



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

February 01, 2010

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Metropolitan National Bank  
Charter Number: 15836

425 West Capitol  
Little Rock, AR 72201-0000

Office of the Comptroller of the Currency

SPECIAL SUPERVISION Field Office  
One Independence Square 250 E Street, SW  
Washington, DC. 20219-0001

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## Overall CRA Rating

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

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

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

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

The major factors that support this rating include:

- The geographic distribution of home mortgage loans in low- and moderate-income geographies is adequate.
- Lending activity for small loans to businesses in low- and moderate-income geographies is good.
- The borrower distribution of home mortgage loans to low- and moderate-income borrowers is good.
- MNB has a good record of lending to businesses with revenues of \$1 million or less.
- The bank has a good record in originating CD loans.
- The level of qualified investments made during the evaluation period is good.
- MNB's level of community development services is good.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

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

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

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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

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

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

**Geography:** A census tract 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

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

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

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

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

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

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

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

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

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

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

## Description of Institution

Metropolitan National Bank (MNB) is owned by Rogers Bancshares, Inc., a one-bank holding company headquartered in Little Rock, Arkansas. The major shareholder of Rogers Bancshares, Inc. owns several companies that are primarily in the commercial real estate industry. These businesses are not operating subsidiaries of the bank nor affiliates that the bank wants considered in its community reinvestment activity performance evaluation. There was no merger or acquisition activity that affected the scope of the bank's operations during the evaluation period. The total assets of MNB as of September 30, 2009, were \$1.5 billion. MNB is an intrastate bank, which operates one main office and 50 branches in central and northwest Arkansas as of September 30, 2009. Each branch has an automated teller machine (ATM) and there are also nine stand-alone ATMs. Additionally, all branch locations are full-service with extended hours except for the main office. During the evaluation period, MNB opened eleven branches and closed four.

MNB's primary competition in the Little Rock MSA includes two large financial institutions that are headquartered in the state of Arkansas with \$1.4 billion and \$2.9 billion in total assets. Primary competition in the Fayetteville-Springdale-Rogers MSA is a state-chartered \$10.5 billion institution.

The bank's primary business focus is on commercial real estate and commercial lending, and includes lending to small businesses. The bank is an active commercial lender with loans for commercial purposes and commercial real estate accounting for approximately 82 percent of the bank's overall lending. MNB also offers a wide range of consumer loan products such as automobile, recreational vehicles, secured, unsecured, and fixed and adjustable rate real estate mortgage loans. MNB offers government-guaranteed/sponsored loan programs for residential mortgage and small business loans. The bank's mortgage department offers 30-year fixed-rate loans that are sold to investors on the secondary market. These loans account for the majority of the bank's home mortgage products. MNB's loan portfolio composition as reported in the September 30, 2009 Report of Condition and Income is as follows:

<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>
Commercial Real Estate Loans	735,039	71.56%
Commercial Loans	106,843	10.40%
Residential Real Estate Loans	149,384	14.54%
Consumer Loans	33,755	3.29%
Agriculture Loans	2,200	0.21%
	<b>1,024,724</b>	<b>100.00%</b>

Source: 09/30/2009 Call Report

Table 1

MNB entered into a Formal Agreement (FA) with the Office of the Comptroller of the Currency (OCC) on May 22, 2008 relating to some aspects of credit risk management, capital adequacy, and concentration risk management at the bank. However, the FA did not cause any financial impediments during this evaluation period that would limit the bank's ability to help meet the credit needs in its AA. MNB's net loans represent 64 percent of total assets and Tier 1 Capital is \$106 million according to the September 30, 2009 Call Report. The bank was rated "**Outstanding**" at the last CRA examination conducted as of January 12, 2007.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for this CRA Performance Evaluation covers January 12, 2007 to February 1, 2010. These dates reflect the date of the last CRA Performance Evaluation and the date for the current CRA Performance Evaluation. Loan products used to assess the bank's performance under the Lending Test include home mortgage loans and small loans to businesses, and include loan originations from January 2, 2007, to September 30, 2009. Community development loans originated during the entire evaluation period were also considered for the lending test. Qualified investments, including grants and donations were reviewed for the Investment Test. The bank's branching network, products and services offered, and community development services were considered for the Service Test.

### Data Integrity

The accuracy of HMDA and small business loans collected by the bank for 2007 through September 30, 2009 was reviewed. The HMDA and small business data were found to be accurate. Additionally, community development loans, qualified investments, and community development services were reviewed to determine if these activities met the regulatory definition for community development. The bank's internal auditors review HMDA and CRA loans annually.

