



LARGE BANK

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

Public Disclosure

May 31, 2005

Community Reinvestment Act Performance Evaluation

The Malvern National Bank
Charter Number: 23202

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Malvern, AR 72104

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 **The Malvern National Bank (MNB)** with respect to the lending, investment, and service tests:

Performance Levels	(Name of Depository Institution) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	XX		
Low Satisfactory		XX	XX
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:

- Overall loan distribution is good, particularly to moderate-income borrowers with no gaps in lending.
- Distribution of loans in moderate-income Census Tracts and Block Numbering Areas is good with no gaps in lending. Also, the percentage of loans made within the bank’s Assessment Area (AA) is very high.
- MNB has an adequate level of qualified investments that support small businesses given the limited number of qualified investments available to participate in within the bank’s AA.
- MNB’s delivery system is reasonably accessible to services and products throughout the AA, including low- and moderate-income areas. The bank has an adequate level of community development services given the limited number of programs available for participation within the bank’s AA.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the Community Reinvestment Act (CRA) tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

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

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/AA.

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

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

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

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

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

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

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

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

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the Metropolitan Area/AA.

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

Metropolitan Area (MA): Any Primary Metropolitan Statistical Area (PMSA), Metropolitan Statistical Area (MSA), or Consolidated Metropolitan Area (CMSA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small Loan(s) to Farm(s): A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500, thousand or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

Description of Institution

Malvern National Bank (MNB), headquartered in Malvern (Hot Spring County), Arkansas is a wholly owned subsidiary of MNB Bancshares, Inc., Malvern, Arkansas a \$395 million one-bank holding company.

MNB is an intrastate bank and the largest commercial bank in Hot Spring County. As of March 31, 2005, total assets were \$395 million and Tier 1 Capital was \$37 million. Net loans were \$200 million (52% to total assets), deposits totaled \$321 million, and the loan-to-deposit ratio was 62%. The bank's deposit market share in Hot Spring County was 56% as of June 30, 2004. The loan portfolio was comprised of the following loan types:

Loan Category	\$ (000)	%
Commercial Real Estate Loans	115,676	58%
Residential Real Estate Loans	48,327	24%
Business/Commercial Loans	22,311	11%
Consumer Loans	14,921	7%
	201,235	100%

Source: 3/31/2005 Call Report

Table 1

MNB's strategic plan is to provide a wide variety of financial services to meet the needs of consumers, small businesses, and small farms within the Hot Spring, Garland, Grant, and Saline Counties AA. One of the deposit only branches has closed since the 2002 CRA examination. MNB operates ten (10) branch offices and ten (10) Automated Teller Machines (ATM) throughout its AAs. Banking offices are located in the cities of Malvern, Benton, Bryant, East End, Hot Springs, and Sheridan, Arkansas. No significant financial or other barriers limit MNB's ability to meet the identified credit needs within its AAs.

The prior Large Bank CRA evaluation was performed as of May 16, 2002, with the bank rated **"Satisfactory."**

Scope of the Evaluation

Evaluation Period/Products Evaluated

Conclusions regarding the Lending Test are based on home mortgage loans, small business loans, and small farm loans from January 2, 2002, through December 29, 2004.

The evaluation period for the Services Test and Investment Test was from May 16, 2002, through May 31, 2005. The Services Test was evaluated based on branch distribution, hours of operation, alternative delivery systems, retail and commercial deposit and loan products and services and community development services. The Investment Test conclusions were based on an evaluation of qualified community development investments and donations.

Data Integrity

The accuracy of HMDA, small business loan data, and small farm loan data collected by the bank from January 1, 2002, through December 31, 2004, was reviewed. The data and the bank's internal controls were found to be reliable. Community development services and investments were also reviewed during data integrity, with additional information required to determine if investments and services qualified under CRA.

Selection of Areas for Full-Scope Review

MNB AAs encompass Hot Spring (where the main office is located), and Garland, Grant, and Saline Counties. For 2002 and 2003, full-scope reviews were performed for Hot Spring and Grant Counties; Garland County; and, Saline County. Hot Spring and Grant Counties are contiguous and have no moderate-income areas; Garland County has moderate-income areas; and Saline County was part of the Little Rock/North Little Rock Metropolitan Area. For 2004, full-scope reviews were conducted for Hot Spring County; Garland County; and, Grant and Saline Counties. Garland County became part of the Hot Springs Metropolitan Area, and both Grant County and Saline County became part of the Little Rock/North Little Rock Metropolitan Area.

Ratings

The bank's overall CRA rating is based on its performance within the AAs noted above. There were no low-income geographies, therefore more weight was also given to the distribution of loans based on borrower's income rather than distribution of loans by income of the geography since only six out of 51 or 12% of BNAs or CTs were moderate-income geographies based on the 2000 census.

