PUBLIC DISCLOSURE

February 5, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

United Bank
RSSD #539377

2600 South Thompson Street
Springdale, Arkansas 72764

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

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INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING

United Bank (the bank) is rated Satisfactory. This rating is based on the following conclusions with respect to the performance criteria:

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

- A majority of the bank's loans and other lending-related activities are originated inside the AA.

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

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

- Neither the bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

SCOPE OF EXAMINATION

The Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Small Institutions* were utilized to evaluate the bank's CRA performance. The evaluation considered CRA performance context, including the bank's asset size, financial condition, business strategy, and market competition, as well as AA demographic and economic characteristics and credit needs. Lending performance was assessed within the bank's AA.

Home Mortgage Disclosure Act (HMDA) loans and small business loans were used to evaluate the bank's lending performance, as these loan categories are considered the bank's core business lines based on lending volume and the bank's stated business strategy. Due to the loan product volume and loan portfolio composition, performance based on the HMDA loan category carried more significance in overall performance conclusions. The following table includes the corresponding time period for each performance category.

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Lending Test analyses often entail comparisons of bank performance to AA demographics and the performance of other lenders, based on HMDA and CRA aggregate lending data. Unless otherwise noted, AA demographics are based on 2020 American Community Survey data; certain business demographics are based on 2022 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 AA. Aggregate lending datasets are updated annually and are, therefore, expected to predict more relevant comparisons. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating in the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from $289.4 million to $440.5 million as of September 30, 2023.

To augment this evaluation, one community contact interview was utilized with a member of the local community to ascertain specific credit needs, opportunities, and local market conditions within the bank's AA. Information from this interview also assisted in evaluating the bank's responsiveness to identified community credit needs and community development opportunities. Key details from this community contact interview are included in the *Description of Assessment Area* section.

DESCRIPTION OF INSTITUTION

United Bank is an intrastate community bank headquartered in Springdale, Arkansas. The bank's characteristics include:

- The bank is a wholly owned subsidiary of United Holding Company, Inc. of Springdale, Arkansas.

- The institution has no credit-granting subsidiaries.

- The bank has total assets of $270.4 million as of September 30, 2023. That represents an increase of 39.5 percent since the last evaluation.

- In addition to its main office in Springdale, the bank has four offices, located in Springdale, Fayetteville, Rogers, and Bentonville, Arkansas.

- The bank operates five full-service automated teller machines, one located at each office/branch location.

- As shown in the following table, the bank's primary business focus includes both 1–4 family residential real estate and commercial lending.

Composition of Loan Portfolio as of September 30, 2023		
Loan Type	**Amount $ (000s)**	**Percentage of Total Loans**
1–4 Family Residential	$92,707	40.4%
Commercial Real Estate	$59,924	26.1%
Construction and Development	$46,457	20.3%
Commercial and Industrial	$13,248	5.8%
Multifamily Residential	$11,481	5.0%
Loans to Individuals	$3,416	1.5%
Farmland	$2,136	0.9%
TOTAL	**$229,369**	**100%**
Note: Percentages may not total 100.0% due to rounding.		

The bank was rated Satisfactory under the CRA at its June 17, 2019, performance evaluation. There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its communities.

DESCRIPTION OF ASSESSMENT AREA

The bank's Fayetteville, Arkansas partial metropolitan statistical area (MSA) AA consists of Benton and Washington counties in their entireties (see Appendix A for an AA map).

- The AA has not changed since the prior CRA examination conducted by this Reserve Bank.
- According to the June 30, 2023, Federal Deposit Market Share report, the bank has a market share of 1.3 percent, which ranks 16 out of 36 Federal Deposit Insurance Corporation (FDIC)-insured depository institutions operating in the AA.
- According to the U.S. Department of Labor, Bureau of Labor Statistics, the three largest nongovernmental industries in the AA, determined by number of employees, are healthcare and social assistance (12.8 percent), retail trade (12.0 percent), and accommodation and food services (11.5 percent).
- One community contact interview was utilized to provide information on local community credit needs. The interview was conducted with an individual from an organization focused on economic and community development.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown-**	**TOTAL**
Census Tracts	7	24	51	28	1	**111**
	6.3%	21.6%	45.9%	25.2%	0.9%	**100%**
Family Population	4,664	25,307	57,601	41,088	224	**128,884**
	3.6%	19.6%	44.7%	31.9%	0.2%	**100%**

- The AA includes 31 LMI census tracts, totaling 27.9 percent of all AA geographies, which is an increase from 14 LMI census tracts and 17.2 percent at the last evaluation.

