



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

February 26, 2001

# **Community Reinvestment Act Performance Evaluation**

**Metropolitan National Bank  
Charter Number: 15836**

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

**Office of the Comptroller of the Currency**

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**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## Overall CRA Rating

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

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

Performance Levels	Metropolitan National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			
Low Satisfactory	☐	☐	☐
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:
- Lending activity reflects adequate responsiveness to credit needs in MNB’s assessment area.
- MNB’s overall distribution of home mortgage loans and small loans to businesses by income level of geographies is adequate.
- MNB’s distribution of home mortgage loans by borrower income level and to small businesses is adequate.
- The bank has an adequate level of investments and grants/donations given its size, resources, and opportunities in the assessment area.
- Reasonable accessibility of MNB’s branch network to geographies and individuals of different income levels.

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

**Block Numbering Area (BNA)** - Statistical subdivisions of counties in which census tracts have not been established. The U.S. Census Bureau has established BNAs in conjunction with state agencies.

**Census Tract (CT)** - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the U.S. 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 U.S. 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 percent of the median family income.

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

**Metropolitan Statistical Area (MSA)** - Area defined by the director of the U.S. 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 percent and less than 120 percent of the MFI.

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

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

**Small Loans to Farms** - Loans with original amounts of \$500,000 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 non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

## Description of Institution

Metropolitan National Bank (MNB) is owned by Rogers Bancshares, Inc., a one-bank holding company headquartered in Little Rock, Arkansas. The major shareholder of Rogers Bancshares, Inc. owns several companies that are primarily in the commercial real estate industry. These businesses are not operating subsidiaries of the bank nor affiliates that the bank wants considered in its community reinvestment activity performance evaluation. There was no merger or acquisition activity that affected the scope of the bank's operations during the evaluation period. The total assets of MNB as of December 31, 2000 were \$648.3 million. MNB is an intrastate bank, which operates one main office and 24 branches in central Arkansas (Little Rock-17, North Little Rock-3, Sherwood-1, Bryant-1, Benton-1, and Conway-2). There are four stand-alone automated teller machines (ATMs) in Little Rock. Additionally, all branch locations are full-service with extended hours. Eight branches have opened since the last examination conducted December 18, 1997. Six of these branches are located in middle-income and two in upper-income census tracts.

MNB's primary competition in the assessment area includes three regional/national banks whose headquarters are located outside of the Little Rock-North Little Rock MSA and nine banks ranging in asset size from \$62.4 to \$824.8 million.

MNB's primary business focus is on commercial lending and includes lending to small businesses. The bank is an active commercial lender; loans for commercial purposes and commercial real estate account for approximately 72% of the bank's overall lending. MNB also offers a wide range of consumer loan products such as automobile, recreational vehicles, secured, unsecured, and fixed and adjustable rate real estate mortgage loans. MNB offers government-guaranteed/sponsored loan programs for residential mortgage and small business loans. MNB's loan portfolio composition as reported in the December 31, 2000 Report of Condition and Income is as follows:

<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>
Commercial Real Estate Loans	96,284	21.26%
Commercial Loans	232,735	51.38%
Residential Real Estate Loans	60,325	13.32%
Consumer Loans	63,588	14.04%
	<b>452,932</b>	<b>100.00%</b>

Source: 12/31/00 Call Report

Table 1

The financial condition of MNB does not hinder the bank's ability to service its community. MNB's net loans to total assets are 70% and its Tier 1 Capital is \$45.5 million according to the December 31, 2000 Call Report. The bank was rated "Satisfactory" at the last CRA examination conducted as of December 18, 1997.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for this CRA Performance Evaluation covers December 18, 1997 to February 26, 2001, excluding loan data. These dates reflect the date of the last CRA Performance Evaluation and the date for the current CRA Performance Evaluation. Loan products used to assess the bank's performance under the Lending Test include home mortgage loans and small loans to businesses and include originations from January 1, 1998 to December 31, 2000. Community development loans originated during the evaluation period were also considered for the Lending Test. Qualified investments, including grants and donations were reviewed for the Investment Test. The bank's branching network, products and services offered, and community development services were considered for the Service Test.

### Data Integrity

A random sample of HMDA loans and small loans to businesses originating in 1998, 1999, and 2000 was used to verify the accuracy of the loan data used in this evaluation for the Lending Test. The data collected and reported under the HMDA and CRA Data (small businesses and small farms) was compared to information contained in the loan files for accuracy of reporting. Errors in HMDA and CRA data consisted of incorrect census tracts. The errors were not significant in volume to render the data inaccurate. All data collected and reported by the bank is used in this evaluation. Additionally, community development loans, qualified investments, and community development services were reviewed to determine if they met the regulatory definition for community development.

### Selection of Areas for Full-Scope Review

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

### Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews.

### Other

A total of twelve community contacts were conducted in the assessment area between 1999 and 2001 by three different bank regulatory agencies (OCC, FDIC, and FRB). Groups and/or individuals contacted included organizations with the primary purpose of affordable housing, executive directors of housing authorities, organizations with the primary purpose of educational and vocational training for underprivileged youth, economic development corporations (EDCs), realtors, community development corporations (CDCs), and city planners. The predominant needs identified by these contacts included: affordable housing, homebuyer counseling programs, branch locations in low- and moderate-income areas, patient loan officers, minority small business loans, understanding of low-income credit needs, low

down payment loans for first-time homebuyers, and loan credit training for children and young adults.

