

# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## Public Disclosure

July 17, 2000

Issue Date: November 2, 2000  
Evaluation Period: July 1, 1997 to December 31, 1999

## Community Reinvestment Act Performance Evaluation

First National Bank of Springdale  
Charter Number: 8763

100 West Emma Avenue  
Springdale, Arkansas 72765

Office of the Comptroller of the Currency

Large Bank Supervision  
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Washington, D.C. 20219

**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.

## Table of Contents

<b>General Information</b> .....	2
<b>Definitions and Common Abbreviations</b> .....	3-5
<b>Overall CRA Rating</b> .....	6
<b>Description of Institution</b> .....	7
<b>Scope of Evaluation</b> .....	8-9
<b>Fair Lending Review</b> .....	9
<b>Conclusions with Respect to Performance Tests</b>	
Lending Test .....	10-14
Investment Test .....	14
Service Test.....	15
<b>Appendix A: Scope of Evaluation</b> .....	A-1
<b>Appendix B: Market Profiles for Areas Receiving Full-Scope Reviews</b> .....	B-1-2
<b>Appendix C: Tables of Performance Data</b> .....	C-1-17

## 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 **First National Bank of Springdale** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **July 17, 2000**. 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 **First National Bank of Springdale (FNB Springdale)** with respect to the Lending, Investment, and Service Tests:

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

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

Major factors that support this rating include:

- y Lending levels that reflect a good responsiveness by FNB Springdale to the credit needs of its assessment area ("AA").
- y Adequate distribution of FNB Springdale's loans among geographies.
- y Good distribution of loans among borrowers of different income levels and businesses of different sizes.
- y Community development lending that provided a positive impact on the AA.
- y Investments that reflect an adequate level of responsiveness by FNB Springdale to the needs of its AA.
- y Good accessibility of FNB Springdale's offices to geographies and individuals of different income levels and excellent responsiveness of the bank's services to the needs of its AA.

y Good performance in providing community development services.



## Description of Institution

FNB Springdale is an intrastate community bank located in Springdale, Arkansas in the northwest corner of the state. The bank's total assets on December 31, 1999 were \$333 million. In addition to the main office, FNB Springdale operates three offices in the bank's AA. There are no operating subsidiaries of the bank.

FNB Springdale is a wholly owned subsidiary of First Tennessee National Corporation (FTNC) which is located in Memphis, Tennessee. First Tennessee National Bank (FTNB) is the lead bank in the FTNC organization. FTNB is also headquartered in Memphis, Tennessee and offers a broad array of consumer and commercial banking services. FTNB operates a network of 181 branches and 360 ATM locations located throughout Tennessee and into Mississippi.

FNB Springdale provides a complete array of banking products and services. As of March 31, 2000, the bank had net loans in the amount of \$135 million. FNB Springdale's strategic focus includes real estate lending, which composes 62% of the entire loan portfolio. Residential properties comprise the majority of the bank's real estate portfolio at 52% with commercial properties making up another 44% of real estate loans.

FNB Springdale's Tier 1 Capital as of March 31, 2000, was \$48 million. The bank faces no financial impediments in responding to the credit needs of its AA. The state's usury law presents the only legal impediment faced by the bank in responding to the credit needs of its AA. Arkansas Usury Law establishes a comparatively low interest rate ceiling at five percent over the Federal Reserve Board discount rate.

The OCC last evaluated FNB Springdale's CRA performance as of June 30, 1997. At that time, the bank received an overall "Satisfactory" rating.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

Lending Test conclusions drawn throughout this evaluation are based upon bank performance during the last six months of 1997 and fiscal years 1998 and 1999. Evaluations of Community development lending activity as well as performance under the Investment and Service Tests are based on data for the last six months of 1997, fiscal years 1998 and 1999, and the first six months of 2000. At FNB Springdale's request, we included consumer lending results in the overall analysis of the bank's lending performance.

### Data Integrity

FNB Springdale's public lending information is accurate. As part of this CRA evaluation, we tested the accuracy of the bank's publicly filed information for home mortgage, small business and small farm, and consumer lending. We identified some errors in reporting; however, testing results validated the general effectiveness of the bank's internal testing of each reportable loan type.

We also verified community development loans, investments and services submitted by bank management to ensure that they met the regulatory definition and purpose test for community development. As a result of our analysis, those items that did not meet the definition were not given consideration in our evaluation process.

