

Public Disclosure

June 7, 1999

Community Reinvestment Act Performance Evaluation

**The City National Bank of Fort Smith
Charter Number: 10609**

**1222 Rogers Avenue
Fort Smith, Arkansas 72901**

Office of the Comptroller of the Currency

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NOTE: This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the CRA performance of **The City National Bank of Fort Smith** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **June 7, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Overall CRA Rating

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

The following table indicates the performance level of **The City National Bank of Fort Smith (CNB)** with respect to the Lending, Investment, and Service Tests:

Performance Levels	The City National Bank of Fort Smith Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	T		T
Low Satisfactory		T	
Needs to Improve			
Substantial Noncompliance			

* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- < CNB has good responsiveness to assessment area credit needs as demonstrated by geographic and borrower distribution of residential mortgage products, small business and small farm loans, and through community development loans.
- < CNB has an adequate level of qualified investments given the opportunities in the assessment area and bank resources.
- < CNB provides a good level of retail banking services and community development services.

Description of Institution

City National Bank (CNB) of Fort Smith, Arkansas is located in the northwest corner of Arkansas on the Oklahoma/Arkansas border. As of March 31, 1999, CNB had total assets of \$485 million. CNB is wholly-owned by First United Bancshares Inc. (FUB). FUB is a \$2.5 billion multi-bank holding company based in El Dorado, Arkansas and operates in Louisiana, Arkansas and Texas. Including CNB, FUB has twelve affiliate banks and a trust company. CNB is located in a multi-state MSA, but is an intrastate bank operating only in the state of Arkansas.

CNB has eight branches located within the assessment area. Six of the branches are in the city of Fort Smith, one in Van Buren and one in Greenwood. The Wal Mart Supercenter and Central Mall locations have extended banking hours and are open on Saturday's. The bank has 18 Automated Teller Machines (ATM) of which five are cash dispensing machines only. The Eclipse ATM system gives customers free access to all ATM's within the FUB system. It is also a part of the DASH network system giving customers access to ATM machines throughout North America. CNB also has City-on-Call, a 24-hour toll-free number in which customers can make inquiries on all their accounts including loans, transfer funds between accounts and make loan payments. Telecommunication Devise for the Deaf (TDD) is also available for customers with hearing impairments during regular banking hours. CNB has three mortgage loan offices, two in Fort Smith, one in Van Buren and one in Greenwood. CNB offers a variety of mortgage loans, including conventional and government-secured loans, with both fixed and variable rate pricing. CNB also provides a variety of deposit services to meet the needs of the community.

CNB's primary line of business is small business lending, including commercial real estate. As of March 31, 1998 and 1999, CNB's loan portfolio consisted of the following:

Loan Type	03/31/98 \$(000's)	%	03/31/99 \$(000's)	%
Commercial RE	97,410	37%	105,706	39%
Residential RE	77,792	30%	75,322	28%
Commercial	45,984	17%	38,631	14%
Farm	20,975	8%	30,078	11%
Consumer	20,091	8%	19,307	7%
Gross Loans	262,252	100%	269,044	100%

Source: Call Report Data

At March 31, 1999, net loans comprised 69% of total deposits and 55% of total assets. The bank is well capitalized with Tier 1 Capital at 8.4% of total assets. There are no financial impediments that would hamper CNB's ability to help meet the credit needs of its assessment area.

The Office of the Comptroller of the Currency last evaluated CNB's CRA performance on March 27, 1997. The bank received an overall rating of "**Outstanding.**"

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

Scope of the Evaluation

Evaluation Period/Products Evaluated

Lending Test

The evaluation period for the Lending Test covers January 2, 1997 through December 31, 1998. The products reviewed for the Lending Test include residential real estate (home purchase, home improvement, and refinancings), small business loans, and small farm loans. Community development loans originated in 1997 and 1998 were also considered in assessing the bank's performance under the Lending Test.

Service Test

CNB's products and services were evaluated from March 27, 1997 through June 7, 1999. The bank's deposit and loan products, delivery system (branch and ATMs), and community development services were considered under the Service Test.

Investment Test

Qualified investments and grants were reviewed from March 27, 1997 to June 7, 1999. Any qualified investments purchased prior to the March 27, 1997 evaluation with an outstanding balance as of June 7, 1999 are also included in this Performance Evaluation.

Data Integrity

A data integrity review was conducted in April 1999 for the loans CNB reported on the 1998 HMDA Disclosure Statement and the 1997 and 1997 CRA Disclosure Statements (small business and small farm loans). A total of 30 small business and small farm loans from each year were reviewed to ensure the data was reported accurately. The review also focused on 14 HMDA loans to ensure the accuracy of reporting. No inaccuracies were noted with the HMDA data. Numerous errors were identified with the CRA data. The errors were centered in incorrect census tracts or block numbering areas. Management was informed of the errors and corrected the 1997 and 1998 CRA data. The 1998 CRA data was resubmitted to the Federal Reserve. Management was also provided with a more reliable source for obtaining census tract and block numbering areas to ensure the accuracy of future reports.

During a review of loan files for fair lending, sixty-five loans totaling \$4.1 million were incorrectly coded as direct automobile loans on the bank's internal reports. The purpose of these loans was actually business or commercial. These loans should have been reported as small business loans in 1998. The omission of these loans amounted to a 5% error rate, which is considered insignificant to the evaluation of CNB's lending activity. Management was made aware of the errors and will ensure all loans are correctly coded in the computer system.

