail store outlets. The bank did not close any branch offices in this assessment area during this review period. Based on this branch structure, the bank is well-positioned to serve the entire assessment area.

**General Demographics**

The bank’s Northwest Arkansas assessment area, which has a population of 311,121, is located in the northwest corner of Arkansas and includes two of the four counties comprising the Fayetteville MSA. Washington and Benton counties have similar populations of 153,406 and 157,715, respectively. The MSA is anchored by the cities of Fayetteville, Springdale, and Rogers, Arkansas. Other major cities in the area include Bentonville, Huntsville, and Siloam Springs. As the demographics of this assessment area cover a wide area and the population is a diverse mix, credit needs in the area are also varied, including a standard blend of various consumer, business, and agricultural loan products (although demand for agricultural loan products is a lesser priority). Further, as part of an MSA anchored by multiple cities and a major university, this area offers ample opportunity for community development involvement.

**Income and Wealth Demographics**

The assessment area contains a total of 60 census tracts, which are displayed in the following table by income level of geography and family population characteristics.

<b>Assessment Area Geographical Information by Income Category</b>						
<b>2000 Census Data</b>	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	<b>TOTAL</b>
Assessment Area Geographies	2 3.3%	5 8.3%	44 73.3%	9 15.0%	0 0.0%	<b>60</b> <b>100%</b>
Family Population	944 1.1%	3,812 4.6%	64,130 76.9%	14,553 17.4%	0 0.0%	<b>83,439</b> <b>100%</b>

Although the previous table reveals that the strong majority of assessment area census tracts are considered to be middle-income, there is still a small portion of LMI geographies and families living within these geographies located in this assessment area. Both low-income census tracts are in the city of Fayetteville (Washington County) and include significant parts of the University of Arkansas campus. The moderate-income census tracts are spread out but are still within the urban parts of the assessment area.

Based upon 2000 census data, the median family income for the assessment area was \$44,069, which is greater than the 2000 Fayetteville MSA median family income figure of \$42,578. More recently, HUD estimates the 2010 Fayetteville MSA median family income to be \$57,000, representing a 33.9 percent increase from 2000. The following table displays population percentages of assessment area families by income level, compared to the state of Arkansas as a whole.

<b>Assessment Area Family Population by Income Level</b>						
<b>2000 Census Data</b>	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	<b>TOTAL</b>
Assessment Area	14,366 17.2%	15,057 18.0%	20,101 24.1%	33,915 40.6%	0 0.0%	<b>83,439</b> <b>100%</b>
State of Arkansas	148,233 20.1%	163,567 22.2%	131,570 17.9%	292,693 39.8%	0 0.0%	<b>736,063</b> <b>100%</b>

As displayed in the previous table, the population characteristics of the assessment area are similar to that of the state of Arkansas. Both the assessment area and the state have a significant percentage of LMI families noted to be 35.2 and 42.3 percent, respectively.

**Housing Demographics**

Census data indicate that 8.9 percent of the assessment area’s 128,611 housing units are in LMI census tracts. Of the total assessment area housing units, 60.47 percent are owner-occupied units. The 2000 median housing value for the assessment area was \$90,703, which is well above the median housing value for the state of Arkansas, \$67,400. Assessment area median housing values vary significantly by census tract income classification as detailed in the following table.

<b>Geography Income Category</b>	<b>Median Housing Value</b>
Low-income	\$65,143
Moderate-income	\$67,962
Middle-income	\$87,720
Upper-income	\$115,200

Due to higher housing costs in relation to income levels in the assessment area, housing in the assessment area appears to be less affordable compared to the state overall. The affordability

ratio for the assessment area was 40.0 percent, which is lower than the state of Arkansas affordability ratio of 47.0 percent. Lastly, the median gross rent figure for the assessment area was \$506 per month, which is also above comparable data for the state, \$453 per month.

### **Industry and Employment Demographics**

The Northwest Arkansas assessment area is supported by many industries. The area is the home of global leaders in retail sales and meat and poultry processing. The region is also the home of one of North America’s largest transportation companies and one of the country’s largest makers and suppliers of pocket knives. Because of the presence of these national companies, ancillary support businesses have also become a major portion of the local economy. Unemployment rates for the counties in the Northwest Arkansas assessment area are generally similar to that of the entire MSA, as is displayed in the following table.<sup>13</sup>

<b>County</b>	<b>June 30, 2011</b>	<b>September 30, 2009</b>
Benton	6.1	6.1
Washington	6.2	6.0
<b>State of Arkansas</b>	<b>8.0</b>	<b>7.4</b>

As displayed in the previous table, current unemployment rates for the Northwest Arkansas assessment area counties are very similar. Unlike many other metropolitan areas across the country, the assessment area unemployment rates have generally been stable since the beginning of 2009.

### **Community Contact Information**

As a part of this CRA examination, one community contact interview was completed in order to obtain additional assessment area background, including information relating to credit needs, community development opportunities, and the local economy. This interview was with individuals from a local chamber of commerce and economic development organization. The interviewees were headquartered in the city of Siloam Springs. Generally speaking, these community contacts stated that the economy was insulated from the rest of the state of Arkansas and the United States economic woes until 2010. However, during 2010, the economic problems facing the state of Arkansas finally caught up to the Siloam Springs community. Presently, local businesses are not hiring and “hunkering down” to ride out the current recession. However, the housing industry is showing signs of activity, both in the sale of existing houses and new home construction. The contacts mentioned that local unemployment is at 6.5 percent which is less than the state of Arkansas but still up from 2008 at 4.0 percent. These individuals’ perceptions of banking conditions in the assessment area were very favorable. Neither contact mentioned that the community had any unmet financial needs. It was noted that the banks in the area do their best to be involved in the community. Specifically, the contacts stated that Liberty Bank is considered to be a leader in the local community.

<sup>13</sup> These figures are based on unemployment rates, not seasonally adjusted.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE NORTHWEST ARKANSAS ASSESSMENT AREA**

**LENDING TEST**

The lending activity in the Northwest Arkansas assessment area reflects adequate responsiveness to assessment area credit needs. The overall geographic distribution of loans reflects adequate penetration throughout the assessment area, including LMI geographies. The overall distribution of loans by borrower’s profile reflects adequate penetration among borrowers of different income levels and businesses and farms of different revenue sizes. Finally, Liberty Bank of Arkansas is a leader in making community development loans in this assessment area.

**Lending Activity**

The following table displays the bank’s 2010 lending volume in this assessment area by number and dollar volume.

<b>Assessment Area</b>	<b>#</b>		<b>\$(000s)</b>	
HMDA	308	88.8%	\$ 51,723	94%
Small Business	38	11.0%	\$ 3,266	6%
Small Farm	1	0.3%	\$ 7	0%
<b>OVERALL</b>	<b>347</b>	<b>100%</b>	<b>\$ 54,996</b>	<b>100%</b>

The bank’s lending activity in the Northwest Arkansas assessment area represents 14.4 percent of total HMDA and CRA loans made within the bank’s combined assessment areas. This level of HMDA and CRA activity is below the bank’s branch network in this assessment area, representing 22.2 percent of total bank branches, but above the bank’s percentage of deposit holdings in this assessment area of 9.2 percent. Additionally, the number of HMDA and CRA loan originations in 2010 increased by 7.4 percent over originations in 2009. In light of these factors, the bank’s lending activity in the Northwest Arkansas assessment area reflects adequate responsiveness to assessment area credit needs.

**Geographic Distribution of Loans**

The geographic distribution performance criterion focuses on the bank’s lending penetration within the assessment area among geographies of different income levels, with a specific emphasis placed on the bank’s performance in LMI geographies. As noted in the *Description of Institution’s Operations in the Northwest Arkansas Assessment Area* section, this assessment area includes two low-income geographies and five moderate-income geographies, which represents 11.7 percent of total assessment area geographies.



First, the bank’s HMDA loans were analyzed according to the income level of the census tract in order to evaluate the bank’s lending in LMI census tracts. In this analysis, the owner-occupied housing data and aggregate lending activity were used for comparison purposes. The following table displays the geographic distribution of bank’s 2010 HMDA loans in comparison to owner-occupied housing data for the assessment area.

<b>Distribution of Loans Inside Assessment Area by Income Level of Geography</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Home Purchase	0 0.0%	3 1.8%	134 79.3%	32 18.9%	0 0.0%	<b>169</b> <b>100%</b>
Refinance	0 0.0%	1 0.8%	109 90.1%	11 9.1%	0 0.0%	<b>121</b> <b>100%</b>
Home Improvement	0 0.0%	1 5.6%	15 83.3%	2 11.1%	0 0.0%	<b>18</b> <b>100%</b>
Multi-Family	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	<b>0</b> <b>100%</b>
<b>TOTAL LOANS</b>	0 0.0%	5 1.6%	258 83.8%	45 14.6%	0 0.0%	<b>308</b> <b>100%</b>
Owner-Occupied Housing	0.3%	3.5%	78.0%	18.3%	0.0%	<b>100%</b>

The geographic distribution of the bank’s HMDA loans reflects adequate penetration throughout this assessment area. Liberty Bank of Arkansas’ HMDA lending in LMI census tracts (1.6 percent) is slightly lower than the owner-occupied LMI housing percentage (3.8 percent) and the 2010 aggregate (2.4 percent) within this assessment area. The bank’s penetration to low-income geographies represented 0.0 percent of HMDA loans by number which compares to 0.3 percent low-income owner occupied housing and 0.3 percent 2010 low-income aggregate. The bank’s penetration to moderate-income geographies represented 1.6 percent which is slightly below than the moderate-income owner-occupied housing figure of 3.5 percent and slightly lower than the 2010 moderate-income aggregate of 2.1 percent. More specifically, HMDA Purchase loans remained the same from 2009 to 2010 at three loans originated, for HMDA Refinance there was a decrease from two in 2009 to one in 2010, and there was an increase in HMDA Home Improvement from none in 2009 to one in 2010.

There are two low-income and five moderate-income census tracts in this assessment area. The University of Arkansas is located in the midst of these tracts and consists of student populations, limiting lending for homes. There are also over 200 bank branches in Fayetteville creating much

bank competition.

Next, the geographic distribution of the bank’s small business lending within the Northwest Arkansas assessment area was reviewed in assessing the bank’s lending performance in LMI geographies. The following table depicts the geographic distribution of small business loans in comparison to the percentages of businesses operating within each census tract income category.

<b>Distribution of Loans Inside Assessment Area by Income Level of Geography</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Small Business Loans	0 0.0%	1 2.6%	27 71.1%	10 26.3%	0 0.0%	<b>38</b> <b>100%</b>
Business Institutions	0.8%	10.6%	68.8%	19.8%	0.0%	<b>100%</b>

Liberty Bank of Arkansas’ lending level in LMI census tracts was lower than both the percentages of businesses operating within those census tracts as well as the 2010 aggregate lending performance. Liberty Bank of Arkansas originated 2.6 percent of its small business loans in LMI census tracts. According to Dun & Bradstreet data, 11.4 percent of the reporting businesses within this assessment area are located in LMI census tracts. In addition, Liberty Bank of Arkansas’ lending was lower than the LMI aggregate lending level of 9.9 percent. Although the bank originated no loans in low-income census tracts, Dun and Bradstreet Institutions only represented 0.8 percent in low-income census tracts and the 2010 low-income aggregate only equaled 0.7 percent. The bank originated only 2.6 percent loans in the moderate-income census tracts which are lower than the Dun and Bradstreet business institutions in moderate-income tracts of 10.6 percent and lower than the 2010 aggregate lending in moderate-income census tract of 9.2 percent.

There are two low-income and five moderate-income census tracts in this assessment area. The University of Arkansas is located in the midst of these tracts and consists of student populations, limiting lending for small businesses. There are also over 200 bank branches in Fayetteville creating much bank competition.

Despite the performance context mentioned above, this analysis reveals that the bank’s lending penetration throughout this assessment area, including the LMI census tract, is poor.

The last loan category reviewed in assessing the bank’s lending penetration within LMI census tracts was small farm loans. The following table displays the geographic distribution of Liberty Bank of Arkansas’ small farm loans in comparison to the percentage of farms operating within each census tract income level.

<b>Distribution of Loans Inside Assessment Area by Income Level of Geography</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Small Farm Loans	0 0.0%	0 0.0%	1 100.0%	0 0.0%	0 0.0%	<b>1</b> <b>100%</b>
Agricultural Institutions	0.0%	4.1%	87.8%	8.1%	0.0%	<b>100%</b>

Liberty Bank of Arkansas’ lending level in moderate-income census tracts was lower than both the percentage of farms operating within those census tracts as well as the 2010 aggregate lending percentage. Liberty Bank of Arkansas originated no small farm loans in moderate-income census tracts. According to Dun & Bradstreet data, 4.1 percent of the reporting farms within this assessment area are located in moderate-income census tracts (no small farms were reported to be located in low-income census tracts). In addition, Liberty Bank of Arkansas’ lending performance also fell below the aggregate lending level in moderate-income census tracts of 0.6 percent. This analysis reveals that the bank’s lending penetration throughout this assessment area, including moderate-income census tracts, is adequate based on low loan volume. Given the low level of small farm lending on the whole, performance for this loan category is not considered to be as significant compared to other loan categories when forming overall performance conclusions.

There are two low-income and five moderate-income census tracts in this assessment area. The University of Arkansas is located in the midst of these tracts and consists of student populations, which limits lending for small farms. There are also over 200 bank branches in Fayetteville creating much bank competition.

In conclusion, based on performance from all three loan categories reviewed, the overall geographic distributions analysis revealed that the bank’s lending penetration throughout the assessment area, including LMI census tracts, is adequate since HMDA loan products makes up the greater part of the bank’s overall loan portfolio than small business loans or small farm loans.

**Borrower’s Profile**

For this performance criterion, the bank’s loans were analyzed to determine the reasonableness of lending to borrowers of different income levels and to businesses and farms of different sizes. The 2010 HUD estimated median family income for the Fayetteville MSA is \$55,000. The following table shows the distribution of the bank’s HMDA loans by the income level of the borrower.

<b>Distribution of Loans Inside Assessment Area by Income Level of Borrower</b>						
<b>Dataset</b>	<b>Borrower Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Home Purchase	21 12.4%	47 27.8%	39 23.1%	56 33.1%	6 3.6%	<b>169</b> <b>100%</b>
Refinance	8 6.6%	17 14.0%	19 15.7%	69 57.0%	8 6.6%	<b>121</b> <b>100%</b>
Home Improvement	4 22.2%	3 16.7%	2 11.1%	7 38.9%	2 11.1%	<b>18</b> <b>100%</b>
Multi-Family	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	<b>0</b> <b>100%</b>
<b>TOTAL LOANS</b>	<b>33</b> 10.7%	<b>67</b> 21.8%	<b>60</b> 19.5%	<b>132</b> 42.9%	<b>16</b> 5.2%	<b>308</b> <b>100%</b>
Family Population	17.2%	18.0%	24.1%	40.6%	0.0%	<b>100%</b>

As displayed in the preceding table, the bank’s penetration to LMI borrowers varied. While the bank’s low-income lending level (10.7 percent by number of HMDA loans) is below the low-income family population (17.2 percent), lending to moderate-income borrowers (21.8 percent) is above the moderate-income family population percentage (18.0 percent). The bank’s combined LMI lending performance of 32.5 percent is substantially similar to the 35.2 percentage of LMI families in the assessment area. As reflected by 2010 HMDA aggregate data, the bank’s low-income lending (10.7 percent) exceeded the low-income aggregate (7.3 percent) and the bank’s lending in moderate-income census tracts (21.8 percent) also exceeded the 2010 moderate-income aggregate lending (15.3 percent). Overall 32.5 percent HMDA loans made in the assessment area were to LMI borrowers which significantly exceed the 2010 aggregate lending in LMI geographies of 22.6 percent. It is noteworthy that the bank’s HMDA loan category includes an amount of lending where the borrower’s income is “unknown”<sup>14</sup> (5.2 percent by number of HMDA loans). Lastly, HMDA Purchase loans increased from 63 in 2009 to 68 in 2010; for HMDA Refinance, the loans remained the same from 2009 to 2010 at 25 loans originated each year, and there was an increase in HMDA Home Improvement from five in 2009 to seven in 2010.