## Fair Lending Review

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

## Conclusions with Respect to Performance Tests

### LENDING TEST

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

The bank's performance under the lending test is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in Faulkner, Pulaski, and Saline Counties assessment area is adequate.

#### Lending Activity

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

Lending activity reflects adequate responsiveness to credit needs in MNB's assessment area, considering the number of home mortgage loans and small loans to businesses originated during this evaluation period. In the assessment area, approximately 47% of loans originated/purchased during the evaluation period were home mortgage loans with small loans to businesses comprising 53% of loans. Market share information for HMDA and small business loans is based on 1999 aggregate data. MNB's overall lending activity in the assessment area is adequate when deposit market share is compared to its loan market share. As of June 30, 1999, MNB had a deposit market share of 6.15% in the assessment area and was ranked 4<sup>th</sup> among commercial banks. By comparison, MNB's 5.6% market share for small business loans ranked 3<sup>rd</sup> within the assessment area. For HMDA loans, MNB ranked 16<sup>th</sup> with a market share of 2.12%. Small business lending was given more weight in this analysis since the bank's business focus is on commercial lending. The portfolio composition shows commercial and commercial real estate loans at 72% and residential real estate loans at 13% of the loan portfolio.

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

MNB's overall distribution of loans by income level of geographies is adequate. The bank is the local leader in small business lending behind three much larger regional/national competitors.

#### *Home Mortgage Loans*

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

### **Home Purchase Loans**

The bank's geographic distribution of home purchase loans is poor. The distribution of home purchase loans is well below the percentage of owner-occupied housing units in both low-income tracts and moderate-income tracts. The bank's 2.08% market share in low-income tracts substantially meets the bank's overall market share for home purchase loans. The bank's 1.23% market share in moderate-income tracts does not meet the bank's overall market share for home purchase loans. A comparison of the geographic distribution of 1999 home purchase loans originated by all lenders in the assessment area to MNB's distribution revealed an identical distribution in low-income tracts. This data also revealed that in moderate-income tracts, the distribution of loans by all lenders at 11.98% was better than MNB's 6.2% distribution. The low penetration of low-income tracts is not considered negatively due to very low-income levels making it difficult to qualify for a mortgage loan. Forty-four percent of households in low income-tracts have incomes below the poverty level. The weighted average median family income for the three low-income tracts in the assessment area is \$12,670.

### **Home Improvement Loans**

The bank's geographic distribution of home improvement loans is adequate. The distribution of home improvement loans is near to the percentage of owner-occupied housing units in low-income geographies, but below the percentage of owner-occupied housing units in moderate-income geographies. The bank's 3.23% market share in low-income tracts exceeds the bank's overall market share. The bank's 2.4% market share in moderate-income geographies does not meet its overall market share. Performance in low-income tracts is excellent considering the low-income levels detailed in the discussion of home purchase loans above.

### **Refinance Loans**

The bank's geographic distribution of refinance loans is poor. The distribution of refinance loans is well below the percentage of owner-occupied housing units in either low-income or moderate-income geographies. The bank's 0% market share in low-income geographies and .61% market share in moderate-income geographies do not meet the bank's overall market share for refinance loans in this assessment area. The bank's distribution reflects some loans in low-income tracts while market share data reflects no penetration in low-income tracts. This market share data is for 1999 only while distribution data includes loans made in 1998, 1999 and 2000. Performance in low-income tracts is not considered negatively due to very low-income levels as detailed in the discussion of home purchase loans above.

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

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

The bank's geographic distribution of small business loans is good. The distribution of small business loans is near to the distribution of small businesses in low-income geographies, but below the distribution of small businesses in moderate-income geographies. The bank's market share for small business loans in both low-income and moderate-income geographies exceeds its overall market share. The small business loan market is dominated by three large

regional/national lenders, which together hold almost 65% of the market share in the bank's assessment area. MNB holds a market rank of four (4) behind these three lenders.

## **Lending Gap Analysis**

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

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

The bank's distribution of loans inside and outside its assessment area is excellent. A substantial majority (95%) of the bank's reported loans were made within its assessment areas. By loan type, 93% of home mortgage loans and 96% of small business loans were originated within the assessment area. While the results of this analysis are positive, they are not given significant weight in the overall conclusion concerning geographic distribution. This analysis indicates that the bank is primarily serving its assessment area; however, the bank's activity within the assessment area provides a better measure of performance relating to geographic distribution of lending by income level of geography.

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

MNB's distribution of home mortgage loans by income level of the borrower is adequate. MNB has an adequate record of lending to businesses with revenues of \$1 million or less. The bank is the local leader in loans to small businesses behind three much larger regional/national competitors.