### Selection of Areas for Full-Scope Review

MNB's AAs consist of portions of two separate MSAs: Little Rock-North Little Rock MSA 30780 and Fayetteville-Springdale MSA 22220. Approximately 78 percent of reported loans originated in the Little Rock-North Little Rock MSA and 92 percent of deposits are in the Little Rock-North Little Rock MSA. In addition, 38 of the bank's 51 branches are located in this MSA. The Little Rock-North Little Rock MSA was chosen for the full-scope review. The Fayetteville-Springdale MSA was chosen for the limited-scope review.

### Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews. More weight is given to home mortgage products as these products comprise 78 percent of total reported loans in the full-scope AA.

### Other

Four community contacts were made during the evaluation period. The contacts were made to organizations that assist low- and moderate-income individuals with affordable housing and other social services needs, and organizations that promote rehabilitation/stabilization of LMI areas. Needs identified by these organizations include financial literacy programs, banking services in the community, affordable mortgage loan products, small dollar loans to combat "payday" lenders, and affordable deposit products. MNB has met some of these needs

through community development loans, qualified investments, and community development services.

## **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## Conclusions with Respect to Performance Tests

### LENDING TEST

#### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "*High Satisfactory*". Based on the full-scope review, the bank's performance in the Little Rock-North Little Rock MSA 30780 is good.

The geographic distribution of home mortgage loans in low- and moderate-income geographies is adequate. Lending activity for small loans to businesses in low- and moderate-income geographies is good. The borrower distribution of home mortgage loans to low- and moderate-income borrowers is adequate. MNB has a good record of lending to businesses with revenues of \$1 million or less. The bank has a good record in originating CD loans.

#### Lending Activity

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

Lending activity reflects adequate responsiveness to credit needs in the bank's AA. In the full-scope AA, approximately 77.5 percent of the number of loans was for home mortgage loans and 20.3 percent was for small loans to businesses. For the lending test, more weight was given to home mortgage loans.

The bank's rank in lending market share is lower than its deposit market share. MNB ranked fourth in the Little Rock-North Little Rock MSA for the June 30, 2009 deposit market share. The average net loans to deposit ratio for the institution was 82.78 percent. The bank had a 9.27 per cent deposit market share and was behind a very large nationwide institution, a large regional bank and an Arkansas-based community bank. Based on 2008 Peer Mortgage Data, MNB had a market share of 2.01 percent and was ranked 15<sup>th</sup> for home purchase loans. For home improvement loans, MNB had a market share of 1.16 percent and ranked 18<sup>th</sup>. The bank had a market share of 1.83 percent for refinancing loans and ranked 15<sup>th</sup>. The 2008 Peer Small Business Data showed MNB with a market share of 0.86 percent and ranked 20<sup>th</sup> among lenders of small business loans.

#### Distribution of Loans by Income Level of the Geography

MNB's overall distribution of loans by income level of geographies is adequate.

#### *Home Mortgage Loans*

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

## **Home Purchase Loans**

The bank's geographic distribution of home purchase loans is adequate. The percentage of home purchase loans in low-income geographies is excellent and exceeds that of the percentage of owner-occupied housing units in low-income geographies. Home purchase loans penetration in moderate-income geographies is poor. The percentage of home purchase loans is lower than the percentage of owner-occupied housing units in moderate-income geographies. The bank's market share in low- and moderate-income census tracts is near to the bank's overall market share for home purchase loans.

## **Home Improvement Loans**

The geographic distribution of home improvement loans is poor. MNB originated seventy-four home improvement loans in the Little Rock/North Little Rock assessment area. The bank did not originate any home improvement loans in low-income geographies during the evaluation period. However, the percentage of owner-occupied housing units is low in low-income geographies. The percentage of home improvement loans is lower than the percentage of owner-occupied housing units in moderate-income geographies. The bank has no market share in low-income tracts. The bank's market share in moderate-income census tracts is lower than its overall market share. The lack of market share in low-income census tracts is not considered to be negative due to few opportunities to make home mortgage loans in these tracts.

## **Refinance Loans**

The bank's geographic distribution of refinance loans is poor. The percentage of home refinance loans is lower than the percentage of owner-occupied housing units in low- and moderate-income tracts. The bank's market share for refinance loans in low-income tracts exceeds its overall market share. The bank's market share in moderate-income geographies is lower than its overall market share.

