

PUBLIC DISCLOSURE

June 3, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Twin City Bank
33472**

**2716 Lakewood Village Place
North Little Rock, Arkansas 72116**

**Federal Deposit Insurance Corporation
Division of Compliance and Consumer Affairs
5100 Poplar Avenue, Suite 1900
Memphis, Tennessee 38137**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

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

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Twin City Bank** prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **June 3, 2002**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

CRA performance depicts a satisfactory practice of meeting the credit needs of the assessment area. The rating is supported by the following.

- An analysis of residential real estate and small business loan originations reveals an effective penetration among borrowers of different income levels and businesses of different sizes. Residential real estate lending to low- and moderate-income borrowers is considered acceptable.
- The geographic distribution of lending is adequate and reflective of assessment area demographics.
- A majority of loans reviewed were originated within the assessment area. Overall, the bank originated 67 percent by number and 56 percent of the dollar volume of loans in the area.
- A reasonable responsiveness to community credit needs is reflected in the average net loan-to-deposit ratio of approximately 70 percent over the past seven quarters since the prior evaluation.

DESCRIPTION OF INSTITUTION

Twin City Bank was chartered on May 31, 2000 and is located in North Little Rock, Arkansas. North Little Rock Bancshares, Inc., a one-bank holding company located in North Little Rock, Arkansas owns the bank. The main bank's office is in North Little Rock, Arkansas. The bank also has three branches located within the City of North Little Rock: the Rose City branch, the Levy branch, and the Main Street Argenta branch.

As of December 31, 2001, the bank had total assets of \$145 million; total deposits of \$111 million; and gross loans of \$83 million. This compares to total assets of \$86 million; total deposits of \$61 million; and gross loans of \$40 million as of the March 2001 visit, and indicates growth of 41 percent; 45 percent; and 52 percent, respectively. The largest growth was reflected in the time period from June 2000 until September 2000. Loans constitute the largest segment of earning assets. The average net loan-to-deposit ratio, as of December 2001 for 7 quarters, was 70 percent. This compares favorably with the average loan to deposit ratio of 40 percent at the initial visit.

Twin City Bank is a full service community bank, which offers a wide range of deposit and loan products. The primary lending focus is commercial lending, although residential and general consumer loans are also a significant part of the bank's business. Commercial lending represent approximately 81 percent of the total outstanding dollar volume of the loan portfolio. A breakdown of the portfolio by loan type and corresponding dollar amount is provided in the following table. The information is provided from the most recent Statement of Condition dated December 31, 2001.

LOAN DISTRIBUTION AS OF DECEMBER 31, 2001		
Loan Type	Dollar Amount (000s)	Percent of Total Loans (%)
Construction and Loan Development	\$11,964	14
1-4 Family Residential	8,162	10
Multi-Family	1,234	1
Commercial	17,838	21
Total Real Estate Loans	\$39,198	46
Farm	122	1
Commercial and Industrial	37,264	45
Consumer	6,857	8
Total Gross Loans	\$83,441	100

Source: Statement of Condition 12/31/01

The bank currently operates a main office and three branches. The main office and all branches have automated teller machines (ATMs). In addition, the bank has a free standing ATM that does not accept deposits located at Pulaski Technical College. No offices have been closed since the bank was chartered. The following table details the bank's locations:

BRANCH	LOCATION	TRACT / INCOME
Main Office With an ATM	2716 Lakewood Village Place North Little Rock, AR 72116	Pulaski County 33.03 / Upper
Levy Branch With an ATM	3811 MacArthur Drive North Little Rock, AR 72118	Pulaski County 32.01 / Middle
Rose City Branch With an ATM	4301 East Broadway North Little Rock, AR 72117	Pulaski County 27.0 / Moderate
Main Street Argenta Branch With an ATM	650 Main Street North Little Rock, AR 72114	Pulaski County 25.0 / Moderate
Pulaski Technical College ATM only	3000 West Scenic Drive North Little Rock, AR 72118	Pulaski County 31 / Moderate

Source: Bank Records

There are no known legal or financial factors, which would deter the bank from serving the credit needs of the assessment area.

