



## Public Disclosure

May 4, 1998

# Community Reinvestment Act Performance Evaluation

**Simmons First National Bank**  
**Charter Number: 6680**

**501 Main Street**  
**Pine Bluff, Arkansas 71661-7009**

**Office of the Comptroller of the Currency**

**Southwestern District Office**  
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**NOTE:** This evaluation is not, nor should it 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 **Simmons First National Bank, Pine Bluff, Arkansas (Simmons)** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **May 4, 1998**. 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.

### **NOTE:**

**A number of tables have been used throughout this document to present the demographic and loan data that was the basis for this analysis. All of the component numbers have been verified for accuracy; however, there is the possibility of rounding errors in some of the tables.**

## 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.

**Assessment Area (AA)** - This area is defined by the bank. It is the geographical boundary where the bank's Community Reinvestment Activities are evaluated.

**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 safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**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.

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

**Block Numbering Area (BNA)** - Small, locally defined statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations located in non-metropolitan statistical areas. A BNA has defined boundaries per ten year census.

**Home Mortgage Disclosure Act (HMDA)** - A statute that requires certain mortgage lenders that do business or have banking offices in an MSA 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 its disposition (e.g., approved, denied, withdrawn). For the purpose of this Performance Evaluation, HMDA related loans discussed herein are home purchase/refinance and home improvement loans.

**Automated Teller Machine (ATM)** - A machine offering limited banking services including dispensing cash and accepting deposits or loan payments.

**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 census tracts. 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.

**Low-Income** - Income levels that are less than 50% of the MFI.

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

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

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

**Small Business Loans** - Loans with an original amount of \$1 million or less for which the bank is required to collect and report certain monitoring data under the CRA regulation.

**Small Farm Loans** - Loans with an original amount of \$500 thousand or less for which the bank is required to collect and report certain monitoring data under the CRA regulation.

## CRA Rating

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

The major factors which support this rating include:

- ▶ An adequate responsiveness to home, small business, and consumer credit needs in Simmons’ assessment areas.
- ▶ A majority of small business and consumer loans were originated within the assessment areas. Home loans are originated throughout the state of Arkansas, therefore, less than half of the mortgage loans made in 1996 and 1997 were located within the assessment areas.
- ▶ A reasonable dispersion of home, small business, and consumer loans throughout the assessment areas.
- ▶ The distribution of all types of loans to borrowers of varying income levels and small businesses of different sizes is good.
- ▶ An adequate level of community development investments.
- ▶ The use of flexible underwriting guidelines to meet the credit needs of both individuals and businesses.
- ▶ The reasonable accessibility of Simmons’ services through branch and ATM locations.
- ▶ A good level of community development services.

The following table indicates the performance level of **Simmons First National Bank** with respect to the lending, investment, and service tests:

Performance Levels	Simmons First National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High satisfactory			X
Low satisfactory	X	X	
Needs to improve			
Substantial noncompliance			

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

## Description of Institution

Simmons First National Bank (Simmons), headquartered in Pine Bluff, Arkansas, is the second largest bank in Arkansas. As of December 31, 1997, the bank reported total assets of \$699 million, with \$418 million in total loans. Simmons is 100% owned by Simmons First National Corporation, a \$1.3 billion multi-bank holding company, and is the lead bank in the company. The holding company also owns state banks in Dumas, Jonesboro, Lake Village, Rogers, Russellville, and Searcy. Simmons has a wholly owned subsidiary mortgage company located in Little Rock, Arkansas. In August 1996, three branches of Simmons, located in Rogers, Springdale, and Bella Vista, Arkansas, were acquired by Simmons First Bank of Northwest Arkansas, headquartered in Rogers.

Simmons offers full service banking, with the primary business focus being retail banking. As of December 31, 1997, the bank has a total of 18 branch locations, and 17 automated teller machines (ATMs). The banking offices are located in the metropolitan statistical areas (MSAs) of Fort Smith, Little Rock, and Pine Bluff, Arkansas. There are also three branches located in the non-MSA county of Lincoln. Approximately 79% of the bank's total deposits come from the Pine Bluff market. Simmons is the largest bank in this market with a 57% deposit market share as of June 30, 1997.

Simmons has a large credit card operation with accounts throughout the United States. As of December 31, 1997, the loan portfolio composition is as follows:

Loan Type	Dollar Volume (000's)	Percent of Loan Portfolio
Credit Cards	\$177,470	42%
Consumer Loans	96,122	23%
Commercial Real Estate	50,307	12%
1-4 Family Residential	37,960	9%
Commercial Loans	32,408	8%
Agricultural Production	15,271	4%
Other	8,252	2%
<b>Total Loans</b>	<b>\$417,790</b>	<b>100%</b>

There are no financial impediments which would hinder Simmons from meeting community credit needs.

## Assessment Area Description

Simmons has established four assessment areas, as of the date of this exam (Pine Bluff MSA, Little Rock, Fort Smith, and Lincoln County) with a total of 69 census tracts/block numbering areas. The assessment areas in Little Rock and Fort Smith only encompass portions of those

cities, including low- and moderate-income census tracts, adjacent or near the census tracts in which the branches are located. A fifth assessment area (with an additional 15 census tracts), located in the Fayetteville-Springdale-Rogers MSA, in northwest Arkansas, was discontinued during 1996, when the branches in Rogers, Springdale, and Bella Vista were sold to Simmons First Bank of Northwest Arkansas. A brief description of that area and its lending activity may be found on subsequent pages in this evaluation. This evaluation provides a combined analysis that includes all assessment areas. Additional analyses and descriptions of the individual assessment areas are also contained in this report.

The previous CRA evaluation was performed as of May 9, 1996. Simmons was rated Satisfactory under the previous CRA guidelines. This performance evaluation includes numerical data for all of 1996 and 1997 for small business and home mortgage loans. The last performance evaluation only used numerical data through December 31, 1995. Data on consumer loans was evaluated for 1997 only, because that information was not available in detail for 1996 results.

## **Conclusions with Respect to Performance Tests**

### **LENDING TEST - ALL ASSESSMENT AREAS COMBINED**

#### *Lending Activity*

Lending levels reflect an adequate responsiveness to credit needs in Simmons' assessment areas. The bank's average loan-to-deposit ratio since the previous CRA examination equals 72.6%. The primary reason for the relatively high ratio can be attributed to the credit card portfolio, which comprises 42% of the total loan portfolio as of December 31, 1997. Loan growth since the prior CRA evaluation has been approximately 5 percent.

Simmons originated 1,065 mortgage related loans totaling \$65 million from January 1, 1996 through December 31, 1997 within the combined assessment areas. Many of these loans are sold on the secondary market to provide more funds for originating mortgage related products. Loans secured by 1-4 family residential properties accounted for approximately 9% of the bank's total loan portfolio as of December 31, 1997.

Simmons' small business lending levels are good when compared to available demographic data that shows the number of small businesses located in low-, moderate-, middle-, and upper-income census tracts within the combined assessment areas. As noted previously, commercial and agricultural loans do not comprise a significant portion of the loan portfolio (8% and 4% respectively), therefore, the emphasis of this review was on home mortgage and consumer lending. Banks began collecting data for reporting purposes on small business and small farm loan originations, by census tract, in 1996. Simmons originated more than 1,100 small business and small farm loans totaling approximately \$64 million between January 1, 1996 and December 31, 1997 within the combined assessment areas.

Banks are not required to collect and report data on consumer loan activity. Simmons chose to collect consumer loan activity data in 1997. As of December 31, 1997, consumer loans (including

credit cards) amounted to 65% of the \$418 million loan portfolio. The evaluation of the consumer loan portfolio included in this CRA evaluation does not include the credit card portfolio.

### ***Assessment Area Concentration***

#### Small Business and Small Farm Loans

Simmons originated 1,520 small business and small farm loans totaling approximately \$94 million from January 1, 1996 through December 31, 1997. A majority of these loans, both in number and dollar were made in the assessment areas. The following table illustrates the number and dollar volume of small business and small farm loans made inside of the assessment areas in 1996 and 1997.

<b>Volume of Small Business and Small Farm Loan Originations in 1996 and 1997 Within All Assessment Areas</b>						
<b>Loan Product</b>	<b>Total Originations</b>		<b>Within the Assessment Area</b>			
	<b>#</b>	<b>\$ (000)</b>	<b>#</b>	<b>%</b>	<b>\$ (000)</b>	<b>%</b>
Small Business	361	\$24,121	286	79%	\$17,511	73%
Small Farm	322	\$16,006	223	69%	\$9,669	60%
<b>Total 1996</b>	<b>683</b>	<b>\$40,127</b>	<b>509</b>	<b>75%</b>	<b>\$27,180</b>	<b>68%</b>
Small Business	517	\$32,974	401	78%	\$22,987	70%
Small Farm	320	\$20,709	239	75%	\$13,554	65%
<b>Total 1997</b>	<b>837</b>	<b>\$53,683</b>	<b>640</b>	<b>76%</b>	<b>\$36,541</b>	<b>68%</b>
<b>Grand Total</b>	<b>1520</b>	<b>\$93,810</b>	<b>1149</b>	<b>76%</b>	<b>\$63,721</b>	<b>68%</b>

Source: Bank prepared Small Business and Small Farm Data Collection Registers. **The figures for 1996 include the northwest Arkansas AA, as well as the current AA's previously discussed. In 1997, only four AA's are included in the totals.**

#### Home Mortgage Loans

Simmons originated 1,065 mortgage related loans totaling approximately \$65 million from January 1, 1996 through December 31, 1997 within its assessment areas. A substantial majority of the home improvement loans were originated within the assessment areas. Simmons has a nationwide mortgage origination operation; therefore, less than one-fourth of the 1996 originations and one-third of the 1997 originations were located within the assessment areas. Until early 1997, the bank also had a large volume of purchased mortgage loans being serviced that significantly reduced the portion of loans originated within the assessment areas. Simmons no longer purchases mortgage loans for the purpose of servicing them; this explains the decreased volume of originations between 1996 and 1997. The table below depicts the banks home improvement loan originations within the assessment areas.

Volume of Home Mortgage Loan Originations in 1996 and 1997 Within All Assessment Areas						
Product	Total Originations		Within the Assessment Area			
	#	\$ (000)	#	%	\$ (000)	%
Home Purchase/Refinance	2,645	\$185,168	608	23%	\$39,432	21%
Home Improvement	55	\$1,107	46	84%	\$717	65%
Multifamily	1	\$3	0	0%	\$0	0%
Total 1996	2,701	\$186,278	654	24%	\$40,149	22%
Home Purchase/Refinance	1,104	\$80,183	369	33%	\$24,202	30%
Home Improvement	49	\$667	42	86%	\$536	80%
Multifamily	0	\$0	0	0%	\$0	0%
Total 1997	1,153	\$80,850	411	36%	\$24,738	31%
<b>Grand Total</b>	<b>3,854</b>	<b>\$267,128</b>	<b>1,065</b>	<b>28%</b>	<b>\$64,887</b>	<b>24%</b>

Source: HMDA Loan Application Registers - the 1996 figures include the northwest Arkansas AA, as well as the other four AA's. The 1997 figures include only the four current AA's.

### Consumer Loans

Simmons originated a total of 4,598 consumer related loans totaling approximately \$43 million during 1997. A majority of the consumer loans were originated within the assessment areas and reflect adequate responsiveness to credit needs. Consumer loan data was not collected for 1996, and has not been included as a result. Due to the nature of the credit card segment of the loan portfolio, data on those type loans was not collected. Simmons began offering home equity loans and lines of credit in April 1998, increasing the types of consumer loan products offered. Indirect lending for motor vehicle and other types of products (boats, recreational vehicles) contribute to the lower volume of those type loans made within the assessment areas.

Volume of Consumer Loan Originations in 1997 Within All Assessment Areas						
Product	Total Originations		Within the Assessment Area			
	#	\$ (000)	#	%	\$ (000)	%
Motor Vehicle Loans	1,970	\$23,701	1,085	55%	\$12,389	52%
Other Secured Loans	1,188	\$13,310	637	54%	\$7,650	57%
Other Unsecured Loans	1,440	\$6,167	1,219	85%	\$5,319	86%
Total 1997	4,598	\$43,178	2,941	64%	\$25,358	59%
<b>Grand Total</b>	<b>4,598</b>	<b>\$43,178</b>	<b>2,941</b>	<b>64%</b>	<b>\$25,358</b>	<b>59%</b>

Source: Bank prepared Consumer Loan Data Collection Register

## *Geographic Distribution of Loans within the Assessment Area*

### Small Business and Small Farm Loans

The geographic distribution of small business and small farm loans reflects good dispersion throughout the assessment areas. The following chart shows the number of small business and small farm loans originated within the five assessment areas for 1996. The chart also displays the number and percentage of small businesses and small farms located in low-, moderate-, middle-, and upper-income census tracts. It includes the tracts from the Northwest Arkansas assessment area that was eliminated from the 1997 assessment areas as previously discussed. A separate table is provided for 1997 results, with the current combined assessment areas demographic information regarding the number of tracts, as well as the small businesses and small farms located within the four assessment areas.

<b>Distribution of Small Business and Small Farm Loan Originations in 1996 Within All Assessment Areas By Income Level of the Census Tract</b>								
<b>Assessment Area Data</b>	<b>Low-Income</b>		<b>Mod-Income</b>		<b>Middle-Income</b>		<b>Upper-Income</b>	
Census Tracts	4	5%	13	16%	40	49%	24	30%
Census Tracts Penetrated (% of tracts in income group)	1	25%	9	69%	18	45%	13	54%
Number of Small Businesses	499	5%	1,572	17%	3,818	42%	3,228	35%
Number of Small Farms	3	1%	88	29%	124	41%	89	29%
<b>Loan Product</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Small Business	37	13%	70	24%	77	27%	102	36%
Small Farm	0	0%	93	42%	94	42%	36	16%
<b>Total 1996</b>	<b>37</b>	<b>7%</b>	<b>163</b>	<b>32%</b>	<b>171</b>	<b>34%</b>	<b>138</b>	<b>27%</b>

Source: Business Demographic Data and Bank prepared Small Business and Small Farm Loan Data Collection Register

The number of small business loans made in low- and moderate-income census tracts is good considering the number of small businesses located in these areas. Approximately 13% of small business loans were originated in low-income census tracts and 24% were made in moderate-income census tracts. This volume is excellent considering that only 5% and 17% of all small businesses are located in low- and moderate-income census tracts, respectively.

The table above shows the bank has penetrated only 25% of the low-income census tracts for 1996. This can be attributed to the fact that only one of the two low-income census tracts, located in the Pine Bluff assessment area contains any businesses. The other tract is very small and consists only of personal residences. The two other low-income tracts are located in Fort Smith where the volume of small business loans was relatively low. See the discussion under the Fort Smith Metropolitan Area section of this evaluation for more information.

Simmons' 1996 market share for small business and small farm loans in low- and moderate-income census tracts equals 7.6% and 9.5% respectively. Simmons ranks fifth in market share to low-income census tracts and fourth in moderate-income census tracts for 1996. The loan volume in the low- and moderate income census tracts is very good considering that Simmons' market share in these tracts exceeds its overall market share in its assessment areas.

<b>1996 Small Business and Small Farm Loan Originations Market Share Within Simmons FNB 1996 Assessment Area by Income Level of the Census Tract</b>									
	<b>All Tracts</b>			<b>Low-Income Tracts</b>			<b>Moderate-Income Tracts</b>		
<b>Loan Product</b>	<b>#</b>	<b>% Mkt</b>	<b>Rank</b>	<b>#</b>	<b>% Mkt</b>	<b>Rank</b>	<b>#</b>	<b>% Mkt</b>	<b>Rank</b>
Small Business	308	4.14%	10	37	7.81%	5	73	4.68%	8
Small Farm	231	36.2%	2	0	0.00%	4	98	41.5%	2
<b>Total **</b>	<b>539</b>	<b>6.67%</b>	<b>7</b>	<b>37</b>	<b>7.64%</b>	<b>5</b>	<b>171</b>	<b>9.52%</b>	<b>4</b>

Source: CRA Aggregate Data - includes entire counties of Pulaski and Sebastian because the Aggregate Data is not compiled at the Census Tract level. Simmons actually only made 12 loans within its Little Rock AA in 1996 vs. 37 for Pulaski county, and 12 loans in the Fort Smith AA vs. 17 for Sebastian County.