## **Multifamily Loans**

This product was not assessed since MNB originated only three multifamily loans in the full-scope assessment area.

## ***Small Loans to Businesses***

The bank's geographic distribution of small loans to businesses is good.

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

The percentage of small loans to businesses exceeds the percentage of small businesses in low-income tracts. The bank's percentage of small loans to businesses in moderate-income tracts is near the percentage of small businesses in moderate-income tracts. The bank's

market share for small loans to businesses in low- and moderate-income geographies exceeds its overall market share.

### ***Small Loans to Farms***

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

MNB did not originate any small loans to farms during the evaluation period.

### ***Lending Gap Analysis***

Analysis of home mortgage loans and small loans to businesses revealed no unexplained conspicuous gaps in lending.

### ***Inside/Outside Ratio***

The percentage of loans originated inside the bank's AA is excellent. A substantial majority (92%) of the bank's reported loans were made within its AA. By loan type, 91 percent of home mortgage loans and 95 percent of small loans to businesses were originated within the AA. This analysis indicates that the bank is primarily serving its AA.

### **Distribution of Loans by Income Level of the Borrower**

MNB's distribution of home mortgage loans by income level of the borrower and to businesses with revenues of \$1 million is good.

### ***Home Mortgage Loans***

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

### **Home Purchase Loan**

MNB's record of originating home purchase loans by borrower's income level is good.

The bank's record of lending to low-income borrowers is good. The percentage of loans to low-income borrowers is lower than the percentage of low-income families in the AA. However, the 12 percent poverty level limits the bank's opportunity to make home purchase loans. The bank's market share to low-income borrowers exceeds the bank's overall market share.

MNB's record of lending to moderate-income borrowers is excellent. The percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. MNB's market share for moderate-income borrowers is near to its overall market share for home purchase loans.

### **Home Improvement Loans**

The bank's record of lending for home improvement loans by borrower's income level is adequate. MNB's record of lending to low-income borrowers for home improvement loans is good. The percentage of bank loans to low-income borrowers is somewhat lower than the percentage of low-income families in the AA. However, the twelve percent poverty level limits the bank's opportunity to make home purchase loans. MNB's market share to low-income borrowers exceeds the bank's overall market share for home improvement loans.

The bank's performance in lending to moderate-income borrowers for home improvement loans is adequate. The percentage of loans to moderate-income borrowers is somewhat lower than the percentage of moderate-income families in the AA. MNB's market share for moderate-income borrowers exceeds the overall market share for refinance loans.

### **Refinance Loans**

MNB's record of originating refinance loans by borrower's income level is good. The bank's performance in lending to low-income borrowers for refinance loans is good. The percentage of bank loans to low-income borrowers is lower than the percentage of low-income families in the AA. However, the twelve percent poverty level limits the bank's opportunity to make home purchase loans. The bank's market share to for low-income borrowers is somewhat lower than the overall market share for refinance loans.

The bank's record of lending to moderate-income borrowers for refinance loans is good. The percentage of bank loans to moderate-income borrowers is near to the percentage of moderate-income families in the AA. The market share to moderate-income borrowers exceeds the overall market share for refinance loans.

### ***Small Loans to Businesses***

MNB's record of lending to businesses with revenues less than or equal to \$1 million is good.

Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

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

MNB originated 60.44 percent of its loans to businesses with revenues of \$1 million or less. All other lenders in the AA originated 33.59 percent of their loans to businesses with revenues of \$1 million or less. Eighty percent of the bank's loans, regardless of revenue size, originated at \$100,000 or less.

### **Small Loans to Farms**

Refer to Table 12 in the Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

MNB did not originate small loans to farms during the evaluation period.

### **Community Development Lending**

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

MNB has a good record of extending credit for community development purposes. During the evaluation period, the bank originated sixty (60) loans totaling \$14.1 million, or 13 percent of Tier 1 Capital. The purpose of these loans was for affordable housing, revitalization and/or stabilization of low- and moderate-income geographies, and community development services.

- MNB made \$10.2 million in loans to businesses that reside in the Pulaski County Empowerment Zone. These loans help to revitalize and stabilize the designated area.
- The bank originated eight loans totaling \$498,200 to a CDC to construct affordable housing in low- and moderate-income neighborhoods. These homes offer affordable housing to low- and moderate-income families and also help to revitalize and stabilize the low- and moderate-income neighborhoods.
- MNB made a \$400,000 loan to a real estate company to purchase a strip shopping center located in a moderate-income area. The shopping center was renovated and has attracted new businesses to the center. The shopping center also helps to revitalize and stabilize the area.

