PUBLIC DISCLOSURE

October 24, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Citizen's Bank & Trust Company
RSSD #192147

3110 Alma Highway
Van Buren, Arkansas 72956

Federal Reserve Bank of St. Louis

P.O. Box 442
St. Louis, Missouri 63166-0442

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, nor should it be construed as, an assessment of the financial condition of the 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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INSTITUTION'S CRA RATING: This institution is rated SATISFACTORY.

The Lending Test is rated: Satisfactory
The Community Development Test is rated: Outstanding

Citizen's Bank & Trust Company meets the criteria for a Satisfactory rating based on the evaluation of the bank's lending and community development activities. The factors supporting the institution's rating are as follows:

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.

- A majority of loans and other lending-related activities are in the assessment area.

- The borrower's profile analysis reveals excellent penetration among individuals of different income levels, including low- and moderate-income (LMI) levels, and businesses of different revenue sizes.

- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.

- There were no CRA-related complaints filed against the bank since the previous CRA evaluation.

- The bank's overall community development performance demonstrates excellent responsiveness to the community development needs of its assessment area, considering the bank's capacity and the need and availability of such opportunities for community development in its assessment area. The bank has responded to these needs through community development loans, qualified investments, and community development services.

During the COVID-19 pandemic, the bank responded to the needs of the community through its participation in the CARES Act[1] Paycheck Protection Program (PPP). The bank's participation in the PPP was also considered in the bank's rating.

SCOPE OF EXAMINATION

The bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC's) Intermediate Small Institution Examination Procedures. The intermediate small bank examination procedures entail two performance tests: the Lending Test and the Community Development Test. Home mortgage loans reported under the Home Mortgage Disclosure Act (HMDA), small business, and consumer motor vehicle loans were used to evaluate the bank's lending performance, as these loan categories are considered the bank's core business lines based on lending volume and the bank's stated business strategy. Therefore, the loan activity

[1] Coronavirus Aid, Relief, and Economic Security Act, signed into law on March 27, 2020.

represented by these credit products is deemed indicative of the bank's overall lending performance. Due to the concentration of lending volume by dollar amount, performance based on the HMDA and small business loan categories carried the most significance toward the bank's overall performance conclusions. The following table details the performance criterion and the corresponding time periods used in each analysis.

Performance Criterion	Time Period
LTD Ratio	September 30, 2018 – September 30, 2022
Assessment Area Concentration	January 1, 2020 – December 31, 2020
Geographic Distribution of Loans	January 1, 2020 – December 31, 2020
Loan Distribution by Borrower's Profile	January 1, 2020 – December 31, 2020
Response to Written CRA Complaints	July 9, 2018 – October 23, 2022
Community Development Activities	July 9, 2018 – October 23, 2022

Lending Test analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on HMDA and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2015 American Community Survey (ACS) data, and certain business demographics are based on 2020 Dun & Bradstreet data. When analyzing bank performance by comparing lending activity to both demographic data and aggregate lending data, greater emphasis is generally placed on the aggregate lending data, because it is expected to describe many factors impacting lenders within an assessment area. Aggregate lending datasets are updated annually and are, therefore, expected to predict more relevant comparisons. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating in the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from $270.2 million to $833.6 million as of September 30, 2022.

As part of the Community Development Test, the bank's performance was evaluated using the following criteria, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area.

- The number and dollar amount of community development loans.
- The number and dollar amount of qualified investments and grants.
- The extent to which the bank provides community development services.

The review included community development activities initiated from the date of the bank's previous CRA evaluation to this review date. In addition, investments made prior to the date of the previous CRA evaluation, but still outstanding as of this review date, were also considered.

To augment this evaluation, one community contact interview was conducted with a member of the local community to ascertain specific credit needs, opportunities, and local market conditions within the assessment area. Information from this interview also assisted in evaluating the bank's responsiveness to identified community credit needs and community development opportunities.

Key details from the community contact interview are included in the *Description of Assessment Area* section.

DESCRIPTION OF INSTITUTION

Citizen's Bank & Trust Company is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is a 99.0 percent-owned banking subsidiary of First Bank Corporation, a three-bank holding company headquartered in Fort Smith, Arkansas. The bank's branch network consists of six full-service branches (including its main office) and one limited-service branch, all located within Crawford County, Arkansas. Each of the seven branch locations have full-service automated teller machines onsite, and have drive-through accessibility. The bank did not open or close any branch offices during this review period. Based on this branch network and other service delivery systems, such as extended banking hours of operation and full-service online banking capabilities, the bank is well positioned to deliver financial services to its entire assessment area.