### ***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 Loans**

MNB's record of lending to low-income borrowers is poor. The bank's percentage of loans to low-income borrowers is not near to the percentage of low-income families in the assessment area. 1999 aggregate HMDA data shows the bank's market share to low-income borrowers well below the bank's overall market share. MNB implemented a loan program in 1997 specifically targeting low-income applicants. Additional information on this program can be found under the ***Product Innovation and Flexibility*** section of this evaluation.

Loan penetration to moderate-income borrowers is good. The percentage of bank loans to moderate-income borrowers is near the percentage of moderate-income families in the assessment area. MNB's market share to moderate-income borrowers is comparable to its overall market share for home purchase loans.

## **Home Improvement Loans**

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

## **Refinance Loans**

MNB's record of lending to low-income borrowers is poor for refinance loans. The percentage of bank loans to low-income borrowers is well below the percentage of low-income families in the assessment area. The bank's market share for low-income borrowers is near to the overall market share for refinance loans. MNB has an adequate level of refinance loans to moderate-income borrowers. The percentage of bank loans is near the percentage of moderate-income families in the assessment area. The market share to moderate-income borrowers exceeds the overall market share for refinance loans.

## ***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.

MNB's record of lending to businesses with revenues less than or equal to \$1 million is adequate. The bank's percentage of loans to businesses with revenues less than or equal to \$1 million is below the percentage of such businesses in the assessment area. The bank's lending performance is compared to 2000 Dun and Bradstreet Business Data.

All other lenders in the assessment area originated 67% of their loans to businesses with revenues less than or equal to \$1 million. A majority (82%) of the bank's loans, regardless of revenue size, originated at \$100,000 or less. All other lenders in the assessment area originated 88% of their loans at \$100,000 or less.

MNB's market share to businesses with revenues of \$1 million or less exceeds the overall market share. 1999 Peer Small Business Data shows MNB ranked fourth in the assessment area for business loan originations. The bank is ranked third for loans to businesses with revenues less than or equal to \$1 million. The institutions ranked higher than MNB are either substantially larger regional/national institutions or credit card banks that issue credit cards to businesses. If these institutions were eliminated, MNB would be the top lender in the market for loans to small businesses and for loans less than or equal to \$100,000 in size. No other local lender comparable in asset size ranks as high as MNB.

## 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.

MNB originated an adequate level of community development loans in its assessment area given its size, resources, and assessment area needs. During the evaluation period, MNB originated thirteen (13) loans to seven (7) borrowers totaling \$1,026,871. This amount represents approximately 2% of Tier 1 Capital. Following is a brief description of the community development loans originated by the bank:

- **\$375,000** to a limited partnership that renovated a building in south Little Rock into a residential community center targeted at people with developmental disabilities and their families. The limited partnership received low-income tax credit funds to rehabilitate the property. The building encompasses living and workspace, educational facilities, and a community room for meetings and performance space for the arts. The living space consists of 22 units with applicant income restrictions of 50% of the median family income. This project encourages integration of the clients into the mainstream of community life.
- **\$275,000** to an east Little Rock CDC to construct a 7,500 square foot childcare center which will serve children from low- and moderate-income census tracts in east Little Rock. The center will be affordable and accessible and will provide the children with an early learning environment that will foster their educational success. The center will also provide women in the community the independent living skills they need to transition from welfare to work. This center is the only full service childcare facility in east Little Rock.
- **\$73,448** consisting of four loans to a North Little Rock CDC. The purpose of these loans was to purchase and rehabilitate houses located in a low-income neighborhood in downtown North Little Rock that had become blighted and a haven for gangs and drug-related activity. The CDC has been instrumental in revitalizing this neighborhood and creating affordable housing for low- and moderate-income families in the community.
- **\$122,411** consisting of three loans to a non-profit organization that provides health care, job training, and housing needs to mentally handicapped adults. The majority of the organization's clientele receives public assistance.
- **\$46,200** to an east Little Rock CDC formed to create economic development to the east Little Rock area. This area of the city consists primarily of low- and moderate-income census tracts. The funds were used to construct a home in a moderate-income census tract. The home sold for \$57,832, which is considered affordable in the Little Rock market.
- **\$58,000** consisting of two loans to a quasi-government organization that promotes small business development, transportation, housing, and other functions in central Pulaski County, particularly low- and moderate-income areas. This organization is funded by HUD.
- **\$76,312** to an individual to renovate three rental units in a low-income census tract. The houses were leased to low- and moderate-income families.

## Product Innovation and Flexibility

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

- **Reduced-Rate Home Loans.** This product was developed in 1997 for low- and moderate-income families in Pulaski and Saline Counties. These loans are designed to make it easier for qualified applicants to own or make improvements to their own homes. The terms of this product are as follows: 30-year, fixed rate loan; family income can not exceed 80% of the MFI; interest rates are priced at the Federal Housing Administration (FHA) Par Rate less ½ percent; mortgage insurance is not required; loan to value is 97% of total costs or present appraised value plus the cost of improvement; and maximum loan amount is \$50,000.

The properties must be located in Pulaski and Saline Counties, with special emphasis on the Central High home ownership zone (as defined by the City of Little Rock) and the Argenta Community Development Corporation in North Little Rock. Priority will be given to applicants who have completed home ownership counseling. During the evaluation period, MNB originated fourteen (14) of these loans totaling \$583,665. These loans appear on the bank's HMDA report.