There are two low-income and five moderate-income census tracts in this assessment area. The University of Arkansas is located in the midst of these tracts and consists of student populations,

<sup>14</sup> This is most often the case where applicant income is not relied upon as part of the credit underwriting process and/or the loan is not made to a natural person (e.g., the borrower is a partnership, trust, or corporation).

which limit lendings for homes. There are also over 200 bank branches in Fayetteville creating much bank competition.

In conclusion, HMDA performance by borrower’s profile is considered adequate in light of aggregate performance relative to this assessment area.

Next, the distribution of the bank’s small business loans among institutions of different revenue levels was reviewed in assessing the bank’s performance to small businesses. The following table reflects the distribution of small business loans by business revenue size and loan amount.

<b>Lending Distribution by Business Revenue Level</b>				
<b>Gross Revenue</b>	<b>Loan Amounts in \$000s</b>			<b>TOTAL</b>
	<b>&lt;\$100</b>	<b>&gt;\$100 ≤ \$250</b>	<b>&gt;\$250 ≤ \$1,000</b>	
\$1 Million or Less	13	4	1	<b>18</b>
	43.3%	13.3%	3.3%	<b>60.0%</b>
Greater Than \$1 Million	7	3	2	<b>12</b>
	23.3%	10.0%	6.7%	<b>40.0%</b>
<b>TOTAL</b>	<b>20</b>	<b>7</b>	<b>3</b>	<b>30</b>
	<b>66.7%</b>	<b>23.3%</b>	<b>10.0%</b>	<b>100%</b>
Totals do not include 8 loans where revenue is unknown				

As reflected in the table above, Liberty Bank of Arkansas made 60.0 percent of its small business loans to entities with gross annual revenues of \$1 million or less. According to Dun & Bradstreet data, 90.0 percent of the businesses operating within this assessment area are small businesses. However, the bank’s small business loans to entities with gross revenues of \$1 million or less (60.0 percent) is also below that of the 2010 small business aggregate levels (81.9 percent).

There are two low-income and five moderate-income census tracts in this assessment area. The University of Arkansas is located in the midst of these tracts and consists of student populations which limit lending for small businesses. There are also over 200 bank branches in Fayetteville creating much bank competition.

Despite the performance context mentioned above, the bank’s performance to small businesses is below that of comparison data and it is considered poor.

Finally, small farm loans were reviewed to determine the bank’s lending performance to farms with gross annual revenues of \$1 million or less. Similar to the small business loan analysis above, small farm lending performance was analyzed by the revenue size of the farm and by the dollar amount of the loan. The following table shows the distribution of small farm loans by farm revenue level and loan origination amount.

<b>Lending Distribution by Farm Revenue Level</b>				
<b>Gross Revenue</b>	<b>Loan Amounts in \$000s</b>			<b>TOTAL</b>
	<b>&lt;\$100</b>	<b>&gt;\$100 ≤ \$250</b>	<b>&gt;\$250 ≤ \$1,000</b>	
\$1 Million or Less	1	0	0	<b>1</b>
	100%	0.0%	0.0%	<b>100%</b>
Greater Than \$1 Million	0	0	0	<b>0</b>
	0.0%	0.0%	0.0%	<b>0.0%</b>
<b>TOTAL</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>100%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100%</b>

The analysis of the bank’s small farm loans revealed a low level of lending to farms with gross annual revenues of \$1 million or less as compared to assessment area demographics. Data from Dun & Bradstreet indicate that 97.6 percent of the reporting farms inside the assessment area are small farms. In comparison, the bank originated 100.0 percent of its loans to small farms. The bank’s small farm lending level exceeds the 2010 aggregate performance in the assessment area, which indicates that 98.9 percent of small farm loans were made to small farms. Therefore, the bank’s lending performance to small farms is considered adequate based on low volume. However, due to the low level of small farm lending on the whole, performance for this loan category is not considered to be as significant compared to other loan categories when forming overall performance conclusions.

Overall, for the three loan categories analyzed, Liberty Bank of Arkansas’ performance by borrower’s profile is considered adequate in the Northwest Arkansas assessment area.

**Community Development Lending Activities**

Liberty Bank of Arkansas is a leader in making community development loans in the Northwest Arkansas assessment area. The bank originated or renewed ten community development loans totaling \$32.9 million to seven different borrowers during this review period, which is a significant increase from performance noted as part of the bank’s previous CRA evaluation.

Five of the loans totaling about \$9.0 million financed the construction, purchase, or renovation of affordable housing apartment complexes for LMI individuals. One loan for \$86,000 was part of a participation with other financial institutions for the construction of a homeless shelter. The four remaining community development loans totaling \$23.6 million were to refinance a manufacturing facility that employs a majority of LMI individuals.

**INVESTMENT TEST**

Liberty Bank of Arkansas has a significant level of qualified community development investments and grants within the Northwest Arkansas assessment area. This level of community

development investment performance exhibits good responsiveness to credit and community development needs in the assessment area.

### **Investment and Grant Activity**

The bank has a total investment commitment amount of \$1.4 million within this assessment area, which represents improvement from the bank's previous CRA evaluation. This entire investment amount is through a school bond program. Additionally, Liberty Bank of Arkansas has made an adequate level of qualified community development grants and donations within the Northwest Arkansas assessment area. The bank has made nine qualified grants and donations totaling \$5,700 to numerous organizations throughout the assessment area during this review period. Among the qualifying donations are contributions to organizations that target community development initiatives such as homeless shelters, crisis centers, and economic development initiatives for the region.

### **Responsiveness to credit and Community Development Needs**

Based on the bank's community development investment performance as largely detailed in the previous section, the bank exhibits good responsiveness to credit and community development needs in the Northwest Arkansas assessment area.

### **SERVICE TEST**

Liberty Bank of Arkansas is rated *Outstanding* under the Service Test in this assessment area. Retail services and delivery systems are reasonably accessible to the bank's geographies and individuals of different income levels in its assessment area. Changes in branch locations have not adversely affected LMI geographies or LMI individuals. Services are tailored to the convenience and needs of its assessment area, and the bank is a leader in providing community development services.

### **Accessibility of Delivery Systems**

The bank maintains a branch network that is reasonably accessible to depositors and borrowers including LMI individuals in the Northwest Arkansas assessment area. The branch network consists of ten branches throughout the assessment area. The following table illustrates the location of the bank's branches and ATMs, by income level of the geography.

<b>Branches and ATMs in Assessment Area</b>					
<b>Facility Type</b>	<b>Number and Percentage of Locations Within Each Geography</b>				<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	
Branches	0	0	8	2	<b>10</b>
	0.0%	0.0%	80.0%	20.0%	<b>100%</b>
Stand alone ATMs	0	1	8	2	<b>11</b>
	0.0%	9.1%	72.7%	18.2%	<b>100%</b>
<b>TOTAL</b>	<b>0</b>	<b>1</b>	<b>16</b>	<b>4</b>	<b>21</b>
	<b>0.0%</b>	<b>4.8%</b>	<b>76.2%</b>	<b>19.0%</b>	<b>100%</b>
Percentage of Geographies	3.3%	8.3%	73.3%	15.0%	<b>100%</b>
Percentage of Household Population	3.0%	6.0%	73.8%	17.2%	<b>100%</b>

As noted in the table, the bank has no branches and only one cash-only ATM located in LMI census tracts. Both of the area’s low-income census tracts and two of the five moderate-income census tracts are located in the city of Fayetteville. The bank’s cash only ATM is located in Fayetteville, which is located within two miles of the other three LMI census tracts in the city. Each of the bank’s three other moderate-income census tracts have branches within two miles. In addition to its branches and ATMs, the bank offers free online banking with bill pay services, as well as an informational and transactional website for its customers. All of Liberty Bank of Arkansas’ branches offer drive-thru banking hours from 7 a.m. to 7 p.m. It also continues to offer traditional services, such as banking by mail and telephone. Further, the bank offers ATM cards with debit features to its customers. Overall, the bank’s service delivery systems are considered to be reasonably accessible to geographies and individuals of different income levels in the Northwest Arkansas assessment area.

**Changes in Branch Locations**

The bank has not opened any branch facilities in this assessment area. Therefore, the bank’s record of opening and closing branches in the Northwest Arkansas assessment area has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and/or LMI individuals.

**Reasonableness of Business Hours and Services in Meeting Assessment Area Needs**

Reasonableness of business hours and services are tailored to the convenience and needs of its assessment area, particularly LMI geographies and/or LMI individuals. The bank has branches located throughout the Northwest Arkansas assessment area and offers hours that are considered more convenient when compared to other financial institutions. Most bank offices operate from at least the hours of 8 a.m. until 5 p.m. Liberty Bank of Arkansas has at least one branch in the cities of Bentonville, Fayetteville, Rogers, Siloam Springs, Springdale, and Tonitown that have drive-thru hours from 7 a.m. until 7 p.m., Monday through Friday. In each of those cities except Tonitown, the branches are also open from 8 a.m. until 1 p.m. on Saturdays.



The bank offers standard retail products, including low-cost checking and savings accounts, certificates of deposit, real estate loans, credit cards, and other consumer lending products. Additionally, the bank offers a checking account designed to assist individuals that have had trouble managing a checking account in the past. The bank also maintains an alternate delivery system designed to meet the needs of its customers, including online banking with online bill pay.

### **Community Development Services**

Liberty Bank of Arkansas is a leader in providing community development services in the Northwest Arkansas assessment area. Bank personnel provided services to three organizations, primarily in the form of financial education: developing banking relationships, the fundamentals of credit, and low-income housing assistance. Also, bank personnel provided financial aid application assistance to individuals unable to afford medication.

## METROPOLITAN AREAS

*(Limited-scope reviews)*

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE FORT SMITH, ARKANSAS ASSESSMENT AREA

Liberty Bank of Arkansas has designated the Arkansas counties of Crawford and Sebastian, both part of the Fort Smith, Arkansas-Oklahoma multistate MSA (Fort Smith MSA), as an assessment area. This assessment area includes two of the three Fort Smith MSA counties in Arkansas (the Fort Smith MSA includes two counties in Oklahoma and three counties in Arkansas). Liberty Bank of Arkansas operates five branch offices within this assessment area. The tables below detail key demographics relating to this assessment area.

Assessment Area Demographics by Geography Income Level						
Dataset	Low-	Moderate-	Middle-	Upper-	Unknown	TOTAL
Census Tracts	0 0.0%	4 12.1%	21 63.6%	8 24.2%	0 0.0%	33 100%
Family Population	0 0.0%	3,206 7.0%	33,344 72.3%	9,548 20.7%	0 0.0%	46,098 100%

Family Population by Income Level					
Dataset	Low-	Moderate-	Middle-	Upper-	TOTAL
Assessment Area	7,892 17.1%	7,785 16.9%	10,559 22.9%	19,862 43.1%	46,098 100%
ARKANSAS	148,233 20.1%	163,567 22.2%	131,570 17.9%	292,693 39.8%	736,063 100%
ARKANSAS Non-MSA	66,236 20.4%	70,642 21.8%	58,047 17.9%	129,307 39.9%	324,232 100%
FORT SMITH, AR-OK MSA	14,885 19.7%	17,310 22.9%	13,479 17.9%	29,781 39.5%	75,455 100%

<b>Branch Distribution by Geography Income Level</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Branches	0 0.0%	0 0.0%	2 40%	3 60.0%	0 0.0%	<b>5</b> <b>100%</b>
Census Tracts	0.0%	12.1%	63.6%	24.2%	0.0%	<b>100%</b>
Household Population	0.0%	7.6%	71.2%	21.1%	0.0%	<b>100%</b>

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE FORT SMITH ASSESSMENT AREA**

Based on bank activity reviewed under Lending, Investment, and Service Tests, the institution’s performance in the Fort Smith, Arkansas assessment area is *Consistent* with the institution’s performance overall.

**LENDING TEST**

Liberty Bank of Arkansas’ lending activity in this assessment area reflects performance that is *Consistent* with the bank’s Lending Test performance overall. Of the HMDA, small business, and small farm loans included in this evaluation, the bank originated a total of 166 loans within this assessment area. This represents 6.9 percent (by number) of the loans reviewed for the entire institution. The following table displays conclusions with regard to key Lending Test criteria. For more detailed information relating to the bank’s Lending Test performance in this assessment area, see the tables contained in Appendices B and C.

Loan Type	Performance Criteria	
	Geographic Distribution of Loans	Distribution of Loans by Borrower’s Profile
HMDA	Consistent	Consistent
Small Business	Consistent	Consistent
Small Farm	Consistent	Consistent
<b>OVERALL</b>	<b>CONSISTENT</b>	<b>CONSISTENT</b>

Also, the bank made four community development loans for \$1,430,791 in this assessment area, which is consistent with that of bank’s community development lending performance overall.

**INVESTMENT TEST**

Liberty Bank of Arkansas made investments totaling \$2.2 million and one donation totaling \$500 in this assessment area, which is *Consistent* with the institution’s Investment Test performance overall.

**SERVICE TEST**

Liberty Bank of Arkansas’ retail operations in this assessment area reflects performance that is *Consistent* with the bank’s overall Service Test performance.

<b>Service Performance Criteria</b>	<b>Performance Conclusion</b>
Accessibility of delivery systems	Below
Change in branch locations	Consistent
Reasonableness of business hours and services	Consistent
Community development services	Consistent
<b>OVERALL</b>	<b>CONSISTENT</b>

In addition, Liberty Bank of Arkansas personnel performed four community development services in this assessment area, which is consistent with the bank's community development service performance overall.

## **NONMETROPOLITAN STATEWIDE AREAS** *(Full- and limited-scope reviews)<sup>16</sup>*

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE CENTRAL ARKANSAS ASSESSMENT AREA (Full Scope Review)**

The Central Arkansas assessment area includes the nonMSA counties of Johnson, Pope, Conway, and Yell Counties. This assessment area is centered on the city of Russellville, Arkansas.

#### **Bank Structure**

The bank operates ten of its 45 branches (22.2 percent) and four stand alone ATMs within this assessment area. Liberty Bank of Arkansas is now the largest bank in the four counties that make up this assessment area. According to the FDIC's "Deposit Market Share Report" as of June 30, 2011, the bank has 15.9 percent of the offices inside of this area and 25.4 percent of the deposit market share. There are 14 other FDIC-insured institutions competing in this market. Based on the bank's branch structure, the bank's services are targeted to the city Russellville and its surrounding area; however, the bank should still be able to adequately serve the entire assessment area, particularly along the Interstate 40 corridor running through the core of this assessment area.

#### **General Demographics**

The bank's Central Arkansas assessment area, which has a population of 118,725, is located in the central part of Arkansas to the northwest of Little Rock. Based on estimates of the 2010 population from the U.S. Census Bureau, Russellville is the largest city in the assessment area with a population of 27,588. As the demographics of this assessment area cover a wide area and the population is a diverse mix, credit needs in the area are also varied, including a standard blend of various consumer, business, and agricultural loan products. Further, as this assessment area is not part of an MSA, nor does it include any major metropolitan centers, the level of community development opportunity in the assessment area is considered to be limited relative to other assessment areas.

#### **Income and Wealth Demographics**

The Central Arkansas assessment area contains a total of 27 census tracts, which are detailed in the following table by income level of geography and family population characteristics.

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<sup>16</sup>The bank has three nonMSA assessment areas: Central Arkansas, Northeast, and North Central Arkansas. Of these assessment areas, the Central Arkansas Assessment Area was evaluated using full-scope review procedures, while the Northeast and North Central Arkansas assessment areas were evaluated under limited-scope review procedures.

