PUBLIC DISCLOSURE

March 7, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Delta Bank
RSSD# 713140

214 Hester Parker Drive
Marked Tree, Arkansas 72365

Federal Reserve Bank of St. Louis

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

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

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

First Delta Bank meets the criteria for a Satisfactory rating based on the evaluation of the bank's lending activity. The factors supporting the institution's rating include:

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

SCOPE OF EXAMINATION

The bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC's) small bank examination procedures, and the period of review spanned from the date of the bank's previous CRA evaluation on February 27, 2012 to March 7, 2016. Lending performance was based on the following loan products and the corresponding time periods, as displayed in the following table:

Loan Product	Time Period
Small Farm	January 1, 2012 – December 31, 2014
Small Business	
Home Mortgage Disclosure Act (HMDA)	

These three loan categories are considered the bank's primary lines of business, based on lending volume by number and dollar amounts and in light of the bank's stated business strategy. Therefore, loan activity represented by these credit products is deemed indicative of the bank's overall lending performance. However, as the bank has a particular emphasis on agricultural and commercial lending, performance based on the small farm and small business loan products carried the most significance toward the bank's overall performance conclusions.

Under the small bank CRA performance criteria, analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on HMDA and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2010 U.S. Census data; certain business and farm geodemographics are based on Dun & Bradstreet data, which are applicable to the years of loan data being evaluated. When analyzing bank performance by comparing lending activity to both demographic data and aggregate lending data, greater emphasis is generally placed on the aggregate lending data, because it is expected to describe many factors impacting lenders within an assessment area. Aggregate lending datasets are also updated annually and are therefore expected to predict more relevant comparisons. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating within the same general region. Four other banks were identified as similarly situated peers, with asset sizes ranging from $37.0 million to $84.9 million.

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

DESCRIPTION OF INSTITUTION

First Delta Bank is a full-service, small community bank (total assets of $57.3 million as of December 31, 2015) located in Marked Tree, in northeastern Arkansas. The bank offers standard, noncomplex consumer and business loan and deposit products. It is wholly owned by Tyronza Bancshares, Inc., a two-bank holding company located in Marked Tree. The bank's branch network consists of three offices, two of which have cash-only automated teller machines (ATMs) on site. All offices are full-service facilities. The bank did not open or close any branches or deposit-accepting ATMs during the review period.

Based on this branch network and other service delivery systems, such as online banking capabilities, the bank is well positioned to deliver financial services to its entire assessment area, particularly to the LMI tracts in Poinsett County. For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credit needs of its customers, and the bank appeared capable of meeting assessment area credit needs based on its available resources and financial products.

As of December 31, 2015, the bank reported total assets of $57.3 million. As of the same date, total loans and leases outstanding were $16.8 million (29.4 percent of total assets) and deposits totaled $51.0 million. The bank's loan portfolio composition by credit category is displayed in the following table:

Distribution of Total Loans December 31, 2015		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Construction and Development	$1,265	7.5%
Commercial Real Estate	$3,349	19.9%
Multifamily Residential	$785	4.7%
1–4 Family Residential	$2,448	14.5%
Farmland	$762	4.5%
Farm Loans	$5,074	30.1%
Commercial and Industrial	$2,324	13.8%
Loans to Individuals	$764	4.5%
Total Other Loans	$75	0.4%
TOTAL LOANS	**$16,846**	**100%**

As indicated in the preceding table, a significant portion of the bank's lending resources is directed to farm loans, commercial real estate loans, commercial and industrial loans, and loans secured by 1–4 family residential properties. While this analysis contains significantly fewer HMDA loans (by number and dollar) compared the other two categories, the difference is due in large part to paid off small farm and small business loans and their cyclical nature. However, HMDA loans represent a need of the area and are an important product offering for the bank in meeting that need. The bank received a Satisfactory rating at its previous CRA evaluation, conducted on February 27, 2012, by this Reserve Bank.