### Selection of Areas for Full-Scope Review

The institution has designated only one AA. This AA includes the Fayetteville-Springdale-Rogers MSA as well as Madison County.

### Ratings

The Lending Test had greater influence on the overall rating than the Investment Test or Service Test. For the Lending Test, small business lending received slightly more consideration than small farm, residential and consumer lending. The weighting is reflective of FNB Springdale's loan volume over the evaluation period. Based on loan volume, community development lending provided a positive impact on Lending Test performance. The analysis of the bank's Investment Test performance equally considered investment and grant activity as well as responsiveness to community development needs initiatives. Accessibility to branching offices as well as branch hours and services provided the most weight when determining Service Test conclusions. Community development services

provided a positive impact to overall Service Test conclusions.

### **Other**

We developed a community profile using information provided in economic studies as well as community contacts conducted during the examination. We obtained economic and demographic information on the AA from the Institute for Economic Advancement at the University of Arkansas - Little Rock, City of Springdale Planning Department, and vendor supplied economic data provided by the bank. We supplemented this information with perspectives provided by community contacts. Two community contacts were conducted during this evaluation that included local planning and community development government agencies. The contacts identified a need for affordable housing and Spanish language services in the area. Community contacts felt that Spanish language services are an important step in providing access to basic financial services for the area's Hispanic population, most of whom have taken the lowest paying agricultural jobs.

## **Fair Lending Review**

An analysis of 1998 HMDA, Small Business, and Small Farm lending data, public comments, and consumer complaint information was performed according to the OCC's risk based fair lending approach. The analysis of this data revealed no basis for the OCC to conduct a comprehensive fair lending examination in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed on July 14, 1997.

## Conclusions with Respect to Performance Tests

### LENDING TEST

The bank's performance under the Lending Test is rated High Satisfactory.

#### Lending Activity

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

FNB Springdale's lending activity is good. Although the bank's market share for home purchase and home refinance is well below the deposit market share, these markets are highly fragmented with no participant possessing a dominant market share. The market share for home improvement lending approximates the bank's 7.05% deposit market share. FNB is an active commercial lender and its commercial lending market share approximates its overall deposit presence in the AA.

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

##### *Home Mortgage Loans*

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

The geographic distribution of FNB Springdale's HMDA, small business, small farm, and consumer loans reflects adequate penetration throughout the bank's AA.

Home purchase geographic distribution is excellent. The portion of home purchase loans originated in moderate-income census tracts exceeds the percentage of owner-occupied housing in these areas. Also, market share in the moderate-income census tracts exceeds the bank's overall home purchase market share.

Home improvement geographic distribution is good. The portion of home improvement loans originated in moderate-income census tracts is near to the percentage of owner-occupied housing in these areas. Based on 1998 Aggregate HMDA Data, the bank has no market share in these census tracts despite being the eighth most active home improvement lender in the AA.

Home refinance geographic distribution is excellent. The portion of home refinance loans originated in moderate-income census tracts exceeds the percentage of owner-occupied housing in these areas. The bank's home refinance market share in moderate-income census tracts is near to the bank's overall market share for this loan type.

### ***Multifamily Loans***

During 1998 and 1997 the bank originated seven multifamily loans. The volume of multifamily loans is not significant enough to perform a meaningful analysis.

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

Refer to Table 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Small loans to businesses geographic distribution is adequate. The portion of small loans to businesses originated in moderate-income tracts is below the percentage of businesses located in these areas. However, the bank's market share in moderate-income tracts is near to the bank's overall market share for small loans to businesses.

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

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

Small loans to farms geographic distribution is adequate. The portion of small loans to farms originated in moderate-income tracts is below the percentage of farms located in these areas. However, the bank's market share in moderate-income tracts significantly exceeds the bank's overall market share for small loans to farms.

### ***Consumer Loans***

Refer to Table 14 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations and purchases.

Consumer loan geographic distribution is adequate. The portion of consumer loans originated in moderate-income tracts is below the percentage of the AA population residing in these areas.

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

Based on review of lending activity by census tract, no conspicuous lending gaps exist that would impact the analysis of the distribution of loans by income level of the geography.