- The population of families residing in those LMI tracts totals 23.2 percent, which increased from 17.8 percent at the last evaluation.

Population Change			
Area	**2015 Population**	**2020 Population**	**Percent Change**
Assessment Area	454,630	530,204	16.6%
Arkansas	2,958,208	3,011,524	1.8%
Source: 2020 U.S. Census Bureau: Decennial Census 2011–2015 U.S. Census Bureau: American Community Survey			

- As shown in the table above, the AA experienced notable population growth (16.6 percent) from 2015 to 2020, which was substantially higher than the growth in the state of Arkansas (1.8 percent).

- The AA population trend aligns with community contact information. The contact attributed the increased population to retirees moving to the area and also noted constant population fluctuations due to students attending the University of Arkansas.

Median Family Income Change			
Area	**2015 Median Family Income**	**2020 Median Family Income**	**Percent Change**
Assessment Area	$67,191	$76,381	13.7%
Arkansas	$56,576	$62,067	9.7%
Source: 2011–2015 U.S. Census Bureau: American Community Survey 2016–2020 U.S. Census Bureau: American Community Survey Note: Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.			

- The table above shows that the median family income in the AA was greater than the state of Arkansas in 2015 and 2020. Additionally, the income growth over the time period in the AA exceeded the corresponding growth in Arkansas.

Unemployment Rates				
Area	**2019**	**2020**	**2021**	**2022**
Assessment Area	2.5%	4.6%	2.9%	2.4%
Arkansas	3.5%	6.2%	4.1%	3.3%
Source: Bureau of Labor Statistics: Local Area Unemployment Statistics				

- As shown in the above table, unemployment levels of the AA remained below the state of Arkansas throughout the review period.

- The unemployment rate remained relatively stable during the review period, aside from an increase in 2020 due to the COVID-19 pandemic.

Housing Cost Burden						
Area	**Cost Burden – Renters**			**Cost Burden – Owners**		
	Low-Income	**Moderate-Income**	**All Renters**	**Low-Income**	**Moderate-Income**	**All Owners**
Assessment Area	70.6%	23.7%	32.9%	52.0%	22.3%	13.1%
Arkansas	68.6%	31.4%	36.6%	51.0%	24.2%	14.9%

Cost burden is housing cost that equals 30% or more of household income.
Source: 2016–2020 U.S. Department of Housing and Urban Development: Comprehensive Housing Affordability Strategy

- Within the AA, 70.6 percent of low-income renters are cost burdened, which is slightly higher than the state of Arkansas, at 68.6 percent. A significantly lower portion (23.7 percent) of moderate-income renters in the AA are cost burdened compared to moderate-income renters in the state of Arkansas (31.4 percent).

- The percentage of cost-burdened LMI homeowners in the AA, at 52.0 percent and 22.3 percent, respectively, is on par with LMI homeowners in the state of Arkansas, at 51.0 percent and 24.2 percent.

- The community contact stated that there are few affordable housing units available, and the current housing and rental rates are unaffordable.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's overall performance under the Lending Test is Satisfactory.

Loan-to-Deposit (LTD) Ratio

This performance criterion evaluates the bank's average LTD ratio to determine the reasonableness of lending in light of performance context, such as the bank's capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AA, and in comparison to similarly situated FDIC-insured institutions. The similarly situated institutions were selected based on asset size, branch locations, and loan portfolio.