This is the first CRA evaluation for Twin City Bank. "Small Bank" CRA procedures were utilized for the current evaluation period.

DESCRIPTION OF PORTIONS OF PULASKI COUNTY

Twin City Bank's assessment area includes a portion of Pulaski County. This area is located in central Arkansas and consists of 19 census tracts. There are two low-income tracts (26 and 28); six moderate-income tracts (25, 27, 29, 30, 31, and 38); six middle-income tracts (32.01, 32.02, 33.01, 37.04, 37.05; and 43.02); and five upper-income tracts (33.03, 33.04, 37.01, 37.02 and 43.01). Pulaski County is located in the Little Rock - North Little Rock Metropolitan Statistical Area (MSA). The following table illustrates general demographic information of the assessment area:

DEMOGRAPHIC INFORMATION	ASSESSMENT AREA
Population	99,431
Number of Families	27,760
Percent of Housing Owner-Occupied	59%
Percent of Housing Rented	33%
Median Housing Age (Years)	23 years
Median Housing Value	\$52,563

Source: 1990 U.S. Census information

The tables below provide the percent of the median family income (MFI) used to determine income ranges, as well as the 1990, 2001, and 2002 income ranges, for each of the four income levels. These income levels are defined by the Community Reinvestment Act (CRA) and are calculated as a percent of the Metropolitan Statistical Area MFI, for the Little Rock - North Little Rock Metropolitan Statistical Area. These data are used in the analysis of two of the performance criteria; Lending to Borrowers of Different Incomes and Business of Different Sizes; and the Geographic Distribution of Loans.

The 1990 MFI of \$31,598 is taken from census data and is used to determine the income level of the geographies and to evaluate the geographic distribution of loans since geographies are categorized based on census data. The 2001 adjusted MFI of \$49,100 and the 2002 adjusted MFI of \$49,700 are provided by HUD 2001 and 2002 estimates and are used to analyze lending to borrowers of different income levels since borrower income is generally reported on a current basis.

RANGE OF INCOME CALCULATIONS		
INCOME LEVEL	PERCENT OF MFI	1990 RANGE
Low	Less than 50%	Less than \$15,799
Moderate	50% to less than 80%	\$15,799 to \$25,277
Middle	80% to less than 120%	\$25,278 to \$37,916
Upper	120% and over	\$37,917 and over

Source: 1990 U.S. Census information

RANGE OF INCOME CALCULATIONS			
INCOME LEVEL	PERCENT OF MFI	2001 Range	2002 RANGE
Low	Less than 50%	Less than \$24,550	Less than \$24,850
Moderate	50% to less than 80%	\$24,550 to \$39,279	\$24,850 to \$39,759
Middle	80% to less than 120%	\$39,280 to \$58,919	\$39,760 to \$59,639
Upper	120% and over	\$58,920 and over	\$59,640 and over

Source: 2001 and 2002 Department of Housing and Urban Development information

The number of families within the various income ranges are provided in the following table using the 1990 Census data. The ranges vary slightly from the MFI definitions, as they are provided in bands of \$2,500. The analysis of the 1990 Census data reveals the following distribution of families by income level in the assessment area using weighted measures. This information indicates 19 percent of the community is considered low-income. Also, 10 percent are below the poverty level.

INCOME LEVEL	NUMBER	PERCENTAGE
Low	5,261	19
Moderate	4,915	18
Middle	5,838	21
Upper	11,746	42
TOTAL	27,760	100

Source: 1990 U.S. Census information

Pulaski County's three largest industries in 1999 were services (28 percent of earnings), state and local government (14 percent), and transportation and public utilities (11 percent), according to BEA Regional Facts. Recent labor market statistics indicate the unemployment rate for Pulaski County was 3.5 percent in December 2001. The State of Arkansas reflected a 4.2 percent unemployment rate, while the national rate was 5.2 percent for the December 2001 period. The major employers include University of Arkansas System – University Book Store, Little Rock (3,600 employees), St Vincent Health System, Little Rock (3,200 employees), and Baptist Health - Baptist Health Rehabilitation Institute, Little Rock (2,800 employees).

