

# **PUBLIC DISCLOSURE**

**October 16, 2023**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Connect Bank  
RSSD #126049**

**116 North Lincoln Avenue  
Star City, Arkansas 71667**

**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**

Connect 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 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 AAs.
- The borrower’s profile analysis reveals excellent 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 AAs.
- 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. Bank performance under this test is rated within each of the bank’s AAs. The following table details the number of branch offices, breakdown of deposits, and the CRA review procedures applicable to each AA completed as part of this evaluation.

Assessment Area	Offices		Deposits as of June 30, 2022		Review Procedures
	#	%	\$	%	
Pine Bluff	4	80.0%	\$90,515	94.0%	Full Scope
Desha County	1	20.0%	\$5,754	6.0%	Limited Scope
<b>TOTAL</b>	<b>5</b>	<b>100%</b>	<b>\$96,269</b>	<b>100%</b>	<b>1 – Full Scope</b>

In light of branch structure, loan and deposit activity, and the bank’s CRA evaluation history, CRA performance in the Pine Bluff AA was given primary consideration, as it contains the majority of the bank’s deposit activity. The bank’s headquarters is also located in the Pine Bluff AA.

Small business and residential real estate 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. Furthermore, given the relatively higher volume of small business loans originated during the review period and the bank’s stated focus on commercial lending, small business lending carried the most weight when making overall performance conclusions. The following table includes the corresponding time period for each performance category.

<b>Performance Criterion</b>	<b>Time Period</b>
LTD Ratio	June 30, 2019 – June 30, 2023
Assessment Area Concentration	January 1, 2020 – December 31, 2021
Loan Distribution by Borrower’s Profile	
Geographic Distribution of Loans	
Response to Written CRA Complaints	April 1, 2019 – October 15, 2023

Lending Test analyses often entail comparisons of bank performance to AA demographics and the performance of other lenders, based on Home Mortgage Disclosure Act and CRA aggregate lending data. Unless otherwise noted, AA demographics are based on 2015 American Community Survey data; certain business demographics are based on 2020 and 2021 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 \$87.2 million to \$235.5 million as of June 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 AAs. Information from this interview also assisted in evaluating the bank’s responsiveness to identified community credit needs. Key details from this community contact interview are included in the *Description of Assessment Area* section.

**DESCRIPTION OF INSTITUTION**

Connect Bank is an intrastate community bank headquartered in Star City, Arkansas. The bank’s characteristics include:

- The bank is a wholly owned subsidiary of Star City Bancshares, Inc. of Star City, Arkansas.
- The bank has total assets of \$109.2 million as of June 30, 2023. That represents an increase of 15.4 percent since the last evaluation.
- In addition to its main office in Star City, the bank has four branch offices located in Pine Bluff, White Hall, and Dumas. The bank did not open or close any branch offices during the review period.
- All five offices, including the main office, have full-service ATMs on site, and the bank maintains an additional stand-alone, full-service ATM within the Pine Bluff AA in the town of Rison.
- As shown in the following table, the bank’s primary business focus is commercial lending and 1–4 family residential real estate lending.

<b>Composition of Loan Portfolio as of June 30, 2023</b>		
<b>Loan Type</b>	<b>Amount \$ (000s)</b>	<b>Percentage of Total Loans</b>
Construction and Development	\$11,775	16.2%
Commercial Real Estate	\$13,758	18.9%
Multifamily Residential	\$2,311	3.2%
1-4 Family Residential	\$18,389	25.2%
Farmland	\$2,744	3.8%
Farm Loans	\$8,851	12.1%
Commercial and Industrial	\$12,702	17.4%
Loans to Individuals	\$2,380	3.3%
<b>TOTAL</b>	<b>\$72,910</b>	<b>100%</b>
<i>Note: Percentages may not total 100.0% due to rounding.</i>		

The bank was rated Satisfactory under the CRA at its April 1, 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.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

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 Federal Deposit Insurance Corporation (FDIC)-insured institutions. The similarly situated institutions were selected based on location, asset size, and loan portfolio.

