

PUBLIC DISCLOSURE

January 9, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Summit Bank
RSSD #2505787**

**409 Main Street
Arkadelphia, Arkansas 71923**

Federal Reserve Bank of St. Louis

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

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of the institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION'S CRA RATING

INSTITUTION'S CRA RATING: SATISFACTORY

The following table indicates the performance level of Summit Bank with respect to the lending, investment, and service tests.

Performance Levels	<u>Summit Bank</u>		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding		X	X
High Satisfactory			
Low Satisfactory	X		
Needs to Improve			
Substantial Noncompliance			

*Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors supporting the institution's rating include the following:

- The bank's lending levels reflect good responsiveness to assessment area credit needs.
- A substantial majority of the bank's lending activity is made inside the bank's assessment areas.
- The overall geographic distribution of the loans reflects adequate penetration throughout the bank's assessment areas.
- The distribution of loans by borrower's income/revenue profile reflects adequate penetration among customers of different income levels and businesses/farms of different sizes.
- Overall, the bank makes a relatively high level of community development loans.
- The bank makes an excellent level of qualified community development investments and grants.
- Service delivery systems are readily accessible to all portions of the bank's assessment areas, and changes in branch locations have not adversely affected the accessibility of delivery systems, particularly to low- and moderate-income (LMI) geographies and/or LMI individuals.
- The bank is a leader in providing community development services.

INSTITUTION

DESCRIPTION OF INSTITUTION

Summit Bank is a wholly owned subsidiary of Summit Bancorp, Inc., a one-bank holding company. Both the bank and the holding company are headquartered in Arkadelphia, Arkansas. For this review period, no legal impediments or financial constraints were identified that would have significantly hindered the bank from serving the credits needs of its customers, and the bank appeared capable of meeting the needs of its assessment areas based on its available resources and financial products. As of September 30, 2011, Summit Bank reported total assets of \$1.1 billion, which represents an increase in assets of 2.2 percent since the previous evaluation. As of the same date, loans and leases outstanding were \$726.1 million (65.1 percent of total assets) and deposits totaled \$935.7 million. The bank’s loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans		
Credit Product Type	Amount in \$000s	Percentage of Total Loans
Construction and Development	\$ 58,092	8.0%
Commercial Real Estate	\$ 292,801	40.3%
Multifamily Residential	\$ 26,350	3.6%
1-4 Family Residential	\$ 189,658	26.1%
Secure by First Liens	\$ 151,863	20.9%
Secured by Junior Liens	\$ 9,136	1.3%
Home Equity Loans	\$ 28,659	3.9%
Farmland	\$ 47,750	6.6%
Farm Loans	\$ 4,193	0.6%
Commercial and Industrial	\$ 71,636	9.9%
Loans to Individuals	\$ 23,944	3.3%
Related Plans	\$ 96	0.0%
Other Loans to Individuals	\$ 23,848	3.3%
Total Other Loans	\$ 11,626	1.6%
TOTAL	\$ 726,050	100%

Based on dollar volume of outstanding loans as displayed in the previous table, the most significant loan product is commercial real estate loans, which account for 40.3 percent of all loans. Other significant products include 1-4 family residential real estate¹ and commercial and industrial loans, which represent 26.1 and 9.9 percent of the bank’s loan portfolio, respectively.

The bank has delineated three separate assessment areas, all within the state of Arkansas. As of this evaluation date, the bank operates 22 branches, one loan production office (LPO), and 23 automated teller machines (ATMs). Since the previous Community Reinvestment Act (CRA) evaluation, the bank has added two branch facilities and one LPO.

Summit Bank received a Satisfactory rating at the previous CRA evaluation conducted by the Federal Deposit Insurance Corporation (FDIC) as of January 4, 2010.

SCOPE OF EXAMINATION²

The bank’s CRA performance was reviewed using the Federal Financial Institutions Examination Council’s (FFIEC) *Interagency CRA Procedures for Large Institutions*. The large bank performance standards entail three performance tests, including the lending, investment, and services tests. Bank performance under the performance tests is rated at the institution level, primarily reflecting the overall performance conclusions of assessment areas reviewed under full-scope procedures. The products reviewed for this evaluation period are Home Mortgage Disclosure Act (HMDA) reportable loans, small business loans, and small farm loans.

Assessment Areas

Summit Bank operates in three delineated assessment areas within the state of Arkansas. The following table details allocation of branch offices, deposit dollars, and the CRA review procedures applicable to each assessment area completed as part of this evaluation.

Assessment Area	Branch #	Branch %	Deposit \$ 6/30/2011	Deposit %	Review Procedures
Hot Springs, Arkansas (MSA)	7	31.8%	\$332,984	36.1%	Full Scope
Little Rock, Arkansas (MSA)	7	31.8%	\$164,482	17.8%	Full Scope
Nonmetropolitan Arkansas	8	36.4%	\$424,635	46.1%	Full Scope
TOTAL	22	100%	\$922,101	100%	N/A

¹ The bank also originates and subsequently sells a significant volume of loans related to residential real estate; as these loans are typically sold on the secondary market shortly after origination, this activity would not be captured in the data discussed here.

² Information presented in this section (e.g., review period dates and loan sample details) pertains throughout the rest of this evaluation unless specifically noted otherwise.

Overall, the bank's combined assessment areas are comprised of 165 census tracts: seven low-income, 38 moderate-income, 88 middle-income, and 32 upper-income census tracts. A brief summary of each assessment area follows:

- The Hot Springs Assessment Area is comprised of the Hot Springs, Arkansas Metropolitan Statistical Area (MSA) (MSA #26300) in its entirety, which includes only Garland County. There are 19 census tracts within this assessment area.
- The Little Rock Assessment Area is part of the Little Rock-North Little Rock-Conway, Arkansas MSA (MSA #30780). It includes the Arkansas counties of Faulkner, Pulaski, and Saline in their entirety. In total, there are 125 census tracts within this assessment area. This assessment area has expanded from the previous evaluation with the inclusion of all census tracts in Pulaski and Faulkner Counties.
- The NonMSA Arkansas Assessment Area is not part of an MSA; it includes the Arkansas counties of Clark, Columbia, Hempstead, and Hot Spring in their entirety. There are 21 census tracts within this assessment area.

Lending Test

For the Lending Test, loans from 2010 in its entirety were reviewed in the evaluation of the bank's CRA performance, which included residential real estate loans reported under the HMDA for 2010, and small business loans and small farm loans originated in 2010.³ Lending data from the first three quarters of 2011 for HMDA, small business loans, and small farm loans was also considered in this analysis. Those data are shown in Appendix B of this evaluation. For the Hot Springs and Little Rock assessment areas, small farm loans were not included in the analysis due to the low volume of lending, which does not support a meaningful analysis of the data, and no additional tables detailing this activity are included in the appendix. The analysis period used for the review of community development lending activities spanned from the previous CRA evaluation date to the current one (January 4, 2010 through January 9, 2012).

Throughout this evaluation, the Lending Test entails comparisons of bank performance to assessment area demographics and aggregate lending data⁴ relevant to the subject assessment area. The evaluation also used 2010 Dun & Bradstreet data in comparison to the bank's small business and small farm lending performance.⁵

Under the Lending Test, the bank's performance is evaluated under the following criteria, as applicable.

³ See the Glossary in Appendix D for the definitions of HMDA loans, small business loans, and small farm loans.

⁴ HMDA aggregate data represents all lending activity collected and reported under HMDA for the assessment areas based upon all financial institutions required to report such data. CRA aggregate data represents all lending activity collected and reported under CRA for the assessment area, based upon all financial institutions required to report such data.

⁵ Dun & Bradstreet provides data on the location and revenue size of business and agricultural entities within a defined market.

- Level of lending activity.
- Assessment area concentration.
- Geographic distribution of loans.
- Distribution of loans by borrower's income/revenue profile.
- Community development lending activity.
- Product innovation.⁶

Unless otherwise noted, assessment area demographics are based upon 2000 U.S. Census Data (certain business and farm geodemographics are based upon Dun & Bradstreet data, which are applicable to the year of loan data being evaluated).

Investment Test

All outstanding qualified investments were reviewed and evaluated to determine the bank's level of investment and grant activity, as well as its role in initiating such activities; its use of innovative or complex investments to support community development initiatives; and its responsiveness to credit and community development needs of its assessment areas. The investment test applies to qualified investments, donations, and grants made by the bank. The analysis period used for the review of community development investment activities spanned from the previous CRA evaluation date to the current one (January 4, 2010 through January 9, 2012). In addition, certain community development activities initiated prior to this examination review period but still outstanding (e.g., community development investments such as bonds) were also considered as part of the bank's investment test performance.

Service Test

The Service Test considers the distribution and accessibility of the bank's branches and any alternative delivery systems to its assessment areas as well as to individuals of different income levels; the effect of changes in branch locations on the accessibility of its delivery systems; the reasonableness of hours of operation and available services; and the level of community development services. The analysis period used for the review of community development services spanned from the previous CRA evaluation date to the current one (January 4, 2010 through January 9, 2012).

Other

No CRA-related complaints were filed against the bank since the date it became a state member bank on February 18, 2011.

Community Contacts

As part of this evaluation, three interviews were conducted with members of the bank's local communities; these community contacts provided information related to specific credit needs, opportunities, and local market conditions within the bank's assessment areas.

⁶ Unlike other large bank CRA performance criteria, a lack of innovative and/or flexible lending practices does not necessarily impact the bank's performance negatively, as these activities are largely used to augment consideration given to an institution's performance under the quantitative criteria, possibly resulting in a higher level of performance rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Summit Bank’s performance under the Lending Test is rated *Low Satisfactory*. The bank’s lending levels reflect good responsiveness to assessment area credit needs. An analysis of the bank’s lending activity reveals that a substantial majority of loans are made inside the bank’s assessment areas. The geographic distribution of loans reflects adequate penetration throughout the assessment areas, including LMI geographies. An analysis of the loan distribution by borrower’s profile reflects adequate penetration among customers of different income levels and businesses and farms of different revenue sizes. Summit Bank makes a relatively high level of community development loans. Finally, the bank demonstrated use of innovative and flexible lending practices in order to better serve the credit needs of its assessment area.

Additional detail regarding the bank’s lending test performance is included later, under the sections applicable to each individual assessment area under full-scope review.

Lending Activity

Overall lending levels reflect good responsiveness to assessment area credit needs. The following table displays the distribution of the loans originated in 2010 in the bank’s assessment areas and reviewed in this evaluation.⁷

2010 Lending Summary						
Assessment Area	HMDA #	HMDA %	CRA #	CRA %	TOTAL #	TOTAL %
Hot Springs Assessment Area	284	37.0%	109	27.2%	393	33.6%
Little Rock Assessment Area	302	39.4%	136	33.9%	438	37.5%
NonMSA Arkansas Assessment Area	181	23.6%	156	38.9%	337	28.9%
TOTAL	767	100%	401	100%	1,168	100%

As shown in the preceding table, the bank made 767 HMDA loans in 2010. Based on the lending activity detailed in the table above, the HMDA loan category was given primary consideration when formulating overall performance conclusions, as HMDA lending formed the majority of loan activity inside the bank’s assessment areas by number of loans (65.7 percent).

⁷ The CRA loan category includes loan activity required to be collected and reported under the CRA for small business and small farm loans.

Assessment Areas Concentration

The following table shows the number, dollar volume, and percentage of loans originated inside the bank’s assessment areas during 2010 and the first three quarters of 2011.

Lending Inside and Outside of Assessment Area			
Loan Type	Inside Assessment Area	Outside Assessment Area	TOTAL
HMDA	1,167	64	1,231
	94.8%	5.2%	100.0%
	\$ 168,597	\$ 8,958	\$ 177,555
Small Business	95.0%	5.0%	100.0%
	633	42	675
	93.8%	6.2%	100.0%
Small Farm	\$ 64,181	\$ 2,951	\$ 67,132
	95.6%	4.4%	100.0%
	71	44	115
TOTAL	61.7%	38.3%	100.0%
	\$ 6,540	\$ 5,046	\$ 11,586
	56.4%	43.6%	100.0%
TOTAL	1,871	150	2,021
	92.6%	7.4%	100.0%
	\$ 239,318	\$ 16,955	\$ 256,273
	93.4%	6.6%	100.0%

The previous table demonstrates that a substantial majority of loans (by number of loans and dollar amounts) were extended to borrowers residing inside the bank’s assessment areas for all loan types reviewed. Overall, the bank originated 92.6 percent by number and 93.4 percent by dollar volume of loans inside its various assessment areas.

Geographic Distribution of Loans and Borrower’s Profile Analysis

The geographic distribution performance criterion focuses on the bank’s lending penetration within its assessment areas among geographies of different income levels, with a specific emphasis placed on the bank’s performance in LMI geographies. Summit Bank’s combined assessment areas consist of 165 census tracts, including 45 LMI census tracts. The bank’s HMDA, small business, and small farm loans were analyzed by income level of census tract in

order to evaluate the bank’s lending levels in LMI census tracts. In this analysis, owner-occupied housing demographics, Dun & Bradstreet data, and aggregate lending activities were used for comparison purposes. Overall, the geographic distribution analysis of these three loan categories reveals that the bank’s lending in LMI geographies is adequate.

