

Public Disclosure

October 12, 1999

Community Reinvestment Act Performance Evaluation

**First National Bank of El Dorado
Charter Number: 7046**

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El Dorado, Arkansas 72205-2180**

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NOTE: 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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General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the CRA performance of **The First National Bank of El Dorado** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **October 12, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. 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 by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Block Numbering Area (BNA) - Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

Census Tract (CT) - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

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

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

Full-Scope Review - Performance under the Lending, Investment and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

Geography - A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

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

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

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, branch distribution).

Low-Income - Income levels that are less than 50% of the median family income.

Median Family Income (MFI) - The median income determined by the United States 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 Statistical Area (MSA) - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Middle-Income - Income levels that are at least 80% and less than 120% of the MFI.

Moderate-Income - Income levels that are at least 50% and less than 80% of the MFI.

Small Business Loans - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

Small Farm Loans - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

Tier 1 Capital - The total of common shareholders' equity, perpetual preferred shareholders=equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income - Income levels that are 120% or more of the MFI.

Overall CRA Rating

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

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

Performance Levels	The First National Bank of El Dorado Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	T		
Low Satisfactory		T	T
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:

- ! A substantial majority of FNB's loans are made in its assessment area;
- ! A good geographic and borrower distribution for small business lending;
- ! An adequate level of qualified investments; and
- ! An adequate level of qualified community development services.

Description of Institution

The First National Bank (FNB) of El Dorado, Arkansas is located in south central Arkansas. As of June 30, 1999, FNB had total assets of \$282 million. FNB is part of the First United Bancshares Inc. (FUB). FUB is a \$2.6 billion multi-bank holding company based in El Dorado and operates in Louisiana, Arkansas, and Texas. Along with FNB, FUB has 12 affiliate banks and a trust company. FNB does not have any operating subsidiaries.

FNB has six branches, all located within the city of El Dorado. Five locations have automated teller machines (ATM's) and four have drive-up facilities. The Wal-Mart and North Branch locations have extended banking hours. The Eclipse ATM system gives customers free access to all ATM's within the FUB system. It is also a part of the DASH network system giving customers access to ATM machines throughout North America. FNB also has Phone Teller, a 24-hour, toll-free number in which customers can make inquiries on all their accounts (including loans), transfer funds between accounts, and make loan payments. FNB has one mortgage loan office, which is located at the main office. FNB offers a variety of mortgage loans, including conventional, FHA and VA loans, with both fixed and variable rate pricing. FNB also provides a variety of deposit services to meet the needs of the community.

FNB's primary line of business is small business lending, including commercial real estate. As of June 30, 1998 and 1999, FNB's loan portfolio was comprised of the following:

Loan Type	06/30/98 \$(000's)	% of Portfolio	06/30/99 \$(000's)	% of Portfolio
Commercial RE	16,060	16.3%	13,872	12.4%
Residential RE	18,792	19.1%	30,507	27.2%
Commercial	44,098	44.8%	48,366	43.2%
Consumer	19,304	19.6%	19,170	17.1%
Farm	236	.2%	151	.1%
Gross Loans	98,490	100.0%	112,066	100.0%

Source: Call Report Data

There are no financial impediments that would hamper FNB's ability to help meet the credit needs of its assessment area. The Arkansas Usury Law, however, could impede FNB's ability to receive an adequate return on loans to the highest risk borrowers. The law limits the interest rate that financial institutions can charge on consumer loans to 5% above the Federal Discount Rate.

FNB's CRA performance was last evaluated on June 3, 1997, by the Office of the Comptroller of the Currency and received an overall rating of "Satisfactory".

Refer to Appendix B: Market Profile of Full Scope Areas, to review the demographic data for the bank's assessment area.

Scope of the Evaluation

Evaluation Period/Products Evaluated

Lending Test

The evaluation period for the Lending Test covers January 2, 1997 through December 31, 1998. The products reviewed for the Lending Test include small business loans and residential real estate (home purchase). The bank's primary business focus is on commercial lending and particularly small business lending. More emphasis was placed on the bank's small business lending activity in this evaluation.

FNB's performance regarding residential real estate lending activity was limited to home purchase loans. Also, this part of the analysis was based on a sample of 1-4 family residential purchase loans because FNB is not a HMDA reporter and complete information for all residential lending was not readily available. This sample did include loan originations from 1997, 1998, and 1999. The majority of the sample covered 1997 and 1998. A total of 61 home purchase loans was used and selected at random.

