

PUBLIC DISCLOSURE

July 19, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Diamond Bank
RSSD #27847**

**319 East Main Street
Murfreesboro, Arkansas 71958**

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.

TABLE OF CONTENTS

- I. Institution Rating1
- II. Institution1
 - a. Scope of Examination2
 - b. Description of Institution4
 - c. Conclusions with Respect to Performance Tests6
- III. Texarkana, Texas-Arkansas Multistate Metropolitan Statistical Area (Full-Scope Review)
 - a. Multistate Metropolitan Statistical Area Rating10
 - b. Scope of Examination10
 - c. Description of Institution’s Operations in the Texarkana MSA10
 - d. Conclusions with Respect to Performance Tests in the Texarkana MSA15
- IV. Arkansas
 - a. Summary
 - i. State Rating24
 - ii. Scope of Examination24
 - iii. Description of Institution’s Operations25
 - iv. Conclusions with Respect to Performance Tests26
 - b. Nonmetropolitan Arkansas Statewide Area (Full-Scope Review)
 - i. Description of Institution’s Operations in the Southwest Arkansas Assessment Area28
 - ii. Conclusions with Respect to Performance Tests in the Southwest Arkansas Assessment Area33
 - c. Nonmetropolitan Arkansas Statewide Area (Limited-Scope Review)
 - i. Description of Institution’s Operations in the Pope County Assessment Area42
 - ii. Conclusions with Respect to Performance Tests in the Pope County Assessment Area43
 - d. Hot Springs, Arkansas Metropolitan Statistical Area (Limited-Scope Review)
 - i. Description of Institution’s Operations in the Hot Springs MSA44
 - ii. Conclusions with Respect to Performance Tests in the Hot Springs MSA45

V.	Appendices	
	a.	Scope of Examination Tables46
	b.	Assessment Area Maps47
	c.	Summary of State and Multistate Metropolitan Statistical Area Ratings51
	d.	Lending Performance Tables for Limited-Scope Review Assessment Areas52
	e.	Glossary66

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

The Lending Test is rated:

Satisfactory

The Community Development Test is rated:

Satisfactory

Diamond Bank 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 include:

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment areas.
- A majority of loans and other lending-related activities are in the assessment areas.
- The distribution of loans to borrowers reflects excellent penetration among individuals of different income levels (including low- and moderate-income (LMI)) and businesses and farms of different revenue sizes.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment areas.
- There were no CRA-related complaints filed against the bank since the previous CRA evaluation.
- The bank's overall community development performance demonstrates adequate responsiveness to the community development needs of its assessment areas, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment areas. 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 Act¹ Paycheck Protection Program (PPP). The bank's participation in the PPP was also considered in the bank's rating.

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

SCOPE OF EXAMINATION

The bank’s CRA performance was reviewed using the Federal Financial Institutions Examination Council’s (FFIEC’s) intermediate small bank procedures. The intermediate small bank examination procedures entail two performance tests: the Lending Test and the Community Development Test. Bank performance under these tests is rated at the institution level, as well as by multistate metropolitan statistical areas (MSAs) and state levels. The bank maintains operations in four delineated assessment areas within two states, Arkansas and Texas. The Texas portion of the bank’s assessment area is contained entirely within the Texarkana, Texas-Arkansas Multistate MSA (Texarkana MSA). In light of these characteristics, the bank received three sets of ratings: overall institution ratings, ratings for the Texarkana MSA, and ratings for the state of Arkansas.

The following table details the number of branch offices, breakdown of deposits, and the CRA review procedures applicable to each rated area completed as part of this evaluation. Deposit information in the following table, as well as deposit information throughout this evaluation, is taken from the Federal Deposit Insurance Corporation’s (FDIC’s) Deposit Market Share Report as of June 30, 2020.

Rated Area	Offices		Deposits as of June 30, 2020		Assessment Area Reviews		
	#	%	\$ (000s)	%	Full Scope	Limited Scope	TOTAL
Arkansas	14	87.5%	\$570,059	95.6%	1	2	3
Texarkana MSA	2	12.5%	\$26,443	4.4%	1	0	1
OVERALL	16	100%	\$596,502	100%	2	2	4

Considering branch structure, loan and deposit activity, and the bank’s CRA evaluation history, CRA performance in the state of Arkansas was given primary consideration, as it contains the majority of the bank’s loan and deposit activity.

Furthermore, Home Mortgage Disclosure Act (HMDA) loans, as well as small business and small farm loans, were used to evaluate the bank’s lending performance,² 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 represented by these credit products is deemed indicative of the bank’s overall lending performance. However, as the bank has a particular emphasis on home mortgage lending, performance based on the HMDA loan category 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.

² Small farm and small business loans were sampled in accordance with CA Letter 02-3, “Policy for Sampling at Small Banks.”

Performance Criterion	Time Period
LTD Ratio	December 31, 2017 – March 31, 2021
Assessment Area Concentration	January 1, 2019 – December 31, 2019
Geographic Distribution of Loans	
Loan Distribution by Borrower’s Profile	
Response to Written CRA Complaints	November 27, 2017 – July 18, 2021
Community Development Activities	

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 and farm demographics are based on 2019 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 also 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 within the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from \$331.0 million to \$1.1 billion as of March 31, 2021.

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 areas.

- 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, four community contact interviews were conducted with members of the local community to ascertain specific credit needs, opportunities, and local market conditions within the bank’s assessment areas. Information from these interviews also assisted in evaluating the bank’s responsiveness to identified community credit needs and community development opportunities. Key details from these community contact interviews are included in the *Description of Assessment Area* section, applicable to the assessment area in which they were conducted.

DESCRIPTION OF INSTITUTION

Diamond Bank, headquartered in Murfreesboro, Arkansas, is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is wholly owned by Bainum Bancorp, a one-bank holding company headquartered in Glenwood, Arkansas. The bank's branch network consists of 16 offices (including the main office), all of which are full-service. Cash-dispensing automated teller machines (ATMs) are located at 14 of the bank's branches. In addition to being full-service facilities, the main office and all branches have drive-up accessibility. The bank has normal hours of operation Monday through Thursday, with extended hours offered at all locations on Friday. Saturday hours are not offered at any location. In March 2019, the bank opened a new full-service branch in Hector, Arkansas. Based on this branch network and other service delivery systems, such as extended banking hours and full-service online banking capabilities, the bank is well positioned to deliver financial services to the entirety of its assessment areas.

The bank currently operates in four CRA assessment areas as detailed below.

Arkansas

- Southwest Arkansas assessment area – All of Hempstead, Howard, Montgomery, Pike, Polk, and Sevier Counties.
- Pope County assessment area – All of Pope County.
- Hot Springs MSA assessment area – All of Garland County (which is synonymous with the Hot Springs, Arkansas MSA).

Texarkana MSA

- All of Little River and Miller Counties in Arkansas and Bowie County in Texas (all of the counties that comprise the Texarkana, Texas-Arkansas Multistate MSA).

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 the credit needs of its assessment areas based on its available resources and financial products. As of March 31, 2021, the bank reported total assets of \$733.8 million. As of the same date, loans and leases outstanding were \$512.5 million (69.8 percent of total assets), and deposits totaled \$645.8 million. The bank's loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans as of March 31, 2021		
Credit Category	Amount (\$000s)	Percentage of Total Loans
Construction and Development	\$22,278	4.3%
Commercial Real Estate	\$86,542	16.9%
Multifamily Residential	\$28,652	5.6%
1–4 Family Residential	\$118,308	23.1%
Farmland	\$175,814	34.3%
Farm Loans	\$11,682	2.3%
Commercial and Industrial	\$54,814	10.7%
Loans to Individuals	\$14,196	2.8%
Total Other Loans	\$201	0.0%
TOTAL	\$512,487	100%

As indicated by the table above, a significant portion of the bank’s lending resources is directed to loans secured by farmland, loans secured by 1–4 family residential properties, and commercial real estate loans.

The bank received an Outstanding rating at its previous CRA evaluation conducted by this Reserve Bank on November 27, 2017.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Rated Area	Lending Test Rating
Arkansas	Satisfactory
Texarkana MSA	Satisfactory
OVERALL	Satisfactory

Diamond Bank meets the standards for a Satisfactory Lending Test rating under the intermediate small bank procedures that evaluate bank performance under the following five criteria, as applicable.

Loan-to-Deposit (LTD) Ratio

One indication of the bank's overall level of lending activity is its LTD ratio. The table below displays the bank's average LTD ratio in comparison to those of regional peers. The average LTD ratio represents a 14-quarter average, dating back to the bank's last CRA evaluation.

LTD Ratio Analysis			
Name	Headquarters	Asset Size (\$000s) as of March 31, 2021	Average LTD Ratio
Diamond Bank	Murfreesboro, Arkansas	\$733,758	80.5%
Regional Banks	Hughes Springs, Texas	\$331,034	74.5%
	Malvern, Arkansas	\$627,296	67.6%
	Danville, Arkansas	\$1,116,311	100.8%

As displayed in the previous table, the bank's level of lending is comparable to those of other banks in the region; the bank's average LTD ratio during the review period was below that of one peer, and above those of two other peers. During the review period, the bank's quarterly LTD ratio experienced a generally increasing trend with a 14-quarter average of 80.5 percent, trending slightly downward during the most recent two quarters. In comparison, the regional peers generally experienced stable trends over the same period with similar slight downward trends in the most recent two quarters. Therefore, compared to data from regional banks, the bank's average LTD ratio is reasonable given the bank's size, financial condition, and credit needs of its assessment areas.

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 areas.

Lending Inside and Outside of Assessment Areas						
January 1, 2019 through December 31, 2019						
Loan Type	Inside Assessment Areas		Outside Assessment Areas		TOTAL	
HMDA	290	89.8%	33	10.2%	323	100%
	\$23,923	88.2%	\$3,213	11.8%	\$27,136	100%
Small Business	136	88.3%	18	11.7%	154	100%
	\$6,692	86.3%	\$1,067	13.8%	\$7,758	100%
Small Farm	114	87.7%	16	12.3%	130	100%
	\$5,674	74.7%	\$1,921	25.3%	\$7,595	100%
TOTAL LOANS	540	89.0%	67	11.0%	607	100%
	\$36,289	85.4%	\$6,201	14.6%	\$42,489	100%

A majority of loans and other lending-related activities were made in the bank’s assessment areas. As shown above, 89.0 percent of the loans were made inside the assessment areas, accounting for 85.4 percent of the dollar volume of the loans.

Borrower and Geographic Distribution

As displayed in the following table, overall performance by borrower’s income/revenue profile is excellent, based on analyses of lending in Arkansas and the Texarkana MSA assessment area.

Rated Area	Loan Distribution by Borrower’s Profile
Arkansas	Excellent
Texarkana MSA	Excellent
OVERALL	Excellent

The bank’s overall distribution of lending by income level of census tract reflects reasonable penetration throughout the two rated areas subject to review.

Rated Area	Geographic Distribution of Loans
Arkansas	Poor
Texarkana MSA	Reasonable
OVERALL	REASONABLE

While the overall CRA performance in the state of Arkansas was given primary consideration, the geographic distribution of loans placed greater emphasis on the Texarkana MSA, as it contained significantly more LMI census tracts than any of the Arkansas state assessment areas, including the Southwest Arkansas assessment area, which was evaluated using full-scope procedures.

Responses to Complaints

No CRA-related complaints were filed against the bank during this review period (November 27, 2017–July 18, 2021).

COMMUNITY DEVELOPMENT TEST

Diamond Bank’s performance under the Community Development Test is rated Satisfactory. The bank demonstrates adequate responsiveness to the community development needs of its assessment areas, considering the bank’s capacity and the need and availability of such opportunities for community development in the assessment areas.

Rated Area	Community Development Test Rating
Arkansas	Satisfactory
Texarkana MSA	Satisfactory
OVERALL	Satisfactory

Given the bank’s community development performance was adequate in both of the Arkansas and Texarkana MSA assessment areas, the overall rating for the Community Development Test is Satisfactory.

During the review period, the bank made 107 qualifying loans in its assessment areas totaling approximately \$14.2 million. Of those loans, 14 provided permanent jobs to LMI individuals as economic development for small businesses; 10 were revitalization/stabilization efforts for LMI and distressed or underserved communities; 5 were for community services; 1 provided affordable housing to LMI individuals; 2 were a combination of one or more of these purposes, and 75 were Paycheck Protection Program (PPP) loans in LMI census tracts. The PPP loans helped to revitalize and stabilize LMI geographies in response to the COVID-19 pandemic. In addition to the community development loans listed above, the bank originated 697 PPP loans totaling \$17.9 million across the middle- and upper-income census tracts of its assessment areas.

The bank also made community development investments and donations in its assessment areas totaling \$14.7 million. This amount included 18 new qualified investments totaling \$11.7 million, 6 investments made in a prior review period but still outstanding totaling \$3.0 million, and 78 donations totaling \$53,478. The investments were primarily in the form of municipal bonds, school bonds, and donations that benefitted LMI areas, distressed or underserved communities, and or/schools with a majority of students qualifying for free or reduced lunches.

During the review period, 28 bank employees used their financial expertise to log 45 service activities within the bank’s assessment areas. Service activities included delivering financial education and providing financial expertise in schools that primarily serve LMI families, providing financial expertise to community service organizations as board members and officers, providing technological expertise to municipality offices in an underserved area, and providing home ownership counseling.

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.

TEXARKANA, TEXAS-ARKANSAS MULTISTATE METROPOLITAN STATISTICAL AREA³

CRA RATING FOR TEXARKANA MSA:	<u>SATISFACTORY</u>
The Lending Test is rated:	Satisfactory
The Community Development Test is rated:	Satisfactory

Major factors supporting the institution's Texarkana MSA assessment area rating include the following:

- The distribution of loans reflects excellent penetration among individuals of different income levels (including LMI levels) and businesses and farms of different sizes.
- Overall, the geographic distribution of loans reflects reasonable dispersion throughout the bank's Texarkana MSA assessment area.
- The bank's community development performance demonstrates adequate responsiveness to community development needs through community development loans, qualified investments, and community development services, considering the need and availability for such opportunities for community development in the bank's Texarkana MSA assessment area.

SCOPE OF EXAMINATION

Examination scope considerations applicable to the review of the Texarkana MSA assessment area are consistent with the overall CRA examination scope, as presented in the *Scope of Examination* section.