<b>Assessment Area Geographical Information by Income Category</b>					
<b>2000 Census Data</b>	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>TOTAL</b>
Central Arkansas Assessment Area	0 0.0%	0 0.0%	22 81.5%	5 18.5%	<b>27</b> <b>100%</b>
Family Population	0 0.0%	0 0.0%	25,661 78.0%	7,241 22.0%	<b>32,902</b> <b>100%</b>

The previous table reveals that the vast majority of assessment area census tracts are considered to be middle-income, and there are no LMI census tracts inside this assessment area. Similarly, the strong majority of assessment area families live in a middle-income census tracts.

Based upon 2000 census data, the median family income for the assessment area was \$36,688, which is less than the comparable median family income figure of for nonMSA Arkansas, \$34,263. More recently, HUD estimates the 2010 median family for nonMSA Arkansas to be \$43,400. The following table displays population percentages of assessment area families by income level compared to the nonMSA Arkansas family population.

<b>Assessment Area Family Population by Income Level</b>					
<b>2000 Census Data</b>	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>TOTAL</b>
Central Arkansas Assessment Area	5,796 17.6%	5,667 17.2%	6,963 21.2%	14,476 44.0%	<b>32,902</b> <b>100%</b>
ARKANSAS	148,233 20.1%	163,567 22.2%	131,570 17.9%	292,693 39.8%	<b>736,063</b> <b>100%</b>
Non-MSA Arkansas	66,236 20.4%	70,602 21.8%	58,047 17.9%	129,307 39.9%	<b>324,232</b> <b>100%</b>

As displayed in the previous table, the population characteristics of the assessment area are similar nonMSA Arkansas, but the assessment area does have a relatively larger portion of upper-income families.

### **Housing Demographics**

Census data indicate the 2000 median housing value for the assessment area was \$61,222 and is higher than the median housing value for nonMSA Arkansas of \$55,810, but lower than the state of Arkansas of \$67,400. Assessment area housing has been reasonably affordable relative to respective income levels. The affordability ratio for the assessment area was 49.0 percent, which is substantially similar to the affordability ratio of 50.0 percent for nonMSA Arkansas and slightly above the 47.0 ratio for the state of Arkansas. Lastly, the median gross rent figure for the

assessment area was \$414 per month, again exceeding the nonMSA median of \$389 per month and falling below the state of Arkansas median of \$453 per month.

### **Industry and Employment Demographics**

According to a community contact interviewee, the Central Arkansas assessment area economy incorporates 45 different manufacturing companies (including ten divisions of Fortune 500 companies). The major employers in the area include ConAgra Foods, Tyson Foods, Arkansas Nuclear One, Arkansas Technical College, and the county school district. Unemployment rates for the counties in the Central Arkansas assessment area are generally similar to that of the state of Arkansas, as is displayed in the following table.<sup>17</sup>

<b>County</b>	<b>Most Recent (June 30, 2011)</b>	<b>September 30, 2009</b>
Conway	8.2	7.3
Johnson	7.7	7.0
Pope	8.0	7.2
Yell	6.7	7.5
<b>State of Arkansas</b>	<b>8.0</b>	<b>7.4</b>

As displayed in the previous table, current unemployment rates for the Central Arkansas assessment area counties are very similar, with the exception of Yell County, which is slightly lower than the other counties. As with the entire state, the assessment area unemployment rates have generally been increasing since September 30, 2009.

### **Community Contact Information**

As a part of this CRA examination, one community contact interview was completed in order to obtain additional assessment area background, including information relating to credit needs, community development opportunities, and the local economy. This interview was with an individual from an economic development organization located in the city of Russellville. Generally speaking, the community contact stated that the economy is experiencing the effects of the current recession. However, some recent economic growth has been observed. The contact mentioned that the main problem for local businesses to hire is that three out of four potential applicants do not pass an employment drug test. The contact noted that the banks in the area are very involved in the community, especially Liberty Bank who is viewed as a leader in the local community. The contact said there are no unmet credit needs in this geographic area.

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<sup>17</sup> These figures are based on unemployment rates, not seasonally adjusted.



**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE CENTRAL ARKANSAS ASSESSMENT AREA**

**LENDING TEST**

The bank’s lending activity in the Central Arkansas assessment area reflects adequate responsiveness to assessment area credit needs. The overall geographic distribution of loans reflects adequate penetration throughout the assessment area, including LMI geographies. Further, the overall distribution of loans to borrowers of different income levels and businesses and farms of different revenue sizes reflects adequate penetration. Finally, Liberty Bank of Arkansas makes an adequate level of community development loans in this assessment area.

**Lending Activity**

The following table displays the bank’s 2010 lending volume in this assessment area by number and dollar volume.

<b>Assessment Area</b>	<b>#</b>		<b>\$(000s)</b>	
HMDA	551	86.0%	\$ 50,961	90%
Small Business	87	13.6%	\$ 5,501	10%
Small Farm	3	0.5%	\$ 453	1%
<b>OVERALL</b>	<b>641</b>	<b>100%</b>	<b>\$ 56,915</b>	<b>100%</b>

The bank’s lending activity in the Central Arkansas assessment area represents 26.7 percent of total HMDA and CRA loans made within the bank’s combined assessment areas. This level of HMDA and CRA activity is commensurate with the bank’s deposit holdings and branch network in this assessment area, representing 25.2 percent of total deposits and 22.2 percent of total bank branches, respectively. Additionally, the number of HMDA and CRA loan originations in 2010 declined by 5.9 percent over originations in 2009. In light of these factors, the bank’s lending activity in the Central Arkansas assessment area reflects adequate responsiveness to assessment area credit needs.

**Geographic Distribution of Loans**

Under the geographic distribution of loans analysis, emphasis is normally placed on the bank’s performance in LMI geographies. However, the bank’s assessment area does not contain any LMI census tracts. As previously stated, the bank’s assessment area is comprised of 22 middle-income and five upper-income census tracts. Therefore, a detailed geographic distribution of loans analysis would not prove meaningful and was not performed as part of this evaluation. Nevertheless, the loan dispersion within the assessment area census tracts was reviewed, the

results of which indicated that loan activity was adequately dispersed throughout the assessment area consistent with demographics and bank structure. Therefore, bank’s geographic distribution of loans is adequate.

**Borrower’s Profile**

For this performance criterion, the bank’s loans were analyzed to determine the reasonableness of lending to borrowers of different income levels and to small businesses and small farms within this assessment area. This performance criterion places special emphasis on loans originated to LMI individuals. The following table shows the distribution of the bank’s HMDA loans by the borrower income level in comparison to income characteristics of the assessment area family population.

<b>Distribution of Loans Inside Assessment Area by Income Level of Borrower</b>						
<b>Dataset</b>	<b>Borrower Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Home Purchase	35 12.1%	70 24.1%	74 25.5%	101 34.8%	10 3.4%	<b>290</b> <b>100%</b>
Refinance	14 6.5%	34 15.8%	50 23.3%	109 50.7%	8 3.7%	<b>215</b> <b>100%</b>
Home Improvement	7 15.6%	9 20.0%	9 20.0%	18 40.0%	2 4.4%	<b>45</b> <b>100%</b>
Multi-Family	0 0.0%	0 0.0%	0 0.0%	0 0.0%	1 100%	<b>1</b> <b>100%</b>
<b>TOTAL LOANS</b>	<b>56</b> 10.2%	<b>113</b> 20.5%	<b>133</b> 24.1%	<b>228</b> 41.4%	<b>21</b> 3.8%	<b>551</b> <b>100%</b>
Family Population	17.6%	17.2%	21.2%	44.0%	0.0%	<b>100%</b>

As displayed in the preceding table, the bank’s performance by borrower’s profile varied. While the bank’s lending to low-income borrowers (10.2 percent by number of HMDA loans) is below the low-income family population (17.6 percent), lending to moderate-income borrowers (20.5 percent) is above the moderate-income family population (17.2 percent). Further, the bank’s combined LMI lending performance, 30.7 percent, is better than other lenders, as reflected by 2010 HMDA aggregate data showing that 23.2 percent of HMDA loans made in the assessment area by other lenders were to LMI borrowers. Specifically, the bank’s low-income lending level of 10.2 percent is above that of the 2010 low-income aggregate of 6.5 percent and the bank’s lending to moderate-income at 20.5 percent is also above the 2010 moderate-income lending

level of 16.7 percent. Therefore, the bank’s overall distribution of HMDA loans is considered to be adequate in light of lending to moderate-income borrowers and performance exceeding that of other lenders.

Small business loans were reviewed to determine the bank’s lending level to businesses with gross annual revenues of \$1 million or less. The sample of loans was analyzed by the revenue size of the business and by the loan amount. Dun & Bradstreet data was used for comparison to measure the bank’s performance for small business lending. The following table shows the distribution of small business loans by business revenue level and the loan origination amount.

<b>Lending Distribution by Business Revenue Level</b>				
<b>Gross Revenue</b>	<b>Loan Amounts in \$000s</b>			<b>TOTAL</b>
	<b>≤\$100</b>	<b>&gt;\$100≤\$250</b>	<b>&gt;\$250 ≤\$1,000</b>	
\$1 Million or Less	53	7	1	<b>61</b>
	63.9%	8.4%	1.2%	<b>73.5%</b>
Greater Than \$1 Million	16	3	3	<b>22</b>
	19.3%	3.6%	3.6%	<b>26.5%</b>
<b>TOTAL</b>	<b>69</b>	<b>10</b>	<b>4</b>	<b>83</b>
	<b>83.1%</b>	<b>12.0%</b>	<b>4.8%</b>	<b>100%</b>
Totals do not include 4 loans where revenue is unknown				

As reflected in the table above, Liberty Bank of Arkansas made 73.5 percent of its small business loans to entities with gross annual revenues of \$1 million or less, which is lower than Dun & Bradstreet data indicating that 90.0 percent of the businesses operating within this assessment area are small businesses. However, the 2010 small business aggregate of 68.9 percent is lower than the bank’s 73.5 percent level of lending. Based on this information, the bank’s performance as measured by small business loans to small businesses is adequate.

Finally, small farm loans were reviewed to determine the bank’s lending performance to farms with gross annual revenues of \$1 million or less. Similar to the analysis for small business lending, small farm lending performance was analyzed by farm revenue level and loan amount. The following table shows the distribution of small farm loans by farm revenue level and loan origination amount.

<b>Lending Distribution by Farm Revenue Level</b>				
<b>Gross Revenue</b>	<b>Loan Amounts in \$000s</b>			<b>TOTAL</b>
	<b>≤\$100</b>	<b>&gt;\$100 ≤\$250</b>	<b>&gt;\$250 ≤\$500</b>	
\$1 Million or Less	1 33.3%	1 33.3%	1 33.3%	3 100%
Greater Than \$1 Million	0 0.0%	0 0.0%	0 0.0%	0 0.0%
<b>TOTAL</b>	<b>1</b> <b>33.3%</b>	<b>1</b> <b>33.3%</b>	<b>1</b> <b>33.3%</b>	<b>3</b> <b>100%</b>
Totals do not include any loans where revenue is unknown				

The analysis of the bank’s farm loans revealed that all of Liberty Bank of Arkansas’ loans were originated to small farms, which is above Dun & Bradstreet data that indicates that 98.3 percent of the reporting farms inside the assessment area are small farms. In addition, the 2010 small farm aggregate level was at 92.4 percent which was also below the bank’s level of lending. Therefore, despite an overall low level of small farm lending in this assessment area, the bank’s lending level to small farms is considered good.

In summary, based upon the three loan categories reviewed, Liberty Bank of Arkansas’ level of lending to borrowers of different income levels and businesses/farms of various revenue sizes is adequate.

**Community Development Lending Activities**

Liberty Bank of Arkansas makes an adequate level of community development loans in the Central Arkansas assessment area. The bank originated or renewed three community development loans for \$609,797 during the evaluation period. This is an increase from the last CRA evaluation where no community development loans were originated.

**INVESTMENT TEST**

Liberty Bank of Arkansas has an adequate level of qualified community development investments and donations within the Central Arkansas assessment area. Since the last examination the bank originated \$1.2 million in investments. In addition, the bank originated five donations totaling \$3,750. The level of community development investment performance exhibits adequate responsiveness to credit and community development needs in the assessment area.

### **Investment and Grant Activity**

The bank has a total investment commitment amount of \$1.2 million in qualified investments within this assessment area. The entire investment amount is through a school bond program. Additionally, Liberty Bank of Arkansas has made a satisfactory level of qualified community development donations within the Central Arkansas assessment area. The bank has made nine qualified donations totaling \$3,750 to numerous organizations throughout the assessment area during this review period. Among the qualifying donations are contributions to organizations targeting community development initiatives such as scholarship programs for LMI individuals, building and distributing community charitable funds, and economic development.

### **Responsiveness to Credit and Community Development Needs**

Based on the bank's community development investment performance as largely detailed in the previous section, the bank exhibits adequate responsiveness to credit and community development needs in the Central Arkansas assessment area.

### **SERVICE TEST**

Liberty Bank of Arkansas has ten branches and four stand alone ATMs located within this assessment area. This accounts for 22.2 percent of the bank's 45 branches. Liberty Bank of Arkansas' service delivery systems are reasonably accessible to its assessment area. Its record of opening and closing branches has not adversely affected its delivery systems. Services are tailored to the convenience and needs of the assessment area. Finally, Liberty Bank of Arkansas is a leader in providing community development services within this assessment area.

### **Accessibility of Delivery Systems**

The bank operates ten full-service branch offices and four stand alone ATMs within the Central Arkansas assessment area. The following table illustrates the location of the bank's branches and ATMs by income level of the geography.

<b>Branches and ATMs in Assessment Area</b>					
<b>Facility Type</b>	<b>Number and Percentage of Locations Within Each Geography</b>				<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	
Branches	0	0	8	2	<b>10</b>
	0.0%	0.0%	80.0%	20.0%	<b>100%</b>
Stand alone ATMs	0	0	4	0	<b>4</b>
	0.0%	0.0%	100.%	0.0%	<b>100%</b>
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>2</b>	<b>14</b>
	<b>0.0%</b>	<b>0.0%</b>	<b>85.7%</b>	<b>14.3%</b>	<b>100%</b>
Percentage of Geographies	0.0%	0.0%	81.5%	18.5%	<b>100%</b>
Percentage of Household Population	0.0%	0.0%	79.4%	20.6%	<b>100%</b>

As illustrated in the above table, the vast majority of the bank’s delivery systems are located inside middle-income census tracts (85.7 percent), which is in line with the makeup of the Central Arkansas assessment area. Overall, the bank’s delivery systems are readily accessible to the geographies and individuals of different income levels in the assessment area.

**Changes in Branch Locations**

Liberty Bank of Arkansas did not open nor did it close any branch offices in the Central Arkansas assessment area since the previous evaluation. In this assessment area, the bank’s record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly to LMI individuals.

### **Reasonableness of Business Hours and Services in Meeting Assessment Area Needs**

The bank's business hours and services are tailored to the convenience and needs of its assessment area, particularly LMI geographies and/or LMI individuals. The bank has branches located in the most populous areas of the assessment area and offers hours that are considered more convenient when compared to other financial institutions. Most branches operate from at least the hours of 8 a.m. until 5 p.m. Liberty Bank of Arkansas has branches with drive-thru hours from 7 a.m. until 7 p.m., Monday through Friday, in the communities of Atkins, Clarksville, Russellville, and Dardanelle. These branches also offer Saturday hours from either 8 a.m. through 12 p.m. or 9 a.m. through 1 p.m.

The bank offers standard retail products, including low-cost checking and savings accounts, certificates of deposit, real estate loans, credit cards, and other consumer lending products. Additionally, the bank offers a checking account designed to assist individuals that have had trouble managing a checking account in the past. The bank also maintains an alternate delivery system designed to meet the needs of its customers, including online banking with online bill pay.

### **Community Development Services**

Liberty Bank of Arkansas' staff members within the Central Arkansas assessment area are leaders in providing community development services. A significant number of bank employees participate in numerous community development organizations providing financial expertise on an ongoing basis. The organizations focus on providing financial education and community services, promoting economic development, or providing social services such as health care. Since the previous examination, 11 different employees have participated in qualified services. In total, the bank provided ten different qualifying services within this assessment area.