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

FNB Springdale originates almost all of its loans within its AA. For home purchase, improvement and refinance, the bank originated 97%, 99%, and 98% of its loans, respectively, within the AA. Lending within the AA was similarly high for small business, small farm, and consumer lending at 99%, 97%, and 98%, respectively.

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

The borrower distribution of FNB Springdale's HMDA, small business, small farm, and consumer loans reflects a good dispersion among borrowers of different income levels and businesses of different sizes throughout the bank's AA.

### ***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 and purchases.

Home purchase borrower distribution is good. The portion of home purchase loans extended to low- and moderate-income borrowers is significantly below the percentage of low-income families and near to the percentage of moderate-income families residing in the bank's AA. However, the bank's market share of home purchase loans originated to low- and moderate-income borrowers is near to or exceeds the bank's overall market share.

Home improvement borrower distribution is good. The portion of home improvement loans extended to low-income borrowers is below the percentage of low-income families in the bank's AA. However, the portion of moderate-income borrowers exceeds the percentage of moderate-income families residing in the bank's AA. While the bank's market share of home improvement loans granted to low-income borrowers is below its overall market share, the market share of loans to moderate-income borrowers exceeds the bank's overall market share.

Home refinance borrower distribution is good. The portion of home refinance loans extended to low-income families is below the percentage of low-income families in the AA. However, the percentage of loans extended to moderate-income borrowers exceeds the percentage of moderate-income families residing in the bank's AA. In addition, the bank's market share of home refinance loans originated to low- and moderate-income borrowers exceeds the bank's overall market share.

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

Refer to Table 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

Small business loan borrower distribution is excellent. The portion of loans to small businesses significantly exceeds the portion of small businesses. The bank originates the vast majority of its business loans in amounts equal to, or less than, \$100,000. The market share to small businesses significantly exceeds the bank's overall business lending market share.

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

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

Small farm loan borrower distribution is excellent. The portion of loans to small farms significantly exceeds the portion of small farms. The bank originates the vast majority of its farm loans in amounts equal to, or less than, \$100,000. However, the market share to small farms is below the bank's overall farm loan market share.

### ***Consumer Loans***

Refer to Table 14 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

Consumer loan borrower distribution is good. The portion of consumer loans originated to low-income borrowers is below the percentage of low-income households in the bank's AA. However, the portion of consumer loans to moderate-income borrowers significantly exceeds than the percentage of moderate-income households in the bank's AA.

## **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.

The bank's record of making community development loans had a positive effect on the bank's overall performance under the Lending Test. The bank originated approximately 53 community development loans totaling approximately \$17MM to local developers of affordable single family housing.

## **Product Innovation and Flexibility**

Certain flexible lending practices had a neutral impact on FNB Springdale's performance under the lending test. The origination of 107 personal loans in amounts equal to or less than \$1,500 is considered a flexible lending practice. Loans of this size benefit low- and moderate-income residents of the bank's AA by providing an alternative to higher rate consumer finance companies.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test is rated Low Satisfactory.

Based on a review of performance evaluations of competing institutions as well as Internet websites, investment opportunities in the area are limited. During the current evaluation period, FNB Springdale extended three grants totaling \$8,000 to two organizations. These grants benefited a local, non-profit organization providing community services primarily to low- and moderate-income residents. The bank also contributed to a statewide charitable fund that provides educational support for the state's low-income residents.



FNB Springdale has one prior period investment with a book value of \$651,483 still outstanding. This amount represents an investment in a bond issue for a local mental health care clinic that serves a predominantly low- and moderate-income client base. The center provides mental health services to clients in a "fee for service" program. Fees are based on the client's ability to pay and 80% of the organization's clients are low- or moderate-income. The mental health care clinic used the funds from this bond issue for capital improvements.

## **SERVICE TEST**

The bank's performance under the Service Test is rated High Satisfactory.

### **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 delivery system and branch openings and closings.

The bank's delivery systems are reasonably accessible to moderate-income geographies and low- and moderate-income individuals. FNB Springdale has located all of its branches in middle-income census tracts. There have been no branch openings or closings during the evaluation period.