For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credit needs of its customers, and the bank appeared capable of meeting assessment area credit needs based on its available resources and financial products. As of September 30, 2022, the bank reported total assets of $539.9 million. As of the same date, loans and leases outstanding were $251.8 million (46.6 percent of total assets), and deposits totaled $490.3 million. The bank's loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans as of September 30, 2022		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Commercial Real Estate	$106,494	42.3%
1–4 Family Residential	$70,187	27.9%
Commercial and Industrial	$25,597	10.2%
Loans to Individuals	$21,446	8.5%
Construction and Development	$19,903	7.9%
Farm Loans	$3,965	1.6%
Multifamily Residential	$3,118	1.2%
Farmland	$1,046	0.4%
Total Other Loans	$88	0.0%
TOTAL LOANS	**$251,844**	**100%**

As indicated by the table above, a significant portion of the bank's lending resources is directed to commercial real estate loans and loans secured by 1–4 family residential properties. The bank also originates and subsequently sells a significant volume of loans related to residential real estate. As these loans are sold on the secondary market shortly after origination, this activity would not be captured in the table.

While not reflected in the previous table, it is also worth noting that by number of loans originated, loans to individuals (such as consumer motor vehicle loans) represent a significant product offering for the bank. Consumer loans not related to residential real estate are typically made in smaller dollar amounts relative to other credit products.

The bank received a Satisfactory rating at its previous CRA evaluation conducted on July 9, 2018, by this Reserve Bank.

DESCRIPTION OF ASSESSMENT AREA

General Demographics

The bank's assessment area is located within the Fort Smith, Arkansas-Oklahoma Metropolitan Statistical Area (Fort Smith MSA), a region spanning four counties across Arkansas and Oklahoma. The bank's assessment area, which has a population of 189,021, is comprised of two counties in the Arkansas portion of the Fort Smith MSA—Crawford and Sebastian Counties. The largest city and namesake of the region, Fort Smith, is situated in the middle of the bank's assessment area and is home to a population of 87,603.

According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2022, there are 18 FDIC-insured depository institutions in the assessment area that operate 83 offices. Citizens Bank & Trust (operating eight, or 9.6 percent of, offices in the assessment area) ranked fourth in terms of deposit market share, with 9.6 percent of the total assessment area deposit dollars.

Credit needs in the assessment area include a blend of consumer loan products, including debt consolidation, home improvement, and affordable housing loans. With regard to affordable housing, the contact specifically noted a lack of affordable housing throughout the assessment area and stressed a need for more single family homes and suitable rental housing to meet area demand. Another particular need noted primarily by the community contact is affordable rental housing targeted to senior citizens.

Income and Wealth Demographics

The following table summarizes the distribution of assessment area census tracts by income level and the family population within those tracts.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	0	11	16	10	0	37
	0%	29.7%	43.2%	27.0%	0.0%	100%
Family Population	0	11,045	24,968	14,182	0	50,195
	0%	22.0%	49.7%	28.3%	0.0%	100%

As shown above, while the assessment area does not contain any low-income census tracts, 29.7 percent of the census tracts in the assessment area are moderate-income geographies; however, only 22.0 percent of the family population resides in these tracts. These moderate-income geographies are primarily concentrated in and around the city of Fort Smith.

Based on 2015 ACS data, the median family income for the assessment area was $49,287. At the same time, the median family income for the state of Arkansas was $51,782. More recently, the FFIEC estimates the 2020 median family income for the Fort Smith MSA to be $53,200. The following table displays population percentages of assessment area families by income level compared to the Arkansas family population as a whole.

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area	10,682	8,858	9,536	21,119	50,195
	21.3%	17.6%	19.0%	42.1%	100%
Arkansas	164,346	134,818	149,580	311,180	759,924
	21.6%	17.7%	19.7%	41.0%	100%

As shown in the table above, 38.9 percent of families within the assessment area were considered LMI, which is slightly lower than LMI family percentages of 39.3 percent in the state of Arkansas. However, the percentage of families living below the poverty threshold in the assessment area, 16.9 percent, is above the 14.3 percent level in the state. Considering these factors, the assessment area appears to have a similar level of affluence as the state of Arkansas as a whole.