<b>Comparative LTD Ratios June 30, 2019 – June 30, 2023</b>			
<b>Institution</b>	<b>Location</b>	<b>Asset Size \$ (000s)</b>	<b>LTD Ratio (%)</b>
			<b>17-Quarter Average</b>
Connect Bank	Star City, Arkansas	\$109,160	75.4%
<b>Similarly Situated Institutions</b>			
Regional Banks	McGehee, Arkansas	\$87,194	77.1%
	Rison, Arkansas	\$140,629	100.7%
	Fordyce, Arkansas	\$235,510	64.8%

The bank’s LTD ratio is reasonable. The bank’s level of lending is above one regional peer bank, below one regional peer bank, and in line with another regional peer bank. During the review period, the LTD ratio slightly declined but maintained a 17-quarter average of 75.4 percent.

**Assessment Area Concentration**

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

<b>Lending Inside and Outside the Assessment Area</b>								
<b>Loan Type</b>	<b>Inside</b>				<b>Outside</b>			
	<b>#</b>	<b># %</b>	<b>\$</b>	<b>\$ %</b>	<b>#</b>	<b># %</b>	<b>\$</b>	<b>\$ %</b>
Small Business	50	83.3%	\$2,531	82.3%	10	16.7%	\$546	17.7%
1–4 Family Residential Real	47	83.9%	\$4,016	77.8%	9	16.1%	\$1,148	22.2%
<b>TOTAL LOANS</b>	97	83.6%	\$6,547	79.4%	19	16.4%	\$1,694	20.6%
<i>Note: Percentages may not total 100.0% due to rounding.</i>								

A majority of the bank’s loans, by number and dollar, are originated inside the AA. As shown above, 83.6 percent of the total loans were made inside the AAs, accounting for 79.4 percent of the total dollar volume of loans.

**Borrower and Geographic Distribution**

The bank’s performance by borrower’s income/revenue profile is excellent, based on the analyses of lending in the bank’s two AAs. As was aforementioned, the rating is driven by the bank’s performance in the Pine Bluff AA full-scope review.

<b>Assessment Area</b>	<b>Loan Distribution by Borrower’s Profile</b>
Pine Bluff	Excellent
Desha County	Below
<b>OVERALL</b>	<b>Excellent</b>

The bank’s distribution of lending by income level of census tract reflects reasonable penetration throughout the bank’s AAs.

<b>Assessment Area</b>	<b>Geographic Distribution of Loans</b>
Pine Bluff	Reasonable
Desha County	Below
<b>OVERALL</b>	<b>Reasonable</b>

**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.

## PINE BLUFF, ARKANSAS METROPOLITAN STATISTICAL AREA *(Full-Scope Review)*

### DESCRIPTION OF INSTITUTION'S OPERATION'S IN THE PINE BLUFF ASSESSMENT AREA

The bank's Pine Bluff AA consists of the entire Pine Bluff, Arkansas metropolitan statistical area (MSA) (see Appendix B for an AA map).

- No changes have occurred to the bank's AA delineation since the prior evaluation.
- According to the June 30, 2022 Federal Deposit Market Share Report, the bank has a market share of 2.2 percent, which ranks fourth out of eight FDIC-insured depository institutions operating in the AA.
- According to the Bureau of Labor Statistics, the three largest nongovernmental industries in the AA, determined by number of employees, are manufacturing (21.3 percent), retail trade (14.6 percent), and administrative and waste services (7.3 percent).
- One community contact interview was utilized to provide information on local community credit needs. The interview was with an individual from an economic development organization that supports local businesses in the AA.