To augment this evaluation, two community contact interviews were conducted to ascertain specific community credit needs, community development opportunities, and local economic conditions. The interviews were with representatives from a local housing authority and an organization specializing in economic development. Details from these interviews are included in the *Description of Institution's Operations* section that follows.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE TEXARKANA MSA ASSESSMENT AREA

Bank Structure

The bank operates two branches in this assessment area, both of which have cash-dispensing only ATMs on-site, representing 12.5 percent of total branches. One branch is in the Arkansas portion of the assessment area, which is in the southeastern portion of Little River County. The second branch is in Bowie County, Texas. While the branch that is in Texas is in the easternmost portion

³ This rating reflects performance within the multistate MSA. The Arkansas statewide evaluation is adjusted and does not reflect performance in the multistate MSA.

of Bowie County, it is centrally located in the Texarkana MSA assessment area. During this review period, the bank did not open any branches in this assessment area. Based on this branch network and other service delivery systems, the bank is adequately positioned to deliver financial services to the entire Texarkana MSA assessment area.

General Demographics

The multistate MSA is comprised of three counties in Texas and Arkansas. The bank has designated the entire MSA as the assessment area. The following table describes the counties in the bank’s assessment area along with their respective populations based on 2015 ACS data.

State	County	Population
Texas	Bowie County	93,155
Arkansas	Little River County	12,720
	Miller County	43,652
TOTAL ASSESSMENT AREA POPULATION		149,527

This assessment area is a competitive banking market, with 16 total financial institutions operating within its boundaries. The bank is ranked 12th among the 16 financial institutions operating within the assessment area, encompassing only 0.9 percent of the assessment area’s deposit market share.

This assessment area covers a metropolitan area, and the population and demographics are diverse. As a result, credit needs in the area vary and include a blend of consumer and business credit products. Other particular credit needs in the assessment area, as noted primarily by community contacts, include financial education and credit counseling.

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	1	9	18	5	1	34
	2.9%	26.5%	52.9%	14.7%	2.9%	100%
Family Population	474	6,576	22,468	8,205	13	37,736
	1.3%	17.4%	59.5%	21.7%	0.0%	100%

As shown above, 29.4 percent of the census tracts in the assessment area are LMI geographies, but only 18.7 percent of the family population resides in these tracts. These LMI areas are primarily concentrated in and around the cities of Texarkana, Texas; Texarkana, Arkansas; and central Bowie County, Texas.

Based on 2015 ACS data, the median family income for the Texarkana MSA was \$51,151. At the same time, the median family incomes for Texas and Arkansas were \$62,717 and \$51,782, respectively. More recently, the FFIEC estimates the 2019 median family income for the Texarkana MSA to be \$57,200. The following table displays population percentages of assessment area families by income level compared to the Texas and Arkansas family populations.

Family Population by Income Level					
Dataset	Low-	Moderate-	Middle-	Upper-	TOTAL
Assessment Area	8,662	6,058	7,377	15,639	37,736
	23.0%	16.1%	19.6%	41.4%	100%
State of Texas	1,474,125	1,068,177	1,162,520	2,659,282	6,364,104
	23.2%	16.8%	18.3%	41.8%	100%
State of Arkansas	164,346	134,818	149,580	311,180	759,924
	21.6%	17.7%	19.7%	40.9%	100%

As shown in the table above, 39.1 percent of families within the assessment area were considered LMI, which is similar to the LMI family percentages of 40.0 percent in Texas and 39.3 percent in Arkansas. The percentage of families living below the poverty level in the assessment area, 16.2 percent, is above the 13.5 percent level in the state of Texas and the 14.3 percent level in the state of Arkansas. Considering these factors, the assessment area appears slightly less affluent than the states of Texas and Arkansas as a whole.

Housing Demographics

As displayed in the following table, home ownership in the assessment area is more affordable compared to the states of Texas and Arkansas.

Housing Demographics			
Dataset	Median Housing Value	Affordability Ratio	Median Gross Rent (Monthly)
Assessment Area	\$96,365	42.7%	\$701
State of Texas	\$136,000	39.1%	\$882
State of Arkansas	\$111,400	37.1%	\$677

Median monthly gross rents varied significantly by county in the assessment area from a low of \$530 in Little River County to a high of \$721 in Bowie County. Affordability ratios in the assessment area also varied, ranging from a high of 48.0 percent in Little River County to a low of 41.9 percent in Bowie County. While homeownership in the assessment area appears more affordable than Texas and Arkansas statewide, a lack of affordable 1–4 family residential housing stock was mentioned as a barrier for LMI homeownership by one of the community contacts interviewed.

Industry and Employment Demographics

The assessment area supports a large and diverse business community, including a strong small business sector. Dun & Bradstreet data indicates that 90.7 percent of businesses in the assessment area have gross annual revenues of \$1 million or less. County business patterns indicate that there are 46,526 paid employees in the assessment area. By percentage of employees, the three largest job categories in the assessment area are healthcare and social assistance (17.9 percent), followed by retail trade (16.0 percent), and accommodation and food services (13.8 percent). The table below details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for each county of the assessment area, the assessment area as a whole, the state of Texas, and the state of Arkansas.

Unemployment Levels for the Assessment Area				
Dataset	Time Period (Annual Average)			
	2017	2018	2019	2020
Bowie County	4.6%	5.0%	4.4%	7.4%
Little River County	4.9%	5.2%	4.3%	6.4%
Miller County	4.4%	4.8%	4.1%	6.9%
Assessment Area Average	4.6%	4.9%	4.3%	7.2%
State of Texas	4.3%	3.9%	3.5%	7.6%
State of Arkansas	3.7%	3.7%	3.5%	6.1%

As shown in the table above, unemployment levels were similar between the three counties comprising the assessment area, with Bowie County experiencing a slightly higher unemployment level than Little River and Miller Counties in 2020. The assessment area as a whole, from 2017 to 2019, had an unemployment rate that was slightly higher than the state of Texas. In 2020, the state of Texas' unemployment rate slightly surpassed the assessment area. When compared to the state of Arkansas, the assessment area's unemployment rate was consistently higher than the state as a whole. For the assessment area, Texas, and Arkansas, unemployment rates were relatively stable from 2017 to 2019 and experienced an uptick in 2020, when the impact of the COVID-19 pandemic caused annual unemployment rates to increase in both states and the assessment area.

Community Contact Information

For the Texarkana MSA assessment area, two community contact interviews were completed as part of this evaluation. One of the interviews was with a representative from a nonprofit organization that specializes in economic development, and the second interview was with an individual working in a nonprofit organization that focuses on providing affordable housing for LMI individuals.

The community contact interviewees categorized the local economy and population as stagnant, compared to the states of Texas and Arkansas, and mentioned that industrial sites formed several years ago remain relatively full. One community contact noted that, while the cities of Texarkana, Texas, and Texarkana, Arkansas, are thriving, some rural areas of the Texarkana MSA are struggling economically. The second contact addressed population trends in the assessment area,

including the age of the population and individuals relocating to rural communities with smaller school districts. Both contacts identified the recent threat of closure of a local industrial site as an event that could negatively impact many employees in the assessment area.

Per one contact, the impact of the COVID-19 pandemic on the assessment area has been both negative and positive, economically. Retail stores, hotels, and restaurants have been negatively impacted due to the lack of travelers; however, manufacturers were able to maintain operations throughout the pandemic. Contacts stated that banks assisted individuals facing hardship due to the COVID-19 pandemic by providing PPP loans to small businesses.

Community contacts noted the large number of financial institutions within the assessment area, while stating that financial institutions' products and services are accessible to all, including LMI individuals. One contact identified opportunities for financial institutions to promote and provide personal loans to LMI individuals and small-dollar loans to businesses. The contact described barriers to credit for small businesses and start-ups in the area, including lack of capital and access to angel funds/financial instruments, and insufficient business history when applying for credit.

The second contact complimented area banks for their housing-related programs that assist individuals in obtaining home financing and recognized other opportunities to serve the needs of their communities, such as participating in home-repair programs for older adults and conducting or supporting financial and homebuyer education programs. The contact also cited a need for first-time homebuyer mortgage products in the area and mentioned that there is currently not enough single-family and rental housing stock to meet the demands of the assessment area's LMI population. The contact stated that a large barrier to homeownership is lack of financial education, which can lead to poor money management skills and credit histories.

Community contacts mentioned that banks in the assessment area have been very involved in meeting the credit needs of LMI individuals and small businesses. One contact noted their organizations' collaborations with local banks and community coalitions to offer financial education training, including efforts to eliminate reliance on payday loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE TEXARKANA MSA ASSESSMENT AREA

LENDING TEST

The bank's Lending Test rating in the Texarkana MSA assessment area is Satisfactory. The distribution of loans reflects excellent penetration among borrowers of different income levels and businesses and farms of different sizes. The geographic distribution of loans reflects reasonable penetration throughout the assessment area.

Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is excellent, based on performance from the three loan categories reviewed. The bank's HMDA loan distribution by borrower's profile is reasonable, while performance under the small business loan and small farm loan categories is excellent.

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 (\$57,200 for the Texarkana MSA as of 2019). The following table shows the distribution of HMDA reported loans by borrower income level in comparison to family population income demographics for the assessment area. Additionally, 2019 aggregate data for the assessment area is displayed.

Borrower Distribution of HMDA Loans								
Assessment Area: Texarkana MSA								
Product Type	Borrower Income Levels	2019						
		Count			Dollar			Families
		Bank		HMDA Aggregate	Bank		HMDA Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Home Purchase	Low	1	3.7%	2.7%	27	0.9%	1.2%	23.0%
	Moderate	7	25.9%	14.5%	462	15.5%	9.4%	16.1%
	Middle	2	7.4%	21.8%	274	9.2%	18.3%	19.5%
	Upper	8	29.6%	42.5%	890	29.9%	53.9%	41.4%
	Unknown	9	33.3%	18.5%	1,321	44.4%	17.2%	0.0%
	TOTAL	27	100.0%	100.0%	2,974	100.0%	100.0%	100.0%
Refinance	Low	0	0.0%	2.8%	0	0.0%	1.1%	23.0%
	Moderate	0	0.0%	8.8%	0	0.0%	4.6%	16.1%
	Middle	2	40.0%	19.3%	143	33.8%	13.5%	19.5%
	Upper	3	60.0%	48.5%	280	66.2%	55.0%	41.4%
	Unknown	0	0.0%	20.5%	0	0.0%	25.7%	0.0%
	TOTAL	5	100.0%	100.0%	423	100.0%	100.0%	100.0%

Home Improvement	Low	0	0.0%	8.4%	0	0.0%	7.5%	23.0%
	Moderate	0	0.0%	10.5%	0	0.0%	8.0%	16.1%
	Middle	1	50.0%	21.1%	50	62.5%	16.2%	19.5%
	Upper	1	50.0%	51.6%	30	37.5%	61.3%	41.4%
	Unknown	0	0.0%	8.4%	0	0.0%	7.1%	0.0%
	TOTAL	2	100.0%	100.0%	80	100.0%	100.0%	100.0%
Multifamily	Low	0	0.0%	0.0%	0	0.0%	0.0%	23.0%
	Moderate	0	0.0%	0.0%	0	0.0%	0.0%	16.1%
	Middle	0	0.0%	3.2%	0	0.0%	0.6%	19.5%
	Upper	1	25.0%	6.5%	604	49.5%	1.4%	41.4%
	Unknown	3	75.0%	90.3%	616	50.5%	98.0%	0.0%
	TOTAL	4	100.0%	100.0%	1,220	100.0%	100.0%	100.0%
Other Purpose LOC*	Low	0	0.0%	0.0%	0	0.0%	0.0%	23.0%
	Moderate	0	0.0%	0.0%	0	0.0%	0.0%	16.1%
	Middle	0	0.0%	30.4%	0	0.0%	17.3%	19.5%
	Upper	0	0.0%	65.2%	0	0.0%	77.4%	41.4%
	Unknown	0	0.0%	4.3%	0	0.0%	5.3%	0.0%
	TOTAL	0	0.0%	100.0%	0	0.0%	100.0%	100.0%
Other Purpose Closed/Exempt	Low	0	0.0%	5.4%	0	0.0%	3.1%	23.0%
	Moderate	0	0.0%	21.6%	0	0.0%	13.5%	16.1%
	Middle	0	0.0%	24.3%	0	0.0%	23.7%	19.5%
	Upper	0	0.0%	40.5%	0	0.0%	55.7%	41.4%
	Unknown	0	0.0%	8.1%	0	0.0%	4.0%	0.0%
	TOTAL	0	0.0%	100.0%	0	0.0%	100.0%	100.0%
Purpose Not Applicable	Low	0	0.0%	0.0%	0	0.0%	0.0%	23.0%
	Moderate	0	0.0%	0.0%	0	0.0%	0.0%	16.1%
	Middle	0	0.0%	1.2%	0	0.0%	1.6%	19.5%
	Upper	0	0.0%	0.0%	0	0.0%	0.0%	41.4%
	Unknown	0	0.0%	98.8%	0	0.0%	98.4%	0.0%
	TOTAL	0	0.0%	100.0%	0	0.0%	100.0%	100.0%
HMDA TOTALS	Low	1	2.6%	2.8%	27	0.6%	1.1%	23.0%
	Moderate	7	18.4%	12.6%	462	9.8%	7.0%	16.1%
	Middle	5	13.2%	20.6%	467	9.9%	14.9%	19.5%
	Upper	13	34.2%	43.0%	1,804	38.4%	47.4%	41.4%
	Unknown	12	31.6%	21.1%	1,937	41.2%	29.5%	0.0%
	TOTAL	38	100.0%	100.0%	4,697	100.0%	100.0%	100.0%

*Line of Credit

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (2.6 percent) is substantially below the low-income family population figure (23.0 percent), but similar to the aggregate lending level to low-income borrowers (2.8 percent), reflecting reasonable performance. The bank's level of lending to moderate-income borrowers (18.4 percent) is above

the moderate-income family population percentage (16.1 percent) and aggregate lending levels of 12.6 percent, also reflecting reasonable performance. Therefore, considering performance to both income categories, the bank’s overall distribution of HMDA 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 2019 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

Small Business Loans by Revenue and Loan Size								
Assessment Area: Texarkana MSA								
Business Revenue and Loan Size		2019						
		Count			Dollars			Total Businesses
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Business Revenue	\$1 Million or Less	15	100.0%	48.1%	\$1,661	100.0%	52.8%	90.7%
	Over \$1 Million/Unknown	0	0.0%	51.9%	\$0	0.0%	47.2%	9.3%
	TOTAL	15	100.0%	100.0%	\$1,661	100.0%	100.0%	100.0%
Loan Size	\$100,000 or Less	12	80.0%	87.6%	\$424	25.5%	30.6%	
	\$100,001–\$250,000	1	6.7%	7.3%	\$178	10.7%	21.5%	
	\$250,001–\$1 Million	2	13.3%	5.1%	\$1,059	63.8%	47.9%	
	Over \$1 Million	0	0.0%	0.0%	\$0	0.0%	0.0%	
	TOTAL	15	100.0%	100.0%	\$1,661	100.0%	100.0%	
Loan Size Revenue \$1 Million or Less	\$100,000 or Less	12	80.0%		\$424	25.5%		
	\$100,001–\$250,000	1	6.7%		\$178	10.7%		
	\$250,001–\$1 Million	2	13.3%		\$1,059	63.8%		
	Over \$1 Million	0	0.0%		\$0	0.0%		
	TOTAL	15	100.0%		\$1,661	100.0%		

The bank’s level of lending to small businesses is excellent. The bank originated all its small business loans to businesses with revenues of \$1 million or less. In comparison, assessment area demographics estimate that 90.7 percent of businesses in the assessment area had annual revenues of \$1 million or less, and the aggregate lending level to small businesses was 48.1 percent. The bank’s performance indicates a willingness to engage with small businesses.