Comparative LTD Ratios (June 30, 2019 – September 30, 2023)			
Institution	**Location**	**Asset Size $ (000s)**	**LTD Ratio (%) 18-Quarter Average**
United Bank	Springdale, Arkansas	$270,374	98.8%
Similarly Situated Institutions			
Regional Banks	Huntsville, Arkansas	$325,844	85.5%
	Lonoke, Arkansas	$289,356	69.7%
	Helena, Arkansas	$440,557	87.6%

The bank's LTD ratio is more than reasonable. While the bank's LTD declined slightly since the previous evaluation, the bank maintained an 18-quarter average of 98.8 percent, which is significantly higher than the similarly situated banks used for comparison.

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AA.

Lending Inside and Outside the Assessment Area								
Loan Type	**Inside**				**Outside**			
	#	**# %**	**$ (000s)**	**$ %**	**#**	**# %**	**$ (000s)**	**$ %**
HMDA	125	88.7%	$48,117	91.5%	16	11.3%	$4,475	8.5%
Small Business	40	67.8%	$11,246	76.6%	19	32.2%	$3,440	23.4%
TOTAL LOANS	**165**	**82.5%**	**$59,363**	**88.2%**	**35**	**17.5%**	**$7,915**	**11.8%**
Note: Percentages may not total 100.0% due to rounding.								

A majority of the bank's loans, by number and dollar, are originated inside the AA. Overall, 82.5 percent of the total loans were originated inside the AA, accounting for 88.2 percent of the dollar volume of total loans.

Loan Distribution by Borrower's Profile

This performance criterion evaluates the bank's lending to borrowers of different income levels and businesses of different revenue sizes. The bank's lending has a reasonable distribution among individuals of different income levels and businesses of different sizes.

<u>HMDA Lending</u>

Overall, the bank's HMDA loan distribution is reasonable. The bank's lending performance to low-income borrowers (1.6 percent) trails the aggregate (5.7 percent) and demographic (20.4 percent), reflecting poor performance. However, the bank's lending performance to moderate-income borrowers (11.2 percent) approaches the aggregate (14.3 percent) and is below the demographic (18.2), reflecting reasonable performance, particularly in light of additional performance context. The bank has a significant portion of HMDA loans with unknown income reported (34.4 percent). These loans primarily consist of loans to businesses for 1–4 family investment properties. When factoring out the unknown income portion of HMDA loans, the combined LMI lending (19.5 percent) is in line with the aggregate (20.5 percent), resulting in overall reasonable performance.

Distribution of 2022 HMDA Lending by Borrower Income Level Assessment Area: Fayetteville, Arkansas Partial MSA							
Borrower Income Level	**Bank and Aggregate Loans**						**Families by Family Income %**
	Bank		**Aggregate**	**Bank**		**Aggregate**	
	#	**# %**	**# %**	**$ (000s)**	**$ %**	**$ %**	
Home Purchase Loans							
Low	1	1.0%	3.9%	$211	0.6%	1.9%	20.4%
Moderate	12	12.2%	13.3%	$2,321	6.5%	9.2%	18.2%
Middle	14	14.3%	20.7%	$3,595	10.0%	17.8%	20.3%
Upper	33	33.7%	41.3%	$11,215	31.2%	50.6%	41.1%
Unknown	38	38.8%	20.7%	$18,550	51.7%	20.5%	0.0%
TOTAL	**98**	**100.0%**	**100.0%**	**$35,892**	**100.0%**	**100.0%**	**100.0%**
Refinance Loans							
Low	1	4.5%	9.7%	$79	1.3%	4.9%	20.4%
Moderate	2	9.1%	17.7%	$422	6.9%	12.2%	18.2%
Middle	6	27.3%	20.6%	$1,221	19.9%	17.6%	20.3%
Upper	12	54.5%	36.8%	$4,221	68.7%	48.3%	41.1%
Unknown	1	4.5%	15.1%	$200	3.3%	17.1%	0.0%
TOTAL	**22**	**100.0%**	**100.0%**	**$6,143**	**100.0%**	**100.0%**	**100.0%**
Home Improvement Loans							
Low	0	0.0%	5.8%	$0	0.0%	2.7%	20.4%
Moderate	0	0.0%	11.3%	$0	0.0%	7.2%	18.2%
Middle	0	0.0%	18.1%	$0	0.0%	14.4%	20.3%
Upper	1	100.0%	52.4%	$48	100.0%	61.1%	41.1%
Unknown	0	0.0%	12.3%	$0	0.0%	14.6%	0.0%
TOTAL	**1**	**100.0%**	**100.0%**	**$48**	**100.0%**	**100.0%**	**100.0%**