Assessment Area Demographics by Geography Income Level						
Assessment Area: Pine Bluff						
Dataset	Low-	Moderate-	Middle-	Upper-	Unknown-	TOTAL
Census Tracts	1	8	17	3	1	<b>30</b>
	3.3%	26.7%	56.7%	10.0%	3.3%	<b>100%</b>
Family Population	526	3,835	14,132	4,235	9	<b>22,737</b>
	2.3%	16.9%	62.2%	18.6%	0.0%	<b>100%</b>

- As displayed in the table above, 30.0 percent of the census tracts are LMI geographies, while only 19.2 percent of the family population resides in these tracts. The LMI geographies are primarily located in and around the city of Pine Bluff, where two of the bank's branches are located.

Population Change			
Assessment Area: Pine Bluff			
Area	2015 Population	2020 Population	Percent Change
Pine Bluff AA	96,120	87,751	-8.7%
Arkansas	2,958,208	3,011,524	1.8%
<i>Source: 2020 U.S. Census Bureau: Decennial Census 2011–2015 U.S. Census Bureau: American Community Survey</i>			



- As shown in the above table, the AA population has experienced a declining population trend, decreasing 8.7 percent from 2015 to 2020. Over the same time period, the state of Arkansas population has remained largely stable, increasing by only 1.8 percent. The community contact indicated that population decline has been ongoing and largely the result of the loss of manufacturing jobs and residents moving to surrounding areas to take advantage of different school districts.

<b>Median Family Income Change</b>			
<b>Assessment Area: Pine Bluff</b>			
<b>Area</b>	<b>2015 Median Family Income</b>	<b>2020 Median Family Income</b>	<b>Percent Change</b>
Pine Bluff AA	\$52,080	\$53,908	3.5%
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.*

- Based on 2015 ACS data, the median family income for the AA was \$52,080, and the median family income for the state of Arkansas was \$56,576. More recently, the 2020 median family income for the AA and Arkansas grew to \$53,908 and \$62,067, respectively. Overall, the median family income level and growth rate in the Pine Bluff AA is lower than that in the state of Arkansas.

<b>Unemployment Rates</b>				
<b>Assessment Area: Pine Bluff</b>				
<b>Area</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Pine Bluff AA	5.1%	7.7%	6.1%	5.8%
Arkansas	3.5%	6.1%	4.0%	3.6%

*Source: Bureau of Labor Statistics: Local Area Unemployment Statistics*

- As shown in the preceding table, unemployment levels for the AA remained above the state of Arkansas levels throughout the review period, with both experiencing a spike in 2020 due to the COVID-19 pandemic. These figures have since declined from their 2020 high.
- The relatively higher unemployment levels in the AA are consistent with a community contact statement indicating that the area economy struggles to keep pace with surrounding areas and that job loss has been elevated due to loss of manufacturing jobs and competitive pressures with other nearby employers.

<b>Housing Cost Burden Assessment Area: Pine Bluff</b>						
<b>Area</b>	<b>Cost Burden – Renters</b>			<b>Cost Burden – Owners</b>		
	<b>Low- Income</b>	<b>Moderate- Income</b>	<b>All Renters</b>	<b>Low- Income</b>	<b>Moderate- Income</b>	<b>All Owners</b>
Pine Bluff AA	68.2%	43.6%	38.9%	56.2%	28.7%	17.0%
Arkansas	70.1%	30.5%	38.0%	51.9%	24.2%	15.4%

*Cost burden is housing cost that equals 30% or more of household income.  
Source: U.S. Department of Housing and Urban Development (HUD), 2015–2019 Comprehensive Housing Affordability Strategy*

- As shown in the table above, 68.2 percent of low-income renters in the AA are cost burdened, and 43.6 percent of moderate-income renters are cost burdened. In the state of Arkansas, 70.1 percent of low-income renters are cost burdened, while 30.5 percent of moderate-income renters are cost burdened. This illustrates that moderate-income renters in the AA, in particular, spend significantly more of their income on housing than moderate-income renters in the state of Arkansas.
- The table above also shows 56.2 percent of low-income homeowners in the AA are cost burdened, and 28.7 percent of moderate-income homeowners are cost burdened. These figures are moderately higher than the state of Arkansas figures, where 51.9 percent of low-income homeowners are cost burdened, and 24.2 percent of moderate-income homeowners are cost burdened.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE PINE BLUFF ASSESSMENT AREA**