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE NORTHEAST ARKANSAS ASSESSMENT AREA**

*(Limited Scope Review)*

Liberty Bank of Arkansas has designated the Arkansas counties of Clay and Green as an assessment area. The bank operates four branch offices within this assessment area, each with a full service ATM. The tables below detail key demographics relating to this assessment area.

<b>Assessment Area Demographics by Geography Income Level</b>						
<b>Dataset</b>	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	<b>TOTAL</b>
Census Tracts	0 0.0%	0 0.0%	12 85.7%	2 14.3%	0 0.0%	<b>14</b> <b>100%</b>
Family Population	0 0.0%	0 0.0%	11,756 75.3%	3,865 24.7%	0 0.0%	<b>15,621</b> <b>100%</b>

<b>Family Population by Income Level</b>					
<b>Dataset</b>	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>TOTAL</b>
Assessment Area	2,687 17.2%	2,920 18.7%	3,579 22.9%	6,435 41.2%	<b>15,621</b> <b>100%</b>
ARKANSAS	148,233 20.1%	163,567 22.2%	131,570 17.9%	292,693 39.8%	<b>736,063</b> <b>100%</b>
ARKANSAS nonMSA	66,236 20.4%	70,642 21.8%	58,047 17.9%	129,307 39.9%	<b>324,232</b> <b>100%</b>

<b>Branch Distribution by Geography Income Level</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Branches	0 0.0%	0 0.0%	1 25%	3 75.0%	0 0.0%	<b>4</b> <b>100%</b>
Census Tracts	0.0%	0.0%	85.7%	14.3%	0.0%	<b>100%</b>
Household Population	0.0%	0.0%	74.8%	25.2%	0.0%	<b>100%</b>



**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE NORTHEAST ARKANSAS ASSESSMENT AREA**

Based on bank activity reviewed under the Lending, Investment, And Service Tests, the institution’s performance in the Northeast Arkansas assessment area is *Consistent* with the institution’s performance overall.

**LENDING TEST**

Liberty Bank of Arkansas’ lending activity in this assessment area reflects performance that is consistent with the bank’s Lending Test performance overall. Of the HMDA, small business, and small farm loans included in the sample for this evaluation, the bank originated a total of 207 loans within this assessment area. This represents 8.6 percent (by number) of the loans reviewed for the entire institution and is fairly commensurate with the percentage of branches and percentage of deposits maintained in this assessment area of 8.9 percent and 5.8 percent, respectively. Additionally, the number of loans originated in 2010 is substantially similar to the number of loans made in 2009. The following table displays conclusions with regard to key Lending Test criteria relative to the lending performance of assessment areas reviewed according to full scope procedures. For more detailed information relating to the bank’s Lending Test performance in this assessment area, see the tables contained in Appendices B and C.

Loan Type	Performance Criteria	
	Geographic Distribution of Loans	Distribution of Loans by Borrower’s Profile
HMDA	Consistent	Consistent
Small Business	Consistent	Consistent
Small Farm	Consistent	Consistent
<b>OVERALL</b>	<b>CONSISTENT</b>	<b>CONSISTENT</b>

The bank made three community development loans for \$11.5 million in this assessment area, which is consistent with the bank’s community development lending performance overall.

**INVESTMENT TEST**

Liberty Bank of Arkansas made four investments totaling \$1.5 million and four donations totaling \$3,750 in this assessment area, which is consistent with the Investment Test performance conclusions of for the institution.

**SERVICE TEST**

Liberty Bank of Arkansas’ retail operations in the Northeast Arkansas assessment area reflect

performance that is consistent with the Service Test performance conclusions of assessment areas reviewed under full-scope procedures and is indicated in the table below:

<b>Service Performance Criteria</b>	<b>Performance Conclusion</b>
Accessibility of delivery systems	Consistent
Change in branch locations	Consistent
Reasonableness of business hours and services	Consistent
Community development services	Consistent
<b>OVERALL</b>	<b>CONSISTENT</b>

The following table details Liberty Bank of Arkansas’ branch activity in this assessment area, by income level of geography.

<b>Branch Activity by Income Level of Geography</b>					
<b>Branch Activity</b>	<b>Geography Income Classification</b>				<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	
Existing	0	0	1	3	4
Opened	0	0	0	0	0
Closed	0	0	0	0	0

In addition, Liberty Bank of Arkansas personnel performed four community development services in this assessment area, which is consistent with the Service Test performance overall.

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE NORTH CENTRAL ASSESSMENT AREA**

**(Limited Scope Review)**

Liberty Bank of Arkansas has designated the Arkansas counties of Baxter, Fulton, Independence, Sharp, and White as an assessment area. Liberty Bank of Arkansas operates seven branch offices and four cash only ATMs within this assessment area. The tables below detail key demographics relating to this assessment area.

<b>Assessment Area Demographics by Geography Income Level</b>						
<b>Dataset</b>	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	<b>TOTAL</b>
Census Tracts	0 0.0%	1 2.9%	28 80.0%	6 17.1%	0 0.0%	<b>35</b> <b>100%</b>
Family Population	0 0.0%	567 1.2%	39,493 81.0%	8,700 17.8%	0 0.0%	<b>48,760</b> <b>100%</b>

<b>Family Population by Income Level</b>					
<b>Dataset</b>	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>TOTAL</b>
Assessment Area	7,994 16.4%	9,109 18.7%	11,214 23.0%	20,443 41.9%	<b>48,760</b> <b>100%</b>
ARKANSAS	148,233 20.1%	163,567 22.2%	131,570 17.9%	292,693 39.8%	<b>736,063</b> <b>100%</b>
ARKANSAS nonMSA	66,236 20.4%	70,642 21.8%	58,047 17.9%	129,307 39.9%	<b>324,232</b> <b>100%</b>

<b>Branch Distribution by Geography Income Level</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Branches	0 0.0%	0 0.0%	5 71.4%	2 28.6%	0 0.0%	<b>7</b> <b>100%</b>
Census Tracts	0.0%	2.9%	80.0%	17.1%	0.0%	<b>100%</b>
Household Population	0.0%	1.2%	81.8%	17.1%	0.0%	<b>100%</b>

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE NORTH CENTRAL ARKANSAS ASSESSMENT AREA**

Based on the bank activity reviewed under the Lending, Investment, and Service Tests, the bank’s performance in the North Central Arkansas assessment area is *Consistent* with the institution’s performance overall.

**LENDING TEST**

Liberty Bank of Arkansas’ lending activity in this assessment area reflects performance that is consistent with the bank’s Lending Test performance overall. Of the HMDA, small business, and small farm loans included in this evaluation, the bank originated a total of 402 loans within this assessment area. This represents 16.7 percent (by number) of the loans reviewed for the entire institution. The following table displays conclusions with regard to key Lending Test criteria. For more detailed information relating to the bank’s Lending Test performance in this assessment area, see the tables contained in Appendices B and C.

Loan Type	Performance Criteria	
	Geographic Distribution of Loans	Distribution of Loans by Borrower’s Profile
HMDA	Consistent	Consistent
Small Business	Consistent	Consistent
Small Farm	Consistent	Consistent
<b>OVERALL</b>	<b>CONSISTENT</b>	<b>CONSISTENT</b>

The bank made three community development loans totaling \$7.5 million in this assessment area, which is consistent with the bank’s community development lending performance overall.

**INVESTMENT TEST**

Liberty Bank of Arkansas made 13 investments totaling \$1.9 million and 12 donations/grants totaling \$9,103 in this assessment area, which is consistent with the institution’s Investment Test performance overall.

**SERVICE TEST**

Liberty Bank of Arkansas’ retail operations in the North Central Arkansas Assessment Area reflects performance that is consistent with the Service Test performance conclusions of institutions and is indicated in the table below:

<b>Service Performance Criteria</b>	<b>Performance Conclusion</b>
Accessibility of delivery systems	Consistent
Change in branch locations	Consistent
Reasonableness of business hours and services	Consistent
Community development services	Consistent
<b>OVERALL</b>	<b>CONSISTENT</b>

The bank has not adversely affected its presence in the area since the previous evaluation. The following table details Liberty Bank of Arkansas' branch activity in this assessment area by income level of geography.

<b>Branch Activity by Income Level of Geography</b>					
<b>Branch Activity</b>	<b>Geography Income Classification</b>				<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	
Existing	0	0	5	2	7
Opened	0	0	0	0	0
Closed	0	0	0	0	0

The bank also has four stand alone ATMs in the assessment area. Additionally, Liberty Bank of Arkansas personnel performed two community development services in this assessment area, which is consistent with the community development service performance overall.

## SCOPE OF EXAMINATION TABLES

SCOPE OF EXAMINATION			
<b>TIME PERIOD REVIEWED</b>	1/1/2009 TO 12/31/2010 (HMDA and CRA data)		
	9/21/2009 TO 9/21/2011 (community development lending, investment, and service activities)		
<b>FINANCIAL INSTITUTION</b>			<b>PRODUCTS REVIEWED</b>
Liberty Bank of Arkansas Jonesboro, AR			HMDA Small Business Small Farm
<b>AFFILIATE(S)</b>	<b>AFFILIATE RELATIONSHIP</b>		<b>PRODUCTS REVIEWED</b>
Not applicable			

Assessment Area	MSA	# of Offices	% of Offices	Offices Visited	CRA Review Procedures
Jonesboro, Arkansas	Yes	9	20.0%	1	Full Scope
Northwest Arkansas	Yes	10	22.2%	-	Full Scope
Fort Smith, Arkansas	Yes	5	11.1%	-	Limited Scope
Central Arkansas	No	10	22.2%	-	Full Scope
Northeast Arkansas	No	4	8.9%	-	Limited Scope
North Central Arkansas	No	7	15.6%	-	Limited Scope
<b>TOTAL</b>	<b>N/A</b>	<b>45</b>	<b>100%</b>	<b>1</b>	<b>Full Scope</b>

**PRIMARY YEAR (2010) LENDING PERFORMANCE TABLES FOR LIMITED-SCOPE  
REVIEW ASSESSMENT AREAS**

**Fort Smith, Arkansas Assessment Area**

<b>Summary of Lending Activity</b>				
<b>Loan Type</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Home Purchase	79	47.6%	\$9,474	46.0%
Refinancing	64	38.6%	\$8,296	40.3%
Home Improvement	3	1.8%	\$147	0.7%
Multifamily	2	1.2%	\$1,750	8.5%
<b>Total HMDA related</b>	<b>148</b>	<b>89.2%</b>	<b>\$19,667</b>	<b>95.4%</b>
<b>Small Business</b>	<b>16</b>	<b>9.6%</b>	<b>\$753</b>	<b>3.7%</b>
<b>Small Farm</b>	<b>2</b>	<b>1.2%</b>	<b>\$190</b>	<b>0.9%</b>
<b>TOTAL LOANS</b>	<b>166</b>	<b>100%</b>	<b>\$20,610</b>	<b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Geography</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Home Purchase	0 0.0%	3 3.8%	57 72.2%	19 24.1%	0 0.0%	<b>79</b> <b>100%</b>
Refinance	0 0.0%	3 4.7%	39 60.9%	22 34.4%	0 0.0%	<b>64</b> <b>100%</b>
Home Improvement	0 0.0%	0 0.0%	3 100%	0 0.0%	0 0.0%	<b>3</b> <b>100%</b>
Multi-Family	0 0.0%	0 0.0%	2 100%	0 0.0%	0 0.0%	<b>2</b> <b>100%</b>
<b>TOTAL LOANS</b>	0 0.0%	6 4.1%	101 68.2%	41 27.7%	0 0.0%	<b>148</b> <b>100%</b>
Owner Occupied Housing	0.0%	5.8%	73.1%	21.1%	0.0%	<b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Geography</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Small Business Loans	0 0.0%	0 0.0%	9 56.3%	7 43.8%	0 0.0%	<b>16</b> <b>100%</b>
Business Institutions	0.0%	12.8%	63.5%	23.8%	0.0%	<b>100%</b>



<b>Distribution of Loans Inside Assessment Area by Income Level of Geography</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Small Farm Loans	0 0.0%	0 0.0%	2 100%	0 0.0%	0 0.0%	<b>2</b> <b>100%</b>
Agricultural Institutions	0.0%	2.8%	76.9%	20.4%	0.0%	<b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Borrower</b>						
<b>Dataset</b>	<b>Borrower Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Home Purchase	8 10.1%	17 21.5%	22 27.8%	30 38.0%	2 2.5%	<b>79</b> <b>100%</b>
Refinance	2 3.1%	4 6.3%	16 25.0%	40 62.5%	2 3.1%	<b>64</b> <b>100%</b>
Home Improvement	0 0.0%	0 0.0%	0 0.0%	2 66.7%	1 33.3%	<b>3</b> <b>100%</b>
Multi-Family	0 0.0%	0 0.0%	0 0.0%	0 0.0%	2 100%	<b>2</b> <b>100%</b>
<b>TOTAL LOANS</b>	<b>10</b> 6.8%	<b>21</b> 14.2%	<b>38</b> 25.7%	<b>72</b> 48.6%	<b>7</b> 4.7%	<b>148</b> <b>100%</b>
Family Population	17.1%	16.9%	22.9%	43.1%	0.0%	<b>100%</b>

<b>Lending Distribution by Business Revenue Level</b>				
<b>Gross Revenue</b>	<b>Loan Amounts in \$000s</b>			<b>TOTAL</b>
	<b>≤\$100</b>	<b>&gt;\$100≤\$250</b>	<b>&gt;\$250 ≤\$1,000</b>	
\$1 Million or Less	10	2	0	<b>12</b>
	62.5%	12.5%	0.0%	<b>75.0%</b>
Greater Than \$1 Million	4	0	0	<b>4</b>
	25.0%	0.0%	0.0%	<b>25.0%</b>
<b>TOTAL</b>	<b>14</b>	<b>2</b>	<b>0</b>	<b>16</b>
	<b>87.5%</b>	<b>12.5%</b>	<b>0.0%</b>	<b>100%</b>

<b>Lending Distribution by Farm Revenue Level</b>				
<b>Gross Revenue</b>	<b>Loan Amounts in \$000s</b>			<b>TOTAL</b>
	<b>≤\$100</b>	<b>&gt;\$100≤\$250</b>	<b>&gt;\$250 ≤\$500</b>	
\$1 Million or Less	1	0	0	<b>1</b>
	50.0%	0.0%	0.0%	<b>50.0%</b>
Greater Than \$1 Million	0	1	0	<b>1</b>
	0.0%	50.0%	0.0%	<b>50.0%</b>
<b>TOTAL</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>2</b>
	<b>50.0%</b>	<b>50.0%</b>	<b>0.0%</b>	<b>100%</b>

