



**LARGE BANK**

---

Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

---

## **Public Disclosure**

**March 15, 2004**

# **Community Reinvestment Act Performance Evaluation**

**Metropolitan National Bank  
Charter Number: 15836**

**111 Center Street  
Little Rock, AR 72201**

**Office of the Comptroller of the Currency**

**Little Rock, Arkansas Field Office  
F. Christian Dunn, Assistant Deputy Comptroller  
10201 West Markham Street, Suite 105  
Little Rock, AR 72205**

**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.

## Table of Contents

<b>OVERALL CRA RATING .....</b>	<b>1</b>
<b>DEFINITIONS AND COMMON ABBREVIATIONS .....</b>	<b>2</b>
<b>DESCRIPTION OF INSTITUTION .....</b>	<b>5</b>
<b>SCOPE OF THE EVALUATION .....</b>	<b>6</b>
<b>FAIR LENDING REVIEW .....</b>	<b>7</b>
<b>CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS .....</b>	<b>8</b>
LENDING TEST .....	8
INVESTMENT TEST .....	14
SERVICE TEST .....	15
<b>APPENDIX A: SCOPE OF EXAMINATION .....</b>	<b>A-1</b>
<b>APPENDIX B: MARKET PROFILES FOR FULL-SCOPE AREAS .....</b>	<b>B-1</b>
<b>APPENDIX C: TABLES OF PERFORMANCE DATA .....</b>	<b>C-1</b>

## Overall CRA Rating

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

The following table indicates the performance level of **Metropolitan National Bank (MNB)** 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	
Low Satisfactory			X
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:

- MNB’s lending activity reflects good responsiveness to the credit needs in the assessment area.
- MNB’s overall distribution of home mortgage loans and small loans to businesses by income level of geographies is adequate.
- MNB’s distribution of home mortgage loans by borrower income level and to small businesses is excellent
- MNB’s level of investments and grants/donations is significant given its size, resources, and opportunities in the assessment area.
- MNB’s branch network is reasonably accessible to low-and moderate-income geographies and individuals of different income levels.

## 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.

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**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.

**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 household 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 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 area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

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

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

**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 primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**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. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small Loan(s) to Farm(s):** 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 more than 120 percent of the area median income, or a median family income that is more than 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 December 31, 2002 were \$785 million. MNB is an intrastate bank, which operates one main office and 26 branches in central Arkansas (Little Rock-19, North Little Rock-3, Bryant-1, Benton-1, and Conway-3). There are also 14 stand-alone automated teller machines (ATMs) with 13 located in Little Rock and one in Conway. Additionally, all branch locations are full-service with extended hours except for the main office. Seven branches have opened and five branches have closed since the last examination conducted February 26, 2001.

MNB's primary competition in the assessment area includes three regional/national banks whose headquarters are located outside of the Little Rock/North Little Rock MSA, and one large local state bank. There are 14 other banks in the assessment area ranging in asset size from \$368 million to \$75 million as of December 31, 2002.

MNB'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 74% 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. MNB's loan portfolio composition as reported in the December 31, 2002 Report of Condition and Income is as follows:

<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>
Commercial Real Estate Loans	275,696	57%
Commercial Loans	82,464	17%
Residential Real Estate Loans	72,770	15%
Consumer Loans	53,237	11%
	<b>452,932</b>	<b>100%</b>

Source: 12/31/2002 Call Report

Table 1

There are no financial impediments that would limit the bank's ability to help meet the credit needs in its assessment area. MNB's net loans represent 61% of total assets and Tier 1 Capital is \$56 million according to the December 31, 2002 Call Report. The bank was rated "**Satisfactory**" at the last CRA examination conducted as of February 26, 2001.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for this CRA Performance Evaluation covers February 26, 2001 to March 15, 2004, excluding loan data. 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 originations from January 1, 2001 to December 31, 2002. Community development loans originated during the 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 2001 and 2002 was reviewed. The HMDA data were found to be accurate. However, material errors were noted for the small business data. The bank corrected the data prior to this evaluation, and the corrected data is presented in this Report. Additionally, community development loans, qualified investments, and community development services were reviewed to determine if they met the regulatory definition for community development.

### Selection of Areas for Full-Scope Review

MNB has one defined assessment area consisting of Faulkner, Pulaski, and Saline Counties in Arkansas. A full-scope review was performed on the entire assessment area. See the table in Appendix A for more information.

### Ratings

The bank's overall rating is based on the above assessment area.

### Other

We contacted two organizations in Little Rock, AR to discuss credit needs and community development opportunities. Both organizations' primary mission is to develop affordable housing in low- and moderate-income neighborhoods for moderate- and low- income first time homebuyers. One organization also provides and sponsors other social services including, childcare, job training, and substance abuse counseling.

## **Fair Lending Review**

An analysis of recent HMDA and small business lending data, public comments, and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination was not warranted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in December 1997.