Housing Demographics

Based on housing values, income levels, and rental costs, home ownership in the assessment area appears to be slightly less attainable than in Arkansas. The median housing value for the assessment area is $112,171, which is slightly above the figure of $111,400 for the state of Arkansas. Additionally, the assessment area affordability ratio of 35.3 percent is below the Arkansas figure of 37.1 percent.

However, rents within the assessment area are more affordable compared to the broader statewide area, with a median gross rent of $633 compared to $677 for the state. The assessment area also has a slightly greater proportion of rental units compared to Arkansas as a whole. Within the assessment area, 30.4 percent of all housing units are rental units, compared with 28.9 percent for the state. Additionally, statistics suggest many renters throughout the assessment area (44.9 percent) and Arkansas (42.7 percent) are cost burdened (spending 30 percent or more of income on housing costs). This data corresponds with information provided by the community contact, who noted the price of rental housing as well as the cost burden experienced by many renters in the assessment area.

Industry and Employment Demographics

According to information provided by a community contact, the area has experienced some economic setbacks in recent years, including the closing of a prominent manufacturing plant in Sebastian County. Nevertheless, manufacturing remains an important industry in the area. According to the Bureau of Labor Statistics (BLS), nearly one-fifth of the region's workforce is employed in the manufacturing industry (19.2 percent). Other leading employment industries in the assessment area include healthcare and social assistance (15.2 percent), retail trade (11.5 percent), and government (10.3 percent). The community contact indicated that local school districts are among the major employers in the region.

The table below details unemployment data from the U.S. Department of Labor, BLS (not seasonally adjusted) for the assessment area compared to Arkansas as a whole.

Unemployment Levels for the Assessment Area		
Time Period (Annual Average)	**Assessment Area**	**Arkansas**
2019	3.2%	3.5%
2020	5.8%	6.1%
2021	3.7%	4.0%
2022 (YTD)	3.5%	3.8%

As shown in the table above, unemployment levels for the assessment area, as well as the state, have shown a fluctuating trend. Both the assessment area and the Fort Smith MSA experienced increases in unemployment in 2020 due to the economic disruption resulting from the COVID-19 pandemic; however, it appears that each have recovered to near pre-pandemic levels of unemployment with the assessment area unemployment rate remaining slightly lower than the statewide figure.

Community Contact Information

Information from one community contact was used to help shape the performance context in which the bank's activities in this assessment area were evaluated. The community contact interviewed specializes in homeownership programs for LMI individuals and families.

The community contact categorized the economy of Crawford County as growing and one of the more stable counties in the Fort Smith MSA. The contact attributed part of Crawford County's economic growth to its proximity to Fayetteville, Arkansas, directly to its north. Many areas in the northern part of the county are seeing an influx of new residents who are choosing to live there and work in nearby Fayetteville. Conversely, Sebastian County was characterized as being in a state of economic decline, due in part to residents moving into Crawford County. The county has also experienced a loss of at least one major employer in recent years, further contributing to the county's economic state.

Throughout both counties, the community contact noted that while the affordable housing stock for homeowners is in good condition, there is a lack of supply to meet area demand. The contact indicated that homes throughout the area are selling very quickly. For rental housing, particularly for LMI residents, the housing supply is generally in poor condition and in limited supply. Quality and affordable rental housing for senior citizens was described throughout the interview as a key need for the region as the area population ages.

Lastly, the community contact noted that affordable banking services for LMI residents are very limited in the area. The contact described high levels of consumer debt as an obstacle preventing residents from qualifying for mortgages and other consumer loan products.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

Loan-to-Deposit (LTD) Ratio

One indication of the bank's overall level of lending activity is its LTD ratio. The chart below displays the bank's average LTD ratio in comparison to those of regional peers. The average LTD ratio represents a 17-quarter average, dating back to the bank's last CRA evaluation.

LTD Ratio Analysis			
Name	**Headquarters**	**Asset Size ($000s) as of September 30, 2022**	**Average LTD Ratio**
Citizen's Bank & Trust Company	Van Buren, Arkansas	$539,942	60.2%
Regional Banks	Greenwood, Arkansas	$270,202	66.5%
	Rogers, Arkansas	$807,704	93.1%
	Grove, Oklahoma	$840,575	86.3%

Based on data from the previous table, the bank's level of lending is lower than that of other banks in the region. During the review period, the LTD ratio experienced a generally decreasing trend with a 17-quarter average of 60.2 percent. In comparison, the average LTD ratios for the regional peers were generally higher and had a more stable trend.