Bank hours and services are excellent and are tailored to the convenience and needs of the AA. The bank supplements normal Monday through Friday branch hours and services with Saturday hours. On Saturdays, the bank offers limited services at drive through facilities that are located at each branch. FNB Springdale demonstrates excellent performance in tailoring its products to the needs of its AA. The bank provides Spanish speaking customers access to banking services through bi-lingual customer service personnel, ATMs with instructions in Spanish, Spanish language account brochures, as well as written steps in Spanish for writing a check and qualifying for loans. These services are especially responsive to local community development needs due to the AA's growing Hispanic population. In addition, the bank also offers all customers one opportunity to have their checking accounts balanced at no charge.

### **Community Development Services**

FNB Springdale's performance in providing CD services to its AA is good. On eleven occasions, the bank provided technical assistance or training to six local organizations. The bank worked with organizations focusing on affordable housing

and community services for low- and moderate-income residents. Services provided include participating in board of director or finance committee meetings as well as conducting home ownership and personal finance workshops. In addition, the bank offers free government check cashing for all customers and non-customers. FNB Springdale's provision of community development services to affordable housing organizations is especially responsive to the AA's needs due to the shortage of this type of housing in the area.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered.

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): 07/01/97 to 12/31/99 Investment and Service Tests and Community Development Loans: (07/17/97 to 6/30/00)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
First National Bank of Springdale (FNB Springdale) Springdale, Arkansas	HMDA, Small Business, Small Farm, and Consumer Lending	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
No affiliate activities were reviewed during this examination.		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Fayetteville-Springdale-Rogers MSA and Madison county	Full-Scope	

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

### First National Bank of Springdale

Demographic Information for Full-Scope Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	60	0%	7%	82%	8%	3%
Population by Geography	222,526	0%	7%	81%	12%	0%
Owner-Occupied Housing by Geography	57,765	0%	3%	83%	14%	0%
Businesses by Geography	10,378	0%	11%	78%	11%	0%
Farms by Geography	466	0%	6%	84%	10%	0%
Family Distribution by Income Level	63,038	17%	20%	25%	38%	0%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	23,444	0%	8%	84%	8%	0%
Median Family Income	= \$29,073	Median Housing Value Unemployment Rate		= \$57,347 = 2.41%		
HUD Adjusted Median Family Income for 1998	= \$42,500					
Households Below the Poverty Level	= 14%					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 1998 HUD updated MFI.

FNB Springdale’s AA consists of the Fayetteville-Springdale-Rogers MSA and the adjacent Madison County. The bank serves its AA from its four branches, all of which are in Springdale, and eight ATM’s, seven of which are in Springdale and one in Lowell. Although the bank has no branches or ATM’s in Madison County, a significant portion of the bank’s loans originate from this county.

The bank enjoys a strong deposit presence as it is the fourth largest deposit holder in the AA with a market share of just over 7%. However, local banks face strong competition for loan growth and, as a result, the institution’s lending presence is generally weaker. Competition originates from large money center banks, such as Bank of America, as well as from several community banks headquartered in the area, such as Arkansas National Bank and First Security Bank. FNB Springdale is an active commercial lender as the institution is the fifth most active lender with a market share of almost 9%. FNB Springdale is also the eighth most active originator of home improvement loans with a 4% overall market share.

The AA has enjoyed a strong local economy with unemployment ranging between 2% and 3%. The AA has also experienced significant population growth during the last decade of 41% (Source: “7/1/99 County Population Estimates” US Census Bureau) during the decade. Hispanics have increased from 1.35% of the AA

population to 3.2% (Source: 1998 US Census estimates). According to community contacts and bank management, Hispanics moving into the area have typically taken lower paying agricultural jobs.

The national success of locally headquartered Wal-Mart, Inc.; Tysons Foods, Inc.; and JB Hunt, Inc. has fueled much of the population growth. However, the area possesses a well-diversified economic base that relies primarily on agriculture, education, recreation and tourism, as well as manufacturing.

The rapid growth in the area has led to increasing housing costs. Despite recent growth in affordable housing stock, this type of housing is still a primary community development need. Therefore, community development lending and investment opportunities exist with local affordable housing developers and organizations. Much of the growth occurring over the last decade has resulted from an influx of Spanish speaking immigrants. As a result, community contacts identified the need for banking services responsive to the needs of Spanish speaking residents.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the  $\Delta$  include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: purchased loans are treated as originations/purchases; market rank is based on the number of loans originated and purchased by the bank as compared to all other lenders in the MSA/assessment area; and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MSA/assessment area.