Last, small farm loans were reviewed to determine the bank’s lending levels to small farms of different sizes. The following table shows the distribution of 2019 small farm loans by loan amount and farm revenue size compared to Dun & Bradstreet and aggregate data.

Small Farm Loans by Revenue and Loan Size								
Assessment Area: Texarkana MSA								
Farm Revenue and Loan Size		2019						
		Count			Dollars			Total Farms
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Farm Revenue	\$1 Million or Less	7	100.0%	84.2%	234	100.0%	86.9%	95.5%
	Over \$1 Million/Unknown	0	0.0%	15.8%	0	0.0%	13.1%	4.5%
	TOTAL	7	100.0%	100.0%	234	100.0%	100.0%	100.0%
Loan Size	\$100,000 or Less	7	100.0%	84.5%	234	100.0%	43.8%	
	\$100,001–\$250,000	0	0.0%	12.0%	0	0.0%	32.6%	
	\$250,001–\$1 Million	0	0.0%	3.5%	0	0.0%	23.6%	
	Over \$1 Million	0	0.0%	0.0%	0	0.0%	0.0%	
	TOTAL	7	100.0%	100.0%	234	100.0%	100.0%	
Loan Size	Revenue \$1 Million or Less	\$100,000 or Less	7	100.0%		100.0%		
		\$100,001–\$250,000	0	0.0%		0		0.0%
		\$250,001–\$1 Million	0	0.0%		0		0.0%
		Over \$1 Million	0	0.0%		0		0.0%
		TOTAL	7	100.0%		234		100.0%

The bank’s level of lending to small farms is excellent. The bank originated all of its small farm loans to small farms with revenues of \$1 million or less. In comparison, assessment area demographics estimate that 95.5 percent of small farms in the assessment area had annual revenues of \$1 million or less and the aggregate lending level to small farms was 84.2 percent.

Geographic Distribution of Loans

As noted previously, the Texarkana MSA assessment area includes one low-income and nine moderate-income census tracts, representing 29.4 percent of all assessment area census tracts. Overall, the bank’s geographic distribution of loans in this assessment area reflects reasonable penetration throughout these LMI census tracts, based on the HMDA, small business, and small farm loan categories. The following table displays the geographic distribution of 2019 HMDA loans compared to owner-occupied housing demographics for the assessment area and aggregate data.

Geographic Distribution of HMDA Loans Assessment Area: Texarkana MSA								
Product Type	Tract Income Levels	2019						
		Count			Dollar			Owner-Occupied Units
		Bank		HMDA Aggregate	Bank		HMDA Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Home Purchase	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.8%
	Moderate	5	18.5%	11.1%	340	11.4%	6.7%	13.2%
	Middle	16	59.3%	58.6%	1,334	44.9%	52.7%	61.8%
	Upper	6	22.2%	30.1%	1,300	43.7%	40.3%	24.2%
	Unknown	0	0.0%	0.1%	0	0.0%	0.2%	0.0%
	TOTAL	27	100.0%	100.0%	2,974	100.0%	100.0%	100.0%
Refinance	Low	0	0.0%	0.3%	0	0.0%	0.2%	0.8%
	Moderate	2	40.0%	8.5%	70	16.5%	5.6%	13.2%
	Middle	3	60.0%	58.2%	353	83.5%	51.0%	61.8%
	Upper	0	0.0%	33.0%	0	0.0%	43.1%	24.2%
	Unknown	0	0.0%	0.1%	0	0.0%	0.1%	0.0%
	TOTAL	5	100.0%	100.0%	423	100.0%	100.0%	100.0%
Home Improvement	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.8%
	Moderate	1	50.0%	18.9%	50	62.5%	11.5%	13.2%
	Middle	0	0.0%	53.7%	0	0.0%	54.1%	61.8%
	Upper	1	50.0%	27.4%	30	37.5%	34.5%	24.2%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	TOTAL	2	100.0%	100.0%	80	100.0%	100.0%	100.0%
Multifamily	Low	0	0.0%	0.0%	0	0.0%	0.0%	5.5%
	Moderate	1	25.0%	29.0%	520	42.6%	42.0%	29.2%
	Middle	3	75.0%	67.7%	700	57.4%	57.4%	49.1%
	Upper	0	0.0%	3.2%	0	0.0%	0.6%	16.2%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	TOTAL	4	100.0%	100.0%	1,220	100.0%	100.0%	100.0%
Other Purpose LOC	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.8%
	Moderate	0	0.0%	8.7%	0	0.0%	3.4%	13.2%
	Middle	0	0.0%	34.8%	0	0.0%	24.7%	61.8%
	Upper	0	0.0%	56.5%	0	0.0%	72.0%	24.2%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	TOTAL	0	0.0%	100.0%	0	0.0%	100.0%	100.0%

Other Purpose Closed/Exempt	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.8%
	Moderate	0	0.0%	13.5%	0	0.0%	11.0%	13.2%
	Middle	0	0.0%	62.2%	0	0.0%	55.6%	61.8%
	Upper	0	0.0%	24.3%	0	0.0%	33.4%	24.2%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	TOTAL	0	0.0%	100.0%	0	0.0%	100.0%	100.0%
Purpose Not Applicable	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.8%
	Moderate	0	0.0%	14.8%	0	0.0%	11.1%	13.2%
	Middle	0	0.0%	64.2%	0	0.0%	62.9%	61.8%
	Upper	0	0.0%	21.0%	0	0.0%	26.0%	24.2%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	TOTAL	0	0.0%	100.0%	0	0.0%	100.0%	100.0%
HMDA TOTALS	Low	0	0.0%	0.1%	0	0.0%	0.0%	0.8%
	Moderate	9	23.7%	11.0%	980	20.9%	10.8%	13.2%
	Middle	22	57.9%	58.5%	2,387	50.8%	53.0%	61.8%
	Upper	7	18.4%	30.4%	1,330	28.3%	36.1%	24.2%
	Unknown	0	0.0%	0.1%	0	0.0%	0.1%	0.0%
	TOTAL	38	100.0%	100.0%	4,697	100.0%	100.0%	100.0%

The analysis of HMDA loans revealed reasonable lending performance to borrowers residing in low-income geographies. While the bank did not originate any loans in the one low-income census tract in the assessment area, that performance is similar to the percentage of owner-occupied housing units in the low-income census tract (0.8 percent) and that of other lenders in the assessment area (0.1 percent).

Bank performance in moderate-income census tracts was above comparison data and deemed excellent. The bank's total penetration of moderate-income census tracts by number of loans (23.7 percent) is above the percentage of owner-occupied housing units in moderate-income census tracts (13.2 percent). The bank's performance in moderate-income census tracts is also above that of other lenders based on aggregate lending data, which indicate that 11.0 percent of aggregate HMDA loans inside this assessment area were made to borrowers residing in moderate-income census tracts. Combined, the bank's geographic distribution of HMDA loans in LMI geographies is excellent.

Next, the bank's geographic distribution of small business loans was reviewed. The following table displays 2019 small business loan activity by geography income level compared to the location of businesses throughout the assessment area and 2019 small business aggregate data.

Geographic Distribution of Small Business Loans Assessment Area: Texarkana MSA							
Tract Income Levels	2019						
	Count			Dollar			Businesses
	Bank		Aggregate	Bank		Aggregate	
	#	%	%	\$ 000s	\$ %	\$ %	%
Low	0	0.0%	0.6%	\$0	0.0%	0.8%	0.6%
Moderate	2	13.3%	19.4%	\$53	3.2%	23.4%	24.1%
Middle	8	53.3%	51.2%	\$1,190	71.6%	51.1%	50.5%
Upper	5	33.3%	27.6%	\$418	25.2%	24.5%	24.7%
Unknown	0	0.0%	1.2%	\$0	0.0%	0.3%	0.1%
TOTAL	15	100.0%	100.0%	\$1,661	100.0%	100.0%	100.0%

The bank's level of lending in the one low-income census tract is similar to the estimated percentage of businesses operating inside this census tract (0.6 percent) and aggregate lending levels in the low-income census tract (0.6 percent). Therefore, the bank's performance is reasonable. The bank's percentage of loans in moderate-income census tracts (13.3 percent) is below the aggregate lending percentage in moderate-income census tracts (19.4 percent) and the percentage of small businesses in moderate-income census tracts (24.1 percent), representing poor performance. Considering the bank ranks 12th among the 16 financial institutions operating within the assessment area, it faces extensive competition from larger banks that have larger footprints and offer more favorable rates to small businesses. Nonetheless, the bank's overall geographic distribution of small business loans is poor.

Last, the bank's geographic distribution of small farm loans was reviewed. The following table displays 2019 small farm loan activity by geography income level compared to the location of farms throughout this assessment area and 2019 small farm aggregate data.

Geographic Distribution of Small Farm Loans Assessment Area: Texarkana MSA							
Tract Income Levels	2019						
	Count			Dollar			Farms
	Bank		Aggregate	Bank		Aggregate	
	#	%	%	\$ 000s	\$ %	\$ %	%
Low	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Moderate	1	14.3%	4.4%	\$18	7.5%	3.5%	5.0%
Middle	5	71.4%	71.5%	\$210	89.9%	69.5%	70.4%
Upper	1	14.3%	23.7%	\$6	2.6%	26.3%	24.6%
Unknown	0	0.0%	0.3%	\$0	0.0%	0.7%	0.0%
TOTAL	7	100.0%	100.0%	\$234	100.0%	100.0%	100.0%

The bank's level of lending in the one low-income census tract is equal to the estimated percentage of farms operating inside this census tract and aggregate lending levels in low-income census tracts. Therefore, the bank's performance in low-income tracts is reasonable. The bank's percentage of loans in moderate-income census tracts (14.3 percent) is above the aggregate lending percentage in moderate-income census tracts (4.4 percent) and the percentage of small farms in moderate-income census tracts (5.0 percent), also representing reasonable performance. The bank's overall geographic distribution of small farm loans is reasonable.

Finally, based on a review of all three loan categories, Diamond Bank had loan activity in 73.5 percent of all assessment area census tracts. While not all census tracts contain HMDA and/or small business and small farm loans, loan originations occurred in the majority of the moderate-income census tracts. Therefore, no conspicuous lending gaps were noted in LMI areas.

COMMUNITY DEVELOPMENT TEST

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

During the review period, the bank extended 13 community development loans totaling \$4.4 million in the assessment area. These loans were for economic development, community services, and affordable housing—needs noted by community contacts in this area. In addition, seven of the loans were PPP loans made in LMI geographies in response to the COVID-19 pandemic. The following is a brief description of some of the notable community development loans.

- The bank refinanced a loan of \$621,095 to a convenience store located in a moderate-income geography. This refinance helped retain two LMI jobs.
- The bank extended two loans in the amounts of \$227,150 and \$154,050 to a local childcare facility that provides community services, including subsidized childcare and food programs, to LMI families.
- The bank extended a loan of \$520,150 to a local individual creating affordable housing in a moderate-income census tract.
- The bank refinanced a loan of \$1.3 million to a local business in Bowie County for the purpose of continuing business operations and retaining 15 LMI jobs.

At the time of the examination, the bank had approximately \$5.0 million in outstanding investments that qualified for community development credit. This amount included \$611,519 from prior-period investments that remain in the bank's portfolio, plus \$4.4 million in investments made in the current review period. The investments were primarily in the form of school bonds issued by school districts in the bank's assessment area, the majority of whose students are from LMI families. Other investments included a bond to improve a public waterworks and sewer

facility that provides essential services to LMI census tracts and a bond providing affordable housing within the assessment area. In addition to the investments previously noted, the bank donated a total of \$13,650 to various organizations having a community development purpose. This total included 13 separate donations to organizations helping with assessment area needs such as education, affordable housing, and training for LMI individuals.

Bank officers utilized their financial expertise to assist organizations that are involved in the economic development of the assessment area. In addition, staff members provided financial education seminars to local school districts serving LMI families. These services were focused on the needs of the assessment area, including financial education, which was identified by community contacts as a need within the assessment area. In total, the bank provided seven community development services to four different organizations within the Texarkana MSA assessment area.

ARKANSAS

CRA RATING FOR ARKANSAS:

The Lending Test is rated:

The Community Development Test is rated:

SATISFACTORY

Satisfactory

Satisfactory

Major factors supporting the institution's rating in Arkansas include the following.

- The distribution of loans in the Arkansas assessment areas reflects excellent penetration among individuals of different income levels (including LMI levels) and businesses and farms of different sizes.
- Overall, the geographic distribution of loans reflects poor dispersion throughout the Arkansas assessment areas.
- The bank's community development performance demonstrates adequate responsiveness to community development needs through community development loans, qualified investments, and community development services, considering the need and availability for such opportunities for community development in the bank's assessment areas.