Total Home Mortgage Loans							
Low	2	1.6%	5.7%	$290	0.6%	2.5%	20.4%
Moderate	14	11.2%	14.3%	$2,743	5.7%	9.1%	18.2%
Middle	20	16.0%	20.4%	$4,816	10.0%	16.2%	20.3%
Upper	46	36.8%	41.0%	$15,484	32.2%	46.5%	41.1%
Unknown	43	34.4%	18.6%	$24,784	51.5%	25.8%	0.0%
TOTAL	**125**	**100.0%**	**100.0%**	**$48,117**	**100.0%**	**100.0%**	**100.0%**

Source: 2022 FFIEC Census Data
2016–2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0% due to rounding. Multifamily loans are not included in the borrower distribution analysis.

Distribution of 2022 HMDA Lending by Borrower Income Level Assessment Area: Fayetteville, Arkansas Partial MSA							
Borrower Income Level	**Bank and Aggregate Loans**						**Families by Family Income %**
	Bank		**Aggregate**	**Bank**		**Aggregate**	
	#	**# %**	**# %**	**$ (000s)**	**$ %**	**$ %**	
Other Purpose LOC							
Low	0	0.0%	5.1%	$0	0.0%	2.1%	20.4%
Moderate	0	0.0%	10.7%	$0	0.0%	5.9%	18.2%
Middle	0	0.0%	20.4%	$0	0.0%	14.4%	20.3%
Upper	0	0.0%	50.9%	$0	0.0%	62.0%	41.1%
Unknown	0	0.0%	12.8%	$0	0.0%	15.6%	0.0%
TOTAL	**0**	**0.0%**	**100.0%**	**$0**	**0.0%**	**100.0%**	**100.0%**
Other Purpose Closed/Exempt							
Low	0	0.0%	8.1%	$0	0.0%	7.1%	20.4%
Moderate	0	0.0%	17.3%	$0	0.0%	11.3%	18.2%
Middle	0	0.0%	21.8%	$0	0.0%	13.6%	20.3%
Upper	0	0.0%	47.6%	$0	0.0%	59.5%	41.1%
Unknown	0	0.0%	5.2%	$0	0.0%	8.4%	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%	20.4%
Moderate	0	0.0%	5.7%	$0	0.0%	2.0%	18.2%
Middle	0	0.0%	1.9%	$0	0.0%	1.7%	20.3%
Upper	0	0.0%	0.0%	$0	0.0%	0.0%	41.1%
Unknown	0	0.0%	92.5%	$0	0.0%	96.3%	0.0%
TOTAL	**0**	**0.0%**	**100.0%**	**$0**	**0.0%**	**100.0%**	**100.0%**

Source: 2022 FFIEC Census Data
2016–2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0% due to rounding.

<u>Small Business Lending</u>

The borrower distribution of small business lending is reasonable. As displayed in the following table, the bank's lending to small businesses (60.0 percent) is above the aggregate (51.4 percent) but below the demographic (91.7 percent), reflecting reasonable performance.

Distribution of 2022 Small Business Lending by Revenue Size of Businesses Assessment Area: Fayetteville, Arkansas Partial MSA								
Business Revenue and Loan Size		**Count**			**Dollars**			**Total Businesses**
		Bank		**Aggregate**	**Bank**		**Aggregate**	
		#	**%**	**%**	**$ (000s)**	**$ %**	**$ %**	**%**
Business Revenue	$1 Million or Less	24	60.0%	51.4%	$6,402	56.9%	39.9%	91.7%
	Over $1 Million/ Unknown	16	40.0%	48.6%	$4,844	43.1%	60.1%	8.3%
	TOTAL	**40**	**100.0%**	**100.0%**	**$11,246**	**100.0%**	**100.0%**	**100.0%**
Loan Size	$100,000 or Less	12	30.0%	91.2%	$687	6.1%	36.4%	
	$100,001–$250,000	13	32.5%	4.9%	$2,408	21.4%	18.5%	
	$250,001–$1 Million	15	37.5%	3.9%	$8,151	72.5%	45.1%	
	Over $1 Million	0	0.0%	0.0%	$0	0.0%	0.0%	
	TOTAL	**40**	**100.0%**	**100.0%**	**$11,246**	**100.0%**	**100.0%**	
Loan Size – Revenue $1 Million or Less	$100,000 or Less	9	37.5%		$467	7.3%		
	$100,001–$250,000	5	20.8%		$995	15.5%		
	$250,001–$1 Million	10	41.7%		$4,940	77.2%		
	Over $1 Million	0	0.0%		$0	0.0%		
	TOTAL	**24**	**100.0%**		**$6,402**	**100.0%**		
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016–2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0% due to rounding.								