Nevertheless, the bank is in a unique circumstance because it is a public fund depository, listed publicly as such on the Arkansas State Bank Department website. Compared to many banks, Citizens Bank & Trust accepts a greater proportion of deposits from government entities, which it cannot lend against. Consequently, this deflates the bank's average LTD ratio. Removing government deposits from the ratio would lead to a higher ratio that is more consistent with its peers. Therefore, compared to data from regional banks, the bank's average LTD ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.

Assessment Area Concentration

For the loan activity reviewed as part of this evaluation, the following table displays the number and dollar volume of loans inside and outside the bank's assessment area.

Lending Inside and Outside the Assessment Area January 1, 2020 through December 31, 2020								
Loan Type	**Inside**				**Outside**			
	#	**%**	**$(000s)**	**%**	**#**	**%**	**$(000s)**	**%**
Motor Vehicle	90	81.1	1,304	83.2	21	18.9	263	16.8
Total Consumer related	**90**	**81.1**	**1,304**	**83.2**	**21**	**18.9**	**263**	**16.8**
Home Purchase – Conventional	76	84.4	10,971	83.3	14	15.6	2,203	16.7
Home Purchase – FHA*	47	82.5	6,254	84.4	10	17.5	1,157	15.6
Home Improvement	3	100.0	166	100.0	0	0.0	0	0.0
Refinancing	146	85.4	29,147	85.0	25	14.6	5,154	15.0
Home Purchase – VA**	8	100.0	1,523	100.0	0	0.0	0	0.0
Total HMDA-related	**280**	**85.1**	**48,061**	**85.0**	**49**	**14.9**	**8,514**	**15.0**
Small Business	52	86.7	6,173	92.1	8	13.3	528	7.9
Total Small Business-related	**52**	**86.7**	**6,173**	**92.1**	**8**	**13.3**	**528**	**7.9**
TOTAL LOANS	**422**	**84.4**	**55,538**	**85.6**	**78**	**15.6**	**9,305**	**14.4**

**Federal Housing Administration*
***Veterans Affairs*

A majority of loans and other lending-related activities were made in the bank's assessment area. As shown above, 84.4 percent of the total loans were made inside the assessment area, accounting for 85.6 percent of the dollar volume of total loans.

Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is excellent, based on performance from each of the loan categories reviewed.

Borrowers are classified into low-, moderate-, middle- and upper-income categories by comparing their reported income to the applicable median family income figure as estimated by the FFIEC ($53,200 for the Fort Smith MSA as of 2020). The following table shows the distribution of 2020 HMDA reported loans by borrower income level in comparison to family population income demographics for the assessment area. Additionally, 2020 aggregate data for the assessment area is displayed.

Distribution of Home Mortgage Lending By Borrower Income Level

Borrower Income Level	Bank Loans				Families by Family Income %	Aggregate HMDA Data	
	#	#%	$	$%		#%	$ %
Home Purchase Loans							
Low	7	5.3%	421	2.2%	21.3%	5.3%	2.9%
Moderate	19	14.5%	2,209	11.8%	17.6%	17.1%	12.0%
Middle	45	34.4%	5,993	32.0%	19.0%	21.7%	19.1%
Upper	55	42.0%	8,744	46.6%	42.1%	38.6%	49.1%
Unknown	5	3.8%	1,381	7.4%	0.0%	17.3%	16.9%
TOTAL	**131**	**100.0%**	**18,748**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Refinance							
Low	7	4.8%	427	1.5%	21.3%	2.4%	0.9%
Moderate	14	9.6%	1,485	5.1%	17.6%	8.3%	4.6%
Middle	33	22.6%	4,282	14.7%	19.0%	16.5%	12.0%
Upper	82	56.2%	17,492	60.0%	42.1%	46.9%	55.4%
Unknown	10	6.8%	5,461	18.7%	0.0%	25.8%	27.1%
TOTAL	**146**	**100.0%**	**29,147**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Home Improvement							
Low	0	0.0%	0	0.0%	21.3%	2.3%	1.1%
Moderate	0	0.0%	0	0.0%	17.6%	12.4%	8.8%
Middle	1	33.3%	32	19.3%	19.0%	14.1%	7.9%
Upper	2	66.7%	134	80.7%	42.1%	58.8%	65.3%
Unknown	0	0.0%	0	0.0%	0.0%	12.4%	16.9%
TOTAL	**3**	**100.0%**	**166**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Total Home Mortgage Loans					**Families by Family Income %**		
Low	14	5.0%	848	1.8%	21.3%	3.8%	1.8%
Moderate	33	11.8%	3,694	7.7%	17.6%	12.2%	7.6%
Middle	79	28.2%	10,307	21.4%	19.0%	18.2%	14.0%
Upper	139	49.6%	26,370	54.9%	42.1%	41.2%	47.7%
Unknown	15	5.4%	6,842	14.2%	0.0%	24.6%	28.9%
TOTAL	**280**	**100.0%**	**48,061**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Sources: 2017 FFIEC Census Data
2006–2010 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not total 100.0 percent due to rounding.