The following table illustrates the small business and small farm originations within Simmons' assessment areas for 1997. It shows a continued good level of lending in the low- and moderate-income level census tracts compared to the number of small businesses located in those tracts.

<b>Distribution of Small and Small Farm Loan Originations in 1997 Within All Assessment Areas By Income Level of the Census Tract</b>									
<b>Assessment Area Data</b>	<b>Low-Income</b>		<b>Mod-Income</b>		<b>Middle-Income</b>		<b>Upper-Income</b>		
Census Tracts	4	6%	12	18%	29	44%	21	32%	
Census Tracts Penetrated (% of tracts in income group)	2	50%	11	92%	20	69%	21	100%	
Number of Small Businesses	499	8%	1,468	23%	1,650	25%	2,907	45%	
Number of Small Farms	3	1%	85	37%	68	30%	72	32%	
<b>Loan Product</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	
Small Business	61	15%	91	23%	114	28%	135	34%	
Small Farm	1	0%	96	40%	118	49%	24	10%	
<b>Total 1997</b>	<b>62</b>	<b>10%</b>	<b>187</b>	<b>29%</b>	<b>232</b>	<b>36%</b>	<b>159</b>	<b>25%</b>	

Source: Business Demographic Data and Bank prepared Small Business and Small Farm Loan Data Collection Register

The number of small business loans made in low- and moderate-income census tracts compares favorably to the number of small businesses located in these areas. Approximately 15% of small business loans were originated in low-income census tracts and 23% were made in moderate-

income census tracts. This volume is good considering that only 8% of all small businesses are located in low-income census tracts and 23% of all small businesses are in moderate-income census tracts.

### Home Mortgage Loans

A review of residential lending patterns from January 1, 1996 through December 31, 1997, reflect poor penetration in the low- and moderate-income census tracts. However, the volume of available housing units in the low-income tracts is small, especially in the Pine Bluff market where the greatest need for housing exists in Simmons' overall assessment areas. The following chart shows residential lending patterns by the income level of the census tracts located within the 1996 assessment areas, which included the Northwest Arkansas Metropolitan Area census tracts.

<b>Distribution of Home Mortgage Loan Originations in 1996 Within All Assessment Areas By Income Level of the Census Tracts</b>									
<b>Assessment Area Data</b>	<b>Low-Income</b>		<b>Mod-Income</b>		<b>Middle-Income</b>		<b>Upper-Income</b>		
Census Tracts	4	5%	13	16%	40	49%	24	30%	
Census Tracts Penetrated (% of tracts in income group)	1	25%	12	92%	36	90%	23	96%	
Number of 1-4 Family Units	1,069	1%	16,425	16%	45,871	45%	38,440	38%	
Median Year Built of Housing	1944		1955		1967		1975		
<b>Loan Product</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	
Home Purchase/Refinance	1	0%	31	5%	281	46%	295	49%	
Home Improvement	0	0%	9	20%	12	26%	25	54%	
<b>Total 1996</b>	<b>1</b>	<b>0%</b>	<b>40</b>	<b>6%</b>	<b>293</b>	<b>45%</b>	<b>320</b>	<b>49%</b>	

Source: Demographic Data and HMDA Loan Application Registers - **THIS TABLE INCLUDES THE CENSUS TRACTS AND DEMOGRAPHIC INFORMATION FROM THE NORTHWEST ARKANSAS AA, AS WELL AS THE FOUR CURRENT AA'S. THE TABLE BELOW ONLY INCLUDES DEMOGRAPHIC INFORMATION ON THE FOUR CURRENT AA'S. THERE ARE THREE ADDITIONAL CENSUS TRACTS THAT DO NOT HAVE ANY DEMOGRAPHIC INFORMATION AVAILABLE, AND WERE NOT INCLUDED IN THE TOTAL FIGURES.**

Simmons made less than 1% of home related products to low-income census tracts and 6% to moderate-income census tracts. Demographic information shows approximately 1% and 16% of 1-4 family housing units are located within low- and moderate-income census tracts, respectively. Approximately 47% of the units are owner-occupied in low-income census tracts and 56% are owner occupied in moderate-income census tracts, versus 75% and 82% in middle- and upper-income census tracts, respectively. Also, the percentage of households living below the poverty level in low- and moderate-income tracts is 46% and 32%, versus only 18% of households in middle-income and 8% in upper-income census tracts. These economic factors impede opportunities to make home related loans in low- and moderate-income census tracts.

Simmons' 1996 market share in low- and moderate-income census tracts equals 1.4% and 5.5% respectively. Simmons ranks fifteenth in home related loan market share in the low-income

census tracts and second in moderate-income census tracts. Simmons' loan volume in the moderate-income tracts is good as it equals its overall market share. The volume in the low-income tracts is poor, but is somewhat mitigated by the economic factors discussed above.

The following chart shows Simmons' overall market share for home purchase/refinance and home improvement loans in its assessment areas. It also illustrates the market share and rank for home related loans made in low- and moderate-income census tracts.

<b>1996 Home Mortgage Loan Originations Market Share Within All Assessment Areas by Income Level of the Census Tract</b>									
	<b>All Tracts</b>			<b>Low-Income Tracts</b>			<b>Moderate-Income Tracts</b>		
<b>Loan Product</b>	<b>#</b>	<b>% Mkt</b>	<b>Rank</b>	<b>#</b>	<b>% Mkt</b>	<b>Rank</b>	<b>#</b>	<b>% Mkt</b>	<b>Rank</b>
Home Purchase/Refinance	608	5.9%	2	1	2.0%	12	31	5.7%	1
Home Improvement	46	2.74%	13	0	0.0%	15	9	4.7%	8
<b>Total</b>	<b>654</b>	<b>5.5%</b>	<b>2</b>	<b>1</b>	<b>1.4%</b>	<b>15</b>	<b>40</b>	<b>5.5%</b>	<b>2</b>

Source: HMDA Aggregate Data

Overall, Simmons has a large presence in the home purchase/refinance market. The bank is not a significant lender in the home improvement market, as can be seen by the small number of these loans originated in both 1996 and 1997.

The following table shows the results for 1997. The volume of home related loans made in low- and moderate-income tracts remains below the percentage of 1-4 family units located in those areas. Efforts are being made to improve the level of lending in the low- and moderate-income census tracts through special loan programs discussed elsewhere in this evaluation. These programs primarily benefit the Pine Bluff area, since the majority of Simmons' business (both loans and deposits) is located in that segment of the combined assessment areas.

Distribution of Home Mortgage Loan Originations in 1997 Within All Assessment Areas By Income Level of the Census Tracts									
Assessment Area Data	Low-Income		Mod-Income		Middle-Income		Upper-Income		
Census Tracts	4	6%	12	18%	29	44%	21	32%	
Census Tracts Penetrated (% of tracts in income group)	1	25%	10	83%	21	72%	20	95%	
Number of 1-4 Family Units	1,069	1%	15,736	20%	28,327	37%	32,079	42%	
Median Year Built of Housing	1944		1955		1963		1974		
Loan Product	#	%	#	%	#	%	#	%	
Home Purchase/Refinance	1	0%	26	7%	140	38%	202	55%	
Home Improvement	0	0%	7	17%	15	36%	20	48%	
Total 1997	1	0%	33	8%	155	38%	222	54%	

Source: Demographic Data and HMDA Loan Application Registers - **THIS TABLE INCLUDES ONLY THE FOUR CURRENT AA'S.**

### Consumer Loans

A review of Simmons' consumer lending patterns in 1997, shows reasonable lending volume in low- and moderate-income census tracts. The lending patterns are good considering the number of households and the poverty level in these census tracts. The following chart shows consumer lending patterns by income level of the census tracts located within the combined assessment areas.

Distribution of Consumer Loan Originations in 1997 Within All Assessment Areas By Income Level of the Census Tracts									
Assessment Area Data	Low-Income		Mod-Income		Middle-Income		Upper-Income		
Census Tracts	4	6%	12	18%	29	44%	21	32%	
Census Tracts Penetrated (% of tracts in income group)	4	100%	12	100%	27	93%	21	100%	
Number of Households	995	1%	16,202	18%	32,452	36%	41,422	45%	
Loan Product	#	%	#	%	#	%	#	%	
Motor Vehicle Loans	9	1%	125	12%	481	44%	470	43%	
Other Secured Loans	6	1%	73	11%	259	41%	299	47%	
Other Unsecured Loans	7	1%	151	12%	512	42%	549	45%	
Total 1997	22	1%	349	12%	1,252	43%	1,318	45%	

Source: Bank prepared Consumer Loan Data Collection Registers

Good penetration of all income level tracts is shown, as loans were originated in all but two middle-income census tracts in 1997. These two census tracts contain only 88 households and

none are low-income. Simmons' consumer loan volume in low- and moderate-income census tracts equal 1% and 12% respectively. Lending activities in these tracts is good considering the number of households in these areas. Approximately 1% and 18% of the households are located in the low- and moderate-income census tracts, respectively.

***Distribution by Borrowers' Income within the Assessment Area***

**Small Business and Small Farm Loans**

Simmons has been very responsive to small business and small farm credit needs within its assessment areas. The following charts show Simmons' willingness to make loans of varying sizes and to businesses of different revenue levels. The two charts are provided due to the differences in the defined assessment areas in 1996 and 1997, as previously discussed.

<b>Distribution of Small Business and Small Farm Loan Originations in 1996 Within All Assessment Areas By Loan Size and Business Revenues</b>														
<b>Loan Size</b>					<b>Annual Revenues &lt; \$1 Million</b>									
	<b>#</b>	<b>%</b>	<b>\$ (000)</b>	<b>%</b>	<b>#</b>	<b>%*</b>	<b>\$ (000)</b>	<b>%*</b>						
less than \$100,000	443	87%	\$10,387	38%	415	94%	\$9,748	94%						
\$100,000 to \$250,000	48	9%	\$8,014	29%	36	75%	\$5,911	74%						
\$250,000 to \$1,000,000	19	4%	\$8,779	32%	14	74%	\$6,309	72%						
Totals	510	100%	\$27,180	100%	465	91%	\$21,968	81%						
<b>Distribution of Businesses and Farms in the Assessment Area by Annual Revenues of the Business or Farm:</b>					<table> <tr> <td>&lt; 1 Million</td> <td>72%</td> </tr> <tr> <td>&gt; 1 Million</td> <td>8%</td> </tr> <tr> <td>Unknown</td> <td>20%</td> </tr> </table> <p>*As a percentage of loans of the size category</p>				< 1 Million	72%	> 1 Million	8%	Unknown	20%
< 1 Million	72%													
> 1 Million	8%													
Unknown	20%													

Source: Business Demographic Data and Bank prepared Small Business and Small Farm Data Collection Register

<b>Distribution of Small Business and Small Farm Loan Originations in 1997 Within All Assessment Areas By Loan Size and Business Revenues</b>														
<b>Loan Size</b>					<b>Annual Revenues &lt; \$1 Million</b>									
	<b>#</b>	<b>%</b>	<b>\$ (000)</b>	<b>%</b>	<b>#</b>	<b>%*</b>	<b>\$ (000)</b>	<b>%*</b>						
less than \$100,000	561	88%	\$14,581	40%	530	94%	\$13,220	91%						
\$100,000 to \$250,000	45	7%	\$7,521	21%	39	87%	\$6,546	87%						
\$250,000 to \$1,000,000	34	5%	\$14,439	40%	24	71%	\$10,136	70%						
Totals	640	100%	\$36,541	100%	593	93%	\$29,902	82%						
<b>Distribution of Businesses and Farms in the Assessment Area by Annual Revenues of the Business or Farm:</b>					<table> <tr> <td>&lt; 1 Million</td> <td>61%</td> </tr> <tr> <td>&gt; 1 Million</td> <td>9%</td> </tr> <tr> <td>Unknown</td> <td>30%</td> </tr> </table> <p>*As a percentage of loans of the size category</p>				< 1 Million	61%	> 1 Million	9%	Unknown	30%
< 1 Million	61%													
> 1 Million	9%													
Unknown	30%													

Source: Business Demographic Data and Bank prepared Small Business and Small Farm Data Collection Register

Overall, Simmons' loan volume to small businesses is good. As noted in the charts above, the majority of the number of small business loans have been to businesses with revenues of less than \$1 million. Also, the bank originates the substantial majority of its business and farm loans for

loan amounts of \$100,000 or less. These size loans are typically needed by small businesses and small farms. Simmons' performance reflects good penetration of the small businesses and small farms in its combined assessment areas when compared to the demographic makeup of those areas. For 1996, 72% of the businesses and farms reported revenues less than \$1 million, while 93% of the business loans made by Simmons were to businesses and farms with revenues of less than \$1 million. The figures for 1997 show similar results.

### Home Mortgage Loans

Simmons originates home related loans to individuals and families of different income levels. Simmons' distribution of loans to low- and moderate-income borrowers is good considering the percentage of households below the poverty level, its overall market share, and other lender activity in these census tracts. The following table reflects the distribution of HMDA reportable loans for 1996. For comparison, the chart also presents the distribution of families living in the assessment areas according to their income level.

<b>Distribution of Home Mortgage Loan Originations in 1996 Within All Assessment Areas By Income Level of the Borrower</b>								
<b>Assessment Area Data</b>	<b>Low-Income</b>		<b>Mod-Income</b>		<b>Middle-Income</b>		<b>Upper-Income</b>	
Characteristics of Families	14,663	18%	13,059	16%	18,196	22%	37,015	45%
<b>Loan Product</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Home Purchase/Refinance	24	5%	85	16%	124	24%	292	56%
Home Improvement	3	7%	9	21%	9	21%	22	51%
Total 1996	27	5%	94	17%	133	23%	314	55%

Source: Demographic Data and HMDA Loan Application Registers - **THIS TABLE INCLUDES DEMOGRAPHIC INFORMATION FOR NORTHWEST ARKANSAS AA, AS WELL AS THE FOUR CURRENT AA'S. AN ADDITIONAL 86 HOME RELATED LOANS WERE MADE TO BORROWERS WITH UNKNOWN INCOME LEVELS IN 1996.**

The bank's loan volume to low-income borrowers compares favorably with 1996 aggregate data that shows all other lenders made approximately 4.7% of home related loans to low-income borrowers. Simmons made approximately 5% of home related loans to low-income borrowers in 1996. Low-income families account for 18% of all families residing in the assessment areas. Low-income households below the poverty level represent 16% of all households. The percentage of low-income households with incomes below the poverty level impedes opportunities for home loan products.

The overall distribution of loans to moderate-income borrowers is good when compared to the income characteristics and other lenders in the combined assessment areas. Simmons made approximately 17% of home related loans to moderate-income borrowers in 1996, while all other lenders made approximately 13.6% of home related loans to moderate-income borrowers, according to aggregate HMDA data. Moderate-income families account for 16% of all families residing in the assessment areas.

The following chart shows Simmons' overall market share in home purchase/refinance and home improvement loans originated within its assessment areas. It also shows market share and rank for HMDA originations to low- and moderate-income borrowers.

<b>1996 Home Mortgage Loan Originations Market Share Within All Assessment Areas by Income Level of the Borrower</b>									
	<b>All Borrowers</b>			<b>Low-Income Borrowers</b>			<b>Mod-Income Borrowers</b>		
<b>Loan Product</b>	<b>#</b>	<b>% Mkt</b>	<b>Rank</b>	<b>#</b>	<b>% Mkt</b>	<b>Rank</b>	<b>#</b>	<b>% Mkt</b>	<b>Rank</b>
Home Purchase/Refinance	608	5.9%	2	24	6.1%	5	85	6.6%	2
Home Improvement	46	2.7%	13	3	1.7%	15	9	2.8%	13
<b>Total</b>	<b>654</b>	<b>5.5%</b>	<b>2</b>	<b>27</b>	<b>4.8%</b>	<b>5</b>	<b>94</b>	<b>5.8%</b>	<b>2</b>

Source: HMDA Aggregate Data

Overall, Simmons is one of the prominent lenders in the home purchase/refinance market in its combined assessment areas. Home improvement loans represent a small portion of Simmons' overall home related lending.