Other

Two community contacts were conducted during this examination, one in the Garland County MA, and one in the Hot Spring AA. Contacts were made with the County Judge of each county. The contacts stated that area banks are satisfactorily meeting the basic credit needs of the community.

Fair Lending Review

An analysis of the most recent public comments and consumer complaint information regarding HMDA, small business, and small farm lending data was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC determined that a comprehensive fair lending examination would not be needed in connection with the CRA evaluation. The latest comprehensive fair lending examination was performed in 1996.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated **"High Satisfactory."**

Due to MNB business focus, small business lending was given more weight than home mortgage lending. Approximately 58% of the bank's loans for this CRA evaluation were in small business loans, with 37% in home mortgage loans, and 5% in small farm loans.

Lending Activity

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

Lending activity is good. The evaluation period for lending is from January 2, 2002, to December 29, 2004. The bank originated a good volume of loans to consumer home mortgages, small businesses, and to a limited extent, small farms.

Distribution of Loans by Income Level of the Geography

MNB's overall distribution of loans by income level of the geography is good. The distribution of home loans is adequate, and the distribution of small business loans is excellent. No analysis was made for the geographic distribution of small farm loans since all of the small farm loans were made in middle- and upper-income geographies.

Home Mortgage Loans

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

- MNB home purchase lending is excellent for 2002, poor for 2003, and excellent for 2004 in all three AAs. The percentage of home purchase loans to moderate-income BNAs or CTs for 2002 significantly exceeds the percent of owner-occupied units, and the bank's market share of home purchase loans in moderate-income BNAs or CTs also significantly exceeds its overall market share. However, there were no home purchase loans made in moderate-income BNAs or CTs during 2003. The percentage of home purchase loans to moderate-income BNAs or CTs for 2004 exceeds the percent of owner-occupied units. Market share data for 2004 is not yet available.
- MNB home improvement lending is adequate for 2002, but poor for 2003 and 2004 in the AAs. The percentage of home purchase loans to moderate-income BNAs or CTs for 2002 is somewhat lower than the percent of owner-occupied units, but the bank's market share of home improvement loans in moderate-income BNAs or CTs is near to or equal to its overall market share. However, there were no home improvement loans made in moderate-income BNAs or CTs during 2003 and 2004.

- MNB home refinancing lending is good for 2002, poor for 2003, and excellent for 2004 in the AAs. The percentage of home refinancing loans to moderate-income BNAs or CTs for 2002 is near to or equal to the percent of owner-occupied units, and the bank's market share of home refinancing loans in moderate-income BNAs or CTs is also near to or equal to its overall market share. However, there were no home refinancing loans made in moderate-income BNAs or CTs during 2003. The percentage of home refinancing loans to moderate-income BNAs or CTs for 2004 exceeds the percent of owner-occupied units. Market share data for 2004 is not yet available.

Small Loans to Businesses

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 businesses.

- The distribution of small business loans is excellent in all three AAs. The geographic distribution of small loans to businesses for 2002 and 2003 is somewhat lower than the percentage of small businesses located in moderate income BNAs or CTs. However, the bank's market share of small business loans in moderate-income BNAs or CTs is near to or equal to its overall market share for 2002, and exceeds its overall market share for 2003. The geographic distribution of small business loans for 2004 significantly exceeds the percentage of small businesses located in moderate income BNAs or CTs. Market share data for 2004 is not yet available.

Small Loans to Farms

- No analysis was conducted for small loans to farms. All of the small farm loans were made in middle- and upper-income geographies. Only a very small percentage of farms are located in moderate-income tracts.

Lending Gap Analysis

Maps and reports were reviewed to identify any gaps in the geographic distribution of home mortgage loans, small loans to businesses, and small loans to farms. There were no unexplained or conspicuous gaps.

Inside/Outside Ratio

During the evaluation period, approximately 89% of the loans reviewed were within the bank's AAs. Approximately 96% of the bank's home mortgage loans, 86% of the small business loans, and 100% of the small farm loans were within the bank's AAs. This performance was a positive factor in the overall analysis of the geographic distribution of lending.

Distribution of Loans by Income Level of the Borrower

MNB's overall distribution of loans by income level of the borrower is excellent. The distribution of home purchase loans by borrower's income level is good. Most weight is given to moderate-income borrowers since it is difficult for low-income families to obtain financing for

home mortgage products. Moreover, the percentage of households below the poverty level is near to the percentage of low-income families in the Garland County AA, and Grant-Saline Counties AA, and exceeds the percentage of low-income families in the Hot Spring County AA. The distribution of small business loans is excellent. The distribution of loans to small farms with revenues of \$1 million or less is excellent.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the Appendix C for the facts and data used to evaluate the borrower distribution of the home mortgage loans. Distribution of home purchase, home improvement, and home refinancing loans is good in all three AAs.