As displayed in the preceding table, the bank’s percentage of lending to low-income borrowers (5.0 percent) is substantially below the low-income family population figure (21.8 percent), but slightly greater than the 2020 aggregate lending level to low-income borrowers (3.8 percent), reflecting reasonable performance. Similarly, the bank’s level of lending to moderate-income borrowers (11.8 percent) is below the moderate-income family population percentage (17.6 percent) but similar to the 2020 aggregate lending level to moderate-income borrowers (12.2 percent), reflecting reasonable performance. Therefore, considering performance to both income categories, the bank’s overall distribution of loans by borrower’s profile is reasonable.

Next, small business loans were reviewed to determine the bank’s lending levels to businesses of different sizes. The following table shows the distribution of 2020 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

Distribution of 2020 Small Business Lending
By Borrower Income Level

Business Revenue and Loan Size		2020						
		Count			**Dollars**			**Total Businesses**
		Bank		**Aggregate**	**Bank**		**Aggregate**	
		#	**%**	**%**	**$ (000s)**	**$ %**	**$ %**	**%**
Business Revenue	$1 Million or Less	39	75.0%	30.1%	$4,413	71.5%	29.4%	88.0%
	Over $1 Million/ Unknown	13	25.0%	69.9%	$1,760	28.5%	70.6%	12.0%
	TOTAL	**52**	**100.0%**	**100.0%**	**$6,173**	**100.0%**	**100.0%**	**100.0%**
Loan Size	$100,000 or Less	31	59.6%	84.5%	$1,290	20.9%	27.5%	
	$100,001–$250,000	15	28.8%	8.3%	$2,360	38.2%	20.4%	
	$250,001–$1 Million	6	11.5%	7.2%	$2,523	40.9%	52.1%	
	Over $1 Million	0	0.0%	0.0%	$0	0.0%	0.0%	
	TOTAL	**52**	**100.0%**	**100.0%**	**$6,173**	**100.0%**	**100.0%**	
Loan Size / Revenue $1 Million or Less	$100,000 or Less	23	59.0%		$890	20.2%		
	$100,001–$250,000	12	30.8%		$1,900	43.1%		
	$250,001–$1 Million	4	10.3%		$1,623	36.8%		
	Over $1 Million	0	0.0%		$0	0.0%		
	TOTAL	**39**	**100.0%**		**$4,713**	**100.0%**		

The bank’s level of lending to small businesses is excellent. The bank originated the majority of its small business loans (75.0 percent) to businesses with revenues of $1 million or less. In comparison, assessment area demographics estimate that 88.0 percent of businesses in the assessment area had annual revenues of $1 million or less, and the 2020 aggregate lending level to small businesses is 30.1 percent. Furthermore, the bank originated 59.0 percent of its small business loans in dollar amounts less than $100.000, further evidencing the bank's willingness to meet the credit needs of small businesses.

Lastly, the following table displays the distribution of 2020 consumer motor vehicle loans by borrower income level in comparison to household demographics in the assessment area.