Selection of Areas for Full-Scope Review

CNB's entire defined assessment area received a full-scope review in this Performance Evaluation. The non-MSA tracts in LeFlore County are considered in the full scope review because the BNA's are not substantially outside the Fort Smith MSA #2720. Refer to the table in Appendix A for more information.

Other

Two community contacts were conducted in 1998 by the Federal Deposit Insurance Corporation (FDIC) and the Federal Reserve (FED). A 1999 community contact was conducted by the OCC.

The FDIC contacted a real estate broker in Van Buren, Crawford County, Arkansas. The broker stated there is a need for affordable owner-occupied housing in Crawford County. She stated that homes priced between \$60,000 and \$70,000 were in high demand. There are few developers in the area who are willing to build homes in this price range. The broker stated that CNB did a good job in providing alternative loan products for low-income, first time home buyers.

The FED interviewed the interim executive director of a nonprofit organization whose main purpose is to eliminate the causes and effects of poverty for people in Crawford and Sebastian Counties. The contact felt that general banking needs are being met in the area. The organization is heavily involved in several government sponsored affordable housing programs for low-income first time home buyers, i.e., (ADFA and HUD). The contact stated there are plenty of opportunities for bank involvement in this area, and that local financial institutions have been involved in the various government-sponsored affordable housing programs.

The OCC interviewed the assistant director of a local housing authority which serves the city of Ft. Smith and Sebastian County. The contact stated that affordable owner-occupied housing for low- and moderate-income citizens in the community is needed. The contact further stated there are opportunities for all the local financial institutions to provide affordable credit for low- and moderate-

income applicants who desire to purchase a home. It is the contact's opinion that mortgage products offered by financial institutions in the community are too restrictive on underwriting for low- and moderate-income people to qualify.

Fair Lending Review

A fair lending examination was performed using a comparative analysis of 33 approved married borrowers and 15 approved unmarried borrowers for direct automobile loans from January 1, 1999 through April 30, 1999. We found no evidence of discriminatory or other illegal credit practices, or violations of the substantive provisions of antidiscrimination laws and regulations.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test is rated "**High Satisfactory**". Based on full-scope reviews, the bank's performance in the assessment area is good.

A substantial majority, 88%, of all loan products reviewed in this evaluation was made in the assessment area. Census tract penetration of all loan products is good. Geographic distribution for home purchase, home improvement, refinanced, small business, and consumer loans is good. Distribution by borrower income is also good for home purchase, home improvement, small business, small farm loans, and consumer loans. CNB has an adequate level of community development loans given its size and opportunities in the MSA. The bank offers flexible and innovative loans to assist low- and moderate-income families.

Lending Activity

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

CNB has a good responsiveness to credit needs in the assessment area, based on its size and market presence. For the two calendar years 1997 and 1998, CNB originated 3,605 loans totaling \$230 million. These volumes consisted of 2,411 home mortgage products totaling \$138 million, 1,031 small business loans totaling \$81 million, 146 small farm loans totaling \$10 million, and 17 community development loans totaling \$522,000. Based on June 30, 1998, deposit market share information, CNB is ranked second with 17.8% of total bank deposits in Sebastian and Crawford Counties, Arkansas. CNB does not have branches in Oklahoma because it is not allowed under state branching laws in Oklahoma. In terms of lending market share presence, CNB is ranked first in the assessment area separately for home purchase, home improvement, and refinanced loans. CNB is ranked fifth in the market separately for small business and small farm loan originations.

Distribution of Loans by Income Level of the Geography

Geographic distribution for residential mortgage products, small business and small farm loans is good. Home purchase, home improvement, and small business loans have good penetration in low- and moderate-income geographies. Refinanced loans have good overall penetration throughout the assessment area; however, one of two low-income geographies and one of three moderate-income geographies were not penetrated due to a low percent of owner-occupied units in those geographies. All small farm loans originated in middle-income geographies. Based on demographic data from Dun and Bradstreet, there are no farms in low-income geographies. There are six farms located in moderate-income geographies.

Home Mortgage Loans

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

Home Purchase

The geographic distribution of home purchase loans reflects good penetration throughout the assessment area. There are no unexplained gaps in the bank's lending for home purchase loans. CNB originated 94% of home purchase loans in the assessment area. Of the 39 tracts in the bank's assessment area, only one (9.01) had no home purchase loan originations. Census tract 9.01 is located in downtown Ft. Smith. There are fifty-two 1-4 family housing units and twenty-nine owner-occupied units in this tract. Demographic data for 1990 reports the percent of owner-occupied units in low- income and moderate-income geographies at 0.91% and 3.50, respectively. This indicates there are fewer opportunities to originate home mortgage products in these tracts. CNB originated 0.20% of its home purchase loans to low-income geographies and 2.77% to moderate-income geographies.