Assessment Area	Geographic Distribution of Loans
Hot Springs Assessment Area	Adequate
Little Rock Assessment Area	Adequate
Nonmetropolitan Arkansas Assessment Area	Adequate
OVERALL	ADEQUATE

The borrower’s profile performance criterion evaluates the bank’s loan penetration to borrowers of different income levels and businesses and farms of varying revenue sizes. Within each assessment area, borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the U. S. Department of Housing and Urban Development (HUD) estimated median family income figure for the applicable region and time frame. Businesses and farms are categorized by size depending on their gross annual revenues. This performance criterion places special emphasis on loans originated to LMI individuals, small businesses, and small farms. In this analysis, family income demographics, Dun & Bradstreet data, and aggregate lending activity were used for comparison purposes. Overall, the bank’s borrower’s profile performance reflects adequate penetration among individuals of different income levels, including LMI individuals, and businesses and farms of different revenue sizes.

Assessment Area	Loan Distribution by Borrower’s Profile
Hot Springs Assessment Area	Good
Little Rock Assessment Area	Adequate
Nonmetropolitan Arkansas Assessment Area	Adequate
OVERALL	ADEQUATE

Community Development Lending Activities

Summit Bank makes a relatively high level of community development loans. In total, the bank made 31 qualified community development loans totaling \$13.4 million in its combined assessment areas. In addition, the bank originated two community development loans for \$651,200 outside of its assessment areas benefiting similar communities in the state.

Assessment Area	Community Development Lending
Hot Springs Assessment Area	Adequate Level
Little Rock Assessment Area	Relatively High Level
Nonmetropolitan Arkansas Assessment Area	Leader
OVERALL	RELATIVELY HIGH LEVEL

Product Innovation

Summit Bank makes use of flexible and innovative lending products throughout the combined assessment areas. The following are examples of products offered by the bank that qualify as flexible and/or innovative:

- Arkansas Development Finance Authority (ADFA) – This program features a lower interest rate for LMI homebuyers in the state of Arkansas. To qualify, borrowers cannot have incomes exceeding 80 percent of the median family income. During the review period, the bank originated 10 loans for a total of \$960,800.
- Down Payment Assistance Program – This homeownership program is offered in partnership with the ADFA, providing down payment assistance bundled with lower interest rates for LMI borrowers in Arkansas. Six loans under this program were originated during the evaluation period for a total of \$28,400.
- American Dream Downpayment Initiative (ADDI) – This ADFA program provides interest-free down payment loans ranging from \$1,000 to \$5,000 to qualified borrowers. Three ADDI loans closed during the review period for a total of \$8,400.
- Closing Cost Assistance Program – Summit Bank offers this program to borrowers located in LMI census tracts and to borrowers considered LMI. Assistance is offered in the amount of \$500 per household for purchase or refinance transactions of owner-occupied single-family dwellings that are considered primary residences. During the evaluation period, six borrowers benefited from the closing cost assistance program.
- Small Dollar Loan Program – This program is offered as an alternative to high cost credit products, such as payday loans and fee based overdraft programs. It provides credit for immediate needs and financial emergencies, with more extended terms than the single pay cycle of other higher cost products. In addition, it features smaller loan minimums

than traditional bank lending products to reduce the carrying costs associated with higher loan minimums. The maximum loan amount under this program is \$2,500. During the review period, Summit Bank originated 654 small dollar loans for a total of \$978,200.

- Employee Mortgage Referral Program – Summit Bank has a formal employee mortgage referral program with benefits to employees that refer a loan applicant that results in a loan closing. Greater incentives are offered for successful referrals to borrowers in LMI census tracts and LMI borrowers.
- Small Business Administration Certified Development Company (CDC)/504 Loan Program – The CDC/504 loan program is a long-term financing instrument that provides small businesses with long-term, fixed-rate financing to acquire major fixed assets for expansion or modernization. During the review period, the bank originated two loans for a total of \$530,000.
- During the review period, Summit Bank originated 297 government guaranteed loans, including:
 - 181 Fair Housing Administration loans totaling \$25.3 million
 - 38 Veterans Administration loans totaling \$6.9 million
 - 64 United States Department of Agriculture loans totaling \$7.4 million
 - 14 Farm Service Agency loans totaling \$8.7 million

INVESTMENT TEST

Summit Bank's performance under the Investment Test is rated *Outstanding*. The bank made an excellent level of qualified community development investments and grants, particularly those not routinely provided by private investors, and often acted in a leadership position. Additionally, the bank occasionally uses innovative and/or complex investments to support community development investment initiatives and overall exhibits excellent responsiveness to credit and community development investment needs.

Investment and Grant Activity

Overall, Summit Bank made an excellent level of investments and grants in its assessment areas. The bank made investments totaling \$19.5 million and donations totaling \$100,000. The majority of the bank's qualified community development investments are in local school bond programs benefiting LMI individuals. The bank made an additional \$71.0 million in qualified investments to organizations outside of its assessment areas that benefit the overall statewide area. Among the qualified investments inside and outside of the assessment areas, Summit Bank has 19 qualified zone academy bonds, which are specifically designed to assist schools in LMI areas. Lastly, Summit Bank currently holds \$4.7 million in certificates of deposit in minority-owned financial institutions.

Community Development Initiatives

Overall, the bank makes occasional use of innovative and/or complex investments to support community development initiatives as indicated below:

- Special Needs Assistance Program (SNAP) Grants – The bank administers grants for this program to provide eligible homeowners the opportunity to obtain grant funds for housing rehabilitation costs. The primary requirement for program eligibility is for potential borrowers to have a family income of 80 percent or less of the median income for the area. Only special needs households are eligible to obtain grant funding. Funding for the program is provided by the Federal Home Loan Bank of Dallas. The bank made 15 SNAP Grants totaling \$82,500 during this evaluation period.
- Economic Development Program Plus (EDPP) – The bank also administers this program through the Federal Home Loan Bank of Dallas. These grants are designed to promote and enhance small business development; to foster business relationships between member institutions, small businesses, and small business development organizations; to create and retain jobs; and to assist member institutions in providing capital to underserved areas or to underserved populations. During the evaluation period, the bank made five grants totaling \$90,000.

SERVICE TEST

Overall, Summit Bank's performance under the service test is rated *Outstanding*. Retail services and delivery systems are considered readily accessible for the needs and convenience of the assessment areas. The bank maintains a total of 22 branches and 23 stand-alone, full-service ATMs. The bank's record of opening and closing branches did not adversely affect the accessibility of the bank's delivery systems to its geographies or to individuals of different income levels. Further, services do not vary in a way that inconveniences its assessment areas, particularly LMI geographies and/or LMI individuals. Finally, Summit Bank is a leader in providing community development services.

Additional detail regarding the bank's service test performance is included later, under the sections applicable to each individual assessment area under full-scope review.

Accessibility of Delivery Systems

Summit Bank operates 22 full-service branches, each having a cash dispensing-only ATM. Additionally, the bank has one stand-alone ATM and one LPO. The following table depicts Summit Bank's distribution of facilities.

Distribution of Facilities Inside Assessment Area by Income Level of Geography					
Dataset	Geography Income Level				TOTAL
	Low-	Moderate-	Middle-	Upper-	
Branches	0 0.0%	5 22.7%	12 54.5%	5 22.7%	22 100%
LPOs	0 0.0%	0 0.0%	0 0.0%	1 100%	1 100%
ATMs	0 0.0%	6 26.1%	12 52.2%	5 21.7%	23 100%
TOTAL	0 0.0%	11 23.9%	24 52.2%	11 23.9%	46 100%
Census Tracts	4.2%	23.0%	53.3%	19.4%	100%
Household Population	2.4%	18.1%	54.8%	24.7%	100%

As noted in the table, the bank has five branches and six ATMs in LMI geographies. While the percentage of the bank’s branches and ATMs is slightly lower than the percentage of LMI census tracts, facilities distribution is commensurate with that of assessment area household population. Based on these factors, the distribution of the bank’s branches and ATMs in LMI census tracts is readily accessible.

Assessment Area	Accessibility of Delivery Systems
Hot Springs Assessment Area	Readily accessible
Little Rock Assessment Area	Reasonably accessible
Nonmetropolitan Arkansas Assessment Area	Readily accessible
OVERALL	READILY ACCESSIBLE

Changes in Branch Locations

During the evaluation period, Summit Bank opened two new branches and one LPO, none of which are located in an LMI census tract. Additionally, no branch offices were closed during this review period. As a result, the bank’s record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and/or LMI individuals.

Assessment Area	Changes in branch locations
Hot Springs Assessment Area	Not adversely affected
Little Rock Assessment Area	Generally not adversely affected
Nonmetropolitan Arkansas Assessment Area	Not adversely affected
OVERALL	NOT ADVERSELY AFFECTED

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Overall, the reasonableness of the bank’s business hours and services in meeting assessment area needs do not vary in a way that inconveniences its assessment areas, particularly LMI geographies and/or LMI individuals. Certain locations offer extended business hours, including those in moderate-income geographies. In addition, Summit Bank has five employees that speak Spanish, enabling them to better reach all assessment area customers.

Assessment Area	Reasonableness of Business Hours and Services
Hot Springs Assessment Area	Do not vary in a way that inconveniences
Little Rock Assessment Area	Do not vary in a way that inconveniences
Nonmetropolitan Arkansas Assessment Area	Do not vary in a way that inconveniences
OVERALL	DO NOT VARY IN A WAY THAT INCONVENIENCES

Community Development Services

Summit Bank is a leader in providing community development services throughout its combined assessment areas. The bank’s two primary community development focuses are addressing the need for financial assistance to LMI individuals and promoting economic development within its assessment areas. Summit Bank employees and officers were identified as providing 74 qualified community development services. In addition to the qualified services, the bank has an employee volunteer program that fosters a culture of providing valuable services to the communities in which the bank serves. During the review period, bank employees contributed over 2,700 hours of community service.

Assessment Area	Community Development Services
Hot Springs Assessment Area	Adequate level
Little Rock Assessment Area	Relatively high level
Nonmetropolitan Arkansas Assessment Area	Leader
OVERALL	LEADER

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Based upon the findings of 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.

METROPOLITAN AREAS

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE HOT SPRINGS ASSESSMENT AREA

Bank Structure

Summit Bank’s branch network in this assessment area consists of seven branches and eight ATMs. Five of the bank’s branches in this assessment area are located in Hot Springs, with the remaining two located in nearby Hot Springs Village. During this review period, the bank opened one branch in this assessment area in Hot Springs Village in November 2011. According to the FDIC’s “Deposit Market Share Report” as of June 30, 2011, Summit Bank ranks second of 14 financial institutions serving the assessment area in terms of deposit market share at 19.6 percent. Based on this branch network and other service delivery systems, such as extended banking hours of operation and full-service on-line banking capabilities, the bank is well positioned to deliver financial services to its entire assessment area, particularly to the moderate-income census tracts in the assessment area.

General Demographics

The bank’s Hot Springs Assessment Area, which has a population of 88,068, is located in Central Arkansas. The city of Hot Springs has a population of 35,750 and is located in southeast Garland County, while the Ouachita National Forest comprises most of the county to the west and north. As the demographics of this assessment area cover a wide area and the population is diverse, credit needs in the area are also varied, including a standard blend of various consumer, business, and agricultural loan products.

Income and Wealth Demographics

As previously noted, the bank’s Hot Springs Assessment Area is comprised of Garland County in its entirety. This county contains 19 census tracts, which are displayed in the following table by income level of geography and family population characteristics.

Assessment Area Geographical Information by Income Category						
2000 Census Data	Low-	Moderate-	Middle-	Upper-	Unknown	TOTAL
Assessment Area Geographies	0 0.0%	6 31.6%	11 57.9%	2 10.5%	0 0.0%	19 100%
Family Population	0 0.0%	4,475 17.6%	17,456 68.7%	3,465 13.6%	0 0.0%	25,396 100%

The previous table reveals that the majority of assessment area census tracts are considered to be middle-income and an even greater percentage of the family population resides in those middle-income census tracts. There are six moderate-income census tracts, all located in or around the city of Hot Springs. The bank operates two of its Hot Springs offices in moderate-income census tracts.

Based upon 2000 census data, the median family income for the assessment area was \$38,001. More recently, HUD estimates the 2011 Hot Springs MSA median family income to be \$48,800, representing a 28.4 percent increase from 2000. The following table displays population percentages of assessment area families by income level, compared to the state of Arkansas' family population as a whole.

Assessment Area Family Population by Income Level						
2000 Census Data	Low-	Moderate-	Middle-	Upper-	Unknown	TOTAL
Assessment Area	4,830 19.0%	4,587 18.1%	5,857 23.1%	10,122 39.9%	0 0.0%	25,396 100%
State of Arkansas	148,233 20.1%	131,570 17.9%	163,567 22.2%	292,693 39.8%	0 0.0%	736,063 100%

As displayed in the previous table, the population characteristics of the assessment area are similar to those of the entire state of Arkansas. Although the first table in this section indicated that the majority of the assessment area families lived in middle-income census tracts, this table reveals that a significant portion of assessment area families (37.1 percent) are considered LMI. This LMI family population figure is slightly below that of the state of Arkansas, 38.0 percent, and the percent of assessment area families living below the poverty level, 10.5 percent, also lags the statewide figure of 12.0 percent.