Distribution of 2020 Consumer Lending By Borrower Income Level					
Borrower Income Levels	**2020**				
	Count		**Dollar**		**Households**
	#	**%**	**$ (000s)**	**$ %**	**%**
Low	22	24.4%	$268	20.6%	24.1%
Moderate	31	34.4%	$372	28.5%	15.6%
Middle	19	21.1%	$339	26.0%	17.0%
Upper	18	20.0%	$325	24.9%	43.3%
Unknown	0	0.0%	$0	0.0%	0.0%
TOTAL	**90**	**100.0%**	**$1,304**	**100.0%**	**100.0%**

As displayed in the preceding table, the bank originated 24.4 percent of its consumer motor vehicle loans to low-income borrowers compared with 24.1 percent of the area's household population, reflecting reasonable performance. The bank's lending to moderate-income borrowers (34.4 percent) is over twice the percentage for the household population comparison (15.6 percent), reflecting excellent performance. Combined, 58.8 percent of the bank's motor vehicle loans went to LMI borrowers compared to 39.7 percent of the household population. When considering performance to both income categories, the bank's performance is excellent overall.

<u>Geographic Distribution of Loans</u>

As noted previously, the assessment area includes 11 moderate-income census tracts, representing 29.7 percent of all assessment area census tracts. The assessment area includes no low-income census tracts. Overall, the bank's geographic distribution of loans in this assessment area reflects reasonable penetration throughout these moderate-income census tracts, based on the HMDA, small business, and consumer motor vehicle loan categories.

The following table displays the geographic distribution of 2020 HMDA loans compared to owner-occupied housing demographics and aggregate performance for the assessment area.

Distribution of 2020 Home Mortgage Lending By Income Level of Geography							
Census Tract Income Level	**Bank Loans**				**% of Owner-Occupied Units**	**Aggregate HMDA Data**	
	#	**#%**	**$**	**$%**		**#%**	**$ %**
Home Purchase Loans							
Low	0	0.0%	0	0.0%	0.0%	0.0%	0.0%
Moderate	13	9.9%	2,027	10.8%	16.9%	14.7%	9.3%
Middle	102	77.9%	13,895	74.1%	52.8%	53.0%	53.8%
Upper	16	12.2%	2,826	15.1%	30.3%	32.3%	36.9%
Unknown	0	0.0%	0	0.0%	0.0%	0.0%	0.0%
TOTAL	**131**	**100.0%**	**18,748**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Refinance							
Low	0	0.0%	0	0.0%	0.0%	0.0%	0.0%
Moderate	8	5.5%	1,047	3.6%	16.9%	9.0%	5.4%
Middle	126	86.3%	21,815	74.8%	52.8%	52.3%	52.2%
Upper	12	8.2%	6,285	21.6%	30.3%	38.8%	42.4%
Unknown	0	0.0%	0	0.0%	0.0%	0.0%	0.0%
TOTAL	**146**	**100.0%**	**29,147**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Home Improvement							
Low	0	0.0%	0	0.0%	0.0%	0.0%	0.0%
Moderate	1	33.3%	32	19.3%	16.9%	10.7%	9.4%
Middle	2	66.7%	134	80.7%	52.8%	46.3%	40.5%
Upper	0	0.0%	0	0.0%	30.3%	42.9%	50.1%
Unknown	0	0.0%	0	0.0%	0.0%	0.0%	0.0%
TOTAL	**3**	**100.0%**	**166**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Total Home Mortgage Loans					**% of Owner-Occupied Units**		
Low	0	0.0%	0	0.0%	0.0%	0.0%	0.0%
Moderate	22	7.9%	3,106	6.5%	16.9%	12.9%	9.6%
Middle	230	82.1%	35,844	74.6%	52.8%	52.2%	52.4%
Upper	28	10.0%	9,111	19.0%	30.3%	34.9%	38.1%
Unknown	0	0.0%	0	0.0%	0.0%	0.0%	0.0%
TOTAL	**280**	**100.0%**	**48,061**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Sources: 2020 FFIEC Census Data
2011–2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

The analysis of HMDA loans revealed poor lending performance to borrowers residing in moderate-income geographies. The bank's total penetration of moderate-income census tracts by number of loans (7.9 percent) is less than the percentage of owner-occupied housing units in moderate-income census tracts (16.9 percent). The bank's performance in moderate-income census tracts is also less than other lenders in the assessment area based on 2020 HMDA aggregate data, which indicates that 12.9 percent of aggregate HMDA loans inside this assessment area were made to borrowers residing in moderate-income geographies. Considering performance in the moderate-income geographies, the bank's overall distribution of HMDA loans is poor.

Second, the bank's geographic distribution of small business loans was reviewed. The following table displays 2020 small business loan activity by geography income level compared to the location of businesses throughout the bank's assessment area and 2020 small business aggregate data.