**Northeast Arkansas Assessment Area**

<b>Summary of Lending Activity</b>				
<b>Loan Type</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Home Purchase	69	33.3%	\$7,275	31.7%
Refinancing	46	22.2%	\$5,169	22.5%
Home Improvement	12	5.8%	\$451	2.0%
Multifamily	2	1.0%	\$279	1.2%
<b>Total HMDA related</b>	<b>129</b>	<b>62.3%</b>	<b>\$13,174</b>	<b>57.5%</b>
<b>Small Business</b>	<b>51</b>	<b>24.6%</b>	<b>\$5,844</b>	<b>25.5%</b>
<b>Small Farm</b>	<b>27</b>	<b>13.0%</b>	<b>\$3,907</b>	<b>17.0%</b>
<b>TOTAL LOANS</b>	<b>207</b>	<b>100%</b>	<b>\$22,925</b>	<b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Geography</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Home Purchase	0 0.0%	0 0.0%	38 55.1%	31 44.9%	0 0.0%	<b>69</b> <b>100%</b>
Refinance	0 0.0%	0 0.0%	34 73.9%	12 26.1%	0 0.0%	<b>46</b> <b>100%</b>
Home Improvement	0 0.0%	0 0.0%	9 75.0%	3 25.0%	0 0.0%	<b>12</b> <b>100%</b>
Multi-Family	0 0.0%	0 0.0%	0 0.0%	2 100%	0 0.0%	<b>2</b> <b>100%</b>
<b>TOTAL LOANS</b>	0 0.0%	0 0.0%	81 62.8%	48 37.2%	0 0.0%	<b>129</b> <b>100%</b>
Owner-Occupied Housing	0 0.0%	0 0.0%	81 75.7%	48 24.3%	0 0.0%	<b>129</b> <b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Geography</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Small Business Loans	0 0.0%	0 0.0%	40 78.4%	11 21.6%	0 0.0%	<b>51</b> <b>100%</b>
Business Institutions	0.0%	0.0%	69.0%	31.0%	0.0%	<b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Geography</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Small Farm Loans	0 0.0%	0 0.0%	22 81.5%	5 18.5%	0 0.0%	<b>27</b> <b>100%</b>
Agricultural Institutions	0.0%	0.0%	92.7%	7.3%	0.0%	<b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Borrower</b>						
<b>Dataset</b>	<b>Borrower Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Home Purchase	4 5.8%	8 11.6%	19 27.5%	31 44.9%	7 10.1%	<b>69</b> <b>100%</b>
Refinance	2 4.3%	6 13.0%	13 28.3%	24 52.2%	1 2.2%	<b>46</b> <b>100%</b>
Home Improvement	1 8.3%	1 8.3%	1 8.3%	9 75.0%	0 0.0%	<b>12</b> <b>100%</b>
Multi-Family	0 0.0%	0 0.0%	0 0.0%	0 0.0%	2 100%	<b>2</b> <b>100%</b>
<b>TOTAL LOANS</b>	<b>7</b> 5.4%	<b>15</b> 11.6%	<b>33</b> 25.6%	<b>64</b> 49.6%	<b>10</b> 7.8%	<b>129</b> <b>100%</b>
Family Population	17.2%	18.7%	22.9%	41.2%	0.0%	<b>100%</b>

<b>Lending Distribution by Business Revenue Level</b>				
<b>Gross Revenue</b>	<b>Loan Amounts in \$000s</b>			<b>TOTAL</b>
	<b>≤\$100</b>	<b>&gt;\$100≤\$250</b>	<b>&gt;\$250 ≤\$1,000</b>	
\$1 Million or Less	31 64.6%	3 6.3%	1 2.1%	<b>35</b> <b>72.9%</b>
Greater Than \$1 Million	4 8.3%	5 10.4%	4 8.3%	<b>13</b> <b>27.1%</b>
<b>TOTAL</b>	<b>35</b> <b>72.9%</b>	<b>8</b> <b>16.7%</b>	<b>5</b> <b>10.4%</b>	<b>48</b> <b>100%</b>
Totals do not include 3 loans where revenue is unknown				

<b>Lending Distribution by Farm Revenue Level</b>				
<b>Gross Revenue</b>	<b>Loan Amounts in \$000s</b>			<b>TOTAL</b>
	<b>≤\$100</b>	<b>&gt;\$100≤\$250</b>	<b>&gt;\$250 ≤\$500</b>	
\$1 Million or Less	12 44.4%	6 22.2%	6 22.2%	<b>24</b> <b>88.9%</b>
Greater Than \$1 Million	2 7.4%	1 3.7%	0 0.0%	<b>3</b> <b>6.3%</b>
<b>TOTAL</b>	<b>14</b> <b>51.9%</b>	<b>7</b> <b>25.9%</b>	<b>6</b> <b>22.2%</b>	<b>27</b> <b>100%</b>

**North Central Arkansas Assessment Area**

<b>Summary of Lending Activity</b>				
<b>Loan Type</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Home Purchase	125	31.1%	\$12,671	29.9%
Refinancing	110	27.4%	\$14,490	34.2%
Home Improvement	18	4.5%	\$1,252	3.0%
Multifamily	3	0.7%	\$1,267	3.0%
<b>Total HMDA related</b>	<b>256</b>	<b>63.7%</b>	<b>\$29,680</b>	<b>70.1%</b>
<b>Small Business</b>	<b>140</b>	<b>34.8%</b>	<b>\$12,092</b>	<b>28.6%</b>
<b>Small Farm</b>	<b>6</b>	<b>1.5%</b>	<b>\$577</b>	<b>1.4%</b>
<b>TOTAL LOANS</b>	<b>402</b>	<b>100%</b>	<b>\$42,349</b>	<b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Geography</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Home Purchase	0 0.0%	3 2.4%	107 85.6%	15 12.0%	0 0.0%	<b>125</b> <b>100%</b>
Refinance	0 0.0%	2 1.8%	94 85.5%	14 12.7%	0 0.0%	<b>110</b> <b>100%</b>
Home Improvement	0 0.0%	0 0.0%	15 83.3%	3 16.7%	0 0.0%	<b>18</b> <b>100%</b>
Multi-Family	0 0.0%	0 0.0%	2 66.7%	1 33.3%	0 0.0%	<b>3</b> <b>100%</b>
<b>TOTAL LOANS</b>	0 0.0%	5 2.0%	218 85.2%	33 12.9%	0 0.0%	<b>256</b> <b>100%</b>
Owner-Occupied Housing	0 0.0%	1 1.3%	107 81.8%	15 16.8%	0 0.0%	<b>125</b> <b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Geography</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Small Business Loans	0 0.0%	1 0.7%	111 79.3%	28 20.0%	0 0.0%	<b>140</b> <b>100%</b>
Business Institutions	0.0%	0.6%	79.9%	19.5%	0.0%	<b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Geography</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Small Farm Loans	0 0.0%	0 0.0%	2 33.3%	4 66.7%	0 0.0%	<b>6</b> <b>100%</b>
Agricultural Institutions	0.0%	0.6%	79.2%	20.1%	0.0%	<b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Borrower</b>						
<b>Dataset</b>	<b>Borrower Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Home Purchase	5 4.0%	19 15.2%	28 22.4%	58 46.4%	15 12.0%	<b>125</b> <b>100%</b>
Refinance	7 6.4%	13 11.8%	19 17.3%	60 54.5%	11 10.0%	<b>110</b> <b>100%</b>
Home Improvement	2 11.1%	0 0.0%	5 27.8%	9 50.0%	2 11.1%	<b>18</b> <b>100%</b>
Multi-Family	0 0.0%	0 0.0%	0 0.0%	0 0.0%	3 100%	<b>3</b> <b>100%</b>
<b>TOTAL LOANS</b>	<b>14</b> 5.5%	<b>32</b> 12.5%	<b>52</b> 20.3%	<b>127</b> 49.6%	<b>31</b> 12.1%	<b>256</b> <b>100%</b>
Family Population	16.4%	18.7%	23.0%	41.9%	0.0%	<b>100%</b>

<b>Lending Distribution by Business Revenue Level</b>				
<b>Gross Revenue</b>	<b>Loan Amounts in \$000s</b>			<b>TOTAL</b>
	<b>≤\$100</b>	<b>&gt;\$100 ≤\$250</b>	<b>&gt;\$250 ≤\$1,000</b>	
\$1 Million or Less	85 61.6%	12 8.7%	3 2.2%	<b>100</b> <b>72.5%</b>
Greater Than \$1 Million	26 18.8%	5 3.6%	7 5.1%	<b>38</b> <b>27.5%</b>
<b>TOTAL</b>	<b>111</b> <b>80.4%</b>	<b>17</b> <b>12.3%</b>	<b>10</b> <b>7.2%</b>	<b>138</b> <b>100%</b>
Totals do not include 2 loans where revenue is unknown				



<b>Lending Distribution by Farm Revenue Level</b>				
<b>Gross Revenue</b>	<b>Loan Amounts in \$000s</b>			<b>TOTAL</b>
	<b>≤\$100</b>	<b>&gt;\$100 ≤\$250</b>	<b>&gt;\$250 ≤\$500</b>	
\$1 Million or Less	4 80.0%	0 0.0%	0 0.0%	<b>4</b> <b>80.0%</b>
Greater Than \$1 Million	0 0.0%	0 0.0%	1 20.0%	<b>1</b> <b>20.0%</b>
<b>TOTAL</b>	<b>4</b> <b>80.0%</b>	<b>0</b> <b>0.0%</b>	<b>1</b> <b>20.0%</b>	<b>5</b> <b>100%</b>
Totals do not include 1 loan where revenue is unknown				

**SECONDARY YEAR (2009) LENDING PERFORMANCE TABLES FOR ALL  
ASSESSMENT AREAS**

**Jonesboro, Arkansas Assessment Area**

<b>Summary of Lending Activity</b>				
<b>Loan Type</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Home Purchase	194	29.4%	\$23,295	27.5%
Refinancing	222	33.6%	\$33,248	39.3%
Home Improvement	29	4.4%	\$908	1.1%
Multifamily	6	0.9%	\$1,447	1.7%
<b>Total HMDA related</b>	<b>451</b>	<b>68.3%</b>	<b>\$58,898</b>	<b>69.6%</b>
<b>Small Business</b>	<b>172</b>	<b>26.1%</b>	<b>\$18,471</b>	<b>21.8%</b>
<b>Small Farm</b>	<b>37</b>	<b>5.6%</b>	<b>\$7,261</b>	<b>8.6%</b>
<b>TOTAL LOANS</b>	<b>660</b>	<b>100%</b>	<b>\$84,630</b>	<b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Geography</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Home Purchase	2 1.0%	4 2.1%	112 57.7%	76 39.2%	0 0.0%	<b>194</b> <b>100%</b>
Refinance	0 0.0%	1 0.5%	130 58.6%	91 41.0%	0 0.0%	<b>222</b> <b>100%</b>
Home Improvement	0 0.0%	0 0.0%	17 58.6%	12 41.4%	0 0.0%	<b>29</b> <b>100%</b>
Multi-Family	0 0.0%	0 0.0%	3 50.0%	3 50.0%	0 0.0%	<b>6</b> <b>100%</b>
<b>TOTAL LOANS</b>	2 0.4%	5 1.1%	262 58.1%	182 40.4%	0 0.0%	<b>451</b> <b>100%</b>
Owner-Occupied Housing	0.8%	4.9%	76.6%	17.7%	0.0%	<b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Geography</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Small Business Loans	2 1.2%	1 0.6%	133 77.3%	36 20.9%	0 0.0%	<b>172</b> <b>100%</b>
Business Institutions	2.4%	4.7%	72.4%	20.5%	0.0%	<b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Geography</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Small Farm Loans	0 0.0%	0 0.0%	31 83.8%	6 16.2%	0 0.0%	<b>37</b> <b>100%</b>
Agricultural Institutions	0.4%	4.2%	79.9%	15.5%	0.0%	<b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Borrower</b>						
<b>Dataset</b>	<b>Borrower Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Home Purchase	16	41	41	62	34	<b>194</b>
	8.2%	21.1%	21.1%	32.0%	17.5%	<b>100%</b>
Refinance	7	25	43	106	41	<b>222</b>
	3.2%	11.3%	19.4%	47.7%	18.5%	<b>100%</b>
Home Improvement	3	3	6	15	2	<b>29</b>
	10.3%	10.3%	20.7%	51.7%	6.9%	<b>100%</b>
Multi-Family	0	0	0	0	6	<b>6</b>
	0.0%	0.0%	0.0%	0.0%	100%	<b>100%</b>
<b>TOTAL LOANS</b>	<b>26</b>	<b>69</b>	<b>90</b>	<b>183</b>	<b>83</b>	<b>451</b>
	5.8%	15.3%	20.0%	40.6%	18.4%	<b>100%</b>
Family Population	21.3%	17.4%	21.7%	39.5%	0.0%	<b>100%</b>

<b>Lending Distribution by Business Revenue Level</b>				
<b>Gross Revenue</b>	<b>Loan Amounts in \$000s</b>			<b>TOTAL</b>
	<b>≤\$100</b>	<b>&gt;\$100 ≤\$250</b>	<b>&gt;\$250 ≤\$1,000</b>	
\$1 Million or Less	71	8	8	<b>87</b>
	47.0%	5.3%	5.3%	<b>57.6%</b>
Greater Than \$1 Million	32	21	11	<b>64</b>
	21.2%	13.9%	7.3%	<b>42.4%</b>
<b>TOTAL</b>	<b>103</b>	<b>29</b>	<b>19</b>	<b>151</b>
	<b>68.2%</b>	<b>19.2%</b>	<b>12.6%</b>	<b>100%</b>
Totals do not include 21 loans where revenue is unknown				

<b>Lending Distribution by Farm Revenue Level</b>				
<b>Gross Revenue</b>	<b>Loan Amounts in \$000s</b>			<b>TOTAL</b>
	<b>≤\$100</b>	<b>&gt;\$100 ≤\$250</b>	<b>&gt;\$250 ≤\$500</b>	
\$1 Million or Less	10	5	4	<b>19</b>
	27.0%	13.5%	10.8%	<b>51.4%</b>
Greater Than \$1 Million	6	5	7	<b>18</b>
	16.2%	13.5%	18.9%	<b>48.6%</b>
<b>TOTAL</b>	<b>16</b>	<b>10</b>	<b>11</b>	<b>37</b>
	<b>43.2%</b>	<b>27.0%</b>	<b>29.7%</b>	<b>100%</b>

**Northwest Arkansas Assessment Area**

<b>Summary of Lending Activity</b>				
<b>Loan Type</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Home Purchase	162	50.2%	\$28,214	55.0%
Refinancing	102	31.6%	\$18,820	36.7%
Home Improvement	9	2.8%	\$386	0.8%
Multifamily	2	0.6%	\$400	0.8%
<b>Total HMDA related</b>	<b>275</b>	<b>85.1%</b>	<b>\$47,820</b>	<b>93.1%</b>
<b>Small Business</b>	<b>46</b>	<b>14.2%</b>	<b>\$3,456</b>	<b>6.7%</b>
<b>Small Farm</b>	<b>2</b>	<b>0.6%</b>	<b>\$66</b>	<b>0.1%</b>
<b>TOTAL LOANS</b>	<b>323</b>	<b>100%</b>	<b>\$51,342</b>	<b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Geography</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Home Purchase	1 0.6%	2 1.2%	138 85.2%	21 13.0%	0 0.0%	<b>162</b> <b>100%</b>
Refinance	0 0.0%	2 2.0%	74 72.5%	26 25.5%	0 0.0%	<b>102</b> <b>100%</b>
Home Improvement	0 0.0%	0 0.0%	9 100%	0 0.0%	0 0.0%	<b>9</b> <b>100%</b>
Multi-Family	0 0.0%	2 100%	0 0.0%	0 0.0%	0 0.0%	<b>2</b> <b>100%</b>
<b>TOTAL LOANS</b>	1 0.4%	6 2.2%	221 80.4%	47 17.1%	0 0.0%	<b>275</b> <b>100%</b>
Owner-Occupied Housing	0.3%	3.5%	78.0%	18.3%	0.0%	<b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Geography</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Small Business Loans	0 0.0%	1 2.2%	38 82.6%	7 15.2%	0 0.0%	<b>46</b> <b>100%</b>
Business Institutions	0.8%	10.6%	68.8%	19.8%	0.0%	<b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Geography</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Small Farm Loans	0 0.0%	1 50.0%	1 50.0%	0 0.0%	0 0.0%	<b>2</b> <b>100%</b>
Agricultural Institutions	0.0%	4.1%	87.8%	8.1%	0.0%	<b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Borrower</b>						
<b>Dataset</b>	<b>Borrower Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Home Purchase	17 10.5%	46 28.4%	38 23.5%	46 28.4%	15 9.3%	<b>162</b> <b>100%</b>
Refinance	12 11.8%	13 12.7%	20 19.6%	42 41.2%	15 14.7%	<b>102</b> <b>100%</b>
Home Improvement	1 11.1%	4 44.4%	0 0.0%	3 33.3%	1 11.1%	<b>9</b> <b>100%</b>
Multi-Family	0 0.0%	0 0.0%	0 0.0%	0 0.0%	2 100%	<b>2</b> <b>100%</b>
<b>TOTAL LOANS</b>	<b>30</b> 10.9%	<b>63</b> 22.9%	<b>58</b> 21.1%	<b>91</b> 33.1%	<b>33</b> 12.0%	<b>275</b> <b>100%</b>
Family Population	17.2%	18.0%	24.1%	40.6%	0.0%	<b>100%</b>