A community contact assessed the Pulaski County economy as “thriving”. There are a number of service and manufacturing employers within the county as well as numerous health care positions. The real estate market is very competitive as reflected in home purchases. A residential property priced in the \$75,000 to \$115,000 range will normally sell within a week and close within 30 days. The contact further indicated there is a supply of affordable housing in the \$40,000 to \$65,000 range. As stated in this interview the contact attributed this fast-paced market to low interest rates.

Twin City Bank operates in a relatively competitive environment in Pulaski County. There are 24 local financial institutions, which accommodate banking needs within the defined assessment area. Competition within the area consists of full-service locally owned banks as well as national banks. The following is a list of bank offices in Pulaski County; in addition, the table reflects each financial institution's deposits within the county. However, this listing does not include the numerous mortgage companies in the county.

Bank Name	City	Total Assets	Total Deposits	Deposits in Assessment Area
Arkansas Bankers Bank	Little Rock	\$113,277	\$94,186	\$69,752
Bank of America	Charlotte, NC	575,020,000	375,021,000	1,077,072
Bank of England	England	73,271	57,290	2,028
Bank of Little Rock	Little Rock	102,006	92,445	87,816
Bank of Mulberry	Mulberry	61,697	46,530	11,673
Bank of the Ozarks	Little Rock	813,421	626,275	264,092
Central Bank and Trust	Little Rock	152,525	130,841	112,844
Community Bank	Cabot	303,369	244,812	49,849
Delta Trust & Bank	Parkdale	117,265	102,808	23,807
Eagle Bank and Trust Company	Little Rock	70,375	59,933	61,279
First Arkansas Bank and Trust	Jacksonville	218,910	186,155	139,794
Firstar Bank	Cincinnati, OH	163,099,495	106,728,741	595,556
Madison Bank and Trust	Kingston	36,786	34,504	7,766
Metropolitan National Bank	Little Rock	652,619	538,978	493,594
National Bank of Arkansas	North Little Rock	115,703	95,753	89,921
One Bank & Trust	Little Rock	213,254	155,555	145,925
Pinnacle Bank	Little Rock	127,856	99,583	90,774
Pulaski Bank and Trust Company	Little Rock	310,369	267,224	271,630
Regions Bank	Birmingham, AL	42,798,380	31,008,881	1,175,730
Simmons First National Bank	Pine Bluff	1,058,759	839,261	64,124
Superior Federal Bank	Fort Smith	1,661,570	1,168,757	227,412
The Capital Bank	Little Rock	78,776	62,400	61,064
The Union Bank of Benton	Benton	233,420	170,286	1,415
Twin City Bank	North Little Rock	133,277	93,025	75,951
TOTAL	NA	\$787,566,380	\$517,925,223	\$5,200,868

The bank's assessment area is representative of the area it seeks to serve and does not arbitrarily exclude any low- or moderate-income areas.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The evaluation of the bank's lending performance is based upon the review of the bank's Home Mortgage Disclosure Act (HMDA) lending as well as a sample of the bank's commercial lending. The analysis consisted of 2001 HMDA lending (58 loans totaling \$3,494,000), the first quarter of 2002 HMDA lending (28 loans totaling \$1,719,000), and the business loan portfolio (358 loans totaling \$90,468,203). Commercial loans were given primary weight due to management's lending focus. In addition, farm loans were not reviewed due to the limited number of farm loans originated by the bank (one-percent of the entire portfolio).