**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 an excellent distribution among individuals of different income levels and businesses of different sizes. More specifically, the bank’s performance lending to small businesses is excellent, and the bank’s performance lending to LMI 1–4 family real estate borrowers is reasonable, with more weight placed on performance in the small business loan category.

Small Business Lending

The borrower distribution of small business lending is excellent. As displayed in the following table, the bank’s lending to small businesses (100.0 percent) is substantially above aggregate lending levels (39.4 percent) and above the demographic figure (91.0 percent). The bank’s performance is noteworthy given the community contact mentioned that start-up capital for small businesses is a credit need in the AA.

<b>Distribution of 2020–2021 Small Business Lending by Revenue Size of Businesses</b>								
<b>Assessment Area: Pine Bluff</b>								
<b>Business Revenue and Loan Size</b>		<b>Count</b>			<b>Dollars</b>			<b>Total Businesses</b>
		<b>Bank</b>		<b>Aggregate</b>	<b>Bank</b>		<b>Aggregate</b>	
		<b>#</b>	<b>%</b>	<b>%</b>	<b>\$ (000s)</b>	<b>\$ %</b>	<b>\$ %</b>	
<b>Business Revenue</b>	\$1 Million or Less	44	100.0%	39.4%	\$2,164	100.0%	31.8%	91.0%
	Over \$1 Million/ Unknown	0	0.0%	60.6%	\$0	0.0%	68.2%	9.0%
	<b>TOTAL</b>	<b>44</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$2,164</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Loan Size</b>	\$100,000 or Less	39	88.6%	90.7%	\$1,241	57.3%	36.1%	
	\$100,001 – \$250,000	4	9.1%	5.7%	\$651	30.1%	21.6%	
	\$250,001 – \$1 Million	1	2.3%	3.5%	\$272	12.6%	42.3%	
	Over \$1 Million	0	0.0%	0.0%	\$0	0.0%	0.0%	
	<b>TOTAL</b>	<b>44</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$2,164</b>	<b>100.0%</b>	<b>100.0%</b>	
<b>Loan Size</b> <b>Revenue \$1 Million or Less</b>	\$100,000 or Less	39	88.6%		\$1,241	57.3%		
	\$100,001 – \$250,000	4	9.1%		\$651	30.1%		
	\$250,001 – \$1 Million	1	2.3%		\$272	12.6%		
	Over \$1 Million	0	0.0%		\$0	0.0%		
	<b>TOTAL</b>	<b>44</b>	<b>100.0%</b>		<b>\$2,164</b>	<b>100.0%</b>		

*Source: 2020 and 2021 FFIEC Census Data  
2020 and 2021 Dun & Bradstreet Data  
2011–2015 U.S. Census Bureau: American Community Survey  
Note: Percentages may not total 100.0% due to rounding.*

Residential Real Estate Lending

The bank’s residential real estate loan distribution is reasonable. The bank’s performance lending to low-income borrowers (13.3 percent) exceeds aggregate (4.6 percent) but trails the demographic comparator (24.6 percent). The bank’s performance lending to moderate-income borrowers (17.8 percent) is in line with both the aggregate (14.9 percent) and demographic (15.1 percent).