DESCRIPTION OF ASSESSMENT AREA

General Demographics

The bank's assessment area is located in northeastern Arkansas and includes the entirety of Poinsett County, which is part of the Jonesboro, Arkansas Metropolitan Statistical Area (Jonesboro MSA). The assessment area includes one low-, three moderate-, and three middle-income census tracts. According to the 2010 U.S. Census, the assessment area has a population of 24,583, a 4.0 percent decline from the 2000 Census, which reported a population of 25,614. Trumann is the county's largest city, with a population of 7,243. According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report dated June 30, 2015, First Delta Bank ranked third of the eight FDIC-insured depository institutions with a branch presence in the assessment area. The bank holds 14.2 percent of the assessment area's deposit market share.

While the assessment area is in an MSA, a significant portion of the community is rural in nature, and agricultural lending products represent a significant credit need in the assessment area, along with the need for a standard blend of consumer and business loan products. Another particular credit need in the assessment area (noted primarily from community contacts) includes start-up funding for small businesses.

Income and Wealth Demographics

As previously noted, the bank's assessment area consists of the seven census tracts comprising Poinsett County in its entirety. The following table reflects the number and population of the census tracts within the assessment area in each income category:

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	1 14.3%	3 42.9%	3 42.9%	0 0.0%	0 0.0%	**7** **100%**
Family Population	936 14.6%	3,483 54.2%	2,005 31.2%	0 0.0%	0 0.0%	**6,424** **100%**

The previous table reveals that the bank's assessment area contains one low-, three moderate-, and three middle-income census tracts. During this review period, two census tracts were reclassified from middle- to moderate-income, and one census tract was reclassified from moderate- to low-income. By far, the largest portion of the assessment area family population resides in moderate-income census tracts.

Based on 2010 U.S. Census data, the median family income for the assessment area was $38,865. At the same time, the Jonesboro MSA median family income was $49,796. More recently, the FFIEC estimated the 2012, 2013, and 2014 Jonesboro MSA median family incomes to be $52,000, 45,800, and $46,700, respectively. The following table displays population percentages of assessment area families by income level, compared to the MSA family population as a whole:

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area	1,897 29.5%	1,389 21.6%	1,386 21.6%	1,752 27.3%	**6,424** **100%**
Jonesboro MSA	7,496 24.2%	5,258 17.0%	5,860 18.9%	12,381 39.9%	**30,995** **100%**

Based on the data in the preceding table, the assessment area is less affluent than the Jonesboro MSA as a whole. Although the first table in this section indicated that the vast majority of the assessment area families live in moderate-income census tracts, this table reveals that a majority of assessment area families (51.1 percent) are considered LMI. This LMI family population figure is above that of the MSA, 41.2 percent, and the assessment area also has a smaller upper-income family population, 27.3 percent compared to 39.9 percent. Lastly, the level of assessment area families living below the poverty level, 20.1 percent, is above that of all MSA families, 16.4 percent.

Housing Demographics

Based on housing values, income levels, and rental costs, housing in the assessment area appears to be more affordable than in the Jonesboro MSA as a whole. The median housing value for the assessment area was $64,900, which is well below the figure for the MSA, $94,800. Similarly, housing appears to be relatively affordable, considering income levels. The assessment area housing affordability ratio of 49.7 percent is above the MSA figure of 39.6 percent. The cost of renting in the assessment area also appears to be lower than that of the Jonesboro MSA. For renters in the assessment area, 38.9 percent have rent exceeding 30 percent of their income, compared to 43.8 percent of renters in the Jonesboro MSA. The median gross rent for the assessment area of $466 per month is more affordable, compared to $581 per month for the MSA.

Industry and Employment Demographics

The assessment area economy is supported by a mixture of retail, manufacturing, and service-oriented sectors. According to the U.S. Census Bureau 2013 County Business Patterns, by number of paid employees in the assessment area, retail trade leads with 763, followed by manufacturing (658), and health care and social assistance (590). Furthermore, business demographic estimates indicate that 87.7 percent of assessment area businesses and 96.2 percent of farms have gross annual revenues of $1 million or less.