The 1997 peer HMDA data shows a total of 1,012 home purchase originations in the assessment area, with 13 originating in low-income tracts and 104 in moderate-income tracts. None of the reporting lenders in the assessment area had a high volume of home purchase loans to low-income geographies. Based on 1997 HMDA data, ten lenders reported loans in low-income tracts. Of the ten, three lenders originated two home purchase loans and seven lenders, including CNB, originated one home purchase loan each. CNB originated 18 home purchase loans in moderate-income tracts and is ranked second in the assessment area for lending in moderate-income geographies. The top lender originated 19 home purchase loans in moderate-income geographies.

Home Improvement

Loan penetration for home improvement loans is good. CNB originated 90% of home improvement loans in the assessment area. There are no unexplained gaps in the bank's lending for home improvement loans. Of 39 tracts in the assessment area, census tract 9.01 (low-income) had no loan applications for home improvement loans. All moderate-income census tracts were penetrated. Geographic distribution of home improvement loans in low- and moderate-income geographies is good. The low- and moderate-income census tracts in the assessment area have a relatively low number of families, housing units, and owner-occupied units. There are fewer opportunities to make home mortgage products in these census tracts. Compared to the percent of owner-occupied units in low- and moderate-income geographies, CNB had a good level of home improvement loans in these geographies. CNB originated 0.41% and 3.97% of its home improvement loans to low- and moderate-income geographies.

CNB originated more home improvement loans to low- and moderate-income geographies than any other lender in the assessment area, with 44% of the market. In 1997, the bank originated two home improvement loans in low-income geographies and 20 home improvement loans in moderate-income geographies.

Refinanced Loans

Loan penetration throughout the assessment area is good. There are no unexplained gaps in the bank's lending for refinanced loans. CNB originated 89% of refinanced loans in the assessment area. Thirty-seven of 39 tracts (95%) had loan penetration. Census tracts 9.01 (low-income) and 9.02 (moderate-income) did not have any applications for refinanced loans. These tracts are located in downtown Fort Smith where the number of housing units and owner-occupied housing units is low. CNB's level of originating refinanced loans in low- and moderate-income geographies is adequate at 0.30% and 2.54%, compared to the percent of owner-occupied housing units in these geographies at 0.91% and 3.50%, respectively.

Geographic distribution for refinanced loans in low- and moderate-income census tracts is adequate when compared to the percent of owner-occupied housing in low- and moderate income geographies. As stated previously, low- and moderate-income census tracts in the assessment area have a small number of families, housing units, and owner-occupied units than middle- and upper-income tracts.

Based on 1997 HMDA data, loan originations for refinanced loans for all lenders in the assessment area is low in low- and moderate-income geographies. Because of

the low volume in both census tract income categories, no one lender is truly the market leader. The top lender in low-income geographies originated two loans; CNB originated one loan. Five lenders in the assessment area, including CNB, all originated five loans in moderate-income geographies, which is the most number of loans by any lender.

Small Business Loans

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

CNB has a good record of originating small business loans in low- and moderate-income census tracts compared to the percent of businesses located in low- and moderate-income geographies. Approximately 4% of the bank's small business loans originated in low-income census tracts compared to 8% of businesses located in low-income tracts. The bank's level of small business loan originations at 18% in moderate-income census tracts is slightly higher than the percent of businesses at 17% located in moderate-income geographies. A majority of the bank's small business loans (87%) originated in the assessment area. All CT's and BNA's are penetrated.

The 1997 Small Business Lending Data shows CNB ranked fifth in the assessment area for small business loan originations and originations to businesses with revenues less than or equal to \$1 million. CNB is ranked fifth in the assessment area for small business lending in both low- and moderate-income census tracts.

Small Farm Loans

Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's small farm loan originations.

Based on demographic data, there is not a significant penetration of small farms in low- and moderate-income geographies in the assessment area. Demographic data reports 106 farms in the assessment area, of which six are located in moderate-income geographies, 77 in middle-income geographies, and 23 in upper-income geographies. All of CNB's loans to small farms are located in middle-income CT's and BNA's.

Distribution of Loans by Income Level of the Borrower

CNB has good penetration of residential mortgage products to customers of different income levels and to businesses and farms of different sizes. Overall, CNB has a good recording of origination home mortgage loans to low- and moderate-income applicants. CNB also has a good record of extending credit to small businesses and small farms.

Home Mortgage Loans

Refer to Tables 7, 8 and 9 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations.

Home Purchase

Borrower distribution for home purchase loans is adequate for low-income borrowers and good for moderate-income borrowers. Approximately 5% of the bank's home purchase loans were made to low-income borrowers compared to 19% low-income families residing in the assessment area. CNB originated approximately 15% home purchase loans to moderate-income borrowers compared to 18% moderate-income families residing in the assessment area. Mortgage industry studies show that low-income applicants typically have more difficulty in qualifying for residential mortgages and obtaining funds for down payment.

HMDA data for 1997 shows CNB ranked first in the assessment area with a 15% market share for home purchase loan originations. The bank is ranked second in the assessment area with a 12% market share for home purchase loan originations to low-income applicants, and third in the assessment area with a 12% market share for moderate-income applicants.

Home Improvement

The distribution of home improvement loans to low- and moderate-income borrowers is good. CNB originated approximately 9% of home improvement loans to low-income borrowers which is slightly less than half of the low-income families that reside in the assessment area. CNB originated slightly more home improvement loans to moderate-income borrowers (18.2%) compared to the percent of moderate-income families (17.6%) residing in the assessment area.