<b>Distribution of 2020 and 2021 Residential Real Estate Lending by Borrower Income Level</b>							
<b>Assessment Area: Pine Bluff</b>							
<b>Borrower Income Level</b>	<b>Bank and Aggregate Loans</b>						<b>Families by Family Income %</b>
	<b>Bank</b>		<b>Aggregate</b>	<b>Bank</b>		<b>Aggregate</b>	
	<b>#</b>	<b># %</b>	<b># %</b>	<b>\$ (000s)</b>	<b>\$ %</b>	<b>\$ %</b>	
Low	6	13.3%	4.6%	\$259	6.7%	2.5%	24.6%
Moderate	8	17.8%	14.9%	\$265	6.9%	10.8%	15.1%
Middle	4	8.9%	17.1%	\$308	8.0%	15.4%	18.2%
Upper	25	55.6%	29.3%	\$2,889	75.2%	34.5%	42.1%
Unknown	2	4.4%	34.0%	\$122	3.2%	36.9%	0.0%
<b>TOTAL</b>	<b>45</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$3,843</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

*Source: 2020 and 2021 FFIEC Census Data  
2011–2015 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.*

**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. Dispersion analysis did not reveal any conspicuous gaps.

Small Business Lending

The geographic distribution of small business lending is reasonable. As displayed in the following table, the bank’s lending in low-income tracts (2.3 percent) is in line with aggregate lending levels (2.8 percent) and the demographic figure (4.9 percent). The bank’s lending in moderate-income tracts (13.6 percent) is generally in line with aggregate lending levels (17.7 percent) and under the demographic figure (20.3 percent), reflecting reasonable performance.

<b>Distribution of 2020 and 2021 Small Business Lending by Income Level of Geography</b>							
<b>Assessment Area: Pine Bluff</b>							
<b>Tract Income Levels</b>	<b>Count</b>			<b>Dollar</b>			<b>Total Businesses</b>
	<b>Bank</b>		<b>Aggregate</b>	<b>Bank</b>		<b>Aggregate</b>	
	<b>#</b>	<b>%</b>	<b>%</b>	<b>\$ (000s)</b>	<b>\$ %</b>	<b>\$ %</b>	
Low	1	2.3%	2.8%	\$40	1.8%	2.1%	4.9%
Moderate	6	13.6%	17.7%	\$239	11.0%	16.8%	20.3%
Middle	31	70.5%	58.0%	\$1,539	71.1%	58.9%	56.7%
Upper	6	13.6%	20.7%	\$346	16.0%	21.8%	18.1%
Unknown	0	0.0%	0.7%	\$0	0.0%	0.4%	0.0%
<b>TOTAL</b>	<b>44</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$2,164</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<i>Source: 2020 and 2021 FFIEC Census Data 2020 and 2021 Dun &amp; Bradstreet Data 2011–2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0% due to rounding.</i>							

Residential Real Estate Lending

The geographic distribution of home mortgage lending is reasonable. The bank’s overall distribution of residential real estate loans in low-income census tracts (2.2 percent) is in line with both aggregate (0.5 percent) and demographic (2.0 percent) comparators. Further, the bank’s performance lending to moderate-income census tracts (4.4 percent) trails demographic (13.5 percent) but is comparable to aggregate (4.8 percent) figures, reflecting reasonable performance.

<b>Distribution of 2020 and 2021 Residential Real Estate Lending by Income Level of Geography</b>							
<b>Assessment Area: Pine Bluff</b>							
<b>Geographic Income Level</b>	<b>Bank and Aggregate Loans</b>						<b>Owner-Occupied Units %</b>
	<b>Bank</b>		<b>Aggregate</b>	<b>Bank</b>		<b>Aggregate</b>	
	<b>#</b>	<b># %</b>	<b># %</b>	<b>\$ (000s)</b>	<b>\$ %</b>	<b>\$ %</b>	
Low	1	2.2%	0.5%	\$55	1.4%	0.6%	2.0%
Moderate	2	4.4%	4.8%	\$52	1.4%	2.9%	13.5%
Middle	31	68.9%	59.3%	\$3,325	86.5%	55.3%	63.6%
Upper	11	24.4%	35.4%	\$412	10.7%	41.3%	21.0%
Unknown	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
<b>TOTAL</b>	<b>45</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$3,843</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<i>Source: 2020 and 2021 FFIEC Census Data 2011–2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0% due to rounding.</i>							

## DESHA COUNTY NONMETROPOLITAN STATISTICAL AREA *(Limited-Scope Review)*

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE DESHA COUNTY ASSESSMENT AREA

This AA includes the entirety of Desha County, which is adjacent to the Pine Bluff, Arkansas MSA. The bank operates one branch office in this AA. The tables below detail key demographics relating to this AA.