The following table details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area, compared to the Jonesboro MSA as a whole:

Year (Annual Average)	Assessment Area	Jonesboro MSA
2012	8.2%	7.2%
2013	8.1%	6.9%
2014	6.5%	5.7%
2015 (9-month average)	6.0%	5.1%

As shown in the previous table, unemployment levels for the assessment area, the Jonesboro MSA, and the state of Arkansas have shown a decreasing trend since 2012. However, unemployment levels in the assessment area have remained above those of the Jonesboro MSA and the state.

Community Contact Information

Information from two community contacts was used to help shape the performance context in which the bank's activities in this assessment area were evaluated. Both of these interviews were conducted with individuals specializing in economic and/or business development. The community contact interviewees categorized the local economy as weak. One contact noted the importance of agriculture, with the recent expansion of larger farms in the area making operations difficult for local, smaller farms. One contact noted an ample supply of subsidized government housing while the second contact noted a lack of entry-level housing stock in the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

First Delta Bank meets the standards for a Satisfactory rating under CRA small bank evaluation procedures, which evaluate bank performance under the following five criteria, as applicable:

- The geographic distribution of loans.
- Loan distribution by borrower's profile (applicant income or business/farm revenue profile).
- The concentration of lending within the assessment area.
- The bank's average LTD ratio.
- A review of the bank's response to written CRA complaints.

The remaining sections of this evaluation are based on analyses of the bank's lending performance under these five performance criteria.

Geographic Distribution of Loans

As noted in the description of the bank's assessment area, the bank's assessment area contains one low-, three moderate-, and three middle-income census tracts. The analysis in this section illustrates the distribution of the bank's loan activity across these geographies. Overall, the bank's geographic distribution of loans reflects excellent dispersion throughout the assessment area, based on activity analyzed from all three loan categories. The bank's performance included excellent dispersion in all three loan categories.

The following table displays the geographic distribution of small farm loans compared to the estimated percentages of agricultural institutions located in each geography income category, along with aggregate lending data for 2012, 2013, and 2014:

Distribution of Loans Inside Assessment Area by Income Level of Geography
January 1, 2012 through December 31, 2014

	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Small Farm Loans	4	5.0%	68	85.0%	8	10.0%	0	0.0%	0	0.0%	**80**	**100%**
Agricultural Institutions	5.5%		57.7%		36.8%		0.0%		0.0%		**100%**	
2012 Small Farm Aggregate	6.9%		36.3%		55.9%		0.0%		1.0%		**100%**	
2013 Small Farm Aggregate	1.5%		42.6%		55.9%		0.0%		0.0%		**100%**	
2014 Small Farm Aggregate	0.0%		42.5%		57.5%		0.0%		0.0%		**100%**	

The analysis revealed excellent penetration of small farm lending in LMI geographies, as a total of 90.0 percent of the bank's small farm loans were made in LMI census tracts. The bank originated 5.0 percent of its small farm loans to institutions in low-income census tracts. This level of lending is commensurate with the 5.5 percent geodemographic level and is considered reasonable. Aggregate lending figures to low-income geographies for 2012, 2013, and 2014 were

6.9 percent, 1.5 percent, and 0.0 percent, respectively. The bank originated 85.0 percent of its small farm loans to institutions in moderate-income census tracts. This level of lending compares favorably with the 57.7 percent geodemographic level and is considered excellent. Aggregate lending figures for moderate-income geographies for 2012, 2013, and 2014 were 36.3 percent, 42.6 percent, and 42.5 percent, respectively.