Distribution of 2020 Small Business Lending
By Income Level of Geography

Census Tract Income Level	Bank Small Business Loans				% of Businesses	Aggregate of Peer Data	
	#	#%	$ 000s	$ %		%	$ %
Low	0	0.0%	$0	0.0%	0.0%	0.0%	0.0%
Moderate	15	28.8%	$1,913	29.6%	29.6%	27.1%	30.3%
Middle	33	63.5%	$3,639	59.0%	40.5%	42.8%	41.9%
Upper	4	7.7%	$620	10.0%	29.9%	29.4%	27.4%
Unknown	0	0.0%	$0	0.0%	0.0%	0.7%	0.4%
TOTAL	**52**	**100.0%**	**$6,172**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Sources: 2020 FFIEC Census Data
2020 Dun & Bradstreet Data
2011–2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

The bank's level of lending in moderate-income census tracts (28.8 percent) is consistent with both the estimated percentage of businesses operating inside these census tracts (29.6 percent) and 2020 aggregate lending levels in moderate-income census tracts (27.1 percent). Consequently, the bank's performance in moderate-income areas is reasonable.

Lastly, the bank's geographic distribution of consumer motor vehicle lending was also reviewed. The following table displays 2020 consumer motor vehicle lending by geography income level compared to the location of households throughout the bank's assessment area.

Distribution of 2020 Consumer Lending By Income Level of Geography					
Tract Income Levels	**Bank Loans**				**% of Households**
	#	**#%**	**$ (000s)**	**$ %**	
Low	0	0.0%	$0	0.0%	0.0%
Moderate	27	30.0%	$332	25.5%	25.1%
Middle	58	64.4%	$917	70.4%	47.1%
Upper	5	5.6%	$54	4.1%	27.9%
Unknown	0	0.0%	$0	0.0%	0.0%
TOTAL	**90**	**100.0%**	**$1,303**	**100.0%**	**100.0%**

Sources: 2020 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

The bank's percentage of consumer motor vehicle loans in moderate-income census tracts (30.0 percent) is above the percentage of households in moderate-income census tracts (25.1 percent), representing reasonable performance.

Lastly, based on reviews from all three loan categories, the bank had loan activity in all assessment area census tracts. Additionally, there were no conspicuous lending gaps noted in LMI areas. This information supports the conclusion that the bank's overall geographic distribution of loans is reasonable.

Responses to Complaints

No CRA-related complaints were filed against the bank during this review period (July 9, 2018 through October 23, 2022).

COMMUNITY DEVELOPMENT TEST

The bank's overall community development performance demonstrates excellent responsiveness to the community development needs of the assessment area, considering the bank's capacity and the need and availability of such opportunities for community development. The bank has addressed the community development needs of the assessment area through qualified community development loans, investments, and services.

During the review period, the bank made 108 qualifying loans totaling approximately $20.9 million. In the wake of the COVID-19 pandemic, the bank became a Small Business Administration lender; the bank's community development lending activity included 76 PPP loans totaling $8.1 million to businesses located in LMI geographies. These PPP loans were deemed responsive to area community development needs and positively affected the bank's overall rating.

Of the remaining qualified loans, 16 were for affordable housing for LMI individuals, and 14 were made to community service organizations and qualifying school districts.

Community development investments and donations totaled $12.8 million. During the review period, the bank made $8.4 million in new investments and received credit for $3.9 million in investments made prior to this review period but still outstanding. New investments made during the review period included municipal bonds issued by qualifying schools districts serving a majority of students from LMI families. In addition to these investments, the bank made 220 donations totaling $481,090. Nearly all qualified donations were also made to qualifying school districts or to community service organizations that serve the aforementioned school districts.

