PUBLIC DISCLOSURE

June 23, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Cross County Bank
RSSD# 989347

1 Cross County Plaza
Wynne, Arkansas 72396

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.

Cross County Bank meets the criteria for a Satisfactory rating based on the evaluation of the bank's lending activity. 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. Secondly, the geographic distribution of loans analysis reflects reasonable dispersion throughout the bank's assessment area. The bank's loan-to-deposit (LTD) ratio is more than reasonable given the bank's size, financial condition, and assessment area credit needs, and a majority of the bank's loans and other lending-related activities are in the bank's assessment area. Lastly, 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 small bank examination procedures, and the period of review spanned from the date of the bank's previous CRA evaluation on June 7, 2010 to June 23, 2014. Lending performance was based on the following loan products and corresponding time periods, displayed in the following table:

Product	Time Period
Home Mortgage Disclosure Act (HMDA) Loans	January 1, 2013 – December 31, 2013
Small Business Loans	January 1, 2013 – December 31, 2013
Small Farm Loans	January 1, 2013 – December 31, 2013

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 HMDA loans, performance based on this product carried the most significance toward the bank's overall performance conclusions.

The bank's performance conclusions are based on an evaluation of lending activity. The bank has delineated two assessment areas, both of which are located in the northeastern portion of Arkansas. The bank's primary assessment area is comprised of Cross, St. Francis, and Monroe Counties, which is part of the nonmetropolitan statistical area (nonMSA) portion of the state. The second, smaller assessment area consists of Craighead County, which is one of the two counties in the Jonesboro, Arkansas MSA. The nonMSA assessment area was analyzed using full-scope review procedures, while the Craighead County assessment area was analyzed using a limited-scope review.

Under the small bank CRA performance criteria, analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders. 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 year of loan data being evaluated. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating within the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from $199.7 million to $373.4 million.

To augment this evaluation, three interviews with members of the local community were conducted in order to ascertain specific credit needs, opportunities, and local market conditions within the bank's assessment areas. Key details from these interviews are included in the *Description of Assessment Area* and *Description of Craighead County Assessment Area* sections.

DESCRIPTION OF INSTITUTION

Cross County Bank is a full-service retail bank offering both consumer and commercial loan and deposit products. Cross County Bank is wholly owned by Cross County Bancshares, Inc., a multibank holding company headquartered in Wynne, Arkansas. The bank's network consists of the main office and five branches, all of which have drive-up accessibility. The main office and one branch are located in Wynne, Arkansas. The bank also operates one branch in each of the cities of Brinkley, Cherry Valley, Hickory Ridge, and Jonesboro. With the exception of the branch located in Brinkley, all of the branches have automated teller machines (ATMs) on site. The three ATMs located in Wynne and Jonesboro are full-service (deposit accepting), while the two ATMs located in Hickory Ridge and Cherry Valley are cash-dispensing only. The bank did not close any branch offices during this review period; however, the bank acquired the Brinkley branch from another institution and opened it as a branch in September 2013. Based on this 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.

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 assessment area credit needs based on its available resources and financial products. As of March 31, 2014, the bank reported total assets of $199.4 million. As of the same date, total loans and leases outstanding were $142.0 million (71.2 percent of total assets) and deposits totaled $170.4 million. The bank's loan portfolio composition by credit category is displayed in the following table:

Distribution of Total Loans as of March 31, 2014		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Construction and Development	$2,823	2.0%
Commercial Real Estate	$51,570	36.3%
Multifamily Residential	$10,363	7.3%
1–4 Family Residential	$25,198	17.7%
Farmland	$14,641	10.3%
Agricultural	$17,993	12.7%
Commercial and Industrial	$14,034	9.9%
Loans to Individuals	$3,018	2.1%
Total Other Loans	$2,394	1.7%
TOTAL	**$142,034**	**100%**

As indicated in the table above, a significant portion of the bank's lending portfolio is directed to loans secured by commercial real estate (36.3 percent), 1–4 family residential (17.7 percent), and farming related (farmland and agricultural) (23.0 percent).