The following table displays the geographic distribution of small business loans compared to the estimated percentages of businesses located in each geography income category, along with aggregate lending data for 2012, 2013, and 2014:

Distribution of Loans Inside Assessment Area by Income Level of Geography

January 1, 2012 through December 31, 2014

	Geography Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Small Business Loans	0	0.0%	67	90.5%	7	9.5%	0	0.0%	0	0.0%	**74**	**100%**
Business Institutions	11.8%		58.5%		29.7%		0.0%		0.0%		**100%**	
2012 Small Business Aggregate	7.6%		50.4%		31.3%		0.0%		10.7%		**100%**	
2013 Small Business Aggregate	6.3%		54.1%		35.1%		0.0%		4.4%		**100%**	
2014 Small Business Aggregate	7.8%		49.1%		37.1%		0.0%		6.0%		**100%**	

The above table shows the bank's excellent small business lending level in LMI geographies, as the bank made 90.5 percent of small business loans in LMI census tracts. The bank did not originate any small business loans in low-income census tracts, which does not compare favorably to geodemographic data and is considered poor. However, of the bank's 74 small business loans made in the sample period, 90.5 percent were to businesses located in moderate-income census tracts. Bank performance compares favorably to the 58.5 percent geodemographic level and is considered excellent. Aggregate lending figures for 2012, 2013, and 2014 in moderate-income geographies were 50.4 percent, 54.1 percent, and 49.1 percent, respectively.

The following table displays the geographic distribution of HMDA loans compared to owner-occupied housing statistics and 2012, 2013, and 2014 aggregate lending data:

Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2012 through December 31, 2014												
	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Home Purchase	2	13.3%	12	80.0%	1	6.7%	0	0.0%	0	0.0%	**15**	**100%**
Refinance	6	54.5%	2	18.2%	3	27.3%	0	0.0%	0	0.0%	**11**	**100%**
Home Improvement	1	6.7%	14	93.3%	0	0.0%	0	0.0%	0	0.0%	**15**	**100%**
Multifamily	0	0.0%	1	100%	0	0.0%	0	0.0%	0	0.0%	**1**	**100%**
TOTAL HMDA	**9**	**21.4%**	**29**	**69.0%**	**4**	**9.5%**	**0**	**0.0%**	**0**	**0.0%**	**42**	**100%**
Owner-Occupied Housing	8.6%		56.0%		35.5%		0.0%		0.0%		**100%**	
2012 HMDA Aggregate	15.1%		48.3%		36.6%		0.0%		0.0%		**100%**	
2013 HMDA Aggregate	12.9%		43.6%		43.5%		0.0%		0.0%		**100%**	
2014 HMDA Aggregate	15.0%		40.5%		44.5%		0.0%		0.0%		**100%**	

The analysis of HMDA loans revealed excellent lending performance compared to data used for evaluation purposes. Of the bank's 42 HMDA loans made in the review period, 21.4 percent were made in low-income census tracts. This compares favorably with owner-occupied housing in low-income census tracts (8.6 percent) and is considered excellent. Aggregate lending data in low-income geographies for 2012, 2013, and 2014 was 15.1 percent, 12.9 percent, and 15.0 percent, respectively. The bank originated 69.0 percent of its HMDA loans in moderate-income census tracts, comparing favorably with the 56.0 percent of owner-occupied housing in moderate-income census tracts and is considered excellent. Aggregate lending figures in moderate-income geographies for 2012, 2013, and 2014 were 48.3 percent, 43.6 percent, and 40.5 percent, respectively.

Loan Distribution by Borrower's Profile

The bank's distribution of loans by borrower profile was also reviewed. Overall, the bank's distribution by borrower profile of loans reflects reasonable dispersion throughout the assessment area, based on activity analyzed from all three loan categories. The bank's performance included reasonable dispersion of small farm and small business loans and poor dispersion of HMDA loans.