<b>Population Change</b>			
Area	2015 Population	2020 Population	Percent Change
Desha County AA	12,379	11,395	-7.9%
NonMSA Arkansas	1,133,475	1,086,823	-4.1%
Arkansas	2,958,208	3,011,524	1.8%
<i>Source: 2020 U.S. Census Bureau: Decennial Census 2011–2015 U.S. Census Bureau: American Community Survey</i>			

<b>Median Family Income Change</b>			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Desha County AA	\$40,664	\$43,668	7.4%
NonMSA Arkansas	\$49,217	\$53,702	9.1%
Arkansas	\$56,576	\$62,067	9.7%
<i>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.</i>			

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE DESHA COUNTY ASSESSMENT AREA**

The bank's Lending Test performance in this AA is below the bank's Lending Test performance in the Pine Bluff AA that was reviewed using full-scope procedures, as detailed in the following table. For more detailed information relating to the bank's Lending Test performance in this AA, see the tables in *Appendix A*.

<b>Lending Test Criteria</b>	<b>Performance</b>
Distribution of Loans by Borrower's Profile	Below
Geographic Distribution of Loans	Below
<b>OVERALL</b>	<b>Below</b>

**APPENDIX A – LENDING PERFORMANCE TABLES FOR LIMITED-SCOPE  
REVIEW ASSESSMENT AREA**

**Desha County Assessment Area**

Distribution of 2020–2021 Small Business Lending by Revenue Size of Businesses								
Business Revenue and Loan Size		Count			Dollars			Total Businesses %
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	
Business Revenue	\$1 Million or Less	6	100.0%	38.2%	\$367	100.0%	41.8%	88.8%
	Over \$1 Million/ Unknown	0	0.0%	61.8%	\$0	0.0%	58.2%	11.2%
	<b>TOTAL</b>	<b>6</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$367</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Loan Size	\$100,000 or Less	5	83.3%	92.7%	\$220	59.9%	47.0%	
	\$100,001 – \$250,000	1	16.7%	5.2%	\$147	40.1%	25.4%	
	\$250,001 – \$1 Million	0	0.0%	2.1%	\$0	0.0%	27.5%	
	Over \$1 Million	0	0.0%	0.0%	\$0	0.0%	0.0%	
	<b>TOTAL</b>	<b>6</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$367</b>	<b>100.0%</b>	<b>100.0%</b>	
Loan Size Revenue \$1 Million or Less	\$100,000 or Less	5	83.3%		\$220	59.9%		
	\$100,001 – \$250,000	1	16.7%		\$147	40.1%		
	\$250,001 – \$1 Million	0	0.0%		\$0	0.0%		
	Over \$1 Million	0	0.0%		\$0	0.0%		
	<b>TOTAL</b>	<b>6</b>	<b>100.0%</b>		<b>\$367</b>	<b>100.0%</b>		

Source: 2020 and 2021 FFIEC Census Data  
2020 and 2021 Dun & Bradstreet Data  
2011–2015 U.S. Census Bureau: American Community Survey  
Note: Percentages may not total 100.0% due to rounding.