- The percentage of home purchase loans to low-income borrowers for 2002, 2003, and 2004 is lower than the percentage of low-income families in the AAs, with the bank's market share of loans to low-income borrowers somewhat lower than its overall market share. The percentage of home purchase loans to moderate-income borrowers for 2002 exceeds the percentage of moderate-income families in the AAs, and the bank's market share of loans to moderate-income borrowers also exceeds its overall market share. The percentage of home purchase loans to moderate-income borrowers for 2003 is near to or equal to the percentage moderate-income families in the AAs, and the bank's market share of loans to moderate-income borrowers is also near to or equal to its overall market share. The percentage of home purchase loans to moderate-income borrowers for 2004 is near to or equal to the percentage moderate-income families in the AA. Market share data for 2004 is not yet available.
- The percentage of home improvement loans to low-income borrowers for 2002, 2003, and 2004 is near to or equal to the percentage of low-income families in the AAs, but the bank's market share of loans to low-income borrowers exceeds its overall market share. The percentage of home improvement loans to moderate-income borrowers for 2002 exceeds the percentage of moderate-income families in the AAs, and the bank's market share of loans to moderate-income borrowers also exceeds its overall market share. The percentage of home improvement loans to moderate-income borrowers for 2003 is near to or equal to the percentage of moderate-income families in the AAs, and the bank's market share of loans to moderate-income borrowers is also near to or equal to its overall market share. The percentage of home improvement loans to moderate-income borrowers for 2004 is near to or equal to the percentage of moderate-income families in the AA. Market share data for 2004 is not yet available.
- The percentage of home refinancing loans to low-income borrowers for 2002, 2003, and 2004 is lower than the percentage of low-income families in the AAs, but the bank's market share of loans to low-income borrowers is near to or equal to its overall market share. The percentage of home refinancing loans to moderate-income borrowers for 2002 near to or equal to the percentage of moderate-income families in the AAs, and the bank's market share of loans to moderate-income borrowers is also near to and equal to its overall market share. The percentage of home refinancing loans to moderate-income borrowers for 2003 is somewhat lower than the percentage of moderate-income families in the AAs, and the bank's market share of loans to moderate-income borrowers is also somewhat lower than its overall

market share. The percentage of home improvement loans to moderate-income borrowers for 2004 exceeds the percentage of moderate-income families in the AAs. Market share data for 2004 is not yet available.

Small Loans to Businesses

Refer to Table 11 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.

- Distribution of loans to small businesses with revenues of \$1 million or less is excellent in all of the AAs. The percentage of loans to small businesses for 2002, 2003, and 2004 exceeds the percentage of small businesses in the AAs. Also, the bank's market share of small business loans exceeds its overall market share for 2002, and 2003. Market share data for 2004 is not yet available.

Small Loans to Farms

Refer to Table 12 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.

- Distribution of loans to small farms with revenues of \$1 million or less is excellent in the Grant-Hot Spring Counties AA for 2002 and 2003. Distribution of loans to small farms with revenues of \$1 million or less is excellent in the Grant-Saline Counties, and Hot Spring County AAs for 2004. There were no small farm loans made in the Garland County AA. The percentage of loans to small farms for 2002, 2003, and 2004 exceeds the percentage of small farms in the AAs. Also, the bank's market share of small farms loans exceeds its overall market share for 2002 and 2003. Market share data for 2004 is not yet available.

Community Development Lending

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of community development lending. MNB does not have any CD loans other than those reviewed under the lending test above.

Product Innovation and Flexibility

For the purpose of the CRA rating, MNB did not have any products that are considered innovative and flexible.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

Refer to Table 14 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 the full-scope reviews, the bank's performance is adequate in the Garland County MA, and Grant - Saline Counties MA, and good in the Hot Spring County AA.

Qualifying investments are investments, deposits, membership shares, or grants that have community development as their primary purpose, as defined in the CRA regulation. The bank has one qualified investment, Diamond State Ventures (DSV), and 11 other small donations. MNB has invested in a Small Business Investment Corporation (SBIC), which is funded from the main office in Hot Spring County. There are no qualified investments in the Garland or Saline County AAs.

MNB has committed \$1 million and funded \$258 thousand to a SBIC that promotes economic development by providing financing for venture capital for regional small businesses, including the state of Arkansas. The SBIC is based in Arkansas, but also invests in companies with strong potential located outside of Arkansas. These businesses generally have access to credit markets or supplier relationships in Arkansas. Qualified donations totaled \$11 thousand.