The following table reflects First Delta Bank's distribution of small farm loans by gross annual farm revenue and loan amount compared to Dun & Bradstreet and CRA aggregate data:

Distribution of Loans Inside Assessment Area by Farm Revenue January 1, 2012 through December 31, 2014								
Gross Revenue	**Loan Amounts in $000s**						**TOTAL**	
	<$100		**>$100 and ≤$250**		**>$250 and ≤$500**			
$1 Million or Less	30	37.5%	18	22.5%	15	18.8%	**63**	**78.8%**
Greater than $1 Million/Unknown	10	12.5%	5	6.3%	2	2.5%	**17**	**21.3%**
TOTAL	**40**	**50.0%**	**23**	**28.8%**	**17**	**21.3%**	**80**	**100%**
Dun & Bradstreet Farms ≤ $1MM							**96.2%**	
2012 Small Farm Aggregate < $1MM							**37.3%**	
2013 Small Farm Aggregate < $1MM							**33.8%**	
2014 Small Farm Aggregate < $1MM							**46.3%**	

Based on this analysis of small farm loans, First Delta Bank is doing a reasonable job of meeting the credit needs of small farms. The previous table demonstrates that 78.8 percent of loans reviewed were made to farms with gross annual revenues of $1 million or less. This is below Dun & Bradstreet data indicating that 96.2 percent of farms in the assessment area have gross annual revenues of $1 million or less. However, aggregate lending data for 2012, 2013, and 2014 indicate that 37.3 percent, 33.8 percent, and 46.3 percent, respectively, of farm loans made in the assessment area were to farms with gross annual revenues of $1 million or less. Furthermore, 47.6 percent of loans to small farms reviewed were in the amount of $100,000 or less, indicating the bank's willingness to meet the credit needs of small farms.

Similar to the previous analysis conducted for small farms, the bank's distribution of small business loans to businesses of various sizes was reviewed. The following table reflects First Delta Bank's distribution of small business loans by gross annual business revenue and loan amount compared to Dun & Bradstreet and aggregate data:

Distribution of Loans Inside Assessment Area by Business Revenue January 1, 2012 through December 31, 2014								
Gross Revenue	**Loan Amounts in $000s**						**TOTAL**	
	<$100		**>$100 and <u><</u>$250**		**>$250 and <u><</u>$1,000**			
$1 Million or Less	57	77.0%	2	2.7%	0	0.0%	**59**	**79.7%**
Greater than $1 Million/Unknown	11	14.9%	3	4.1%	1	1.4%	**15**	**20.3%**
TOTAL	**68**	**91.9%**	**5**	**6.8%**	**1**	**1.4%**	**74**	**100%**
Dun & Bradstreet Businesses <u><</u> $1MM							**87.7%**	
2012 Small Business Aggregate < $1MM							**26.0%**	
2013 Small Business Aggregate < $1MM							**24.4%**	
2014 Small Business Aggregate < $1MM							**38.4%**	

Based on this analysis of small business loans, First Delta Bank is doing a reasonable job of meeting the credit needs of small businesses. The table above demonstrates that 79.7 percent of loans reviewed were made to small businesses with gross annual revenues of $1 million or less. This is below Dun & Bradstreet data indicating that 87.7 percent of businesses in the assessment area have gross annual revenues of $1 million or less. However, aggregate lending figures for 2012, 2013, and 2014 indicate that 26.0 percent, 24.4 percent, and 38.4 percent, respectively, of business loans made in the assessment area were to businesses with gross annual revenues of $1 million or less. Furthermore, 96.6 percent of loans to small businesses reviewed were in the amount of $100,000 or less, indicating the bank's willingness to meet the credit needs of small businesses.

Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the applicable median family income figure as estimated by the FFIEC ($52,000 in 2012, $45,800 in 2013, and $46,700 in 2014). The following table shows the distribution of HMDA loans by borrower income level, compared to family population income characteristics and aggregate performance for the assessment area:

Distribution of Loans Inside Assessment Area by Borrower Income January 1, 2012 through December 31, 2014												
	Borrower Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Home Purchase	2	13.3%	1	6.7%	3	20.0%	3	20.0%	6	40.0%	**15**	**100%**
Refinance	0	0.0%	1	9.1%	1	9.1%	0	0.0%	9	81.8%	**11**	**100%**
Home Improvement	2	13.3%	4	26.7%	4	26.7%	4	26.7%	1	6.7%	**15**	**100%**
Multifamily	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	100.0%	**1**	**100%**
TOTAL HMDA	**4**	**9.5%**	**6**	**14.3%**	**8**	**19.0%**	**7**	**16.7%**	**17**	**40.5%**	**42**	**100%**
Family Population	29.5%		21.6%		21.6%		27.3%		0.0%		**100%**	
2012 HMDA Aggregate	10.1%		22.0%		24.1%		29.5%		14.3%		**100%**	
2013 HMDA Aggregate	6.7%		20.6%		19.7%		35.7%		17.2%		**100%**	
2014 HMDA Aggregate	10.1%		17.8%		16.1%		35.7%		20.3%		**100%**	