## 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 full-scope reviews, the bank's performance in Faulkner, Pulaski, and Saline Counties 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 activity reflects good responsiveness to credit needs in MNB's assessment area. The distribution of home mortgage loans, and small business loans to businesses with revenues of \$1 million or less, to borrowers that are located in low- and moderate-income geographies is adequate. The distribution of home mortgage loans to low- and moderate-income borrowers is excellent, and the bank's record of lending to businesses with revenues of \$1 million or less is excellent.

In the assessment area, approximately 65% of loans by number, during the evaluation period were for home mortgage loans, and approximately 35% were for small loans to businesses. For the lending test, equal weight was given to HMDA and small business loans.

As of June 30, 2002, MNB had a deposit market share of 7.52% in the assessment area and was ranked 3rd among commercial banks. MNB's 2.67% market share for small business loans is ranked 9th within the assessment area. MNB's market share of 2.58% for HMDA loans is ranked 10<sup>th</sup> within the assessment area. Market share information for HMDA and small business loans is based on 2002 aggregate data.

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

MNB's overall distribution of loans by income level of geographies is adequate. The bank is one of two local banks that are the local leaders in small business lending behind three much larger regional/national banks, and four non-depository institutions or credit card banks that issue credit cards to businesses.

#### *Home Mortgage Loans*

Refer to Tables 2, 3, and 4 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. Most weight was

given to the bank's market share of home purchase loans in moderate-income areas.

The distribution of home purchase loans is lower than the percentage of owner-occupied housing units in both low-income areas and moderate-income areas. However, the bank's market share in low-income areas exceeds the bank's overall market share for home purchase loans. The bank's market share in moderate-income areas is somewhat lower than the bank's overall market share for home purchase loans.

A comparison of the geographic distribution of 2002 home purchase loans revealed that MNB's distribution in low-income areas at 0.3% was slightly higher than the 0.2% originated by all lenders in the assessment area. These data also revealed that in moderate-income tracts, the MNB's 8.7% distribution is near to the distribution of loans by all lenders at 11.0%.

The low penetration of low-income areas is not considered to be negative due to the low-income levels in these tracts. According to the 1990 census, the weighted average median family income for the three low-income tracts in the assessment area was only \$12,670. In addition, forty-three percent of the households in low income-areas have incomes below the poverty level.

### **Home Improvement Loans**

The bank's geographic distribution of home improvement loans is poor. The distribution of home improvement loans is lower than the percentage of owner-occupied housing units in the low-income areas and the percentage of owner-occupied housing units in moderate-income areas. The bank has no market share in low-income areas. The bank's market share in moderate-income areas is lower than its overall market share. The lack of market share in low-income areas is not considered to be negative due to the low-income levels in these tracts.

### **Refinance Loans**

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

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

Refer to Table 5 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 bank's geographic distribution of small business loans is adequate. Most weight was given to the bank's penetration in moderate-income areas. The distribution of small business loans is lower than the distribution of small businesses in low-income areas. The bank's market share for small business loans in low-income areas is lower than its overall market share.

The bank's geographic distribution of small business loans in moderate-income areas is somewhat lower than the distribution of small businesses in moderate-income areas.

However, the bank's market share for small business loans in moderate-income areas is equal to its overall market.

## **Lending Gap Analysis**

Analysis of home mortgage and small business lending revealed no unexplained conspicuous gaps in lending.

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

The bank's distribution of loans inside and outside its assessment area is excellent. A substantial majority (92%) of the bank's reported loans were made within its assessment areas. By loan type, 91% of home mortgage loans and 93% of small business loans were originated within the assessment area. While the results of this analysis are positive, they are not given significant weight in the overall conclusion concerning geographic distribution. This analysis indicates that the bank is primarily serving its assessment area; however, the bank's activity within the assessment area provides a better measure of performance relating to geographic distribution of lending by income level of geography.

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

MNB's distribution of home mortgage loans by income level of the borrower is excellent. MNB also has an excellent record of lending to businesses with revenues of \$1 million or less. The bank is a local leader in loans to small businesses behind three much larger regional/national banks, and four non-depository institutions or credit card banks that issue credit cards to businesses.

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

Refer to Tables 6, 7, and 8 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 Loans**

MNB's record of lending of home purchase loans by borrower's income level is excellent. Most weight is given to moderate-income borrowers since it is difficult for low-income families to obtain financing for home mortgage products.

MNB's record of lending to low-income borrowers is good. The bank's percentage of loans to low-income borrowers is lower than the percentage of low-income families in the assessment area. However, the bank's market share to low-income borrowers exceeds the bank's overall market share.

MNB 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 assessment area. MNB's market share to moderate-income borrowers exceeds its overall market share for home purchase loans.

### **Home Improvement Loans**

MNB's record of lending for home purchase loans by borrower's income level is excellent. Most weight is given to moderate-income borrowers.

MNB record of lending to low-income borrowers for home improvement loans is adequate. The percentage of bank loans to low-income borrowers is lower than the percentage of low-income families in the assessment area. MNB's market share to low-income borrowers exceeds the bank's overall market share for home improvement loans.

MNB record of lending to moderate-income borrowers for home improvement loans is excellent. The bank's percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families in the assessment area. MNB's market share for moderate-income borrowers exceeds its overall market share for home improvement loans.