- **Owner Occupied Leveraged Loan Program.** Since 1994, MNB has partnered with the City of Little Rock's Department of Neighborhoods and Planning to refurbish older homes to meet city code standards. This program is part of Little Rock's Community Development Block Grant and is designed to help low- and moderate-income households make needed repairs at a payment they can easily afford. The applicant must have a minimum of \$3,000 worth of repairs to his/her home to qualify for the program. The applicant's adjusted gross income cannot exceed \$20,900 for one person and up to \$39,400 for a household size of eight. The City of Little Rock makes a loan subsidy of 55%. The participating lender funds the additional 45%. If the qualified homeowner lives in the refurbished house for at least five years, the city's 55% subsidy will be forgiven. During the evaluation period, MNB originated seven (7) loans totaling \$166,406.
- **Business LIFE Program.** The Business LIFE Program was established by the Pulaski Enterprise Community Alliance, Inc. and is administered by the Arkansas Development Finance Authority (ADFA). It is designed to encourage lenders serving the Pulaski Enterprise Community to make guaranteed small business loans that carry higher than conventional risks, but that are still within the safety and soundness requirements of bank regulations. Any applicant whose business is located or will be located within the Pulaski Enterprise Community can apply for the guaranteed loans. The Pulaski Enterprise Community consists of low- and moderate-income census tracts located in central and east Pulaski County. Applicants may be required to complete comprehensive training and provide a business plan that addresses the feasibility of a proposed business venture, or the applicant must demonstrate to the lender the financial ability to repay the loan from existing operations. To participate in the program, borrowers must pay three percent (3%) of the loan amount up front for a ninety percent (90%) loan guarantee.

- **Government Loan Programs.** MNB actively participates in government-sponsored and government-guaranteed loan programs for housing. The underwriting standards for these programs are typically more flexible than the bank's criteria. MNB offers and extends Federal Housing Administration (FHA) and Veterans Administration (VA) loans as an alternative home mortgage product. During the evaluation period, MNB originated 136 FHA loans totaling \$10.3 million and 43 VA loans totaling \$4 million. Of the FHA loans originated, 8% were to low-income applicants, and 37% were to moderate-income applicants. MNB originated 2% of VA loans to low-income applicants and 21% to moderate-income applicants.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in Faulkner, Pulaski, and Saline Counties assessment area is adequate.

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

Qualifying investments are investments, deposits, membership shares or grants that have as their primary purpose community development, as defined in the CRA regulation. MNB's qualifying investments are centered in investments and grants/donations with the primary purpose of community development.

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

MNB has invested \$193,750 of a \$500,000 total commitment in a SBIC that promotes economic development by financing small businesses. The SBIC provides equity investments in small businesses that have difficulty obtaining venture capital. The SBIC is based in Arkansas, but invests in companies outside of Arkansas with strong potential to credit markets or supplier relationships in Arkansas. The goal of the SBIC is to have approximately 70% of the investments in Arkansas-based companies.

Grants or donations totaling \$25,000 were made to organizations with the purpose of revitalizing and stabilizing low- and moderate-income geographies. These organizations include:

- A national nonprofit organization that provides financial and technical assistance to local CDC's that help promote the housing and economic conditions in low- and moderate-income areas. MNB committed to a \$45,000 grant to be paid over three years at \$15,000 per year; \$30,000 remains to be funded;
- A nonprofit organization that builds and improves the condition of homes in low- and moderate-income areas for low- and moderate-income families. The homes are built with volunteer help and "sweat equity" from the homeowner;
- A church located in a moderate-income CT and serves low- and moderate-income families in its community. MNB donated money for the church's annual Community Festival and set up a booth to provide information on low-cost deposit products, affordable residential mortgage products, Electronic Transfer Accounts (ETA);
- A CDC in North Little Rock that builds and rehabilitates abandoned homes in a low-income census tract;
- A local nonprofit organization that provides counseling services for first time home buyers and credit counseling services to low- and moderate-income families and individuals; and

- A national community organization that promotes home ownership in low- and moderate-income areas, living wages for low-wage workers, more investment in communities from banks and governments, and better public schools.

## SERVICE TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in Faulkner, Pulaski, and Saline Counties assessment area is adequate.

The primary delivery system is the bank's branch network. Delivery systems are reasonably accessible to essentially all portions of the assessment area. Retail deposit and loan products and services meet a wide array of customer needs. MNB provides a high level of community development services. MNB has not closed any branches since the last evaluation and has opened eight full service branches. These eight branches are all located in middle- and upper-income geographies.

### 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.

MNB has twenty-five (25) branches located throughout the assessment area. The branching network provides reasonable access to bank products and services to most segments of the assessment area. Extended banking hours for Friday and Saturday are provided at twenty-four (24) locations. The main office, located in downtown Little Rock in a middle-income CT, does not offer extended banking hours due to most businesses in the downtown area closing around 5:00 pm. Loan applications are accepted at every branch except the Downtown Motorbank. This facility is not large enough to have a loan officer on staff and the Motorbank is approximately 9 blocks south of the main office where loan officers are available. To augment the branch system, twenty-nine (29) proprietary ATMs are operated. Four of the ATMs are located separately from branches and all provide 24-hour banking. In addition, banking services are accessible through telephone and Internet banking.