SCOPE OF EXAMINATION

Scoping considerations applicable to the review of the Arkansas assessment areas are consistent with the overall CRA examination scope as presented in the *Scope of Examination* section. The bank's ratings in the state of Arkansas reflect a composite of the bank's performance in all three of its assessment areas throughout the state; however, since the bank's Southwest Arkansas assessment area was the only one reviewed using full-scope procedures, this assessment area carries greater weight toward overall performance conclusions.

To augment the evaluation of the full-scope review assessment area in Arkansas, two community contact interviews were conducted to ascertain specific community credit needs, community development opportunities, and local economic conditions. Details from these interviews are included in the *Description of Institution's Operations* section for the assessment area in which the community contacts were made.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN ARKANSAS

Diamond Bank operates 14 offices (93.8 percent of total branches) throughout the 3 assessment areas in the state of Arkansas. The following table gives additional detail regarding the bank’s operations in Arkansas.

Assessment Area	Offices		Deposits As of June 30, 2020		Review Procedures
	#	%	\$	%	
Southwest Arkansas	10	71.4%	\$441,882	77.5%	Full Scope
Hot Springs MSA	2	14.3%	\$87,125	15.3%	Limited Scope
Pope County	2	14.3%	\$41,052	7.2%	Limited Scope
TOTAL	14	100%	\$570,059	100%	1 – Full Scope

In March 2019, the bank opened a branch in Hector, Arkansas, located in the Pope County assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ARKANSAS

LENDING TEST

Diamond Bank’s Lending Test rating for the state of Arkansas is Satisfactory. The bank’s overall distribution of loans by borrower’s income and revenue profile reflects excellent penetration among borrowers of different income levels and businesses and farms of different sizes. The overall geographic distribution of loans, however, reflects poor penetration throughout Arkansas assessment areas.

Borrower and Geographic Distribution

As displayed in the following tables, the bank’s performance by borrower’s income and revenue profile is excellent in Arkansas.

Full-Scope Review Areas	Loan Distribution by Borrower’s Profile
Southwest Arkansas	Excellent

Limited-Scope Review Areas	Loan Distribution by Borrower’s Profile
Hot Springs MSA	Consistent
Pope County	Consistent

The bank’s overall geographic distribution of loans reflects poor penetration throughout Arkansas.

Full-Scope Review Areas	Geographic Distribution of Loans
Southwest Arkansas	Poor

Limited-Scope Review Areas	Geographic Distribution of Loans
Hot Springs MSA	Consistent
Pope County	Consistent

COMMUNITY DEVELOPMENT TEST

Diamond Bank’s Community Development Test rating in the state of Arkansas is Satisfactory. The bank’s overall community development performance demonstrates adequate responsiveness to the community development needs of the Arkansas assessment areas, considering the bank’s capacity and the need/availability of such opportunities for community development. The bank has addressed the community development needs of its assessment areas through community development loans, qualified investments, and community development services.

Full-Scope Review Areas	Community Development Performance
Southwest Arkansas	Adequate

Limited-Scope Review Areas	Community Development Performance
Hot Springs MSA	Below
Pope County	Consistent

The bank extended 94 community development loans totaling \$9.8 million in its Arkansas assessment areas. Twelve of the loans were primarily for revitalization/stabilization efforts, 3 were to organizations providing community services to LMI families, 11 were attributed to economic development, and 68 were PPP loans made in LMI geographies in response to the COVID-19 pandemic. In addition, the bank made \$7.5 million in new community development investments and 65 donations totaling \$39,828. The majority of investment and donation dollars benefited school districts in the Arkansas assessment areas that serve students from primarily LMI families. Lastly, 25 of the bank’s employees provided 38 services to different community development organizations in Arkansas assessment areas.

NONMETROPOLITAN ARKANSAS STATEWIDE AREA *(Full-Scope Review)*

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE SOUTHWEST ARKANSAS ASSESSMENT AREA

Bank Structure

The bank operates 10 of its 16 offices (62.5 percent) in this assessment area. Of the ten offices, one is in a moderate-income census tract; five are in middle-income tracts designated as distressed due to poverty levels and underserved based on their remote rural locations; and two are in middle-income tracts designated as underserved due to their remote rural locations. Since the previous examination, the bank did not open or close any branches in this assessment area. Additionally, the bank maintains 9 ATMs in the assessment area. Based on its branch network and other service delivery systems, the bank is well positioned to deliver financial services to substantially all of the assessment area.

General Demographics

The assessment area is composed of six counties in their entirety, as shown in the following table.

County	Population
Hempstead	22,336
Howard	13,555
Montgomery	9,197
Pike	11,087
Polk	20,364
Sevier	17,268
Total Assessment Area Population	93,807

This is the bank's primary assessment area, which is in southwest Arkansas, bordering the Texarkana MSA and the state of Oklahoma. Of the 15 FDIC-insured depository institutions with a branch presence in this assessment area, the bank ranked first in deposit market share, encompassing 22.5 percent of total deposit dollars.

Credit needs in the assessment area include a mix of consumer and business loan products. For this assessment area, contacts also noted the need for quality affordable housing for LMI residents, and home improvement financing due to the age of housing stock.

Income and Wealth Demographics

Assessment Area Demographics by Geography Income Level						
Dataset	Low-	Moderate-	Middle-	Upper-	Unknown	TOTAL
Census Tracts	0	3	19	2	0	24
	0.0%	12.5%	79.2%	8.3%	0.0%	100%
Family Population	0	2,905	19,347	1,761	0	24,013
	0.0%	12.1%	80.6%	7.3%	0.0%	100%

As shown above, the assessment area contains no low-income census tracts. However, 12.5 percent of the census tracts are moderate-income with 12.1 percent of the family population residing in these tracts. Additionally, the majority of census tracts are middle-income with 11 of the 19 considered distressed due to poverty and/or underserved remote rural tracts.

Based on 2015 ACS data, the median family income for the assessment area was \$43,122. At the same time, the median family income for nonMSA Arkansas as a whole was \$45,047. More recently, the FFIEC estimates the 2019 median family income for nonMSA Arkansas to be \$49,100. The following table displays population percentages of assessment area families by income level compared to the nonMSA Arkansas family populations.

Family Population by Income Level					
Dataset	Low-	Moderate-	Middle-	Upper-	TOTAL
Assessment Area	5,235	4,969	4,512	9,297	24,013
	21.8%	20.7%	18.8%	38.7%	100%
NonMSA Arkansas	63,831	53,700	58,267	123,066	298,864
	21.4%	18.0%	19.5%	41.2%	100%

As shown in the table above, 42.5 percent of families within the assessment area were considered LMI, which is slightly above the LMI family level for nonMSA Arkansas (39.4 percent). The percentage of families living below the poverty level in the assessment area, 17.5 percent, is also above the 16.6 percent level in nonMSA Arkansas. Considering these factors, the assessment area appears to be slightly less affluent than nonMSA Arkansas as a whole.

Housing Demographics

As displayed in the following table, homeownership in the assessment area is more affordable compared to the entirety of nonMSA Arkansas.

Housing Demographics			
Dataset	Median Housing Value	Affordability Ratio	Median Gross Rent (Monthly)
Hempstead County	\$74,700	43.0%	\$571
Howard County	\$83,900	40.8%	\$560
Montgomery County	\$82,200	40.2%	\$538
Pike County	\$74,700	44.3%	\$489
Polk County	\$84,300	40.0%	\$484
Sevier County	\$68,200	53.6%	\$543
Assessment Area	\$77,639	43.4%	\$541
NonMSA Arkansas	\$85,869	41.0%	\$588

Median gross rent and median housing values in the assessment area are both slightly lower than in nonMSA Arkansas as a whole. Additionally, the affordability ratio in the area was slightly higher than nonMSA Arkansas. Considering these factors, housing is more affordable in the assessment area than in nonMSA Arkansas. However, it is worth noting that one community contact described housing stock in the assessment area as aging and in poor condition, and in need of costly repairs that could put it out of reach for many LMI families.

Industry and Employment Demographics

While the assessment area generally supports a large and diverse business community, the small business sector has experienced a contraction since 2018. According to FFIEC CRA aggregate data, there were 1,021 small businesses in the assessment area in 2019, a decrease from 1,146 in 2018. Nevertheless, per Dun & Bradstreet data, 89.3 percent of businesses in the assessment area had annual gross revenues of \$1 million or less. County business patterns indicate that there are 22,989 paid employees in the assessment area. By percentage of employees, the three largest job categories in the assessment area are manufacturing (30.5 percent), followed by retail trade (14.3 percent), and health care and social assistance (10.2 percent). The table below details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for each county of the assessment area, the assessment area as a whole, and nonMSA Arkansas as a whole.

Unemployment Levels for the Assessment Area				
Dataset	Time Period (Annual Average)			
	2017	2018	2019	2020
Hempstead County	3.5%	3.5%	3.8%	5.2%
Howard County	3.1%	3.4%	3.2%	5.0%
Montgomery County	4.8%	4.7%	4.6%	6.8%
Pike County	4.1%	4.1%	3.8%	5.9%
Polk County	4.5%	4.1%	4.2%	6.6%
Sevier County	4.6%	4.6%	4.8%	5.8%
Assessment Area Average	4.0%	3.9%	4.0%	5.8%
NonMSA Arkansas	4.5%	4.3%	4.3%	6.4%

As shown in the table above, unemployment levels varied between individual counties within the assessment area. Unemployment rates were higher in Montgomery, Polk, and Sevier Counties and lowest in Howard County. As shown, the assessment area had a lower unemployment rate when compared to nonMSA Arkansas as a whole. For the assessment area and nonMSA Arkansas, unemployment rates remained relatively stable before increasing in 2020 during the COVID-19 pandemic.

Community Contact Information

For the Southwest Arkansas assessment area, two community contact interviews were completed as part of this evaluation. One of the interviews was with an individual from an organization that specializes in stimulating entrepreneurship, innovation, and small business growth in the area. The second interview was with a representative from an affordable housing organization for LMI individuals.

The community contact interviewees categorized the local economy and population as stagnant and stated the counties within the assessment area are predominantly agricultural. Contacts added that the counties are economically depressed with below-state-average income levels, which negatively affects renters looking to transition to homeownership.

Per one contact, the COVID-19 pandemic resulted in many area manufacturers shutting down operations and laying off employees. Many local and family-owned farms were also impacted by the pandemic. The contact noted that, while most of the manufacturers have reopened, employment levels remain low due to social and domestic issues, such as childcare and housing. Both contacts stated banks assisted individuals facing hardship due to the COVID-19 pandemic by providing PPP loans to small businesses. One contact added that banks were less responsive during the second round of PPP loans, noting banks are starting to become very conservative and more risk averse.

Community contacts noted the financial institutions within the assessment area are a mix of local, national, and regional financial institutions. One contact criticized area banks for not providing access to loans and other financial services to minority populations. However, the other contact found banks to be responsive to the consumer needs of clients with good credit and a stable source of income. The economic development contact identified barriers for small business growth in the assessment area, including the area's lack of a skilled workforce, poor credit histories, lack of cultural relevancy and diversity to attract new businesses, and limited access to credit. However, both contacts commended banks' efforts to provide small-dollar loans to businesses, with one contact noting the opportunity for financial institutions to be more flexible with underwriting criteria for small businesses and start-ups.

The second contact stated banks were providing the LMI population access to credit and noted that banks within one of the cities are within walking distance from LMI communities. One contact identified engaging in financial education services and providing flexible loan programs to LMI individuals as opportunities for banks to further participate in the community. The affordable housing contact described local housing stock as aging and in need of serious repairs. Per the contact, low wage earners have difficulty saving for down payments and necessary repairs. Additionally, the contact described a lack of quality LMI rental housing to meet area demands.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE SOUTHWEST ARKANSAS ASSESSMENT AREA

LENDING TEST

The bank’s Lending Test rating in the Southwest Arkansas assessment area is Satisfactory. The distribution of loans reflects excellent penetration among borrowers of different income levels and business and farms of different sizes. The geographic distribution, however, reflects poor penetration throughout the assessment areas.

Loan Distribution by Borrower’s Profile

Overall, the bank’s loan distribution by borrower’s profile is excellent, based on performance from the three loan categories reviewed. The bank’s HMDA loan distribution performance by borrower’s profile is reasonable, while the bank’s performance under the small business and small farm categories is excellent.

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 (\$49,100 for nonMSA Arkansas as of 2019). The following table shows the distribution of HMDA-reported loans by borrower income level in comparison to family population income demographics for the assessment area. Additionally, 2019 aggregate data for the assessment area is displayed.