<b>Distribution of Home Mortgage Loan Originations in 1997 Within All Assessment Areas By Income Level of the Borrower</b>									
<b>Assessment Area Data</b>	<b>Low-Income</b>		<b>Mod-Income</b>		<b>Middle-Income</b>		<b>Upper-Income</b>		
Characteristics of Families	11,828	19%	9,177	15%	13,002	21%	28,987	46%	
<b>Loan Product</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	
Home Purchase/Refinance	26	7%	47	13%	70	20%	207	59%	
Home Improvement	3	7%	7	17%	12	29%	20	48%	
<b>Total 1997</b>	<b>29</b>	<b>7%</b>	<b>54</b>	<b>14%</b>	<b>82</b>	<b>21%</b>	<b>227</b>	<b>58%</b>	

Source: Demographic Data and HMDA Loan Application Registers - **AN ADDITIONAL 19 PURCHASE/REFINANCE LOANS WERE MADE TO BORROWERS WITH UNKNOWN INCOME LEVELS. THIS TABLE ONLY INCLUDES DEMOGRAPHIC INFORMATION ON THE FOUR CURRENT AA'S.**

Simmons' lending to borrowers of different income levels for 1997 reflects approximately the same results as 1996. Overall lending in all income levels reflects reasonable dispersion, when taking into consideration the level of low-income borrowers who are below the poverty level, as previously discussed.

### Consumer Loans

Simmons originates consumer related loans to individuals and families across economic lines. The overall distribution of loans to moderate-income borrowers is excellent when compared to the income characteristics of the assessment areas. The following table reflects the distribution of

consumer loans for 1997. For comparison, the chart also presents the distribution of families living in the assessment areas according to their income level.

Distribution of Consumer Loan Originations in 1997 Within All Assessment Areas By Income Level of the Borrower								
Assessment Area Data	Low-Income		Mod-Income		Middle-Income		Upper-Income	
Characteristics of Families	11,828	19%	9,177	15%	13,002	21%	28,987	46%
Characteristics of Households	20,985	23%	12,944	14%	16,080	18%	41,066	45%
Loan Product	#	%	#	%	#	%	#	%
Motor Vehicle Loans	129	12%	217	21%	304	29%	404	38%
Other Secured Loans	68	11%	132	22%	190	31%	222	36%
Other Unsecured Loans	132	12%	241	22%	325	29%	414	37%
Total 1997	329	12%	590	21%	819	29%	1,040	37%

Source: Bank prepared Consumer Loan Data Collection Registers

Loans to low-income borrowers represent 12% of consumer related loan volume for 1997. Low-income households account for 23% of all households residing in the assessment areas. The percentage of loans made to low-income borrowers is reasonable considering approximately 16% of the households have incomes below the poverty level.

Loans to moderate-income borrowers represent 21% of consumer related loan volume for 1997. Moderate-income households account for 14% of all households residing in the assessment areas.

### ***Community Development Lending***

Community development loan activity is low. The bank identified two loans that would qualify as such. Both loans were for the purpose of constructing facilities that would be used to provide community services to area residents including low- and moderate-income individuals. These loans benefitted the Pine Bluff assessment area and the Lincoln County assessment area. A number of other loans were considered in this evaluation; however, the majority of those loans were reported as HMDA loans or small business loans. They are included in the analysis of those loan products.

### ***Product Innovation and Flexibility***

Simmons uses innovative and flexible underwriting guidelines to meet the credit needs of both individuals and small businesses. The loan programs are geared to increase the volume of loans originated to low- and moderate-income individuals and small businesses. Examples of loan products with flexible and/or innovative loan criteria follow:

**Residential Rehabilitation Loan Program** - This loan program is done in cooperation with the city of Pine Bluff. Applicants must meet the city's guidelines for maximum annual household income, a location requirement, and the condition of the house must be below city code. Grant funds of up to \$7,500 (down from a previous level of \$14,999) are available for each home rehabilitation. Since the inception of the program in 1995, Simmons has allocated more than \$500,000 to this program. At December 31, 1997, the twelve loans closed under this program totaled \$274,000. As of March 31, 1998, two additional rehabilitation loans, totaling \$30,000, were in process. These loans are included in the Home Mortgage lending section tables.

**Federal Home Loan Bank (FHLB)/ACORN Program** - Simmons management was instrumental in obtaining a \$180,000 grant from the FHLB to be used to assist low- and moderate-income individuals in obtaining affordable housing. Since the inception of this program, Simmons has funded six loans, totaling \$18,000, and has another 15 in process. These loans are included in the Home Mortgage lending section tables.

**Downtown Development** - Simmons has allocated a total of \$500,000 for loans to businesses to redevelop the downtown area. These loans have a low, fixed interest rate. Simmons has closed eleven loans, totaling \$300,000 under this program, which started in 1992. Three of the eleven loans (\$100,000 total) were originated between January 1, 1996 and December 31, 1997.

**FHA and VA Home Mortgage Loans** - The bank offers these government mortgage loan products which are sold in the secondary market. The programs offer lower down payment requirements than Simmons' standard conventional mortgages (generally 20% down), that assist buyers who lack the necessary funds to buy a new home. The programs also offer more flexible debt/income ratio requirements than conventional mortgage loans. Simmons originated 384 FHA loans totaling \$19 million in 1996 and 1997 within the combined assessment areas. In addition, 87 VA loans totaling \$5.5 million were originated in 1996 and 1997 within the combined assessment areas. These loans are included in the Home Mortgage lending section tables.

**Small Business Administration (SBA) Lending** - Simmons makes loans to small businesses through the SBA's "Low-documentation" loan program to customers borrowing less than \$100,000. Nine loans, totaling \$654,000, were extended in 1996 and 1997. All of these loans are located in the Pine Bluff market.

## INVESTMENT TEST

Qualifying investments are investments, deposits, membership shares or grants that have as their primary purpose community development, as defined in the CRA regulation. Based on information provided by the bank, Simmons has approximately 38 qualifying community development investments, membership shares and donations. All of the investments directly benefit the bank's assessment areas.

This table summarizes Simmons' activity since the previous evaluation:

Types of Investments		
Type of Investment	Number	Amount
Membership Shares	1	200,000
Grants/Donations	34	248,350
<b>TOTAL INVESTMENTS</b>	<b>35</b>	<b>\$448,350</b>

In addition to these items the bank continues to carry three investments made prior to this evaluation period which total approximately \$2,500,000. These three items are for the benefit of low- and moderate-income individuals and have assisted in providing affordable housing and community services.

Simmons purchased membership shares in the Enterprise Corporation of the Delta in 1997. This entity's sole purpose is to financially assist business ventures in the Delta region of Mississippi, Louisiana and Arkansas. Prior to investing in this corporation, Simmons obtained a commitment from them to lend or invest in businesses in Jefferson, Lincoln, Arkansas and Lonoke counties. The corporation provides loans, equity financing, and technical assistance to low- and moderate-income persons and small and minority-owned businesses.

Examples of the 38 grants and donations considered in this evaluation include those made to affordable housing agencies, youth and literacy programs, scholarships for needy students to attend college, and agencies which provide job training and support job creation for low- and moderate-income citizens.

Simmons' responsiveness to community needs is evidenced by the number of grants during the review period and the purchase of community development investments prior to the review period. The bank has also made a pledge of \$12,000 to Habitat for Humanity. The purpose of the pledge is to assist in the construction of six affordable homes in Pine Bluff. The bank committed to donate \$2,000 to assist in the construction cost of each house.

The investments primarily benefit the Pine Bluff Assessment Area. Only a few benefit the remaining assessment areas. It is recognized that the Pine Bluff Assessment Area exhibits the most significant needs and is the area which generates the bulk of the bank's deposits. However, opportunities for investing in the other assessment areas have not been identified as of the date of this evaluation.

## SERVICE TEST

### *Retail Banking Services*

The quantity, quality and accessibility of the bank's service-delivery systems are satisfactory on an overall basis. Simmons' delivery systems are accessible to essentially all portions of its assessment areas. Simmons has 18 branch locations, including its main office and one stand alone drive-thru facility, throughout its assessment areas. The bank also has 17 ATM's which are generally located at its branches. One of these ATM's is a non-proprietary ATM. Bank customers do not incur a fee at these terminals.

Simmons has its main office and stand alone drive-thru in a low-income census tract. As the table below shows, there are four (4) low-income census tracts in the assessment areas. Only 1% of the assessment areas' households reside within these tracts. Simmons has a good penetration of branch locations in the moderate-income tracts. Twenty-eight percent of the bank's branches are in the moderate-income tracts, while these tracts contain only 18% of the households in the bank's assessment areas. The distribution of branches among the middle- and upper-income tracts is reasonable.

Distribution of Delivery System By Income Level of the Census Tracts								
Community Data	Low-Income		Mod-Income		Middle-Income		Upper-Income	
Census Tracts	4	6%	12	18%	29	44%	21	32%
Households	995	1%	16,202	18%	32,452	36%	41,422	45%
Type of Service	#	%	#	%	#	%	#	%
Branches	2*	11%	5	28%	5	28%	6	33%
ATMs	2	12%	2	12%	5	29%	8	47%
Totals	4	11%	7	20%	10	29%	14	40%

Source: Bank Internal Records \*One location is the main office and one location is the stand alone drive-thru for the main office.

Simmons' has not opened any branches since the previous examination. In August 1996, three of its branches were acquired by the bank's holding company as discussed in the "Description of the Assessment Areas." This restructure did not cause any customers a loss of services, since operations continued as normal under a new bank name. Branch closings are guided by a Branch Closing Policy, while branch openings are part of the bank's strategic planning process.

Banking hours are reasonable and are commensurate with other bank competitors, especially in the Pine Bluff Assessment Area, in which the bulk of the bank's business is conducted. Saturday hours from 9:00 a.m. to 12 noon are available at three locations (Broadmoor, Dollarway, and Oak Park) in Pine Bluff and from 9:00 a.m. to 1:00 p.m. at two locations (South lobby and South

drive-thru) in Fort Smith. All of these branches are in middle- or upper-income census tracts, but are adjacent to moderate-income census tracts. Extended Friday hours to 6:00 p.m. are available as well, at the following locations: Stonewood in Fort Smith; Downtown Motor, Jefferson Square, Main office, Oak Park, University, and White Hall in Pine Bluff. The Downtown Motor and Main office are located in a low-income census tract, while the Jefferson Square and University branches are located in moderate-income census tracts.

The bank offers a variety of retail services among its locations. General services include:

- Interest and non-interest bearing checking accounts with several options among each.
- Savings accounts with several options.
- Card services including ATM cards, debit and credit cards.

Loan services are generally available and include commercial and farm loans, mortgage loans, consumer, and student loans. Other services include ATM machines, drive-up banking, night depository, safe deposit boxes, bank-by-mail, direct deposits, money orders, travelers' checks, notary services and wire transfers.

There is some, but not a significant variance among branches. For example, the main bank location offers trust and investment services that the branches do not. In the Pine Bluff market, mortgage loans and commercial loans are referred to the main bank. One branch in the Pine Bluff MSA does not offer loan products (Sherrill branch).

No variance exists in the Little Rock Assessment area, other than the trust and investment services, which are only available at the main location in Pine Bluff. In the Lincoln County Assessment Area, one branch (Grady) does not offer commercial or mortgage loans. These products are available at a nearby branch (Gould). In the Fort Smith Assessment Area one branch (Central Mall) does not offer mortgage or commercial loans due to its location.

During the review period, the bank identified the need for consumer loans at additional locations. To provide this service, Simmons implemented a central underwriting and funding function that would allow additional locations to offer these loans. Before this system was implemented, about 50% of the locations offered consumer loan products. Now about 90% offer these.

To meet the needs of low- and moderate-income residents, the bank offers a free checking account which requires a minimum balance of \$100 to open. Additionally, check cashing services are provided to non-customers at a reasonable fee. This service is aimed at low- and moderate-income residents and has enticed many users to open savings or free checking accounts to avoid check cashing fees, thus exposing some users to other bank services. The bank also offers several loan programs aimed toward affordable housing financing as discussed under the "Innovative and Flexible Loan Products" section of this evaluation.

Simmons also offers electronic access to recipients of government benefits payments, primarily welfare, through its ATM network in the Pine Bluff Assessment Area. Simmons was the first bank in Pine Bluff to offer this service and participated in testing the process to allow other banks to provide this service as well. A non-bank customer can access benefits payments through

Simmons' ATM network for the same fee other non-bank customers are charged, which is less than the check cashing fee for non-customers.

### ***Community Development Services***

Simmons provides a relatively high level of community development services. Community development services are those related to the provision of financial services with the primary purpose of community development as defined in the CRA regulation. These services include providing technical assistance on financial matters to nonprofit organizations that serve low- and moderate-income individuals and families, and to other groups which promote community revitalization and development, or affordable housing. Although the primary recipients of these services are centered in one assessment area (Pine Bluff), bank management has identified this area as that with the greatest needs. The following community development services have been identified:

**Electronic Benefits Program** - Bank worked in the testing process to provide electronic access to recipients of government benefits payments as discussed above.

**Habitat for Humanity** - A bank officer serves in a fund raising capacity. The organization promotes affordable housing initiatives.

**Pine Bluff Champion Initiative Team** - Bank officer serves on the team whose goal is to obtain funding for the City of Pine Bluff as an enterprise zone. The ultimate goal of this process is creating more and better jobs for the citizens of this area.

**Annual Agriculture Day** - Bank officer attended a local workshop for small farmers and provided a presentation on financing opportunities, loan rates and the loan application process.

**Junior Achievement** - A bank officer provided several presentations to a junior high class comprised primarily of children from low- and moderate-income families. Information provided included: job application process, bank tour, personal budgeting, and setting of financial goals.

**Home Ownership Counseling/Training** - Bank employees have provided assistance to various community groups by participating in housing fairs which promote financing of affordable housing. This participation is ongoing.

**Enterprise Corporation of the Delta** - This organization provides small business financing and the bank has membership shares in the entity. Bank personnel serve on the Investment Management Committee and provide financial expertise in defining investment policies, asset allocations, and evaluation of outside investment managers and broker dealers. This committee also approves loan policies, loan structuring, and loan participation programs. The entity specifically provides loans, equity financing, and technical assistance to low- and moderate income persons and small minority-owned businesses. The corporation's sole purpose is to provide financial assistance to business ventures in the Delta region of Mississippi, Louisiana and

Arkansas. Prior to investing in this entity, Simmons obtained a commitment from them to lend or invest in businesses in Jefferson, Lincoln, Arkansas and Lonoke counties.

**Community Housing Resource Board** - Bank officer serves on this Board which strives to identify the barriers to affordable housing ownership and then develop plans to overcome these barriers. This officer provides assistance in the area of financing constraints and opportunities for affordable housing financing.

**Southeast Arkansas Community Development Corporation** - Simmons has provided technical expertise to secure a \$132,000 grant from the Federal Home Loan Bank (FHLB). The grant is specifically for persons purchasing homes through this entity. Simmons makes the mortgage loan. The grant is applied directly toward the purchase price of the house. Eighteen grants of \$5,000 are available for applicants whose income is at or below 50% of median family income. Six grants of \$4,000 are available for applicants whose income is between 51-60% of median family income. Six grants of \$3,000 are available for applicants whose income is between 61-80% of median family income. This will provide assistance for the purchase of 32 affordable housing units in the Pine Bluff Assessment Area.

**ACORN** - Simmons has provided technical expertise to secure a \$180,000 grant from the FHLB. The grant is for applicants referred to the bank by ACORN, who provides home ownership counseling for the applicants, as required by the terms of the grant. The bank also makes donations to ACORN to support the cost of home ownership counseling. In addition, Simmons makes the permanent mortgage loans. Borrowers can receive up to \$3,000 to pay for closing costs or down payments, providing assistance for the purchase of a minimum of 60 affordable housing units. Each borrower is required to provide \$500 of their money toward either closing costs or down payment. Also, this grant money may be used in conjunction with the Southeast Arkansas CDC grant mentioned directly above. The combination of these programs is innovative and provides significant assistance for the purchase of affordable housing. See the discussion of flexible and innovative loan products elsewhere in this evaluation.

**The Economic Development Alliance of Jefferson County (The Alliance)** - Several members of senior management assisted in forming this entity and continue to serve in various capacities providing technical assistance. The Alliance has several arms. One of the primary goals is to create more and better jobs, specifically for the low- and moderate-income citizens of Jefferson County. The Alliance hopes to achieve this goal through job training, attraction of new businesses and overall economic revitalization of the area.

These community development services are generally geared toward the Pine Bluff Assessment Area, although some effect the Little Rock and Lincoln County Assessment Areas. Additionally, the majority of these services are in direct response to the most significant needs identified for the assessment areas.

## **Fair Lending Review**

A fair lending examination was performed using a comparative analysis of 104 approved white applicants to eight denied black applicants for conventional home purchase, owner-occupied applications received in 1997. No evidence of discriminatory or other illegal credit practices were noted during this examination.