These two loan categories were chosen for review because collectively, they account for 91 percent of the dollar volume of the loan portfolio. Therefore, a review of these categories should be reflective of the overall lending performance by the bank.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

The review of HMDA lending and the credit needs of the community with regard to housing indicated the bank's performance in lending to borrowers of different income levels is adequate. Also, lending to businesses of different sizes is reasonable and is reflective of the businesses operating in the assessment area and the credit needs of these businesses.

Although there are only two low-income tracts (26 and 28), the data below shows that 19 percent of the families are considered low-income. In addition there are six moderate-income tracts (25, 27, 29, 30, 31, and 38), while the Census data indicates 18 percent of the families are moderate-income.

The following tables reflect the 2001 and the first quarter of 2002 HMDA loans made within the bank's assessment area. In addition, the table includes the percentage of families within each income level as previously provided.

HMDA 2001					
INCOME LEVEL	PERCENT OF FAMILIES	NUMBER	PERCENT	VOLUME	PERCENT
Low	19	3	8	\$56,000	4
Moderate	18	4	10	50,000	3
Middle	21	14	37	419,000	28
Upper	42	17	45	974,000	65
TOTAL	100	38	100	\$1,499,000	100

Source: 1990 U.S. Census information and 2001 HMDA Records

HMDA 2002					
INCOME LEVEL	PERCENT OF FAMILIES	NUMBER	PERCENT	VOLUME	PERCENT
Low	19	2	11	\$133,000	16
Moderate	18	0	0	0	0
Middle	21	4	22	92,000	11
Upper	42	12	67	605,000	73
TOTAL	100	18	100	\$830,000	100

Source: 1990 U.S. Census information and 2002 HMDA Records

As detailed in the tables above, the bank has a relatively low level of 2001 HMDA lending to low-income borrowers (8 percent by number and 4 percent by dollar volume). However, 2002 HMDA lending to low-income borrowers increased (11 percent by number and 16 percent by dollar volume). Moderate-income borrowers received 10 percent by number and 3 percent by dollar volume of the 2001 HMDA lending. However, the first quarter of 2002 HMDA reflected no lending to moderate-income borrowers. While the bank has a relatively low level of HMDA lending to low- and moderate-income borrowers, it is considered acceptable given the availability of government subsidized housing units (2,361 in Pulaski County) and the number of financial institutions located in the area.

The following table depicts the distribution of the sampled business loans made within the assessment area by gross revenue.

BUSINESS LOANS				
GROSS REVENUE	NUMBER	PERCENT	VOLUME	PERCENT
Less than \$100,000	70	29	\$10,400,433	20
\$100,000 to \$250,000	35	14	7,452,298	14
\$250,000 to \$1,000,000	50	21	11,690,795	23
More than \$1,000,000	87	36	22,007,852	43
TOTAL	242	100	\$51,551,378	100

Source: Bank Records

The distribution of lending to small businesses is adequately disbursed among the various revenue levels. The number of business loans reviewed indicates the bank serves each business size. The dollar volume evidenced similar results; however, the largest portion of the dollar volume was to business with more than \$1 million in gross revenues. Generally, these businesses request larger loan amounts due to the nature of their operations. The data above reflects the bank's effort to fund small business owners.

Small business loan originations were also analyzed by loan size, as a proxy for the size of the businesses being financed. The distribution among different loan sizes reflected in the following table further demonstrates the bank's willingness to make small business loans. The majority of small business loans originated within the assessment area (65 percent by number) had original balances of less than \$100,000.

BUSINESS LOANS				
LOAN SIZE (000s)	NUMBER	PERCENT	VOLUME	PERCENT
≤\$100	156	65	\$6,199,086	12
>\$100≤\$250	42	17	6,913,946	13
>\$250≤\$500	25	10	10,236,346	20
>\$500≤\$1,000	6	3	4,219,000	8
≤\$1,000	13	5	23,983,000	47
TOTAL	242	100	\$51,551,378	100

Source: Bank Records

Geographic Distribution of Loans

The geographic distribution of loans is reasonable and reflective of the assessment area. The dispersion of HMDA loans is presented in the following tables, which includes the percent of families living in the geographies according to the 1990 Census. There are two low-income tracts (26 and 28); six moderate-income tracts (25, 27, 29, 30, 31, and 38); six middle-income tracts (32.01, 32.02, 33.01, 37.04, 37.05; and 43.02); and five upper-income tracts (33.03, 33.04, 37.01, 37.02 and 43.01).