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 is excellent in the Garland County MA, and adequate in Grant – Saline Counties MA, and Hot Spring County AA.

The primary delivery system is the bank's branch network. In total, MNB has 11 branches, of which seven are full-service branches, three are deposit-only branches, and one is a non-deposit branch (administration). The bank offers a wide variety of loan and deposit products that are available at all full-service branches while paying and receiving services are available at all the deposit-only branches. Bookkeeping and data processing services are housed at the non-deposit branch. Alternative delivery systems include ATMs, telephone, and Internet banking services. Little weight was placed on the bank's alternative delivery systems since no data was available to evaluate the accessibility or effectiveness of such systems to low-and moderate-income geographies or to low-and moderate-income individuals. There were no changes in the number of branches since the last evaluation. Banking hours are reasonable throughout the bank's AA, including moderate-income tracts. All full-service branches, except the main office, are open on Saturdays.

Retail Banking Services

Refer to Table 15 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.

Garland County MA:

The bank's service delivery systems are excellent and very accessible to geographies and individuals of different income levels in the AA. The Garland County AA has two full-service branches. Base on the 2000 census, both of the branches are located in moderate-income CTs. There are six moderate-income CTs in the Garland County MA.

Hot Spring County AA:

The bank's service delivery systems are reasonably accessible to geographies and individuals of different income levels in the AA. The Hot Springs County AA has one full-service branch (the main office), three deposit-only branches and one non-deposit branch. All BNAs in this AA are middle-income tracts.

Grant - Saline Counties MA:

The bank's service delivery systems are reasonably accessible to geographies and individuals of different income levels in the AA. The Grant - Saline Counties MA has four full-service branches. Based on the 2000 census, all CTs are middle or upper-income tracts.

Community Development Services

The bank's level of participation in community development services is adequate, although the number of community development opportunities available for MNB to participate in is limited. MNB provides instructors to the Central Arkansas Development Council (CADC) Home Buyer Counseling Program, which provides home ownership counseling to low- and moderate-income families and, on a qualifying basis, provides funding for closing costs and down payment up to \$3,000. To qualify, potential homebuyers attend eight hours of classroom instruction covering the application process, qualifying and applying for guaranteed financing under the Arkansas Development Finance Authority (ADFA) home loan program, and other obligations of home ownership. MNB is an approved ADFA lender and is willing to provide financing under this program. Although the CADC program is available at all MNB branches, MNB has not yet funded any loans under this program.

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test (excludes CD Loans):(01/02/2002 to 12/29/2004) Investments and Service Tests and CD Loans: (5/16/2002 to 05/31/2005)	
Financial Institution	Products Reviewed	
(Malvern National Bank (MNB) Malvern, Arkansas)	HMDA Loans, Small Business Loans, and Small Farm Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Not Applicable		MNB has one affiliate. However, no affiliate products were reviewed.
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Garland County Hot Spring County Grant County and Saline County	Full Scope Full Scope Full Scope	Entire County (Now Hot Springs MA) Entire County Part of Little Rock/North Little Rock MA

Appendix B: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

Garland County MA..... B-2
Hot Spring County AA..... B-4
Grant - Saline CountiesMA..... B-6

Malvern 2004 Garland County

Demographic Information for Full Scope Area: Malvern 2004 Garland County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	19	0.00	31.58	57.89	10.53	0.00
Population by Geography	88,068	0.00	21.35	65.29	13.36	0.00
Owner-Occupied Housing by Geography	26,908	0.00	15.07	71.45	13.48	0.00
Business by Geography	5,815	0.00	32.47	56.20	11.33	0.00
Farms by Geography	141	0.00	15.60	70.21	14.18	0.00
Family Distribution by Income Level	25,396	19.07	18.11	23.06	39.75	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	9,444	0.00	27.77	62.30	9.92	0.00
Median Family Income		38,002	Median Housing Value		76,803	
HUD Adjusted Median Family Income for 2004		44,400	Unemployment Rate March 2005		5.5%	
Households Below Poverty Level		13.98%				

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 US Census and 2004 HUD updated MFI

This AA is located in the south central part of the state. Based on the 1990 census, there were 19 BNAs in the AA; 4 or 21% were moderate-income; 8 or 42% were middle-income; and 7 or 37% are upper-income. There are no low-income BNAs in this AA. Based on the 2000 census, there were 19 BNAs in the AA; 6 or 32% were moderate-income; 11 or 58% were middle-income; and 2 or 10% were upper-income. Garland County became the Hot Springs MA during 2004. The 1990 population was 73,397 and the 2000 population was 88,068 or a 20% increase. The principal city is Hot Springs with a 2000 population of 35,750. Hot Springs Village, located 12 miles north of Hot Springs, is an unincorporated planned retirement community, and has an estimated population of about 15,000 people.