CNB originated more home improvement loans in 1997 than any other lender in the assessment area with a 29% market share. CNB is ranked number one in home improvement originations to low-income applicants with 33 originations. The next highest lender originated 31 loans to low-income applicants. CNB is also the top

lender of home improvement loans to moderate-income applicants with a 28% market share. CNB originated more than twice the number of loans than any other lender that originated loans in the assessment area.

Refinanced

CNB's distribution of refinanced loan originations to low- and moderate-income borrowers is adequate. Based on mortgage industry studies, many low- and moderate-income borrowers cannot afford the closing costs associated with refinancing a mortgage. Low interest loans through bond money and similar programs are available for low- and moderate-income borrowers, eliminating the need to refinance for lower interest rates.

CNB is the top lender in the assessment area for refinanced loan originations in 1997 with a 13% market share. The bank ranks second in the assessment area for refinanced loan originations to moderate-income borrowers. Of the lenders in the assessment area reporting refinanced loan activity, none report a very high number of originations to low-income borrowers. The leader in the market originated fourteen refinanced loans in 1997. CNB originated two refinanced loans to low-income borrowers during the same time period.

Small Business Loans

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

CNB has a good record of lending to businesses with revenues of \$1 million or less. A majority (85%) of the bank's loans to businesses in 1997 and 1998 were to businesses that reported gross annual revenues of \$1 million or less. This compares favorably to the other lenders in the assessment area with 77% of small business loans to firms with revenues of \$1 million or less. Based on demographics, 89% of the businesses in the assessment area reported revenues of \$1 million or less. The majority (82%) of business loans CNB reported in 1997 and 1998 originated at \$100,000 or less in loan amount.

For the assessment area, CNB is ranked fifth for small business loans originated in 1997. CNB is also ranked fifth for loans to firms with revenues less than or equal to \$1 million.

Small Farm Loans [if applicable]

Refer to Table 11 in the Appendix C for the facts and data used to evaluate the borrower distribution of the bank's small business loan originations.

CNB has an excellent record of extending credit to small farms. All farm loans originated by CNB in 1997 and 1998 were to farms with revenues of \$1 million or less. This compares very favorably to other lenders in the market with 63% of all farm loans originated to farms with revenues of \$1 million or less. Demographics show that 97% of farms in the assessment area reported total revenues of \$1 million or less. Approximately 77% of CNB's farm loans originated in amounts of \$100,000 or less.

In the assessment area, CNB ranks fifth in both loan originations to small farms and to small farms with revenues less than or equal to \$1 million.

Community Development Lending

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of community development lending.

CNB has an adequate level of community development loans. Based on information received from community contacts, there are many development opportunities in the area that target low- and moderate-income families, but there are few developers in the area who are willing to construct affordable housing. The profit margin is very low for homes priced between \$50,000 and \$70,000 so many developers are reluctant to build homes in this price range.

Since the last evaluation period, CNB originated 17 community development loans totaling \$685,927. This level of community development loans comprised 0.14% of total assets and 1.7% of Tier 1 capital as of March 31, 1999. CNB originated 12 loans totaling \$472,499 to developers and/or investors to provide affordable housing for low- and moderate-income residents in the assessment area. CNB also originated five loans to nonprofit organizations that provide services for low- and moderate-income individuals and families in the assessment area. One such loan was to a nonprofit organization that provides a treatment and recovery program for alcohol/drug dependent individuals. The loan proceeds were used to construct an alcohol and drug treatment center for low-income individuals who cannot afford a private treatment center. The bank made a loan for the purchase of a van to a nonprofit organization that provides training, rehabilitation and employment opportunities for the disabled and disadvantaged. The van will be used to transport the disabled and disadvantaged to work and other destinations. The organization is located in a moderate-income geography and serves a low- and moderate-income clientele. CNB also lent funds to a nonprofit organization that assist former inmates in learning job skills and obtaining employment. The funds were used to purchase land for the construction of a "halfway" house to facilitate this goal.

Product Innovation and Flexibility

CNB offers innovated and flexible loan products. The Pilot Loan Program (PLP) was developed by CNB to assist low- and moderate- income families obtain financing. This program offers lower rates, extended terms and a low minimum requirements. During 1997 and 1998, CNB made 27 of these loans for \$117,000. Another innovative product by CNB is the participation with Arkansas-Oklahoma Gas (AOG) to provide extended term financing for the replacement or purchase of heat and air

units, water heaters, gas appliances and the conversion from electric to gas service. These loans enabled low- and moderate-income home owners to replace necessary appliances in their homes. CNB made 208 AOG loans in 1997 & 1998 for \$739,000.

CNB also offers several flexible loan products to enable low- and moderate-income families to afford their own homes. The bank offers and originates home purchase, home improvement, and refinanced loans under those government-sponsored home loan programs: Veterans Administration (VA), Federal Housing Administration (FHA), and the Rural Housing Service (RHS). These programs have more flexible underwriting criteria (such as lower down payments or reduced interest rates) that makes home ownership and home improvements more affordable.