Distribution of 2020 and 2021 Residential Real Estate Lending by Borrower Income Level							
Borrower Income Level	Bank and Aggregate Loans						Families by Family Income %
	Bank		Aggregate	Bank		Aggregate	
	#	%	%	\$ (000s)	\$ %	\$ %	
Low	0	0.0%	3.2%	\$0	0.0%	2.0%	31.3%
Moderate	0	0.0%	9.6%	\$0	0.0%	6.5%	17.7%
Middle	1	50.0%	17.6%	\$20	11.6%	14.4%	15.3%
Upper	1	50.0%	48.8%	\$153	88.4%	54.0%	35.6%
Unknown	0	0.0%	20.8%	\$0	0.0%	23.1%	0.0%
<b>TOTAL</b>	<b>2</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$173</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: 2020 and 2021 FFIEC Census Data  
2011–2015 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.

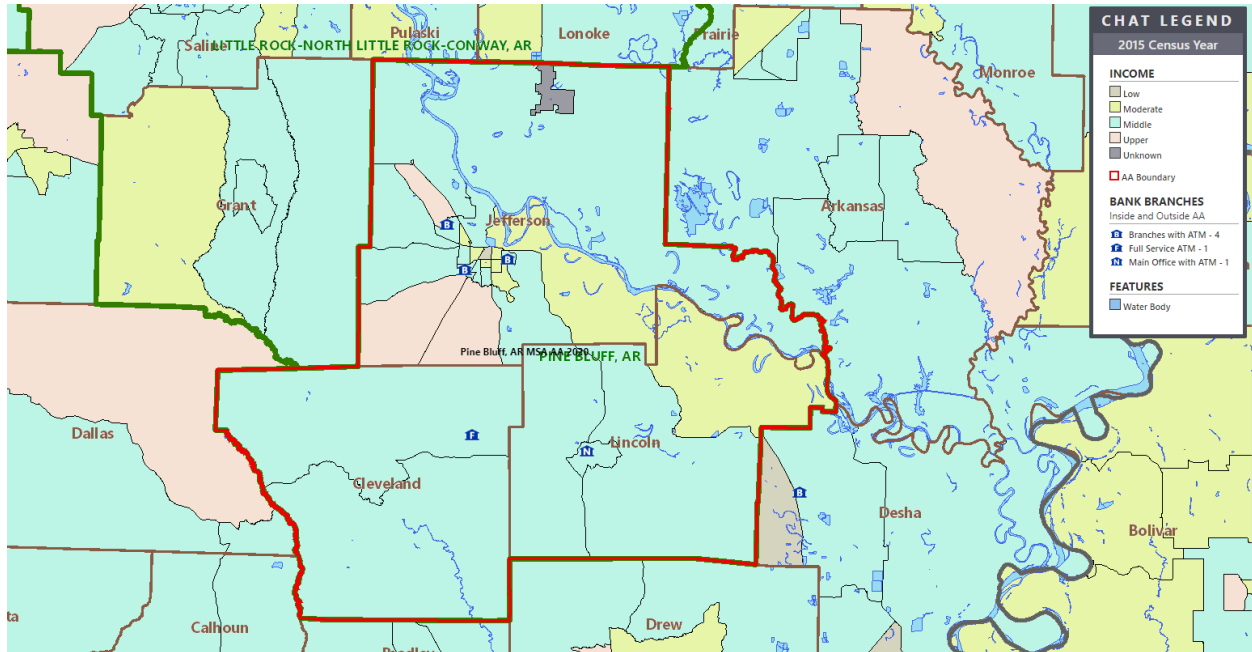


<b>Distribution of 2020 and 2021 Small Business Lending by Income Level of Geography</b>							
<b>Tract Income Levels</b>	<b>Count</b>			<b>Dollar</b>			<b>Total Businesses</b>
	<b>Bank</b>		<b>Aggregate</b>	<b>Bank</b>		<b>Aggregate</b>	
	<b>#</b>	<b>%</b>	<b>%</b>	<b>\$ (000s)</b>	<b>\$ %</b>	<b>\$ %</b>	
Low	1	16.7%	25.3%	\$20	5.4%	18.5%	31.5%
Moderate	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Middle	5	83.3%	73.3%	\$347	94.6%	81.4%	68.5%
Upper	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Unknown	0	0.0%	1.4%	\$0	0.0%	0.1%	0.0%
<b>TOTAL</b>	<b>6</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$367</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<i>Source: 2020 and 2021 FFIEC Census Data            2020 and 2021 Dun &amp; Bradstreet Data            2011–2015 U.S. Census Bureau: American Community Survey            Note: Percentages may not total 100.0% due to rounding.</i>							