# Metropolitan Areas

## Description of Institution's Operations in the Pine Bluff Metropolitan Area

The Pine Bluff assessment area consists of the entire Pine Bluff MSA, which is Jefferson County. Most of Simmons' banking locations are in this MSA. Simmons operates 11 of its 18 banking locations, and 12 of the 17 ATM locations in this market. Approximately 79% of the bank's total deposits, as of December 31, 1997, were from this area. In terms of deposit market share as of June 30, 1997, Simmons is the largest deposit holder with a 57% deposit market share.

The population of the assessment area is 85,487 based on 1990 Census Data. Pine Bluff is the county seat and is the largest city in the county with a population of 57,140. This assessment area includes 31 census tracts. Two of the census tracts, representing 6% of the total number of tracts, are not classified by income category and are excluded from the following table. The following table provides basic demographic information about the assessment area.

Pine Bluff Assessment Area Demographic Information															
Low-Income				Moderate-Income				Middle-Income				Upper-Income			
Census Tracts		Families		Census Tracts		Families		Census Tracts		Families		Census Tracts		Families	
2	7%	5,568	25%	6	21%	3,173	14%	15	52%	4,280	19%	6	21%	9,073	41%
Median Family Income = \$26,360								Median Housing Value = \$43,766							
HUD Adjusted Median Family Income for 1997 = \$34,300								Median Year Built = 1965							

Source: 1990 U.S. Census and HUD

According to 1990 Census Data, there are 33,311 housing units in the assessment area, of which 60% are owner-occupied. The breakdown of owner-occupied units, by income level of the census tracts, is as follows: 35% in low-income, 47% in moderate-income, 64% in middle-income, and 67% in upper-income census tracts. The average monthly rent is \$334.

The local economy is stable. Major employers in the area are Tyson Foods, Jefferson Regional Medical Center, Pine Bluff Arsenal (army depot), and International Paper. Based on information from the 1990 Business Demographic Data, there are 2,378 businesses and 107 farms in the assessment area. Of those, 1,747 or 73% are businesses with annual gross revenues of less than \$1 million, and 96 or 90% are farms with annual gross revenues of less than \$1 million. The February 1998 Pine Bluff MSA unemployment rate was 8.6%. This rate is higher than the state and national rate of 6.0% and 5.0%, respectively.

A review of the community contacts conducted in the assessment area for 1996 and 1997 identified community needs as home ownership, small business loans, and available affordable housing. A community contact was also conducted during this CRA evaluation. The contact identified availability of rental property, and funds to rehabilitate homes as pressing needs in the area.

According to HUD's Consolidated Plan for Pine Bluff, the housing stock is aging, and generally, 25% of the housing stock needs some type of repair. Also, a decline in the percentage of owner-occupied households and a slow rate of new rental construction has further limited housing choices.

## **Discussion of Performance Tests in the Pine Bluff Metropolitan Area (PBMA)**

### **LENDING TEST**

#### ***Lending Activity***

The Pine Bluff Metropolitan Area (PBMA) accounts for the largest percentage of small business, HMDA, and consumer loan originations bankwide. Approximately 75% of small business and small farm loans originated between January 1, 1996 and December 31, 1997 were made in the PBMA. In addition, approximately 62% of HMDA loans originated in 1996 and 1997, and 71% of consumer loans originated in 1997 were made in the PBMA. The lending volume is good, considering that approximately 79% of Simmons' total deposits are from the PBMA.

#### ***Geographic Distribution of Loans within the Pine Bluff Metropolitan Area***

##### **Small Business and Small Farm Loans**

Simmons' geographic distribution of small business and small farm loans reflects good dispersion throughout the PBMA. The following chart shows the number of small business and small farm loans originated within the PBMA from January 1, 1996 through December 31, 1997. The chart also displays the number and percentage of small businesses and small farms located in low-, moderate-, middle-, and upper-income census tracts.

<b>Distribution of Small Business and Small Farm Loan Originations in 1996 and 1997 Within Pine Bluff Assessment Area By Income Level of the Census Tract</b>								
<b>Assessment Area Data</b>	<b>Low-Income</b>		<b>Mod-Income</b>		<b>Middle-Income</b>		<b>Upper-Income</b>	
Census Tracts	2	7%	6	21%	15	52%	6	21%
Census Tracts Penetrated (% of tracts in income group)	1	50%	6	100%	14	93%	6	100%
Number of Small Businesses	172	10%	533	31%	532	30%	510	29%
Number of Small Farms	3	3%	37	39%	42	44%	14	15%
<b>Loan Product</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Small Business	37	16%	62	26%	59	25%	79	33%
Small Farm	0	0%	62	38%	76	47%	25	15%
<b>Total 1996</b>	<b>37</b>	<b>9%</b>	<b>124</b>	<b>31%</b>	<b>135</b>	<b>34%</b>	<b>104</b>	<b>26%</b>
Small Business	51	18%	77	28%	72	26%	77	28%
Small Farm	1	1%	73	40%	96	52%	14	8%
<b>Total 1997</b>	<b>52</b>	<b>11%</b>	<b>150</b>	<b>33%</b>	<b>168</b>	<b>36%</b>	<b>91</b>	<b>20%</b>
<b>Grand Total</b>	<b>89</b>	<b>10%</b>	<b>274</b>	<b>32%</b>	<b>303</b>	<b>35%</b>	<b>195</b>	<b>23%</b>

Source: Business Demographic Data and Bank prepared Small Business and Small Farm Loan Data Collection Register

Approximately 10% of small business and small farm loans were originated in low-income census tracts and 32% were funded in moderate-income census tracts. These figures mirror the percentage of small businesses and small farms located in low- and moderate-income tracts, which approximated 42%.

Simmons' 1996 market share in low- and moderate-income census tracts equals 27.8% and 40% respectively. Simmons' small business loan volume in low-income census tracts is good considering its market share in these tracts is slightly above its overall market share. Simmons did not make any small farm loans in low-income tracts in 1996. Only one lender originated small farm loans in the low-income tracts in the PBMA for 1996. Simmons' loan volume in moderate-income tracts is excellent considering the market share in these tracts far exceeds Simmons' overall market share in the PBMA.

The following chart shows Simmons' overall market share of small business and small farm loans to businesses and farms located in the PBMA. It also shows the market share and rank for small business and small farm loans made in low- and moderate-income census tracts.

1996 Small Business and Small Farm Loan Originations Market Share Within Pine Bluff Assessment Area by Income Level of the Census Tract									
	All Tracts			Low-Income Tracts			Moderate-Income Tracts		
Loan Product	#	% Mkt	Rank	#	% Mkt	Rank	#	% Mkt	Rank
Small Business	237	26.5%	2	37	29.4%	2	62	35.2%	2
Small Farm	163	44.4%	2	0	0%	2	62	46.3%	2
Total	400	31.7%	2	37	27.8%	2	124	40%	2

Source: CRA Aggregate Data

### Home Mortgage Loans

A review of Simmons' residential lending patterns from January 1, 1996 through December 31, 1997, shows low penetration in the low- and moderate-income census tracts. Due to the small number of 1-4 family units in the low-income census tracts, lending opportunities are somewhat limited. However, despite Simmons' overall market share, and other lender activity, improvement could be made in the moderate-income census tracts. The following chart shows residential lending patterns by the income level of the census tracts located within the PBMA.

Distribution of Home Mortgage Loan Originations in 1996 and 1997 Within Pine Bluff Assessment Area By Income Level of the Census Tracts									
Assessment Area Data	Low-Income		Mod-Income		Middle-Income		Upper-Income		
Census Tracts	2	7%	6	21%	15	52%	6	21%	
Census Tracts Penetrated (% of tracts in income group)	1	50%	6	100%	13	87%	6	100%	
Number of 1-4 Family Units	250	1%	7,742	29%	10,871	41%	7,746	29%	
Median Year Built of Housing	1943		1958		1967		1970		
Loan Product	#	%	#	%	#	%	#	%	
Home Purchase/Refinance	0	0%	22	7%	117	36%	183	57%	
Home Improvement	0	0%	8	23%	10	29%	17	49%	
Total 1996	0	0%	30	8%	127	36%	200	56%	
Home Purchase/Refinance	1	0%	20	7%	104	38%	146	54%	
Home Improvement	0	0%	6	20%	9	30%	15	50%	
Total 1997	1	0%	26	9%	113	38%	161	53%	
<b>Grand Total</b>	1	0%	56	9%	240	36%	361	55%	

Source: Demographic Data and HMDA Loan Application Registers

Simmons made less than 1% of home related loans in low-income census tracts and 9% in moderate-income census tracts. Demographic information shows approximately 1% of 1-4 family housing units are located within low-income census tracts and 29% are located in moderate-income census tracts. The bank's lending volumes in low- and moderate-income census tracts are reasonable when compared to aggregate lending data. For 1996, only 11 home related loans or 0.66% of all home related loans were made in the low-income census tracts, by all lenders. More than 12% of all home related loans were made in moderate-income tracts by all lenders. Simmons was the leader, with 30 loans or 14.63% market share.

The low level of loans originated in the low- and moderate-income tracts were reviewed to determine what lending opportunities exist in these areas. Based on 1990 Census Bureau demographic data, the census tracts contain 7,992 1-4 family housing units. Only 40% of the housing units in the low-income census tracts are owner occupied, and 56% of the units in the moderate-income census tracts are owner occupied. These levels are well below the owner-occupied housing units located in middle- and upper-income tracts, with approximately 82% and 88% owner-occupied, respectively. The volume of households living below the poverty level is more than 41% in the low- and moderate-income census tracts, compared to only slightly more than 17% of the households in the middle- and upper-income census tracts. It was concluded that the opportunities for making HMDA related loans are limited in the low- and moderate-income areas of the PBMA.

The following chart shows Simmons' overall market share for home purchase/refinance and home improvement loans in the PBMA. It also shows market share and rank for home related loans made in low- and moderate-income census tracts.

<b>1996 Home Mortgage Loan Originations Market Share Within Pine Bluff Assessment Area by Income Level of the Census Tract</b>									
	<b>All Tracts</b>			<b>Low-Income Tracts</b>			<b>Moderate-Income Tracts</b>		
<b>Loan Product</b>	<b>#</b>	<b>% Mkt</b>	<b>Rank</b>	<b>#</b>	<b>% Mkt</b>	<b>Rank</b>	<b>#</b>	<b>% Mkt</b>	<b>Rank</b>
Home Purchase/Refinance	322	24.83%	1	0	0.00%	0	22	16.67%	1
Home Improvement	35	9.54%	4	0	0.00%	0	8	10.96%	4
<b>Total</b>	<b>357</b>	<b>21.45%</b>	<b>1</b>	<b>0</b>	<b>0.00%</b>	<b>10</b>	<b>30</b>	<b>14.63%</b>	<b>1</b>

Source: HMDA Aggregate Data

## Consumer Loans

A review of Simmons' consumer lending patterns in 1997, shows adequate lending volume in the low- and moderate-income census tracts. Simmons' lending patterns are adequate when considering the number of households in these census tracts. The following chart shows consumer lending patterns by the income level of the census tracts located within the PBMA.

<b>Distribution of Consumer Loan Originations in 1997 Within Pine Bluff Assessment Area By Income Level of the Census Tracts</b>									
<b>Assessment Area Data</b>	<b>Low-Income</b>		<b>Mod-Income</b>		<b>Middle-Income</b>		<b>Upper-Income</b>		
Census Tracts	2	7%	6	21%	15	52%	6	21%	
Census Tracts Penetrated (% of tracts in income group)	2	100%	6	100%	14	93%	6	100%	
Number of Households	261	1%	7,612	25%	12,673	42%	9,409	31%	
<b>Loan Product</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	
Motor Vehicle Loans	3	0%	91	13%	280	41%	302	45%	
Other Secured Loans	4	1%	60	13%	181	39%	216	47%	
Other Unsecured Loans	5	1%	120	13%	367	39%	461	48%	
<b>Total 1997</b>	<b>12</b>	<b>1%</b>	<b>271</b>	<b>13%</b>	<b>828</b>	<b>40%</b>	<b>979</b>	<b>47%</b>	

Source: Bank prepared Consumer Loan Data Collection Registers and Census Bureau Data

Simmons' consumer loan volumes in low- and moderate-income census tracts equal 1% and 13% respectively. Approximately 1% and 25% of the number of households are located in low- and moderate-income census tracts, respectively. Almost 55% of the households in the low-income census tracts and 41% of the households in the moderate-income census tracts are below the poverty level. This level of poverty impedes lending opportunities in these areas. Lending activity in these tracts is adequate considering the number of households in these areas that are below the poverty level.

There are no conspicuous gaps in lending in Simmons' consumer related activity in the PBMA. All but one middle-income census tract had consumer lending activity in the PBMA in 1997.

***Distribution by Borrowers' Income within the Pine Bluff Metropolitan Area***

Small Business and Small Farm Loans

Simmons has been responsive to small business credit needs within the PBMA. The following chart shows the bank's willingness to make loans of varying sizes and to businesses of different revenue levels.

<b>Distribution of Small Business and Small Farm Loan Originations in 1996 and 1997 Within Pine Bluff Assessment Area By Loan Size and Business Revenues</b>								
<b>Loan Size</b>					<b>Annual Revenues &lt; \$1 Million</b>			
	<b>#</b>	<b>%</b>	<b>\$ (000)</b>	<b>%</b>	<b>#</b>	<b>%*</b>	<b>\$ (000)</b>	<b>%*</b>
less than \$100,000	738	86%	\$19,152	36%	693	94%	\$17,540	92%
\$100,000 to \$250,000	74	8%	\$12,358	23%	58	78%	\$9,630	78%
\$250,000 to \$1,000,000	49	6%	\$21,363	41%	34	69%	\$14,590	68%
<b>Totals</b>	<b>861</b>	<b>100%</b>	<b>\$52,873</b>	<b>100%</b>	<b>785</b>	<b>91%</b>	<b>\$41,760</b>	<b>79%</b>
<b>Distribution of Businesses and Farms in the Assessment Area by Annual Revenues of the Business or Farm:</b>					< 1 Million	74%	*As a percentage of loans of the size category	
					> 1 Million	7%		
					Unknown	19%		

Source: Business Demographic Data and Bank prepared Small Business and Small Farm Data Collection Register

As noted in the chart above, a high percentage of the number of small business loans had original amounts of less than \$100,000, and a substantial majority of those loans were to businesses and farms with revenues less than \$1 million. Demographic data reveals that 74% of the businesses and farms located in the PBMA have revenues less than \$1 million. Simmons' made 91% of its small business loans to businesses and farms with revenues less than \$1 million.

Home Mortgage Loans

Simmons has originated home loans to individuals and families across economic lines. Simmons' loan performance to the low- and moderate-income borrower is reasonable when evaluating poverty rate levels in low- and moderate-income census tracts, 1996 market share data, and other lender's performance in the PBMA. The following table reflects the distribution of HMDA reportable loans from January 1, 1996 through December 31, 1997. For comparison, the chart also presents the distribution of families living in the PBMA according to their income level.

Distribution of Home Mortgage Loan Originations in 1996 and 1997 Within Pine Bluff Assessment Area By Income Level of the Borrower									
Assessment Area Data	Low-Income		Mod-Income		Middle-Income		Upper-Income		
Characteristics of Families	5,568	25%	3,173	14%	4,280	19%	9,073	41%	
Loan Product	#	%	#	%	#	%	#	%	
Home Purchase/Refinance	15	5%	39	13%	55	19%	184	63%	
Home Improvement	2	6%	8	25%	7	22%	15	47%	
Total 1996	17	5%	47	14%	62	19%	199	61%	
Home Purchase/Refinance	21	8%	34	13%	56	21%	150	57%	
Home Improvement	3	10%	4	13%	8	27%	15	50%	
Total 1997	24	8%	38	13%	64	22%	165	57%	
<b>Grand Total</b>	<b>41</b>	<b>7%</b>	<b>85</b>	<b>14%</b>	<b>126</b>	<b>20%</b>	<b>364</b>	<b>59%</b>	

Source: Demographic Data and HMDA Loan Application Registers - **AN ADDITIONAL 32 LOANS WERE MADE TO BORROWERS WITH UNKNOWN INCOME LEVELS.**

Simmons made approximately 7% of home related loans to low-income borrowers and 14% to moderate-income borrowers. The bank's lending volume to low- and moderate-income borrowers compare favorably with 1996 aggregate data that shows all other lenders made approximately 6% and 16% of home related loans to low- and moderate-income borrowers, respectively. Demographic information shows that approximately 25% of families have low-incomes and 14% have moderate-incomes. However, 23% of all households are below the poverty level. The percentage of low-income households with incomes below the poverty level impedes home loan opportunities.