Housing Demographics

Based upon housing values, income levels, and rental costs, housing in the assessment area appears to be less affordable than in the state of Arkansas. The median housing value for the assessment area was \$77,223, which is well above the figure for statewide, \$67,400. Considering respective income levels, housing again appears to be less affordable than in the state of Arkansas as a whole. The assessment area housing affordability ratio of 40.0 percent is below the statewide figure of 47.0 percent. Lastly, the median gross rent for the assessment area of \$478 per month is again less affordable compared to \$453 per month for the state of Arkansas. Still, vacancy rates in the assessment area exceed those of the state of Arkansas, at 15.9 percent and 11.1 percent, respectively. Therefore, while assessment area housing does not appear to be as affordable as the state of Arkansas, housing still appears to be within reach of the population.

Industry and Employment Demographics

The assessment area economy is diverse and is supported by a mixture of retail and service-oriented sectors, specifically in support of tourism in Hot Springs. By number of paid employees in the assessment area, health care and social assistance plays the lead role (6,823), followed closely by retail trade (6,035) and accommodation and food services (5,188).⁸ Further, estimates from Dun & Bradstreet indicate there are 4,753 businesses in the assessment area (91.2 percent with gross annual revenues of \$1 million or less) and only 61 farms (98.4 percent with gross annual revenues of \$1 million or less). Following a generally downward trend since 2010, unemployment rates for the Hot Springs assessment area are commensurate with those of the state of Arkansas, as evidenced in the following table.⁹

Unemployment Rates		
	November 2011	2010 Average
Assessment Area	7.0	8.1
State of Arkansas	7.2	7.9

Community Contact Information

As a part of this CRA evaluation, one community contact interview was conducted in the Hot Springs assessment area in order to obtain additional assessment area background, including information relating to credit needs, community development opportunities, and the local economy. The interview was conducted with an individual specializing in economic development. The community contact interviewee categorized the economy as relatively strong in comparison to other small metropolitan markets in the country, supported by various industries, including healthcare, tourism, business services, and manufacturing. The contact went on to say that the downtown Hot Springs housing market has struggled, especially the condominium market. According to the community contact, the level of banking competition in the area is high. It was noted that all banks in the assessment area are active in community initiatives, but the interviewee would like to see more banks get involved in the Hot Springs revitalization efforts. This community contact information helped form the performance context in which to evaluate the bank's activities for this assessment area.

⁸ Source: U.S. Census Bureau 2009 County Business Patterns.

⁹ Source: Bureau of Labor Statistics. Rates are not seasonally adjusted.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE HOT SPRINGS ASSESSEMENT AREA

LENDING TEST

The bank’s lending activity in the Hot Springs assessment area reflects good responsiveness to assessment area credit needs. The overall geographic distribution of loans reflects adequate penetration throughout the assessment area, including LMI geographies. Further, the overall distribution of loans by borrower’s profile reflects good penetration among borrowers of different income levels and businesses of different revenue sizes. Finally, Summit Bank makes an adequate level of community development loans.

Lending Activity

For the products reviewed, the following table displays the bank’s 2010 lending volume in this assessment area by number and dollar volume.

Summary of Lending Activity				
Loan Type	#	%	\$(000s)	%
Home Purchase	149	37.9%	\$20,098	36.3%
Refinancing	131	33.3%	\$20,470	37.0%
Home Improvement	2	0.5%	\$115	0.2%
Multifamily	2	0.5%	\$301	0.5%
Total HMDA related	284	72.3%	\$40,984	74.1%
Small Business	107	27.2%	\$14,258	25.8%
Small Farm	2	0.5%	\$49	0.1%
TOTAL LOANS	393	100%	\$55,291	100%

The bank’s lending activity in the Hot Springs assessment area represents 33.6 percent of total HMDA and CRA loans made within the bank’s combined assessment areas. This level of HMDA and CRA activity is commensurate with the bank’s branch network in this assessment area, representing 31.8 percent of total bank branches. In addition, the percentage of loans originated in this assessment area is only slightly below the area’s proportion of total deposit holdings of 36.1 percent. In light of these factors, the bank’s lending activity in the Hot Springs, Arkansas assessment area reflects good responsiveness to assessment area credit needs.

Geographic Distribution of Loans

As noted in the *Description Of Institution’s Operations in the Hot Springs Assessment Area* section, this assessment area includes six moderate-income census tracts, representing 31.6 percent of all assessment area census tracts. Overall, the bank’s geographic distribution of loans in this assessment area reflects adequate penetration throughout these moderate-income census tracts. The following table displays the geographic distribution of the bank’s 2010 HMDA loans in comparison to owner-occupied housing demographics for the assessment area.

Distribution of Loans Inside Assessment Area by Income Level of Geography						
Dataset	Geography Income Level					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
Home Purchase	0 0.0%	16 10.7%	112 75.2%	21 14.1%	0 0.0%	149 100%
Refinance	0 0.0%	9 6.9%	88 67.2%	34 26.0%	0 0.0%	131 100%
Home Improvement	0 0.0%	0 0.0%	1 50.0%	1 50.0%	0 0.0%	2 100%
Multi-Family	0 0.0%	1 50.0%	1 50.0%	0 0.0%	0 0.0%	2 100%
TOTAL LOANS	0 0.0%	26 9.2%	202 71.1%	56 19.7%	0 0.0%	284 100%
Owner-Occupied Housing	0.0%	15.1%	71.4%	13.5%	0.0%	100%

The geographic distribution analysis of the bank’s HMDA loans reflects adequate penetration throughout this assessment area. Summit Bank’s HMDA lending in moderate-income census tracts (9.2 percent) is lower than the owner-occupied housing units in moderate-income census tracts (15.1 percent), but it exceeds the 2010 aggregate total of 8.5 percent. By product type, the bank originated purchase loans of 10.7 percent in moderate-income census tracts, though they made fewer refinance loans and no home improvement loans. Opportunities for residential real estate lending are somewhat limited in the moderate-income census tracts as there is a significant number of rental housing units and businesses in these tracts. In light of these factors, the bank’s geographic distribution of HMDA loans is adequate.

Next, the geographic distribution of the bank’s small business loans within the Hot Springs assessment area was reviewed. The following table displays the geographic distribution of small business loans in comparison to the percentage of businesses operating within each census tract income category.

Distribution of Loans Inside Assessment Area by Income Level of Geography						
Dataset	Geography Income Level					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
Small Business Loans	0 0.0%	23 21.5%	64 59.8%	20 18.7%	0 0.0%	107 100.0%
Business Institutions	0.0%	27.5%	59.7%	12.7%	0.0%	100%

As displayed in the preceding table, Summit Bank’s lending level in moderate-income census tracts (21.5 percent) was less than the percentage of businesses located within those census tracts (27.5 percent). However, the bank’s performance compares more favorably to that of other lenders. The 2010 aggregate lending performance in moderate-income census tracts was 23.8 percent. Therefore, the bank’s geographic distribution of small business loans appears adequate.

The last loan category reviewed in assessing the bank’s lending penetration within moderate-income census tracts is small farm loans. However, the bank originated only two small farm loans in this assessment area during 2010. Therefore, this low lending level precludes a meaningful analysis of small farm loans.

In conclusion, based on performance from the loan categories reviewed, the overall geographic distribution analysis revealed that the bank’s lending penetration throughout the assessment area, including moderate-income census tracts, is adequate.

Borrower’s Profile

Overall, the bank’s loan distribution by borrower’s profile is good, based on performance from the loan categories reviewed. The following table shows the distribution of HMDA reported loans by borrower income level in comparison to family population demographics.

Distribution of Loans Inside Assessment Area by Income Level of Borrower						
Dataset	Borrower Income Level					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
Home Purchase	7 4.7%	26 17.4%	29 19.5%	75 50.3%	12 8.1%	149 100%
Refinance	8 6.1%	12 9.2%	13 9.9%	86 65.6%	12 9.2%	131 100%
Home Improvement	0 0.0%	0 0.0%	1 50.0%	1 50.0%	0 0.0%	2 100%
Multi-Family	0 0.0%	0 0.0%	0 0.0%	0 0.0%	2 100.0%	2 100%
TOTAL LOANS	15 5.3%	38 13.4%	43 15.1%	162 57.0%	26 9.2%	284 100%
Family Population	19.0%	18.1%	23.1%	39.9%	-	100%

Overall HMDA borrower distribution performance is good, especially in light of aggregate performance. The bank’s total percentage of lending to low-income borrowers (5.3 percent) is significantly below the percentage of low-income families within the assessment area (19.0 percent), as is seen with performance by all HMDA loan types. However, the bank’s lending to low-income borrowers is on par with that of other lenders in the assessment area based on aggregate HMDA data, which indicate that 5.2 percent of aggregate HMDA loans inside this assessment area were made to low-income borrowers (6.7 percent of home purchase loans, 4.0 percent of refinance loans, and 7.4 percent of home improvement loans). Bank performance to moderate-income borrowers reflects higher penetration, though the bank’s total lending figure (13.4 percent, driven primarily by excellent performance in the home purchase loan category) is below the percentage of moderate-income families in the assessment area (18.1 percent). However, bank performance to moderate-income borrowers is equal to that of other lenders based on aggregate HMDA lending data (13.4 percent). In addition, the bank’s lending to LMI individuals in 2011 shows continued improvement at 6.0 percent and 16.1 percent, respectively. Therefore, the bank’s HMDA lending performance by borrower’s profile is good.

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 small business loans by loan amount and business revenue size.

Lending Distribution by Business Revenue Level				
Gross Revenue	Loan Amounts in \$000s			TOTAL
	≤\$100	>\$100≤\$250	>\$250 ≤\$1,000	
\$1 Million or Less	54	8	14	76
	50.5%	7.5%	13.1%	71.0%
Greater Than \$1 Million	15	4	2	21
	14.0%	3.7%	1.9%	19.6%
Unknown/NA	6	1	3	10
	5.6%	0.9%	2.8%	9.3%
TOTAL	75	13	19	107
	70.1%	12.1%	17.8%	100%

Summit Bank’s level of lending to small businesses is adequate. The bank originated 71.0 percent of small business loans to businesses with revenues of \$1 million or less. This performance is below the Dun & Bradstreet estimate of small businesses in the assessment area (91.1 percent), however, it is above the 2010 aggregate lending level to small businesses (67.6 percent).

The last loan category reviewed in assessing the bank’s lending penetration under the borrower’s profile is small farm loans. However, as previously mentioned, the bank originated only two small farm loans in this assessment area during 2010. Therefore, this low lending level prevents a meaningful analysis of this product type.

In summary, based upon the loan categories reviewed, Summit Bank’s overall performance by borrower’s profile within the Hot Springs assessment area is good.

Community Development Lending Activities

Summit Bank makes an adequate level of community development loans to the benefit of the Hot Springs assessment area. During the review period, the bank originated \$1.7 million in community development loans to five different borrowers. All loans specifically benefited the moderate-income census tracts in Hot Springs. Two of the loans promote revitalization of the downtown Hot Springs area by constructing housing and retail businesses. Additional community development loans were originated to create job opportunities for LMI individuals, establish affordable housing, and provide community services targeted to LMI individuals.

INVESTMENT TEST

Summit Bank has a significant level of qualified community development investments and grants within the Hot Springs assessment area. Additionally, the bank makes occasional use of available innovative/complex investments to help support community development initiatives. This level of community development investment performance exhibits good responsiveness to credit and community development needs in the assessment area.

Investment and Grant Activity

During the review period, the bank had eight qualified investments for a total of \$2.5 million benefitting this assessment area, which represents a significant level of investment activity. The majority of these investments are in school bond programs throughout the assessment area. One investment was made for the purpose of providing Section 8 affordable housing in a moderate-income census tract in Hot Springs.

Additionally, Summit Bank made an adequate level of qualified community development grants and donations within the assessment area. The bank made qualified donations of \$3,400 to several organizations throughout the assessment area during this review period. Among the qualifying donations are contributions to organizations targeting community development initiatives such as revitalization of neighborhoods, youth services, and medical assistance for LMI individuals. Overall, Summit Bank has a significant level of community development investment and grant activity within the assessment area.

Responsiveness to Credit and Community Development Needs

Based on the bank's community development investment performance, as largely detailed in the previous section, the bank exhibits good responsiveness to credit and community development needs in the Hot Springs assessment area.

SERVICE TEST

Summit Bank operates seven branches located within this assessment area. This accounts for 31.8 percent of the bank's 22 branches. Summit Bank's service delivery systems are readily accessible to the assessment area, especially to moderate-income geographies in Hot Springs. The opening and closing of branch offices has not adversely affected accessibility of the bank's service delivery systems, and the bank's services do not vary in a way that inconveniences its assessment area. Finally, Summit Bank provides an adequate level of community development services within this assessment area.