As shown in the previous table, the bank’s lending performance in low- and moderate-income census tracts does not compare favorably with that of data used for comparison purposes. The bank’s lending level to low-income borrowers (9.5 percent) is below the 29.5 percent of families classified as low-income in the assessment area but is considered reasonable. Aggregate lending figures for 2012, 2013, and 2014 to low-income borrowers were 10.1 percent, 6.7 percent, and 10.1 percent, respectively. The bank’s lending level to moderate-income borrowers (14.3 percent) is below the 21.6 percent of families classified as moderate-income in the assessment area. Aggregate lending figures for 2012, 2013, and 2014 to moderate-income borrowers were 22.0 percent, 20.6 percent, and 17.8 percent, respectively. The bank’s lending performance does not compare favorably to data used for comparison of lending to moderate-income families and is considered poor. Furthermore, the bank’s total LMI lending figure of 23.8 percent does not compare favorably to the total LMI population level of 51.1 percent. Therefore, the bank’s overall HMDA lending performance by borrower’s profile is poor.

Assessment Area Concentration

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

Lending Inside and Outside of Assessment Area						
Loan Product	**Inside Assessment Area**		**Outside Assessment Area**		**TOTAL**	
Small Farm	80	77.7%	23	22.3%	103	100%
	$11,069	77.8%	$3,159	22.2%	$14,228	100%
Small Business	74	77.1%	22	22.9%	96	100%
	$2,557	80.5%	$619	19.5%	$3,176	100%
HMDA	42	82.4%	9	17.6%	51	100%
	$1,169	82.7%	$244	17.3%	$1,413	100%
TOTAL LOANS	**196**	**78.4%**	**54**	**21.6%**	**250**	**100%**
	$14,795	**78.6%**	**$4,022**	**21.4%**	**$18,817**	**100%**

As shown in the previous table, a majority of the loans sampled were extended to borrowers, businesses, or farms that reside or operate in the bank's assessment area. In total, 78.4 percent of the total loans were made inside the assessment area, accounting for 78.6 percent of the dollar volume of total loans.

Loan-to-Deposit (LTD) Ratio

One indication of the bank's overall level of lending activity is its LTD ratio. The table below displays the bank's average LTD ratio compared to those of regional peers. The average LTD ratio represents a 17-quarter average, dating back to the previous CRA evaluation.

LTD Ratio Analysis			
Name	**Asset Size ($000s) as of 12/31/15**	**Headquarters**	**Average LTD Ratio**
First Delta Bank	$57,287	Marked Tree, Arkansas	38.8%
Regional Banks	$36,989	Lepanto, Arkansas	38.3%
	$46,888	Clarendon, Arkansas	22.8%
	$80,917	McCrory, Arkansas	36.5%
	$84,939	Piggott, Arkansas	39.1%

Based on data from the previous table, the bank's level of lending is similar to that of other banks in the region. During the review period, the bank's quarterly LTD ratio ranged from a low of 25.9 percent (December 2013) to a high of 57.1 percent (September 2012). The average quarterly LTD ratios for the regional peers ranged from 22.8 percent to 39.1 percent. The bank's average LTD ratio has trended downward since the start of the review period; the February 27, 2012 CRA evaluation noted an average LTD ratio of 51.7 percent. As previously mentioned, the bank has a significant concentration of its loan portfolio in agriculture-related loans, leading to increased volatility in the LTD ratio. A community contact noted an increase in the number of larger, commercial farms moving into the assessment area, increasing competition and causing smaller, family farms to scale back or cease operations. The bank also cited recent volatility and a decline in agricultural commodity prices as a challenge for small farms in the assessment area. Therefore, while First Delta Bank's LTD ratio has trended downward since the previous CRA evaluation, it is in line with data from regional banks as shown in the previous table, reflects economic conditions in the region, and appears to be reasonable.