The bank received a Satisfactory rating at its previous CRA evaluation conducted on June 7, 2010, by this Reserve Bank.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Cross County 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.

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

Loan Distribution by Borrower's Profile

This performance criterion focuses on the bank's lending penetration among borrowers of different income levels, with a specific emphasis on lending to LMI borrowers and businesses and farms with gross annual revenues of $1 million or less. As displayed in the following table, the bank's overall loan distribution by borrower's profile reflects reasonable penetration throughout the bank's assessment areas:

Assessment Area	Loan Distribution By Borrower Profile
NonMSA Arkansas	Reasonable
Craighead County	Consistent
OVERALL	**Reasonable**

Additional details regarding the loan distribution by borrower's profile are included later in this evaluation, under the sections applicable to individual assessment area analyses.

Geographic Distribution of Loans

This performance criterion focuses on the bank's lending penetration among geographies of different income levels, with a specific emphasis placed on lending in LMI geographies. As displayed in the following table, the bank's overall geographic distribution of loans reflects reasonable penetration throughout the bank's assessment areas.

Assessment Area	Loan Distribution By Geography
NonMSA Arkansas	Reasonable
Craighead County	Consistent
OVERALL	**Reasonable**

Additional details regarding the loan distribution by geography are included later in this evaluation, under the sections applicable to individual assessment area analyses.

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 quarterly average LTD ratio compared to those of regional peers. The quarterly average LTD ratio represents a 16-quarter average, dating back to the bank's last CRA evaluation.

LTD Ratio Analysis			
Name	**Asset Size ($000s) as of March 31, 2014**	**Headquarters**	**Average LTD Ratio**
Cross County Bank	$199,429	Wynne, Arkansas	85.3%
Regional Banks	$199,696	Helena, Arkansas	52.6%
	$290,607	Wynne, Arkansas	59.0%
	$373,417	Forrest City, Arkansas	39.8%

Based on data from the previous table, the bank's level of lending is above those of other banks in the region. During the review period, the bank's quarterly LTD ratio ranged from a low of 70.6 percent in first quarter 2013 to a high of 101.1 percent in third quarter 2011. The quarterly LTD ratios for the regional peers ranged from 31.1 percent to 72.5 percent. Therefore, compared to data from regional banks displayed in the table above, the bank's average quarterly LTD ratio appears to be more than reasonable given the bank's size, financial condition, and assessment area credit needs.

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 ($000s) January 1, 2013 – December 31, 2013			
Loan Type	**Inside Assessment Area**	**Outside Assessment Area**	**TOTAL**
HMDA	123 82.6%	26 17.4%	**149** **100.0%**
	$14,825 71.9%	$5,782 28.1%	**$20,607** **100.0%**
Small Business	95 80.5%	23 19.5%	**118** **100.0%**
	$7,897 76.4%	$2,437 23.6%	**$10,334** **100.0%**
Small Farm	56 74.7%	19 25.3%	**75** **100.0%**
	$5,597 64.1%	$3,141 35.9%	**$8,738** **100.0%**
TOTAL	**274** **80.1%**	**68** **19.9%**	**342** **100.0%**
	$28,319 **71.4%**	**$11,360** **28.6%**	**$39,679** **100%**

As shown above, a majority of the loans originated between January 1, 2013 to December 31, 2013 were extended to borrowers or businesses that reside or operate in the bank's assessment area. In total, 80.1 percent of the total loans were made inside the assessment area, accounting for 71.4 percent of the dollar volume of total loans.

Review of Complaints

No CRA-related complaints were filed against the bank during this review period (June 7, 2010 through June 23, 2014).

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.

NonMSA ARKANSAS ASSESSMENT AREA

(Full-Scope Review)

DESCRIPTION OF NONMSA ARKANSAS ASSESSMENT AREA

This assessment area is comprised of Cross, St. Francis, and Monroe Counties, which is part of the nonMSA portion of the state of Arkansas. The bank's main office and four branches are located in this assessment area.

