



**PUBLIC DISCLOSURE**

April 19, 2021

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

The Malvern National Bank  
Charter Number 23202

1 Money Place  
Malvern, AR 72104-3839

Office of the Comptroller of the Currency

Little Rock Field Office  
1401 W. Capitol Ave., Suite 350  
Little Rock, AR 72201-2915

**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, and should not be construed as, an assessment of the financial condition of this 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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## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **Satisfactory**.

**The Lending Test is rated:** Satisfactory.

**The Community Development Test is rated:** Satisfactory.

The major factors that support this rating include:

- The Lending Test rating is based on a full scope review of the Hot Springs – Malvern, AR combined statistical area (CSA) assessment area (AA) and a limited scope review of the Little Rock – North Little Rock – Conway, AR metropolitan statistical area (MSA) AA.
- The loan-to-deposit (LTD) is reasonable.
- A substantial majority of loans originated are in the bank's AAs.
- The bank exhibits a reasonable distribution of loans to individuals of different income levels and business of different sizes, given the primary product lines at the bank.
- The bank exhibits a reasonable geographic distribution of home mortgage and small business loans.
- The Community Development (CD) Test rating is based on a full scope review of the Hot Springs – Malvern CSA AA and a limited scope review of the Little Rock – North Little Rock – Conway, AR MSA AA.

### Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AA(s), the bank's LTD is reasonable.

The Malvern National Bank (MNB) maintained an average quarterly LTD ratio of 67.9 percent since the previous CRA evaluation. The average LTD ratio increased from 62.9 percent at the previous CRA evaluation. Compared to four similarly situated institutions (SSIs), MNB's LTD ratio is lower. The four SSIs have an average quarterly LTD ratio of 85.2 percent, and a range of average ratios from 71.4 percent to 103.7 percent. MNB's LTD ratio reflects high competition in the Little Rock -North Little Rock – Conway, AR MSA AA. MNB is relatively new to the AA, while the SSI's have been operating in the market for a longer period of time.

### Lending in Assessment Area

A substantial majority of the bank's loans are inside its AAs.

The bank originated and purchased 82.0 percent by number and 74.7 percent by dollar volume of its total loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level.

<b>Lending Inside and Outside of the Assessment Area</b>										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	138	83.6	27	16.4	165	33,809	78.5	9,256	21.5	43,065
Small Business	30	75.0	10	25.0	40	2,497	45.3	3,020	54.7	5,518
Total	168	82.0	37	18.0	205	36,307	74.7	12,276	25.3	48,583

## Description of Institution

MNB is a single-state financial institution headquartered in Malvern, Ark., that opened in July 1934. MNB is wholly owned by MNB Bancshares, Inc, also headquartered in Malvern, Ark. MNB Bancshares, Inc. is a one bank holding company with total consolidated assets of \$609.4 million as of December 31, 2020. There were no mergers or acquisitions within the evaluation period.

MNB has one rating area, the state of Arkansas, with two AAs:

- Hot Springs – Malvern, AR CSA AA – The AA consists of the Hot Springs MSA (Garland County) combined with the Malvern micropolitan statistical area encompassing Hot Spring County. The Office of Management and Budget combines adjacent metropolitan and micropolitan statistical areas as CSAs.
- Little Rock -North Little Rock – Conway, AR MSA (Saline, Grant, Faulkner, and Pulaski Counties) AA - The AA does not include the census tracts in Pulaski County that are above the Arkansas River. The river is considered a geographic barrier. Excluding Census Tracts (CT) in an MSA is allowable if a geographic barrier is present.

MNB operates 12 full-service branches and one limited service facility. The main office is located in Malvern, Ark. with full-service branches in Benton, Bryant, Conway, Little Rock, Hot Springs, and Sheridan, Ark. Automated teller machines (ATMs) and drive-thru facilities are available at each branch location. The limited service facility is a detached ATM in Malvern. There were no branch offices opened or closed during the evaluation period.