Borrower Distribution of HMDA Loans								
Assessment Area: Southwest Arkansas								
Product Type	Borrower Income Levels	2019						
		Count			Dollar			Families
		Bank		HMDA Aggregate	Bank		HMDA Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Home Purchase	Low	7	7.9%	5.3%	236	3.3%	2.9%	21.8%
	Moderate	14	15.7%	16.5%	914	12.8%	10.6%	20.7%
	Middle	17	19.1%	19.1%	1,157	16.2%	17.4%	18.8%
	Upper	48	53.9%	43.7%	4,320	60.6%	52.1%	38.7%
	Unknown	3	3.4%	15.3%	502	7.0%	17.1%	0.0%
	TOTAL	89	100.0%	100.0%	7,129	100.0%	100.0%	100.0%
Refinance	Low	7	12.1%	6.6%	198	4.9%	2.9%	21.8%
	Moderate	10	17.2%	14.7%	491	12.1%	8.7%	20.7%
	Middle	13	22.4%	19.1%	922	22.8%	14.7%	18.8%
	Upper	25	43.1%	43.7%	2,065	51.0%	53.0%	38.7%
	Unknown	3	5.2%	16.0%	371	9.2%	20.8%	0.0%
	TOTAL	58	100.0%	100.0%	4,047	100.0%	100.0%	100.0%
Home Improvement	Low	4	20.0%	13.1%	66	8.8%	9.9%	21.8%
	Moderate	3	15.0%	17.9%	124	16.6%	10.5%	20.7%
	Middle	3	15.0%	17.9%	67	8.9%	13.4%	18.8%
	Upper	9	45.0%	47.6%	432	57.7%	63.2%	38.7%

	Unknown	1	5.0%	3.6%	60	8.0%	3.0%	0.0%
	TOTAL	20	100.0%	100.0%	749	100.0%	100.0%	100.0%
Multifamily	Low	0	0.0%	0.0%	0	0.0%	0.0%	21.8%
	Moderate	0	0.0%	7.1%	0	0.0%	0.9%	20.7%
	Middle	2	25.0%	14.3%	63	6.1%	1.9%	18.8%
	Upper	4	50.0%	42.9%	663	63.8%	53.0%	38.7%
	Unknown	2	25.0%	35.7%	313	30.1%	44.2%	0.0%
	TOTAL	8	100.0%	100.0%	1,039	100.0%	100.0%	100.0%
Other Purpose LOC	Low	0	0.0%	7.1%	0	0.0%	3.6%	21.8%
	Moderate	0	0.0%	3.6%	0	0.0%	0.4%	20.7%
	Middle	0	0.0%	21.4%	0	0.0%	16.2%	18.8%
	Upper	0	0.0%	64.3%	0	0.0%	77.7%	38.7%
	Unknown	0	0.0%	3.6%	0	0.0%	2.0%	0.0%
	TOTAL	0	0.0%	100.0%	0	0.0%	100.0%	100.0%
Other Purpose Closed/Exempt	Low	3	21.4%	12.5%	92	21.9%	10.2%	21.8%
	Moderate	4	28.6%	18.8%	105	25.0%	19.2%	20.7%
	Middle	3	21.4%	34.4%	59	14.0%	32.5%	18.8%
	Upper	4	28.6%	31.3%	164	39.0%	34.0%	38.7%
	Unknown	0	0.0%	3.1%	0	0.0%	4.0%	0.0%
	TOTAL	14	100.0%	100.0%	420	100.0%	100.0%	100.0%
Purpose Not Applicable	Low	0	0.0%	0.0%	0	0.0%	0.0%	21.8%
	Moderate	0	0.0%	0.0%	0	0.0%	0.0%	20.7%
	Middle	0	0.0%	0.0%	0	0.0%	0.0%	18.8%
	Upper	0	0.0%	0.0%	0	0.0%	0.0%	38.7%
	Unknown	0	0.0%	100.0%	0	0.0%	100.0%	0.0%
	TOTAL	0	0.0%	100.0%	0	0.0%	100.0%	100.0%
HMDA TOTALS	Low	21	11.1%	6.2%	592	4.4%	3.0%	21.8%
	Moderate	31	16.4%	15.5%	1,634	12.2%	9.6%	20.7%
	Middle	38	20.1%	19.1%	2,268	16.9%	16.1%	18.8%
	Upper	90	47.6%	43.4%	7,644	57.1%	52.2%	38.7%
	Unknown	9	4.8%	15.8%	1,246	9.3%	19.1%	0.0%
	TOTAL	189	100.0%	100.0%	13,384	100.0%	100.0%	100.0%

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (11.1 percent) is below the low-income family population figure (21.8 percent) but exceeds the aggregate lending level to low-income borrowers (6.2 percent), reflecting reasonable performance. Similarly, the bank's level of lending to moderate-income borrowers (16.4 percent) is below the moderate-income family population percentage (20.7 percent) but exceeds the aggregate lending level of 15.5 percent, reflecting reasonable performance. Therefore, considering performance to both income categories, the bank's overall distribution of HMDA 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 2019 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

Small Business Loans by Revenue and Loan Size								
Assessment Area: Southwest Arkansas								
Business Revenue and Loan Size		2019						
		Count			Dollars			Total Businesses
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Business Revenue	\$1 Million or Less	92	100.0%	40.6%	\$3,183	100.0%	56.3%	89.3%
	Over \$1 Million/Unknown	0	0.0%	59.4%	\$0	0.0%	43.7%	10.7%
	TOTAL	92	100.0%	100.0%	\$3,183	100.0%	100.0%	100.0%
Loan Size	\$100,000 or Less	85	92.4%	93.3%	\$1,700	53.4%	44.4%	
	\$100,001–\$250,000	5	5.4%	4.9%	\$803	25.2%	26.5%	
	\$250,001–\$1 Million	2	2.2%	1.8%	\$680	21.4%	29.1%	
	Over \$1 Million	0	0.0%	0.0%	\$0	0.0%	0.0%	
	TOTAL	92	100.0%	100.0%	\$3,183	100.0%	100.0%	
Loan Size	Revenue \$1 Million or Less	\$100,000 or Less	85	92.4%		\$1,700	53.4%	
		\$100,001–\$250,000	5	5.4%		\$803	25.2%	
		\$250,001–\$1 Million	2	2.2%		\$680	21.4%	
		Over \$1 Million	0	0.0%		\$0	0.0%	
		TOTAL	92	100.0%		\$3,183	100.0%	

The bank’s level of lending to small businesses is excellent. The bank originated 100.0 percent of its small business loans to businesses with revenues of \$1 million or less. In comparison, assessment area demographics estimate that 89.3 percent of businesses in the assessment area had annual revenues of \$1 million or less and the aggregate lending level to small businesses was 40.6 percent. Bank performance also demonstrates significant levels of lending in the amount of \$100,000 or less (92.4 percent), indicating a willingness to make smaller dollar loans to small businesses.

Last, small farm loans were reviewed to determine the bank’s lending levels to small farms of different sizes. The following table shows the distribution of 2019 small farm loans by loan amount and farm revenue size compared to Dun & Bradstreet and aggregate data.

Small Farm Loans by Revenue and Loan Size								
Assessment Area: Southwest Arkansas								
Farm Revenue and Loan Size		2019						
		Count			Dollars			Total Farms
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Farm Revenue	\$1 Million or Less	102	100.0%	80.3%	5,324	100.0%	82.3%	95.4%
	Over \$1 Million/ Unknown	0	0.0%	19.7%	0	0.0%	17.7%	4.6%
	TOTAL	102	100.0%	100.0%	5,324	100.0%	100.0%	100.0%
Loan Size	\$100,000 or Less	87	85.3%	87.4%	2,195	41.2%	43.4%	
	\$100,001–\$250,000	11	10.8%	8.9%	1,894	35.6%	28.9%	
	\$250,001–\$1 Million	4	3.9%	3.7%	1,235	23.2%	27.6%	
	Over \$1 Million	0	0.0%	0.0%	0	0.0%	0.0%	
	TOTAL	102	100.0%	100.0%	5,324	100.0%	100.0%	
Loan Size	Revenue \$1 Million or Less	\$100,000 or Less	87	85.3%		2,195	41.2%	
		\$100,001–\$250,000	11	10.8%		1,894	35.6%	
		\$250,001–\$1 Million	4	3.9%		1,235	23.2%	
		Over \$1 Million	0	0.0%		0	0.0%	
		TOTAL	102	100.0%		5,324	100.0%	

The bank’s level of lending to small farms is excellent. The bank originated all its small farm loans (100.0 percent) to small farms with revenues of \$1 million or less. In comparison, assessment area demographics estimate that 95.4 percent of small farms in the assessment area had annual revenues of \$1 million or less, and the aggregate lending level to small farms was 80.3 percent.

Geographic Distribution of Loans

As noted previously, the Southwest Arkansas assessment area includes no low-income and three moderate-income census tracts, representing 12.5 percent of all assessment area census tracts. Overall, the bank’s geographic distribution of loans in this assessment area reflects poor penetration throughout these LMI census tracts, based on the HMDA, small business, and small farm categories.

The following table displays the geographic distribution of 2019 HMDA loans compared to owner-occupied housing demographics for the assessment area and aggregate data.

Geographic Distribution of HMDA Loans Assessment Area: Southwest Arkansas								
Product Type	Tract Income Levels	2019						
		Count			Dollar			Owner-Occupied Units
		Bank		HMDA Aggregate	Bank		HMDA Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Home Purchase	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Moderate	1	1.1%	10.4%	175	2.5%	9.3%	10.6%
	Middle	82	92.1%	81.0%	6,555	91.9%	80.7%	81.8%
	Upper	6	6.7%	8.3%	399	5.6%	9.6%	7.6%
	Unknown	0	0.0%	0.3%	0	0.0%	0.4%	0.0%
	TOTAL	89	100.0%	100.0%	7,129	100.0%	100.0%	100.0%
Refinance	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Moderate	2	3.4%	9.4%	94	2.3%	6.9%	10.6%
	Middle	52	89.7%	80.4%	3,798	93.8%	80.9%	81.8%
	Upper	4	6.9%	9.0%	155	3.8%	10.6%	7.6%
	Unknown	0	0.0%	1.3%	0	0.0%	1.5%	0.0%
	TOTAL	58	100.0%	100.0%	4,047	100.0%	100.0%	100.0%
Home Improvement	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Moderate	0	0.0%	8.3%	0	0.0%	7.2%	10.6%
	Middle	19	95.0%	83.3%	736	98.3%	80.5%	81.8%
	Upper	1	5.0%	4.8%	13	1.7%	7.6%	7.6%
	Unknown	0	0.0%	3.6%	0	0.0%	4.8%	0.0%
	TOTAL	20	100.0%	100.0%	749	100.0%	100.0%	100.0%
Multifamily	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Moderate	0	0.0%	7.1%	0	0.0%	0.9%	28.2%
	Middle	8	100.0%	92.9%	1,039	100.0%	99.1%	70.3%
	Upper	0	0.0%	0.0%	0	0.0%	0.0%	1.5%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	TOTAL	8	100.0%	100.0%	1,039	100.0%	100.0%	100.0%
Other Purpose LOC	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Moderate	0	0.0%	25.0%	0	0.0%	18.3%	10.6%
	Middle	0	0.0%	67.9%	0	0.0%	71.1%	81.8%
	Upper	0	0.0%	7.1%	0	0.0%	10.6%	7.6%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	TOTAL	0	0.0%	100.0%	0	0.0%	100.0%	100.0%

Other Purpose Closed/Exempt	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Moderate	2	14.3%	25.0%	58	13.8%	22.0%	10.6%
	Middle	12	85.7%	75.0%	362	86.2%	78.0%	81.8%
	Upper	0	0.0%	0.0%	0	0.0%	0.0%	7.6%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	TOTAL	14	100.0%	100.0%	420	100.0%	100.0%	100.0%
Purpose Not Applicable	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Moderate	0	0.0%	9.1%	0	0.0%	6.2%	10.6%
	Middle	0	0.0%	86.4%	0	0.0%	87.5%	81.8%
	Upper	0	0.0%	4.5%	0	0.0%	6.3%	7.6%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	TOTAL	0	0.0%	100.0%	0	0.0%	100.0%	100.0%
HMDA TOTALS	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Moderate	5	2.6%	10.4%	327	2.4%	8.5%	10.6%
	Middle	173	91.5%	80.8%	12,490	93.3%	81.1%	81.8%
	Upper	11	5.8%	8.1%	567	4.2%	9.6%	7.6%
	Unknown	0	0.0%	0.8%	0	0.0%	0.8%	0.0%
	TOTAL	189	100.0%	100.0%	13,384	100.0%	100.0%	100.0%

As noted previously, the assessment area contains no low-income census tracts. In moderate-income census tracts, the analysis of HMDA loans revealed poor lending performance. The bank's total penetration of moderate-income census tracts by number of loans (2.6 percent) is below the percentage of owner-occupied housing units in moderate-income census tracts (10.6 percent) and aggregate performance (10.4 percent).

Next, the bank's geographic distribution of small business loans was reviewed. The following table displays 2019 small business loan activity by geography income level compared to the location of businesses throughout this assessment area and 2019 small business aggregate data.

Geographic Distribution of Small Business Loans Assessment Area: Southwest Arkansas							
Tract Income Levels	2019						
	Count			Dollar			Businesses
	Bank		Aggregate	Bank		Aggregate	
	#	%	%	\$ 000s	\$ %	\$ %	%
Low	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Moderate	5	5.4%	16.7%	\$93	2.9%	19.1%	13.0%
Middle	81	88.0%	71.9%	\$2,973	93.4%	61.8%	82.1%
Upper	6	6.5%	8.1%	\$117	3.7%	17.8%	4.9%
Unknown	0	0.0%	3.3%	\$0	0.0%	1.3%	0.0%
TOTAL	92	100.0%	100.0%	\$3,183	100.0%	100.0%	100.0%

The bank's level of lending in moderate-income census tracts (5.4 percent) is below the estimated percentage of businesses operating inside these census tracts (13.0 percent) and aggregate lending levels in moderate-income census tracts (16.7 percent), representing poor performance.

Last, the bank’s geographic distribution of small farm loans was also reviewed. The following table displays 2019 small farm loan activity by geography income level compared to the location of farms throughout this assessment area and 2019 small farm aggregate data.

Geographic Distribution of Small Farm Loans							
Assessment Area: Southwest Arkansas							
Tract Income Levels	2019						
	Count			Dollar			Farms
	Bank		Aggregate	Bank		Aggregate	
	#	%	%	\$ 000s	\$ %	\$ %	%
Low	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Moderate	2	2.0%	9.9%	\$66	1.2%	7.9%	5.0%
Middle	90	88.2%	67.0%	\$4,298	80.7%	73.4%	82.2%
Upper	10	9.8%	23.2%	\$960	18.0%	18.7%	12.9%
Unknown	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
TOTAL	102	100.0%	100.0%	\$5,324	100.0%	100.0%	100.0%

The bank’s percentage of loans in moderate-income census tracts (2.0 percent) is below the aggregate lending percentage in moderate-income census tracts (9.9 percent) and slightly below the percentage of small farms in moderate-income census tracts (5.0 percent), representing reasonable performance. While the bank’s performance in moderate-income census tracts was below both aggregate performance and the percentage of small farms, the majority of the bank’s small farm loans were located in middle-income census tracts, where 13 of the 19 tracts are classified as distressed due to poverty and/or underserved remote rural areas.

Finally, based on reviews of all three loan categories, Diamond Bank had loan activity in 91.6 percent of all assessment area census tracts. While not all census tracts contained HMDA, small business, or small farm loans, loan originations occurred in the majority of the moderate-income census tracts. Therefore, no conspicuous lending gaps were noted in LMI areas.

COMMUNITY DEVELOPMENT TEST

The bank demonstrates adequate responsiveness to community development needs within the Southwest Arkansas assessment area, considering the bank’s capacity and the need and availability of such opportunities for community development. The bank addressed these needs through community development loans, qualified investments, and community development services.