General Demographics

Based on 2010 U.S. Census data, the assessment area has a population of 54,277 and is comprised of three moderate-, ten middle-, and two upper-income census tracts. According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report as of June 30, 2013, the bank ranked third out of the 11 FDIC-insured depository institutions with a branch presence in this assessment area, encompassing 15.4 percent of the total assessment area deposit dollars. Credit needs in the area are varied and include a blend of consumer, business, and farm loan products.

Income and Wealth Demographics

As previously noted, the bank's assessment area consists of the 15 census tracts comprising Cross, St. Francis, and Monroe Counties in their entireties. 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-**	**TOTAL**
Census Tracts	0	3	10	2	**15**
	0.0%	20.0%	66.7%	13.3%	**100%**
Family Population	0	2,608	8,665	1,839	**13,112**
	0.0%	19.9%	66.1%	14.0%	**100%**

Of the three moderate-income census tracts noted in the table above, one is contained within Cross County, and the other two are located in St. Francis County. Also, all of the middle-income census tracts are considered distressed. The census tracts are considered distressed due to population loss in Cross and Monroe Counties and poverty in St. Francis and Monroe Counties. By far, the largest portion of the assessment area family population resides in middle-income census tracts.

Based on 2010 census data, the median family income for the assessment area is $39,047. At the same time, the statewide Arkansas nonMSA median family income is $42,249. More recently, the U.S. Department of Housing and Urban Development (HUD) estimates the 2013 statewide

Arkansas nonMSA median family income to be $44,000. The following table displays population percentages of assessment area families by income level compared to the nonMSA family population as a whole:

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area	3,275 25.0%	2,296 17.5%	2,788 21.3%	4,753 36.2%	**13,112** **100%**
NonMSA Arkansas	65,133 20.9%	56,878 18.2%	62,504 20.0%	127,663 40.9%	**312,178** **100%**

Based on the data in the preceding table, the assessment area is slightly less affluent than statewide nonMSA Arkansas as a whole. Although the first table in this section indicates that the vast majority of the assessment area families live in middle-income census tracts, this table reveals that a significant portion of assessment area families (42.5 percent) are considered LMI. This LMI family population figure is above that of nonMSA Arkansas as a whole, 39.1 percent. The assessment area also has a smaller upper-income family population, 36.2 percent compared to 40.9 percent. Lastly, the level of assessment area families living below the poverty level (18.6 percent) is above that of all nonMSA Arkansas families (15.1 percent).

Housing Demographics

Based on housing values, income levels, and rental costs, housing affordability in the assessment area is more affordable compared to statewide nonMSA Arkansas. The median housing value for the assessment area is $67,651, which is well below the figure for statewide nonMSA Arkansas, $78,792. Similarly, housing appears to be relatively more affordable considering income levels. The assessment area housing affordability ratio of 46.7 percent is above the statewide nonMSA Arkansas figure of 43.0 percent. Lastly, the median gross rent for the assessment area of $534 per month is comparable to $535 per month for statewide nonMSA Arkansas. Although housing in the assessment area appears to be more affordable compared to statewide nonMSA Arkansas based on the low affordability ratio, homeownership may be out of reach for a large portion of the population.

Industry and Employment Demographics

The assessment area economy is diverse and is supported by a mixture of service-oriented and manufacturing sectors. According to the U.S. Census Bureau 2011 County Business Patterns, by number of paid employees in the assessment area, health care and social assistance leads with 21.3 percent (2,442 employees), followed closely by retail trade (19.1 percent or 2,188 employees) and manufacturing (12.8 percent or 1,472 employees). Furthermore, business demographic estimates indicate that 89.4 percent of assessment area businesses and 96.9 percent of farms have gross annual revenues of $1 million or less. Unemployment data from the U.S. Department of Labor Bureau of Labor Statistics (not seasonally adjusted) indicates that as of

March 2014, unemployment was 7.9 percent for Cross County, 10.5 percent for St. Francis County, and 7.1 for Monroe County; these figures are all above the state of Arkansas figure of 7.0 percent for the same period. According to one of the community contacts, K-Tops, a plastics manufacturer, left St. Francis County in 2013 after a fire destroyed the facility. Approximately 250 employees experienced job losses attributing to the higher unemployment rate in St. Francis County.