### **Refinance Loans**

MNB's record of lending of home purchase loans by borrower's income level is good. Most weight is given to moderate-income borrowers.

MNB's record of lending to low-income borrowers for refinance loans is adequate. The percentage of bank loans to low-income borrowers is lower than the percentage of low-income families in the assessment area. However, the bank's market share for low-income borrowers exceeds its overall market share for refinance loans.

MNB's record of lending to moderate-income borrowers for refinance loans is good. The percentage of bank loans to moderate-income borrowers is somewhat lower than the percentage of moderate-income families in the assessment area. However, The market share to moderate-income borrowers exceeds the overall market share for refinance loans.

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

Refer to Table 9 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.

MNB's record of lending to businesses with revenues less than or equal to \$1 million is excellent. The bank's percentage of loans to businesses with revenues less than or equal to \$1 million exceeds the percentage of such businesses in the assessment area. MNB's market share for small business loans exceeds its overall market. The bank's lending performance was compared to the 2002 Dun and Bradstreet Business Data.

MNB originated 68% of their loans to businesses with revenues less than or equal to \$1 million. All other lenders in the assessment area originated 38% of their loans to businesses with revenues less than or equal to \$1 million. A majority (87%) of the bank's loans, regardless of revenue size, originated at \$100,000 or less, and is near to the 91% originated by all other lenders in the assessment area.

2002 Peer Small Business Data shows MNB ranked ninth in the assessment area for business loan originations. The bank is also ranked ninth for loans to businesses with revenues less

than or equal to \$1 million. The institutions ranked higher than MNB, except for a local bank, are either substantially larger regional/national institutions or credit card banks that issue credit cards to businesses.

## 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.

MNB originated an adequate level of community development loans in its assessment area given its size, resources, and assessment area needs. During the evaluation period, MNB originated eleven (11) loans to seven (7) borrowers totaling \$586,400. This amount represents approximately 1.04% of Tier 1 Capital. The following is a brief description of the community development loans originated by the bank:

- The bank made five loans totaling **\$357,200** to four corporations to construct five houses to be sold to first time low- to moderate-income homebuyers.
- The bank made four loans totaling **\$104,000** to a non-profit corporation to construct four houses in a low- to moderate-income area. These houses will be sold to first time low- to moderate-income homebuyers. The financing will be a private/public partnership with the bank, the Greater Little Rock Local Initiatives Support Corporation (LISC), and the City of Little Rock.
- The bank made a **\$26,000** loan to a Little Rock CDC to construct a house in a low- to moderate-income area. The house will be sold to first time low- to moderate-income homebuyer. The financing will be a private/public partnership with the bank, the Greater Little Rock LISC, and the City of Little Rock.
- The bank made a **\$99,200** loan to a corporation to construct a house in a low- to moderate-income area.

## Product Innovation and Flexibility

MNB offers and extends a variety of flexible loan products for residential and small business credit needs. These programs allow qualified applicants access to credit that would otherwise have difficulty qualifying under the bank's normal underwriting criteria.

**Electronic Transfer Account.** MNB offers this low cost demand deposit account designed by the U. S. Treasury primarily for delivering federal benefit payments via direct deposit to low- and moderate-income individuals.

**Government Loan Programs.** MNB actively participates in government-sponsored and government-guaranteed loan programs for housing and small business. The underwriting standards for these programs are typically more flexible than the bank's criteria. MNB offers and extends Small Business Administration (SBA), Federal Housing Administration (FHA), Veterans Administration (VA) loans as alternative to conventional home mortgage and small business financing products.

**Individual Development Accounts.** A savings account targeting low- and moderate-income individuals to be used for education, job training, small business use, and or home purchases. The Central Arkansas Development Council (CADC) matches the savings of qualified low- and moderate-income participants three to one under this program to be used for the purposes described above. MNB developed this product in partnership with CADC.

**Downtown Partnership of Little Rock / Low Interest Loan Program .** MNB is a cooperative partner in a low interest loan program targeted toward small businesses in low- and moderate-income areas in downtown Little Rock. MNB has also provided technical assistance by developing underwriting guidelines for this program.

**City of Little Rock's Department of Neighborhoods and Planning / Owner Occupied Leveraged Loan Program.** MNB has partnered with the City of Little Rock under this program to refurbish older homes to meet city code standards. This program is funded by HUD's Community Development Block Grant program and is designed to help low- and moderate-income households make needed repairs at a payment they can easily afford.

**Pulaski County Facilities Board / Lease to Own Housing Program** This entity sponsors a lease-to-own residential real estate purchase program targeted to low- and moderate-income families in Pulaski County. MNB is the exclusive lender for this home purchase program.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test is rated "HIGH SATISFACTORY". Based on full-scope reviews, the bank's performance in Faulkner, Pulaski, and Saline Counties assessment area is GOOD. During the evaluation period, MNB invested \$985,475, almost five times greater than at the previous CRA examination. This amount represents approximately 1.75% of Tier 1 Capital.

Refer to Table 10 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. MNB's qualifying investments are centered in investments and grants/donations with the primary purpose of community development.