The economy is stable. Primary industries are tourism, health services and forestry/timber. Tourism accounts for about 30 percent of Garland County's economy. Hot Springs National Park is located in Hot Springs. There are also numerous lakes for boating, camping and fishing. Live horse racing is held at Oaklawn Park from February through April and simulcast racing year-round. The unemployment rate for Garland County as of March 2005 was 5.5%. The unemployment rate for Garland County is slightly above the Arkansas average of 5.4% and the U.S. average of 5.2% as of March 2005. Major employers include Saint Joseph's Regional Health Center of Hot Springs, with 1,450 employees; National Park Medical Center, Lake Catherine, with 700 employees; Oaklawn Park (horse racing track), Hot Springs, with 650 employees; and, Weyerhaeuser Company (timber and paper products), Mountain Pine, with 600 employees

Competition for loan and deposit customers is intense in the Garland County AA. MNB operates two full-service branches in the AA, with both branches having ATMs. There are 11 banks that are headquartered in or have branches in this AA. The major competitors for both loans and deposits are Regions Bank, Bank of America, Summit Bank, and U.S. Bank. In terms of deposit share, MNB ranks 7th in the AA with a 3.1% market share. Regions Bank ranks first with a 33.9% market share. Bank of America ranks second with 17.1%, Summit Bank is third with 12.8%, and U.S. Bank is fourth with 9.5%.

There were 52 financial institutions or lenders that originated small business loans in the Garland County AA in 2003, (the most recent year that aggregate information is available). MNB was ranked 11th with 2.6% market share. The top four lenders were Capital One F.S.B with 20.4%, MBNA American with 13.2%, Regions Bank with 11.8%, and Summit Bank with 10.9%.

Approximately 264 financial institutions or lenders originated or purchased a home mortgage loan in the Garland County AA in 2003, (the most recent year that aggregate information is available). MNB was ranked 44th, with a 0.4% market share. The top three lenders in terms of market share were Regions Bank with 8.2%, Bank of America with 7.9%, and Wells Fargo Home Mortgage Co. with 7.6%.

Malvern 2004 Hot Spring County

Demographic Information for Full Scope Area: Malvern 2004 Hot Spring County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	7	0.00	0.00	100.00	0.00	0.00
Population by Geography	30,353	0.00	0.00	100.00	0.00	0.00
Owner-Occupied Housing by Geography	9,359	0.00	0.00	100.00	0.00	0.00
Business by Geography	1,418	0.00	0.00	100.00	0.00	0.00
Farms by Geography	50	0.00	0.00	100.00	0.00	0.00
Family Distribution by Income Level	8,880	15.46	16.61	25.09	42.84	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	2,848	0.00	0.00	100.00	0.00	0.00
Median Family Income HUD Adjusted Median Family Income for 2004 Households Below Poverty Level		34,263 40,000 18.45%	Median Housing Value Unemployment Rate March 2005		56,253 5.6%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 US Census and 2004 HUD updated MFI

This AA is located in the south central part of the state. Grant County and Hot Spring were combined into one AA for 2002 and 2003 HMDA, small business, and small farm loans. Grant and Hot Spring Counties are contiguous and have no low- and moderate-income areas. For 2004, Grant County became part of the Little Rock/North Little Rock MA, and Hot Spring County became a one county AA. Based on the 2000 census, there are seven BNAs in the AA, all of which are middle-income. The 1990 population of Hot Spring County was 26,115. The 2000 population increased to 30,353 or 16%. The bank's main office is located in the county's principal city of Malvern, which has a population of 9,021 in 2000.

The county's economy is stable. The county's three largest industries are durable goods, manufacturing, state and local government, and services. The unemployment rate for Hot Spring County as of March 2005 was 5.6%. The unemployment rate for Hot Spring County is slightly above the Arkansas average of 5.4% and the U.S. average of 5.2% as of March 2005. Major employers include Pace Industries (die casting), with 300 employees, Hot Spring County Medical Center with 250 employees, and Anthony Timberlands (timber) with 160 employees.

MNB operates one full-service branch in the AA, two deposit-only branches, and one non-deposit branch (the bookkeeping and data processing office). There are four other banks with branches in the Hot Spring County AA. The major competitors for both loans and deposits are U.S. Bank, and Southern State Bank. In terms of deposit share, MNB ranks 1st in the AA with at 45.8%, U.S. Bank ranks 2nd at 17.4%, Southern State Bank ranks 3rd at 14.4%, and Summit Bank ranks 4th with 13.6%.