Accessibility of Delivery Systems

The bank operates seven full-service branch offices and eight cash dispensing-only ATMs within the Hot Springs assessment area. The following table illustrates the location of the bank's branches and ATMs by income level of the geography, as compared to assessment area demographics.

Distribution of Facilities Inside Assessment Area by Income Level of Geography					
Dataset	Geography Income Level				TOTAL
	Low-	Moderate-	Middle-	Upper-	
Branches	0 0.0%	2 28.6%	3 42.9%	2 28.6%	7 100%
ATMs	0 0.0%	3 37.5%	3 37.5%	2 25.0%	8 100%
TOTAL	0 0.0%	5 33.3%	6 40.0%	4 26.7%	15 100%
Census Tracts	0.0%	31.6%	57.9%	10.5%	100%
Household Population	0.0%	22.3%	65.0%	12.7%	100%

The bank’s service delivery systems are readily accessible, particularly in moderate-income geographies. As illustrated in the above table, Summit Bank’s service delivery systems in moderate-income census tracts represent 33.3 percent of the total in this assessment area, which is above that of both the number of census tracts and the household population residing in moderate-income geographies.

Changes in Branch Locations

Summit Bank has opened one branch office in the Hot Springs assessment area since the previous evaluation in a middle-income census tract. Meanwhile, the bank has not closed any branches in the assessment area. Therefore, the bank’s record of opening and closing branches in the assessment area has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and/or LMI individuals.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Reasonableness of business hours and services do not vary in a way that inconveniences certain portions of this assessment area, particularly LMI geographies and/or LMI individuals, as business hours and services are relatively consistent across all branches in this assessment area. All bank offices operate from the hours of 8 a.m. until 5 p.m., Monday through Friday, with several offering extended drive-thru hours on Friday and Saturday, including one branch in a moderate-income geography.

Community Development Services

Summit Bank provides an adequate level of community development services in the Hot Springs assessment area. A number of bank employees provide financial expertise on an ongoing basis to qualifying community development organizations. During the evaluation period, the bank provided community development services to five different organizations. Bank personnel are especially active in presenting information to first-time home buyers in support of affordable housing initiatives targeted to LMI individuals.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE LITTLE ROCK ASSESSMENT AREA

Bank Structure

Summit Bank's branch network in this assessment area consists of seven branches, one LPO, and seven ATMs (one ATM at each of the seven branches). The branches are dispersed among the three counties that make up this assessment area. In Little Rock (Pulaski County), the bank operates three of its branches and the LPO, which opened during this review period, in June 2010. Additionally, in September 2011, the bank expanded its presence in this assessment area to include Faulkner County with the opening of a branch in Conway. The remaining three branches in this assessment area are located in Saline County, two in Benton and one in Bryant. According to the FDIC's "Deposit Market Share Report" as of June 30, 2011, Summit Bank ranks fourteenth of 34 financial institutions in terms of deposit market share, encompassing only 1.3 percent of the total deposits of institutions with a branch presence in the assessment area. Based on this branch network, the bank is at a competitive disadvantage in serving the entire assessment area, especially considering the geographic distances from its branches to LMI census tracts. Currently, there are 33 other financial institutions operating 301 office locations in this assessment area.

General Demographics

The bank's Little Rock assessment area, which has a population of 531,017, is located in central Arkansas, and it includes three of the six MSA counties in the entire Little Rock MSA. This assessment area is primarily urban/suburban, but large portions of Faulkner and Saline counties are rural. Of the three counties in this assessment area, Pulaski has the largest population by far, at 361,474. Furthermore, this assessment area has the largest population of any of the bank's three assessment areas which creates many opportunities for delivering credit products. As the demographics of this assessment area cover a wide area and the population is diverse, credit needs in the area are also varied, including a standard blend of consumer and business loan products.

Income and Wealth Demographics

As previously noted, the bank's assessment area consists of Faulkner County, Pulaski County, and Saline County, in their entireties. The following table reflects the number and population of the census tracts within the assessment area in each income category.

Assessment Area Demographics by Geography Income Level						
Dataset	Low-	Moderate-	Middle-	Upper-	Unknown	TOTAL
Census Tracts	7	30	61	27	0	125
	5.6%	24.0%	48.8%	21.6%	0.0%	100%
Family Population	3,789	26,876	71,498	41,437	0	143,600
	2.6%	18.7%	49.8%	28.9%	0.0%	100%

The previous table reveals that the majority of assessment area census tracts are considered to be middle-income, and the majority of the population resides in middle- and upper-income census tracts. The seven low-income geographies are located in the city of Little Rock, as well as the majority of the moderate-income census tracts. Additional moderate-income census tracts are located in the northeast portion of Pulaski County and in the city of Conway in Faulkner County.

Based upon 2000 census data, the median family income for the assessment area was \$46,817. At the same time, the Little Rock MSA median family income was \$46,412. More recently, HUD estimates the 2011 Little Rock MSA median family income to be \$61,500, representing a 32.5 percent increase from 2000. The following table displays population percentages of assessment area families by income level, compared to the state of Arkansas' family population as a whole.

Family Population by Income Level						
Dataset	Low-	Moderate-	Middle-	Upper-	Unknown	TOTAL
Assessment Area	28,252	25,515	31,907	57,926	0	143,600
	19.7%	17.8%	22.2%	40.3%	0.0%	100%
Little Rock MSA	32,824	30,091	37,372	66,105	0	166,392
	19.7%	18.1%	22.5%	39.7%	0.0%	100%

Based on the data in the preceding table, the assessment area dispersion of income is commensurate with that of the Little Rock MSA as a whole. Although the first table in this section indicated that the vast majority of the assessment area families lived in middle- and upper-income census tracts, this table reveals that a significant portion of assessment area families (37.5 percent) are considered LMI. This LMI family population figure is slightly below that of the Little Rock MSA figure, 37.8 percent. Lastly, the level of assessment area families living below the poverty level, 9.1 percent, is comparable to that of all Little Rock MSA families, 9.0 percent.

Housing Demographics

Based upon housing values, income levels, and rental costs, the affordability of housing in the assessment area appears to be consistent with that of the Little Rock MSA. The median housing value for the assessment area was \$82,661, which is slightly above the MSA figure of \$80,791. Similarly, housing appears to be relatively affordable considering income levels. The assessment area housing affordability ratio of 46.0 percent is similar to that of the MSA figure of 48.0 percent. Lastly, the median gross rent for the assessment area of \$532 per month is only slightly less affordable compared to \$527 per month for the MSA. Therefore, when compared to the entire Little Rock MSA, housing is within reach of the assessment area population.

Industry and Employment Demographics

The assessment area economy is diverse and is supported by a mixture of retail and service-oriented sectors. By number of paid employees in the assessment area, health care and social assistance plays the lead role (54,350), followed by retail trade (33,372) and accommodation and food services (24,469). Further, estimates from Dun & Bradstreet indicate there are 29,897 businesses in the assessment area (88.6 percent with gross annual revenues of \$1 million or less) and 312 farms (97.4 percent with gross annual revenues of \$1 million or less).

Both the assessment area and the state of Arkansas have followed a generally downward trajectory in unemployment since 2010. As seen in the following table, each of the counties in the assessment area has experienced lower unemployment rates than the state of Arkansas.

Unemployment Rates		
	November 2011	2010 Average
Faulkner County	6.9	7.4
Pulaski County	6.3	7.0
Saline County	6.0	6.8
Assessment Area	6.4	7.1
State of Arkansas	7.2	7.9

Community Contact Information

As a part of this CRA evaluation, one community contact interview was conducted in the Little Rock assessment area in order to obtain additional assessment area background, including information relating to credit needs, community development opportunities, and the local economy. The interview was conducted with an individual specializing in affordable housing. The community contact interviewee described the local economy and housing market as struggling with no signs of improvement in employment or housing. The contact went on to say there are many housing-related projects with which local financial institution involvement would benefit. Many of these programs involve revitalization and stabilization of existing

neighborhoods and that local banks could assist in these efforts through both financial expertise and loan financing. It was noted that all banks in the assessment area are active in community initiatives. Lastly, the community contact mentioned that tightened credit standards have been prevalent in the area, as it is more difficult for all loan applicants to obtain financing. Overall, this community contact information helped form the performance context in which to evaluate the bank's activities for this assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE LITTLE ROCK ASSESSMENT AREA

LENDING TEST

The bank’s lending activity in the Little Rock assessment area reflects good responsiveness to assessment area credit needs. The overall geographic distribution of loans reflects adequate penetration throughout the assessment area, including LMI geographies. Further, the overall distribution of loans by borrower’s profile reflects adequate penetration among borrowers of different income levels and businesses of different revenue sizes. Finally, Summit Bank makes a relatively high level of community development loans in the Little Rock assessment area.

Lending Activity

For the products reviewed, the following table displays the bank’s 2010 lending volume in this assessment area by number and dollar volume.

Summary of Lending Activity				
Loan Type	#	%	\$(000s)	%
Home Purchase	163	37.2%	\$23,599	40.4%
Refinancing	124	28.3%	\$19,519	33.4%
Home Improvement	13	3.0%	\$520	0.9%
Multifamily	2	0.5%	\$816	1.4%
Total HMDA related	302	68.9%	\$44,454	76.0%
Small Business	133	30.4%	\$13,305	22.8%
Small Farm	3	0.7%	\$699	1.2%
TOTAL LOANS	438	100%	\$58,458	100%

The bank’s lending activity in the Little Rock assessment area represents 37.5 percent of total HMDA and CRA loans made within the bank’s combined assessment areas. This level of HMDA and CRA activity is higher than the bank’s branch network in this assessment area, representing 31.8 percent of total bank branches. Additionally, the percentage of loans originated in this assessment is significantly higher than the area’s proportion of total deposit holdings of 17.8 percent. The bank’s operation of one LPO increases its lending performance in the Little Rock assessment area. In light of these factors, the bank’s lending activity in the assessment area reflects good responsiveness to assessment area credit needs.

Geographic Distribution of Loans

As noted in the *Description Of Institution’s Operations in the Little Rock, Arkansas Assessment Area* section, this assessment area includes seven low- and 30 moderate-income census tracts, representing a combined 29.6 percent of all assessment area census tracts. Overall, the bank’s geographic distribution of loans in this assessment area reflects adequate penetration throughout these LMI census tracts. The following table displays the geographic distribution of the bank’s 2010 HMDA loans in comparison to owner-occupied housing demographics for the assessment area.

Distribution of Loans Inside Assessment Area by Income Level of Geography						
Dataset	Geography Income Level					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
Home Purchase	2 1.2%	4 2.5%	91 55.8%	66 40.5%	0 0.0%	163 100%
Refinance	0 0.0%	2 1.6%	57 46.0%	65 52.4%	0 0.0%	124 100%
Home Improvement	0 0.0%	4 30.8%	8 61.5%	1 7.7%	0 0.0%	13 100%
Multifamily	0 0.0%	0 0.0%	2 100.0%	0 0.0%	0 0.0%	2 100%
TOTAL LOANS	2 0.7%	10 3.3%	158 52.3%	132 43.7%	0 0.0%	302 100%
Owner-Occupied Housing	1.7%	15.0%	51.1%	32.2%	0.0%	100%

The analysis of the bank’s HMDA lending activity revealed that lending in LMI census tracts is adequate. The bank’s total penetration of low-income census tracts by number of loans (0.7 percent) is less than the percentage of owner-occupied housing units in low-income census tracts (1.7 percent), with the two loans originated in low-income census tracts in the home purchase category. However, the bank’s performance compares more favorably to that of other lenders in the assessment area based on HMDA aggregate data, which indicate that 0.6 percent of aggregate HMDA loans inside this assessment area were made to borrowers residing in low-income geographies.

Bank performance in moderate-income census tracts was below comparison data. The bank’s total penetration of moderate-income census tracts by number of loans (3.3 percent) is below the percentage of owner occupied housing units in moderate-income census tracts (15.0 percent); the bank’s performance by individual HMDA loan type did not approach the demographic comparison figure except in the case of home improvement loans (30.8 percent). The bank’s performance in moderate-income census tracts is also below that of other lenders based on aggregate lending data, which indicate that 5.5 percent of aggregate HMDA loans inside this assessment area were made to borrowers residing in moderate-income census tracts (6.9 percent of home purchase loans, 4.1 percent of refinance loans, 9.7 percent of home improvement loans, and 8.1 percent of multifamily loans). In relation to these performance levels, many of the LMI geographies are new to the bank’s Little Rock assessment area since the previous CRA evaluation. Based on the number of branches in this market and geographic distance to the LMI

geographies in its assessment area, the bank has a competitive disadvantage in reaching these census tracts. Therefore, despite low lending levels, the bank’s geographic distribution of HMDA loans is adequate.

The bank’s geographic distribution of small business loans was also reviewed in comparison to the location of businesses throughout the bank’s assessment area.