CNB is designated as a Certified Lender with the U.S. Small Business Administration (SBA). Through SBA loans, CNB can offer the Lo-Doc and 7(a) loan programs. The Lo-Doc program is designed to provide a simplified documentation process for applicants requesting funding of \$150,000 or less. Borrowers requesting financing between \$150,000 and \$750,000 can obtain funds through the 7(a) program offered by SBA. Benefits of the SBA program are more liberal repayment terms than a conventional commercial loan and availability of credit to new businesses that would normally not have access to financing without the SBA guaranty.

To assist farmers in the community, CNB offers the Farm Service Agency (FSA) loan program. CNB is a Certified and Approved Lender under the FSA. The bank was recently awarded the FSA, Preferred Lender status. As such, CNB is entitled to expedite loan approvals and processing. CNB is the second institution in the United States and the first in Arkansas and Oklahoma to receive this status. Depending on the purpose of the loan, there are different levels of government guaranties and funding under the FSA loan program.

The following table shows the number and dollar volume of loans originated under flexible loan programs in 1997 and 1998.

Loan Program	01/02/97 - 12/31/98	
	#	\$(000)
Federal Housing Administration	583	23,290
Veterans Administration	107	8,505

Rural Housing Service	41	2,508
Small Business Administration	10	790
Farm Service Agency	87	15,390

Source: 1997 & 1998 HMDA Data and Bank Information.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

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

The bank's performance under the Service Test is rated "**Low Satisfactory.**" Based on full scope reviews, the bank's performance in the assessment area is adequate. CNB has an adequate level of qualified investments and grants given the opportunities in the assessment area.

CNB had 27 investments/grants/donations which qualified for community development investments totaling \$334,000, approximately 0.8% of Tier 1 Capital and 0.10% of total assets as of March 31, 1999. The bank's investment in Diamond State Ventures (DSV), a small business investment corporation (SBIC), accounts for the majority of the bank's investments at approximately \$300,000. DSV will provide long term debt and equity investments to privately owned businesses in Arkansas. CNB's investment into DSV will be allotted for small businesses throughout Arkansas, including the CNB's assessment area. CNB invested \$20,000 in a local housing redevelopment project. This project will redevelop vacant houses and barracks of Fort Chaffe military base into a community of housing and small businesses for low- and moderate-income families. The bank also contributes to nonprofit organizations that target low- and moderate-income families.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "**High Satisfactory.**" Based on full scope reviews, the bank's performance in the assessment area is good. CNB's delivery system is readily accessible to geographies and individuals of different income levels in its assessment area. Services offered at CNB offices are tailored to the convenience and needs of the assessment area. CNB provides a high level of community development services. There are numerous opportunities in which the bank can participate. CNB is an active participant in providing much needed services to low- and moderate-income residents in the assessment.

Retail Banking Services

Refer to Table 13 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch and ATM delivery system.

CNB's service delivery system to its assessment area is good. All of CNB's branches are reasonably accessible to the entire assessment area. Six branches are in the City of Fort Smith, one branch in Van Buren and one branch in Greenwood. Only one branch is located in a moderate income tract; however, two full service branches have extended hours which benefit all income levels. These branches are the Wal Mart Supercenter and Central Mall locations. Drive-in facilities are available at all branches except for the Supercenter and Central Mall locations. Because of Oklahoma state branching laws, CNB does not have any banking offices or services in Oklahoma. The main office in downtown Fort Smith is the closest office to customers who live in the geographies in Oklahoma that are included in the bank's assessment area. CNB has three mortgage loan offices in the assessment area and takes applications at all branches by appointment.

All of CNB's ATM's are located within the assessment area. Two are located in low-income tracts and two in moderate-income tracts. CNB customers also have free access to 31 other ATM's within the FUB system along with access to ATM's nation wide through the Dash, Pulse and Cirrus network systems. Customers can also bank by telephone with the 24-hour City-on-Call system. The bank's business hours are tailored to the service needs of the assessment area.

Community Development Services

During the evaluation, CNB participated in eighteen activities that qualified as community development services. This level of community development services demonstrates the bank's commitment in serving and educating the community on affordable housing issues and small business and/or farm lending. Bank officers served as board members and provided technical assistance to two Community Housing Development Organizations (CHDO's). The CHDO's were established to construct and rehabilitate housing for low- and moderate-income families to purchase or lease. The CHDO's also help low- and moderate-income families get pre-qualified for mortgages, learn budgeting skills, legal intervention, and help with job placement. A bank employee is also a board member of a non-profit organization that assists residents of the Fort Smith Housing Authority to qualify for home loans and to teach home ownership skills. Bank officers have worked

with the City of Fort Smith Planning & Development office to obtain Community Development Block Grant (CDBG) and HOME funds. These programs are targeted to low- and moderate-income areas and families. CNB is a Partner-in-Education with a local elementary school in which 95% of students enrolled are from low- and moderate-income families. In addition to tutoring, employees teach students basic banking skills including maintaining a checking account, building a savings account, and applying for loans. During the evaluation period, CNB also sponsored four seminars or workshops that targeted low- and moderate-income families and five seminars that benefited small business and small farm owners.

Appendix A: Scope of Examination

The following table identifies the time periods covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term "Full Scope" and those that received a less comprehensive review (designated by the term "Limited Scope").