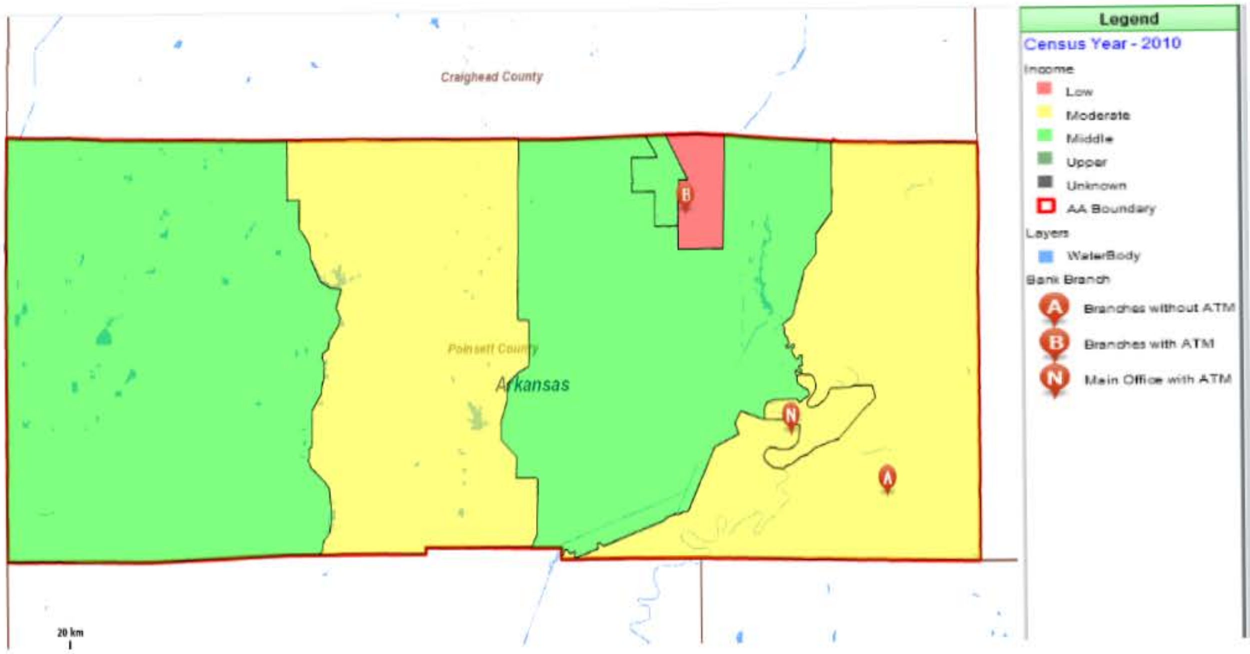
Review of Complaints

No CRA-related complaints were filed against the bank during this review period (February 27, 2012 through March 7, 2016).

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

ASSESSMENT AREA DETAIL



GLOSSARY

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

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

Census tract: A small subdivision of metropolitan and nonmetropolitan counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending on population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

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

Community development: An activity associated with one of the following five descriptions: (1) affordable housing (including multifamily rental housing) for low- and moderate-income individuals; (2) community services targeted to low- and 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- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or (5) Neighborhood Stabilization Program (NSP) eligible activities in areas with HUD-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate-, and middle-income individuals and geographies.

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

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

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

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

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

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

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

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

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

Housing affordability ratio: 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 (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

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

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

Small loan(s) to farm(s): That is, "small farm loans" are included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Reports of Condition and Income (Call Report). These loans have original amounts of $500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

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

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