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

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

- Table 6. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 7. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.
- Table 9. Borrower Distribution of Refinance Loans** - See Table 7.
- Table 10. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 11. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

- Table 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.
- Table 13. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography in each MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.
- Table 14. Geographic and Borrower Distribution of Consumer Loans** - 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: July 1, 1997 To December 31, 1999
MSA/Assessment Area:	% of Rated Area Deposits in MSA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development**		Total Reported Loans		% of Rated Area Loans(#) in MSA/AA		
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)			
Full-Scope:														
Fayetteville-Springdale-Rogers MSA***	100%	507	26,198	898	53,235	92	3,448	53	17,181	1,533	98,904	100%		
Limited-Scope:														

(\*) Deposit data as of June 30, 1999.  
 (\*\*) The evaluation period for Community Development Loans is July 1, 1997 to June 30, 2000.  
 (\*\*\*) Assessment area includes non-MSA Madison County.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE																
State: Arkansas																
Evaluation Period: July 1, 1997 To December 31, 1999																
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans	
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
Full-Scope:																
Fayetteville-Springdale-Rogers MSA***	NA	NA	3%	4%	83%	87%	14%	8%	43	0.64	NA	1.85	0.62	0.47	180	100%
Limited-Scope:																

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

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

Geographic Distribution: HOME IMPROVEMENT																State: Arkansas		Evaluation Period: July 1, 1997 To December 31, 1999	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Improvement Loans				
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**			
Full-Scope:																			
Fayetteville-Springdale-Rogers MSA***	NA	NA	3%	2%	83%	87%	14%	11%	8	4.12	NA	0.00	4.29	3.67	192	100%			
Limited-Scope:																			

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

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

Geographic Distribution: HOME MORTGAGE REFINANCE																State: Arkansas		Evaluation Period: July 1, 1997 To December 31, 1999	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Mortgage Refinance Loans				
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**			
Full-Scope:																			
Fayetteville-Springdale-Rogers MSA***	NA	NA	3%	5%	83%	84%	14%	11%	52	0.35	NA	0.29	0.34	0.38	128	100%			
Limited-Scope:																			

(\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.  
 (\*\*) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.  
 (\*\*\*) Assessment area includes non-MSA Madison County.

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

Geographic Distribution: SMALL LOANS TO BUSINESSES																
State: Arkansas																
Evaluation Period: July 1, 1997 To December 31, 1999																
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans	
	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
Full-Scope:																
Fayetteville-Springdale-Rogers MSA***	NA	NA	11%	6%	78%	88%	11%	6%	5	8.92	NA	8.06	9.48	6.20	898	100%
Limited-Scope:																

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

**Table 6. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS																State: Arkansas		Evaluation Period: July 1, 1997 To December 31, 1999	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Farm Loans				
	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**			
Full-Scope:																			
Fayetteville-Springdale-Rogers MSA***	NA	NA	6%	2%	84%	88%	10%	10%	6	5.92	NA	28.57	5.66	8.00	92	100%			
Limited-Scope:																			

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

**Table 7. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE State: Arkansas Evaluation Period: July 1, 1997 To December 31, 1999																
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Purchase Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total***
Full-Scope:																
Fayetteville-Springdale-Rogers MSA****	17%	8%	20%	19%	25%	21%	38%	52%	43	0.64	0.54	0.67	0.52	0.95	180	100%
Limited-Scope:																

(\*) As a percentage of loans with borrower income information available. No information was available for 1% of loans originated and purchased by the bank.  
 (\*\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.  
 (\*\*\*) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.  
 (\*\*\*\*) Assessment area includes non-MSA Madison County.

**Table 8. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT																State: Arkansas		Evaluation Period: July 1, 1997 To December 31, 1999	
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Improvement Loans				
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total**			
Full-Scope:																			
Fayetteville-Springdale-Rogers MSA****	17%	11%	20%	25%	25%	27%	38%	37%	8	4.12	2.68	5.11	4.52	4.07	192	100%			
Limited-Scope:																			

(\*) As a percentage of loans with borrower income information available. No information was available for 1% of loans originated and purchased by the bank.

(\*\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

(\*\*\*\*) Assessment area includes non-MSA Madison County.