Overall, Simmons' lending activity to low- and moderate-income borrowers is very good when compared to all other home lenders in the PBMA. Simmons ranks first in home purchase/refinance loans to both low- and moderate-income borrowers. The following chart shows Simmons' overall market share in home purchase/refinance and home improvement loans originated within the PBMA. It also shows market share and rank for HMDA related loans originated to low- and moderate-income borrowers.

1996 Home Mortgage Loan Originations Market Share Within Pine Bluff Assessment Area by Income Level of the Borrower									
Loan Product	All Borrowers			Low-Income Borrowers			Mod-Income Borrowers		
	#	% Mkt	Rank	#	% Mkt	Rank	#	% Mkt	Rank
Home Purchase/Refinance	322	24.83%	1	15	23.44%	1	39	19.02%	1
Home Improvement	35	9.54%	4	2	5.26%	5	8	11.76%	4
Total	357	21.45%	1	17	16.67%	1	47	17.22%	1

Source: HMDA Aggregate Data

As reflected above, Simmons has good loan performance to low- and moderate-income borrowers in the PBMA. This is evidenced by Simmons being the leader in the home purchase/refinance loan category.

#### Consumer Loans

Simmons has originated consumer loans to individuals and families across economic lines. The bank's distribution of loans to low- and moderate-income families is reasonable based on the percentage of families comprising these income categories. The following table reflects the distribution of consumer reportable loans made in 1997. For comparison, the chart also presents the distribution of all families and households living in the PBMA, according to their income level.

Distribution of Consumer Loan Originations in 1997 Within Pine Bluff Assessment Area By Income Level of the Borrower									
Assessment Area Data	Low-Income		Mod-Income		Middle-Income		Upper-Income		
Characteristics of Families	5,568	25%	3,173	14%	4,280	19%	9,073	41%	
Characteristics of Households	8,528	28%	4,042	13%	4,682	16%	12,707	42%	
Loan Product	#	%	#	%	#	%	#	%	
Motor Vehicle Loans	83	13%	146	22%	177	27%	243	37%	
Other Secured Loans	48	11%	99	23%	140	32%	153	35%	
Other Unsecured Loans	95	11%	188	22%	252	29%	322	38%	
Total 1997	226	12%	433	22%	569	29%	718	37%	

Source: Bank prepared Consumer Loan Data Collection Registers - AN ADDITIONAL 144 LOANS WERE MADE TO BORROWERS WITH UNKNOWN INCOME LEVELS.

Approximately 12% of the total number of loans were made to low-income borrowers and 22% were made to moderate-income borrowers during 1997. Low- and moderate-income families account for 25% and 14% of all families, respectively.

## INVESTMENT TEST

Simmons has a satisfactory level of qualified community development investments in the Pine Bluff Assessment Area. During the review period, the bank made 26 (including one pledge) investments and donations in this area totaling \$241,800. Approximately 79% of the bank's deposits come from this assessment area. These investments and donations were described earlier in this evaluation.

## SERVICE TEST

Delivery systems are accessible to essentially all portions of the Pine Bluff Assessment Area. The following table illustrates the distribution of the bank locations in this area and provides census tract and demographic information for reference.

Distribution of Delivery System By Income Level of the Census Tracts								
Community Data	Low-Income		Mod-Income		Middle-Income		Upper-Income	
Census Tracts	2	7%	6	21%	15	52%	6	21%
Households	261	1%	7,612	25%	12,673	42%	9,409	31%
Type of Service	#	%	#	%	#	%	#	%
Branches	2*	18%	3	27%	3	27%	3	27%
ATMs	2	17%	2	17%	3	25%	5	42%
Totals	4	17%	5	22%	6	26%	8	35%

Source: Bank Internal Records \*One location is the bank's main office and the other is the stand alone drive-thru for that office.

Hours of operation are commensurate with other banks in this assessment area. Extended hours are provided at all but one location (Sherrill) on Friday until 6:00 p.m. Three locations have Saturday hours from 9:00 a.m. to noon. These locations are in middle- or upper-income tracts, but are adjacent to all but one of the moderate-income tracts and accessible to it as well as the two low-income tracts.

The bank provides a good level of community development services in this area. All of the services described previously in the overall conclusions section of this evaluation directly benefit this assessment area.

## Description of Institution's Operations in the Little Rock Metropolitan Area (LRMA)

Simmons' assessment area within the Little Rock-North Little Rock, Arkansas MSA consists of 11 census tracts within the city of Little Rock. The tracts are as follows: 18.00, 19.00, 21.01, 21.02, 22.05, 24.02, 24.03, 24.04, 24.06, 42.03, and 42.06. These tracts represent the western

section of the city, where the branch is located. In February 1996, Simmons entered the Little Rock market with this branch location. Approximately 4% of the bank's total deposits, as of December 31, 1997, were from this area. In terms of deposit market share as of June 30, 1997, Simmons holds less than 1% of the total deposits in Little Rock.

The population of the assessment area is 61,749 based on 1990 Census Data. One of the census tracts (24.02), representing 9% of the total number of tracts, is not classified by income category and is excluded from the following table. The following table provides basic demographic information about the assessment area.

Little Rock Assessment Area Demographic Information															
Low-Income				Moderate-Income				Middle-Income				Upper-Income			
Census Tracts		Families		Census Tracts		Families		Census Tracts		Families		Census Tracts		Families	
0	0%	2,223	13%	2	20%	2,298	14%	4	40%	3,390	20%	4	40%	8,932	53%
Median Family Income						= \$31,597		Median Housing Value						= \$75,472	
Adjusted Median Family Income for 1997						= \$42,200		Median Year Built						= 1972	

Source: 1990 U.S. Census and HUD

## LENDING TEST

### *Lending Activity*

The volume of all types of loans made in the LRMA represent a small portion of Simmons' overall lending volume. Only 3% of small business and small farm loans and 7% of HMDA reportable loans were originated in the LRMA between January 1, 1996 and December 31, 1997. In addition, the volumes of consumer loans made during 1997 in the LRMA were only 4% of all consumer loans made within Simmons' assessment areas. Lending volume is reasonable, considering that only 4% of the bank's total deposits are derived from this area.

## *Geographic Distribution of Loans within the Little Rock Metropolitan Area*

### Small Business and Small Farm Loans

The geographic distribution of small business and small farm loans reflects good dispersion throughout the LRMA. The following chart shows the number of small business and small farm loans originated within the LRMA from January 1, 1996 through December 31, 1997. The chart also displays the number and percentage of small businesses and small farms located in moderate-, middle-, and upper-income census tracts.

Distribution of Small Business and Small Farm Loan Originations in 1996 and 1997 Within Little Rock Assessment Area By Income Level of the Census Tract								
Assessment Area Data	Low-Income		Mod-Income		Middle-Income		Upper-Income	
Census Tracts	0	0%	2	20%	4	40%	4	40%
Census Tracts Penetrated (% of tracts in income group)	N/A	0%	1	50%	2	50%	4	100%
Number of Small Businesses	N/A	0%	257	12%	385	18%	1,544	71%
Number of Small Farms	N/A	0%	3	6%	9	19%	36	75%
Loan Product	#	%	#	%	#	%	#	%
Small Business	N/A	0%	1	8%	1	8%	10	83%
Small Farm	N/A	0%	0	0%	0	0%	0	0%
Total 1996	0	0%	1	8%	1	8%	10	83%
Small Business	N/A	0%	3	12%	4	16%	18	72%
Small Farm	N/A	0%	0	0%	0	0%	0	0%
Total 1997	0	0%	3	12%	4	16%	18	72%
<b>Grand Total</b>	0	0%	4	11%	5	14%	28	76%

Source: Business Demographic Data and Bank prepared Small Business and Small Farm Loan Data Collection Register

The distribution of small business loans made in moderate-income census tracts is reasonable considering the number of small businesses located in these tracts. Approximately 11% of small business loans were originated in moderate-income tracts for the time period noted above. This level of lending compares favorably to the number of small businesses located in the moderate-income tracts, which is 12% of the small businesses located in the LRMA.

Simmons' small business loan distribution in moderate-income tracts is reasonable considering its market share in moderate-income tracts slightly exceeds its overall market share. Simmons' lending patterns are consistent with the fact that there is only one branch located in the LRMA. As noted above, there are no low-income census tracts in the current assessment area.

The following chart shows Simmons' overall market share for small business and small farm loans, as well as market share in the moderate-income tracts.

1996 Small Business and Small Farm Loan Originations Market Share Within Little Rock Assessment Area by Income Level of the Census Tract									
Loan Product	All Tracts			Low-Income Tracts			Moderate-Income Tracts		
	#	% Mkt	Rank	#	% Mkt	Rank	#	% Mkt	Rank
Small Business	30	0.79%	12	N/A	0%	N/A	4	0.49%	14
Small Farm	7	10.9%	4	N/A	0%	N/A	5	41.7%	1
Total	37	0.96%	12	N/A	0%	N/A	9	1.08%	12

Source: CRA Aggregate Data - **INCLUDES ALL OF PULASKI COUNTY SINCE THE AGGREGATE DATA WAS NOT CALCULATED AT THE CENSUS TRACT LEVEL. ONLY 12 LOANS WERE ACTUALLY MADE IN THE CURRENT LRMA CENSUS TRACTS.**

### Home Mortgage Loans

A review of residential lending patterns from January 1, 1996 through December 31, 1997, show reasonable distribution to the moderate-income census tracts. Simmons' lending patterns are reasonable considering its' branch location and other lender activity in the moderate-income census tracts. The following chart shows residential lending patterns by the income level of the census tracts located in the LRMA.

Distribution of Home Mortgage Loan Originations in 1996 and 1997 Within Little Rock Assessment Area By Income Level of the Census Tracts									
Assessment Area Data	Low-Income		Mod-Income		Middle-Income		Upper-Income		
Census Tracts	0	0%	2	20%	4	40%	4	40%	
Census Tracts Penetrated (% of tracts in income group)	N/A	0%	2	100%	3	75%	4	100%	
Number of 1-4 Family Units	N/A	0%	3,683	18%	3,830	19%	12,400	62%	
Median Year Built of Housing	N/A		1956		1964		1977		
Loan Product	#	%	#	%	#	%	#	%	
Home Purchase/Refinance	N/A	0%	3	7%	12	29%	27	64%	
Home Improvement	N/A	0%	0	0%	0	0%	0	0%	
Total 1996	0	0%	3	7%	12	29%	27	64%	
Home Purchase/Refinance	N/A	0%	2	6%	3	10%	26	84%	
Home Improvement	N/A	0%	0	0%	0	0%	1	100%	
Total 1997	0	0%	2	6%	3	9%	27	84%	
<b>Grand Total</b>	0	0%	5	7%	15	20%	54	73%	

Source: Demographic Data and HMDA Loan Application Registers

The bank made approximately 7% of home related loans in moderate-income census tracts. Simmons' lending volume in the moderate-income census tracts compares favorably to 1996 aggregate data that shows all other lenders made approximately 6.6% of home related loans in moderate-income census tracts. Demographic information shows that approximately 18% of 1-4 family housing units are located in moderate-income census tracts.

There are no conspicuous gaps in lending within the LRMA for home related loans. The following chart shows Simmons' overall market share for home purchase/refinance and home improvement loans in the LRMA. It also shows market share and rank for home related loans in moderate-income census tracts.

<b>1996 Home Mortgage Loan Originations Market Share Within Little Rock Assessment Area by Income Level of the Census Tract</b>									
	<b>All Tracts</b>			<b>Low-Income Tracts</b>			<b>Moderate-Income Tracts</b>		
Loan Product	#	% Mkt	Rank	#	% Mkt	Rank	#	% Mkt	Rank
Home Purchase/Refinance	42	1.8%	16	N/A	N/A	N/A	3	2.3%	10
Home Improvement	0	0.0%	N/A	N/A	N/A	N/A	0	0.0%	N/A
<b>Total</b>	<b>42</b>	<b>1.5%</b>	<b>20</b>	<b>0</b>	<b>N/A</b>	<b>N/A</b>	<b>3</b>	<b>1.6%</b>	<b>18</b>

Source: HMDA Aggregate Data

Simmons' market share in the moderate-income census tracts is reasonable since it is slightly above the overall market share of home related loans made in the LRMA.

### Consumer Loans

A review of consumer lending patterns for 1997 shows adequate lending volume in moderate-income census tracts. Simmons' lending patterns are reasonable considering the number of households located in these tracts compared to the total LRMA. The following chart shows consumer lending patterns by the income level of the census tracts located within the LRMA.

Distribution of Consumer Loan Originations in 1997 Within Little Rock Assessment Area By Income Level of the Census Tracts								
Assessment Area Data	Low-Income		Mod-Income		Middle-Income		Upper-Income	
Census Tracts	0	0%	2	20%	4	40%	4	40%
Census Tracts Penetrated (% of tracts in income group)	N/A	0%	2	100%	3	75%	4	100%
Number of Households	N/A	0%	3,716	14%	4,450	17%	17,827	69%
Loan Product	#	%	#	%	#	%	#	%
Motor Vehicle Loans	N/A	0%	2	3%	14	20%	53	77%
Other Secured Loans	N/A	0%	2	6%	2	6%	30	88%
Other Unsecured Loans	N/A	0%	0	0%	3	13%	21	88%
Total 1997	0	0%	4	3%	19	15%	104	82%

Source: Bank prepared Consumer Loan Data Collection Registers and Census Bureau Data

Simmons made 3% of its consumer related loans in moderate-income census tracts in 1997. The volume of consumer loans is low compared to the number of households in these areas. However, the branch did not have a consumer lending function during all of 1997. A central underwriting function was implemented to allow for more consumer loans to be made at almost all locations. This service is discussed in the Service Test section regarding bankwide activities in this evaluation.

### *Distribution by Borrowers' Income within the Little Rock Metropolitan Area*

#### Small Business and Small Farm Loans

Simmons has been responsive to small business credit needs within the LRMA. The following chart shows the bank's willingness to make loans of varying sizes and to businesses of different revenue levels.

Distribution of Small Business and Small Farm Loan Originations in 1996 and 1997 Within Little Rock Assessment Area By Loan Size and Business Revenues								
Loan Size					Annual Revenues < \$1 Million			
	#	%	\$ (000)	%	#	%*	\$ (000)	%*
less than \$100,000	35	95%	\$825	70%	34	97%	\$810	98%
\$100,000 to \$250,000	2	5%	\$350	30%	2	100%	\$350	100%
\$250,000 to \$1,000,000	0	0%	\$0	0%	0	0%	\$0	0%
Totals	37	100%	\$1,175	100%	36	97%	\$1,160	99%
<b>Distribution of Businesses and Farms in the Assessment Area by Annual Revenues of the Business or Farm:</b>				< 1 Million	71%	*As a percentage of loans of the size category		
				> 1 Million	8%			
				Unknown	21%			

Source: Business Demographic Data and Bank prepared Small and Small Farm Data Collection Register

As noted in the chart above, a substantial majority of the number of small business loans had original loan amounts of \$100,000 or less, as well as a substantial majority being made to businesses with revenues of less than \$1 million. Demographic data reveals that approximately 71% of the businesses located in the LRMA have revenues of less than \$1 million. Simmons' lending patterns exceed the number of small businesses located within the LRMA.

#### Home Mortgage Loans

Simmons has originated home loans to individuals and families of different income levels. Simmons' loan performance to low- and moderate-income borrowers is reasonable when evaluating 1996 market share data and other lender's performance in the area. The following table reflects the distribution of HMDA reportable loans from January 1, 1996 through December 31, 1997. For comparison, the chart also presents the distribution of families living in the assessment area according to their income level.