Branch distribution is adequate in the assessment area. MNB does not have banking offices in any low-income geographies, and has one branch (4% of total branches) in a moderate-income geography in Saline County. Table 13 shows 2% of the population reside in low-income geographies and 24% of the population resides in moderate-income geographies. One compensating factor for the lack of branches in low-income and moderate-income geographies is the overall accessibility of nearby MNB branches. Several MNB branches located in middle-income CT's, mostly in Pulaski County, are accessible to both low-income and moderate-income CT's. This accessibility, due to adequate public transportation and proximity, had a positive impact on the evaluation of MNB's branch distribution.

MNB offers deposit products that are affordable for low- and moderate-income individuals:

- ***Electronic Transfer Account (ETA)*** – This service, sponsored by the Treasury Department, is provided to recipients of Federal benefits, wage, salary, or retirement payments. This low-cost, federally insured account allows the customer a safe, secure, and convenient way to receive automatic payments without having a checking or savings account. Funds can be accessed through an ATM. The ETA costs \$3.00 a month or less. A minimum balance in the account is not required. A credit check is not required as a condition for an ETA.
- ***Totally Free Checking*** – This checking product was created primarily to attract low- and moderate- income individuals. This account requires \$50 to open and no monthly service fee is assessed.

## Community Development Services

MNB has demonstrated good performance in providing community development services. These services include providing first time home ownership counseling for low- and moderate-income applicants, technical assistance for small business owners, and assistance on grant applications to revitalize or stabilize low- and-moderate income areas. For some activities, MNB has assumed a cooperative partnership role. During the evaluation period, MNB participated in the following community development activities:

- **Local Initiatives Support Corporation (LISC)**. LISC is a national nonprofit organization that provides financial and technical assistance to local CDCs working to improve the housing and economic conditions in distressed neighborhoods. The LISC program promotes CDCs as an effective vehicle to achieve positive and lasting community change for the benefit of low- and moderate-income people. The bank's president serves as a board member to this organization. Through LISC, the bank is involved with several CDCs to improve and revitalize the communities. MNB's involvement ranges from technical assistance, extending loans to CDCs, and arranging financing for potential homeowners.
- **Argenta Community Development Corporation (CDC)**. The Argenta CDC is a nonprofit, neighborhood-based support organization formed in 1992 by Argenta residents and property owners motivated by neglected properties, gang-related crime, and overall neighborhood decay. The CDC is a Community Housing Development Organization (CHDO) with a goal to rehabilitate abandoned and vacant houses for resale to low- and moderate-income individuals and/or families. Most CDC homebuyers are low- and moderate-income and receive a HOME Funds subsidy provided by HUD. A bank officer serves as a board member on the CDC and is actively involved in the repurchase, rehabilitation, and ultimate sale of these homes. MNB's bank officer also participated in the CDC's Home Ownership Workshop. Technical advice on qualifying and applying for home loans was provided to attendees.
- **Main Street Argenta**. The purpose of Main Street Argenta is to revitalize, develop, and preserve downtown North Little Rock, utilizing historic preservation, good design, image promotion, a strengthened economic and cultural climate, and partnerships formed between residents, businesses, financial institutions, and government. The area that Main Street Argenta revitalizes is located in CT 25, which is moderate-income. A bank officer serves as the chairman of this organization and is a member of the promotions committee.

- **Small Business Council of Pulaski Enterprise Community (SBCPEC).** Metropolitan provides officers to attend and work with the SBCPEC. A major focus has been the development of a micro loan fund to economically disadvantaged areas. The SBCPEC's mission statement is, "To help Pulaski County citizens identify and marshal resources, remove barriers, and implement economic development strategies that will revitalize the community and create a sustained quality of life for community residents."
- **Federal Home Loan Bank (FHLB).** MNB is a member of the FHLB. Through the FHLB, the bank has been instrumental in procuring grants to benefit local CDC projects: LISC's Year 2000 Single-Family Development - \$104,000; City of Little Rock Limited Home Repair Project - \$384,000; The Pines Apartments - Help USA \$500,000. Also, MNB is a FHLB member for an Affordable Housing Program (AHP) for Help Affordable Housing Corporation.
- **Black Community Developers (BCD).** BCD is actively involved in the construction of new houses in low-and moderate-income neighborhoods as an effort to stabilize and revitalize these geographies. MNB has provided technical assistance to BCD through various discussions of affordable housing programs.
- **Metropolitan Comes to You.** This was a series of seminars and counseling sessions on types of loan or deposit services offered by MNB. The focus was how to access the mainstream financial systems. Several loans and accounts were obtained as a result of the seminars, but the focus was information and financial counseling. These seminars began in May 2000 at the St. John Missionary Baptist Church Community Festival and continued each month through July 2000. Also, discussed was various grant programs that assist low- and moderate-income families and areas.
- **Downtown Little Rock CDC.** This CDC promotes economic development by financing businesses and conducting activities that revitalize or stabilize low- and moderate-income areas. MNB has provided technical assistance to this CDC for several of these projects.
- **IN Affordable Housing, Inc.** MNB participated in seminar and counseling sessions conducted by IN Affordable Housing, Inc., targeting low-and moderate-income first time home buyers.
- **College Station CDC.** This east Little Rock CDC revitalizes and stabilizes low- and moderate-income neighborhoods located in the College Station area of Little Rock. MNB provides periodic technical assistance in preparing affordable housing program grants and also provides counseling to prospective homeowners for the Apple Blossom subdivision located in College Station.
- **Oak Forest CDC.** A Little Rock CDC that is revitalizing the Oak Forest area of Little Rock that is located in a moderate-income geography. MNB provides technical assistance with the completion of affordable housing grants to fund CDC projects.
- **Small Business Incubation Service System (SBISS).** The SBISS targets new and existing small, women and minority owned, businesses in Little Rock. MNB provided technical assistance to participants at recent workshops.