There were 24 financial institutions or lenders that originated small business loans in the Hot Spring County AA in 2003, (the most recent year that aggregate information is available). MNB was ranked 3rd with an 18.2% market share. Summit Bank was 1st with a 23.4% market share and Capital One F.S.B was 2nd with a 18.3% market share.

Approximately 151 financial institutions or lenders originated or purchased a home mortgage loan in the Hot Spring County AA in 2003 (the most recent year that aggregate information is available). MNB was ranked 3rd, with an 8.1% market share. In terms of loan market share, Summit Bank was 1st with 11.7%, and U.S. Bank was 2nd with 9.1%.

Malvern 2004 Grant-Saline Counties (LR-NLR MSA)

Demographic Information for Full Scope Area: Malvern 2004 Grant-Saline Counties (LR-NLR MSA)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	25	0.00	0.00	76.00	24.00	0.00
Population by Geography	99,993	0.00	0.00	75.07	24.93	0.00
Owner-Occupied Housing by Geography	30,650	0.00	0.00	72.14	27.86	0.00
Business by Geography	4,346	0.00	0.00	77.86	22.14	0.00
Farms by Geography	121	0.00	0.00	79.34	20.66	0.00
Family Distribution by Income Level	29,296	15.81	18.60	26.34	39.24	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	10,082	0.00	0.00	82.14	17.86	0.00
Median Family Income	46,412	Median Housing Value	84,939			
HUD Adjusted Median Family Income for 2004	54,200	Unemployment Rate March 2005	5.2%			
Households Below Poverty Level	11.80%	Grant County	4.4%			
		Saline County				

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 US Census and 2004 HUD updated MFI

The AA is located in the central part of the state. Grant County became part of the Little Rock/North Little Rock MA during 2004. Saline County has been part of the Little Rock/North Little Rock MA since at least 1990. Based on the 2000 census, there are 25 CTs in this AA of which, 19 or 76% are middle-income, and the remaining 6 or 24% are upper-income. The 1990 population for Grant County was 13,948 and the population of Saline County was 64,183. The population in 2000 had increased to 16,464 for Grant County and 83,529 for Saline County, an increase of 18% and 30% respectively. The principal cities in this AA are Benton (Saline County), with a population of 21,906 in 2000; Bryant (Saline County), with a population of 9,764 in 2000; and, Sheridan (Grant County), with a population of 3,872 in 2000.

The economy is good. The county's three largest industries are services, state and local government, and retail trade. The unemployment rate for Grant County was 5.2% and Saline County was 4.4% as of March 2005. The unemployment rates were equal to or slightly lower than the statewide average of 5.4% and national average of 5.2% as of March 2005. Major employers include Alcoa, Inc. – Industrial Chemicals Division, Bauxite, with 700 employees; and Walmart Stores, Inc., Benton, with 600 employees.

Competition for loan and deposit customers is strong in the Grant - Saline Counties AA. There are 12 banks that have branches in this AA. MNB operates four full-service branches in this AA, with all branches having ATMs. The major competitors for both loans and deposits are Regions Bank, and Union Bank of Benton. In terms of deposit share, MNB ranks 3rd at 11.7%, Regions Bank ranks 1st at 28.7%, and Union Bank of Benton ranks 2nd at 20.6%.

There were 42 financial institutions or lenders that originated small business loans in the Saline County AA in 2003, (the most recent year that aggregate information is available). MNB was ranked 8th with a 3.9% market share. Capital One F.S.B was 1st with a 20.6% market share, and Regions Bank was 2nd with 16.7% market share.

Approximately 265 financial institutions originated or purchased a home mortgage loan in the Saline County AA in 2003, (the most recent year that aggregate information is available). MNB was ranked 32nd with a 0.9% market share. In terms of market share, Washington Mutual Bank, FA was ranked 1st at 7.9%, and Regions Bank was ranked 2nd at 6.4%.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/AA. Tables without data are not included in this PE.

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/AA. Community development loans to statewide or regional entities or made outside the bank’s AA may receive positive CRA consideration. Refer to Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/AA column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/AA. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- 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 Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units 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 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. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's AA.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500 thousand) 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. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's AA.
- Table 8. 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 MA/AA. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. 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 12. 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 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households 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 MA/AA.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/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.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's AA. See Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/AA column and record the corresponding numbers and amounts in the "Qualified Investments" column.