MNB's primary lending activities consist of commercial and residential real estate lending. As of December 31, 2020, the loan portfolio represented 54.2 percent of total assets and consisted of primarily commercial (76.8 percent of total loans) and 1-4 family residential real estate (15.6 percent of total loans) loans. MNB offers a variety of products and services to meet the credit and deposit needs of its AAs.

No legal or financial factors impeded the bank's ability to help meet the credit needs of its AA during the evaluation period. As of December 31, 2020, the bank reported total assets of \$609.4 million, including gross loans of \$330.5 million and \$177.3 million in investments. Deposits totaled \$394.1 million, and tier 1 capital totaled \$56.5 million, or 9.4 percent of average consolidated assets. High lending staff turnover in the Little Rock market may have impeded the bank's ability to meet the credit needs of its AA. Additionally, COVID-19 pandemic related safety restrictions limited the amount of CD service activities performed in the year 2020. The bank received an overall rating of **"Satisfactory"** at the last CRA evaluation dated April 23, 2018.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

Examiners reviewed the bank's performance using the intermediate small bank examination procedures for CRA. The evaluation period consisted of the full calendar years of 2018, 2019, and 2020. The lending test focused on home mortgages and small business loans. For the years 2018 and 2019, examiners used Home Mortgage Disclosure Act (HMDA) reportable data to review residential lending in both AAs. For 2020, examiners transaction tested a sample of home mortgage loans in both AAs as the bank was not required to report HMDA data. Additionally, examiners sampled business loans for all three years in both AAs to review lending to small businesses.

### **Selection of Areas for Full-Scope Review**

Examiners selected the Hot Springs-Malvern, AR CSA AA for a full-scope review based on market share and the bank's lending strategy. The Little Rock – North Little Rock – Conway, AR – MSA AA received a limited scope review. There are no non-MSA AAs. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

### **Ratings**

The bank's overall rating is a blend of the AA ratings within the state of Arkansas. The Hot Springs-Malvern, AR CSA AA weighs more heavily for overall conclusions.

The state ratings are based on the bank's performance in all bank identified AAs. Refer to the "Scope" section under the State Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## State Rating

### State of Arkansas

**CRA rating for the State of Arkansas:** Satisfactory

**The Lending Test is rated:** Satisfactory

**The Community Development Test is rated:** Satisfactory

The major factors that support this rating include:

- The distribution of loans to borrowers with different incomes and businesses of different sizes is reasonable throughout the AAs.
- The geographic distribution of home mortgage and small business loans is reasonable throughout the AAs.
- CD lending reflects adequate responsiveness to the credit and CD needs of the AAs.
- CD investments reflect excellent responsiveness to the credit and CD needs of the AA's and greater statewide area.
- CD services reflect adequate responsiveness to the credit and CD needs of the AAs.

### Description of Institution's Operations in Arkansas

MNB operates 12 full-service branches and one limited service facility within the state of Arkansas. Bank management identified two AAs - the Hot Springs-Malvern, AR CSA AA and the Little Rock-North Little Rock-Conway, AR MSA AA. The bank was founded in Malvern, AR in 1934 and operated primarily in the Hot Springs-Malvern, AR CSA AA before entering the Little Rock-North Little Rock-Conway, AR MSA AA in 2014.

Given the bank's lengthy history in the Hot Springs-Malvern, AR CSA and significant competition in the Little Rock market, deposit share is most significant in the Hot Springs-Malvern, AR CSA AA. As of June 30, 2020, the bank's total deposits were \$486.2 million with 64.4 percent in the Hot Springs-Malvern CSA AA and 35.6 percent in the Little Rock-North Little Rock-Conway, AR MSA AA. As of June 30, 2020, MNB held the fourth largest deposit market share in the Hot Springs-Malvern, AR CSA at \$313.1 million, or 11.31 percent of deposit market share. MNB only held 0.85 percent of the deposit market share in the Little Rock-North Little Rock-Conway, AR MSA AA. As such, examiners chose the Hot Springs - Malvern CSA AA for a full-scope review.