During the review period, the bank extended 77 community development loans, totaling \$6.7 million in this assessment area. Notable among these loans was a renewal, in the amount of \$263,521, made to a restaurant in an underserved remote rural census tract that provided job retention for two LMI individuals. Also, two loans, totaling \$1 million, were to a center providing daytime care and habilitative services to children and adults with developmental disabilities located in an underserved area. Finally, 57 of the community development loans were PPP loans made in LMI geographies in response to the COVID-19 pandemic.

During the review period, the bank made \$3.7 million in new community development investments and held \$1.8 million in prior-period investments. These were primarily comprised of local school district bonds and bonds to maintain essential utility services in distressed and underserved census tracts. Additionally, the bank made 55 donations totaling \$32,425 in this assessment area. Finally, 21 bank employees provided 33 community development services to various organizations in this assessment area.

NONMETROPOLITAN ARKANSAS STATEWIDE AREA

(Limited-Scope Review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE POPE COUNTY ASSESSMENT AREA

This assessment area includes the entirety of Pope County in a nonmetropolitan portion of Arkansas. The bank operates two offices in this assessment area. In March 2019, the bank opened one of the branches: an additional full-service office in Hector, Arkansas.

The tables below detail key demographics relating to this assessment area.

Assessment Area Demographics by Population Income Level					
Demographic Type	Population Income Level				TOTAL
	Low-	Moderate-	Middle-	Upper-	
Family Population	2,701	2,554	3,208	6,977	15,440
	17.5%	16.5%	20.8%	45.2%	100%
Household Population	4,602	3,295	4,043	10,705	22,645
	20.3%	14.6%	17.9%	47.3%	100%

Assessment Area Demographics by Geography Income Level						
Dataset	Geography Income Level					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown-	
Census Tracts	0	1	5	5	0	11
	0.0%	9.1%	45.5%	45.5%	0.0%	100%
Family Population	0	621	7,417	7,402	0	15,440
	0.0%	4.0%	48.0%	47.9%	0.0%	100%
Household Population	0	1,101	11,473	10,071	0	22,645
	0.0%	4.9%	50.7%	44.5%	0.0%	100%
Business Institutions	0	374	1,134	782	0	2,290
	0.0%	16.3%	49.5%	34.1%	0.0%	100%
Agricultural Institutions	0	0	44	60	0	104
	0.0%	0.0%	42.3%	57.7%	0.0%	100%

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE POPE COUNTY ASSESSMENT AREA

LENDING TEST

The bank's Lending Test performance in this assessment area is consistent with the bank's Lending Test performance in the assessment area within the nonMSA portion of the state of Arkansas that was reviewed using full-scope procedures, as detailed in the following table. For more information relating to the bank's Lending Test performance in this assessment area, see the tables in *Appendix D*.

Lending Test Criteria	Performance
Distribution of Loans by Borrower's Profile	Consistent
Geographic Distribution of Loans	Consistent
Overall	Consistent

COMMUNITY DEVELOPMENT TEST

The bank's Community Development Test performance in this assessment area is consistent with the bank's Community Development Test performance in the nonMSA portion of the state of Arkansas that was reviewed using full-scope procedures.

During the review period, the bank renewed one community development loan totaling \$384,000 and refinanced one \$142,499 community development loan. The bank also made \$3.5 million in new investments, two of which were in the form of school municipal bonds, and three that financed essential area water and sewer services in LMI geographies. The bank continued to hold one prior-period school municipal bond in the amount of \$345,000. Additionally, the bank made seven donations totaling \$2,200 in this assessment area. Finally, 2 bank employees provided 2 services totaling 600 hours to 2 different community development organizations in this assessment area.

HOT SPRINGS, ARKANSAS METROPOLITAN STATISTICAL AREA

(Limited-Scope Review)

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE HOT SPRINGS MSA

This assessment area includes all of Garland County, which makes up the entirety of the Hot Springs MSA. The bank operates two offices in this assessment area. The tables below detail key demographics relating to this assessment area. The bank did not open or close any offices in the assessment area during the review period.

Assessment Area Demographics by Population Income Level					
Demographic Type	Population Income Level				TOTAL
	Low-	Moderate-	Middle-	Upper-	
Family Population	6,024	4,346	5,091	10,490	25,951
	23.2%	16.7%	19.6%	40.4%	100%
Household Population	9,870	6,307	6,790	17,323	40,290
	24.5%	15.7%	16.9%	43.0%	100%

Assessment Area Demographics by Geography Income Level						
Dataset	Geography Income Level					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown-	
Census Tracts	2	4	9	5	0	20
	10.0%	20.0%	45.0%	25.0%	0.0%	100%
Family Population	1,111	3,355	12,371	9,114	0	25,951
	4.3%	12.9%	47.7%	35.1%	0.0%	100%
Household Population	2,348	6,237	18,857	12,848	0	40,290
	5.8%	15.5%	46.8%	31.9%	0.0%	100%
Business Institutions	305	851	2,003	1,304	0	4,463
	6.8%	19.1%	44.9%	29.2%	0.0%	100%
Agricultural Institutions	1	7	19	28	0	55
	1.8%	12.7%	34.5%	50.9%	0.0%	100%

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE HOT SPRINGS MSA

LENDING TEST

The bank's Lending Test performance in this assessment area is consistent with the bank's Lending Test performance in the state of Arkansas, as detailed in the following table. For more detailed information relating to the bank's Lending Test performance in this assessment area, see the tables in *Appendix D*.

Lending Test Criteria	Performance
Distribution of Loans by Borrower's Profile	Consistent
Geographic Distribution of Loans	Consistent
Overall	Consistent

COMMUNITY DEVELOPMENT TEST

The bank's Community Development Test performance in this assessment area is below the bank's Community Development Test performance in the state of Arkansas.

During the review period, the bank originated 15 community development loans totaling \$2.7 million in this assessment area. Four loans were to small businesses and created or retained jobs for LMI individuals. In addition, 11 community development loans were PPP loans made in LMI geographies in response to the COVID-19 pandemic. The bank also made one new investment in the amount of \$290,000 in the form of a school municipal bond and retained one prior-period municipal bond investment in the amount of \$323,866. The bank made three donations totaling \$5,204 in this assessment area. Finally, 2 bank employees provided 3 services totaling 424 hours to 2 different community development organizations in this assessment area.

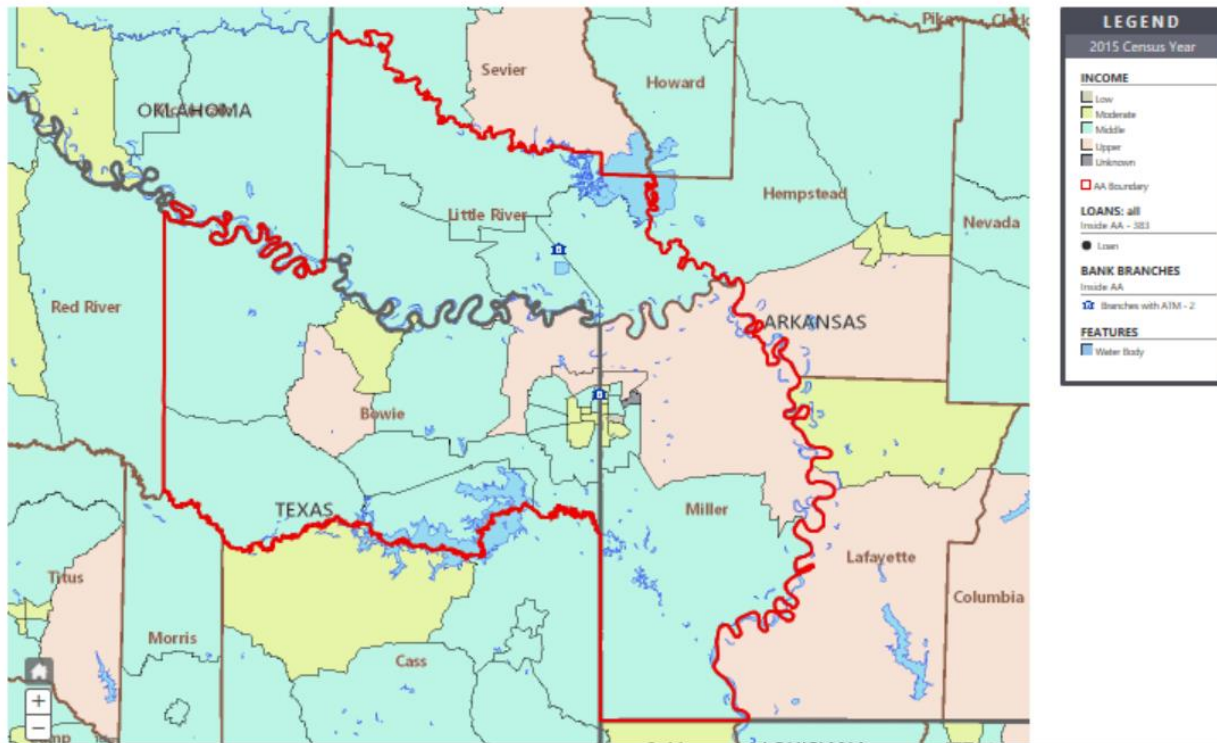
SCOPE OF EXAMINATION TABLES

Scope of Examination			
TIME PERIOD REVIEWED	January 1, 2019–December 31, 2019 for HMDA, small business, and small farm lending. November 27, 2017–July 18, 2021 for community development loans, investments, and service activities.		
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
Diamond Bank Murfreeseboro, Arkansas			HMDA Small Business Small Farm
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
N/A	N/A		N/A

Assessment Area – Examination Scope Details					
Assessment Area	Rated Area	# of Offices	Deposits (\$000s) (as of June 30, 2020)	Branches Visited	CRA Review Procedures
Texarkana MSA	Texarkana MSA	2	\$26,443	0	Full Scope
Southwest Arkansas	Arkansas	10	\$441,882	0	Full Scope
Pope County	Arkansas	2	\$41,052	0	Limited Scope
Hot Springs MSA	Arkansas	2	\$87,125	0	Limited Scope
OVERALL		16	\$596,502	0	2 Full Scope