Community Contact Information

Information from two community contact interviews was used to help shape the performance context in which the bank's activities in this assessment area were evaluated. Both interviews were conducted with individuals working in economic development roles. Both interviewees categorized the assessment area's economy as lagging behind the national economy, and one stated that unemployment in the region was higher than in the nation. Both interviewees indicated that banking competition is high. One interviewee indicated that the housing supply was stagnant with the demand lower than the supply, while the other called the housing supply flat, with very little new construction. In addition, the area around Wynne was described as mostly agriculture-based. However, Cross County Bank was identified by one interviewee as particularly involved in the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN THE NONMSA ARKANSAS ASSESSMENT AREA

Loan Distribution by Borrower's Profile

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 HUD ($44,000 for statewide nonMSA Arkansas as of 2013). The following table shows the distribution of HMDA loans by borrower income level compared to family population income characteristics for the assessment area:

Distribution of Loans Inside Assessment Area by Income Level of Borrower
January 1, 2013 – December 31, 2013

Dataset	Borrower Income Level					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
Home Purchase	2 10.5%	3 15.8%	3 15.8%	8 42.1%	3 15.8%	**19** **100%**
Refinance	4 8.9%	6 13.3%	6 13.3%	17 37.8%	12 26.7%	**45** **100%**
Home Improvement	5 16.1%	9 29.0%	3 9.7%	8 25.8%	6 19.4%	**31** **100%**
Multifamily	0 0.0%	0 0.0%	0 0.0%	0 0.0%	5 100.0%	**5** **100%**
2013 HMDA TOTAL	**11** **11.0%**	**18** **18.0%**	**12** **12.0%**	**33** **33.0%**	**26** **26.0%**	**100** **100%**
Family Population	25.0%	17.5%	21.3%	36.2%	0.0%	**100%**

The analysis of the bank's HMDA loans within the bank's assessment area reveals reasonable overall lending levels to LMI borrowers. The bank's total percentage of lending to low-income borrowers (11.0 percent) is below the percentage of low-income families within the assessment area (25.0 percent), reflecting poor performance. Bank performance to moderate-income borrowers is reasonable, as the bank's total lending figure (18.0 percent, driven primarily by excellent performance in the home improvement loan category) is above the percentage of moderate-income families in the assessment area (17.5 percent). One of the community contacts indicated that the housing supply was higher than demand, while the other indicated that there was very little new construction, which further supports the bank's efforts to lend to LMI borrowers as witnessed in the home improvement loan category. Also, in this assessment area, 18.6 percent of families live below the poverty level. This factor likely diminishes the number of

LMI borrowers who would qualify under traditional underwriting standards. Overall, the bank's HMDA lending performance by borrower's profile is reasonable.

As with the bank's HMDA loan activity, the distribution of small business loans was also analyzed by business revenue level. The following table reflects Cross County Bank's distribution of small business loans by gross annual business revenue and loan amount.

Lending Distribution by Business Revenue Level
January 1, 2013 – December 31, 2013

Gross Revenue	Loan Origination Amount (in $000s)			TOTAL
	≤$100	>$100≤$250	>$250≤$1,000	
$1 Million or Less	59 74.7%	6 7.6%	3 3.8%	**68** **86.1%**
Greater than $1 Million	8 10.1%	0 0.0%	3 3.8%	**11** **13.9%**
TOTAL	**67** **84.8%**	**6** **7.6%**	**6** **7.6%**	**79** **100%**

As shown in the preceding table, the majority of the bank's small business loans were made to businesses with revenues of $1 million or less (86.1 percent). In comparison, 2013 business geodemographic data from Dun & Bradstreet indicate that 89.4 percent of businesses inside the assessment area have gross annual revenues of $1 million or less. In addition, 59 of 68 (86.8 percent) loans to small businesses reviewed were in amounts of $100,000 or less. Loans in these amounts indicate the bank's willingness to meet the credit needs of small businesses; therefore, the bank's distribution of small business loans by borrower's profile is reasonable.