Distribution of Loans Inside Assessment Area by Income Level of Geography						
Dataset	Geography Income Level					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
Small Business Loans	6 4.5%	18 13.5%	66 49.6%	43 32.3%	0 0.0%	133 100%
Business Institutions	5.9%	18.3%	47.0%	28.8%	0.0%	100%

The analysis of small business loans reflects adequate penetration throughout the assessment area, including LMI geographies. As shown in the table above, the bank originated 4.5 percent of loans to businesses located in low-income census tracts. This is below the percentage of businesses located in low-income tracts (5.9 percent). However, the bank’s performance is better when compared to 2010 aggregate lending performance in low-income census tracts (5.2 percent). Summit Bank’s performance conclusions in moderate-income tracts are similar. The bank originated 13.5 percent of loans to businesses located in moderate-income census tracts. Although this performance is less than that of both the percentage of businesses located in moderate-income tracts (18.3 percent) and 2010 aggregate lending performance (15.6 percent), the bank faces a competitive disadvantage in serving the LMI geographies in this assessment area. Therefore, the bank’s geographic distribution of small business loans is adequate.

The last loan category reviewed in assessing the bank’s lending penetration within LMI census tracts is small farm loans. However, the bank originated only three small farm loans in this assessment area during 2010. Therefore, this low lending level prevents a meaningful analysis of small farm loans.

In conclusion, based on performance from the loan categories reviewed, the overall geographic distribution analysis revealed that the bank’s lending penetration throughout the assessment area, including LMI census tracts, is adequate.

Loan Distribution by Borrower’s Profile

Overall, the bank’s loan distribution by borrower’s profile is adequate, based on performance from the loan categories reviewed. The following table shows the distribution of HMDA reported loans by borrower income level in comparison to family population demographics.

Distribution of Loans Inside Assessment Area by Income Level of Borrower						
Dataset	Borrower Income Level					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
Home Purchase	12 7.4%	29 17.8%	29 17.8%	74 45.4%	19 11.7%	163 100%
Refinance	2 1.6%	13 10.5%	28 22.6%	69 55.6%	12 9.7%	124 100%
Home Improvement	1 7.7%	1 7.7%	0 0.0%	5 38.5%	6 46.2%	13 100%
Multifamily	0 0.0%	0 0.0%	0 0.0%	0 0.0%	2 100.0%	2 100%
TOTAL LOANS	15 5.0%	43 14.2%	57 18.9%	148 49.0%	39 12.9%	302 100%
Family Population	19.7%	17.8%	22.2%	40.3%	-	100%

The bank’s total percentage of lending to low-income borrowers (5.0 percent) is significantly below the percentage of low-income families within the assessment area (19.7 percent), as is seen with performance by all three HMDA loan types. However, the bank’s lending to low-income borrowers is more similar with that of other lenders in the assessment area based on 2010 aggregate HMDA data, which indicate that 6.3 percent of aggregate HMDA loans inside this assessment area were made to low-income borrowers. Bank performance to moderate-income borrowers shows improvement, as the bank’s total lending figure is 14.2 percent driven primarily by good performance in the home purchase loan category. While this lending performance is below that of both the number of families in the assessment area (17.8 percent), as well as the aggregate performance of lenders in the assessment area (16.4 percent), overall performance is still adequate.

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 small business loans by loan amount and business revenue size.

Lending Distribution by Business Revenue Level				
Gross Revenue	Loan Amounts in \$000s			TOTAL
	≤\$100	>\$100 ≤\$250	>\$250 ≤\$1,000	
\$1 Million or Less	67	13	7	87
	50.4%	9.8%	5.3%	65.4%
Greater Than \$1 Million	29	9	2	40
	21.8%	6.8%	1.5%	30.1%
Unknown/NA	2	1	3	6
	1.5%	0.8%	2.3%	4.5%
TOTAL	98	23	12	133
	73.7%	17.3%	9.0%	100%

Summit Bank’s level of lending to small businesses is good. The bank originated 65.4 percent of small business loans to businesses with revenues of \$1 million or less. This performance is below the Dun & Bradstreet estimate of small businesses in the assessment area (88.6 percent); however, it is above the 2010 aggregate lending level to small businesses (58.0 percent). This performance is particularly good in light of the number of competitors in the Little Rock assessment area. As mentioned previously, Summit Bank is one of 34 financial institutions in the assessment area.

The last loan category reviewed in assessing the bank’s lending penetration under the borrower’s profile is small farm loans. However, as mentioned above, the bank originated only three small farm loans in this assessment area during 2010. Therefore, this low lending level precludes a meaningful analysis of this product type.

In summary, based upon the loan categories reviewed, Summit Bank’s overall performance by borrower’s profile within the Little Rock assessment area is adequate.

Community Development Lending Activities

Summit Bank makes a relatively high level of community development loans to the benefit of the Little Rock assessment area. During the review period, the bank originated or renewed \$5.4 million in community development loans to seven different borrowers. A total of 17 loans of \$2.3 million to three different borrowers were in support of one neighborhood revitalization plan. The loans were for construction of affordable housing targeted to LMI individuals. One loan of \$1.5 million was originated to an educational institution in a moderate-income tract in need of revitalization and stabilization. Additionally, three loans totaling \$1.6 million to three different borrowers were originated for the purpose of affordable housing, including one nursing home facility and several apartment complexes benefitting LMI residents.

INVESTMENT TEST

Summit Bank makes an excellent level of qualified community development investments and grants within the Little Rock assessment area. Additionally, the bank makes significant use of available innovative/complex investments to help support community development initiatives. This level of community development investment performance exhibits excellent responsiveness to credit and community development needs in the assessment area.

Investment and Grant Activity

During the review period, the bank had a total of 21 qualified investments totaling \$12.7 million benefitting this assessment area, which represents excellent performance. Many of these investments are in school bond programs throughout the assessment area (10 investments totaling \$6.4 million). Seven investments of a combined \$4.0 million provided funding to a children's hospital for the benefit of LMI individuals. Lastly, the bank invested \$2.0 million for organizations offering affordable housing.

Additionally, Summit Bank made a significant level of qualified community development grants and donations within the assessment area. The bank made qualified donations of \$35,500 to many organizations throughout the assessment area during this review period. Among the qualifying donations are contributions to organizations targeting community development initiatives in LMI areas or to LMI individuals for economic development, financial literacy, health services, youth services, food pantries, and medical assistance. Overall, Summit Bank makes an excellent level of qualified community development investments and grants within this assessment area.

Responsiveness to Credit and Community Development Needs

Based on the bank's community development investment performance as largely detailed in the previous section, the bank exhibits excellent responsiveness to credit and community development needs in the Little Rock assessment area.

SERVICE TEST

Summit Bank's service delivery systems are reasonably accessible in the Little Rock assessment area, and the bank's record of opening and closing branch offices has generally not adversely affected accessibility of its delivery systems, particularly to LMI geographies and/or LMI individuals. Reasonableness of business hours and services do not vary in a way that inconveniences certain portions of this assessment area, particularly LMI geographies and/or LMI individuals. Finally, Summit Bank provides a relatively high level of community development services within this assessment area.

Accessibility of Delivery Systems

Summit Bank operates seven branch facilities with cash dispensing-only ATMs and one LPO within the Little Rock assessment area. The following table illustrates the location of the bank's facilities by income level of the geography.

Distribution of Facilities Inside Assessment Area by Income Level of Geography					
Dataset	Geography Income Level				TOTAL
	Low-	Moderate-	Middle-	Upper-	
Branches	0 0.0%	0 0.0%	5 71.4%	2 28.6%	7 100%
LPOs	0 0.0%	0 0.0%	0 0.0%	1 100.0%	1 100%
ATMs	0 0.0%	0 0.0%	5 71.4%	2 28.6%	7 100%
TOTAL	0 0.0%	0 0.0%	10 66.7%	5 33.3%	15 100%
Census Tracts	5.6%	24.0%	48.8%	21.6%	100%
Household Population	3.3%	19.1%	49.4%	28.2%	100%

Although Summit Bank does not operate any facilities in LMI census tracts, there are branches, one in Little Rock and one in Conway, that are reasonably close to LMI census tracts. The percent of LMI census tracts and household population residing LMI geographies is 29.6 percent and 22.4 percent, respectively. As previously stated, inclusion of many of the LMI census tracts in the bank’s assessment area is new since the previous evaluation and many competitors serve these areas. Consequently, overall delivery service systems are reasonably accessible across the Little Rock assessment area.

Changes in Branch Locations

The bank’s record of opening and closing branches in this assessment area has generally not adversely affected the accessibility of delivery systems, particularly to LMI geographies and/or LMI individuals. The bank opened one branch office in a middle-income census tract and one LPO in an upper-income census tract during the evaluation period.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Reasonableness of business hours and services do not vary in a way that inconveniences certain portions of this assessment area, particularly LMI geographies and/or LMI individuals, as business hours and services are relatively consistent across all branches in this assessment area.

Community Development Services

Summit Bank provides a relatively high level of community development services in the Little Rock assessment area. Many bank employees provide financial expertise on an ongoing basis to qualifying community development organizations. These organizations promote financial education, affordable housing, economic development, or social services such as: child care, health care, job training, and homeless shelters. During the evaluation period, the bank provided

22 community development services to 20 different organizations. Bank personnel are especially active in promoting economic development in local communities and presenting information to first-time home buyers in support of affordable housing initiatives targeted to LMI individuals.

NONMETROPOLITAN ARKANSAS STATEWIDE AREA

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

Bank Structure

Summit Bank's branch network in this assessment area consists of eight branches, each with a cash dispensing-only ATM. The branches are dispersed evenly among the four counties that make up this assessment area. The bank's main office is located in Arkadelphia in Clark County, along with an additional branch in Arkadelphia. Two branches are located in each of the following Arkansas cities: Magnolia (Columbia County), Hope (Hempstead County), and Malvern (Hot Spring County). No branches have opened or closed in this assessment area since the previous evaluation. According to the FDIC's "Deposit Market Share Report" as of June 30, 2011, Summit Bank ranks second of 12 financial institutions in terms of deposit market share, encompassing 21.5 percent of the total deposits of institutions with a branch presence in the assessment area. Based on this branch network and other service delivery systems such as extended banking hours of operation and full-service on-line banking capabilities, the bank is well positioned to deliver financial services to its entire assessment area, particularly to the moderate-income geographies and the three counties with distressed middle-income census tracts.

General Demographics

The bank's nonMSA Arkansas assessment area, which had a population of 103,089, is located in Southwestern Arkansas. This assessment area is primarily rural, as the population and income demographic is largely homogenous throughout the assessment area. Of the four counties in this assessment area, Hot Spring has the largest population, at 30,353. As the demographics of this assessment area cover a wide geographic area, credit needs include a standard blend of consumer and business loan products.

Income and Wealth Demographics

As previously noted, the bank's assessment area consists of Clark County, Columbia County, Hempstead County, and Hot Spring County, in their entirety. The following table reflects the number and population of the census tracts within the assessment area in each income category.

Assessment Area Demographics by Geography Income Level						
Dataset	Low-	Moderate-	Middle-	Upper-	Unknown	TOTAL
Census Tracts	0 0.0%	2 9.5%	16 76.2%	3 14.3%	0 0.0%	21 100%
Family Population	0 0.0%	2,205 7.9%	21,428 76.6%	4,328 15.5%	0 0.0%	27,961 100%

The previous table reveals that the majority of assessment area census tracts are considered to be middle-income, and nearly an equal percentage of the population resides in these middle-income geographies. The two moderate-income geographies are located in the cities of Hope and Magnolia. Additionally, all middle-income census tracts in three of the four counties (Clark, Columbia, and Hempstead) are considered “distressed” for high poverty levels.

Based upon 2000 census data, the median family income for the assessment area was \$36,266. At the same time, the statewide nonMSA median family income was \$34,263. More recently, HUD estimates the 2011 Arkansas nonMSA median family income to be \$43,300, representing a 26.4 percent increase from 2000. The following table displays population percentages of assessment area families by income level, compared to the state-wide nonMSA family population as a whole.

Family Population by Income Level						
Dataset	Low-	Moderate-	Middle-	Upper-	Unknown	TOTAL
Assessment Area	5,469 19.6%	4,515 16.1%	5,871 21.0%	12,106 43.3%	0 0.0%	27,961 100%
NonMSA Arkansas	66,236 20.4%	58,047 17.9%	70,642 21.8%	129,307 39.9%	0 0.0%	324,232 100%

Based on the data in the preceding table, the assessment area dispersion of income is generally similar to that of nonMSA Arkansas, with only a slightly higher percent of the population designated as upper-income. Although the first table in this section indicated that the vast majority of the assessment area families lived in middle-income census tracts, this table reveals that a significant portion of assessment area families (35.7 percent) are considered LMI. This LMI family population figure is below that of the nonMSA figure, 38.3 percent. Lastly, the level of assessment area families living below the poverty level, 13.6 percent, is below that of all nonMSA Arkansas families, 14.0 percent.

Housing Demographics

Based upon housing values, income levels, and rental costs, the affordability of housing in the assessment area appears to be slightly more affordable than that of the statewide nonMSA area.