The dollar volume of CD loans has a positive impact on the overall Lending Test rating.

### **Product Innovation and Flexibility**

The bank offer flexible loan programs for home mortgage loans (Federal Housing Administration (FHA), Farmers Home Administration (FmHA) Veterans' Administration (VA)) and small loans to businesses (Small Business Administration (SBA) loans). During the evaluation period, MNB originated 466 FHA loans totaling \$60.8 million, and 23 FmHA loans totaling \$2.8 million. The bank originated 84 VA loans totaling \$13.6 million. MNB was the leader in originating SBA loans in the state during 2007 and 2008. During the evaluation period, MNB originated 68 SBA loans totaling \$6.2 million. These flexible loan programs offer borrowers an opportunity to obtain financing when they may not have access to conventional loan programs.

## Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Lending Test in the Fayetteville-Springdale MSA #22220 is consistent with the bank's overall "High Satisfactory" rating performance under the Lending Test in the Little Rock-North Little Rock MSA #30780. Refer to Tables 1 through 13 in Appendix C for the facts and data that support these conclusions.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated "High Satisfactory". Based on the full-scope reviews, the bank's performance in the Little Rock-North Little Rock MSA #30780 is good.

Refer to Table 14 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

Qualifying investments are investments, deposits, membership shares or grants that have as their primary purpose community development, as defined in the CRA regulation. During the evaluation period, MNB made 40 investments/grants totaling \$2.6 million. The bank's qualified investments are centered in investments and grants/donations with the primary purpose of affordable housing, economic development, and community development services.

There is numerous investment opportunities in the bank's AA. MNB has done a good job in seeking out those opportunities. Several Community Development Corporations (CDCs) have been established since the prior evaluation. The CDCs were formed to develop affordable housing in low- and moderate-income geographies in the AA.

Following are some examples of qualified investments the bank made during the evaluation period.

- MNB has equity investments in two phases of a Small Business Investment Corporation (SBIC) that promotes economic development by financing small businesses throughout the state of Arkansas. For Phase I, MNB funded a total of \$442,043 of a \$500,000 total commitment. Phase II is a \$1 million commitment, and to date, MNB has funded \$494,078. The SBIC provides equity investments in small businesses that have difficulty obtaining venture capital. The SBIC is based in Arkansas, but invests in companies outside of Arkansas with strong potential to credit markets or supplier relationships in Arkansas. The goal of the SBIC is to have approximately 70 percent of the investments in Arkansas-based companies.
- MNB made a \$1 million equity investment in a mortgage pool that benefits all 50 states. The mortgage pool seeks high credit quality (AAA-average rating) CD investments in each shareholder's AA. There are 300 shareholders in the fund. To date, MNB has acquired a

total of four mortgage loans originated in Pulaski County totaling \$513,573. The loans are made to low- and moderate-income borrowers. MNB also has one loan for \$486,427 Fannie Mae Pool on Our Way Apartment, a Low Housing Tax Credit property in Little Rock, AR.

- MNB invested \$190,000 in a 501(c) non-profit organization that focuses on providing crime free living environments to nursing home and senior Department of Housing and Urban Development (HUD) housing residents. These residents must be classified as low- and moderate-income.

In addition to the above investments, MNB donated \$357,330 to thirty-five (35) organizations that provide social services to low- and moderate-income individuals, affordable housing for low- and moderate-income individuals, and promote economic development.

## **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Investment Test in the Fayetteville-Springdale MSA #22220 is consistent with the bank's overall "*High Satisfactory*" performance under the Investment Test. Refer to Table 14 in Appendix C for the facts and data that support these conclusions.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Service Test is rated "*High Satisfactory*". Based on full-scope reviews, the bank's performance in the Little Rock-North Little Rock MSA is good.

### **Retail Banking Services**

Refer to Table 15 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Branch distribution is good in the AA. MNB's branches are reasonably accessible to most residents in the AA, particularly those residing in low- and moderate-income census tracts.

MNB's retail banking system, including the quantity, quality, and accessibility of services, is good. The primary delivery system for its retail banking services is the bank's branch network. Extended banking hours for Friday and Saturday are provided at 34 banking locations. Loan and deposit products are available at all branches except for the Downtown Motor Bank branch, which remains basically a deposit only facility. All of the ATM's and telephone banking services provide 24-hour service and are available in English and Spanish. Several Central Arkansas branches have bilingual employees in addition to the bank's branches in Northwest Arkansas. Banking services are also accessible through mail, telephone, and Internet banking.