Distribution of Home Mortgage Loan Originations in 1996 and 1997 Within Little Rock Assessment Area By Income Level of the Borrower								
Assessment Area Data	Low-Income		Mod-Income		Middle-Income		Upper-Income	
Characteristics of Families	2,223	13%	2,298	14%	3,390	20%	8,932	53%
Loan Product	#	%	#	%	#	%	#	%
Home Purchase/Refinance	1	4%	1	4%	11	46%	11	46%
Home Improvement	0	0%	0	0%	0	0%	0	0%
Total 1996	1	4%	1	4%	11	46%	11	46%
Home Purchase/Refinance	1	4%	5	21%	1	4%	17	71%
Home Improvement	0	0%	0	0%	1	100%	0	0%
Total 1997	1	4%	5	20%	2	8%	17	68%
<b>Grand Total</b>	<b>2</b>	<b>4%</b>	<b>6</b>	<b>12%</b>	<b>13</b>	<b>27%</b>	<b>28</b>	<b>57%</b>

Source: Demographic Data and HMDA Loan Application Registers - AN ADDITIONAL 18 HOME PURCHASE/REFINANCE LOANS IN 1996 AND 7 HOME PURCHASE/REFINANCE LOANS IN 1997 WERE ORIGINATED TO BORROWERS WITH UNKNOWN INCOME LEVELS.

Approximately 4% of the total number of home related loans were made to low-income borrowers and 12% were made to moderate-income borrowers for the time period reviewed. The volume of loans made to low- and moderate-income borrowers is somewhat low compared to the total number of families living in the LRMA, but modest improvement was seen in the number of loans to moderate-income families between 1996 and 1997.

The following chart shows Simmons' overall market share in home purchase/refinance and home improvement loans originated within the LRMA. It also shows market share and rank for HMDA related loans originated to low- and moderate-income borrowers.

1996 Home Mortgage Loan Originations Market Share Within Little Rock Assessment Area by Income Level of the Borrower									
Loan Product	All Borrowers			Low-Income Borrowers			Mod-Income Borrowers		
	#	% Mkt	Rank	#	% Mkt	Rank	#	% Mkt	Rank
Home Purchase/Refinance	42	1.8%	16	1	1.1%	22	1	0.4%	30
Home Improvement	0	0.0%	N/A	0	0.0%	N/A	0	N/A	N/A
<b>Total</b>	<b>42</b>	<b>1.5%</b>	<b>20</b>	<b>1</b>	<b>0.8%</b>	<b>27</b>	<b>1</b>	<b>0.3%</b>	<b>37</b>

Source: HMDA Aggregate Data

Overall, the market share data shows that Simmons has a very small presence in the LRMA. The bank's market share to low- and moderate-income borrowers is well below its overall market share.

### Consumer Loans

Simmons has made consumer loans to individuals and families across economic lines. The bank's distribution of loans to low- and moderate-income families is good based on the percentage of families comprising these income categories. The following table reflects the distribution of consumer reportable loans made in 1997. For comparison, the chart also presents the distribution of all families and households living in the LRMA, according to their income level.

<b>Distribution of Consumer Loan Originations in 1997 Within Little Rock Assessment Area By Income Level of the Borrower</b>									
<b>Assessment Area Data</b>	<b>Low-Income</b>		<b>Mod-Income</b>		<b>Middle-Income</b>		<b>Upper-Income</b>		
Characteristics of Families	2,223	13%	2,298	14%	3,390	20%	8,932	53%	
Characteristics of Households	4,479	17%	3,609	14%	4,898	19%	13,006	50%	
<b>Loan Product</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	
Motor Vehicle Loans	4	6%	15	22%	22	32%	27	40%	
Other Secured Loans	6	18%	8	24%	6	18%	13	39%	
Other Unsecured Loans	4	24%	1	6%	6	35%	6	35%	
<b>Total 1997</b>	<b>14</b>	<b>12%</b>	<b>24</b>	<b>20%</b>	<b>34</b>	<b>29%</b>	<b>46</b>	<b>39%</b>	
<b>Grand Total</b>	<b>14</b>	<b>12%</b>	<b>24</b>	<b>20%</b>	<b>34</b>	<b>29%</b>	<b>46</b>	<b>39%</b>	

Source: Bank prepared Consumer Loan Data Collection Registers - **9 ADDITIONAL LOANS WERE MADE TO BORROWERS WITH UNKNOWN INCOME LEVELS.**

Approximately 12% of the total number of loans were made to low-income borrowers and 20% were made to moderate-income borrowers during 1997. Low- and moderate-income families account for 17% and 14% of all families, respectively.

## INVESTMENT TEST

Simmons has a low level of qualified community development investments in the Little Rock Assessment Area. During the review period the bank made two donations for a total of \$400 to support local affordable housing fairs.

## SERVICE TEST

Delivery systems are reasonably accessible to essentially all portions of the Little Rock Assessment Area. The following table illustrates the distribution of the bank locations in this area and provides census tract and demographic information for reference.

Distribution of Delivery System By Income Level of the Census Tracts								
Community Data	Low-Income		Mod-Income		Middle-Income		Upper-Income	
Census Tracts	0	0%	2	20%	4	40%	4	40%
Households	0	0%	3,716	14%	4,450	17%	17,827	69%
Type of Service	#	%	#	%	#	%	#	%
Branches	0	0%	0	0%	0	0%	1	100%
ATMs	0	0%	0	0%	0	0%	1	100%
Totals	0	0%	0	0%	0	0%	2	100%

Source: Bank Internal Records

Hours of operation are Monday-Friday 9:00 a.m. to 6:00 p.m. and are commensurate with other banks in the general area. The bank has provided some community development services in this area through its participation in affordable housing seminars.

## Description of Institution's Operations in the Fort Smith Metropolitan Area (FSMA)

Simmons' assessment area within the Fort Smith, Arkansas-Oklahoma MSA consists of 22 census tracts within the city of Fort Smith. The tracts are as follows: 1.00, 2.00, 3.00, 4.00, 5.01, 5.02, 6.00, 7.00, 8.00, 9.01, 9.02, 10.01, 10.02, 11.01, 11.02, 12.01, 12.02, 13.01, 13.02, 13.03, 13.04, and 13.05. The bank has three branches located in this area. Approximately 13% of the bank's total deposits, as of December 31, 1997, were from this area. In terms of deposit market share as of June 30, 1997, Simmons holds 5% of the total deposits in Fort Smith. Financial competition in the assessment area is intense with two national banks, the state's largest saving and loan institution, and a branch of a large regional bank.

The population of the assessment area is 77,395, based on 1990 Census Data. Fort Smith is the largest city in Sebastian County, and is the second largest city in the state of Arkansas. The following table provides basic demographic information about the assessment area.

Fort Smith Assessment Area Demographic Information															
Low-Income				Moderate-Income				Middle-Income				Upper-Income			
Census Tracts		Families		Census Tracts		Families		Census Tracts		Families		Census Tracts		Families	
2	9%	3,356	16%	3	14%	3,276	15%	8	36%	4,781	23%	9	41%	9,748	46%
Median Family Income = \$26,404								Median Housing Value = \$52,190							
Adjusted Median Family Income for 1997 = \$34,400								Median Year Built = 1962							

Source: 1990 U.S. Census and HUD

According to 1990 Census Data, there are 34,754 housing units in the assessment area, of which 54% are owner-occupied. The average monthly rent is \$316.

The local economy is growing. Fort Smith is home to several large manufacturing entities including OK Foods (wholesale chicken processor), Whirlpool, and Rheem. Based on information from the 1990 Business Demographic Data, there are 3,577 businesses and 44 farms in the assessment area. Of those, 2,497 or 70% are businesses with annual gross revenues of less than \$1 million, and 39 or 89% are farms with annual gross revenues of less than \$1 million. The February 1998 Fort Smith unemployment rate was 5.6%. This rate is lower than the state rate of 6.0%, and slightly higher than the national rate of 5.0%.

A review of the community contacts conducted in the assessment area for 1996 and 1997 identified community needs as affordable housing for low- and moderate-income families, credit counseling, and venture capital loans.

According to the U.S. Department of Housing and Urban Development's (HUD) Consolidated Plan for Fort Smith, housing problems relate primarily to substandard housing and the lack of affordable housing. The most prevailing need of the owner population are funds to rehabilitate housing, down payment, and closing costs. In 1990, the average cost of a single family 3 bedroom, 2,000 square foot home was \$85,000.

## LENDING TEST

### *Lending Activity*

The volume of all types of loans made in the FSMA represents a small portion of Simmons' overall lending volume. Only 7% of small business and small farm loans and approximately 14% of HMDA reportable loans were originated in the FSMA between January 1, 1996 and December 31, 1997. In addition, the volumes of consumer loans made during 1997 in the FSMA were only 12% of all consumer loans made within Simmons' assessment areas. Lending volume is reasonable, considering the percentage of deposits derived from this area is 13% of total deposits.

### *Geographic Distribution of Loans within the Fort Smith Metropolitan Area*

#### Small Business and Small Farm Loans

Simmons' geographic distribution of small business and small farm loans reflects a reasonable dispersion throughout the FSMA. The following chart shows the number of small business and small farm loans originated within the FSMA from January 1, 1996 through December 31, 1997. The chart also displays the number and percentage of small businesses and small farms located in low-, moderate-, middle-, and upper-income census tracts.

<b>Distribution of Small Business and Small Farm Loan Originations in 1996 and 1997 Within Fort Smith Assessment Area By Income Level of the Census Tract</b>								
<b>Assessment Area Data</b>	<b>Low-Income</b>		<b>Mod-Income</b>		<b>Middle-Income</b>		<b>Upper-Income</b>	
Census Tracts	2	9%	3	14%	8	36%	9	41%
Census Tracts Penetrated (% of tracts in income group)	1	50%	3	100%	6	75%	9	100%
Number of Small Businesses	327	13%	654	26%	664	27%	852	34%
Number of Small Farms	0	0%	4	10%	13	33%	22	56%
<b>Loan Product</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Small Business	0	0%	4	36%	3	27%	4	36%
Small Farm	0	0%	0	0%	1	100%	0	0%
<b>Total 1996</b>	<b>0</b>	<b>0%</b>	<b>4</b>	<b>33%</b>	<b>4</b>	<b>33%</b>	<b>4</b>	<b>33%</b>
Small Business	10	14%	9	12%	17	23%	38	51%
Small Farm	0	0%	0	0%	0	0%	0	0%
<b>Total 1997</b>	<b>10</b>	<b>14%</b>	<b>9</b>	<b>12%</b>	<b>17</b>	<b>23%</b>	<b>38</b>	<b>51%</b>
<b>Grand Total</b>	<b>10</b>	<b>12%</b>	<b>13</b>	<b>15%</b>	<b>21</b>	<b>24%</b>	<b>42</b>	<b>49%</b>

Source: Business Demographic Data and Bank prepared Small Business and Small Farm Loan Data Collection Register

The number of small business loans in low-income census tracts is good considering the number of small businesses located in these areas. Approximately 12% of small business loans were originated in low-income census tracts. This performance is good given that 13% of the number of small businesses are located in low-income tracts. The level of loans made in moderate-income tracts is low compared to the number of small businesses located in those tracts. Simmons made 15% of the number of small business loans to businesses located in moderate-income tracts, while 26% of the number of small businesses are located in those tracts.

The following chart shows Simmons' overall market share for small business and small farm loans, as well as market share in the low- and moderate-income tracts for 1996.

1996 Small Business and Small Farm Loan Originations Market Share Within Fort Smith Assessment Area by Income Level of the Census Tract									
Loan Product	All Tracts			Low-Income Tracts			Moderate-Income Tracts		
	#	% Mkt	Rank	#	% Mkt	Rank	#	% Mkt	Rank
Small Business	11	0.44%	11	0	0.00%	18	4	0.72%	10
Small Farm	1	2.63%	4	0	0.00%	6	0	0.00%	6
Total	12	0.44%	11	0	0.00%	18	4	0.72%	10

Source: CRA Aggregate Data

Simmons did not originate a significant number of small business and small farm loans in 1996. Their overall market share was small, but the market share in the moderate-income tracts exceeded the total market share of small business loans.

#### Home Mortgage Loans

A review of residential lending patterns from January 1, 1996 through December 31, 1997, show reasonable distribution to the low- and moderate-income census tracts. Simmons' lending patterns are reasonable considering its branch locations and other lender activity in the low- and moderate-income census tracts. The following chart shows residential lending patterns by the income level of the census tracts located in the FSMA.

Distribution of Home Mortgage Loan Originations in 1996 and 1997 Within Fort Smith Assessment Area By Income Level of the Census Tracts								
Assessment Area Data	Low-Income		Mod-Income		Middle-Income		Upper-Income	
Census Tracts	2	9%	3	14%	8	36%	9	41%
Census Tracts Penetrated (% of tracts in income group)	1	50%	3	100%	8	100%	9	100%
Number of 1-4 Family Units	819	3%	3,450	13%	12,072	44%	11,103	40%
Median Year Built of Housing	1944		1944		1959		1973	
Loan Product	#	%	#	%	#	%	#	%
Home Purchase/Refinance	1	1%	3	4%	32	40%	45	56%
Home Improvement	0	0%	1	12%	0	0%	7	88%
Total 1996	1	1%	4	5%	32	36%	52	58%
Home Purchase/Refinance	0	0%	3	6%	17	34%	30	60%
Home Improvement	0	0%	0	0%	3	50%	3	50%
Total 1997	0	0%	3	5%	20	36%	33	59%
<b>Grand Total</b>	1	1%	7	5%	52	36%	85	59%

Source: Demographic Data and HMDA Loan Application Registers

Simmons made approximately 1% of home related loans in low-income census tracts and 5% in moderate-income census tracts. The lending volume compares favorably with 1996 aggregate data that shows that all other lenders made approximately 2% and 6% of home related loans to low- and moderate-income census tracts, respectively. Demographic information shows approximately 3% of 1-4 family housing units are located in low-income census tracts and 13% are located in moderate-income census tracts.

There are no conspicuous gaps in lending in the FSMA, as all but one census tract had loans originated within them during the review period. The following chart reflects Simmons' overall market share for home purchase/refinance and home improvement loans in the FSMA. It also shows market share and rank for home related loans made in low- and moderate-income census tracts.

1996 Home Mortgage Loan Originations Market Share Within Fort Smith Assessment Area by Income Level of the Census Tract									
	All Tracts			Low-Income Tracts			Moderate-Income Tracts		
Loan Product	#	% Mkt	Rank	#	% Mkt	Rank	#	% Mkt	Rank
Home Purchase/Refinance	81	3.46%	9	1	2.17%	13	3	2.03%	13
Home Improvement	8	1.56%	8	0	0.00%	8	1	2.13%	7
Total	89	3.12%	10	1	1.61%	13	4	2.05%	12

Source: HMDA Aggregate Data

As can be seen by the chart, Simmons does not originate a significant number of home related loans in the FSMA. Simmons' market share in the low- and moderate-income census tracts is adequate considering it is only slightly below its overall market share for the FSMA.

### Consumer Loans

A review of consumer lending patterns for 1997 shows adequate lending volume to moderate-income census tracts. Simmons' lending patterns are reasonable considering the number of households located in these tracts compared to the total FSMA. The following chart shows consumer lending patterns by the income level of the census tracts located within the FSMA.

Distribution of Consumer Loan Originations in 1997 Within Fort Smith Assessment Area By Income Level of the Census Tracts									
Assessment Area Data	Low-Income		Mod-Income		Middle-Income		Upper-Income		
Census Tracts	2	9%	3	14%	8	36%	9	41%	
Census Tracts Penetrated (% of tracts in income group)	2	100%	3	100%	8	100%	9	100%	
Number of Households	734	2%	3,912	13%	13,514	43%	13,128	42%	
Loan Product	#	%	#	%	#	%	#	%	
Motor Vehicle Loans	6	3%	20	10%	72	36%	102	51%	
Other Secured Loans	2	3%	5	7%	21	28%	46	62%	
Other Unsecured Loans	2	3%	1	1%	17	24%	50	71%	
Total 1997	10	3%	26	7%	110	32%	198	58%	

Source: Bank prepared Consumer Loan Data Collection Registers

Simmons' loan volume to low-income census tracts is good. The bank made approximately 3% of consumer related loans to low-income census tracts, while only 2% of the number of

households live in these areas. The volume of loans in moderate-income census tracts is low at 7%, compared to 13% of the number of households located in the FSMA.

There are no conspicuous gaps in Simmons' consumer lending, as all census tracts were penetrated during 1997.

***Distribution by Borrowers' Income within the Fort Smith Metropolitan Area***

**Small Business and Small Farm Loans**

Simmons has been responsive to small business credit needs within the FSMA. The following chart shows the bank's willingness to make loans of varying sizes and to businesses of different revenue levels.