Similar to the borrower's profile analysis conducted for the two previous loan categories, the bank's distribution of small farm loans to farms of various revenues was reviewed. The following table reflects Cross County Bank's distribution of small farm loans by gross annual farm revenue and loan amount:

Lending Distribution by Farm Revenue Level
January 1, 2013 – December 31, 2013

Gross Revenue	Loan Origination Amount (in $000s)			TOTAL
	≤$100	>$100≤$250	>$250≤$500	
$1 Million or Less	33 64.7%	8 15.7%	4 7.8%	**45** **88.2%**
Greater than $1 Million	3 5.9%	0 0.0%	3 5.9%	**6** **11.8%**
TOTAL	**36** **70.6%**	**8** **15.7%**	**7** **13.7%**	**51** **100%**

Based on this analysis of small farm loans, Cross County Bank is doing a reasonable job of meeting the credit needs of small farms. The table above demonstrates that 45 of 51 loans reviewed (88.2 percent) were made to farms with gross annual revenues of $1 million or less. In comparison, 2013 business geodemographic data from Dun & Bradstreet indicate that 96.9 percent of agricultural institutions inside the assessment area are small farms. In addition, the fact that 73.3 percent of loans to small farms reviewed were in amounts of $100,000 or less further indicates the bank's willingness to meet the credit needs of small farms. Consequently, the bank's distribution of small farm loans by borrower's profile is reasonable.

Therefore, the bank's overall borrower's profile performance, based on analyses of all three loan categories, is reasonable.

<u>Geographic Distribution of Loans</u>

As noted, the bank's assessment area contains three moderate-income census tracts, ten middle-income census tracts, and two upper-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 reasonable dispersion throughout this assessment area, based on activity analyzed from all three loan categories. The following table displays the geographic distribution of HMDA loans compared to owner-occupied housing statistics for the assessment area:

Distribution of Loans Inside Assessment Area by Income Level of Geography
January 1, 2013 – December 31, 2013

Dataset	Geography Income Level				TOTAL
	Low-	Moderate-	Middle-	Upper-	
Home Purchase	0 0.0%	1 5.3%	14 73.7%	4 21.1%	**19** **100%**
Refinance	0 0.0%	4 8.9%	31 68.9%	10 22.2%	**45** **100%**
Home Improvement	0 0.0%	1 3.2%	20 64.5%	10 32.3%	**31** **100%**
Multifamily	0 0.0%	0 0.0%	4 80.0%	1 20.0%	**5** **100%**
2013 HMDA TOTAL	**0** **0.0%**	**6** **6.0%**	**69** **69.0%**	**25** **25.0%**	**100** **100%**
Owner-Occupied Housing	0.0%	15.4%	68.1%	16.5%	**100%**

The analysis of HMDA loans reveals that the bank's geographic distribution is reasonable. While the bank's total penetration of moderate-income census tracts by number of loans (6.0 percent) is less than the percentage of owner-occupied housing units in moderate-income census tracts (15.4

percent), several factors help shape the bank's performance context in the three moderate-income census tracts.

Two moderate-income census tracts are located in St. Francis County (9604 and 9606) and are almost entirely comprised of Forrest City. The third moderate-income census tract is located in Cross County (9501). With eight banking institutions, banking competition in Forrest City is high, and Cross County Bank does not have a branch located there. Furthermore, housing is less affordable in tracts 9604 and 9606. The affordability ratios in tracts 9604 (33.7 percent) and 9606 (38.2 percent) are substantially lower than in the nonMSA assessment area (46.7 percent). Moreover, a correctional institution located in tract 9606 accounts for 46.8 percent of the tract's population, which further diminishes the need for HMDA loans in the tract. One of the community contacts stated that tract 9501 was primarily an agricultural area, which would also diminish the need for HMDA loans. Finally, all of the middle-income census tracts in the nonMSA assessment area are distressed. The bank's penetration of middle-income census tracts (69.0 percent) is greater than the percentage of owner-occupied housing units in middle-income census tracts (68.1 percent), which further indicates the bank's willingness to lend; therefore, the bank's geographic distribution of HMDA loans is reasonable.