**Table 9. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE				State: Arkansas				Evaluation Period: July 1, 1997 To December 31, 1999								
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Mortgage Refinance Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total***
Full-Scope:																
Fayetteville-Springdale-Rogers MSA****	17%	12%	20%	22%	25%	31%	38%	35%	52	0.35	0.45	0.45	0.44	0.38	128	100%
Limited-Scope:																

(\*) As a percentage of loans with borrower income information available. No information was available for 1% of loans originated and purchased by the bank.  
 (\*\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.  
 (\*\*\*) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.  
 (\*\*\*\*) Assessment area includes non-MSA Madison County.



**Table 10. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES State: Arkansas Evaluation Period: July 1, 1997 To December 31, 1999									
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share***		Total Small Loans to Businesses	
	% of Businesses*	% BANK Loans**	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total****
Full-Scope:									
Fayetteville-Springdale-Rogers MSA*****	73%	89%	88%	7%	5%	5.92	10.25	898	100%
Limited-Scope:									

(\*) Businesses with revenues of \$1 million or less as a percentage of all businesses.  
 (\*\*) Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 1% of small loans to businesses originated and purchased by the bank.  
 (\*\*\*) Based on 1998 Aggregate Small Business Data only.  
 (\*\*\*\*) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.  
 (\*\*\*\*\* Assessment area includes non-MSA Madison County.

**Table 11. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS									
			State: Arkansas		Evaluation Period: July 1, 1997 To December 31, 1999				
MSA/Assessment Area:	Farms with Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share***		Total Small Farm Loans	
	% of Farms*	% BANK Loans**	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$1 million or less	#	% of Total****
Full-Scope:									
Fayetteville-Springdale-Rogers MSA*****	91%	100%	91%	6%	3%	8.92	5.99	92	100%
Limited-Scope:									

(\*) Farms with revenues of \$1 million or less as a percentage of all farms.  
 (\*\*) Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 8% of small loans to farms originated and purchased by the bank.  
 (\*\*\*) Based on 1998 Aggregate Small Farm Data only.  
 (\*\*\*\*) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.  
 (\*\*\*\*\* Assessment area includes non-MSA Madison County.

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS State: Arkansas Evaluation Period: July 1, 1997 To December 31, 1999									
MSA/Assessment Areas:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$≈s	#	\$ (000's)
Full-Scope:									
Fayetteville-Springdale-Rogers MSA***	1	651	2	8	3	659	100%	0	0
Limited-Scope:									

(\*) A Prior Period Investments Δ means investments made in a previous evaluation period that are outstanding as of the examination date.

(\*\*) Unfunded Commitments means legally binding investment commitments that are tacked and reported by the bank's financial reporting system.

(\*\*\*) Assessment area includes non-MSA Madison County.

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				State: Arkansas				Evaluation Period: July 1, 1997 To December 31, 1999									
MSA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in MSA/AA	# of BANK Branches	% of Rated Area Branches in MSA/AA	Location of Branches by Income of Geographies				# of Branch Closings	# of Branch Openings	Net Change in Location of Branches (+ or -)				% of the Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope:																	
Fayetteville-Springdale-Rogers MSA*	100%	4	100%	0%	0%	100%	0%	0	0	NA	NA	NA	NA	NA	7%	81%	12%
Limited-Scope:																	

(\* ) Assessment area includes non-MSA Madison County.



**Table 14. Geographic and Borrower Distribution of Consumer Loans**

Geographic and Borrower Distribution: CONSUMER LOANS																		State: Arkansas		Evaluation Period: July 1, 1997 To December 31, 1999	
MSA/Assessment Area:	Geographic Distribution								Borrower Distribution												
	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Total Consumer Loans				
	% of Pop*	% BANK Loans	% of Pop*	% BANK Loans	% of Pop*	% BANK Loans	% of Pop*	% BANK Loans	% of Hshlds	% BANK Loans	% of Hshlds	% BANK Loans	% of Hshlds	% BANK Loans	% of Hshlds	% BANK Loans	#	% of Total**			
Full-Scope:																					
Fayetteville-Springdale-Rogers MSA***	NA	NA	7%	4%	81%	86%	12%	10%	22%	17%	17%	24%	21%	27%	40%	31%	4,042	100%			
Limited-Scope:																					

(\*) The percentage of the population in the MSA/assessment area that resides in these geographies.  
 (\*\*\*) Assessment area includes non-MSA Madison County.