Distribution of Small Business and Small Farm Loan Originations in 1996 and 1997 Within Fort Smith Assessment Area By Loan Size and Business Revenues								
Loan Size				Annual Revenues < \$1 Million				
	#	%	\$ (000)	%	#	%*	\$ (000)	%*
less than \$100,000	82	95%	\$2,130	69%	73	89%	\$1,903	89%
\$100,000 to \$250,000	3	4%	\$475	15%	2	67%	\$325	68%
\$250,000 to \$1,000,000	1	1%	\$500	16%	1	100%	\$500	100%
Totals	86	100%	\$3,105	100%	76	88%	\$2,728	88%
<b>Distribution of Businesses and Farms in the Assessment Area by Annual Revenues of the Business or Farm:</b>				< 1 Million	70%	*As a percentage of loans of the size category		
				> 1 Million	10%			
				Unknown	20%			

Source: Business Demographic Data and Bank prepared Small Business and Small Farm Data Collection Register

As noted in the chart above, a substantial majority of the number of small business loans had original loan amounts of \$100,000 or less, as well as a substantial majority being made to businesses with revenues of less than \$1 million. Demographic data reveals that approximately 70% of the businesses located in the FSMA have revenues of less than \$1 million. Simmons' lending patterns exceed the number of small businesses located within the FSMA.

**Home Mortgage Loans**

Simmons has made home loans to individuals and families of different income levels. Simmons' loan performance to low- and moderate-income borrowers is adequate when evaluating 1996 market share data and other lenders performance in the area. The following table reflects the distribution of HMDA reportable loans from January 1, 1996 through December 31, 1997. For comparison, the chart also presents the distribution of families living in the assessment area according to their income level.

Distribution of Home Mortgage Loan Originations in 1996 and 1997 Within Fort Smith Assessment Area By Income Level of the Borrower								
Assessment Area Data	Low-Income		Mod-Income		Middle-Income		Upper-Income	
Characteristics of Families	3,356	16%	3,276	15%	4,781	23%	9,748	46%
Loan Product	#	%	#	%	#	%	#	%
Home Purchase/Refinance	2	3%	12	20%	18	30%	28	47%
Home Improvement	0	0%	0	0%	2	25%	6	75%
Total 1996	2	3%	12	18%	20	29%	34	50%
Home Purchase/Refinance	4	8%	5	10%	12	24%	28	57%
Home Improvement	0	0%	3	50%	1	17%	2	33%
Total 1997	4	7%	8	15%	13	24%	30	55%
<b>Grand Total</b>	6	5%	20	16%	33	27%	64	52%

Source: Demographic Data and HMDA Loan Application Registers - AN ADDITIONAL 22 LOANS WERE MADE TO BORROWERS WITH UNKNOWN INCOME LEVELS.

Approximately 5% of the total number of home related loans were made to low-income borrowers and 16% were made to moderate-income borrowers for the time period reviewed.

The following chart shows Simmons' overall market share in home purchase/refinance and home improvement loans originated within the FSMA. It also shows market share and rank for HMDA related loans originated to low- and moderate-income borrowers.

1996 Home Mortgage Loan Originations Market Share Within Fort Smith Assessment Area by Income Level of the Borrower									
Loan Product	All Borrowers			Low-Income Borrowers			Mod-Income Borrowers		
	#	% Mkt	Rank	#	% Mkt	Rank	#	% Mkt	Rank
Home Purchase/Refinance	81	3.46%	9	2	3.03%	9	12	4.82%	5
Home Improvement	8	1.56%	8	0	0.00%	11	0	0.00%	14
Total	89	3.12%	10	2	1.68%	8	12	3.45%	5

Source: HMDA Aggregate Data

Overall, the market share data shows that Simmons has a very small presence in the FSMA. The bank's market share to low- income borrowers is well below its overall market share, but slightly exceeds the total in loans to moderate-income borrowers.

### Consumer Loans

Simmons has made consumer loans to individuals and families across economic lines. The bank's distribution of loans to low- and moderate-income families is good based on the percentage of

families comprising these income categories. The following table reflects the distribution of consumer reportable loans made in 1997. For comparison, the chart also presents the distribution of all families and households living in the FSMA according to their income level.

<b>Distribution of Consumer Loan Originations in 1997 Within Fort Smith Assessment Area By Income Level of the Borrower</b>									
<b>Assessment Area Data</b>	<b>Low-Income</b>		<b>Mod-Income</b>		<b>Middle-Income</b>		<b>Upper-Income</b>		
Characteristics of Families	3,356	16%	3,276	15%	4,781	23%	9,748	46%	
Characteristics of Households	6,869	22%	4,795	15%	5,872	19%	13,753	44%	
<b>Loan Product</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	
Motor Vehicle Loans	22	11%	30	15%	53	26%	95	48%	
Other Secured Loans	7	10%	10	14%	27	37%	29	40%	
Other Unsecured Loans	6	9%	13	19%	14	20%	37	53%	
Total 1997	35	10%	53	15%	94	27%	161	47%	

Source: Bank prepared Consumer Loan Data Collection Registers - **ONE ADDITIONAL LOAN WAS MADE TO A BORROWER WITH UNKNOWN INCOME.**

Approximately 10% of the total number of loans were made to low-income borrowers and 15% were made to moderate-income borrowers during 1997. Low- and moderate-income families account for 16% and 15% of all families, respectively.

### **INVESTMENT TEST**

Simmons has a low level of qualified community development investments in the Fort Smith Assessment Area. During the review period the bank made donations to five groups totaling \$6,150. These donations were primarily for community services to low- and moderate-income persons.

### **SERVICE TEST**

Delivery systems are reasonably accessible to essentially all portions of the Fort Smith Assessment Area. The following table illustrates the distribution of the bank locations in this area and provides census tract and demographic information for reference.

Distribution of Delivery System By Income Level of the Census Tracts								
Community Data	Low-Income		Mod-Income		Middle-Income		Upper-Income	
Census Tracts	2	9%	3	14%	8	36%	9	41%
Households	734	2%	3,912	13%	13,514	43%	13,128	42%
Type of Service	#	%	#	%	#	%	#	%
Branches	0	0%	0	0%	1	33%	2	67%
ATMs	0	0%	0	0%	1	33%	2	67%
Totals	0	0%	0	0%	2	33%	4	67%

Source: Bank Internal Records

Although it appears that the branch distribution excludes the low- and moderate-income tracts, there are certain barriers that exist. These locations were purchased as failing Savings and Loan locations several years ago. Current branch banking laws, in the state of Arkansas, prohibit Simmons from opening additional branches in the Fort Smith Assessment Area. This law will change January 1, 1999, and will allow for the addition of branches if bank management should so desire.

Hours of operation are commensurate with other banks in this assessment area. Extended hours are provided on Friday until 6:00 p.m. Additionally, two locations offer Saturday hours from 9:00 a.m. to 1:00 p.m. No community development services were identified in this area.

### Description of Institution's Operations in the Northwest Arkansas Metropolitan Area (NAMA)

Simmons' assessment area within the Fayetteville-Springdale-Rogers MSA consists of the following census tracts of Washington and Benton Counties:

- ▶ 102.00, 103.00, 104.01, 104.02, 104.03, 105.02, 105.03, and 112 .00 of Washington County.
- ▶ 202.01, 202.02, 203.00, 204.01, 204.02, 207.00 and 208.00 of Benton County.

The bank had three branches in this assessment area. In August 1996, these branches were acquired by Simmons First Bank of Northwest Arkansas headquartered in Rogers, Arkansas. Only the 102.00 census tract, located in Springdale, is moderate income. Census tract 105.03 in Washington County, and census tracts 204.01 and 208.00 in Benton County are upper-income census tracts. All other census tracts in this assessment area are middle-income. The following table provides demographic information for this assessment area.

Northwest Arkansas Assessment Area Demographic Information															
Low-Income				Moderate-Income				Middle-Income				Upper-Income			
Census Tracts		Families		Census Tracts		Families		Census Tracts		Families		Census Tracts		Families	
0	0%	2,835	14%	1	7%	3,882	19%	11	73%	5,194	26%	3	20%	8,028	40%
Median Family Income = \$29,073								Median Housing Value = \$60,411							
Adjusted Median Family Income for 1997 = \$36,000								Median Year Built = 1974							

Source: 1990 U.S. Census Bureau

## LENDING TEST

### *Lending Activity*

Simmons only made one small business loan in the NAMA in 1996, therefore a table was not prepared for illustrative purposes. In addition, consumer loan data was not available for 1996. HMDA reportable loans made in the NAMA comprised almost 23% of total HMDA loans originated in 1996. As noted in the description of the area above, the branches in the NAMA were sold to an affiliate in August 1996, therefore this assessment area was not included in the 1997 lending results.

### *Geographic Distribution of Loans within the Northwest Arkansas Metropolitan Area*

#### Home Mortgage Loans

A review of residential lending patterns from January 1, 1996 through December 31, 1996, show reasonable distribution to the moderate-income census tract. Simmons' lending patterns are reasonable considering its' branch locations and other lender activity in the moderate-income census tract. The following chart shows residential lending patterns by the income level of the census tracts located in the NAMA.

Distribution of Home Mortgage Loan Originations in 1996 Within Northwest Arkansas Assessment Area By Income Level of the Census Tracts								
Assessment Area Data	Low-Income		Mod-Income		Middle-Income		Upper-Income	
Census Tracts	0	0%	1	7%	11	73%	3	20%
Census Tracts Penetrated (% of tracts in income group)	N/A	0%	1	100%	11	100%	3	100%
Number of 1-4 Family Units	N/A	0%	689	3%	17,544	71%	6,361	26%
Median Year Built of Housing	N/A		1964		1974		1978	
Loan Product	#	%	#	%	#	%	#	%
Home Purchase/Refinance	0	0%	2	1%	109	74%	37	25%
Home Improvement	0	0%	0	0%	0	0%	1	100%
Total 1996	0	0%	2	1%	109	73%	38	26%
<b>Grand Total</b>	<b>0</b>	<b>0%</b>	<b>2</b>	<b>1%</b>	<b>109</b>	<b>73%</b>	<b>38</b>	<b>26%</b>

Source: Demographic Data and HMDA Loan Application Registers

Simmons made approximately 1% of home related loans to the moderate-income census tract. The lending volume compares favorably with 1996 aggregate data that shows that all other lenders made approximately 3% of home related loans in the moderate-income census tract. Demographic information shows approximately 3% of 1-4 family housing units are located in the moderate-income census tract.

There are no conspicuous gaps in lending in the NAMA, as all census tracts had loans originated within them during the review period. The following chart reflects Simmons' overall market share for home purchase/refinance and home improvement loans in the NAMA. It also shows market share and rank for home related loans made in low- and moderate-income census tracts.

1996 Home Mortgage Loan Originations Market Share Within Northwest Arkansas Assessment Area by Income Level of the Census Tract									
Loan Product	All Tracts			Low-Income Tracts			Moderate-Income Tracts		
	#	% Mkt	Rank	#	% Mkt	Rank	#	% Mkt	Rank
Home Purchase/Refinance	148	3.6%	9	N/A	0.0%	N/A	2	1.7%	17
Home Improvement	1	0.3%	16	N/A	0.0%	N/A	0	0.0%	21
Total	149	3.3%	11	0	0.0%		2	1.5%	19

Source: HMDA Aggregate Data

Simmons originated a good volume of home related loans in the NAMA in 1996 compared to its overall lending. The bank continues to originate home related loans through an LPO located in Rogers, but this area is no longer part of the combined assessment area.

***Distribution by Borrowers' Income within the Northwest Arkansas Metropolitan Area***

Home Mortgage Loans

Simmons has made home loans to individuals and families of different income levels. Simmons' loan performance to low- and moderate-income borrowers is reasonable when evaluating 1996 market share data and other lenders performance in the area. The following table reflects the distribution of HMDA reportable loans for 1996. For comparison, the chart also presents the distribution of families living in the assessment area according to their income level.

<b>Distribution of Home Mortgage Loan Originations in 1996 Within Northwest Arkansas Assessment Area By Income Level of the Borrower</b>								
<b>Assessment Area Data</b>	<b>Low-Income</b>		<b>Mod-Income</b>		<b>Middle-Income</b>		<b>Upper-Income</b>	
Characteristics of Families	2,835	14%	3,882	19%	5,194	26%	8,028	40%
<b>Loan Product</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Home Purchase/Refinance	6	4%	32	24%	36	27%	60	45%
Home Improvement	0	0%	0	0%	0	0%	1	100%
Total 1996	6	4%	32	24%	36	27%	61	45%
<b>Grand Total</b>	<b>6</b>	<b>4%</b>	<b>32</b>	<b>24%</b>	<b>36</b>	<b>27%</b>	<b>61</b>	<b>45%</b>

Source: Demographic Data and HMDA Loan Application Registers - **AN ADDITIONAL 14 HOME PURCHASE/REFINANCE LOANS WERE MADE TO BORROWERS WITH UNKNOWN INCOME LEVELS.**

Approximately 4% of the total number of home related loans were made to low-income borrowers and 24% were made to moderate-income borrowers for the time period reviewed. The volume of loans made to low-income borrowers is somewhat low compared to the total number of low-income families living in the NAMA, but is good for loans made to moderate-income borrowers.

The following chart shows Simmons' overall market share in home purchase/refinance and home improvement loans originated within the NAMA. It also shows market share and rank for HMDA related loans originated to low- and moderate-income borrowers.

1996 Home Mortgage Loan Originations Market Share Within Northwest Arkansas Assessment Area by Income Level of the Borrower									
	All Borrowers			Low-Income Borrowers			Mod-Income Borrowers		
Loan Product	#	% Mkt	Rank	#	% Mkt	Rank	#	% Mkt	Rank
Home Purchase/Refinance	148	3.6%	9	6	3.8%	12	32	5.4%	4
Home Improvement	1	0.3%	16	0	0.0%	21	0	0.0%	22
<b>Total</b>	<b>149</b>	<b>3.3%</b>	<b>11</b>	<b>6</b>	<b>2.9%</b>	<b>14</b>	<b>32</b>	<b>4.7%</b>	<b>8</b>

Source: HMDA Aggregate Data

Overall, the market share data shows that Simmons has a small presence in the NAMA. The bank's market share to low-income borrowers is below its overall market share, but slightly exceeds the total in loans to moderate-income borrowers.

## Nonmetropolitan Area

### Description of Institution's Operations in the Nonmetropolitan Area (Lincoln County)

The bank's assessment area consists of the entire county of Lincoln, a non-MSA county adjacent to the Pine Bluff MSA. Simmons operates branches in the cities of Gould, Grady, and Star City. Approximately 4% of the bank's total deposits, as of December 31, 1997, were from this area. In terms of deposit market share as of June 30, 1997, Simmons holds 31% of Lincoln County's deposits, with the Bank of Star City holding the remaining deposits.

The population of the assessment area is 13,690 based on 1990 Census Data. The assessment area consists of five Block Numbering Areas (BNAs). The following table provides basic demographic information about the assessment area.

Lincoln County Assessment Area Demographic Information															
Low-Income				Moderate-Income				Middle-Income				Upper-Income			
BNAs		Families		BNAs		Families		BNAs		Families		BNAs		Families	
0	0%	681	23%	1	20%	430	15%	2	40%	551	19%	2	40%	1,234	43%
Median Family Income = \$22,420								Median Housing Value = \$29,155							
HUD Adjusted Median Family Income for 1997 = \$29,500								Median Year Built = 1968							

Source: 1990 U.S. Census and HUD

According to 1990 Census Data, there are 4,295 housing units in the assessment area, of which 66% are owner-occupied. The average monthly rent is \$248.

The economy is stable. Agriculture-related industries are the major employers in the county. Based on information from the 1990 Business Demographic Data, there are 140 businesses and 47 farms in the assessment area. Of those, 94 or 67% are businesses with annual gross revenues of less than \$1 million, and 45 or 96% are farms with annual gross revenues of less than \$1 million. The February 1998 Lincoln County unemployment rate was 9.0%. This rate is higher than the state and national rate of 6.0% and 5.0%, respectively.

There were no community contacts conducted in this assessment area.

### Conclusions about Performance Tests in Nonmetropolitan Area (Lincoln County)

#### LENDING TEST

##### *Lending Activity*

The Lincoln County assessment area (LCAA) accounts for the second largest percentage of small business and consumer loan originations bankwide. Approximately 14% of small business and small farm loans originated between January 1, 1996 and December 31, 1997, and 13% of consumer loans originated in 1997, were made in the LCAA. In addition, approximately 4% of

HMDA loans originated in 1996 and 1997 were made in the LCAA. The lending volume is excellent, considering that only 4% of Simmons' total deposits are from the LCAA.