Small farm lending was not considered in this evaluation because of the limited need for small farm loan products and the low number of small farms (29) in this assessment area. The 1998 market share data shows there was only one bank that reported small farm loans within this assessment area.

Investment Test

Qualified investments and grants were reviewed from June 3, 1997 to October 12, 1999. Any qualified investments purchased prior to the June 3, 1997 evaluation with an outstanding balance as of October 12, 1999 are also included in this Performance Evaluation.

Service Test

FNB's products and services were evaluated from June 3, 1997 through October 12, 1999. The bank's deposit and loan products, delivery system (branch and ATMs), and community development services were considered under the Service Test.

Data Integrity

A data integrity review was conducted in April 1999 for the loans FNB reported on the 1997 and 1998 CRA Disclosure Statements (small business and small farm

loans). A total of 23 small business and small farm loans from the Disclosure Statements previously noted were reviewed to ensure the data was reported accurately. Several errors were identified with the CRA data. The errors were centered in incorrect census tracts or block numbering areas. Management was informed of the errors and corrected the 1998 CRA data. The 1998 CRA data was resubmitted to the Federal Reserve. Management was also provided with a more reliable source for obtaining census tract and block numbering areas to ensure the accuracy of future reports.

All of the bank's residential real estate products were not considered in this evaluation because management did not correctly identify home purchase, home improvement, and refinanced loans. Management was provided with the definition for categorizing residential mortgage loan products and will apply it going forward so that these loans can be included in the bank's CRA performance.

Selection of Areas for Full-Scope Review

FNB has one assessment area, Union County. This assessment area received a full-scope review of the bank's CRA performance.

Refer to the table in Appendix A for more information.

Other

A review of community contacts conducted by our agency and discussions with management indicate that the primary credit needs within the community are small business lending and affordable housing. There is also a need for assistance with potential home buyer education and general financial services education.

Fair Lending Review

A fair lending examination was performed using a comparative analysis of 50 approved single male borrowers and 20 denied single female borrowers for automobile loans from January 1, 1999 through June 30, 1999. We found no evidence of discriminatory or other illegal credit practices, or violations of the substantive provisions of antidiscrimination laws and regulations.

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 a full-scope review, the bank's performance in the assessment area is good.

Lending Activity

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

Lending levels within the bank's assessment area reflect an adequate level of performance in meeting the credit needs of the community. The bank's primary lending focus is on commercial lending. FNB ranks first in deposit market share and ranks second in the volume of small business loans originated in 1998 in the market. FNB ranked first in market share for small business loans in 1997. The same data can not be presented for the bank's mortgage lending activity. This is because neither El Dorado nor Union County has been designated as a metropolitan statistical area and FNB is not required to collect and report the data required by the Home Mortgage Disclosure Act.

A substantial majority of the bank's small business loans are to businesses located within the assessment area. The sample of 1-4 family residential purchase loans included only those loans that were made to borrowers in the assessment area.

Distribution of Loans by Income Level of the Geography

Small Business Loans

Refer to Table 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's small business loan originations.

The distribution of loans by income level of the geography is good. FNB's small business lending in the one moderate-income BNA is good. The percent of FNB's originations exceeds the percent of businesses located in this BNA.

There are no unexplained conspicuous gaps in lending throughout the assessment area. There are five BNA's where the total volume of loans originated was less than 10% of the total for the evaluation period. Most of these BNA's are outside the city limits of El Dorado but within the assessment area. All of the bank's branches are located within the city limits and commercial loan applications are taken only at the main bank location. Additionally, the towns located in these rural areas have local financial institutions. Another of the tracts that is located within the city limits is primarily residential, which limits the opportunity for small business lending.

The 1998 market share data reflects that FNB ranks second in overall market share with 36% of the number of loans reported in Union County. The top ranked lender's market share was 42%. However, FNB ranks first in market share for loans originated to small businesses located in the one moderate-income BNA with 60% of the number of loans reported in this BNA. The second ranked lender's market share was 21%.

Home Mortgage Loans

Refer to Table 2 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations. This analysis is limited to a sample of home purchase loans and includes loans that remain on the bank's balance sheet as well as those that were sold into the secondary market.

Home Purchase

There are no low-income BNA's to evaluate. FNB's lending in the one moderate-income BNA is adequate. The volume of loans originated by the bank in this BNA is comparable although slightly lower than the volume of owner-occupied housing within this area.