There are limited community development activities in the assessment area in which the bank can invest. Several Community Development Corporations (CDC's) exist in the assessment area; however, only a few have the organization and expertise to create/develop community development projects.

MNB has invested **\$393,750** of a **\$500,000** total commitment in Diamond State Ventures Limited Partnership, a Small Business Investment Corporation (SBIC) that promotes economic development by financing small businesses. 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% of the investments in Arkansas-based companies.

MNB invested **\$300,000** in the Community Development Financial Institutions (CDFI) Fund. The CDFI provides a wide range of financial products and services including; mortgage financing for first time home buyers, financing needed for community facilities, commercial loans and investments to start or expand small businesses, loans to rehabilitate rental housing, and financial services needed by low-income households and local businesses.

MNB invested **\$190,000** in the Senior Housing Crime Prevention Foundation (SHCPF), a 501(c) non-profit organization that focus 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-to-moderate income. There are about 350 nursing homes in the (SHCPF) program.

MNB donated **\$45,000** to the Greater Little Rock LISC at \$15,000 per year. LISC is a national nonprofit organization that provides financial and technical assistance to local CDC's that help promote the housing and economic conditions in low- and moderate-income areas.

In addition to the above qualified investments, MNB donated **\$56,725** to various organizations that provide social services and housing for low-and moderate-income individuals, and promoted economic revitalization. Most notable was a **\$6,000** donation to Habitat for Humanity, an organization that develops affordable housing for low- and moderate-income families.

## **SERVICE TEST**

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

The bank's performance under the Service test is rated LOW SATISFACTORY. Based on the full-scope reviews, MNB's performance in the Little Rock / North Little Rock MSA (Faulkner, Pulaski, and Saline Counties), is ADEQUATE.

### **Retail Banking Services**

Refer to Table 11 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.

MNB's retail banking system, including the quantity, quality, and accessibility of services, is ADEQUATE. 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 all 27 locations except the Main Office and the Motor Bank branch. Loan and deposit products are available at all branches except for the Downtown Motor Bank branch, which remains basically a deposit only facility. MNB also provides a high level of community development services. All of the ATM's and telephone banking services provide 24-hour service and are available in English/ Spanish. Also, banking services are accessible through mail, telephone, and Internet banking.

As of December 21, 2002, MNB had twenty-seven (27) branches, and twenty-seven (27) on-site automated teller machines (ATM's). Also, MNB owned and operated fourteen (14) off-site ATM's. Per the 1990 census data, 100% of MNB's branches were located within MNB's AA as follows –

No (0) or 0% of MNB's branches were located in Low-income census tracts;  
Two (2) or 7.4% of MNB's branches were located in Moderate-income census tracts;  
Twelve (12) or 44.4% of MNB's branches were located in Middle-income census tracts;  
Fifteen (13) or 48.2% of MNB's branches were located in Upper-income census tracts.

These totals included the net addition of two (2) branches opened since the last Public Evaluation (PE) dated February 26, 2001. Since the last PE and per the 1990 census data, MNB had not opened or closed any (0) branches in low-income geographies; opened one (1) branch in moderate-income geographies; opened two (2) branches and closed three (3) branches in middle-income geographies; and opened four (4) branches and closed two (2) branches in upper-income geographies.

Branch distribution is adequate in the assessment area. MNB's branches are reasonably accessible to most residents of the AA, particularly those residing in low- and moderate-

income census tracts, due to the number of branches located in or near low- and moderate-income census tracts and, the availability of public transportation serving these census tracts. Per the 1990 census data, approximately 2% of the population resides in low-income geographies and 24% of the population resides in moderate-income geographies.

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, overdraft protection. MNB also makes small business loans; small 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, free government direct deposits, and bank by mail services.

Other services offered include safe deposit boxes, cashiers checks, money orders, travelers checks, savings bonds, wire transfers, night deposit boxes, drive through facilities.

### **Community Development Services**

MNB's performance in providing community development services is excellent. This level of activity or participation demonstrates that the bank's is a leader in participating, assisting, or lending technical expertise to community development services that are responsive to the needs of the community, particularly those of low- and moderate-income individuals. MNB's participation in community development activities includes but is not necessarily limited to the following -

**Argenta Community Development Corporation.** Argenta CDC is a Community Housing Development Organization (CHDO) that receives HOME Funds subsidies provided by HUD with a goal to build and or rehabilitate abandoned and vacant houses for resale, primarily to low- and moderate-income individuals and/or families. MNB employees serve on the board of this CDC, and provide technical advice to the CDC on obtaining financing for its projects and conduct workshops for low- and moderate-income first time home buyers.

**Arkansas Capital Corporation.** This private, non-profit business corporation offers an alternative source of financing to small businesses in Arkansas. MNB's CRA officer serves as President of the Board and is also on the loan committee of ACC.

**Arkansas Certified Development Corporation.** This corporation administers the Small Business Administration's 504 Loan Program throughout the state of Arkansas, which provides long-term fixed rate financing to small businesses. MNB's CRA officer serves as President of the Board and is on the loan committee of this organization.