As of December 31, 2009, MNB had fifty-one (51) branches, with thirty-eight branches located in the full-scope AA. Each branch has an on-site automated teller machine (ATM's). Also, MNB operated nine (9) off-site ATM's.

Of the 38 branches located in the full-scope AA, three (3) are located in low-income CTs; three (3) are located in moderate-income CTs; seventeen (17) are located in middle-income CTs; and fifteen (15) are located in upper-income CTs. The distribution of branches in low-income geographies exceeds the percentage of population that resides in low-income geographies. The distribution of branches in moderate-income geographies is lower than the percentage of population that resides in moderate-income geographies.

During the evaluation period, MNB opened four branches and closed four branches in the full-scope AA. The bank opened nine branches in the limited-scope AA, of which one was opened in a moderate-income CT.

MNB offers a variety of low cost traditional deposit and loan products affordable to low- and moderate-income individuals. These include low and no minimum balance checking and savings accounts, and overdraft protection. MNB also makes small business loans; home purchase, home improvement, and home refinance loans, and small consumer loans.

Alternative delivery systems include free or low cost ATM/debit/point of sale cards, telephone and Internet banking services, and bank by mail services. The use of these services is monitored, but not by any particular income level of the user. The availability of these services does not factor into the rating for the Service Test.

## **Community Development Services**

MNB's level of community development services is good. During the evaluation period, the bank supported sixteen organizations in the bank's AA that qualified under the definition of community development services by serving as board and committee members and in these capacities demonstrated the provision of financial services. These services included providing technical assistance to organizations that serve low-and moderate- income individuals and families by providing affordable housing, individual counseling services for financial and medical needs, promote economic development, and revitalize and stabilize low- and moderate-income census tracts.

MNB also assists home buyers in obtaining funds for down payment and closing costs. MNB participates in the Federal Home Loan Bank (FHLB) Home Equity Leverage Partnership (HELP) Funds. HELP funds are used to match savings accumulated by first-time homebuyers for down payment and/or closing costs at a maximum ratio of 4:1, not to exceed \$6,000 per homebuyer. The bank has 22 participants totaling \$119,972 during the evaluation period in the HELP program. The bank also participates in the FHLB Special Needs Assistance Program (SNAP). SNAP provides grant funds for rehabilitation cost of eligible special needs homeowners. The bank has 14 participants totaling \$58,759 during the evaluation period in the SNAP program.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Service Test in the Fayetteville-Springdale MSA #22220 is consistent with the bank's overall "*High Satisfactory*" performance under the Service Test in the Little Rock-North Little Rock MSA #30780. Refer to Table 15 in Appendix C for the facts and data that support these conclusions.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): (01/02/2007 to 09/30/2009) Investment and Service Tests and CD Loans: (01/12/07 to 02/01/10)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Metropolitan National Bank (MNB) Little Rock, Arkansas	Home Purchase, Home Improvement, Refinance, and Small Loans to Businesses	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
<i>[Instructions: Provide only if affiliate products are reviewed.]</i>  None		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Little Rock-North Little Rock MSA #30780 Fayetteville-Springdale MSA #22220	Full-Scope  Limited-Scope	Pulaski, Saline, Lonoke, Faulkner, and Grant Counties Washington, Benton Counties

## Appendix B: Market Profiles for Full-Scope Areas

### Little Rock-North Little Rock MSA #30780

Demographic Information for Full Scope Area: Part of LR-NLR MSA 2008						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	144	4.86	22.22	53.47	19.44	0.00
Population by Geography	600,309	2.83	18.95	53.98	24.24	0.00
Owner-Occupied Housing by Geography	157,208	1.49	13.81	55.88	28.82	0.00
Business by Geography	54,084	6.33	18.61	50.53	24.53	0.00
Farms by Geography	1,308	2.29	16.13	58.03	23.55	0.00
Family Distribution by Income Level	163,438	19.70	18.02	22.48	39.80	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	61,648	4.54	27.57	54.72	13.18	0.00
Median Family Income		46,412	Median Housing Value		85,472	
HUD Adjusted Median Family Income for 2009		60,700	Unemployment Rate (Nov 2009)		5.9%	
Households Below Poverty Level		12%				

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 US Census and 2009 HUD updated MFI

The bank has one full-scope AA consisting of 144 census tracts (CTs) in the Little Rock-North Little Rock MSA #30780.