<b>Lending Distribution by Business Revenue Level</b>				
<b>Gross Revenue</b>	<b>Loan Amounts in \$000s</b>			<b>TOTAL</b>
	<b>≤\$100</b>	<b>&gt;\$100≤\$250</b>	<b>&gt;\$250 ≤\$1,000</b>	
\$1 Million or Less	25	6	1	<b>32</b>
	56.8%	13.6%	2.3%	<b>72.7%</b>
Greater Than \$1 Million	9	2	1	<b>12</b>
	20.5%	4.5%	2.3%	<b>27.3%</b>
<b>TOTAL</b>	<b>34</b>	<b>8</b>	<b>2</b>	<b>44</b>
	<b>77.3%</b>	<b>18.2%</b>	<b>4.5%</b>	<b>100%</b>
Totals do not include 2 loans where revenue is unknown				

<b>Lending Distribution by Farm Revenue Level</b>				
<b>Gross Revenue</b>	<b>Loan Amounts in \$000s</b>			<b>TOTAL</b>
	<b>≤\$100</b>	<b>&gt;\$100≤\$250</b>	<b>&gt;\$250 ≤\$500</b>	
\$1 Million or Less	2	0	0	<b>2</b>
	100%	0.0%	0.0%	<b>100%</b>
Greater Than \$1 Million	0	0	0	<b>0</b>
	0.0%	0.0%	0.0%	<b>0.0%</b>
<b>TOTAL</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>2</b>
	<b>100%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100%</b>



**Fort Smith, Arkansas Assessment Area**

<b>Summary of Lending Activity</b>				
<b>Loan Type</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Home Purchase	113	49.3%	\$13,637	48.2%
Refinancing	82	35.8%	\$12,327	43.6%
Home Improvement	14	6.1%	\$433	1.5%
Multifamily	1	0.4%	\$215	0.8%
<b>Total HMDA related</b>	<b>210</b>	<b>91.7%</b>	<b>\$26,612</b>	<b>94.1%</b>
<b>Small Business</b>	<b>19</b>	<b>8.3%</b>	<b>\$1,673</b>	<b>5.9%</b>
<b>Small Farm</b>	<b>0</b>	<b>0.0%</b>	<b>\$0</b>	<b>0.0%</b>
<b>TOTAL LOANS</b>	<b>229</b>	<b>100%</b>	<b>\$28,285</b>	<b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Geography</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Home Purchase	0 0.0%	3 2.7%	92 81.4%	18 15.9%	0 0.0%	<b>113</b> <b>100%</b>
Refinance	0 0.0%	0 0.0%	56 68.3%	26 31.7%	0 0.0%	<b>82</b> <b>100%</b>
Home Improvement	0 0.0%	0 0.0%	12 85.7%	2 14.3%	0 0.0%	<b>14</b> <b>100%</b>
Multi-Family	0 0.0%	0 0.0%	1 100%	0 0.0%	0 0.0%	<b>1</b> <b>100%</b>
<b>TOTAL LOANS</b>	0 0.0%	3 1.4%	161 76.7%	46 21.9%	0 0.0%	<b>210</b> <b>100%</b>
Owner-Occupied Housing	0 0.0%	3 5.8%	161 73.1%	46 21.1%	0 0.0%	<b>210</b> <b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Geography</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Small Business Loans	0 0.0%	1 5.3%	12 63.2%	6 31.6%	0 0.0%	<b>19</b> <b>100%</b>
Business Institutions	0.0%	12.8%	63.5%	23.8%	0.0%	<b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Borrower</b>						
<b>Dataset</b>	<b>Borrower Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Home Purchase	17 15.0%	22 19.5%	30 26.5%	43 38.1%	1 0.9%	<b>113</b> <b>100%</b>
Refinance	3 3.7%	5 6.1%	22 26.8%	50 61.0%	2 2.4%	<b>82</b> <b>100%</b>
Home Improvement	0 0.0%	1 7.1%	3 21.4%	10 71.4%	0 0.0%	<b>14</b> <b>100%</b>
Multi-Family	0 0.0%	0 0.0%	0 0.0%	0 0.0%	1 100%	<b>1</b> <b>100%</b>
<b>TOTAL LOANS</b>	<b>20</b> 9.5%	<b>28</b> 13.3%	<b>55</b> 26.2%	<b>103</b> 49.0%	<b>4</b> 1.9%	<b>210</b> <b>100%</b>
Family Population	17.1%	16.9%	22.9%	43.1%	0.0%	<b>100%</b>

<b>Lending Distribution by Business Revenue Level</b>				
<b>Gross Revenue</b>	<b>Loan Amounts in \$000s</b>			<b>TOTAL</b>
	<b>≤\$100</b>	<b>&gt;\$100≤\$250</b>	<b>&gt;\$250 ≤\$1,000</b>	
\$1 Million or Less	11	0	1	<b>12</b>
	64.7%	0.0%	5.9%	<b>70.6%</b>
Greater Than \$1 Million	4	1	0	<b>5</b>
	23.5%	5.9%	0.0%	<b>29.4%</b>
<b>TOTAL</b>	<b>15</b>	<b>1</b>	<b>1</b>	<b>17</b>
	<b>88.2%</b>	<b>5.9%</b>	<b>5.9%</b>	<b>100%</b>
Totals do not include 2 loans where revenue is unknown				

**Central Arkansas Assessment Area**

<b>Summary of Lending Activity</b>				
<b>Loan Type</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Home Purchase	281	41.0%	\$26,206	43.0%
Refinancing	238	34.7%	\$22,426	36.8%
Home Improvement	50	7.3%	\$1,452	2.4%
Multifamily	1	0.1%	\$91	0.1%
<b>Total HMDA related</b>	<b>570</b>	<b>83.2%</b>	<b>\$50,175</b>	<b>82.4%</b>
<b>Small Business</b>	<b>105</b>	<b>15.3%</b>	<b>\$10,051</b>	<b>16.5%</b>
<b>Small Farm</b>	<b>10</b>	<b>1.5%</b>	<b>\$693</b>	<b>1.1%</b>
<b>TOTAL LOANS</b>	<b>685</b>	<b>100%</b>	<b>\$60,919</b>	<b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Geography</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Home Purchase	0 0.0%	0 0.0%	195 69.4%	86 30.6%	0 0.0%	<b>281</b> <b>100%</b>
Refinance	0 0.0%	0 0.0%	162 68.1%	76 31.9%	0 0.0%	<b>238</b> <b>100%</b>
Home Improvement	0 0.0%	0 0.0%	37 74.0%	13 26.0%	0 0.0%	<b>50</b> <b>100%</b>
Multi-Family	0 0.0%	0 0.0%	1 100%	0 0.0%	0 0.0%	<b>1</b> <b>100%</b>
<b>TOTAL LOANS</b>	0 0.0%	0 0.0%	395 69.3%	175 30.7%	0 0.0%	<b>570</b> <b>100%</b>
Owner Occupied Housing	0 0.0%	0 0.0%	395 77.4%	175 22.6%	0 0.0%	<b>570</b> <b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Geography</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Small Business Loans	0 0.0%	0 0.0%	80 76.2%	25 23.8%	0 0.0%	<b>105</b> <b>100%</b>
Business Institutions	0.0%	0.0%	79.8%	20.2%	0.0%	<b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Geography</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Small Farm Loans	0 0.0%	0 0.0%	9 90.0%	1 10.0%	0 0.0%	<b>10</b> <b>100%</b>
Agricultural Institutions	0.0%	0.0%	84.5%	15.5%	0.0%	<b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Borrower</b>						
<b>Dataset</b>	<b>Borrower Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Home Purchase	28 10.0%	69 24.6%	83 29.5%	96 34.2%	5 1.8%	<b>281</b> <b>100%</b>
Refinance	17 7.1%	41 17.2%	55 23.1%	115 48.3%	10 4.2%	<b>238</b> <b>100%</b>
Home Improvement	11 22.0%	7 14.0%	8 16.0%	21 42.0%	3 6.0%	<b>50</b> <b>100%</b>
Multi-Family	0 0.0%	0 0.0%	0 0.0%	0 0.0%	1 100%	<b>1</b> <b>100%</b>
<b>TOTAL LOANS</b>	<b>56</b> 9.8%	<b>117</b> 20.5%	<b>146</b> 25.6%	<b>232</b> 40.7%	<b>19</b> 3.3%	<b>570</b> <b>100%</b>
Family Population	17.6%	17.2%	21.2%	44.0%	0.0%	<b>100%</b>

<b>Lending Distribution by Business Revenue Level</b>				
<b>Gross Revenue</b>	<b>Loan Amounts in \$000s</b>			<b>TOTAL</b>
	<b>≤\$100</b>	<b>&gt;\$100≤\$250</b>	<b>&gt;\$250 ≤\$1,000</b>	
\$1 Million or Less	54	18	6	<b>78</b>
	53.5%	17.8%	5.9%	<b>77.2%</b>
Greater Than \$1 Million	17	4	2	<b>23</b>
	16.8%	4.0%	2.0%	<b>22.8%</b>
<b>TOTAL</b>	<b>71</b>	<b>22</b>	<b>8</b>	<b>101</b>
	<b>70.3%</b>	<b>21.8%</b>	<b>7.9%</b>	<b>100%</b>
Totals do not include 4 loans where revenue is unknown				

<b>Lending Distribution by Farm Revenue Level</b>				
<b>Gross Revenue</b>	<b>Loan Amounts in \$000s</b>			<b>TOTAL</b>
	<b>≤\$100</b>	<b>&gt;\$100≤\$250</b>	<b>&gt;\$250 ≤\$500</b>	
\$1 Million or Less	9	1	0	<b>10</b>
	90.0%	10.0%	0.0%	<b>100%</b>
Greater Than \$1 Million	0	0	0	<b>0</b>
	0.0%	0.0%	0.0%	<b>0.0%</b>
<b>TOTAL</b>	<b>9</b>	<b>1</b>	<b>0</b>	<b>10</b>
	<b>90.0%</b>	<b>10.0%</b>	<b>0.0%</b>	<b>100%</b>

**North East Arkansas Assessment Area**

<b>Summary of Lending Activity</b>				
<b>Loan Type</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Home Purchase	68	31.8%	\$6,959	29.2%
Refinancing	49	22.9%	\$5,404	22.6%
Home Improvement	10	4.7%	\$571	2.4%
Multifamily	0	0.0%	\$0	0.0%
<b>Total HMDA related</b>	<b>127</b>	<b>59.3%</b>	<b>\$12,934</b>	<b>54.2%</b>
<b>Small Business</b>	<b>55</b>	<b>25.7%</b>	<b>\$6,770</b>	<b>28.4%</b>
<b>Small Farm</b>	<b>32</b>	<b>15.0%</b>	<b>\$4,160</b>	<b>17.4%</b>
<b>TOTAL LOANS</b>	<b>214</b>	<b>100%</b>	<b>\$23,864</b>	<b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Geography</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Home Purchase	0 0.0%	0 0.0%	42 61.8%	26 38.2%	0 0.0%	<b>68</b> <b>100%</b>
Refinance	0 0.0%	0 0.0%	26 53.1%	23 46.9%	0 0.0%	<b>49</b> <b>100%</b>
Home Improvement	0 0.0%	0 0.0%	7 70.0%	3 30.0%	0 0.0%	<b>10</b> <b>100%</b>
Multi-Family	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	<b>0</b> <b>100%</b>
<b>TOTAL LOANS</b>	0 0.0%	0 0.0%	75 59.1%	52 40.9%	0 0.0%	<b>127</b> <b>100%</b>
Owner-Occupied Housing	0 0.0%	0 0.0%	75 75.7%	26 24.3%	0 0.0%	<b>101</b> <b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Geography</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Small Business Loans	0 0.0%	0 0.0%	36 65.5%	19 34.5%	0 0.0%	<b>55</b> <b>100%</b>
Business Institutions	0.0%	0.0%	69.0%	31.0%	0.0%	<b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Geography</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Small Farm Loans	0 0.0%	0 0.0%	25 78.1%	7 21.9%	0 0.0%	<b>32</b> <b>100%</b>
Agricultural Institutions	0.0%	0.0%	92.7%	7.3%	0.0%	<b>100%</b>



<b>Distribution of Loans Inside Assessment Area by Income Level of Borrower</b>						
<b>Dataset</b>	<b>Borrower Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Home Purchase	7 10.3%	10 14.7%	20 29.4%	22 32.4%	9 13.2%	<b>68</b> <b>100%</b>
Refinance	3 6.1%	7 14.3%	11 22.4%	27 55.1%	1 2.0%	<b>49</b> <b>100%</b>
Home Improvement	1 10.0%	2 20.0%	3 30.0%	3 30.0%	1 10.0%	<b>10</b> <b>100%</b>
Multi-Family	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	<b>0</b> <b>100%</b>
<b>TOTAL LOANS</b>	<b>11</b> 8.7%	<b>19</b> 15.0%	<b>34</b> 26.8%	<b>52</b> 40.9%	<b>11</b> 8.7%	<b>127</b> <b>100%</b>
Family Population	17.2%	18.7%	22.9%	41.2%	0.0%	<b>100%</b>

<b>Lending Distribution by Business Revenue Level</b>				
<b>Gross Revenue</b>	<b>Loan Amounts in \$000s</b>			<b>TOTAL</b>
	<b>≤\$100</b>	<b>&gt;\$100 ≤\$250</b>	<b>&gt;\$250 ≤\$1,000</b>	
\$1 Million or Less	31 56.4%	7 12.7%	2 3.6%	<b>40</b> <b>72.7%</b>
Greater Than \$1 Million	6 10.9%	5 9.1%	4 7.3%	<b>15</b> <b>27.3%</b>
<b>TOTAL</b>	<b>37</b> <b>67.3%</b>	<b>12</b> <b>21.8%</b>	<b>6</b> <b>10.9%</b>	<b>55</b> <b>100%</b>

<b>Lending Distribution by Farm Revenue Level</b>				
<b>Gross Revenue</b>	<b>Loan Amounts in \$000s</b>			<b>TOTAL</b>
	<b>≤\$100</b>	<b>&gt;\$100 ≤\$250</b>	<b>&gt;\$250 ≤\$500</b>	
\$1 Million or Less	16 51.6%	6 19.4%	1 3.2%	<b>23</b> <b>74.2%</b>
Greater Than \$1 Million	1 3.2%	2 6.5%	5 16.1%	<b>8</b> <b>25.8%</b>
<b>TOTAL</b>	<b>17</b> <b>54.8%</b>	<b>8</b> <b>25.8%</b>	<b>6</b> <b>19.4%</b>	<b>31</b> <b>100%</b>
Totals do not include 1 loan where revenue is unknown				

**North Central Assessment Area**

<b>Summary of Lending Activity</b>				
<b>Loan Type</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Home Purchase	128	25.9%	\$14,537	27.6%
Refinancing	168	33.9%	\$19,862	37.7%
Home Improvement	16	3.2%	\$1,001	1.9%
Multifamily	2	0.4%	\$985	1.9%
<b>Total HMDA related</b>	<b>314</b>	<b>63.4%</b>	<b>\$36,385</b>	<b>69.0%</b>
<b>Small Business</b>	<b>172</b>	<b>34.7%</b>	<b>\$15,375</b>	<b>29.2%</b>
<b>Small Farm</b>	<b>9</b>	<b>1.8%</b>	<b>\$955</b>	<b>1.8%</b>
<b>TOTAL LOANS</b>	<b>495</b>	<b>100%</b>	<b>\$52,715</b>	<b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Geography</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Home Purchase	0 0.0%	2 1.6%	107 83.6%	19 14.8%	0 0.0%	<b>128</b> <b>100%</b>
Refinance	0 0.0%	3 1.8%	146 86.9%	19 11.3%	0 0.0%	<b>168</b> <b>100%</b>
Home Improvement	0 0.0%	0 0.0%	14 87.5%	2 12.5%	0 0.0%	<b>16</b> <b>100%</b>
Multi-Family	0 0.0%	0 0.0%	2 100%	0 0.0%	0 0.0%	<b>2</b> <b>100%</b>
<b>TOTAL LOANS</b>	0 0.0%	5 1.6%	269 85.7%	40 12.7%	0 0.0%	<b>314</b> <b>100%</b>
Owner Occupied Housing	0 0.0%	1 1.3%	117 81.8%	20 16.8%	0 0.0%	<b>118</b> <b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Geography</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Small Business Loans	0 0.0%	1 0.6%	144 83.7%	27 15.7%	0 0.0%	<b>172</b> <b>100%</b>
Business Institutions	0.0%	0.6%	79.9%	19.5%	0.0%	<b>100%</b>