**Association of Community Organizations for Reform Now (ACORN) / Arkansas Community Housing Corporation /.** ACORN is a non-profit organization / advocacy group for low- and moderate-income families by helping these families obtain affordable housing through their community housing corporation. MNB officers provide technical assistance to this organization's housing corporation by participating in their homebuyer workshops.

**Arkansas Development Finance Authority / Capital Access Program.** This organization partners with area banks to insure / guaranty a pool of higher risk small business loans. MNB is a participating lender under this program.

**Arkansas Minority Business Development Roundtable.** This is a collaboration of Arkansas entities that foster growth and expansion of small minority owned businesses. MNB's CRA officer is on the board of this organization and provides technical assistance on obtaining small business financing.

**Arkansas Small Business Development Center / University of Arkansas Little Rock.** This organization provides a resource library / center that provides potential and existing small business owners access to support resources for start-up business plans and technical assistance on obtaining small business financing. An MNB commercial lender / officer teaches the majority of these workshops and seminars.

**Black Community Developers, Inc. (BCD).** BCD is actively involved in the construction of new houses in low-and moderate-income neighborhoods as an effort to stabilize and revitalize these geographies. MNB provided technical assistance to BCD by promoting MNB's home loan products and various government guaranteed home loan programs, construction financing programs, and counseling for low- and moderate-income first time homebuyers.

**Brownsfield Cleanup Program.** MNB is a cooperative partner in the Brownsfield Cleanup program, which was initiated to revitalize and stabilize four different areas in low- and moderate-income areas within the cities of Little Rock and North Little Rock. MNB's CRA officer serves on the advisory board of this organization to help them obtain qualification for Brownsfield funding from HUD.

**City of Little Rock Department of Housing and Neighborhood Program.** This department administers all of the city's home and community development block grant funds from HUD and has recently conducted a redevelopment plan for mid-town Little Rock, an area of low- and moderate-income census tracts. MNB's CRA officer provided technical assistance to this organization in its feasibility study.

**City of Little Rock Rehabilitation Program.** This program is run through the City of Little Rock's Department of Housing and Neighborhood Program to assist in the rehabilitation of substandard low-income housing within Little Rock. MNB has provided technical assistance to individuals trying to qualify for financing under this program. MNB periodically prepares promotional materials to advertise the program and provides financing to qualifying individuals.

**City of Little Rock / Targeted Neighborhood Enhancement Plan.** This is a revitalization program that targets low- and moderate-income CT's. MNB's CRA officer serves on the advisory board of this organization and provides technical assistance by helping this organization develop underwriting standards and loan processing procedures.

**City of North Little Rock Down Payment Assistance Program.** This entity provides down payment assistance to low- and moderate-income homebuyers for properties sold through CDC's in the city of North Little Rock. MNB's CRA officer promotes this program by providing technical assistance in structuring this program and works with MNB mortgage loan originators to further promote this program.

**City of Pine Bluff, AR / Commission on Children and Youth.** This Commission sponsors an annual youth leadership seminar targeted to low- and moderate-income youth. MNB's CRA officer conducts personal finance presentations at this event.

**College Station CDC.** This east Little Rock CDC revitalizes and stabilizes low- and moderate-income neighborhoods located in the College Station area of Little Rock. MNB provides periodic technical assistance in preparing affordable housing program grants and also provides counseling to prospective low- and moderate-income homeowners for the Apple Blossom subdivision located in College Station.

**Cycle Breakers Program.** - This organization provides a variety of educational and personal counseling programs targeting primarily low- and moderate-income individuals. An MNB officer taught several personal finance courses for this organization.

**Downtown Little Rock CDC.** This east Little Rock CDC revitalizes and stabilizes low- and moderate-income neighborhoods located in the downtown area of Little Rock. MNB's CRA officer and senior construction loan officer provide technical assistance to this CDC for developing and financing affordable housing. An MNB community development loan originator also provides counseling to the CDC's prospective low- and moderate-income homebuyers.

**Downtown Partnership of Little Rock / Low Interest Loan Program .** MNB is a cooperative partner in a low interest loan program targeted toward small businesses in low- and moderate-income areas downtown. An MNB officer serves on the board and provides technical assistance by developing underwriting guidelines for this program.

**Duncan United Methodist Church - Shalom Zone.** This is a faith based / community development organization that addresses affordable housing and workforce development (providing transportation, clothing, basic job skills) to low- and moderate-income individuals. MNB's CRA officer provides technical assistance to the board of this organization on obtaining financing for the construction of affordable housing.

**Eastwind Community Development Corporation.** This organization provides / builds affordable housing for low- and moderate-income individuals. MNB's CRA officer provides technical assistance to this organization on obtaining financing for the construction of affordable housing.

**Family Service Agency / Consumer Credit Counseling Service (CCCS).** MNB produced promotional materials to advertise upcoming seminars to be conducted by the CCCS's Family Service Agency. The seminar targets low- and moderate-income first time homebuyers that qualify for down payment and closing cost assistance. MNB has participated in these seminars and counseling sessions and promotes its Individual Development Accounts and HUD sponsored down-payment assistance programs.