The median housing value for the assessment area is \$54,308, which is below the nonMSA figure of \$55,810. Similarly, housing appears to be relatively affordable considering income levels. The assessment area housing affordability ratio of 54.0 percent is higher than that of the nonMSA figure of 50.0 percent. Lastly, the median gross rent for the assessment area of \$395 per month is only slightly more expensive than \$389 per month for the statewide nonMSA. Therefore, housing appears to be within reach of the population.

Industry and Employment Demographics

In terms of prevalent industries, the assessment area economy is diverse and is supported by a mixture of manufacturing and service-oriented sectors. By number of paid employees in the assessment area, manufacturing plays the lead role (5,929), followed by health care and social assistance (3,812), and retail trade (3,252). Further, estimates from Dun & Bradstreet indicate there are 4,623 businesses in the assessment area (91.0 percent with gross annual revenues of \$1 million or less) and 207 farms (97.1 percent with gross annual revenues of \$1 million or less).

Both the assessment area and the state of Arkansas have followed a generally downward trajectory in unemployment since 2010, with the exception of Clark County. As seen in the following table, most of the assessment area has experienced higher unemployment rates than the state of Arkansas.

Unemployment Rates		
	November 2011	2010 Average
Clark County	9.6	8.1
Columbia County	7.7	9.4
Hempstead County	7.6	9.2
Hot Spring County	6.5	7.7
Assessment Area	7.9	8.6
State of Arkansas	7.2	7.9

Community Contact Information

As a part of this CRA evaluation, one community contact interview was conducted with two individuals in the nonMSA Arkansas assessment area in order to obtain additional assessment area background, including information relating to credit needs, community development opportunities, and the local economy. The interview was conducted with individuals specializing in affordable housing. The community contact interviewees described the local area as stagnant. The contacts mentioned there are no large employers that have left the area and there hasn't been a recent dramatic shift in employment. However, there are needs for affordable housing and financial literacy, both of which could be served by local financial institutions. Overall, this community contact information helped form the performance context in which to evaluate the bank's activities for this assessment area.

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

LENDING TEST

The bank’s lending activity in the nonMSA Arkansas assessment area reflects adequate responsiveness to assessment area credit needs. The overall geographic distribution of loans reflects adequate penetration throughout the assessment area, including LMI geographies. Further, the overall distribution of loans by borrower’s profile reflects adequate penetration among borrowers of different income levels and businesses and farms of different revenue sizes. Finally, Summit Bank is a leader in making community development loans.

Lending Activity

For the products reviewed, the following table displays the bank’s 2010 lending volume in this assessment area by number and dollar volume:

Summary of Lending Activity				
Loan Type	#	%	\$(000s)	%
Home Purchase	78	23.1%	\$7,074	22.5%
Refinancing	87	25.8%	\$8,613	27.4%
Home Improvement	15	4.5%	\$477	1.5%
Multifamily	1	0.3%	\$4,600	14.6%
Total HMDA related	181	53.7%	\$20,764	66.0%
Small Business	119	35.3%	\$7,594	24.1%
Small Farm	37	11.0%	\$3,099	9.9%
TOTAL LOANS	337	100%	\$31,457	100%

The bank’s 2010 lending activity in the nonMSA Arkansas assessment area represents 28.9 percent of total HMDA and CRA loans made within the bank’s combined assessment areas. This level of HMDA and CRA activity is lower than the bank’s branch network in this assessment area, representing 36.4 percent of total bank branches. Additionally, the percentage of loans originated in this assessment area is significantly lower than the area’s proportion of total deposit holdings of 46.1 percent. On a comparative basis, there are fewer opportunities for investment in this assessment area than in both metropolitan assessment areas. In light of these factors, the bank’s lending activity in the assessment area reflects adequate responsiveness to assessment area credit needs.

Geographic Distribution of Loans

As noted in the *Description of Institution’s Operations in the Nonmetropolitan Arkansas Assessment Area* section, this assessment area includes only two moderate-income census tracts, representing 9.5 percent of all assessment area census tracts. Overall, the bank’s geographic distribution of loans in this assessment area reflects adequate penetration throughout these

moderate-income census tracts. The following table displays the geographic distribution of the bank's 2010 HMDA loans in comparison to owner-occupied housing demographics for the assessment area.

Distribution of Loans Inside Assessment Area by Income Level of Geography						
Dataset	Geography Income Level					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
Home Purchase	0 0.0%	4 5.1%	58 74.4%	16 20.5%	0 0.0%	78 100%
Refinance	0 0.0%	1 1.1%	59 67.8%	27 31.0%	0 0.0%	87 100%
Home Improvement	0 0.0%	1 6.7%	11 73.3%	3 20.0%	0 0.0%	15 100%
Multifamily	0 0.0%	0 0.0%	0 0.0%	1 100.0%	0 0.0%	1 100%
TOTAL LOANS	0 0.0%	6 3.3%	128 70.7%	47 26.0%	0 0.0%	181 100%
Owner-Occupied Housing	0.0%	5.9%	78.8%	15.3%	0.0%	100%

The analysis of the bank's HMDA lending activity revealed that lending in moderate-income census tracts is adequate. The bank's total penetration of moderate-income census tracts by number of loans (3.3 percent) is less than the percentage of owner-occupied housing units in low-income census tracts (5.9 percent). Home purchase loans (5.1 percent) and home improvement loans (6.7 percent) individually compare favorably to the demographic. Additionally, the bank's performance is also below that of other lenders in the assessment area based on 2010 HMDA aggregate data, which indicate that 5.0 percent of aggregate HMDA loans inside this assessment area were made to borrowers residing in moderate-income geographies (5.5 percent home purchase loans, 3.8 percent refinance loans, and 7.8 percent home improvement loans). Furthermore, the majority of the bank's lending occurs in the 16 geographies classified as middle-income, nine of these geographies are classified as distressed for high poverty levels. Finally, lending data from year-to-date 2011 indicate that LMI penetration in LMI tracts improved to 4.3 percent. In light of these facts, the bank's geographic distribution of HMDA loans is adequate.

Next, the bank's geographic distribution of small business loans was reviewed in comparison to the location of businesses throughout the bank's assessment area.

Distribution of Loans Inside Assessment Area by Income Level of Geography						
Dataset	Geography Income Level					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
Small Business Loans	0 0.0%	5 4.2%	87 73.1%	27 22.7%	0 0.0%	119 100%
Business Institutions	0.0%	12.4%	70.3%	17.2%	0.0%	100%

As shown in the table above, the bank originated 4.2 percent of loans to businesses located in moderate-income census tracts. This is well below the percentage of businesses located in moderate-income tracts (12.4 percent). The bank’s performance is also well below the 2010 aggregate lending performance in moderate-income census tracts (11.3 percent). Therefore, the bank’s geographic distribution of small business loans is poor.

The last loan category reviewed in assessing the bank’s lending penetration within moderate-income census tracts is small farm loans.

Distribution of Loans Inside Assessment Area by Income Level of Geography						
Dataset	Geography Income Level					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
Small Farm Loans	0 0.0%	0 0.0%	31 83.8%	6 16.2%	0 0.0%	37 100%
Agricultural Operations	0.0%	2.8%	86.3%	10.9%	0.0%	100%

The bank originated no small farm loans in moderate-income geographies. However, the percent of agricultural operations in these moderate-income census tracts is 2.8 percent, and aggregate data reveals that lenders originated only 1.8 percent of small farm loans in these geographies. As stated previously, the two moderate-income geographies are located within the cities of Hope and Magnolia with few agricultural opportunities in these cities. Therefore, the bank’s geographic distribution of small farm loans is adequate.

In conclusion, based on performance from the three loan categories reviewed, the overall geographic distribution analysis revealed that the bank’s lending penetration throughout the assessment area, including moderate-income census tracts is adequate.

Loan Distribution by Borrower’s Profile

Overall, the bank’s loan distribution by borrower’s profile is adequate, based on performance from the three loan categories reviewed. The following table shows the distribution of HMDA reported loans by borrower income level in comparison to family population demographics.

Distribution of Loans Inside Assessment Area by Income Level of Borrower						
Dataset	Borrower Income Level					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
Home Purchase	2	6	14	50	6	78
	2.6%	7.7%	17.9%	64.1%	7.7%	100%
Refinance	2	9	11	55	10	87
	2.3%	10.3%	12.6%	63.2%	11.5%	100%
Home Improvement	3	4	1	6	1	15
	20.0%	26.7%	6.7%	40.0%	6.7%	100%
Multifamily	0	0	0	0	1	1
	0.0%	0.0%	0.0%	0.0%	100.0%	100%
TOTAL LOANS	7	19	26	111	18	181
	3.9%	10.5%	14.4%	61.3%	9.9%	100%
Family Population	19.6%	16.1%	21.0%	43.3%	-	100%

The bank's total percentage of lending to low-income borrowers (3.9 percent) is significantly below the percentage of low-income families within the assessment area (19.6 percent), as is seen with performance by all HMDA loan types, excepting home improvement loans (20.0 percent). The bank's lending to low-income borrowers is more similar with that of other lenders in the assessment area based on 2010 aggregate HMDA data, which indicate that 5.1 percent of aggregate HMDA loans inside this assessment area were made to low-income borrowers. Bank performance to moderate-income borrowers is similar, as the bank's total lending figure is 10.5 percent driven again by good performance in the home improvement loan category (26.7 percent). This lending performance is below that of both the percentage of families in the assessment area (16.1 percent) and similar to the aggregate performance of lenders in the assessment area (12.9 percent). Therefore, overall performance of HMDA borrower distribution is still adequate.

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 small business loans by loan amount and business revenue size.

Lending Distribution by Business Revenue Level				
Gross Revenue	Loan Amounts in \$000s			TOTAL
	≤\$100	>\$100≤\$250	>\$250 ≤\$1,000	
\$1 Million or Less	80	6	2	88
	67.2%	5.0%	1.7%	73.9%
Greater Than \$1 Million	19	2	4	25
	16.0%	1.7%	3.4%	21.0%
Unknown/NA	6	0	0	6
	5.0%	0.0%	0.0%	5.0%
TOTAL	105	8	6	119
	88.2%	6.7%	5.0%	100%

Summit Bank’s level of lending to small businesses is adequate. The bank originated 73.9 percent of small business loans to businesses with revenues of \$1 million or less. This performance is below the Dun & Bradstreet estimate of small businesses in the assessment area (91.1 percent); however, it is on par with the 2010 aggregate lending level to small businesses (73.8 percent).

Lastly, the level of lending to farms of different sizes was analyzed. The following table shows the distribution of small farm loans by loan amount and agricultural institution revenue size.

Lending Distribution by Farm Revenue Level				
Gross Revenue	Loan Amounts in \$000s			TOTAL
	≤\$100	>\$100≤\$250	>\$250 ≤\$1,000	
\$1 Million or Less	23	7	3	33
	62.2%	18.9%	8.1%	89.2%
Greater Than \$1 Million	3	0	0	3
	8.1%	0.0%	0.0%	8.1%
Unknown/NA	1	0	0	1
	2.7%	0.0%	0.0%	2.7%
TOTAL	27	7	3	37
	73.0%	18.9%	8.1%	100%

The bank's lending performance to small farms of different sizes is adequate. In 2010, the bank originated 89.2 percent of small farm loans to farms with revenues of \$1 million or less. Furthermore, 62.2 percent of its loans are to small farms with origination amounts less than \$100 thousand, which further signifies the bank's commitment to making financing possible for small farms. Although the bank's performance is less than both the number of farms according to Dun & Bradstreet data as well as the aggregate performance, at 97.2 percent and 93.9 percent, respectively, this borrower distribution is still deemed adequate.

In summary, based upon the three loan categories reviewed, Summit Bank's overall performance by borrower's profile within the nonMSA Arkansas assessment area is adequate.

Community Development Lending Activities

Summit Bank is a leader in making community development loans benefitting the nonMSA Arkansas assessment area. During the review period, the bank originated or renewed \$6.4 million in community development loans to four different borrowers. Three loans to two different borrowers for a total of \$6.1 million were in support of assisted living facilities targeted to LMI individuals. Additionally, a loan was originated to revitalize and stabilize a city that is comprised of moderate-income and distressed middle-income census tracts. The final loan was originated in support of economic development with the specific purpose of job creation and retention targeted to LMI individuals.

INVESTMENT TEST

Summit Bank makes an excellent level of qualified community development investments and grants within the Little Rock assessment area. Additionally, the bank makes significant use of available innovative/complex investments to help support community development initiatives. This level of community development investment performance exhibits excellent responsiveness to credit and community development needs in the assessment area.

Investment and Grant Activity

During the review period, the bank had a total of 18 qualified investments totaling \$4.3 million benefitting this assessment area. Most of these investments are in school bond programs throughout the assessment area (17 investments totaling \$4.1 million). One additional investment of \$219,500 provided funding for an affordable housing apartment complex.

Additionally, Summit Bank made an excellent level of qualified community development grants and donations within the assessment area. The bank made qualified donations of \$61,100 to many organizations throughout the assessment area during this review period. Among the qualifying donations are contributions to organizations targeting community development initiatives in LMI areas or to LMI individuals for economic development, jobs and housing for the disadvantaged, financial literacy, health services, youth services, food pantries, and medical assistance.