<b>Distribution of Loans Inside Assessment Area by Income Level of Geography</b>						
<b>Dataset</b>	<b>Geography Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Small Farm Loans	0 0.0%	0 0.0%	4 44.4%	5 55.6%	0 0.0%	<b>9</b> <b>100%</b>
Agricultural Institutions	0.0%	0.6%	79.2%	20.1%	0.0%	<b>100%</b>

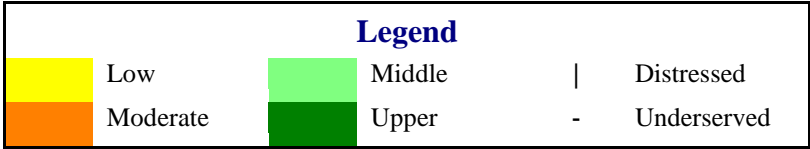
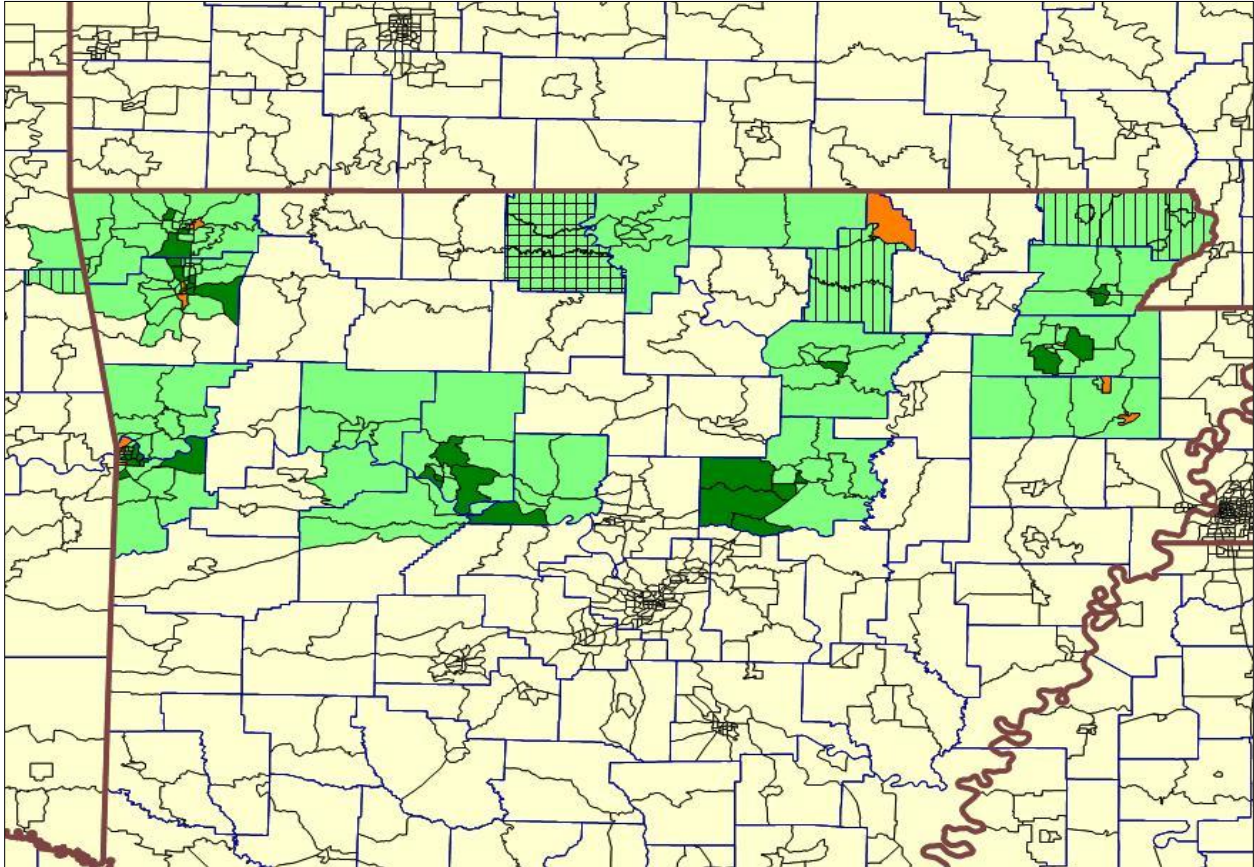
<b>Distribution of Loans Inside Assessment Area by Income Level of Borrower</b>						
<b>Dataset</b>	<b>Borrower Income Level</b>					<b>TOTAL</b>
	<b>Low-</b>	<b>Moderate-</b>	<b>Middle-</b>	<b>Upper-</b>	<b>Unknown</b>	
Home Purchase	10 7.8%	17 13.3%	24 18.8%	62 48.4%	15 11.7%	<b>128</b> <b>100%</b>
Refinance	4 2.4%	30 17.9%	48 28.6%	80 47.6%	6 3.6%	<b>168</b> <b>100%</b>
Home Improvement	2 12.5%	4 25.0%	1 6.3%	9 56.3%	0 0.0%	<b>16</b> <b>100%</b>
Multi-Family	0 0.0%	0 0.0%	0 0.0%	0 0.0%	2 100%	<b>2</b> <b>100%</b>
<b>TOTAL LOANS</b>	<b>16</b> 5.1%	<b>51</b> 16.2%	<b>73</b> 23.2%	<b>151</b> 48.1%	<b>23</b> 7.3%	<b>314</b> <b>100%</b>
Family Population	16.4%	18.7%	23.0%	41.9%	0.0%	<b>100%</b>

<b>Lending Distribution by Business Revenue Level</b>				
<b>Gross Revenue</b>	<b>Loan Amounts in \$000s</b>			<b>TOTAL</b>
	<b>≤\$100</b>	<b>&gt;\$100 ≤ \$250</b>	<b>&gt;\$250 ≤ \$1,000</b>	
\$1 Million or Less	99	11	5	<b>115</b>
	59.3%	6.6%	3.0%	<b>68.9%</b>
Greater Than \$1 Million	32	9	11	<b>52</b>
	19.2%	5.4%	6.6%	<b>31.1%</b>
<b>TOTAL</b>	<b>131</b>	<b>20</b>	<b>16</b>	<b>167</b>
	<b>78.4%</b>	<b>12.0%</b>	<b>9.6%</b>	<b>100%</b>
Totals do not include 5 loans where revenue is unknown				

<b>Lending Distribution by Farm Revenue Level</b>				
<b>Gross Revenue</b>	<b>Loan Amounts in \$000s</b>			<b>TOTAL</b>
	<b>≤\$100</b>	<b>&gt;\$100 ≤\$250</b>	<b>&gt;\$250 ≤\$500</b>	
\$1 Million or Less	7 77.8%	0 0.0%	0 0.0%	7 77.8%
Greater Than \$1 Million	1 11.1%	0 0.0%	1 11.1%	2 22.2%
<b>TOTAL</b>	<b>8</b> <b>88.9%</b>	<b>0</b> <b>0.0%</b>	<b>1</b> <b>11.1%</b>	<b>9</b> <b>100%</b>