In addition, 26 employees contributed community development services to 14 different agencies. Service activities primarily included financial education programs in schools in which most students come from LMI families.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

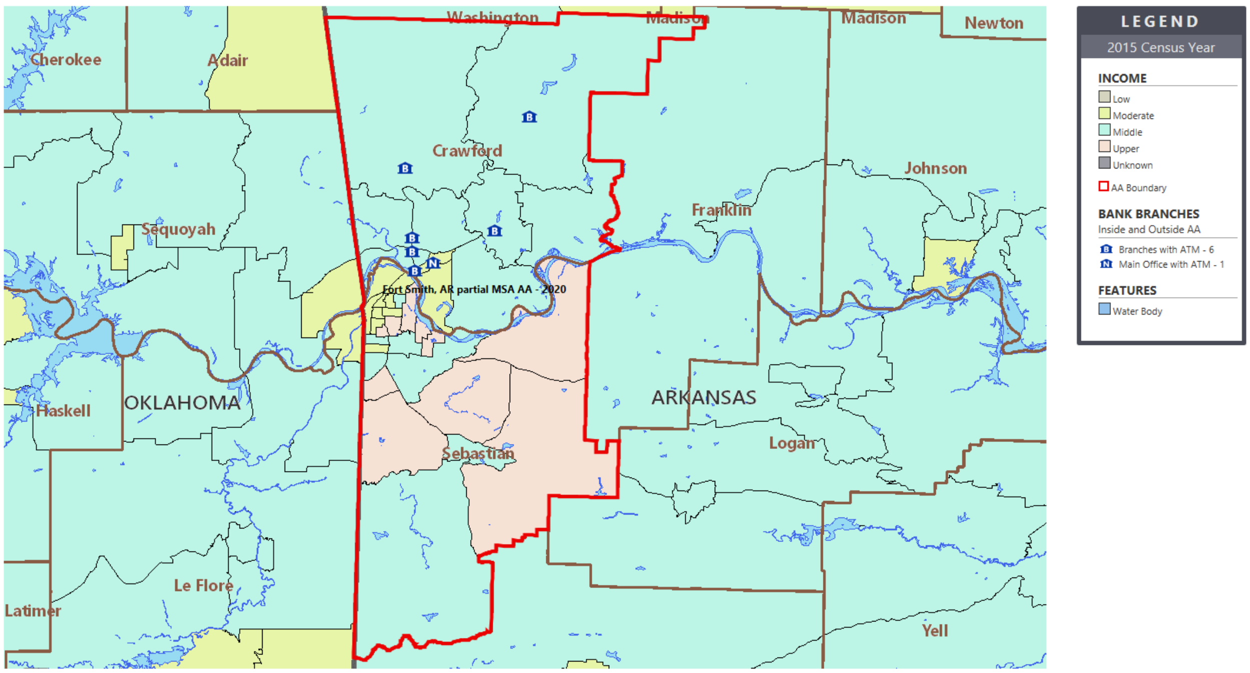
Based on findings from the Consumer Affairs examination, including a fair lending analysis performed under Regulation B – Equal Credit Opportunity and the Fair Housing Act requirements, conducted concurrently with this CRA evaluation, no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

Appendix A

ASSESSMENT AREA DETAIL

Citizens Bank and Trust Company, Van Buren, AR, 2020
Crawford and Sebastian Counties (Partial Fort Smith, AR AA)

Restricted FR



Appendix B

GLOSSARY

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 metropolitan area/assessment area.

Assessment area: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

Census tract: A small subdivision of metropolitan and nonmetropolitan 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 on 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 contact: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

Community development: An activity associated with one of the following five descriptions: (1) <u>affordable housing</u> (including multifamily rental housing) for low- or moderate-income individuals; (2) <u>community services</u> targeted to low- or moderate-income individuals; (3) activities that promote <u>economic development</u> 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; (4) activities that <u>revitalize or stabilize</u> low- or moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or (5) Neighborhood Stabilization Program (NSP) eligible activities in areas with HUD-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate-, and middle-income individuals and geographies.

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.

Demographics: The statistical characteristics of human populations (e.g., age, race, sex, and income) used especially to identify markets.

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) an unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20 percent or more, or (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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 nonrelatives 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-scope 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 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 who 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 income of applicants; the amount of loan requested; and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

Household: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing affordability ratio: Calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, 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/assessment area.

Median family income: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

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.

Nonmetropolitan statistical area (nonMSA): Not part of a metropolitan area. (See metropolitan area.)

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.

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

Performance criteria: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

Performance evaluation (PE): A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

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 multistate 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 multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small businesses/small farms: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were $1 million or less.

Small loan(s) to business(es): That is, "small business loans" are included in "loans to small businesses" as defined in the Consolidated Reports 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 secured by either 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): That is, "small farm loans" are included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Reports of Condition and Income (Call Report). These loans have original amounts of $500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

Underserved middle-income geography: A middle-income, nonmetropolitan geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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