Time Period Reviewed	Lending Test: January 2, 1997 to December 31, 1998 Investment Test: March 28, 1997 to June 7, 1999 Service Test: March 28, 1997 to June 7, 1999	
Financial Institution	Products Reviewed	
The City National Bank of Fort Smith Fort Smith, Arkansas	Home purchase, home improvement, refinanced, small business and small farm loans.	
Affiliate(s)	Affiliate Relationship	Products Reviewed
<i>[Instructions: Provide only if affiliate products are reviewed.]</i> No affiliate products reviewed.		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Fort Smith MSA #2720, LeFlore County, OK	Full-Scope	

Appendix B: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

Fort Smith MSA #2720 and LeFlore County, OK	B-2
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Fort Smith MSA (Sebastian and Crawford Counties, AR and CT's #301.02 and 304.98 in Sequoyah County, OK)

Demographic Information for Full-Scope Area: Fort Smith MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	36	5.55%	8.33%	61.11%	25.00%	
Population by Geography	154,652	1.12%	6.00%	71.28%	21.51%	
Owner-Occupied Housing by Geography	40,650	0.99%	3.82%	73.87%	21.31%	
Businesses by Geography	5,316	8.07%	17.46%	49.87%	24.60%	
Farms by Geography	97	NA	6.19%	70.10%	23.71%	
Family Distribution by Income Level	43,707	1.00%	5.10%	72.24%	21.66%	
Distribution of Low- and Moderate-Income Families throughout AA Geographies	15,774	2.07%	7.63%	79.69%	10.61%	
Median Family Income HUD Adjusted Median Family Income for 1998 Households Below the Poverty Level	= \$24,404 = \$34,608 = 15.60%	Median Housing Value Unemployment Rate (March 1999)				= \$47,808 = 3.4%

Source: 1990 U.S. Census, Arkansas Employment Security Department, and 1999 HUD updated MFI.

LeFlore County, OK (BNA's 401.02, 401.98, 402.98)

Demographic Information for Full-Scope Area: LeFlore County, OK						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	3	NA	NA	100%	NA	
Population by Geography	13,731	NA	NA	100%	NA	
Owner-Occupied Housing by Geography	3,756	NA	NA	100%	NA	
Businesses by Geography	248	NA	NA	100%	NA	
Farms by Geography	9	NA	NA	100%	NA	
Family Distribution by Income Level	3,794	21.35%	17.61%	24.17%	36.87%	
Distribution of Low- and Moderate-Income Families throughout AA Geographies	1,478	NA	NA	100%	NA	
Median Family Income HUD Adjusted Median Family Income for 1998 Households Below the Poverty Level	= \$24,139 = \$31,100 = 19.18%	Median Housing Value Unemployment Rate 1998				= \$38,108 = 8.3%

Source: 1990 U.S. Census, Oklahoma Department of Commerce, and 1998 HUD updated MFI.

CNB is headquartered in Ft. Smith, Arkansas. Fort Smith is located in the Fort Smith MSA #2720. The MSA consists of Sebastian and Crawford Counties, Arkansas and Sequoyah County, Oklahoma. CNB has defined the following as the bank's assessment area: Sebastian and Crawford Counties, Arkansas, census tracts 301.02 and 304.98 in Sequoyah County, Oklahoma, and block numbering areas 401.02, 401.98, and 402.98 in LeFlore County, Oklahoma. LeFlore County is not part of the MSA, but is adjacent to Sequoyah County to the south and Sebastian and Crawford Counties to the west. The BNA's included as part of the assessment area, do not extend substantially beyond the boundaries of the Fort Smith MSA. The defined assessment area is in compliance with the regulation.

There is a total of thirty-nine tracts in the assessment area of which two are low-income, three are moderate-income, twenty-five are middle-income, and nine are upper-income. The 1990 U.S. Census data reports a population of 168,383 in the assessment area. The MFI for the Fort Smith MSA is \$24,404. The MFI for LeFlore County, Oklahoma is 24,139. The 1998 HUD MFI for the MSA is reported at \$34,608. The 1998 HUD MFI for LeFlore County is \$31,100. The HUD MFI is used to determine the income level of families.

The Fort Smith MSA economy is stable. Unemployment is relatively low at 3.4%. The 1998 unemployment rate for LeFlore County is reported at 8.3%. The economy of the three BNA's in LeFlore County is dependent on the economy of the MSA due to the close proximity of the BNA's to Fort Smith. The Fort Smith MSA has a diversified employment base. Major employers include manufacturers of refrigeration products, central heating and air-conditioning equipment, furniture, electric motors, baby food, and paper products. There are also a poultry processing plant, trucking company, and a long-term health care provider.

There is competition from eleven financial institutions that are either headquartered or have a branch in Sebastian and Crawford Counties, Arkansas. CNB does not have a branch in Oklahoma because of state banking laws in Arkansas and Oklahoma. CNB is the third largest financial institution in the assessment area. As of June 30, 1998, CNB had approximately 18% of the deposits in Sebastian and Crawford Counties. Refer to the Service Test of the Performance Evaluation for a description of bank services that CNB offers.