Table 15. 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 MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume

LENDING VOLUME												
Geography: ARKANSAS												
Evaluation Period: JANUARY 1, 2004 TO DECEMBER 29, 2004												
MA/AA (2004):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full Review:												
Malvern 2004 Garland County	18.36	31	3,547	83	10,540	0	0	0	0	114	14,087	12.35
Malvern 2004 Grant-Saline Counties (NLR MSA)	48.79	116	7,884	170	11,592	17	266	0	0	303	19,742	32.12
Malvern 2004 Hot Spring County	32.85	82	3,957	104	12,093	18	316	0	0	204	16,366	55.53

* Loan Data as of December 29, 2004. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from January 01, 2004 to December 31, 2004.

*** Deposit Data as of June 04, 2004. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: ARKANSAS					Evaluation Period: JANUARY 1, 2004 TO DECEMBER 29, 2004					Market Share (%) by Geography*				
MA/AA:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
Malvern 2004 Garland County	19	15.70	0.00	0.00	15.07	15.79	71.45	57.89	13.48	26.32	0.00	0.00	0.00	0.00	0.00	
Malvern 2004 Grant-Saline Counties (LR-NLR MSA)	66	54.55	0.00	0.00	0.00	0.00	72.14	89.39	27.86	10.61	0.00	0.00	0.00	0.00	0.00	
Malvern 2004 Hot Spring County	36	29.75	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

* The evaluation period for Optional Product Line(s) is from January 01, 2004 to December 29, 2004.

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT			Geography: ARKANSAS				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 29, 2004					Market Share (%) by Geography*				
MA/AA:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
Malvern 2004 Garland County	4	7.27	0.00	0.00	15.07	0.00	71.45	75.00	13.48	25.00	0.00	0.00	0.00	0.00	0.00	
Malvern 2004 Grant-Saline Counties (LR-NLR MSA)	27	49.09	0.00	0.00	0.00	0.00	72.14	96.30	27.86	3.70	0.00	0.00	0.00	0.00	0.00	
Malvern 2004 Hot Spring County	24	43.64	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

* The evaluation period for Optional Product Line(s) is from January 01, 2004 to December 29, 2004.

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

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE												Geography: ARKANSAS				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 29, 2004				
MA/AA:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*									
	#	% of Total**	% 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					
Full Review:																				
Malvern 2004 Garland County	8	15.09	0.00	0.00	15.07	37.50	71.45	37.50	13.48	25.00	0.00	0.00	0.00	0.00	0.00					
Malvern 2004 Grant-Saline Counties (LR-NLR MSA)	23	43.40	0.00	0.00	0.00	0.00	72.14	91.30	27.86	8.70	0.00	0.00	0.00	0.00	0.00					
Malvern 2004 Hot Spring County	22	41.51	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					

* The evaluation period for Optional Product Line(s) is from January 01, 2004 to December 29, 2004.

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

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES															Geography: ARKANSAS					Evaluation Period: JANUARY 1, 2004 TO DECEMBER 29, 2004				
MA/AA:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*													
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp									
Full Review:																								
Malvern 2004 Garland County	83	23.25	0.00	0.00	32.47	42.17	56.20	42.17	11.33	15.66	0.00	0.00	0.00	0.00	0.00									
Malvern 2004 Grant-Saline Counties (LR-NLR MSA)	170	47.62	0.00	0.00	0.00	0.00	77.86	90.00	22.14	10.00	0.00	0.00	0.00	0.00	0.00									
Malvern 2004 Hot Spring County	104	29.13	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00									

* The evaluation period for Optional Product Line(s) is from January 01, 2004 to December 29, 2004.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2003).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS		Geography: ARKANSAS				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 29, 2004					Market Share (%) by Geography [*]				
MA/AA:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total ^{**}	% of Farms ^{***}	% BANK Loans	% of Farms ^{***}	% BANK Loans	% of Farms ^{***}	% BANK Loans	% of Farms ^{***}	% BANK Loans					
Full Review:															
Malvern 2004 Garland County	0	0.00	0.00	0.00	15.60	0.00	70.21	0.00	14.18	0.00	0.00	0.00	0.00	0.00	0.00
Malvern 2004 Grant-Saline Counties (LR-NLR MSA)	17	48.57	0.00	0.00	0.00	0.00	79.34	100.00	20.66	0.00	0.00	0.00	0.00	0.00	0.00
Malvern 2004 Hot Spring County	18	51.43	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

* The evaluation period for Optional Product Line(s) is from January 01, 2004 to December 29, 2004.