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of lending within its AA by income level of census tracts with consideration given to the dispersion of loans throughout the AA. The bank's geographic distribution of loans reflects reasonable distribution among the different census tracts and dispersion throughout the AA. Overall, the bank made loans in 62.7 percent of the AA census tracts, including 58.1 percent of LMI tracts. Loans were disbursed throughout the AA consistent with the bank's branching structure. Taking into consideration that multiple moderate-income census tracts are located in the outlying areas of the AA farther from the bank's branches, no conspicuous lending gaps were identified.

<u>HMDA Lending</u>

The geographic distribution of home mortgage lending is reasonable. The bank's distribution of HMDA loans in low-income census tracts (0.8 percent) approaches the aggregate (1.4 percent) and demographic (1.3 percent), reflecting reasonable performance. Additionally, the bank's distribution of HMDA loans in moderate-income census tracts (17.6 percent) exceeds both the aggregate (12.8 percent) and demographic (16.5 percent) and is also reasonable.

Distribution of 2022 HMDA Lending by Income Level of Geography Assessment Area: Fayetteville, Arkansas Partial MSA							
Geographic Income Level	**Bank and Aggregate Loans**						**Owner-Occupied Units %**
	Bank		**Aggregate**	**Bank**		**Aggregate**	
	#	**# %**	**# %**	**$ (000s)**	**$ %**	**$ %**	
Home Purchase Loans							
Low	1	1.0%	1.5%	$184	0.5%	1.2%	1.3%
Moderate	17	17.3%	12.2%	$3,666	10.2%	9.3%	16.5%
Middle	46	46.9%	45.6%	$17,883	49.8%	42.7%	47.1%
Upper	34	34.7%	40.5%	$14,159	39.4%	46.6%	34.9%
Unknown	0	0.0%	0.2%	$0	0.0%	0.3%	0.2%
TOTAL	**98**	**100.0%**	**100.0%**	**$35,892**	**100.0%**	**100.0%**	**100.0%**
Refinance Loans							
Low	0	0.0%	1.2%	$0	0.0%	0.8%	1.3%
Moderate	3	13.6%	14.3%	$469	7.6%	10.7%	16.5%
Middle	12	54.5%	47.4%	$3,583	58.3%	45.5%	47.1%
Upper	7	31.8%	36.7%	$2,091	34.0%	42.6%	34.9%
Unknown	0	0.0%	0.4%	$0	0.0%	0.5%	0.2%
TOTAL	**22**	**100.0%**	**100.0%**	**$6,143**	**100.0%**	**100.0%**	**100.0%**
Home Improvement Loans							
Low	0	0.0%	0.9%	$0	0.0%	0.7%	1.3%
Moderate	0	0.0%	12.6%	$0	0.0%	9.9%	16.5%
Middle	0	0.0%	45.4%	$0	0.0%	45.8%	47.1%
Upper	1	100.0%	40.9%	$48	100.0%	43.1%	34.9%
Unknown	0	0.0%	0.3%	$0	0.0%	0.5%	0.2%
TOTAL	**1**	**100.0%**	**100.0%**	**$48**	**100.0%**	**100.0%**	**100.0%**
Multifamily Loans							**Multifamily Units %**
Low	0	0.0%	13.6%	$0	0.0%	11.9%	19.1%
Moderate	2	50.0%	26.5%	$2,236	37.1%	10.1%	23.4%
Middle	2	50.0%	36.4%	$3,3798	62.9%	42.5%	34.3%
Upper	0	0.0%	20.5%	$0	0.0%	34.8%	20.6%
Unknown	0	0.0%	3.0%	$0	0.0%	0.8%	2.6%
TOTAL	**4**	**100.0%**	**100.0%**	**$6,034**	**100.0%**	**100.0%**	**100.0%**
Total Home Mortgage Loans							**Owner-Occupied Units %**
Low	1	0.8%	1.4%	$184	0.4%	1.9%	1.3%
Moderate	22	17.6%	12.8%	$6,371	13.2%	9.6%	16.5%
Middle	60	48.0%	46.1%	$25,264	52.5%	43.2%	47.1%
Upper	42	33.6%	39.4%	$16,298	33.9%	44.9%	34.9%
Unknown	0	0.0%	0.3%	$0	0.0%	0.4%	0.2%
TOTAL	**125**	**100.0%**	**100.0%**	**$48,117**	**100.0%**	**100.0%**	**100.0%**