Appendix C: Tables of Performance Data

Content of Standardized Tables

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of HMDA Home Purchase Loan Originations** - Compares the percentage distribution of the number of loans originated by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of HMDA Home Improvement Loan Originations** - See Table 2.
- Table 4. Geographic Distribution of HMDA Refinance Loan Originations** - See Table 2.
- Table 5. Geographic Distribution of Small Business Loan Originations** - The percentage distribution of the number of small loans (< \$1 million) to businesses originated by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Farm Loan Originations** - The percentage distribution of the number of small loans (< \$500,000) to farms originated by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 7. Borrower Distribution of HMDA Home Purchase Loan Originations** - Compares the percentage distribution of the number of loans originated by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of HMDA Home Improvement Loan Originations** - See Table 7.
- Table 9. Borrower Distribution of HMDA Refinance Loan Originations** - See Table 7.
- Table 10. Borrower Distribution of Small Business Loan Originations** - Compares the percentage distribution of the number of small loans (< \$1 million) originated by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. The table also presents the percentage distribution of the number of loans originated by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 11. Borrower Distribution of Small Farm Loan Originations** - Compares the percentage distribution of the number of small loans (< \$500 thousand) originated by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. The table also presents the percentage distribution of the number of loans originated by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/assessment area.

Table 13. Distribution of Branch and ATM Delivery System - Compares the percentage distribution of the number of the bank's retail branches and ATMs in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography.

Table 14. Geographic and Borrower Distribution of Consumer Loan Originations (OPTIONAL) - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of the population within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage of households by income level in each MSA/assessment area.

Table 1. Lending Volume

LENDING VOLUME		State: ARKANSAS				Evaluation Period: JANUARY 2, 1997 TO DECEMBER 31, 1998						
MSA/Assessment Area:	% of Total Bank Deposits in Rated Area	Home Mortgage		Small Business		Small Farm		Community Development		Total Reported Loans		% of Total Reported Bank Loans in Rated Area
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full-Scope:												
Ft. Smith MSA & LeFlore County OK	17.80%	2,411	\$138,057	1,031	\$81,434	146	\$10,148	17	\$522	3,605	\$230,161	100.00%
Limited-Scope:												

Table 2. Geographic Distribution of Home Purchase Loan Originations

Geographic Distribution: HOME PURCHASE																
State: ARKANSAS				Evaluation Period: JANUARY 2, 1997 TO DECEMBER 31, 1998												
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans	
	% Owner Occ Units	% CNB Loans	% Owner Occ Units	% CNB Loans	% Owner Occ Units	% CNB Loans	% Owner Occ Units	% CNB Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Ft. Smith MSA, LeFlore County OK	0.91%	0.20%	3.50%	2.77%	76.08%	65.02%	19.51%	32.02%	1	15.41	7.69	17.31	13.43	22.17	1,012	100%
Limited-Scope:																

(*) Based on 1997 Aggregate HMDA Data only.

Table 3. Geographic Distribution of Home Improvement Loan Originations

Geographic Distribution: HOME IMPROVEMENT		State: ARKANSAS				Evaluation Period: JANUARY 2, 1997 TO DECEMBER 31, 1998							Total Home Improvement Loans			
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					#	% of Total
	% Owner Occ Units	% CNB Loans	% Owner Occ Units	% CNB Loans	% Owner Occ Units	% CNB Loans	% Owner Occ Units	% CNB Loans		Overall	Low	Mod	Mid	Upp		
Full-Scope:																
Ft. Smith MSA, LeFlore County OK	0.91%	0.41%	3.50%	3.97%	76.08%	71.14%	19.51%	24.49%	1	29.44	33.33	45.45	26.78	37.55	731	100%
Limited-Scope:																

(*) Based on 1997 Aggregate HMDA Data only.

Table 4. Geographic Distribution of Home Mortgage Refinance Loan Originations

Geographic Distribution: HOME MORTGAGE REFINANCE																
State: ARKANSAS					Evaluation Period: JANUARY 2, 1997 TO DECEMBER 31, 1998											
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Mortgage Refinance Loans	
	% Owner Occ Units	% CNB Loans	% Owner Occ Units	% CNB Loans	% Owner Occ Units	% CNB Loans	% Owner Occ Units	% CNB Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Ft. Smith MSA, LeFlore County OK	0.91%	0.30%	3.50%	2.54%	76.08%	66.77%	19.51%	30.39%	1	12.89	11.11	10.87	11.46	19.17	668	100%
Limited-Scope:																

(*) Based on 1997 Aggregate HMDA Data only.

Table 5. Geographic Distribution of Small Business Loan Originations

Geographic Distribution: SMALL BUSINESS State: ARKANSAS Evaluation Period: JANUARY 2, 1997 TO DECEMBER 31, 1998																
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans	
	% of Businesses	% CNB Loans	% of Businesses	% CNB Loans	% of Businesses	% CNB Loans	% of Businesses	% CNB Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Ft. Smith MSA & LeFlore County, OK	7.71%	3.98%	16.68%	17.94%	52.10%	46.94%	23.51%	31.13%	5	5.57	8.81	5.91	4.76	6.72	1,031	100%
Limited-Scope:																

(*) Based on 1997 Aggregate Small Business Data only.

Table 6. Geographic Distribution of Small Farm Loan Originations

Geographic Distribution: SMALL FARM State: ARKANSAS Evaluation Period: JANUARY 2, 1997 TO DECEMBER 31, 1998																
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Farm Loans	
	% of Farms	% CNB Loans	% of Farms	% CNB Loans	% of Farms	% CNB Loans	% of Farms	% CNB Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Ft. Smith MSA, LeFlore County OK	0.00%	0.00%	5.66%	0.00%	72.64%	100.00%	21.70%	0.00%	5	3.88	0	1.66	5.55	0	118	100%
Limited-Scope:																

(*) Based on 1997 Aggregate Small Farm Data only.