- **Brownsfield Cleanup Program.** MNB is a cooperative partner in the Brownsfield Cleanup program, which was initiated to revitalize and stabilize four different areas in low- and moderate-income areas within the cities of Little Rock and North Little Rock.
- **Low Interest Loan Program.** MNB is a cooperative partner in a low interest loan program targeted toward small businesses in low- and moderate-income areas. MNB has provided technical assistance by developing underwriting guidelines for the program.
- **City of Little Rock Rehabilitation Program.** The purpose of this program is to assist in the rehabilitation of substandard low-income housing within Little Rock. MNB has provided technical assistance to individuals trying to qualify for this program. MNB periodically prepares promotional materials to advertise the program.
- **Family Service Agency.** MNB produced advertising materials to promote an upcoming seminar to be conducted by the Family Service Agency. The seminar will target low- and moderate-income first time homebuyers that qualify for down payment and closing cost assistance. MNB is scheduled to participate in seminar and counseling sessions.
- **Project Lighthouse.** MNB provided technical assistance to Project Lighthouse, which specializes in affordable housing projects in Little Rock for low- and moderate-income individuals. The bank helped this organization obtain low-income housing tax credits.
- **Targeted Neighborhood Enhancement Plan (TNEP).** The City of Little Rock sponsors this program that targets low- and moderate-income CTs. The TNEP supports neighborhood enhancement in the rehabilitation of neighborhoods suffering from neglect, abandonment and urban blight. MNB provides technical assistance and is a cooperating partner in the program by developing underwriting standards and loan processing procedures.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): (01/01/1998 to 12/31/2000) Investment and Service Tests and CD Loans: (12/18/1997 to 02/26/2001)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Metropolitan National Bank (MNB) Little Rock, Arkansas	Home Purchase, Home Improvement, Refinance, Small Business	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
No affiliate products reviewed.		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Faulkner, Pulaski, and Saline Counties, Arkansas	Full Scope	

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

### Table of Contents

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

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

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

Demographic Information for Full Scope Area: Faulkner, Pulaski, and Saline Counties						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	102	2.94	29.41	49.02	17.65	0.98
Population by Geography	473,849	2.11	24.46	49.95	23.48	0.00
Owner-Occupied Housing by Geography	116,502	1.52	19.65	52.88	25.94	0.00
Business by Geography	21,111	2.18	24.34	45.23	28.25	0.00
Farms by Geography	437	0.69	23.57	50.80	24.94	0.00
Family Distribution by Income Level	128,332	19.41	17.95	22.52	40.12	0.00
Distribution of Low and Moderate Income Families throughout AA Geograp2000	47,948	3.85	35.54	48.71	11.90	0.00
Median Family Income		31,597	Median Housing Value		61,146	
HUD Adjusted Median Family Income for 2000		47,100	Unemployment Rate (December 2000)		2.90%	
Households Below Poverty Level		13.64%				

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 1990 US Census and 2000 HUD updated MFI

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

Public transportation is available primarily in the two major cities of Pulaski County: Little Rock and North Little Rock. The public bus system has daily scheduled routes that serve low- and moderate-income Cuts and allows accessibility to services outside these tracts.

The income designations of the Cuts are based on a MFI of \$31,597 per year according to 1990 Census Bureau data. The Department of Housing and Urban Development (HUD) updated MFI for 2000 is \$47,100.

The population of the assessment area based on 1990 census data is 473,849. Little Rock remains the largest city in Pulaski County, as well as, the state. The 2000 Census population estimate for the Little Rock-North Little Rock MSA is 513,117. The majority of the growth over the past nine years has been mainly in Faulkner and Saline Counties.

The local economy has experienced a slowdown due to recent cyclical seasonal layoffs and poor weather conditions. The service industry continues to mitigate this decline by attributing to 86% of the Arkansas job growth. The Arkansas Employment Security Division quotes the December 2000 unemployment rate for Pulaski, Saline, and Faulkner counties at 3.1%, 2.5%, and 3.0%, respectively. The December 2000 unemployment rate for the Little Rock-North Little Rock MSA was 2.9 percent. These rates are considerably below the national and state averages, 4.0% and 4.1%, respectively. Other counties in the state have unemployment rates for December 2000 that range from 1.6 percent to 11.1 percent. During 2000, the leading employment industries were services; trade; construction; government; transportation and public utilities; and finance, insurance, and real estate. According to 2000 Business Demographic Data, there are 21,111 businesses and 437 farms in the assessment area. Of those, 18,324 or 87% are businesses with annual gross revenues of less than \$1 million; and 423 or 97% are farms with annual gross revenues of less than \$1 million.