Source: 2022 FFIEC Census Data
2016–2022 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0% due to rounding.

Distribution of 2022 HMDA Lending by Income Level of Geography Assessment Area: Fayetteville, Arkansas Partial MSA							
Geographic Income Level	**Bank and Aggregate Loans**						**Owner-Occupied Units %**
	Bank		**Aggregate**	**Bank**		**Aggregate**	
	#	**# %**	**# %**	**$ (000s)**	**$ %**	**$ %**	
Other Purpose LOC							
Low	0	0.0%	0.4%	$0	0.0%	0.1%	1.3%
Moderate	0	0.0%	10.3%	$0	0.0%	6.1%	16.5%
Middle	0	0.0%	43.2%	$0	0.0%	36.8%	47.1%
Upper	0	0.0%	45.8%	$0	0.0%	56.5%	34.9%
Unknown	0	0.0%	0.3%	$0	0.0%	0.5%	0.2%
TOTAL	**0**	**0.0%**	**100.0%**	**$0**	**0.0%**	**100.0%**	**100.0%**
Other Purpose Closed/Exempt							
Low	0	0.0%	1.4%	$0	0.0%	0.7%	1.3%
Moderate	0	0.0%	10.1%	$0	0.0%	7.8%	16.5%
Middle	0	0.0%	51.2%	$0	0.0%	43.1%	47.1%
Upper	0	0.0%	36.7%	$0	0.0%	45.8%	34.9%
Unknown	0	0.0%	0.6%	$0	0.0%	2.6%	0.2%
TOTAL	**0**	**0.0%**	**100.0%**	**$0**	**0.0%**	**100.0%**	**100.0%**
Purpose Not Applicable							
Low	0	0.0%	1.9%	$0	0.0%	0.1%	1.3%
Moderate	0	0.0%	18.9%	$0	0.0%	3.9%	16.5%
Middle	0	0.0%	56.6%	$0	0.0%	11.5%	47.1%
Upper	0	0.0%	22.6%	$0	0.0%	84.5%	34.9%
Unknown	0	0.0%	0.0%	$0	0.0%	0.0%	0.2%
TOTAL	**0**	**0.0%**	**100.0%**	**$0**	**0.0%**	**100.0%**	**100.0%**

Source: 2022 FFIEC Census Data
2016–2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0% due to rounding.

Small Business Lending

The geographic distribution of small business lending is reasonable. The bank's geographic distribution of small business loans in low-income census tracts (12.5 percent) greatly exceeds the aggregate (2.8 percent) and demographic (3.5 percent), reflecting excellent performance. However, in moderate-income census tracts, the bank's distribution of small business loans (10.0 percent) was well below the aggregate (17.2 percent) and demographic (19.7 percent) and is considered poor.