HMDA 2001					
INCOME LEVEL	PERCENT OF FAMILIES	NUMBER	PERCENT	VOLUME	PERCENT
25.00 - Moderate	2	1	3	\$66,000	5
26.00 - Low	2	0	0	0	0
27.00 - Moderate	9	1	3	38,000	4
28.00 - Low	3	0	0	0	0
29.00 - Moderate	1	0	0	0	0
30.00 - Moderate	6	1	3	15,000	1
31.00 - Moderate	1	0	0	0	0
32.01 - Middle	7	1	2	47,000	3
32.02 - Middle	8	2	5	79,000	5
33.01 - Middle	7	5	13	256,000	17
33.03 - Upper	4	3	8	183,000	12
33.04 - Upper	6	7	18	434,000	29
37.01 - Upper	7	2	5	33,000	2
37.03 - Upper	8	3	8	96,000	6
37.04 - Middle	3	1	3	50,000	3
37.05 - Middle	8	2	5	19,000	1
38.00 - Moderate	4	2	5	20,000	1
43.01 - Upper	9	4	11	79,000	5
43.02 - Middle	5	3	8	84,000	6
Total	100	38	100	\$1,499,000	100

Source: 1990 U.S. Census information and 2001 HMDA Records

The largest portion of lending was in tract 33.04. This tract is located across the street from the main office. In addition, a large portion of lending was in tract 33.01, which is the Park Hill area and is located between the main office and the Levy branch. Also noted in the table above, tracts 26, 28, 29, and 31 did not evidence HMDA lending. Tract 26 is a business district located on the Arkansas River. Tract 28 is an industrial district that includes the railroad area. The Census data states the tract has a 53 percent below the poverty level. Tract 29 is primarily a rental area, which has not seen many improvements in recent years. Many of the landlords live out of state. Tract 31 includes the Veterans Hospital and Pulaski Technical College. This area also includes a number subsidized housing units (2,361 units).

HMDA 2002					
INCOME LEVEL	PERCENT OF FAMILIES	NUMBER	PERCENT	VOLUME	PERCENT
25.00 - Moderate	2	1	6	\$23,000	3
26.00 - Low	2	0	0	0	0
27.00 - Moderate	9	2	11	26,000	3
28.00 - Low	3	0	0	0	0
29.00 - Moderate	1	0	0	0	0
30.00 - Moderate	6	4	21	104,000	12
31.00 - Moderate	1	0	0	0	0
32.01 - Middle	7	1	6	3,000	1
32.02 - Middle	8	3	16	90,000	11
33.01 - Middle	7	2	11	317,000	38
33.03 - Upper	4	1	6	48,000	6
33.04 - Upper	6	1	6	80,000	10
37.01 - Upper	7	2	11	111,000	13
37.03 - Upper	8	1	6	28,000	3
37.04 - Middle	3	0	0	0	0
37.05 - Middle	8	0	0	0	0
38.00 - Moderate	4	0	0	0	0
43.01 - Upper	9	0	0	0	0
43.02 - Middle	5	0	0	0	0
Total	100	18	100	\$830,000	100

Source: 1990 U.S. Census information and 2002 HMDA Records

The largest percentage by number was to borrowers in tract 30, which is a rental property area and south of the Levy branch. Tract 33.01 is where the largest percent by dollar volume was directed. This area is the Park Hill area, which connects the main office and the Levy branch. The table above also indicates no lending in tracts 26, 28, 29, and 31. These areas were also reflected in the 2001 HMDA table. Also, there was no lending reflected in tracts 37.04, 37.05, 38, 43.01, and 43.02. However, the 2002 HMDA lending is for only the first quarter of 2002.