MNB's primary competition in the assessment area includes three (3) regional/national banks whose headquarters are located outside of Arkansas and nine (9) banks in asset size ranging from \$62.4 to \$824.8 million. MNB is unique in the marketplace in that it is a much smaller institution than the three regional/national banks and it has as many or more branch locations.

The Department of Housing and Urban Development's Consolidated Plans for Little Rock, North Little Rock, and Conway all addressed a great need for low-income affordable housing. The 1990 U.S. Census demographic data shows that the elderly and minority represent 32% and 57%, respectively, of the population in low- and moderate-income CTs in the assessment area. Non-elderly African American households continue to experience more housing problems and overcrowding than individual or elderly owner households.

In Pulaski County, 37% of all renters are classified as very low-income, with 71% of these households experiencing housing problems. Of the very low-income households being cost burdened, small and large renter households continue to show the greatest need. (Small is defined as 2-4 members; and large is defined as 5 or more members.)

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

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the 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 share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. 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 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 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 \$500,000) 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 1. Lending Volume**

LENDING VOLUME												
State: ARKANSAS			Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000									
MSA/Assessment Area (2000):	% of Rated Area Loans (#)in MSA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits (#) in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
Faulkner, Pulaski, and Saline Counties	100.00	1,552	149,384	1,742	116,903	NA	NA	13	1,027	3,307	267,314	100.00

\* Rated area refers to either the state or multistate MSA rating area.

\*\* The evaluation period for Community Development Loans is December 18, 1997 to February 26, 2001.

\*\*\* Deposit data as of June 30, 1999. Rated area refers to either the state or multistate MSA rating area.

**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE															State: ARKANSAS		Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000				
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>†</sup>										
	#	% of Total*	% Owner Occupied Units**	% MNB Loans	% Owner Occupied Units**	% MNB Loans	% Owner Occupied Units**	% MNB Loans	% Owner Occupied Units**	% MNB Loans	Overall	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
Faulkner, Pulaski, and Saline Counties	839	100.0	1.5	0.4	19.7	6.2	52.9	53.5	25.9	39.8	2.5	2.1	1.2	2.2	3.3						

<sup>†</sup> Based on 1999 Aggregate HMDA Data only.

\* 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.

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

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

Geographic Distribution: HOME IMPROVEMENT		State: ARKANSAS					Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000									
MSA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>†</sup>					
	#	% of Total*	% Owner Occupied Units**	% MNB Loans	% Owner Occupied Units**	% MNB Loans	% Owner Occupied Units**	% MNB Loans	% Owner Occupied Units**	% MNB Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Faulkner, Pulaski, and Saline Counties	242	100.0	1.5	1.2	19.7	10.7	52.9	52.9	25.9	35.1	3.1	3.2	2.4	3.0	4.0	

<sup>†</sup> Based on 1999 Aggregate HMDA Data only.

\* 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.

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

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

Geographic Distribution: HOME MORTGAGE REFINANCE															State: ARKANSAS		Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000				
MSA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>†</sup>										
	#	% of Total <sup>*</sup>	% Owner Occupied Units <sup>**</sup>	% MNB Loans	% Owner Occupied Units <sup>**</sup>	% MNB Loans	% Owner Occupied Units <sup>**</sup>	% MNB Loans	% Owner Occupied Units <sup>**</sup>	% MNB Loans	Overall	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
Faulkner, Pulaski, and Saline Counties	461	100.0	1.5	0.4	19.7	6.7	52.9	50.5	25.9	42.3	1.4	0.0	0.6	1.3	2.1						

<sup>†</sup> Based on 1999 Aggregate HMDA Data only.

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

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

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

Geographic Distribution: SMALL LOANS TO BUSINESSES															State: ARKANSAS		Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000				
MSA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>†</sup>										
	#	% of Total *	% of Businesses **	% MNB Loans	% of Businesses **	% MNB Loans	% of Businesses **	% MNB Loans	% of Businesses **	% MNB Loans	Overall	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
Faulkner, Pulaski, and Saline Counties	1,742	100	2.2	1.4	24.3	18.3	45.2	51.4	28.3	28.7	5.6	7.0	5.7	5.8	5.4						

<sup>†</sup> Based on 1999 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.

\*\* Source of Data-Dunn and Bradstreet.

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

Geographic Distribution: SMALL LOANS TO FARMS															State: ARKANSAS		Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000				
MSA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>†</sup>										
	#	% of Total <sup>*</sup>	% of Farms <sup>**</sup>	% MNB Loans	% of Farms <sup>**</sup>	% MNB Loans	% of Farms <sup>**</sup>	% MNB Loans	% of Farms <sup>**</sup>	% MNB Loans	Overall	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
Faulkner, Pulaski, and Saline Counties	0	0	0.7	0.0	23.6	0.0	50.8	0.0	24.9	0.0	0.0	0.0	0.0	0.0	0.0						

<sup>†</sup> Based on 1999 Aggregate Small Farm Data only.