**Federal Home Loan Bank (FHLB) Grants Awarded.** MNB is a member of the FHLB of Dallas and a sponsor for several local non-profit organizations and CDC's that have applied for and been awarded Affordable Housing Program grants to provide affordable housing for low- and moderate-income individuals.

**Habitat for Humanity.** MNB participates with other Little Rock banks in the annual “Banker’s House” project under the Habitat for Humanity program. Several MNB employees provide technical assistance to this project and participate in the construction of the project house. MNB also volunteers its employees for similar Habitat for Humanity projects in other cities within its AA.

**In Affordable Housing, Inc.** MNB participates in seminars and counseling sessions conducted by IN Affordable Housing, Inc. These seminars are for low-and moderate-income first time homebuyers. An MNB officer provides technical expertise and conducts homebuyer workshops.

**Little Rock Regional Chamber of Commerce** - The chamber sponsors several programs primarily for the benefit and development of small businesses. The following programs sponsored by the chamber include Minority Business Summit, Minority Enterprise Development Week, and Small Business Council. These programs provide technical expertise to small business owners in developing business plans, obtaining financing, marketing and advertising, and personnel management. MNB’s President and CEO served as the chamber’s Chairman and board member for this assessment period. MNB’s Small Business Executive Officer also serves on the chamber’s Small Business Executive Council.

**Local Initiatives Support Corporation.** LISC is a national nonprofit organization that provides financial and technical assistance to local CDC’s to improve the housing and economic conditions in primarily low- and moderate-income neighborhoods. MNB’s President and MNB’s CRA officer both provide technical assistance to this CDC’s. The president serves on the advisory board and the CRA officer serves on the project review committee.

**Main Street Argenta.** Main Street Argenta is a non-profit organization dedicated to revitalizing, developing, and preserving historic downtown North Little Rock. It is a partnership formed between residents, businesses, financial institutions, and government. The primary area that Main Street Argenta revitalizes is located in a moderate-income. An MNB officer provides technical assistance to the board of this organization.

**National Association of Women Business Owners.** This organization provides technical assistance to women who are owners of local small businesses develop business plans, obtain financing, and other services. An MNB loan officer provides technical assistance to its members on obtaining financing for their businesses.

**Oak Forest CDC / University of Arkansas, Little Rock.** Oak Forest CDC is revitalizing the Oak Forest area of Little Rock, located in a moderate-income geography in partnership with the University of Arkansas Little Rock. MNB’s CRA officer works with Oak Forrest CDC and UALR partnership by providing technical assistance in a recent feasibility study to revitalize this area.

**Philander Smith College Community Development Corporation.** This CDC is studying a mixed-use re-development project that will also provide affordable housing to low- and moderate-income individuals. MNB’s CRA officer provided technical assistance to this organization in its feasibility study.

**Pulaski County Office of Juvenile Services / Our Club.** This is an educational youth program directed exclusively at low- and moderate-income youths. MNB's CRA officer conducted a personal finance workshop for this organization.

**Pulaski County Public Facilities Board.** Pulaski County, Freddie Mac, MNB, and other non-profit organizations have sponsored a lease-to-own home purchase program for low- and moderate-income individuals. MNB is the exclusive lender under this program.

**Pulaski Enterprise Community Alliance, Inc.** This entity conducts workshops to promote small business development exclusively in low- and moderate-income census tracts of central and east Little Rock and North Little Rock. MNB officers conduct workshops and provide technical assistance to this organization and its participants in obtaining small business financing. An MNB trust department officer also serves as fiscal agent for this organization.

**Quapaw Quarter Nursing and Rehab Center / Senior Crime Stoppers Program.** – MNB has invested in this program to prevent and or reduce crime committed against its residents of this facility, located in a moderate-income census tract in Little Rock, AR. MNB has invested in this program. MNB's CRA officer has conducted personal finance workshops for residents of this facility who are primarily low- and moderate-income.

**Saint Vincent Health System / Saint Vincent Foundation.** This is a health care facility / hospital located in Little Rock, Arkansas and the Saint Vincent's Foundation is the primary fund-raising entity for this hospital. MNB's President and Executive Officer serves on this hospital board, which oversees the hospital's specific allocations and programs that provide health care and other social services to low- and moderate-income individuals. MNB's Executive Vice President and Chief Financial Officer serves on the board of Saint Vincent's Foundation and is an active fund raiser.

**Service Core of Retired Executives.** This organization provides one-on-one counseling and technical expertise to small businesses on business plan development, operations, and financing. MNB's Small Business Executive Officer also provides counseling services in partnership with this organization.

**Tomberlin Center Workshop / Junior League of Little Rock.** - A child daycare facility primarily servicing low- and moderate-income women. The Junior League of Little Rock sponsors a series of self-help and personal finance workshops for the benefit of the women who use this facility. MNB's CRA officer has conducted several personal finance workshops under this program.

**United Way / Pulaski County, Faulkner County, Saline County.** – This organization provides funding for various qualifying social services and local community development organizations primarily for the benefit of low- and moderate- income individuals. Several MNB officers and employees support the chapters of this organization as Board members, Allocations Committee members, Finance Committee members, and volunteers for special projects.