Alternatively, the geographic distribution of small business loan activity reflects unfavorably on the bank's CRA performance as displayed in the following table:

Distribution of Loans Inside Assessment Area by Income Level of Geography
January 1, 2013 – December 31, 2013

Dataset	**Geography Income Level**					**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	
Small Business Loans	0 0.0%	7 8.9%	44 55.7%	28 35.4%	0 0.0%	**79** **100%**
Business Institutions	0.0%	16.5%	69.2%	14.3%	0.0%	**100%**

The analysis reveals poor loan distribution in the moderate-income census tracts. The bank originated 8.9 percent of small business loans to businesses in moderate-income census tracts. In comparison, 2013 business geodemographic data indicate that 16.5 percent of assessment area businesses are located in moderate-income census tracts; therefore, the geographic distribution of the bank's small business loans reflects poor dispersion throughout the assessment area.

As with the previous two loan categories, the bank's geographic distribution of small farm loans was also reviewed. The following table displays the results of this review, along with the estimated percentages of agricultural institutions located in each geography income category for comparison purposes:

Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2013 – December 31, 2013					
Dataset	**Geography Income Level**				**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	
Small Farm Loans	0 0.0%	1 2.0%	47 92.2%	3 5.9%	**51** **100%**
Agricultural Institutions	0.0%	6.5%	82.2%	11.4%	**100%**

As illustrated in the previous table, the bank's level of lending to small farms in moderate-income census tracts (2.0 percent) is below the 2013 business geodemographic data used for comparison (6.5 percent). One moderate-income census tract is located in Cross County (9501), and the other two moderate-income census tracts are located in St. Francis County (9604 and 9606). The bank made one farm loan in census tract 9501 and zero farm loans in census tracts 9604 and 9606. This distribution is likely due to the amount of competition in Forrest City. As previously stated, there are eight banking institutions located in the city, and Cross County Bank does not have any branches there. This diminishes the likelihood that borrowers would seek loans from Cross County Bank in those census tracts; therefore, the geographic distribution of the bank's small farm loans reflects reasonable dispersion throughout the assessment area.

Overall, based on reviews from all three loan categories and the weight of the bank HMDA loan performance, Cross County Bank's geographic distribution of loans reveals reasonable penetration throughout the assessment area.

CRAIGHEAD COUNTY ASSESSMENT AREA

(Limited-Scope Review)

DESCRIPTION OF CRAIGHEAD COUNTY ASSESSMENT AREA

This assessment area includes Craighead County, which is one of the two counties that comprise the Jonesboro, Arkansas MSA. Cross County Bank operates one branch office in this assessment area. The Craighead County assessment area was analyzed using a limited-scope review for several reasons. The bank's market share in Craighead County as of June 30, 2013, was extremely low (0.8 percent), and the bank ranked 13 out of 14 bank branches in the county. Also, the number of loans originated in 2013 in Craighead County was particularly low (44 loans), so the results would have likely been skewed by not having a larger sample. The tables below detail key demographics relating to this assessment area.

Assessment Area Demographics by Geography Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Census Tracts	1 5.9%	4 23.5%	7 41.2%	5 29.4%	**17** **100%**
Family Population	909 3.7%	5,032 20.5%	10,593 43.1%	8,037 32.7%	**24,571** **100%**
Household Population	1,696 4.7%	8,469 23.6%	14,578 40.6%	11,121 31.0%	**35,864** **100%**
Business Institutions	103 2.4%	1,446 33.1%	1,157 26.5%	1,661 38.0%	**4,367** **100%**
Agricultural Institutions	0 0.0%	24 6.8%	185 52.1%	146 41.1%	**355** **100%**

Assessment Area Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Family Population	5,599 22.8%	3,869 15.7%	4,474 18.2%	10,629 43.3%	**24,571** **100%**
Household Population	8,959 25.0%	5,098 14.2%	5,576 15.5%	16,231 45.3%	**35,864** **100%**

<u>Community Contact Information</u>

Information from one community contact interview was used to help shape the performance context in which the bank's activities in this assessment area were evaluated. The interview was conducted with an individual working in an economic development role. The interviewee categorized the local economy as robust and faring better than the national economy. In addition, the interviewee indicated that banking competition is high and that all banks seem to be involved in the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN CRAIGHEAD COUNTY ASSESSMENT AREA

Cross County Bank's overall lending performance in this assessment area is consistent with the performance for the full-scope nonMSA assessment area. For more detailed information relating to the bank's performance in this assessment area, see the tables in *Appendix A*.