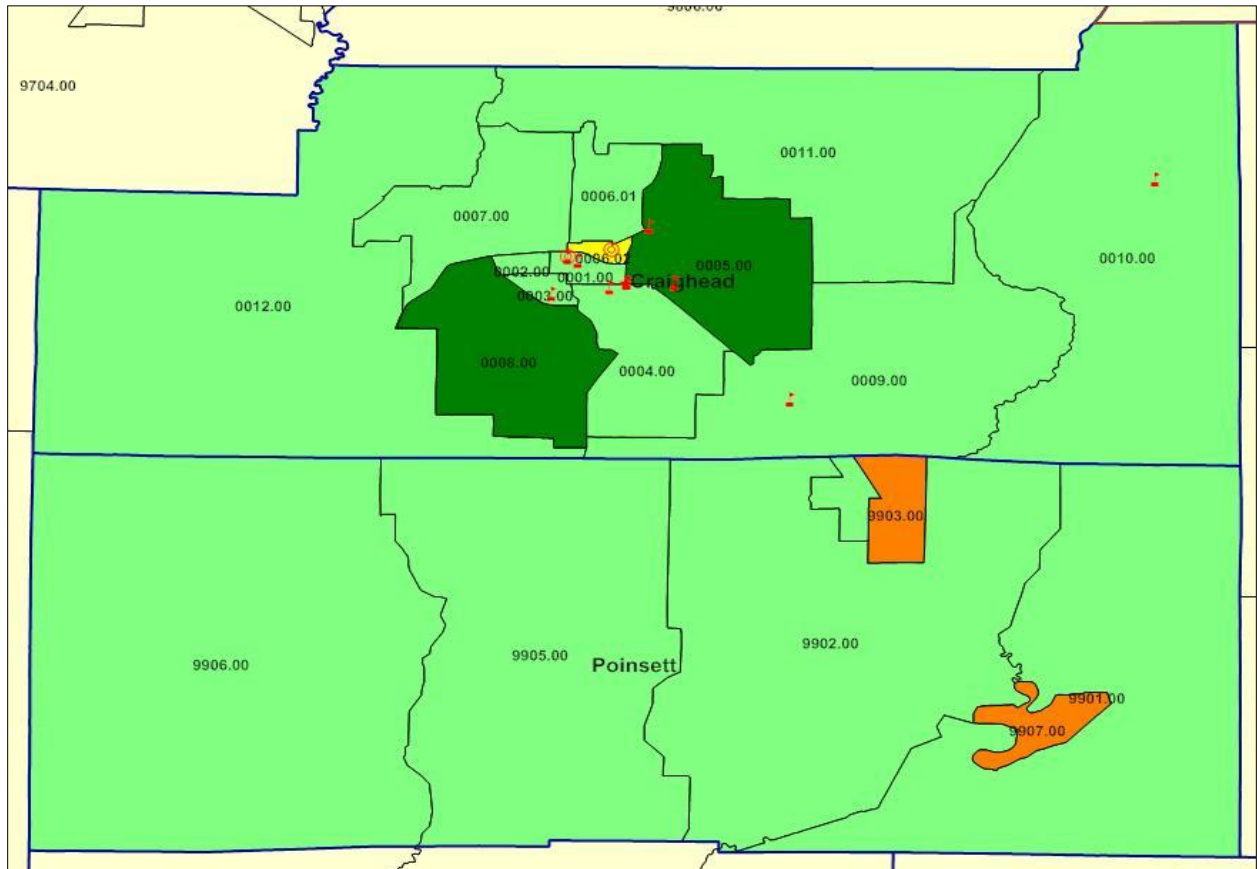
**ASSESSMENT AREA MAPS**
















**ALL ASSESSMENT AREAS**



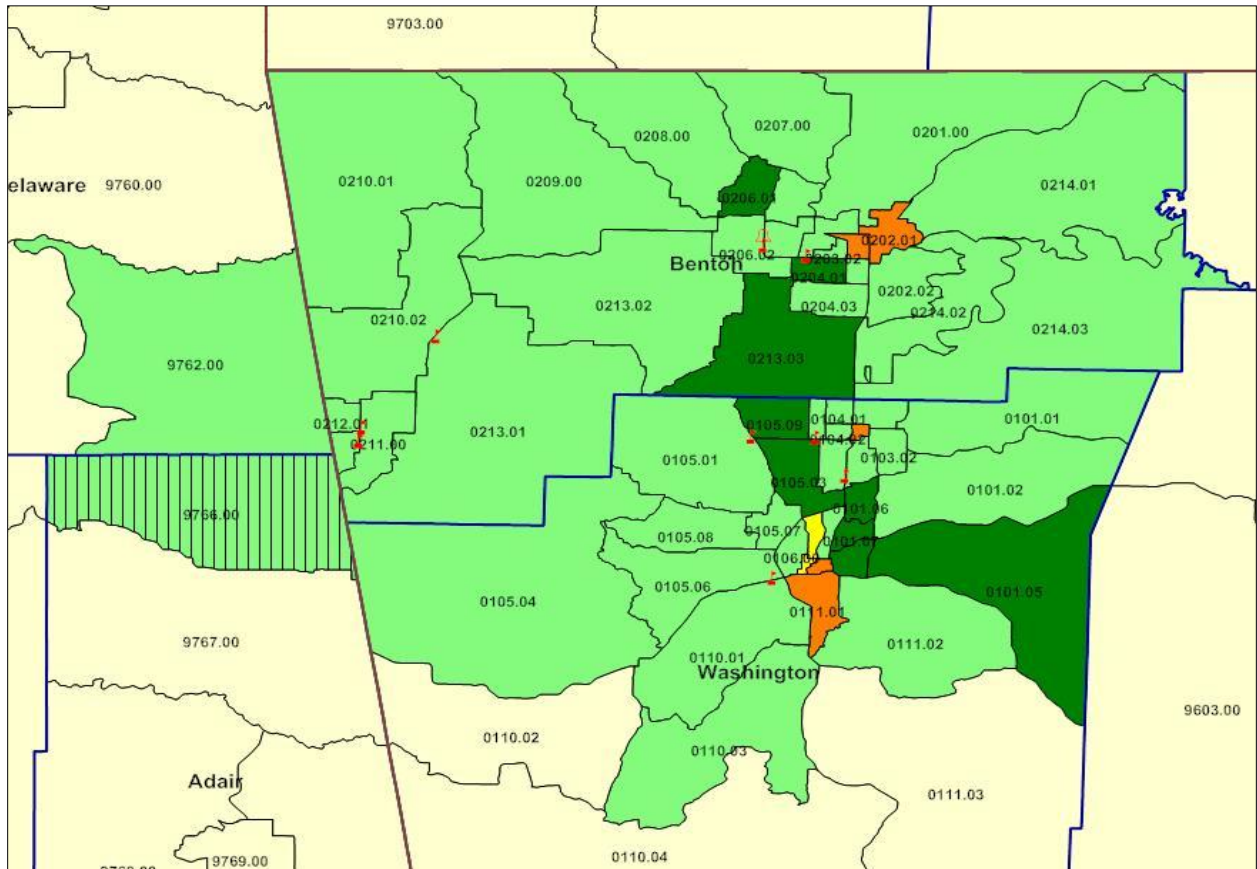

















JONESBORO, ARKANSAS ASSESSMENT AREA



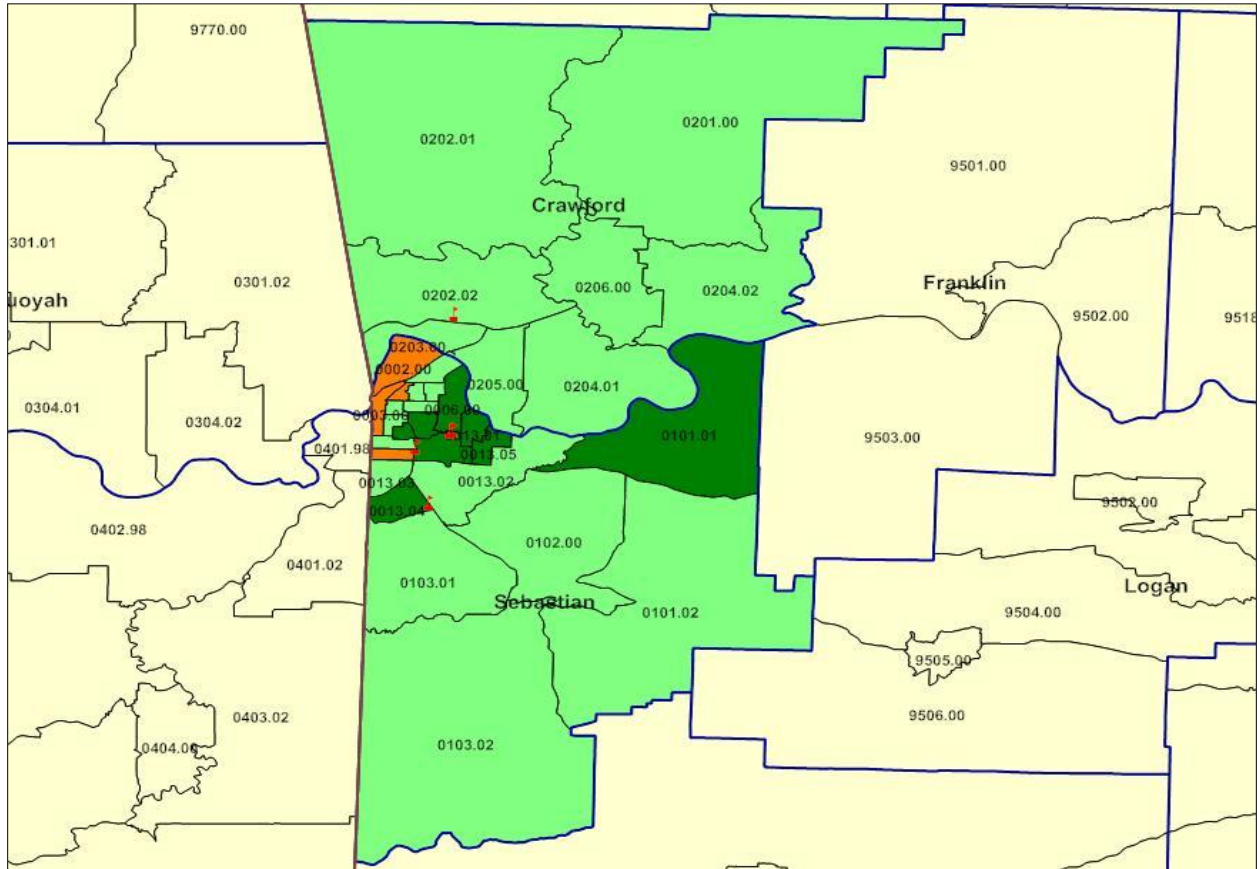
Legend							
	Low		Main Office		Branch w/ATM		Closed Branch
	Moderate		Main Office w/ATM		Branch w/Cash ATM		Distressed
	Middle		Full Service ATM		Cash Only ATM		Underserved
	Upper		Branch w/o ATM		Loan Prod. Office		
















NORTHWEST ARKANSAS ASSESSMENT AREA



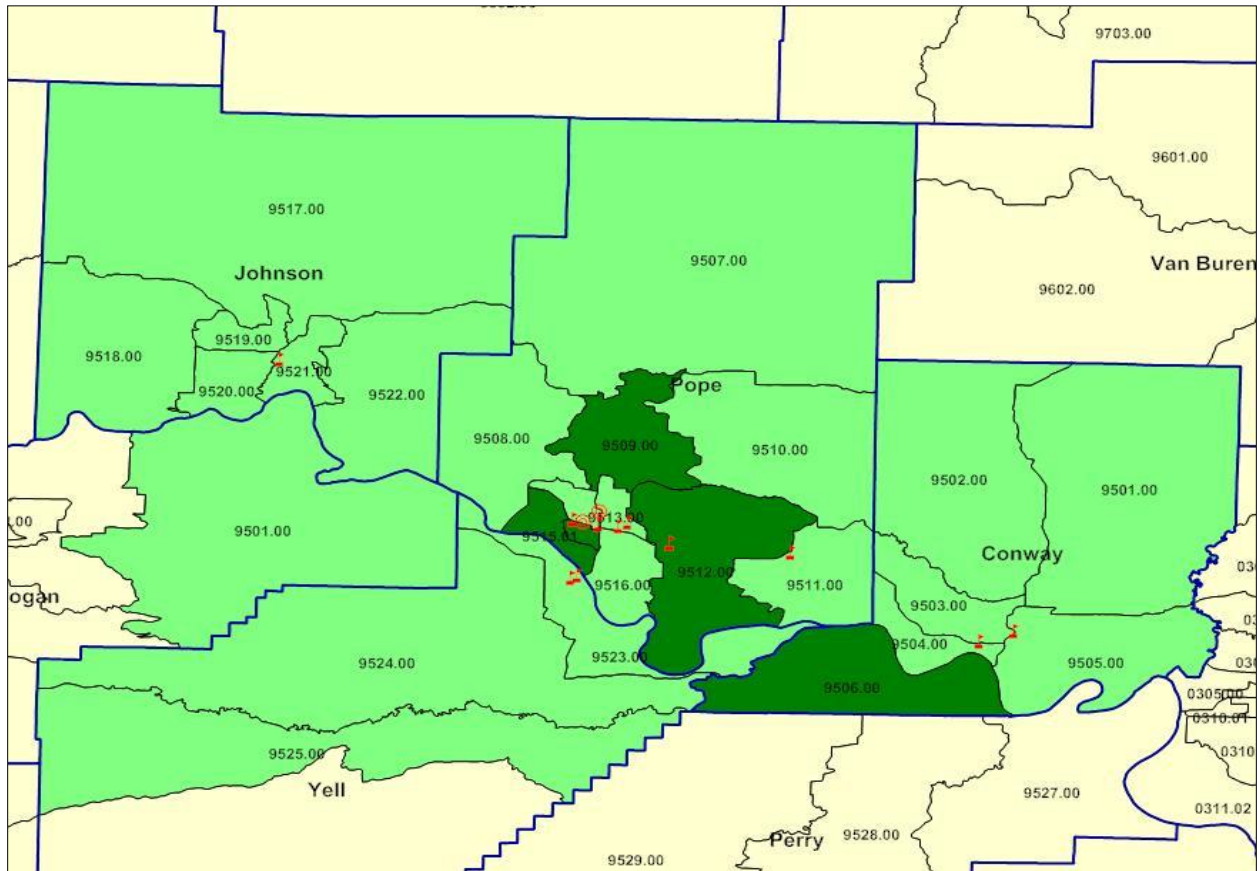
Legend							
	Low		Main Office		Branch w/ATM		Closed Branch
	Moderate		Main Office w/ATM		Branch w/Cash ATM		Distressed
	Middle		Full Service ATM		Cash Only ATM		Underserved
	Upper		Branch w/o ATM		Loan Prod. Office		
















FORT SMITH, ARKANSAS ASSESSMENT AREA



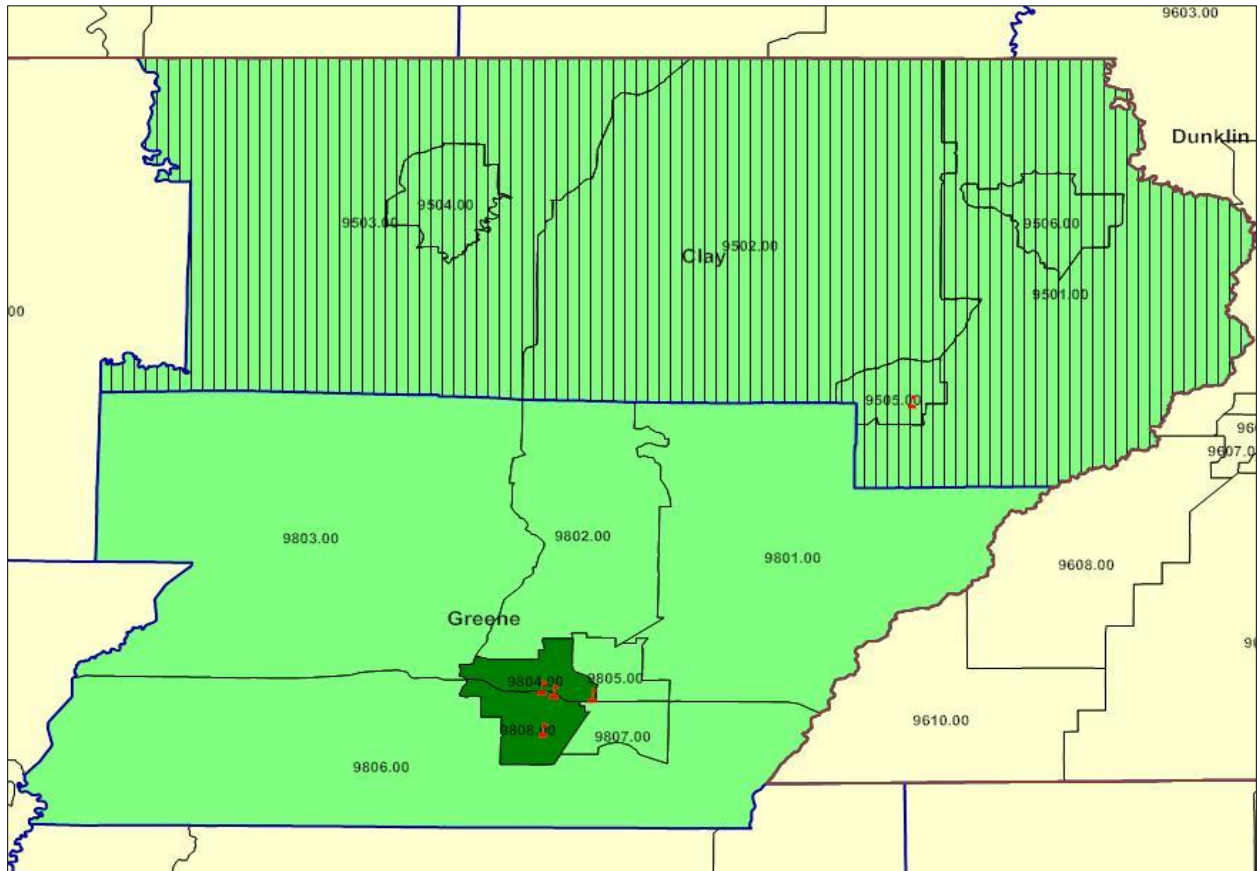
<b>Legend</b>							
	Low		Main Office		Branch w/ATM		Closed Branch
	Moderate		Main Office w/ATM		Branch w/Cash ATM		Distressed
	Middle		Full Service ATM		Cash Only ATM		Underserved
	Upper		Branch w/o ATM		Loan Prod. Office		
















CENTRAL ARKANSAS ASSESSMENT AREA



Legend							
	Low		Main Office		Branch w/ATM		Closed Branch
	Moderate		Main Office w/ATM		Branch w/Cash ATM		Distressed
	Middle		Full Service ATM		Cash Only ATM		Underserved
	Upper		Branch w/o ATM		Loan Prod. Office		

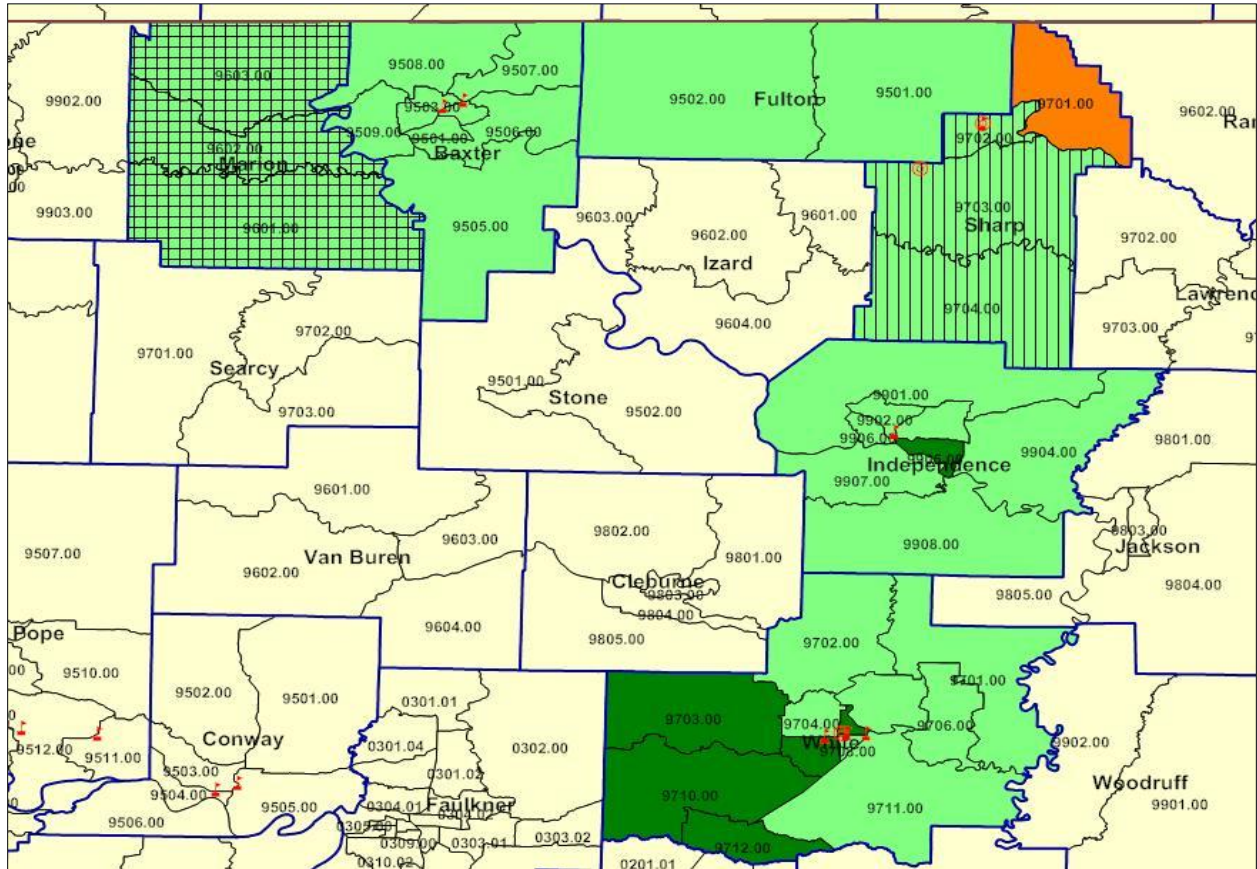
NORTHEAST ARKANSAS ASSESSMENT AREA


















Legend							
	Low		Main Office		Branch w/ATM		Closed Branch
	Moderate		Main Office w/ATM		Branch w/Cash ATM		Distressed
	Middle		Full Service ATM		Cash Only ATM		Underserved
	Upper		Branch w/o ATM		Loan Prod. Office		



NORTH CENTRAL ARKANSAS ASSESSMENT AREA



Legend							
	Low		Main Office		Branch w/ATM		Closed Branch
	Moderate		Main Office w/ATM		Branch w/Cash ATM		Distressed
	Middle		Full Service ATM		Cash Only ATM		Underserved
	Upper		Branch w/o ATM		Loan Prod. Office		

## GLOSSARY

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

**Aggregate lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Census tract:** 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 statistical 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 contact:** Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

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

**Consumer loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Demographics:** The statistical characteristics of human populations (such as age, race, sex, income, etc.) used especially to identify markets.

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

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include 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 householder and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

**Full-scope review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

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

**Household:** 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.

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



**Limited-scope review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments and branch distribution).

**Low-income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

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

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

**Middle-income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

**Moderate-income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

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

**Other products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-occupied units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

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

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

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

**Qualified investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated area:** A rated area is a state or 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 businesses / small farms:** A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were \$1 million or less.

**Small loan(s) to business(es):** "Small business loans" are included in 'loans to small businesses as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are secured either 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 non-mortgage, commercial loans.

**Small loan(s) to farm(s):** "Small farm loans" are 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.

**Underserved middle-income geography:** A middle-income, nonmetropolitan geography will be designated as underserved if it meets criteria for population size, density, and dispersion that

indicate the area's population is sufficiently small, thin, and distant from a population center in that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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