Responsiveness to Credit and Community Development Needs

Based on the bank’s community development investment performance as largely detailed in the previous section, the bank exhibits excellent responsiveness to credit and community development needs in the nonMSA Arkansas assessment area.

SERVICE TEST

Summit Bank’s service delivery systems are readily accessible in the nonMSA Arkansas assessment area, and the bank’s record of opening and closing branch offices has not adversely affected accessibility of its delivery systems, particularly to LMI geographies and/or LMI individuals. Reasonableness of business hours and services do not vary in a way that inconveniences certain portions of this assessment area, particularly LMI geographies and/or LMI individuals. Finally, Summit Bank is a leader in providing community development services within this assessment area.

Accessibility of Delivery Systems

Summit Bank operates eight branch facilities with cash dispensing-only ATMs within the nonMSA Arkansas assessment area. The following table illustrates the location of the bank’s facilities by income level of the geography.

Distribution of Facilities Inside Assessment Area by Income Level of Geography					
Dataset	Geography Income Level				TOTAL
	Low-	Moderate-	Middle-	Upper-	
Branches	0 0.0%	3 37.5%	4 50.0%	1 12.5%	8 100%
ATMs	0 0.0%	3 37.5%	4 50.0%	1 12.5%	8 100%
TOTAL	0 0.0%	6 37.5%	8 50.0%	2 12.5%	16 100%
Census Tracts	0.0%	9.5%	76.2%	14.3%	100%
Household Population	0.0%	8.7%	74.3%	17.0%	100%

As illustrated in the above table, Summit Bank operates three branches with ATMs within moderate-income census tracts. In comparison, the percent of moderate-income census tracts and household population residing in moderate-income geographies is 9.5 percent and 8.7 percent, respectively. The remaining branches and ATMs are dispersed representatively among the assessment area geographies. Due to the bank’s presence in reaching moderate-income geographies, delivery service systems are considered readily accessible across the nonMSA Arkansas assessment area.

Changes in Branch Locations

The bank's record of opening and closing branches in this assessment area has not adversely affected the accessibility of delivery systems, particularly to LMI geographies and/or LMI individuals. The bank has not opened or closed any branches in the nonMSA Arkansas assessment area during the evaluation period.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Reasonableness of business hours and services do not vary in a way that inconveniences certain portions of this assessment area, particularly LMI geographies and/or LMI individuals, as business hours and services are relatively consistent across all branches in this assessment area. All bank offices operate from at least the hours of 8:30 a.m. until 5 p.m., Monday through Friday, with several offering extended drive-thru hours on Friday and Saturdays, including two branches in moderate-income geographies.

Community Development Services

Summit Bank is a leader in providing community development services in the nonMSA Arkansas assessment area, which provides significant support for the bank's overall rating under the Service Test. Many bank employees provide financial expertise on an ongoing basis to qualifying community development organizations. These organizations promote financial education, affordable housing, economic development, or social services such as: child care, health care, job training, and homeless shelters. During the evaluation period, the bank provided 47 community development services to 37 different organizations. Bank personnel are especially active in promoting economic development in local communities and presenting information to first-time home buyers in support of affordable housing initiatives targeted to LMI individuals.

SCOPE OF EXAMINATION TABLES

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	January 1, 2010, to September 30, 2011 (HMDA, Small Business, and Small Farm)		
	January 4, 2010, to January 9, 2012 (Community Development Lending, Investment, and Service Activities)		
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
Summit Bank Arkadelphia, Arkansas			HMDA Small Business Small Farm
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
Not applicable			

Assessment Area	MSA	# of Offices	% of Offices	Offices Visited	CRA Review Procedures
Hot Springs, Arkansas	Yes	7	31.8%	-	Full Scope
Little Rock, Arkansas	Yes	7	31.8%	-	Full Scope
NonMSA Arkansas	No	8	36.4%	2	Full Scope
TOTAL	N/A	22	100%	2	N/A

**2011 YEAR TO DATE LENDING PERFORMANCE TABLES FOR
ALL ASSESSMENT AREAS**

Hot Springs Assessment Area

Summary of Lending Activity				
Loan Type	#	%	\$(000s)	%
Home Purchase	91	42.7%	\$14,285	39.3%
Refinancing	52	24.4%	\$8,976	24.7%
Home Improvement	4	1.9%	\$267	0.7%
Multifamily	2	0.9%	\$880	2.4%
Total HMDA related	149	70.0%	\$24,408	67.2%
Small Business	63	29.6%	\$11,912	32.8%
Small Farm	1	0.5%	\$11	0.0%
TOTAL LOANS	213	100%	\$36,331	100%

Distribution of Loans Inside Assessment Area by Income Level of Geography						
Dataset	Geography Income Level					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
Home Purchase	0 0.0%	4 4.4%	60 65.9%	27 29.7%	0 0.0%	91 100%
Refinance	0 0.0%	2 3.8%	29 55.8%	21 40.4%	0 0.0%	52 100%
Home Improvement	0 0.0%	0 0.0%	4 100.0%	0 0.0%	0 0.0%	4 100%
Multifamily	0 0.0%	0 0.0%	1 50.0%	1 50.0%	0 0.0%	2 100%
TOTAL LOANS	0 0.0%	6 4.0%	94 63.1%	49 32.9%	0 0.0%	149 100%
Owner-Occupied Housing	0.0%	15.1%	71.4%	13.5%	0.0%	100%

Distribution of Loans Inside Assessment Area by Income Level of Geography						
Dataset	Geography Income Level					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
Small Business Loans	0 0.0%	19 30.2%	34 54.0%	10 15.9%	0 0.0%	63 100%
Business Institutions	0.0%	27.5%	59.7%	12.7%	0.0%	100%

Distribution of Loans Inside Assessment Area by Income Level of Borrower						
Dataset	Borrower Income Level					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
Home Purchase	5	16	15	53	2	91
	5.5%	17.6%	16.5%	58.2%	2.2%	100%
Refinance	4	7	6	28	7	52
	7.7%	13.5%	11.5%	53.8%	13.5%	100%
Home Improvement	0	1	2	1	0	4
	0.0%	25.0%	50.0%	25.0%	0.0%	100%
Multifamily	0	0	0	0	2	2
	0.0%	0.0%	0.0%	0.0%	100.0%	100%
TOTAL LOANS	9	24	23	82	11	149
	6.0%	16.1%	15.4%	55.0%	7.4%	100%
Family Population	19.0%	18.1%	23.1%	39.9%	-	100%

Lending Distribution by Business Revenue Level				
Gross Revenue	Loan Amounts in \$000s			TOTAL
	≤\$100	>\$100 ≤\$250	>\$250 ≤\$1,000	
\$1 Million or Less	34	11	6	51
	54.0%	17.5%	9.5%	81.0%
Greater Than \$1 Million	1	1	5	7
	1.6%	1.6%	7.9%	11.1%
Unknown/NA	3	1	1	5
	4.8%	1.6%	1.6%	7.9%
TOTAL	38	13	12	63
	60.3%	20.6%	19.0%	100%

Little Rock Assessment Area

Summary of Lending Activity				
Loan Type	#	%	\$(000s)	%
Home Purchase	88	32.4%	\$14,866	36.6%
Refinancing	64	23.5%	\$9,714	23.9%
Home Improvement	3	1.1%	\$154	0.4%
Multifamily	3	1.1%	\$4,795	11.8%
Total HMDA related	158	58.1%	\$29,529	72.6%
Small Business	112	41.2%	\$10,856	26.7%
Small Farm	2	0.7%	\$265	0.7%
TOTAL LOANS	272	100%	\$40,650	100%

Distribution of Loans Inside Assessment Area by Income Level of Geography						
Dataset	Geography Income Level					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
Home Purchase	0 0.0%	1 1.1%	57 64.8%	30 34.1%	0 0.0%	88 100%
Refinance	0 0.0%	4 6.3%	33 51.6%	27 42.2%	0 0.0%	64 100%
Home Improvement	0 0.0%	0 0.0%	2 66.7%	1 33.3%	0 0.0%	3 100%
Multifamily	0 0.0%	1 33.3%	2 66.7%	0 0.0%	0 0.0%	3 100%
TOTAL LOANS	0 0.0%	6 3.8%	94 59.5%	58 36.7%	0 0.0%	158 100%
Owner-Occupied Housing	1.7%	15.0%	51.1%	32.2%	0.0%	100%

Distribution of Loans Inside Assessment Area by Income Level of Geography						
Dataset	Geography Income Level					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
Small Business Loans	1 0.9%	17 15.2%	64 57.1%	30 26.8%	0 0.0%	112 100.0%
Business Institutions	5.9%	18.3%	47.0%	28.8%	0.0%	100%

Distribution of Loans Inside Assessment Area by Income Level of Borrower						
Dataset	Borrower Income Level					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
Home Purchase	4 4.5%	14 15.9%	21 23.9%	43 48.9%	6 6.8%	88 100%
Refinance	1 1.6%	8 12.5%	12 18.8%	35 54.7%	8 12.5%	64 100%
Home Improvement	0 0.0%	1 33.3%	1 33.3%	1 33.3%	0 0.0%	3 100%
Multifamily	0 0.0%	0 0.0%	0 0.0%	0 0.0%	3 100.0%	3 100%
TOTAL LOANS	5 3.2%	23 14.6%	34 21.5%	79 50.0%	17 10.8%	158 100%
Family Population	19.7%	17.8%	22.2%	40.3%	-	100%

Lending Distribution by Business Revenue Level				
Gross Revenue	Loan Amounts in \$000s			TOTAL
	≤\$100	>\$100 ≤\$250	>\$250 ≤\$1,000	
\$1 Million or Less	60 53.6%	11 9.8%	7 6.3%	78 69.6%
Greater Than \$1 Million	27 24.1%	3 2.7%	2 1.8%	32 28.6%
Unknown/NA	2 1.8%	0 0.0%	0 0.0%	2 1.8%
TOTAL	89 79.5%	14 12.5%	9 8.0%	112 100%

Nonmetropolitan Arkansas Assessment Area

Summary of Lending Activity				
Loan Type	#	%	\$(000s)	%
Home Purchase	57	26.1%	\$4,932	28.8%
Refinancing	28	12.8%	\$2,899	16.9%
Home Improvement	8	3.7%	\$627	3.7%
Multifamily	0	0.0%	\$0	0.0%
Total HMDA related	93	42.7%	\$8,458	49.4%
Small Business	99	45.4%	\$6,256	36.5%
Small Farm	26	11.9%	\$2,417	14.1%
TOTAL LOANS	218	100%	\$17,131	100%

Distribution of Loans Inside Assessment Area by Income Level of Geography						
Dataset	Geography Income Level					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
Home Purchase	0 0.0%	3 5.3%	38 66.7%	16 28.1%	0 0.0%	57 100%
Refinance	0 0.0%	1 3.6%	21 75.0%	6 21.4%	0 0.0%	28 100%
Home Improvement	0 0.0%	0 0.0%	6 75.0%	2 25.0%	0 0.0%	8 100%
Multifamily	0 -	0 -	0 -	0 -	0 -	0 0%
TOTAL LOANS	0 0.0%	4 4.3%	65 69.9%	24 25.8%	0 0.0%	93 100%
Owner-Occupied Housing	0.0%	5.9%	78.8%	15.3%	0.0%	100%

Distribution of Loans Inside Assessment Area by Income Level of Geography						
Dataset	Geography Income Level					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
Small Business Loans	0 0.0%	9 9.1%	73 73.7%	17 17.2%	0 0.0%	99 100.0%
Business Institutions	0.0%	12.4%	70.3%	17.2%	0.0%	100%

Distribution of Loans Inside Assessment Area by Income Level of Geography						
Dataset	Geography Income Level					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
Small Farm Loans	0 0.0%	0 0.0%	21 80.8%	5 19.2%	0 0.0%	26 100%
Agricultural Institutions	0.0%	2.8%	86.3%	10.9%	0.0%	100%