The following table provides the number and dollar volume of small business loans made within each tract in the assessment area. This chart also identifies the number and percentage of businesses located within these geographies. The largest percentage of business loans (16 percent by number) was in tract 27, which includes a number of businesses as well as the Rose City industrial park. The largest percentage of business loans (20 percent by volume) was in tract 33.03. This area is north of the main office and has included a lot of commercial building and renovation. Tracts 30 and 31 do not evidence any business lending. Tract 30 is primarily an older rental property area with non-local landlords. Tract 31 includes the Veterans Hospital as well as the Pulaski Technical College and includes only one-percent of the businesses within the bank's assessment area.

SMALL BUSINESS LOANS						
INCOME LEVEL	SMALL BUSINESSES		NUMBER	PERCENT	VOLUME	PERCENT
	#	%				
25.00 - Moderate	289	6	21	9	\$8,048,604	16
26.00 - Low	190	4	14	5	4,809,153	9
27.00 - Moderate	202	4	39	16	3,341,892	6
28.00 - Low	129	3	7	3	4,823,000	9
29.00 - Moderate	185	4	8	3	886,454	2
30.00 - Moderate	131	3	0	0	0	0
31.00 - Moderate	34	1	0	0	0	0
32.01 - Middle	258	6	15	6	1,671,688	3
32.02 - Middle	166	4	7	3	3,185,400	6
33.01 - Middle	217	5	11	5	1,061,395	2
33.03 - Upper	463	10	26	11	10,186,504	20
33.04 - Upper	251	5	20	8	1,644,312	3
37.01 - Upper	263	6	11	5	1,963,861	4
37.03 - Upper	193	4	9	4	1,304,313	2
37.04 - Middle	192	4	9	4	1,506,090	3
37.05 - Middle	274	6	5	2	417,230	1
38.00 - Moderate	424	9	28	11	6,046,242	12
43.01 - Upper	549	12	7	3	437,902	1
43.02 - Middle	208	5	5	2	217,338	1
Total	4618	100	242	100	\$51,551,378	100

Source: Dun & Bradstreet information and Bank Records

The data in the above table details the distribution of business loans, which are concentrated in most of the tracts in the assessment area.

The distribution of the bank's loans appears reasonable with no areas arbitrarily excluded.

Lending in Assessment Area

As detailed in the following table, the majority of the bank's loans, by number and dollar volume, were originated within the assessment area. Specifically, 67 percent by number and 56 percent by dollar amount.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA 2001	38	66	20	34	58	1,499,000	43	1,995,000	57	3,494,000
HMDA 2002	18	64	10	36	28	830,000	48	889,000	52	1,719,000
Business	242	68	116	32	358	51,551,378	57	38,916,825	43	90,468,203
Total	298	67	146	33	444	53,880,378	56	41,800,825	44	95,681,203

Source: Bank Records

Loan-to-Deposit Ratio

The bank's average net loan to deposit ratio indicates an adequate responsiveness to area credit needs which is primarily based on commercial lending. Based on seven quarters since the last evaluation, the average ratio is approximately 70 percent. Twin City Bank reached its loan to deposit peak at 74.05 percent during December 2001.

According to the April 30, 2002 Arkansas State Bank Department Self-Examination Report, the bank's ratio (76 percent) is slightly lower than the similar size peer group (80 percent) and its geographic peer group (77 percent).

Based on a review of the loan portfolio, overall lending relative to the deposit base is reasonable.

Response to Complaints

The bank has not received any CRA-related complaints since the last evaluation.

COMPLIANCE WITH ANTIDISCRIMINATORY LAWS AND REGULATIONS

No violations of the substantive provisions of antidiscriminatory laws and regulations were identified during the examination.