Distribution of 2022 Small Business Lending by Income Level of Geography Assessment Area: Fayetteville, Arkansas Partial MSA							
Tract Income Levels	**Count**			**Dollar**			**Total Businesses**
	Bank		**Aggregate**	**Bank**		**Aggregate**	
	#	**%**	**%**	**$ (000s)**	**$ %**	**$ %**	**%**
Low	5	12.5%	2.8%	$1,032	9.2%	4.2%	3.5%
Moderate	4	10.0%	17.2%	$1,307	11.6%	18.7%	19.7%
Middle	11	27.5%	42.0%	$2,042	18.2%	41.9%	41.0%
Upper	19	47.5%	35.0%	$6,537	58.1%	32.1%	32.8%
Unknown	1	2.5%	3.0%	$328	2.9%	3.2%	3.0%
TOTAL	**40**	**100.0%**	**100.0%**	**$11,246**	**100.0%**	**100.0%**	**100.0%**

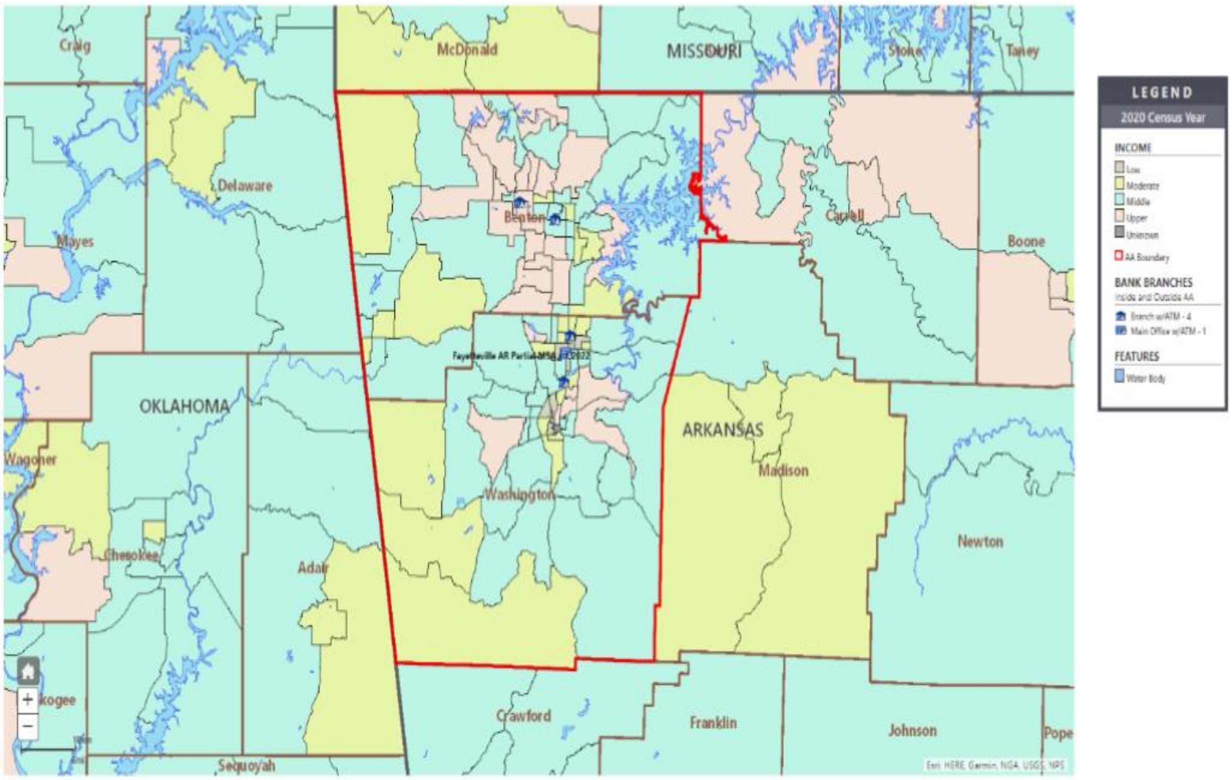
Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016–2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0% due to rounding.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX A – MAP OF THE ASSESSMENT AREA

<u>Fayetteville, Arkansas Partial MSA</u>



APPENDIX B – GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

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

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

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

Community development: An activity associated with one of the following five descriptions: (1) 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 who do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and income of applicants; the amount of loan requested; and the disposition of the application (e.g., approved, denied, and withdrawn).

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

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

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

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

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

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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