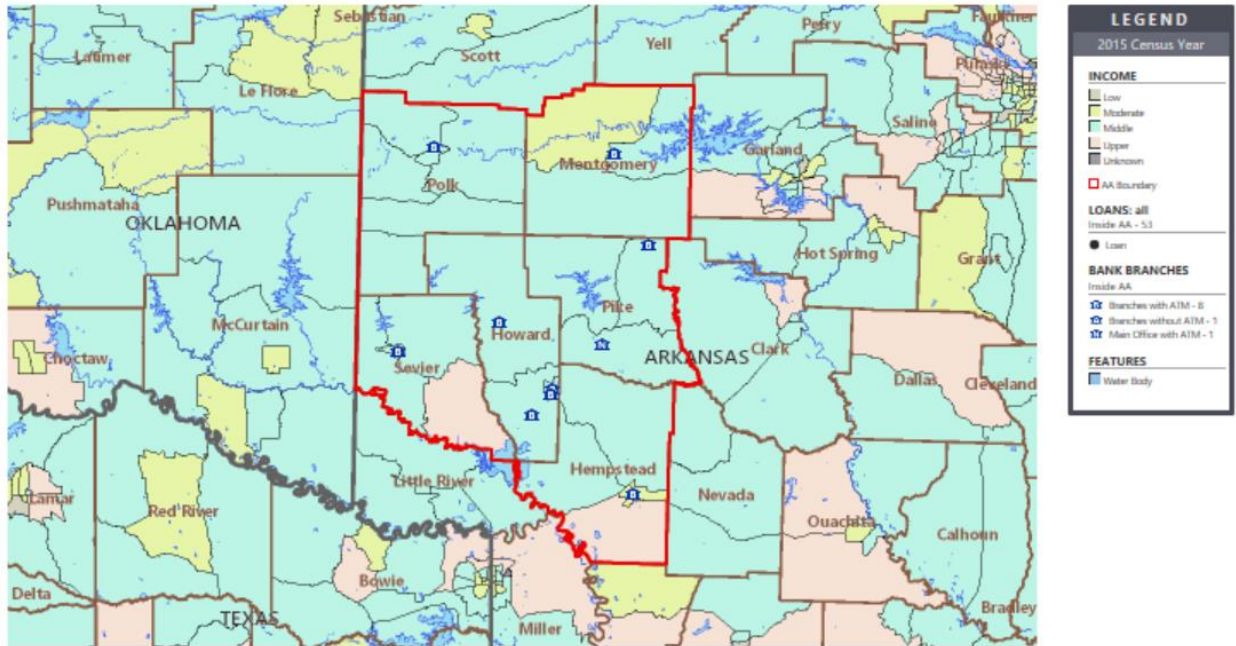
Texarkana MSA Assessment Area Map

Diamond Bk - Murfreesboro AR
Texarkana, TX-AR MSA



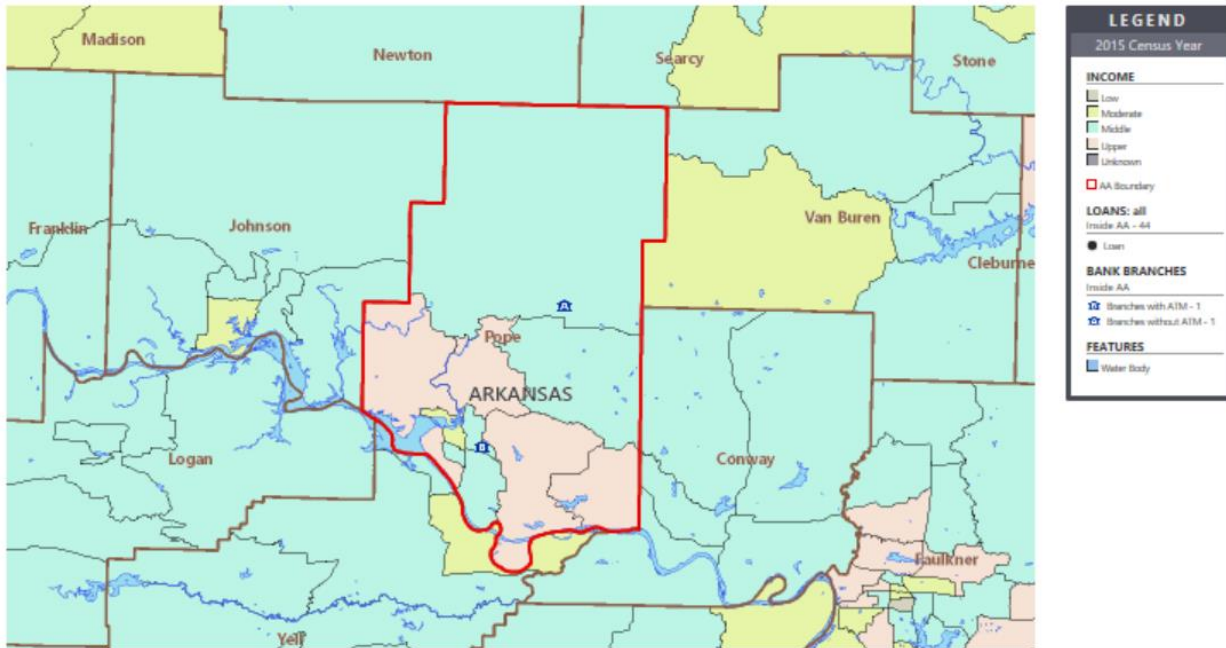
Southwest Arkansas Assessment Area Map

Diamond Bk - Murfreesboro AR
Southwest, AR NonMSA



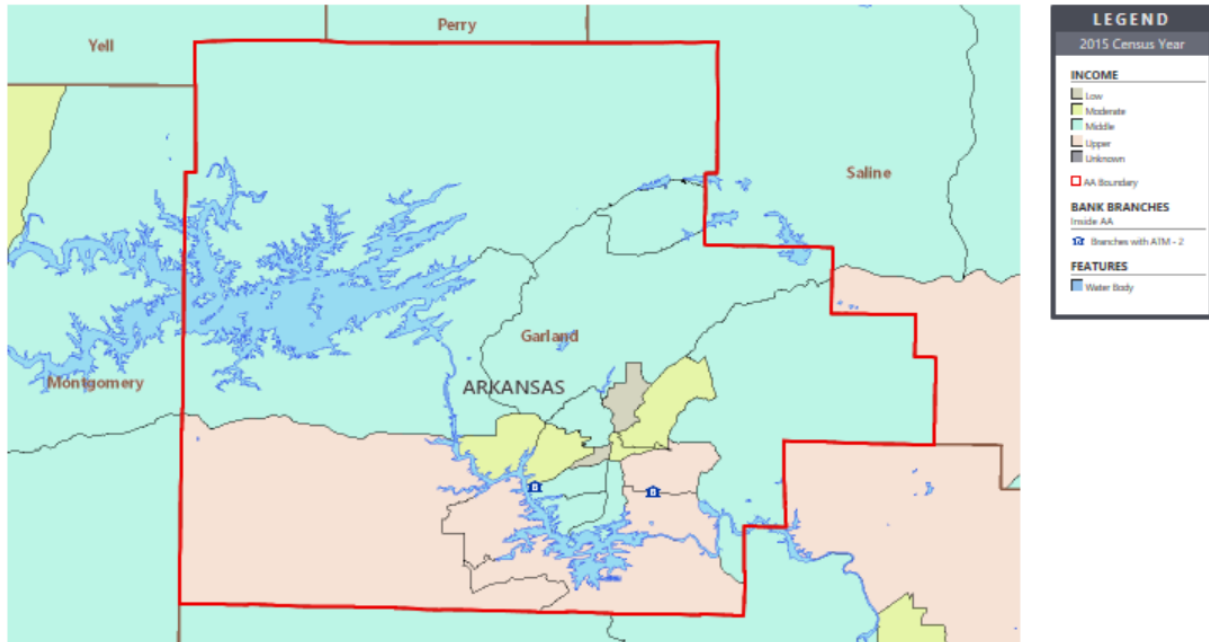
Pope County Assessment Area Map

Diamond Bk - Murfreesboro AR
Pope, AR NonMSA



Hot Springs MSA Assessment Area Map

Diamond Bk - Murfreesboro AR
Hot Springs, AR MSA



SUMMARY OF STATE AND MULTISTATE MSA RATINGS

State or Multistate MSA	Lending Test Rating	Community Development Test Rating	Overall Rating
Texarkana MSA	Satisfactory	Satisfactory	Satisfactory
State of Arkansas	Satisfactory	Satisfactory	Satisfactory

**LENDING PERFORMANCE TABLES FOR LIMITED-SCOPE REVIEW
ASSESSMENT AREAS**

Arkansas

Pope County Assessment Area

Borrower Distribution of HMDA Loans								
Assessment Area: Pope County								
Product Type	Borrower Income Levels	2019						
		Count			Dollar			Families
		Bank		HMDA Aggregate	Bank		HMDA Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Home Purchase	Low	0	0.0%	3.3%	0	0.0%	1.8%	17.5%
	Moderate	3	21.4%	16.9%	237	14.1%	11.9%	16.5%
	Middle	0	0.0%	19.2%	0	0.0%	17.4%	20.8%
	Upper	10	71.4%	45.9%	1,358	80.9%	56.1%	45.2%
	Unknown	1	7.1%	14.8%	84	5.0%	12.7%	0.0%
	TOTAL	14	100.0%	100.0%	1,679	100.0%	100.0%	100.0%
Refinance	Low	1	10.0%	2.9%	48	5.1%	1.4%	17.5%
	Moderate	1	10.0%	11.6%	108	11.6%	6.9%	16.5%
	Middle	1	10.0%	18.7%	45	4.8%	14.1%	20.8%
	Upper	5	50.0%	49.1%	551	59.0%	57.6%	45.2%
	Unknown	2	20.0%	17.7%	182	19.5%	20.1%	0.0%
	TOTAL	10	100.0%	100.0%	934	100.0%	100.0%	100.0%
Home Improvement	Low	1	20.0%	6.0%	42	23.7%	3.5%	17.5%
	Moderate	1	20.0%	13.4%	26	14.7%	11.6%	16.5%
	Middle	0	0.0%	14.9%	0	0.0%	15.9%	20.8%
	Upper	3	60.0%	59.7%	109	61.6%	64.8%	45.2%
	Unknown	0	0.0%	6.0%	0	0.0%	4.1%	0.0%
	TOTAL	5	100.0%	100.0%	177	100.0%	100.0%	100.0%
Multifamily	Low	0	0.0%	0.0%	0	0.0%	0.0%	17.5%
	Moderate	0	0.0%	0.0%	0	0.0%	0.0%	16.5%
	Middle	0	0.0%	0.0%	0	0.0%	0.0%	20.8%
	Upper	0	0.0%	0.0%	0	0.0%	0.0%	45.2%
	Unknown	0	0.0%	100.0%	0	0.0%	100.0%	0.0%
	TOTAL	0	0.0%	100.0%	0	100.0%	100.0%	100.0%

Appendix D (continued)

Other Purpose LOC	Low	0	0.0%	7.5%	0	0.0%	5.5%	17.5%
	Moderate	0	0.0%	12.5%	0	0.0%	9.0%	16.5%
	Middle	0	0.0%	15.0%	0	0.0%	6.8%	20.8%
	Upper	0	0.0%	65.0%	0	0.0%	78.8%	45.2%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	TOTAL	0	0.0%	100.0%	0	0.0%	100.0%	100.0%
Other Purpose Closed/Exempt	Low	0	0.0%	5.1%	0	0.0%	1.9%	17.5%
	Moderate	0	0.0%	15.4%	0	0.0%	12.1%	16.5%
	Middle	1	50.0%	15.4%	54	40.3%	12.2%	20.8%
	Upper	1	50.0%	59.0%	80	59.7%	70.2%	45.2%
	Unknown	0	0.0%	5.1%	0	0.0%	3.6%	0.0%
	TOTAL	2	100.0%	100.0%	134	100.0%	100.0%	100.0%
Purpose Not Applicable	Low	0	0.0%	0.0%	0	0.0%	0.0%	17.5%
	Moderate	0	0.0%	0.0%	0	0.0%	0.0%	16.5%
	Middle	0	0.0%	0.0%	0	0.0%	0.0%	20.8%
	Upper	0	0.0%	0.0%	0	0.0%	0.0%	45.2%
	Unknown	0	0.0%	100.0%	0	0.0%	100.0%	0.0%
	TOTAL	0	0.0%	100.0%	0	0.0%	100.0%	100.0%
HMDA TOTALS	Low	2	6.5%	3.3%	90	3.1%	1.7%	17.5%
	Moderate	5	16.1%	14.7%	371	12.7%	10.0%	16.5%
	Middle	2	6.5%	18.3%	99	3.4%	15.8%	20.8%
	Upper	19	61.3%	47.1%	2,098	71.8%	55.8%	45.2%
	Unknown	3	9.7%	16.6%	266	9.1%	16.7%	0.0%
	TOTAL	31	100.0%	100.0%	2,924	100.0%	100.0%	100.0%

Small Business Loans by Revenue and Loan Size								
Assessment Area: Pope County								
Business Revenue and Loan Size		2019						
		Count			Dollars			Total Businesses
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Business Revenue	\$1 Million or Less	19	100.0%	45.0%	\$776	100.0%	50.3%	90.9%
	Over \$1 Million/Unknown	0	0.0%	55.0%	\$0	0.0%	49.7%	9.1%
	TOTAL	19	100.0%	100.0%	\$776	100.0%	100.0%	100.0%
Loan Size	\$100,000 or Less	18	94.7%	88.1%	\$560	72.2%	33.6%	
	\$100,001–\$250,000	1	5.3%	7.7%	\$216	27.8%	27.5%	
	\$250,001–\$1 Million	0	0.0%	4.2%	\$0	0.0%	38.9%	
	Over \$1 Million	0	0.0%	0.0%	\$0	0.0%	0.0%	
	TOTAL	19	100.0%	100.0%	\$776	100.0%	100.0%	
Loan Size	Revenue \$1 Million or Less	\$100,000 or Less	18	94.7%		\$560	72.2%	
		\$100,001–\$250,000	1	5.3%		\$216	27.8%	
		\$250,001–\$1 Million	0	0.0%		\$0	0.0%	
		Over \$1 Million	0	0.0%		\$0	0.0%	
		TOTAL	19	100.0%		\$776	100.0%	

Small Farm Loans by Revenue and Loan Size								
Assessment Area: Pope County								
Farm Revenue and Loan Size		2019						
		Count			Dollars			Total Farms
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Farm Revenue	\$1 Million or Less	3	100.0%	68.5%	60	100.0%	84.4%	95.2%
	Over \$1 Million/Unknown	0	0.0%	31.5%	0	0.0%	15.6%	4.8%
	TOTAL	3	100.0%	100.0%	60	100.0%	100.0%	100.0%
Loan Size	\$100,000 or Less	3	100.0%	89.9%	60	100.0%	49.2%	
	\$100,001–\$250,000	0	0.0%	3.4%	0	0.0%	9.8%	
	\$250,001–\$1 Million	0	0.0%	6.7%	0	0.0%	41.0%	
	Over \$1 Million	0	0.0%	0.0%	0	0.0%	0.0%	
	TOTAL	3	100.0%	100.0%	60	100.0%	100.0%	
Loan Size	Revenue \$1 Million or Less	\$100,000 or Less	3	100.0%		60	100.0%	
		\$100,001–\$250,000	0	0.0%		0	0.0%	
		\$250,001–\$1 Million	0	0.0%		0	0.0%	
		Over \$1 Million	0	0.0%		0	0.0%	
		TOTAL	3	100.0%		60	100.0%	

Appendix D (continued)

Geographic Distribution of HMDA Loans								
Assessment Area: Pope County								
Product Type	Tract Income Levels	2019						
		Count			Dollar			Owner-Occupied Units
		Bank		HMDA Aggregate	Bank		HMDA Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Home Purchase	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Moderate	0	0.0%	2.3%	0	0.0%	2.7%	2.0%
	Middle	5	35.7%	45.8%	556	33.1%	40.8%	43.6%
	Upper	9	64.3%	51.9%	1,123	66.9%	56.5%	54.4%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	TOTAL	14	100.0%	100.0%	1,679	100.0%	100.0%	100.0%
Refinance	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Moderate	1	10.0%	2.4%	94	10.1%	1.9%	2.0%
	Middle	5	50.0%	41.1%	461	49.4%	34.8%	43.6%
	Upper	4	40.0%	56.4%	379	40.6%	63.3%	54.4%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	TOTAL	10	100.0%	100.0%	934	100.0%	100.0%	100.0%
Home Improvement	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Moderate	0	0.0%	1.5%	0	0.0%	1.1%	2.0%
	Middle	0	0.0%	19.4%	0	0.0%	18.2%	43.6%
	Upper	5	100.0%	79.1%	177	100.0%	80.6%	54.4%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	TOTAL	5	100.0%	100.0%	177	100.0%	100.0%	100.0%
Multifamily	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Moderate	0	0.0%	0.0%	0	0.0%	0.0%	12.0%
	Middle	0	0.0%	83.3%	0	0.0%	89.0%	82.9%
	Upper	0	0.0%	16.7%	0	0.0%	11.0%	5.1%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	TOTAL	0	0.0%	100.0%	0	100.0%	100.0%	100.0%
Other Purpose LOC	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Moderate	0	0.0%	0.0%	0	0.0%	0.0%	2.0%
	Middle	0	0.0%	40.0%	0	0.0%	36.7%	43.6%
	Upper	0	0.0%	60.0%	0	0.0%	63.3%	54.4%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	TOTAL	0	0.0%	100.0%	0	0.0%	100.0%	100.0%

Appendix D (continued)

Other Purpose Closed/Exempt	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Moderate	0	0.0%	2.6%	0	0.0%	1.4%	2.0%
	Middle	2	100.0%	35.9%	134	100.0%	23.8%	43.6%
	Upper	0	0.0%	61.5%	0	0.0%	74.8%	54.4%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	TOTAL	2	100.0%	100.0%	134	100.0%	100.0%	100.0%
Purpose Not Applicable	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Moderate	0	0.0%	0.0%	0	0.0%	0.0%	2.0%
	Middle	0	0.0%	51.6%	0	0.0%	50.8%	43.6%
	Upper	0	0.0%	48.4%	0	0.0%	49.2%	54.4%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	TOTAL	0	0.0%	100.0%	0	0.0%	100.0%	100.0%
HMDA TOTALS	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Moderate	1	3.2%	2.2%	94	3.2%	2.3%	2.0%
	Middle	12	38.7%	43.2%	1,151	39.4%	39.0%	43.6%
	Upper	18	58.1%	54.6%	1,679	57.4%	58.7%	54.4%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	TOTAL	31	100.0%	100.0%	2,924	100.0%	100.0%	100.0%