<sup>\*</sup> 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.

<sup>\*\*</sup> Source of Data-Dunn and Bradstreet.

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

Borrower Distribution: HOME PURCHASE		State: ARKANSAS					Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000					Market Share <sup>†</sup>				
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>*</sup>	% of Families <sup>**</sup>	% of MNB Loans <sup>***</sup>	% of Families <sup>**</sup>	% MNB Loans <sup>***</sup>	% of Families <sup>**</sup>	% MNB Loans <sup>***</sup>	% of Families <sup>**</sup>	% MNB Loans <sup>***</sup>						
<b>Full Review:</b>																
Faulkner, Pulaski, and Saline Counties	839	100.00	19.40	4.50	18.00	15.70	22.50	24.60	40.10	54.20	2.50	0.90	2.40	2.50	4.40	

<sup>†</sup> Based on 1999 Aggregate HMDA Data only.

<sup>\*</sup> 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.

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

<sup>\*\*\*</sup> As a percentage of loans with borrower information available. No information was available for 1.0% of loans originated by MNB.

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

Borrower Distribution: HOME IMPROVEMENT		State: ARKANSAS				Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000					Market Share (%) by Borrower Income <sup>†</sup>				
MSA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp
	#	% of Total <sup>*</sup>	% of Families <sup>**</sup>	% MNB Loans <sup>***</sup>	% of Families <sup>**</sup>	% MNB of Loans <sup>***</sup>	% of Families <sup>**</sup>	% MNB of Loans <sup>***</sup>	% of Families <sup>**</sup>	% MNB of Loans <sup>***</sup>					
<b>Full Review:</b>															
Faulkner, Pulaski, and Saline Counties	242	100.00	19.40	14.00	18.00	18.60	22.50	23.10	40.10	43.80	3.10	4.80	3.10	2.50	3.50

<sup>†</sup> Based on 1999 Aggregate HMDA Data only.

<sup>\*</sup> 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.

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

<sup>\*\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 0.4% of loans originated by MNB.

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

Borrower Distribution: HOME MORTGAGE REFINANCE		State: ARKANSAS					Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000									
MSA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) by Borrower Income <sup>†</sup>					
	#	% of Total *	% of Families **	% of MNB Loans ***	% of Families **	% of MNB Loans ***	% of Families **	% of MNB Loans ***	% of Families **	% of MNB Loans ***	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Faulkner, Pulaski, and Saline Counties	461	100.00	19.40	4.30	18.00	13.40	22.50	20.40	40.10	59.40	1.40	1.20	1.50	1.70	2.40	

<sup>†</sup> Based on 1999 Aggregate HMDA Data only.

\* 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.

\*\* Percentage of Families is based on 1990 Census Information.

\*\*\* As a percentage of loans with borrower income information available. No information was available for 2.4% of loans originated by MNB.

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

Borrower Distribution: SMALL LOANS TO BUSINESSES		State: ARKANSAS			Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000				
MSA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share <sup>†</sup>	
	#	% of Total <sup>*</sup>	% of Businesses <sup>**</sup>	% of MNB Loans <sup>***</sup>	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Faulkner, Pulaski, and Saline Counties	1,742	100.00	86.80	55.45	82.20	12.80	4.99	5.63	5.89

<sup>†</sup> Based on 1999 Aggregate Small Business Data only.

<sup>\*</sup> 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.

<sup>\*\*</sup> Businesses with revenues of \$1 million or less as a percentage of all businesses.

<sup>\*\*\*</sup> Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 3.48% of small loans to businesses originated and purchased by MNB.

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

Borrower Distribution: SMALL LOANS TO FARMS		State: ARKANSAS		Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000					
MSA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share <sup>†</sup>	
	#	% of Total <sup>‡</sup>	% of Farms <sup>**</sup>	% of MNB Loans <sup>***</sup>	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Faulkner, Pulaski, and Saline Counties	0	0.00	96.80	0.00	0.00	0.00	0.00	0.00	0.00

<sup>†</sup> Based on 1999 Aggregate Small Farm Data only.

<sup>\*</sup> 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.

<sup>\*\*</sup> Farm loans with revenues of \$1 million or less as a percentage of all farms.

<sup>\*\*\*</sup> Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.69% of small loans to farms originated and purchased by MNB.

Table 12. Qualified Investments

QUALIFIED INVESTMENTS									
		State: ARKANSAS			Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000				
MSA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Faulkner, Pulaski, and Saline Counties	0	0	8	219	8	219	100	2	336

\* 'Prior Period Investment' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the MNB's financial reporting system.

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
State: ARKANSAS																	
Evaluation Period: JANUARY 1, 1998 TO DECEMBER 31, 2000																	
MSA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of MNB Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Closings	# of Branch Openings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Faulkner, Pulaski, and Saline Counties	100	25	100	0.0	4.0	52.0	44.0	0	8	0	0	6	2	2.11	24.46	49.95	23.48