There are no unexplained conspicuous gaps in lending through out the assessment area. The majority of the loans in the sample were located in three of the upper-income and one of the middle-income BNA's. Those BNA's with less than 10% penetration include four BNA's that are mostly rural and have other financial institutions including the banks in Crossett and Smackover. One of those tracts is primarily timberland. Two of the BNA's, 9509 and 9510, are located in the city limits of El Dorado. Both of these tracts have significant levels of rental and vacant housing units.

Small Farm Loans

Small farm lending was not considered in this evaluation.

Distribution of Loans by Income Level of the Borrower

Small Business Loans

Refer to Table 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's small business loan originations.

The distribution of small business loans reflects good penetration to businesses of different revenue sizes. FNB's lending to businesses with revenues of \$1 million or less is good as it exceeds the number of businesses in the assessment area with similar characteristics. The bank's distribution is more representative of the market characteristics than that of all other lenders in the assessment area. The majority of these loans, 86%, were for amounts less than \$100,000.

Home Mortgage Loans

Refer to Table 7 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations.

Home Purchase

The distribution of home purchase loans reflects a poor level of lending to low-income individuals and an adequate level of lending to moderate-income individuals. The levels of lending to low-income individuals is impacted by a high level of households with incomes below the poverty level and a lack of affordable, quality housing. New home construction in El Dorado is occurring at the higher dollar level. El Dorado has a high volume of rental housing units, some of which is designated as Section 8 housing or is subsidized through government programs.

Small Farm Loans

Small farm lending was not considered in this evaluation.

Community Development Lending

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of community development lending. FNB did not report any community development loans in 1997 or 1998. FNB does work with some local investors who have purchased and refurbished a large volume of rental properties. Many of the properties have occupants who receive rental assistance from the Area Agency on Aging of Southwest Arkansas, Inc. Some others have been designated as Section 8 housing and receive rental assistance as well. Approximately 20 of

the properties that the bank has financed for these investors have tenants who are receiving some form of rental assistance. These loans were not included in the sample of purchase loans used to evaluate the bank's lending performance for mortgage loans.

Product Innovation and Flexibility

FNB offers some flexible loan products including loans guaranteed by the U.S. Small Business Administration (SBA), Federal Housing Authority (FHA) and Veterans Administration (VA) insured home mortgage loans, and Arkansas Development Finance Authority (ADFA) home mortgage bond program loans (when feasible). The bank will also consider alternative credit sources in the absence of conventional credit. While these programs are considered flexible, they are not considered innovative.

During the evaluation period the number of loans originated using one of these products includes:

Loan Type	#	\$ Volume
SBA	4	\$335,000
FHA	123	\$5,895,895
VA	26	\$1,476,999
ADFA	8	\$324,385

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

Refer to Table 12 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

The bank's performance under the Investment Test is rated **"Low Satisfactory."** Based on full scope reviews, the bank's performance in the assessment area is adequate.

The investments considered in FNB's performance under the Investment Test include a legally binding commitment in a Small Business Investment Corporation (SBIC) and other grants and donations.

Diamond State Ventures - FUB has committed \$1,500,000 company wide to this SBIC. FNB's pro rata commitment is \$170,000. A total of \$43,000 has been funded leaving a legally binding unfunded commitment of \$128,000. This SBIC was organized in 1999 to address an under served market for long term patient capital for Arkansas' emerging growth companies. The SBIC was formed in 1999 with investors making their initial payments recently. There has not been any activity as yet to measure the benefit to Union County or on a broader scale because of the newness of the SBIC.

The majority of the grants and donations included the following:

United Way - FNB has donated \$18,000 to the United Way during the evaluation period. The funds are directed toward those agencies whose primary purpose qualifies as community development. Examples include: The Union County Rape and Family Violence Center; the Literacy Council of Union County; South Arkansas Youth Services, Inc.; the South Arkansas Developmental Center for Children and Families; and the Community Living Arrangements/Creative Housing, Inc.

Consumer Credit Counseling Service - FNB has donated \$18,000 to the CCCS through a combination of the Fair Share program and an in kind contribution of office space. Data indicates that a significant number of the individuals using this service have incomes below the moderate-income level.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated ***"Low Satisfactory."*** Based on full scope reviews, the bank's performance in the assessment area is adequate.