Since the last CRA examination, MNB has also hired a Community Development Loan Originator to specifically promote qualifying community development loan programs and home mortgage products to low- and moderate-income individuals. In addition, MNB has also hired a Small Business Executive Officer to specifically promote small business loan programs and products, particularly under the SBA loan program. The Small Business Administration has recognized both the number of loans originated by MNB under the SBA loan program. The SBA also has recognized the number of MNB's loans originated under SBA programs to applicants considered to be underserved by traditional banking products.

## 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 non-metropolitan 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): (01/01/2001 to 12/31/2002) Investment and Service Tests and CD Loans: (02/26/2001 to 03/15/2004)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Metropolitan National Bank (MNB) Little Rock, Arkansas	Home Purchase, Home Improvement, Refinance, Small Business	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
No affiliate products reviewed.		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Faulkner, Pulaski, and Saline Counties, Arkansas	Full Scope	



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

### Table of Contents

#### Market Profiles for Areas Receiving Full-Scope Reviews

Faulkner, Pulaski, and Saline Counties, Arkansas..... B-1

#### Faulkner, Pulaski, and Saline Counties, Arkansas

Demographic Information for Full Scope Area: Little Rock MSA 1990 (less Lonoke)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts BNAs)	102	2.94	29.41	49.02	17.65	0.98
Population by Geography	473,849	2.11	24.46	49.95	23.48	0.00
Owner-Occupied Housing by Geography	116,502	1.52	19.65	52.88	25.94	0.00
Business by Geography	23,895	2.41	26.37	41.23	29.99	0.00
Farms by Geography	435	1.84	20.69	45.52	31.95	0.00
Family Distribution by Income Level	128,332	19.41	17.95	22.52	40.12	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	47,948	3.85	35.54	48.71	11.90	0.00
Median Family Income		31,598	Median Housing Value			61,146
HUD Adjusted Median Family Income for 2002		49,700	Unemployment Rate (December 2002)			4.2%
Households Below Poverty Level		13.42%				

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 1990 US Census and 2002 HUD updated MFI

The bank's assessment area consists of 102 census tracts (CT) in Pulaski, Saline, and Faulkner Counties in central Arkansas. Pulaski County is the largest of the four counties that comprise the Little Rock/North Little Rock MSA. Pulaski County, with 78 CTs is largely composed of the cities of Little Rock, North Little Rock, and the surrounding suburbs. Faulkner and Saline counties have 11 and 13 CTs, respectively. A portion of Pulaski County remains unincorporated and undeveloped. Low- and moderate-income CTs are concentrated in the downtown central areas of Pulaski County. The low- and moderate-income areas suffer from a declining housing stock, greater vacancy and board-up rates, and poorly maintained infrastructure. In contrast, the newer developments to the west, although burdened by traffic congestion, show a greater variety of business types, housing opportunities, and retail and service outlets.

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.

The income designations for low and moderate-income areas were based on a MFI of \$31,598 per year according to 1990 Census Bureau data. HUD estimated MFI was used to determine the income level of individual applicants. HUD updated MFI for 2002 was \$49,700.

The population of the assessment area based on 1990 census data was 473,849. Little Rock remains the largest city in Pulaski County, as well as, the state. The 2000 Census population of the assessment area was 531,017. The majority of the growth over the past twelve years has been mainly in Faulkner and Saline Counties.

The local economy has experienced a slowdown due to recent cyclical seasonal layoffs. The December 2002 unemployment rate for the Little Rock-North Little Rock MSA was 4.2%. This rate is below the national and state averages, 6.0% and 5.6%, respectively for December 2002. During 2002, the leading employment industries were government; services; trade; construction; transportation and public utilities; and finance, insurance, and real estate. According to 2002 Business Demographic Data, there are 25,724 businesses and 595 farms in the assessment area. Of those, 23,500 or 91% are businesses with annual gross revenues of less than \$1 million; and 572 or 96% are farms with annual gross revenues of less than \$1 million.

MNB's primary competition in the assessment area includes three (3) regional/national banks whose headquarters are located outside of Arkansas, one large local state bank with over \$1 billion in assets, and fourteen (14) banks in asset size ranging from \$75 million to \$368 million as of December 31, 2002. MNB is unique in the marketplace in that it is a much smaller institution than the three regional/national banks but has more branch locations.

Housing statistics from 1990 U.S. Census Demographic data show that there are 199,537 housing units in the assessment area of which 58% are owner-occupied. The average monthly rent was \$389. The median housing value was \$61,146. High land costs and customer inability to purchase entry-level homes continue to create barriers for affordable housing in Little Rock.



## Appendix C: Tables of Performance Data

---

### 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: 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. 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 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 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 share information based on the most recent aggregate market data available.
- Table 6. 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 share information based on the most recent aggregate market data available.
- Table 7. Borrower Distribution of Home Improvement Loans** - See Table 6.
- Table 8. Borrower Distribution of Refinance Loans** - See Table 6.

- Table 9. 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 10. 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 be legally binding and tracked and recorded by the bank's financial reporting system.
- Table 12. 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.