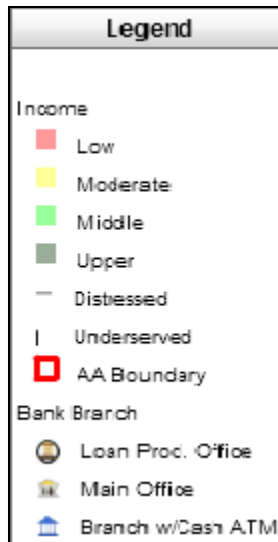
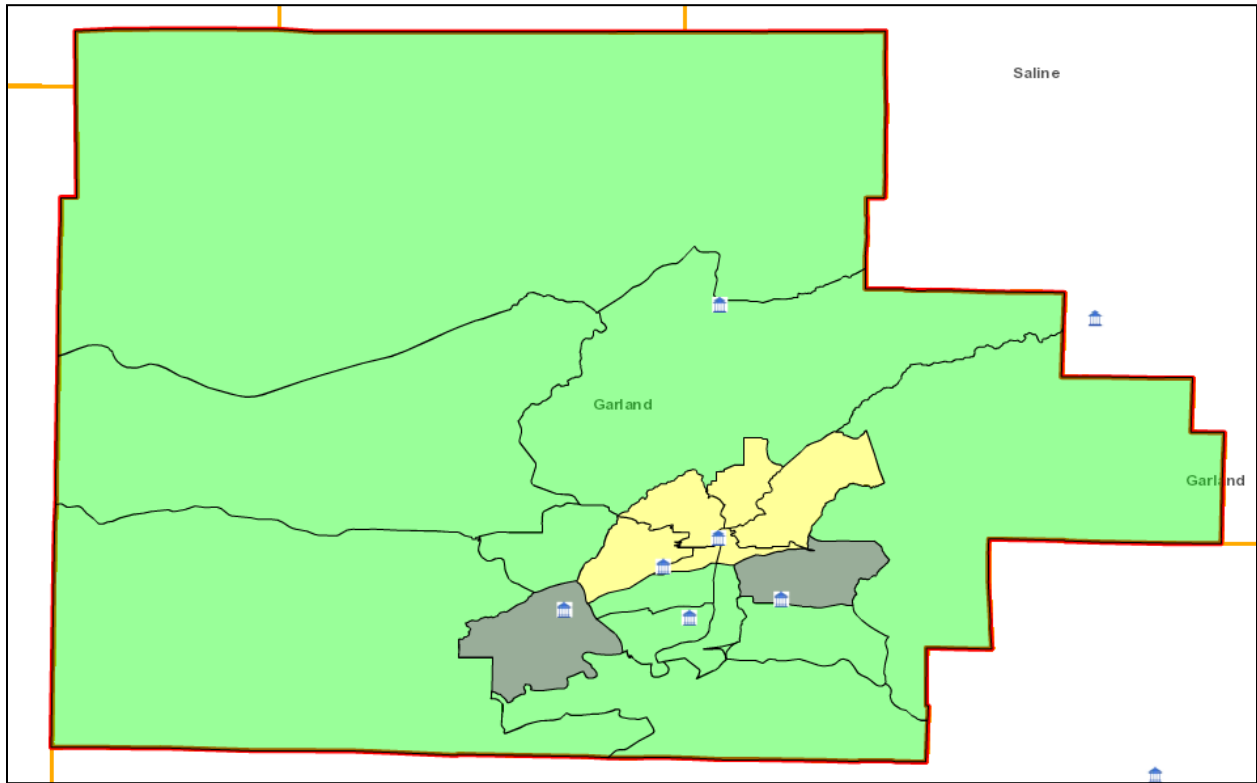
Distribution of Loans Inside Assessment Area by Income Level of Borrower						
Dataset	Borrower Income Level					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
Home Purchase	0 0.0%	5 8.8%	12 21.1%	36 63.2%	4 7.0%	57 100%
Refinance	2 7.1%	1 3.6%	6 21.4%	18 64.3%	1 3.6%	28 100%
Home Improvement	0 0.0%	0 0.0%	1 12.5%	7 87.5%	0 0.0%	8 100%
Multifamily	0 -	0 -	0 -	0 -	0 -	0 0%
TOTAL LOANS	2 2.2%	6 6.5%	19 20.4%	61 65.6%	5 5.4%	93 100%
Family Population	19.6%	16.1%	21.0%	43.3%	-	100%

Lending Distribution by Business Revenue Level				
Gross Revenue	Loan Amounts in \$000s			TOTAL
	≤\$100	>\$100 ≤\$250	>\$250 ≤\$1,000	
\$1 Million or Less	64 64.6%	10 10.1%	1 1.0%	75 75.8%
Greater Than \$1 Million	14 14.1%	2 2.0%	1 1.0%	17 17.2%
Unknown/NA	5 5.1%	1 1.0%	1 1.0%	7 7.1%
TOTAL	83 83.8%	13 13.1%	3 3.0%	99 100%

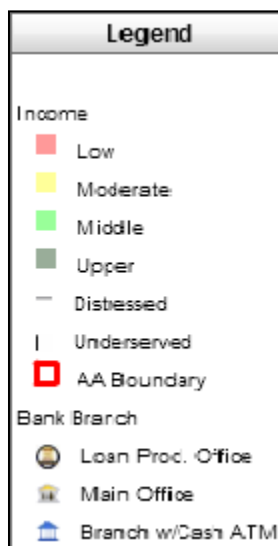
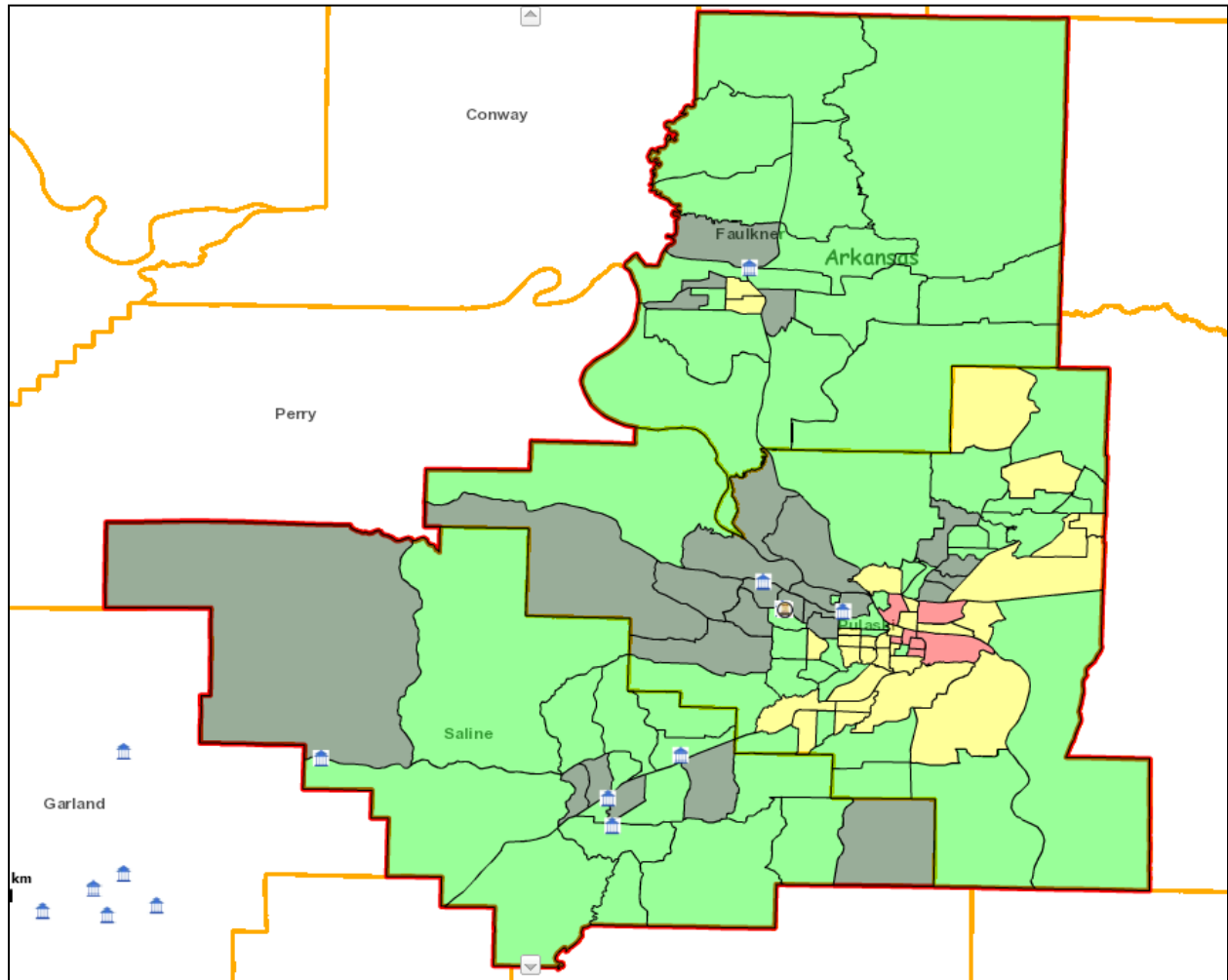
Lending Distribution by Farm Revenue Level				
Gross Revenue	Loan Amounts in \$000s			TOTAL
	≤\$100	>\$100 ≤\$250	>\$250 ≤\$1,000	
\$1 Million or Less	16	4	2	22
	61.5%	15.4%	7.7%	84.6%
Greater Than \$1 Million	1	1	1	3
	3.8%	3.8%	3.8%	11.5%
Unknown/NA	1	0	0	1
	3.8%	0.0%	0.0%	3.8%
TOTAL	18	5	3	26
	69.2%	19.2%	11.5%	100%

ASSESSMENT AREA MAPS

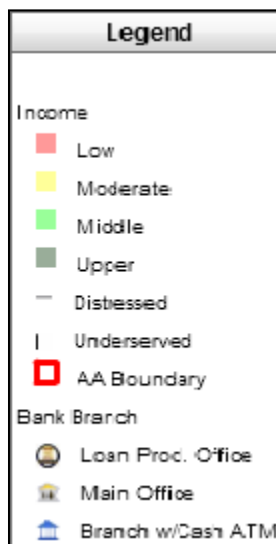
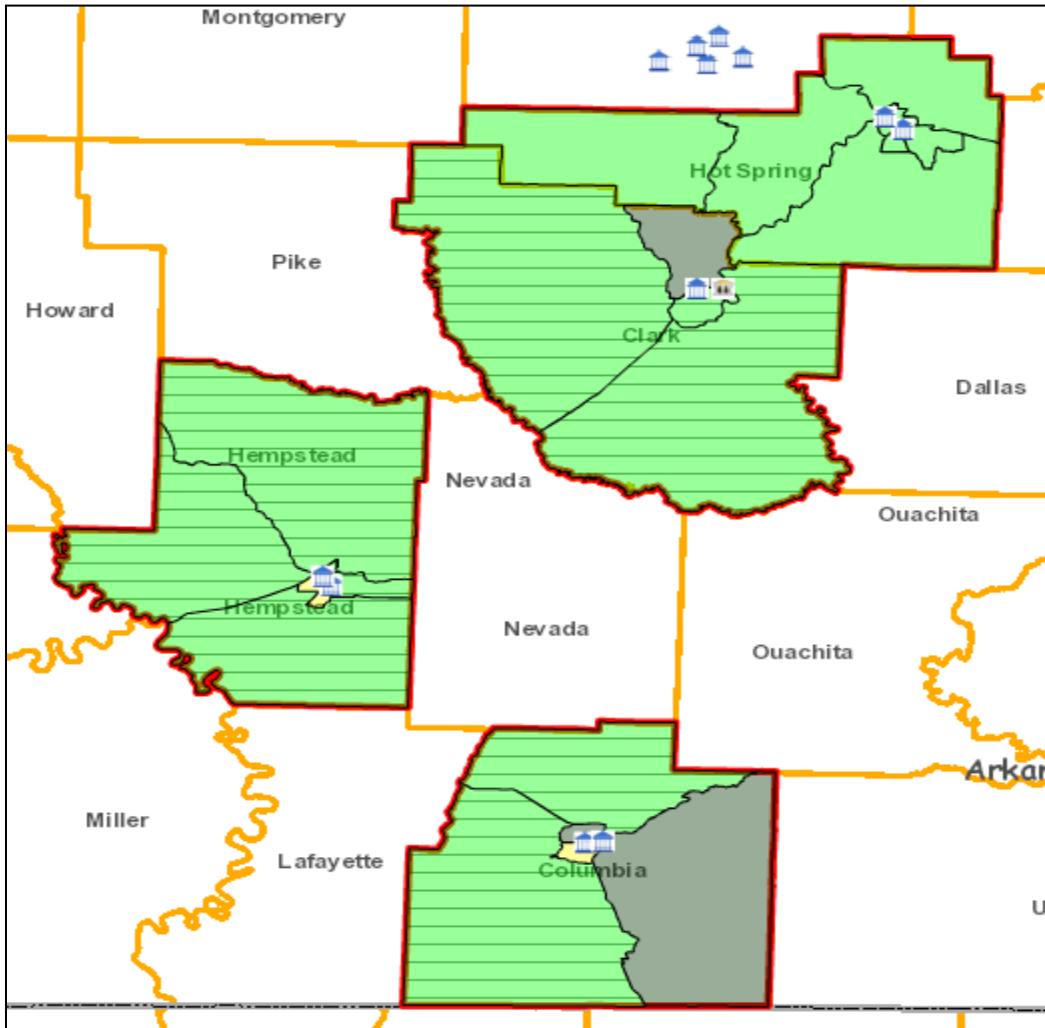
Hot Springs Assessment Area



Little Rock Assessment Area



Nonmetropolitan Arkansas Assessment Area



GLOSSARY

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.

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.

Census tract: A small subdivision of metropolitan and other densely populated 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 upon 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 non-metropolitan 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 (such as age, race, sex, income, etc.) used especially to identify markets.

Distressed non-metropolitan 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 non-relatives 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 (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, 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 (for example, 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: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Housing affordability ratio: Is 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 (for example, 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 a 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) are measured. The criteria relate to lending, investment, 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 multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state 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): "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 non-mortgage, commercial loans.

Small loan(s) to farm(s): "Small farm loans" are included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report 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 in 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.