### Little Rock-North Little Rock MSA

The AA is comprised of the following counties in the Little Rock-North Little Rock MSA: Pulaski, Faulkner, Lonoke, Grant, and Saline Counties. Perry County is not included in the AA as MNB does not have any branches in this county.

Pulaski County is the largest of the five counties that comprise the AA. Pulaski County, with 83 CTs is largely composed of the cities of Little Rock, North Little Rock, and the surrounding suburbs of Maumelle, Sherwood, and Jacksonville. Low-income CTs are concentrated in the downtown central areas of Little Rock and North Little Rock, in Pulaski County. Moderate-income CTs are primarily in the southern and eastern portions of Pulaski County. The low- and moderate-income areas suffer from a declining housing stock, greater vacancy and boarded-up units, and poorly maintained infrastructure. In contrast, the newer developments in middle- and upper-income CTs, although burdened by traffic congestion, show a greater variety of business types, housing opportunities, and retail and service outlets.

The Empowerment Zone Initiative is a program of the U. S. Department of Housing and Urban Development Office of Community Planning and Development. On January 21, 2002 the U.S. Department of Housing and Urban Development designated 15 census tracts in the cities of Little Rock and North Little Rock as an Empowerment Zone.

The Empowerment Zone reflects the areas in Pulaski County which have the greatest need and which offer the best utilization of tax incentives to stimulate business growth. The

Empowerment Zone will create economic opportunities and also generate jobs and hope for many Pulaski County residents. The total impact of the 8-year designation is estimated to be in excess of \$300 million dollars.

This designation brings with it significant federal tax incentives to promote economic development and create jobs. It includes many of the areas within the County that have been targeted for significant redevelopment, and it will help the County continue to focus and advance its economic development efforts.

Faulkner and Saline Counties both have 21 CTs each, Lonoke County has 15 CTs, and Grant County has four CTs. Pulaski County's population has remained stagnant since the 1990 Census. Faulkner, Saline, Grant and Lonoke Counties have experienced population growth since the 1990 Census. Most of the population growth is attributed to parents seeking what they perceive to be a better public school system than what is available in the Little Rock, North Little Rock, or Pulaski County School districts.

The population of the AA, based on 2000 Census data, was 600,309. Little Rock remains the largest city in Pulaski County and serves as the state capitol.

The income designations for low- and moderate-income areas were based on a MFI of \$46,412 per year according to 2000 Census Bureau data. HUD estimated MFI was used to determine the income level of individual applicants. HUD updated MFI for 2008 was \$57,900.

The local economy in the MSA is stable. The unemployment rate in the Little Rock/North Little Rock MSA was 5.9 percent through November 2009. The unemployment rate for the state of Arkansas was 7.4 percent, and 9.4 percent for the United States through November 2009. Employment in the AA is well diversified. Major employment industries include retail, government, higher education, medical, manufacturing, and aerospace. There are several major corporations headquartered in Little Rock: Verizon, Dillard's Department Stores, Windstream Communications, and Acxiom. According to 2008 Business Demographic Data, there were 54,084 businesses in the AA. Of those, 32,762 or 61 percent were businesses with annual gross revenues of less than \$1 million. Of the 1,308 farms in the AA, 95% reported annual gross revenues of less than \$1 million.

Housing statistics from 2000 U.S. Census Demographic data show that there are 257,215 housing units in the AA. Sixty-one percent are owner-occupied and 31 percent are renter occupied. The average monthly rent was \$526. The median housing value was \$85,472. High land costs and fewer developers to construct affordable housing, and low- and moderate-income individuals' inability to purchase entry-level homes continue to create barriers for affordable housing in Little Rock. The price point for newly constructed homes in the AA begins at \$170,000.

Public transportation is available primarily in the two major cities of Pulaski County: Little Rock and North Little Rock. The public bus system has daily scheduled routes that serve low- and moderate-income areas and allows accessibility to services outside these tracts.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE.

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As \_\_\_12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table

also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm.

Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

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

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

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

Table 1. Lending Volume

LENDING VOLUME												Geography: ARKANSAS		Evaluation Period: JANUARY 2, 2007 TO SEPTEMBER 30, 2009	
Assessment Area (2009):	% of Rated Area Loans (#) in MA/AA <sup>*</sup>	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans <sup>**</sup>		Total Reported Loans		% of Rated Area Deposits in MA/AA <sup>***</sup>			
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)				
<b>Full Review:</b>															
Part of LR-NLR MSA 2008	77.85	2,066	290,265	541	48,876	0	0	60	14,054	2,667	353,195	92.10			
<b>Limited Review:</b>															
Part of Fayetteville-Springdale MSA 2008	22.15	707	116,953	52	6,374	0	0	0	0	759	123,327	7.90			

<sup>\*</sup> Loan Data as of September 30, 2009. Rated area refers to either state or multi-state MA rating area.

<sup>\*\*</sup> The evaluation period for Community Development Loans is from January 12, 2007 to February 01, 2010.

<sup>\*\*\*</sup> Deposit Data as of June 30, 2009. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: ARKANSAS				Evaluation Period: JANUARY 2, 2007 TO SEPTEMBER 30, 2009						Market Share (%) by Geography <sup>*</sup>				
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans <sup>****</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans						
<b>Full Review:</b>																
Part of LR-NLR MSA 2008	1,169	70.51	1.49	2.48	13.81	6.42	55.88	56.54	28.82	34.56	2.01	1.90	1.89	1.98	2.09	
<b>Limited Review:</b>																
Part of Fayetteville-Springdale MSA 2008	489	29.49	0.26	0.20	3.48	3.27	77.95	76.48	18.31	20.04	2.00	0.00	1.34	2.15	1.53	

<sup>\*</sup> Based on 2008 Peer Mortgage Data (Western)

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

<sup>\*\*\*</sup> Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

<sup>\*\*\*\*</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: ARKANSAS					Evaluation Period: JANUARY 2, 2007 TO SEPTEMBER 30, 2009					Market Share (%) by Geography*				
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Part of LR-NLR MSA 2008	74	93.67	1.49	0.00	13.81	6.76	55.88	63.51	28.82	29.73	1.16	0.00	0.45	1.48	0.86	
<b>Limited Review:</b>																
Part of Fayetteville-Springdale MSA 2008	5	6.33	0.26	0.00	3.48	20.00	77.95	80.00	18.31	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2008 Peer Mortgage Data (Western)

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: ARKANSAS				Evaluation Period: JANUARY 2, 2007 TO SEPTEMBER 30, 2009									
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Part of LR-NLR MSA 2008	818	79.34	1.49	0.61	13.81	3.79	55.88	55.01	28.82	40.59	1.84	2.47	0.75	1.78	2.20
<b>Limited Review:</b>															
Part of Fayetteville-Springdale MSA 2008	213	20.66	0.26	0.00	3.48	1.88	77.95	67.14	18.31	30.99	0.70	0.00	0.40	0.56	1.27

\* Based on 2008 Peer Mortgage Data (Western)

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: ARKANSAS				Evaluation Period: JANUARY 2, 2007 TO SEPTEMBER 30, 2009									
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Part of LR-NLR MSA 2008	3	100.00	7.13	33.33	16.29	33.33	46.70	33.33	29.88	0.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
Part of Fayetteville-Springdale MSA 2008	0	0.00	18.68	0.00	13.76	0.00	52.57	0.00	14.99	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2008 Peer Mortgage Data (Western)

\*\* Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

\*\*\* Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

\*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: ARKANSAS					Evaluation Period: JANUARY 2, 2007 TO SEPTEMBER 30, 2009					Market Share (%) by Geography*				
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Businesses**	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans						
<b>Full Review:</b>																
Part of LR-NLR MSA 2008	541	91.23	6.33	7.95	18.61	16.45	50.53	48.43	24.53	27.17	0.86	1.29	0.96	0.89	0.79	
<b>Limited Review:</b>																
Part of Fayetteville-Springdale MSA 2008	52	8.77	0.94	1.92	11.51	21.15	68.58	48.08	18.98	28.85	0.09	0.00	0.09	0.09	0.12	