Retail Banking Services

FNB's service delivery systems are accessible to geographies and individuals of different income levels in the assessment area. All of FNB's branches are located within the city of El Dorado. Three are located within middle-income and three in upper-income BNA's. Ninety three percent of the population lives in the middle- and upper-income BNA's. Two of the branches offer extended hours: the Wal-Mart Branch, which is a full service branch, and the North Branch. Drive-in facilities are available at all branches except for the Wal-Mart and the Main Office location. The South Branch is a drive-up facility only and is located just behind the Main Bank. FNB has one mortgage loan office in the assessment area which is

located in the Main Bank. Consumer loan applications are available at the Main Bank and the Wal-Mart branch. All other branches are primarily deposit taking facilities.

All of FNB's ATM's are located within the assessment area. FNB customers also have free access to other ATM's within the FUB system along with access to ATM's nation-wide through the Dash, Pulse and Cirrus network systems. Customers can also bank by telephone with the 24-hour "Phone Teller" system.

Refer to Table 13 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch and opening and closing of those branches.

Community Development Services

During the evaluation period, the bank has provided an adequate level of community development services based on the limited opportunities that exist. The services that have been provided primarily include providing or developing financial services education, including some homebuyer education. Examples of these services include:

Banking on the Future - A Vice President of the bank helped the American Institute of Banking, Inc. (AIB), serving the states of Arkansas and Oklahoma, in developing an educational program that is designed to offer teachers and students an awareness of financial products, services, and procedures to gain practical business and banking knowledge. The curriculum will also include guidance on the home buying process. The program is designed to target students from low- and moderate-income families.

Consumer Credit Counseling Service Seminars - FNB has made space available for this organization to conduct seminars. Four of these have been scheduled for 1999 with three having occurred prior to the start of the examination. Data obtained from the CCCS indicates that many of the individuals who use these services would have incomes that fit the moderate-income category.

Mortgage Loan Training Video - FNB's real estate department developed a video titled "A Guide to Home Ownership." The video targets primarily first time home buyers. Copies of the video are available for any interested party to check-out and view at home. During the evaluation period, 10 individuals have viewed the video with 30% of the viewers having incomes less than the moderate-income category.

Other

FNB offers free or low cost checking accounts. There is no minimum balance requirement, service charge or per check charge. The minimum opening balance requirement is \$100.

Appendix A: Scope of Examination

The following table identifies the time periods 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").

Time Period Reviewed	Lending Test: January 2, 1997 to December 31, 1998 Investment Test: June 3, 1997 to October 12, 1999 Service Test: June 3, 1997 to October 12, 1999	
Financial Institution		Products Reviewed
The First National Bank of El Dorado		Small Business and Home Purchase Loans
Affiliate(s)	Affiliate Relationship	Products Reviewed
No affiliate products were reviewed		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Union County, Arkansas	Full Scope	

Appendix B: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews	
Union County, Arkansas	B-2

Demographic Information for Full-Scope Area: Union County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	10	NA	10	40	50	NA
Population by Geography	46,719	NA	7.79	37.53	54.68	NA
Owner-Occupied Housing by Geography	13,159	NA	5.52	36.13	58.35	NA
Businesses by Geography	1,715	NA	8.98	37.08	53.94	NA
Farms by Geography	29	NA	13.79	55.17	31.04	NA
Family Distribution by Income Level	12,987	19.65%	14.41	17.68	48.26	NA
Distribution of Low- and Moderate-Income Families throughout AA Geographies	4,424	NA	11.51	44.42	44.08	NA
Median Family Income HUD Adjusted Median Family Income for 1998 Households Below the Poverty Level	= \$22,420 = \$30,100 = 22.27%	Median Housing Value Unemployment Rate *				= \$41,129 = 6.6%

Source: 1990 U.S. Census and 1998 HUD updated MFI. The source for the unemployment rate was the State of Arkansas Revised Labor Force Statistics for 1998.

Description of the Assessment Area

FNB's assessment area is Union County Arkansas. According to the 1990 Census Data, Union County had a population of 46,719. The median family income (MFI) for a non-Metropolitan Statistical Area (MSA) in Arkansas was \$22,420. This is the income level of the individual block numbering areas (BNA's). Union County is a non-MSA county that consists of ten BNA's. One is considered a moderate- income BNA and is located in the southwest part of El Dorado. There are four middle-income BNA's located in the northeast and southeast part of El Dorado and the northwest corner of Union County. And there are five upper-income BNA's with one located in the northwest part of El Dorado and the remainder outside of the city limits.

The Department of Housing and Urban Development (HUD) estimated that the MFI in Arkansas for 1997 and 1998 were \$29,500 and \$30,100, respectively. This is the income level of the individual families in the assessment area and is updated annually.