Table 8. Borrower Distribution of Home Improvement Loan Originations

Borrower Distribution: HOME IMPROVEMENT		State: ARKANSAS				Evaluation Period: JANUARY 2, 1997 TO DECEMBER 31, 1998							Total Home Improvement Loans			
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					#	% of Total
	% of Families	% CNB Loans*	% of Families	% CNB Loans*	% of Families	% CNB Loans*	% of Families	% CNB Loans*		Overall	Low	Mod	Mid	Upp		
Full-Scope:																
Ft. Smith MSA, LeFlore County OK	18.71%	8.89%	17.61%	18.19%	23.48%	24.90%	40.20%	48.02%	1	29.44	22.00	28.34	30.30	32.65	731	100%
Limited-Scope:																

(*) As a percentage of loans with borrower income information available.

(**) Based on 1997 Aggregate HMDA Data only.

Table 9. Borrower Distribution of Home Mortgage Refinance Loan Originations

Borrower Distribution: HOME MORTGAGE REFINANCE																
State: ARKANSAS					Evaluation Period: JANUARY 2, 1997 TO DECEMBER 31, 1998											
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Mortgage Refinance Loans	
	% of Families	% CNB Loans*	% of Families	% CNB Loans*	% of Families	% CNB Loans*	% of Families	% CNB Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Ft. Smith MSA, LeFlore County OK	18.71%	2.42%	17.61%	9.83%	23.48%	22.54%	40.20%	65.20%	1	12.89	1.83	9.68	12.30	15.79	668	100%
Limited-Scope:																

(*) As a percentage of loans with borrower income information available. No information was available for 1.05% of loans originated by CNB.

(**) Based on 1997 Aggregate HMDA Data only.

Table 10. Borrower Distribution of Small Business Loan Originations

Borrower Distribution: SMALL BUSINESS State: ARKANSAS Evaluation Period: JANUARY 2, 1997 TO DECEMBER 31, 1998											
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less			Loans by Original Amount Regardless of Business Size			Market Share****		Total Small Business Loans		
	% of Businesses*	% CNB Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size
Full-Scope:											
Ft. Smith MSA, LeFlore County, OK	88.71%	84.50%	76.71%	82.06%	11.06%	6.89%	5.57	6.14	1,031	100%	\$91
Limited-Scope:											

(*) As a percentage of businesses with known revenues.
 (**) As a percentage of loans with revenue information available. No information was available for 4.27% of loans originated by CNB.
 (***) The market consists of all other Small Business reporters in CNB's assessment area and is based on 1997 Aggregate Small Business Data only.

(***) Based on 1997 Aggregate Small Business Data only.

Table 11. Borrower Distribution of Small Farm Loan Originations

Borrower Distribution: SMALL FARM State: ARKANSAS Evaluation Period: JANUARY 2, 1997 TO DECEMBER 31, 1998											
MSA/Assessment Area:	Farms with Revenues of \$1 million or less			Loans by Original Amount Regardless of Farm Size			Market Share****		Total Small Farm Loans		
	% of Farms*	% CNB Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size
Full-Scope:											
Ft. Smith MSA, LeFlore County, OK	97.00%	100.00%	63.38%	76.71%	14.38%	8.90%	3.88	4.39	146	100%	\$91
Limited-Scope:											

(*) As a percentage of farms with known revenues.
 (**) As a percentage of loans with revenue information available.

(***) The market consists of all other Small Farm reporters in CNB's assessment area and is based on 1997 Aggregate Small Farm Data only.
(****) Based on 1997 Aggregate Small Farm Data only.

Table 12. Qualified Investments

QUALIFIED INVESTMENTS State: ARKANSAS Evaluation Period: MARCH 28, 1997 TO JUNE 7, 1999									
MSA/Assessment Areas:	Prior Period Investments*			Current Period Investments			Total Investments		
	#	\$ (000's)	%**	#	\$ (000's)	%**	#	\$ (000's)	% of Total \$'s
Full-Scope:									
Ft. Smith MSA & LeFlore County, OK	0	0	0.00%	27	334	\$100	27	\$334	100%
Limited-Scope:									

(*) Prior Period Investments means investments made in a previous evaluation period that remain outstanding.
 (**) Percentage of the dollars invested in CNB's Assessment Area that are prior period investments or current period investments.

Table 13. Distribution of Branch and ATM Delivery System

DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM				State: ARKANSAS				Evaluation Period: MARCH 28, 1997 TO JUNE 7, 1999									
MSA/Assessment Area:	Deposits	Branches						ATMs				Population					
	% of Total CNB Deposits	# of CNB Branches	% of Total CNB Branches	Location of Branches by Income of Geographies				# of CNB ATMs	% of Total CNB ATMs	Location of ATMs by Income of Geographies				% of the Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope:																	
Ft. Smith MSA & LeFlore County, OK	100%	8	100%	0%	13%	38%	50%	18	100%	11%	11%	39%	39%	1%	6%	74%	20%
Limited-Scope:																	