\* Based on 2008 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2008).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS		Geography: ARKANSAS					Evaluation Period: JANUARY 2, 2007 TO SEPTEMBER 30, 2009					Market Share (%) by Geography*				
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans						
<b>Full Review:</b>																
Part of LR-NLR MSA 2008	0	0.00	2.29	0.00	16.13	0.00	58.03	0.00	23.55	0.00	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Part of Fayetteville-Springdale MSA 2008	0	0.00	0.34	0.00	6.05	0.00	79.04	0.00	14.57	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2008 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2008).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: ARKANSAS					Evaluation Period: JANUARY 2, 2007 TO SEPTEMBER 30, 2009					Market Share <sup>6</sup>				
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>1</sup>	% BANK Loans <sup>****</sup>	% Families <sup>**</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>						
<b>Full Review:</b>																
Part of LR-NLR MSA 2008	1,169	70.51	19.70	9.20	18.02	25.20	22.48	26.88	39.80	38.73	2.25	2.99	2.05	2.39	2.16	
<b>Limited Review:</b>																
Part of Fayetteville-Springdale MSA 2008	489	29.49	17.33	4.53	18.12	19.61	24.13	27.80	40.43	48.06	2.06	1.09	2.39	2.54	1.77	

<sup>6</sup> Based on 2008 Peer Mortgage Data (Western)

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

<sup>\*\*\*</sup> Percentage of Families is based on the 2000 Census information.

<sup>\*\*\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 3.8% of loans originated and purchased by bank.

<sup>1</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: ARKANSAS					Evaluation Period: JANUARY 2, 2007 TO SEPTEMBER 30, 2009					Market Share*				
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>2</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Full Review:</b>																
Part of LR-NLR MSA 2008	74	93.67	19.70	8.89	18.02	13.33	22.48	22.22	39.80	55.56	0.78	1.18	0.91	0.99	0.57	
<b>Limited Review:</b>																
Part of Fayetteville-Springdale MSA 2008	5	6.33	17.33	25.00	18.12	0.00	24.13	25.00	40.43	50.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2008 Peer Mortgage Data (Western)

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

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 38.0% of loans originated and purchased by bank.

<sup>2</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: ARKANSAS					Evaluation Period: JANUARY 2, 2007 TO SEPTEMBER 30, 2009					Market Share <sup>†</sup>				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>3</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>						
<b>Full Review:</b>																
Part of LR-NLR MSA 2008	818	79.34	19.70	5.01	18.02	15.89	22.48	20.90	39.80	58.20	2.10	1.52	2.13	1.37	2.52	
<b>Limited Review:</b>																
Part of Fayetteville-Springdale MSA 2008	213	20.66	17.33	4.35	18.12	11.11	24.13	20.77	40.43	63.77	0.78	0.40	0.33	0.97	0.88	

<sup>†</sup> Based on 2008 Peer Mortgage Data (Western)

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

<sup>\*\*\*</sup> Percentage of Families is based on the 2000 Census information.

<sup>\*\*\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 2.4% of loans originated and purchased by bank.

<sup>3</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: ARKANSAS			Evaluation Period: JANUARY 2, 2007 TO SEPTEMBER 30, 2009				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Part of LR-NLR MSA 2008	541	91.23	60.58	60.44	80.04	11.28	8.69	0.86	1.66
<b>Limited Review:</b>									
Part of Fayetteville-Springdale MSA 2008	52	8.77	57.26	65.38	67.31	21.15	11.54	0.09	0.16

\* Based on 2008 Peer Small Business Data -- US and PR

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2008).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% of small loans to businesses originated and purchased by the bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: ARKANSAS			Evaluation Period: JANUARY 2, 2007 TO SEPTEMBER 30, 2009				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Part of LR-NLR MSA 2008	0	0.00	95.49	0.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>									
Part of Fayetteville-Springdale MSA 2008	0	0.00	95.29	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2008 Peer Small Business Data -- US and PR

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2008).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: ARKANSAS									
Evaluation Period: JANUARY 12, 2007 TO FEBRUARY 1, 2010									
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Part of LR-NLR MSA 2008	0	0	38	1,687	38	1,687	100.00	0	0
<b>Limited Review:</b>									
Part of Fayetteville-Springdale MSA 2008	0	0	0	0	0	0	0.00	0	0
<b>Statewide/Regional</b>	0	0	2	936	2	936	100.00	2	564

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

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

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: ARKANSAS				Evaluation Period: JANUARY 2, 2007 TO SEPTEMBER 30, 2009									
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Part of LR-NLR MSA 2008	92.10	38	74.51	7.89	7.89	47.37	36.84	4	4	0	0	0	0	2.83	18.95	53.98	24.24
<b>Limited Review:</b>																	
Part of Fayetteville-Springdale MSA 2008	7.90	13	25.49	0.00	7.69	61.54	30.77	9	0	0	1	5	3	3.13	5.76	74.15	16.96