The local economic conditions in El Dorado and the surrounding area are stable. As reported March 24, 1999, the 1998 unemployment rate for Union County was 6.6%, which is above the state of Arkansas's unemployment rate of 5.5%. Although in the past Union County was largely dependent on oil and gas production, it has diversified to

include poultry, timber, and light manufacturing. Non-farm businesses represent 98% of businesses in the area in which 1,241 (89%) of these have revenues of less than \$1 million. Competition is provided by branches of four non-local financial institutions.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the **Abank** include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: purchased loans are treated as originations/purchases; market rank is based on the number of loans originated and purchased by the bank as compared to all other lenders in the MSA/assessment area; 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 MSA/assessment area. The following is a listing and brief description of the tables included in each set:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.
- 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 rank and 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 Refinance Loans** - See Table 2.
- Table 5. 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 rank and market share information based on the most recent aggregate market data available.
- Table 6. 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 rank and market share information based on the most recent aggregate market data available.

- Table 7. 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 MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.
- Table 9. Borrower Distribution of Refinance Loans** - See Table 7.
- Table 10. 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. The table also compares the banks percentage distribution with the percentage of loans originated and purchased by all other small business reporters in the bank's AA to businesses with revenues of \$1 million or less and is based on the most recent aggregate market data available. 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 11. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500 thousand) 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. The table also compares the banks percentage distribution with the percentage of loans originated and purchased by all other small farm reporters in the bank's AA to farms with revenues of \$1 million or less and is based on the most recent aggregate market data available. 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 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/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 have been reported on schedule RC-L of the Call Reports as an off-balance sheet item.
- Table 13. 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 MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.
- Table 14. 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 the population 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 MSA/assessment area.

Table 1. Lending Volume

LENDING VOLUME		State: Arkansas				Evaluation Period: January 2, 1997 TO December 31, 1998						
MSA/Assessment Area:	% of Rated Area Deposits in MSA/AA*	Home Mortgage**		Small Loans to Businesses		Small Loans to Farms		Community Development		Total Reported Loans		% of Rated Area Loans(#) in MSA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full-Scope:												
Union County	100%	61	4,617	523	28,965	0	0	0	0	523	28,965	90%
Limited-Scope:												

* Deposit data as of June 30, 1998.
 ** Home mortgage volume includes only 1-4 family home purchase loans and reflect the sample that was used to evaluate FNB's mortgage lending performance.
 *** Percentage is based only on the small loans to businesses.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE																
State: Arkansas					Evaluation Period: January 2, 1997 TO August 31, 1999											
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans	
	% Owner Occ Units	% FNB Loans	% Owner Occ Units	% FNB Loans	% Owner Occ Units	% FNB Loans	% Owner Occ Units	% FNB Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
Full-Scope:																
Union County	NA	NA	5.5%	4.9%	36.1%	24.6%	58.4%	70.5%	NA	NA	NA	NA	NA	NA	61	100%
Limited-Scope:																

(*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.
 (**) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT																
State: Arkansas					Evaluation Period: January 2, 1997 TO August 31, 1999											
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Improvement Loans	
	% Owner Occ Units	% FNB Loans	% Owner Occ Units	% FNB Loans	% Owner Occ Units	% FNB Loans	% Owner Occ Units	% FNB Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
Full-Scope:																
Union County	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Limited-Scope:																

(*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.
 (***) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

Table 5. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES State: Arkansas Evaluation Period: January 2, 1997 TO December 31, 1998																
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans	
	% of Businesses	% FNB Loans	% of Businesses	% FNB Loans	% of Businesses	% FNB Loans	% of Businesses	% FNB Loans		Overall	Low	Mod	Mid	Upp	#	% of Total*
Full-Scope:																
Union County	NA	NA	9.0%	10.3%	37.1%	32.1%	53.9%	57.6%	2	36.1%	NA	60.4%	38.3%	34.3%	523	100%
Limited-Scope:																

(*) Based on 1998 Aggregate Small Business Data only. Market rank is for all income categories combined.
 (**) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

Table 6. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS																
State: Arkansas				Evaluation Period: January 2, 1997 TO December 31, 1998												
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Farm Loans	
	% of Farms	% FNB Loans	% of Farms	% FNB Loans	% of Farms	% FNB Loans	% of Farms	% FNB Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
Full-Scope:																
Union County	NA	NA	13.8%	0%	55.2%	0%	31.0%	0%	0%	0%	NA	0%	0%	0%	0	0%
Limited-Scope:																