LENDING PERFORMANCE TABLES FOR CRAIGHEAD COUNTY LIMITED-SCOPE REVIEW AREA

Distribution of Loans Inside Assessment Area by Income Level of Borrower January 1, 2013 – December 31, 2013						
Dataset	**Borrower Income Level**					**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	
Home Purchase	0 0.0%	0 0.0%	0 0.0%	5 83.3%	1 16.7%	**6** **100%**
Refinance	0 0.0%	0 0.0%	0 0.0%	3 21.4%	11 78.6%	**14** **100%**
Home Improvement	1 50.0%	0 0.0%	0 0.0%	1 50.0%	0 0.0%	**2** **100%**
Multifamily	0 0.0%	0 0.0%	0 0.0%	0 0.0%	1 100.0%	**1** **100%**
2013 HMDA TOTAL	**1** **4.3%**	**0** **0.0%**	**0** **0.0%**	**9** **39.1%**	**13** **56.5%**	**23** **100%**
Family Population	22.8%	15.7%	18.2%	43.3%	0.0%	**100%**

Lending Distribution by Business Revenue Level January 1, 2013 – December 31, 2013				
Gross Revenue	**Loan Origination Amount (in $000s)**			**TOTAL**
	≤$100	**>$100≤$250**	**>$250≤$1,000**	
$1 Million or Less	9 56.3%	3 18.8%	1 6.3%	**13** **81.3%**
Greater than $1 Million	3 18.8%	0 0.0%	0 0.0%	**3** **18.8%**
TOTAL	**12** **75.0%**	**3** **18.8%**	**1** **6.3%**	**16** **100%**

Lending Distribution by Farm Revenue Level January 1, 2013 – December 31, 2013				
Gross Revenue	**Loan Origination Amount (in $000s)**			**TOTAL**
	≤$100	**>$100≤$250**	**>$250≤$500**	
$1 Million or Less	5 100.0%	0 0.0%	0 0.0%	**5 100.0%**
Greater than $1 Million	0 0.0%	0 0.0%	0 0.0%	**0 0.0%**
TOTAL	**5 100.0%**	**0 0.0%**	**0 0.0%**	**5 100%**

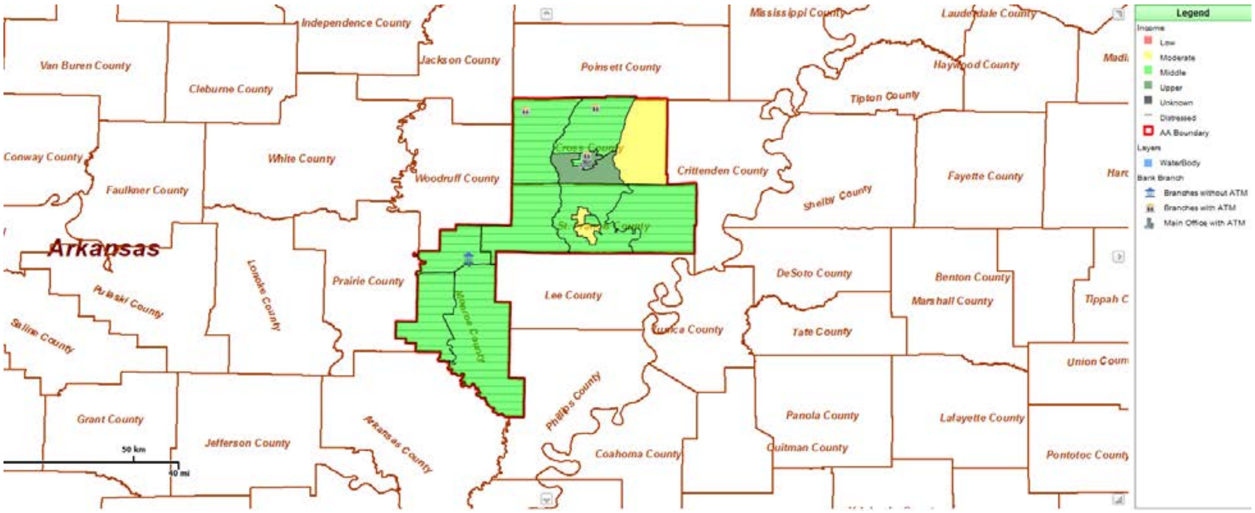
Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2013 – December 31, 2013					
Dataset	**Geography Income Level**				**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	
Home Purchase	0 0.0%	1 16.7%	2 33.3%	3 50.0%	**6 100%**
Refinance	0 0.0%	7 50.0%	5 35.7%	2 14.3%	**14 100%**
Home Improvement	0 0.0%	0 0.0%	1 50.0%	1 50.0%	**2 100%**
Multifamily	0 0.0%	1 100.0%	0 0.0%	0 0.0%	**1 100%**
2013 HMDA TOTAL	0 0.0%	9 39.1%	8 34.8%	6 26.1%	**23 100%**
Owner-Occupied Housing	1.0%	16.7%	45.3%	37.0%	**100%**

Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2013 – December 31, 2013					
Dataset	**Geography Income Level**				**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	
Small Business	0 0.0%	3 18.8%	6 37.5%	7 43.8%	**16** **100%**
Business Institutions	2.4%	33.1%	26.5%	38.0%	**100%**

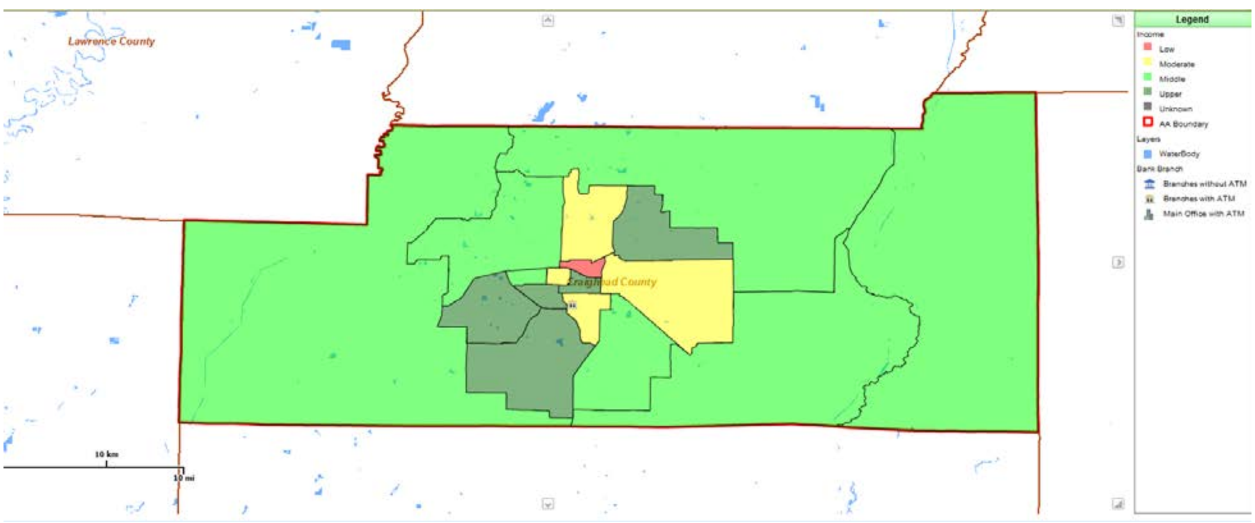
Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2013 – December 31, 2013					
Dataset	**Geography Income Level**				**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	
Small Farm	0 0.0%	2 40.0%	3 60.0%	0 0.0%	**5** **100%**
Agricultural Institutions	0.0%	6.8%	52.1%	41.1%	**100%**

ASSESSMENT AREA DETAIL

NonMSA Arkansas Assessment Area



Craighead County Assessment Area



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- 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 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.