***Geographic Distribution of Loans within the Nonmetropolitan Area (Lincoln County)***

**Small Business and Small Farm Loans**

Simmons' geographic distribution of small business and small farm loans reflects good dispersion throughout the LCAA. The following chart shows the number of small business and small farm loans originated within the LCAA from January 1, 1996 through December 31, 1997. The chart also displays the number and percentage of small businesses and small farms located in moderate-, middle-, and upper-income BNAs.

<b>Distribution of Small Business and Small Farm Loan Originations in 1996 and 1997 Within Lincoln County Assessment Area By Income Level of the Block Numbering Area</b>								
<b>Assessment Area Data</b>	<b>Low-Income</b>		<b>Mod-Income</b>		<b>Middle-Income</b>		<b>Upper-Income</b>	
BNAs	N/A	0%	1	20%	2	40%	2	40%
BNAs Penetrated (% of BNAs in income group)	N/A	0%	1	100%	1	50%	2	100%
Number of Small Businesses	N/A	0%	24	26%	69	73%	1	1%
Number of Small Farms	N/A	0%	41	91%	4	9%	0	0%
<b>Loan Product</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Small Business	0	0%	3	12%	13	52%	9	36%
Small Farm	0	0%	31	52%	17	29%	11	19%
<b>Total 1996</b>	<b>0</b>	<b>0%</b>	<b>34</b>	<b>40%</b>	<b>30</b>	<b>36%</b>	<b>20</b>	<b>24%</b>
Small Business	0	0%	2	8%	21	84%	2	8%
Small Farm	0	0%	23	42%	22	40%	10	18%
<b>Total 1997</b>	<b>0</b>	<b>0%</b>	<b>25</b>	<b>31%</b>	<b>43</b>	<b>54%</b>	<b>12</b>	<b>15%</b>
<b>Grand Total</b>	<b>0</b>	<b>0%</b>	<b>59</b>	<b>36%</b>	<b>73</b>	<b>44%</b>	<b>32</b>	<b>20%</b>

Source: Business Demographic Data and Bank prepared Small Business and Small Farm Loan Data Collection Register

The volume of small business loans made in the moderate-income BNA is low, considering the number of small businesses located in this tract. Approximately 10% of small business loans were originated in the moderate-income BNA for the time period noted above. This level of lending is low considering that 26% of the number of small businesses are located in the moderate-income BNA. The distribution of small farm loans is also low in the moderate-income BNA, compared to the number of small farms located in that BNA. Approximately 47% of small farm loans were made in the moderate-income BNA, compared to 91% of the number of small farms located there.

Even though the total volume of loans made in the moderate-income BNA is low, Simmons' small business loan distribution is reasonable considering its market share in the moderate-income BNA far exceeds its overall market share of small business loans in the LCAA for 1996. The distribution of small farm loans is also reasonable considering that the market share of loans in the moderate-income BNA is only slightly below the overall market share.

The following chart shows Simmons' overall market share for small business and small farm loans, as well as market share in the moderate-income BNA.

1996 Small Business and Small Farm Loan Originations Market Share Within Lincoln County Assessment Area by Income Level of the Block Numbering Area									
Loan Product	All BNAs			Low-Income BNAs			Moderate-Income BNAs		
	#	% Mkt	Rank	#	% Mkt	Rank	#	% Mkt	Rank
Small Business	25	58.1%	1	0	0.00%	0	3	75%	1
Small Farm	60	35.5%	2	0	0.00%	0	31	34.4%	2
Total	85	40.1%	2	0	0.00%	0	34	36.2%	2

Source: CRA Aggregate Data

### Home Mortgage Loans

A review of residential lending patterns from January 1, 1996 through December 31, 1997, shows low distribution in the moderate-income BNA, even though two of the three branches in the LCAA are located in this area. Simmons' lending patterns are uneven considering its branch locations and other lender activity in the moderate-income BNA. The following chart shows residential lending patterns by the income level of the BNAs located in the LCAA.

Distribution of Home Mortgage Loan Originations in 1996 and 1997 Within Lincoln County Assessment Area By Income Level of the Block Numbering Areas								
Assessment Area Data	Low-Income		Mod-Income		Middle-Income		Upper-Income	
BNAs	N/A	0%	1	20%	2	40%	2	40%
BNAs Penetrated (% of BNAs in income group)	N/A	0%	1	100%	1	50%	1	50%
Number of 1-4 Family Units	N/A	0%	861	27%	1,554	48%	830	26%
Median Year Built of Housing	N/A		1965		1967		1972	
Loan Product	#	%	#	%	#	%	#	%
Home Purchase/Refinance	0	0%	1	7%	11	73%	3	20%
Home Improvement	0	0%	0	0%	2	100%	0	0%
<b>Total 1996</b>	<b>0</b>	<b>0%</b>	<b>1</b>	<b>6%</b>	<b>13</b>	<b>76%</b>	<b>3</b>	<b>18%</b>
Home Purchase/Refinance	0	0%	1	6%	16	94%	0	0%
Home Improvement	0	0%	1	20%	3	60%	1	20%
<b>Total 1997</b>	<b>0</b>	<b>0%</b>	<b>2</b>	<b>9%</b>	<b>19</b>	<b>86%</b>	<b>1</b>	<b>5%</b>
<b>Grand Total</b>	<b>0</b>	<b>0%</b>	<b>3</b>	<b>8%</b>	<b>32</b>	<b>82%</b>	<b>4</b>	<b>10%</b>

Source: Demographic Data and HMDA Loan Application Registers

The bank made approximately 8% of home related loans in the moderate-income BNA. Simmons' lending volume in the moderate-income BNA does not compare favorably to 1996 aggregate data that shows all other lenders made approximately 15.2% of home related loans in the moderate-income BNA. Demographic information shows that approximately 27% of 1-4 family housing units are located in the moderate-income BNA.

The middle- and upper-income BNAs without home related loans do not have any branches located within them. The following chart shows Simmons' overall market share for home purchase/refinance and home improvement loans in the LCAA. It also shows market share and rank for home related loans in the moderate-income BNA.

1996 Home Mortgage Loan Originations Market Share Within Lincoln County Assessment Area by Income Level of the Block Numbering Area									
Loan Product	All BNAs			Low-Income BNAs			Moderate-Income BNAs		
	#	% Mkt	Rank	#	% Mkt	Rank	#	% Mkt	Rank
Home Purchase/Refinance	15	18.75%	2	0	0.00%	0	1	8.33%	2
Home Improvement	2	16.67%	2	0	0.00%	0	0	0.00%	4
Total	17	18.48%	2	0	0.00%	0	1	7.14%	2

Source: HMDA Aggregate Data

Simmons' market share in the moderate-income BNA is well below it's overall market share for the LCAA. This indicates a need to improve lending in this area.

### Consumer Loans

A review of consumer lending patterns for 1997 shows adequate lending volume in the moderate-income BNA. Simmons' lending patterns are reasonable considering the number of households located in this BNA compared to the total LCAA. The following chart shows consumer lending patterns by the income level of the BNAs located within the LCAA.

Distribution of Consumer Loan Originations in 1997 Within Lincoln County Assessment Area By Income Level of the Block Numbering Area									
Assessment Area Data	Low-Income		Mod-Income		Middle-Income		Upper-Income		
BNAs	N/A	0%	1	20%	2	40%	2	40%	
BNAs Penetrated (% of BNAs in income group)	N/A	0%	1	100%	2	100%	2	100%	
Number of Households	N/A	0%	962	25%	1,815	47%	1,058	28%	
Loan Product	#	%	#	%	#	%	#	%	
Motor Vehicle Loans	0	0%	12	9%	115	82%	13	9%	
Other Secured Loans	0	0%	6	9%	55	81%	7	10%	
Other Unsecured Loans	0	0%	30	18%	125	73%	16	9%	
Total 1997	0	0%	48	13%	295	78%	36	9%	

Source: Bank prepared Consumer Loan Data Collection Registers and Census Bureau Data

Simmons made approximately 13% of the number of consumer loans in the moderate-income BNA, while 25% of the households in the LCAA are located in this tract. This level of lending is reasonable when compared to the volume of loans in the upper-income tracts.

***Distribution by Borrowers' Income within the Nonmetropolitan Area***

Small Business and Small Farm Loans

Simmons has been responsive to small business credit needs within the LCAA. The following chart shows the bank's willingness to make loans of varying sizes and to businesses of different revenue levels.

Distribution of Small Business and Small Farm Loan Originations in 1996 and 1997 Within Lincoln County Assessment Area By Loan Size and Business Revenues								
Loan Size					Annual Revenues < \$1 Million			
	#	%	\$ (000)	%	#	%*	\$ (000)	%*
less than \$100,000	148	90%	\$2,896	43%	144	97%	\$2,750	95%
\$100,000 to \$250,000	14	8%	\$2,410	36%	13	93%	\$2,210	92%
\$250,000 to \$1,000,000	3	2%	\$1,355	20%	3	100%	\$1,355	100%
Totals	165	100%	\$6,661	100%	160	97%	\$6,315	95%
<b>Distribution of Businesses and Farms in the Assessment Area by Annual Revenues of the Business or Farm:</b>					< 1 Million	74 %	*As a percentage of loans of the size category	
					> 1 Million	9 %		
					Unknown	17%		

Source: Business Demographic Data and Bank prepared Small Business and Small Farm Data Collection Register

As noted in the chart above, a substantial majority of the number of small business loans had original loan amounts of \$100,000 or less, as well as a substantial majority being made to businesses with revenues of less than \$1 million. Demographic data reveals that approximately 74% of the businesses located in the LCAA have revenues of less than \$1 million. Simmons' lending patterns exceed the number of small businesses located within the LCAA.

Home Mortgage Loans

Simmons has made home loans to individuals and families of different income levels. Simmons' loan performance to low- and moderate-income borrowers is reasonable when evaluating 1996 market share data and other lenders performance in the area. The following table reflects the distribution of HMDA reportable loans from January 1, 1996 through December 31, 1997. For comparison, the chart also presents the distribution of families living in the assessment area according to their income level.

Distribution of Home Mortgage Loan Originations in 1996 and 1997 Within Lincoln County Assessment Area By Income Level of the Borrower									
Assessment Area Data	Low-Income		Mod-Income		Middle-Income		Upper-Income		
Characteristics of Families	681	23%	430	15%	551	19%	1,234	43%	
Loan Product	#	%	#	%	#	%	#	%	
Home Purchase/Refinance	0	0%	1	9%	4	36%	6	55%	
Home Improvement	1	20%	1	20%	0	0%	3	60%	
Total 1996	1	6%	2	13%	4	25%	9	56%	
Home Purchase/Refinance	0	0%	3	19%	1	6%	12	75%	
Home Improvement	0	0%	0	0%	2	40%	3	60%	
Total 1997	0	0%	3	14%	3	14%	15	71%	
<b>Grand Total</b>	1	3%	5	14%	7	19%	24	65%	

Source: Demographic Data and HMDA Loan Application Registers - **ONE ADDITIONAL LOAN WAS MADE TO A BORROWER WITH UNKNOWN INCOME.**

Approximately 3% of the total number of home related loans were made to low-income borrowers and 14% were made to moderate-income borrowers for the time period reviewed. The volume of loans to low-income borrowers is somewhat low compared to the total number of families living in the LCAA, but overall lending by all institutions was low, due to the small number of low-income applicants compared to the total volume of loans made. According to aggregate HMDA data, there were only eleven home related loans made to low-income borrowers by all financial institutions in 1996. The level of loans to moderate-income borrowers is good, as 15% of all borrowers were in the moderate-income category.

The following chart shows Simmons' overall market share in home purchase/refinance and home improvement loans originated within the LCAA. It also shows market share and rank for HMDA related loans originated to low- and moderate-income borrowers.

1996 Home Mortgage Loan Originations Market Share Within Lincoln County Assessment Area by Income Level of the Borrower									
Loan Product	#	% Mkt	Rank	#	% Mkt	Rank	#	% Mkt	Rank
Home Purchase/Refinance	15	18.75%	2	0	0.00%	2	1	8.33%	2
Home Improvement	2	16.67%	2	1	33.33%	2	1	100%	1
Total	17	18.48%	2	1	9.09%	2	2	15.38%	2

Source: HMDA Aggregate Data

Overall, the market share data shows that a low volume of HMDA related loans were originated by any financial institution in the LCAA. Simmons' market share to low-income borrowers is well below its overall market share, but is only slightly below the total in loans to moderate-income borrowers.

### Consumer Loans

Simmons has made consumer loans to individuals and families across economic lines. The bank's distribution of loans to low- and moderate-income families is good based on the percentage of families comprising these income categories. The following table reflects the distribution of consumer reportable loans made in 1997. For comparison, the chart also presents the distribution of all families and households living in the LCAA according to their income level.

<b>Distribution of Consumer Loan Originations in 1997 Within Lincoln County Assessment Area By Income Level of the Borrower</b>								
<b>Assessment Area Data</b>	<b>Low-Income</b>		<b>Mod-Income</b>		<b>Middle-Income</b>		<b>Upper-Income</b>	
Characteristics of Families	681	24%	430	15%	551	19%	1,234	43%
Characteristics of Households	1,109	29%	498	13%	627	16%	1,600	42%
<b>Loan Product</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Motor Vehicle Loans	20	15%	26	19%	52	38%	39	28%
Other Secured Loans	7	11%	15	23%	17	26%	27	41%
Other Unsecured Loans	27	16%	39	23%	53	32%	48	29%
Total 1997	54	15%	80	22%	122	33%	114	31%

Source: Bank prepared Consumer Loan Data Collection Registers - **NINE (9) ADDITIONAL LOANS WERE MADE TO BORROWERS WITH UNKNOWN INCOME LEVELS.**

Approximately 15% of the total number of loans were made to low-income borrowers and 22% were made to moderate-income borrowers during 1997. Low- and moderate-income families account for 29% and 13% of all families, respectively.

### **INVESTMENT TEST**

Simmons has a low level of qualified community development investments in the Lincoln County Assessment Area. During the review period, the bank made a \$200,000 investment in the Enterprise Corporation of the Delta which benefits this assessment area in addition to other assessment areas, as previously discussed.

## SERVICE TEST

Given the relatively low population of this rural assessment area, the bank's delivery systems are essentially available to all portions of the Lincoln County Assessment Area. This area has only one moderate-income BNA, however, the bank has a branch in two separate towns in this BNA. The following table illustrates the distribution of the bank locations in this area and provides BNA and demographic information for reference.

Distribution of Delivery System By Income Level of the Block Numbering Areas								
Community Data	Low-Income		Mod-Income		Middle-Income		Upper-Income	
BNAs	N/A	0%	1	20%	2	40%	2	40%
Households	N/A	0%	962	25%	1,815	47%	1,058	28%
Type of Service	#	%	#	%	#	%	#	%
Branches	0	0%	2	67%	1	33%	0	0%
ATMs	0	0%	0	0%	1	100%	0	0%
Totals	0	0%	2	50%	2	50%	0	0%

Source: Bank Internal Records

Hours of operation are considered adequate and extended hours are provided on Fridays to 5:30 p.m. Because of the close proximity of this area to the Pine Bluff Assessment Area, some of the community development services provided in the Pine Bluff area effect this area as well, but to a much lesser degree.

## Appendix A: Scope of Examination

<b>Time period reviewed</b>	5/96 to 5/98*		
<b>Financial Institution</b>  Simmons First National Bank Pine Bluff, Arkansas			<b>Products reviewed</b>  Small business, Small farm, HMDA-related Loans (home purchase and refinance, home improvement), Consumer loans (motor vehicle, other secured, other unsecured)
<b>Affiliate(s)</b>			<b>No affiliate lending was reviewed</b>
<b>List of Assessment Areas and Type of Examination</b>			
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Branches visited</b>	<b>Other Information</b>
Arkansas  Pine Bluff Little Rock Fort Smith Northwest Arkansas** Lincoln County	on-site on-site on-site on-site on-site	1	The examination scope was the same for each assessment area.

\* This evaluation of the performance of Simmons First National Bank under the provisions of the Community Reinvestment Act covered the period from May 9, 1996 through May 4, 1998. The entire year of 1996 was included because the prior public evaluation only used numerical data through December 31, 1995.

\*\* As a part of the CRA evaluation, we evaluated the level of lending in the branches located in Rogers, Springdale, and Bella Vista for 1996. These branches were sold to an affiliate bank, owned by the holding company in August 1996. This part of Arkansas is no longer part of the combined assessment areas for Simmons First National Bank.