(*) Based on 1998 Aggregate Small Farm Data only. Market rank is for all income categories combined.
 (**) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

Table 7. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE																
State: Arkansas				Evaluation Period: January 2, 1997 TO August 31, 1999												
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Purchase Loans	
	% of Families	% FNB Loans*	% of Families	% FNB Loans*	% of Families	% FNB Loans*	% of Families	% FNB Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total***
Full-Scope:																
Union County	19.7%	3.3%	14.4%	9.8%	17.7%	18.0%	48.2%	68.9%	NA	NA	NA	NA	NA	NA	61	100%
Limited-Scope:																

(*) As a percentage of loans with borrower income information available. No information was available for 0% of loans included in the sample.
 (**) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.
 (***) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Table 8. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT																
State: Arkansas					Evaluation Period: January 2, 1997 TO August 31, 1999											
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Improvement Loans	
	% of Families	% FNB Loans*	% of Families	% FNB Loans*	% of Families	% FNB Loans*	% of Families	% FNB Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total**
Full-Scope:																
Union County	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Limited-Scope:																

(*) As a percentage of loans with borrower income information available. No information was available for 0% of loans originated and purchased by the bank.
 (**) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.
 (***) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

Table 9. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE																
State: Arkansas																
Evaluation Period: January 2, 1997 TO August 31, 1999																
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Mortgage Refinance Loans	
	% of Families	% FNB Loans*	% of Families	% FNB Loans*	% of Families	% FNB Loans*	% of Families	% FNB Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total***
Full-Scope:																
Union County	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Limited-Scope:																

(*) As a percentage of loans with borrower income information available. No information was available for 0% of loans originated and purchased by the bank.
 (**) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.
 (***) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

Table 10. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES State: Arkansas Evaluation Period: January 2, 1997 TO December 31, 1998										
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less			Loans by Original Amount Regardless of Business Size			Market Share****		Total Small Loans to Businesses	
	% of Businesses*	% FNB Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total****
Full-Scope:										
Union County	72.4%	86.4%	51.1%	86%	11.1%	2.9%	36.1%	41.7%	523	100%
Limited-Scope:										

(*) Businesses with revenues of \$1 million or less as a percentage of all businesses.
 (**) 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% of small loans to businesses originated and purchased by the bank.
 (***) The market consists of all other Small Business reporters in the MSA/AA and is based on 1998 Aggregate Small Business Data only.
 (****) Based on 1998 Aggregate Small Business Data only.
 (*****) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

Table 11. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS State: Arkansas Evaluation Period: June 3, 1997 TO October 12, 1999										
MSA/Assessment Area:	Farms with Revenues of \$1 million or less			Loans by Original Amount Regardless of Farm Size			Market Share****		Total Small Farm Loans	
	% of Farms*	% FNB Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$1 million or less	#	% of Total****
Full-Scope:										
Union County	91.7%	0%	100%	0	0	0	NA	NA	0	0
Limited-Scope:										

(*) Farms with revenues of \$1 million or less as a percentage of all farms.
 (***) 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% of small loans to farms originated and purchased by the bank.
 (****) The market consists of all other Small Farm reporters in the MSA/AA and is based on 1998 Aggregate Small Farm Data only.
 (*****) Based on 1998 Aggregate Small Farm Data only.
 (******) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

Table 12. Qualified Investments

QUALIFIED INVESTMENTS									
			State: Arkansas		Evaluation Period: June 3, 1997 TO October 12, 1999				
MSA/Assessment Areas:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$-s	#	\$ (000's)
Full-Scope:									
Union County	NA	NA	4	79	4	79	100%	1	128
Limited-Scope:									

(*) **P**rior Period Investments means investments made in a previous evaluation period that are outstanding as of the examination date.
 (***) **U**nfunded Commitments means legally binding investment commitments.

Table 13. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																State: Arkansas				Evaluation Period: January 2, 1997 TO October 12, 1999			
MSA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population									
	% of Rated Area Deposits in MSA/AA	# of FNB Branches	% of Rated Area Branches in MSA/AA	Location of Branches by Income of Geographies				# of Branch Closings	# of Branch Openings	Net Change in Location of Branches (+ or -)				% of the Population within Each Geography									
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp						
Full-Scope:																							
Union County	100%	6	100%	NA	0	50%	50%	0	0	NA	NA	NA	NA	NA	7.8%	37.5%	54.7%						
Limited-Scope:																							