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2003).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: ARKANSAS					Evaluation Period: JANUARY 1, 2004 TO DECEMBER 29, 2004									
MA/AA:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp	
Full Review:																
Malvern 2004 Garland County	19	15.70	19.07	6.25	18.11	6.25	23.06	12.50	39.75	75.00	0.00	0.00	0.00	0.00	0.00	
Malvern 2004 Grant-Saline Counties (LR-NLR MSA)	66	54.55	15.81	8.47	18.60	18.64	26.34	20.34	39.24	52.54	0.00	0.00	0.00	0.00	0.00	
Malvern 2004 Hot Spring County	36	29.75	15.46	0.00	16.61	18.18	25.09	21.21	42.84	60.61	0.00	0.00	0.00	0.00	0.00	

* The evaluation period for Optional Product Line(s) is from January 01, 2004 to December 29, 2004.

** As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

**** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: ARKANSAS				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 29, 2004									
MA/AA:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp	
Full Review:																
Malvern 2004 Garland 4County	4	7.27	19.07	0.00	18.11	0.00	23.06	33.33	39.75	66.67	0.00	0.00	0.00	0.00	0.00	
Malvern 2004 Grant-Saline Counties (LR-NLR MSA)	27	49.09	15.81	37.04	18.60	25.93	26.34	11.11	39.24	25.93	0.00	0.00	0.00	0.00	0.00	
Malvern 2004 Hot Spring County	24	43.64	15.46	12.50	16.61	12.50	25.09	37.50	42.84	37.50	0.00	0.00	0.00	0.00	0.00	

* The evaluation period for Optional Product Line(s) is from January 01, 2004 to December 29, 2004.

** As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

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

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: ARKANSAS					Evaluation Period: JANUARY 1, 2004 TO DECEMBER 29, 2004									
MA/AA:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp	
Full Review:																
Malvern 2004 Garland County	8	15.09	19.07	12.50	18.11	50.00	23.06	0.00	39.75	37.50	0.00	0.00	0.00	0.00	0.00	
Malvern 2004 Grant-Saline Counties (LR-NLR MSA)	23	43.40	15.81	4.55	18.60	22.73	26.34	31.82	39.24	40.91	0.00	0.00	0.00	0.00	0.00	
Malvern 2004 Hot Spring County	22	41.51	15.46	4.55	16.61	22.73	25.09	18.18	42.84	54.55	0.00	0.00	0.00	0.00	0.00	

* The evaluation period for Optional Product Line(s) is from January 01, 2004 to December 29, 2004.

** As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

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

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: ARKANSAS			Evaluation Period: JANUARY 1, 2004 TO DECEMBER 29, 2004				
	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
MA/AA:	#	% of Total**	% 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
Full Review:									
Malvern 2004 Garland County	83	23.25	66.76	80.72	71.08	13.25	15.66	0.00	0.00
Malvern 2004 Grant-Saline Counties (LR-NLR MSA)	170	47.62	65.07	84.12	84.12	8.82	7.06	0.00	0.00
Malvern 2004 Hot Spring County	104	29.13	60.30	72.12	71.15	15.38	13.46	0.00	0.00

* The evaluation period for Optional Product Line(s) is from January 01, 2004 to December 29, 2004.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2004).

**** 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 1.96% of small loans to businesses originated and purchased by the bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: ARKANSAS			Evaluation Period: JANUARY 1, 2004 TO DECEMBER 29, 2004				
MA/AA:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Malvern 2004 Garland County	0	0.00	85.11	0.00	0.00	0.00	0.00	0.00	0.00
Malvern 2004 Grant-Saline Counties (LR-NLR MSA)	17	48.57	89.26	100.00	100.00	0.00	0.00	0.00	0.00
Malvern 2004 Hot Spring County	18	51.43	90.00	100.00	100.00	0.00	0.00	0.00	0.00

* The evaluation period for Optional Product Line(s) is from January 01, 2004 to December 29, 2004.

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2004).

**** 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 0.00% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: ARKANSAS									
Evaluation Period: May 16, 2002 TO May 31, 2005									
MA/AA:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Malvern 2004 Garland County	0	0	1	1	1	1	0.37	0	0
Malvern 2004 Grant-Saline Counties (LR-NLR MSA)	0	0	1	1	1	1	0.37	0	0
Malvern 2004 Hot Spring County	0	0	10	267	10	267	99.26	1	742

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

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

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: ARKANSAS				Evaluation Period: May 16, 2002 TO May 31, 2005					
MA/AA:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Malvern 2004 Garland County	12.35	2	20.00	0.00	100.00	0.00	0.00	0	0	0	0	0	0	0.00	21.35	65.29	13.36
Malvern 2004 Grant-Saline Counties (LR-NLR MSA)	32.12	4	40.00	0.00	0.00	75.00	25.00	0	1	0	0	-1	0	0.00	0.00	75.07	24.93
Malvern 2004 Hot Spring County	55.53	4	40.00	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	0.00	100.00	0.00