**Institution ID:** 10000015836 **METROPOLITAN NATIONAL BANK**

**Table 1. Lending Volume**

LENDING VOLUME		Geography: ARKANSAS				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002						
MA/Assessment Area (2002):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
Faulkner, Pulaski, and Saline Counties	100.00	1,730	168,515	947	56,173	NA	NA	11	586	2,688	225,274	100.00

\* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is From January 01, 2001 to December 31, 2002.

\*\*\* Deposit Data as of December 31, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: 1000015836 METROPOLITAN NATIONAL BANK

## Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: ARKANSAS				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002					Market Share (%) by Geography *				
MA/Assessment Area:	Total Home Purchase 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>															
Faulkner, Pulaski, and Saline Counties	649	100.00	1.52	0.31	19.65	8.63	52.88	56.86	25.94	34.21	2.20	5.71	1.67	2.32	2.16

\* Based on 2002 Peer Mortgage Data: Southwest Region.

\*\* 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.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

Institution ID: 1000015836 METROPOLITAN NATIONAL BANK

### Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: ARKANSAS				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002					Market Share (%) by Geography <sup>*</sup>				
MA/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 <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% 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>															
Faulkner, Pulaski, and Saline Counties	183	100.00	1.52	0.00	19.65	4.92	52.88	54.64	25.94	40.44	6.31	0.00	1.26	6.87	7.77

<sup>\*</sup> Based on 2002 Peer Mortgage Data: Southwest Region.

<sup>\*\*</sup> 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.

<sup>\*\*\*</sup> Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: ARKANSAS				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002					Market Share (%) by Geography <sup>*</sup>				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% 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>																
Faulkner, Pulaski, and Saline Counties	898	100.00	1.52	0.45	19.65	4.68	52.88	57.35	25.94	37.53	2.55	4.44	1.25	2.77	2.56	

<sup>\*</sup> Based on 2002 Peer Mortgage Data: Southwest Region.

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

<sup>\*\*\*</sup> Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Institution ID: 1000015836 METROPOLITAN NATIONAL BANK

## Table 5. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: ARKANSAS				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MA/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>																
Faulkner, Pulaski, and Saline Counties	947	100.00	2.41	1.16	26.37	17.42	41.23	52.59	29.99	28.83	2.67	0.84	2.64	3.13	2.65	

\* Based on 2002 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 (2003).

## Table 6. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: ARKANSAS				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002					Market Share <sup>*</sup>				
MA/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>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>					
<b>Full Review:</b>															
Faulkner, Pulaski, and Saline Counties	649	100.00	19.41	8.61	17.95	23.13	22.52	27.27	40.12	40.99	2.46	2.81	2.51	2.62	2.28

<sup>\*</sup> Based on 2002 Peer Mortgage Data: Southwest Region.

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 3.39% of loans originated and purchased by BANK.

<sup>\*\*\*</sup> Percentage of Families is based on the 1990 Census information.

<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.

### Table 7. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: ARKANSAS				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002					Market Share <sup>*</sup>				
MA/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 <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>					
<b>Full Review:</b>															
Faulkner, Pulaski, and Saline Counties	183	100.00	19.41	5.68	17.95	22.16	22.52	25.00	40.12	47.16	6.27	6.72	6.93	6.33	5.96

<sup>\*</sup> Based on 2002 Peer Mortgage Data: Southwest Region.

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 3.83% of loans originated and purchased by BANK.

<sup>\*\*\*</sup> Percentage of Families is based on the 1990 Census information.

<sup>\*\*\*\*</sup> 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.

## Table 8. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: ARKANSAS					Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002					Market Share <sup>*</sup>				
MA/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>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>						
<b>Full Review:</b>																
Faulkner, Pulaski, and Saline Counties	898	100.00	19.41	5.17	17.95	13.66	22.52	24.68	40.12	56.49	3.13	3.55	3.41	3.43	2.88	

<sup>\*</sup> Based on 2002 Peer Mortgage Data: Southwest Region.

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 3.01% of loans originated and purchased by BANK.

<sup>\*\*\*</sup> Percentage of Families is based on the 1990 Census information.

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

## Table9. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: ARKANSAS		Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002					
MA/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 <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Businesses <sup>***</sup>	% BANK Loans <sup>****</sup>	\$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>									
Faulkner, Pulaski, and Saline Counties	947	100.00	61.96	68.43	87.01	7.92	5.07	2.67	3.22

<sup>\*</sup> Based on 2002 Peer Small Business Data: US and PR.

<sup>\*\*</sup> 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.

<sup>\*\*\*</sup> Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2003).

<sup>\*\*\*\*</sup> 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 10. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: ARKANSAS									
Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002									
MA/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>									
Faulkner, Pulaski, and Saline Counties	0	0	23	985	23	985	100.00	1	106

\* 'Prior Period Investments' means investments made in a previous evaluation 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 11. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																		
Geography: ARKANSAS																		
Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002																		
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>																		
Faulkner, Pulaski, and Saline Counties	100.00	27	100.00	0.00	7.41	44.44	48.15	7	5	0	1	(1)	2	2.11	24.46	49.95	23.48	