Geographic Distribution of Small Business Loans Assessment Area: Pope County							
Tract Income Levels	2019						
	Count			Dollar			Businesses
	Bank		Aggregate	Bank		Aggregate	
	#	%	%	\$ 000s	\$ %	\$ %	%
Low	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Moderate	0	0.0%	9.0%	\$0	0.0%	11.2%	16.3%
Middle	13	68.4%	46.6%	\$537	69.1%	52.9%	49.5%
Upper	6	31.6%	41.7%	\$240	30.9%	35.0%	34.1%
Unknown	0	0.0%	2.7%	\$0	0.0%	0.9%	0.0%
TOTAL	19	100.0%	100.0%	\$777	100.0%	100.0%	100.0%

Geographic Distribution of Small Farm Loans Assessment Area: Pope County							
Tract Income Levels	2019						
	Count			Dollar			Farms
	Bank		Aggregate	Bank		Aggregate	
	#	%	%	\$ 000s	\$ %	\$ %	%
Low	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Middle	1	33.3%	42.7%	\$7	11.5%	36.7%	42.3%
Upper	2	66.7%	55.1%	\$54	88.5%	63.0%	57.7%
Unknown	0	0.0%	2.2%	\$0	0.0%	0.3%	0.0%
TOTAL	3	100.0%	100.0%	\$61	100.0%	100.0%	100.0%

Arkansas

Hot Springs MSA Assessment Area

Borrower Distribution of HMDA Loans Assessment Area: Hot Springs MSA								
Product Type	Borrower Income Levels	2019						
		Count			Dollar			Families
		Bank		HMDA Aggregate	Bank		HMDA Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Home Purchase	Low	2	11.8%	6.7%	176	11.2%	3.2%	23.2%
	Moderate	3	17.6%	17.2%	255	16.3%	11.7%	16.7%
	Middle	2	11.8%	19.8%	268	17.1%	17.4%	19.6%
	Upper	8	47.1%	40.8%	745	47.6%	52.8%	40.4%
	Unknown	2	11.8%	15.4%	122	7.8%	14.9%	0.0%
	TOTAL	17	100.0%	100.0%	1,566	100.0%	100.0%	100.0%
Refinance	Low	1	11.1%	6.9%	65	6.3%	2.6%	23.2%
	Moderate	3	33.3%	11.8%	239	23.2%	6.1%	16.7%
	Middle	3	33.3%	17.7%	273	26.5%	12.8%	19.6%
	Upper	1	11.1%	44.3%	118	11.4%	55.9%	40.4%
	Unknown	1	11.1%	19.3%	337	32.7%	22.5%	0.0%
	TOTAL	9	100.0%	100.0%	1,032	100.0%	100.0%	100.0%
Home Improvement	Low	1	20.0%	13.0%	61	21.9%	9.8%	23.2%
	Moderate	1	20.0%	17.8%	26	9.4%	11.7%	16.7%
	Middle	2	40.0%	21.9%	166	59.7%	16.0%	19.6%
	Upper	1	20.0%	38.4%	25	9.0%	50.7%	40.4%
	Unknown	0	0.0%	8.9%	0	0.0%	11.8%	0.0%
	TOTAL	5	100.0%	100.0%	278	100.0%	100.0%	100.0%
Multifamily	Low	0	0.0%	0.0%	0	0.0%	0.0%	23.2%
	Moderate	0	0.0%	0.0%	0	0.0%	0.0%	16.7%
	Middle	0	0.0%	0.0%	0	0.0%	0.0%	19.6%
	Upper	0	0.0%	8.8%	0	0.0%	4.5%	40.4%
	Unknown	0	0.0%	91.2%	0	0.0%	95.5%	0.0%
	TOTAL	0	100.0%	100.0%	0	100.0%	100.0%	100.0%
Other Purpose LOC	Low	0	0.0%	6.3%	0	0.0%	3.3%	23.2%
	Moderate	0	0.0%	14.3%	0	0.0%	12.1%	16.7%
	Middle	0	0.0%	27.0%	0	0.0%	24.2%	19.6%
	Upper	0	0.0%	46.0%	0	0.0%	54.5%	40.4%
	Unknown	0	0.0%	6.3%	0	0.0%	5.9%	0.0%
	TOTAL	0	0.0%	100.0%	0	0.0%	100.0%	100.0%

Appendix D (continued)

Other Purpose Closed/Exempt	Low	0	0.0%	14.0%	0	0.0%	5.5%	23.2%
	Moderate	0	0.0%	17.5%	0	0.0%	15.3%	16.7%
	Middle	1	100.0%	12.3%	42	100.0%	8.8%	19.6%
	Upper	0	0.0%	50.9%	0	0.0%	67.7%	40.4%
	Unknown	0	0.0%	5.3%	0	0.0%	2.7%	0.0%
	TOTAL	1	100.0%	100.0%	42	100.0%	100.0%	100.0%
Purpose Not Applicable	Low	0	0.0%	0.0%	0	0.0%	0.0%	23.2%
	Moderate	0	0.0%	2.0%	0	0.0%	1.1%	16.7%
	Middle	0	0.0%	0.0%	0	0.0%	0.0%	19.6%
	Upper	0	0.0%	2.0%	0	0.0%	10.8%	40.4%
	Unknown	0	0.0%	96.0%	0	0.0%	88.2%	0.0%
	TOTAL	0	0.0%	100.0%	0	0.0%	100.0%	100.0%
HMDA TOTALS	Low	4	12.5%	7.0%	302	10.3%	3.0%	23.2%
	Moderate	7	21.9%	15.3%	520	17.8%	9.5%	16.7%
	Middle	8	25.0%	18.8%	749	25.7%	15.1%	19.6%
	Upper	10	31.3%	41.0%	888	30.4%	51.5%	40.4%
	Unknown	3	9.4%	17.9%	459	15.7%	20.9%	0.0%
	TOTAL	32	100.0%	100.0%	2,918	100.0%	100.0%	100.0%

Small Business Loans by Revenue and Loan Size Assessment Area: Hot Springs MSA								
Business Revenue and Loan Size		2019						
		Count			Dollars			Total Businesses
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Business Revenue	\$1 Million or Less	10	100.0%	39.3%	\$1,071	100.0%	48.9%	92.4%
	Over \$1 Million/ Unknown	0	0.0%	60.7%	\$0	0.0%	51.1%	7.6%
	TOTAL	10	100.0%	100.0%	\$1,071	100.0%	100.0%	100.0%
Loan Size	\$100,000 or Less	9	90.0%	92.7%	\$249	23.2%	36.5%	
	\$100,001– \$250,000	0	0.0%	4.7%	\$0	0.0%	23.9%	
	\$250,001– \$1 Million	1	10.0%	2.6%	\$822	76.8%	39.5%	
	Over \$1 Million	0	0.0%	0.0%	\$0	0.0%	0.0%	
	TOTAL	10	100.0%	100.0%	\$1,071	100.0%	100.0%	
Loan Size Revenue \$1 Million or Less	\$100,000 or Less	9	90.0%		\$249	23.2%		
	\$100,001– \$250,000	0	0.0%		\$0	0.0%		
	\$250,001– \$1 Million	1	10.0%		\$822	76.8%		
	Over \$1 Million	0	0.0%		\$0	0.0%		
	TOTAL	10	100.0%		\$1,071	100.0%		

Small Farm Loans by Revenue and Loan Size								
Assessment Area: Hot Springs MSA								
Farm Revenue and Loan Size		2019						
		Count			Dollars			Total Farms
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Farm Revenue	\$1 Million or Less	2	100.0%	65.7%	55	100.0%	90.4%	98.2%
	Over \$1 Million/Unknown	0	0.0%	34.3%	0	0.0%	9.6%	1.8%
	TOTAL	2	100.0%	100.0%	55	100.0%	100.0%	100.0%
Loan Size	\$100,000 or Less	2	100.0%	80.0%	55	100.0%	28.4%	
	\$100,001–\$250,000	0	0.0%	17.1%	0	0.0%	51.4%	
	\$250,001–\$1 Million	0	0.0%	2.9%	0	0.0%	20.2%	
	Over \$1 Million	0	0.0%	0.0%	0	0.0%	0.0%	
	TOTAL	2	100.0%	100.0%	55	100.0%	100.0%	
Loan Size	Revenue \$1 Million or Less	\$100,000 or Less	2	100.0%		55	100.0%	
		\$100,001–\$250,000	0	0.0%		0	0.0%	
		\$250,001–\$1 Million	0	0.0%		0	0.0%	
		Over \$1 Million	0	0.0%		0	0.0%	
		TOTAL	2	100.0%		55	100.0%	

Geographic Distribution of HMDA Loans								
Assessment Area: Hot Springs MSA								
Product Type	Tract Income Levels	2019						
		Count			Dollar			Owner-Occupied Units
		Bank		HMDA Aggregate	Bank		HMDA Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Home Purchase	Low	2	11.8%	3.8%	101	6.4%	1.7%	3.4%
	Moderate	4	23.5%	9.6%	145	9.3%	7.0%	11.8%
	Middle	4	23.5%	47.0%	383	24.5%	41.5%	49.1%
	Upper	7	41.2%	39.7%	937	59.8%	49.8%	35.6%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	TOTAL	17	100.0%	100.0%	1,566	100.0%	100.0%	100.0%
Refinance	Low	0	0.0%	1.7%	0	0.0%	0.8%	3.4%
	Moderate	1	11.1%	10.5%	25	2.4%	8.8%	11.8%
	Middle	4	44.4%	40.7%	541	52.4%	32.6%	49.1%
	Upper	4	44.4%	47.0%	466	45.2%	57.9%	35.6%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	TOTAL	9	100.0%	100.0%	1,032	100.0%	100.0%	100.0%
Home Improvement	Low	1	20.0%	8.2%	13	4.7%	3.6%	3.4%
	Moderate	1	20.0%	8.2%	153	55.0%	5.4%	11.8%
	Middle	3	60.0%	44.5%	112	40.3%	41.4%	49.1%
	Upper	0	0.0%	39.0%	0	0.0%	49.5%	35.6%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	TOTAL	5	100.0%	100.0%	278	100.0%	100.0%	100.0%
Multifamily	Low	0	0.0%	14.7%	0	0.0%	5.8%	8.0%
	Moderate	0	0.0%	26.5%	0	0.0%	10.6%	25.4%
	Middle	0	0.0%	35.3%	0	0.0%	49.5%	49.1%
	Upper	0	0.0%	23.5%	0	0.0%	34.1%	17.5%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	TOTAL	0	0.0%	100.0%	0	100.0%	100.0%	100.0%
Other Purpose LOC	Low	0	0.0%	1.6%	0	0.0%	0.4%	3.4%
	Moderate	0	0.0%	4.8%	0	0.0%	3.5%	11.8%
	Middle	0	0.0%	38.1%	0	0.0%	30.7%	49.1%
	Upper	0	0.0%	55.6%	0	0.0%	65.5%	35.6%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	TOTAL	0	0.0%	100.0%	0	0.0%	100.0%	100.0%

Appendix D (continued)

Other Purpose Closed/Exempt	Low	0	0.0%	3.5%	0	0.0%	3.3%	3.4%
	Moderate	0	0.0%	5.3%	0	0.0%	3.2%	11.8%
	Middle	0	0.0%	61.4%	0	0.0%	46.9%	49.1%
	Upper	1	100.0%	29.8%	42	100.0%	46.6%	35.6%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	TOTAL	1	100.0%	100.0%	42	100.0%	100.0%	100.0%
Purpose Not Applicable	Low	0	0.0%	2.0%	0	0.0%	1.3%	3.4%
	Moderate	0	0.0%	18.0%	0	0.0%	10.8%	11.8%
	Middle	0	0.0%	44.0%	0	0.0%	34.7%	49.1%
	Upper	0	0.0%	36.0%	0	0.0%	53.2%	35.6%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	TOTAL	0	0.0%	100.0%	0	0.0%	100.0%	100.0%
HMDA TOTALS	Low	3	9.4%	3.5%	114	3.9%	1.6%	3.4%
	Moderate	6	18.8%	9.9%	323	11.1%	7.6%	11.8%
	Middle	11	34.4%	45.1%	1,036	35.5%	39.1%	49.1%
	Upper	12	37.5%	41.5%	1,445	49.5%	51.7%	35.6%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	TOTAL	32	100.0%	100.0%	2,918	100.0%	100.0%	100.0%

Geographic Distribution of Small Business Loans Assessment Area: Hot Springs MSA							
Tract Income Levels	2019						
	Count			Dollar			Businesses
	Bank		Aggregate	Bank		Aggregate	
	#	%	%	\$ 000s	\$ %	\$ %	%
Low	0	0.0%	4.9%	\$0	0.0%	3.0%	6.8%
Moderate	2	20.0%	20.8%	\$842	78.5%	19.8%	19.1%
Middle	3	30.0%	40.5%	\$121	11.3%	46.2%	44.9%
Upper	5	50.0%	32.2%	\$109	10.2%	30.4%	29.2%
Unknown	0	0.0%	1.5%	\$0	0.0%	0.6%	0.0%
TOTAL	10	100.0%	100.0%	\$1,072	100.0%	100.0%	100.0%

Geographic Distribution of Small Farm Loans Assessment Area: Hot Springs MSA							
Tract Income Levels	2019						
	Count			Dollar			Farms
	Bank		Aggregate	Bank		Aggregate	
	#	%	%	\$ 000s	\$ %	\$ %	%
Low	0	0.0%	0.0%	\$0	0.0%	0.0%	1.8%
Moderate	0	0.0%	2.9%	\$0	0.0%	0.7%	12.7%
Middle	2	100.0%	57.1%	\$55	100.0%	52.2%	34.5%
Upper	0	0.0%	40.0%	\$0	0.0%	47.1%	50.9%
Unknown	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
TOTAL	2	100.0%	100.0%	\$55	100.0%	100.0%	100.0%

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) affordable housing (including multifamily rental housing) for low- or moderate-income individuals; (2) community services targeted to low- or moderate-income individuals; (3) 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; (4) activities that revitalize or stabilize 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 that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (e.g., approved, denied, 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 either 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): 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.