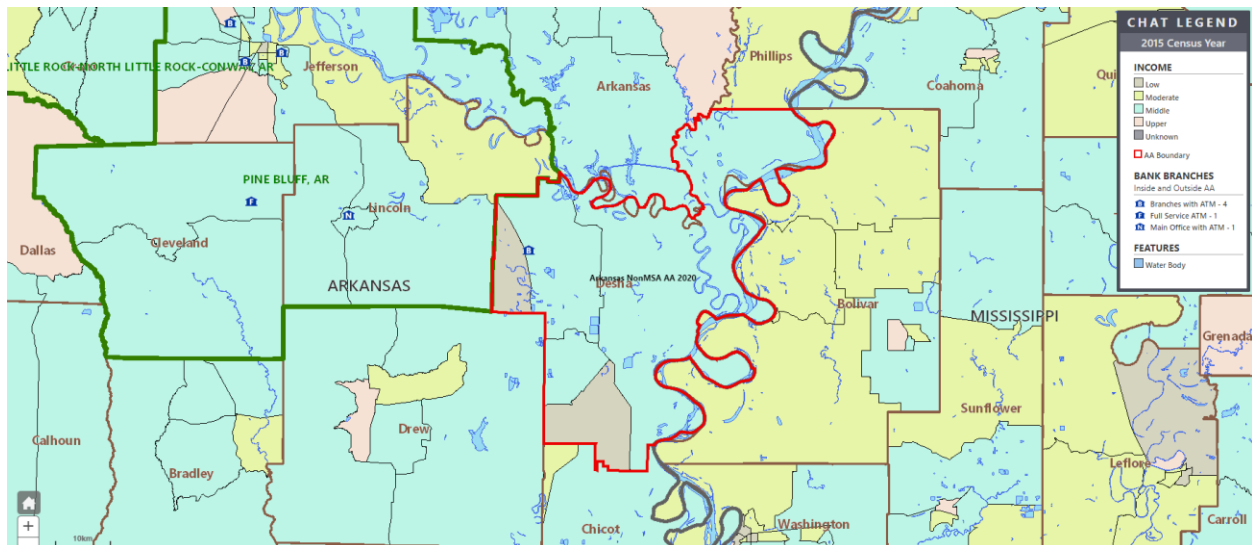
<b>Distribution of 2020 and 2021 Residential Real Estate Lending by Income Level of Geography</b>							
<b>Geographic Income Level</b>	<b>Bank and Aggregate Loans</b>						<b>Owner-Occupied Units %</b>
	<b>Bank</b>		<b>Aggregate</b>	<b>Bank</b>		<b>Aggregate</b>	
	<b>#</b>	<b># %</b>	<b># %</b>	<b>\$ (000s)</b>	<b>\$ %</b>	<b>\$ %</b>	
Low	0	0.0%	20.8%	\$0	0.0%	19.9%	29.7%
Moderate	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Middle	2	100.0%	79.2%	\$173	100.0%	80.1%	70.3%
Upper	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
<b>TOTAL</b>	<b>2</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$173</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<i>Source: 2020 and 2021 FFIEC Census Data            2011–2015 U.S. Census Bureau: American Community Survey            Note: Percentages may not total 100.0% due to rounding.</i>							

APPENDIX B – MAP OF THE ASSESSMENT AREAS

Pine Bluff Assessment Area



Desha County Assessment Area



## APPENDIX C – 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.