The bank's primary lending products are residential real estate and commercial loans. High competition and lending staff turnover in the Little Rock market affected lending performance. Attrition in 2018 and 2019 left management with one loan officer in the Little Rock market during 2020. In years 2018 and 2019, the bank reported HMDA loans. While the volume of home mortgage originations did not change significantly in 2020, due to changes implemented as part of the 2020 HMDA Rule, MNB did not originate enough home mortgages to report HMDA data. Therefore, examiners pulled a home mortgage sample of 20 loans for the year 2020. It should be noted that MNB also offers secondary market home mortgage products to customers. MNB participated as a lender in the Small Business Administration's (SBA) Paycheck Protection Program (PPP) in 2020. These loans were considered in the assessment of



lending performance to small businesses within the Lending Test. SBA PPP lending procedures do not require revenue reporting for origination; therefore, the level of unknown revenue was elevated in the sample.

## Hot Springs-Malvern, AR CSA AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Hot Springs-Malvern, AR CSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	27	7.4	22.2	48.1	22.2	0.0
Population by Geography	130,270	4.3	17.3	47.8	30.6	0.0
Housing Units by Geography	64,811	4.5	18.9	48.1	28.5	0.0
Owner-Occupied Units by Geography	35,847	2.6	14.6	50.1	32.7	0.0
Occupied Rental Units by Geography	16,579	8.6	28.4	41.2	21.8	0.0
Vacant Units by Geography	12,385	4.8	18.6	51.2	25.3	0.0
Businesses by Geography	7,899	5.4	21.1	45.0	28.5	0.0
Farms by Geography	274	0.0	11.3	49.3	39.4	0.0
Family Distribution by Income Level	34,631	22.5	16.7	19.7	41.1	0.0
Household Distribution by Income Level	52,426	23.9	15.7	16.4	44.0	0.0
Median Family Income MSA - 26300 Hot Springs, AR MSA		\$49,707	Median Housing Value			\$118,412
Median Family Income Non-MSAs - AR		\$45,047	Median Gross Rent			\$689
			Families Below Poverty Level			14.4%
<i>Source: 2015 ACS and 2020 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Economic conditions in the AA are depressed with 14.4 percent of families and 19.3 percent of households below the poverty level. Affordable housing within the AA is limited. Only 2.6 percent owner-occupied residences; 8.6 percent of renter-occupied residences; and 4.8 percent of vacant units are located in the two low-income CTs. Similarly, only 14.6 percent of owner-occupied residences; 28.4 percent of renter-occupied residences; and 18.6 percent of vacant units are located in the six moderate-income CTs. Notably, a majority of owner-occupied residences and vacant units are located in middle- and upper-income CTs. Other demographic data indicates that 43.1 percent of households receive Social Security income and 21.6 percent of households are retired. Unemployment rates in the AA were stable at 3.5 percent prior to the COVID-19 pandemic. In 2020, the unemployment rate rose to 16.4 percent and remained elevated at 5.2 percent as of December 2020. Additionally, a majority of businesses are located within middle- and upper-income CTs.

Major industries in the AA are healthcare and social assistance, retail trade, and accommodation and food services. The largest employers include several medical facilities, a casino, and retail stores.

Banking competition in the AA is high. There are 14 institutions within the AA, and MNB ranks fourth in deposit market share. Sources of competition include larger, regional and nationwide financial institutions.

The OCC consulted the Community Development Block Grant Consultant of the City of Hot Springs' Community Development Division to better understand the general credit and community development

needs and local economic conditions. The community contact noted the community needs additional affordable housing units. The contact noted that participation in the Federal Home Loan Bank (FHLB) of Dallas' program that uses funds to renovate existing homes and build new affordable housing would benefit the community. The contact identified affordable mortgage products and first-time home buyer programs and services as needed improvements for the availability of housing as first-time home buyers have difficulty obtaining financing.

## **Scope of Evaluation in Arkansas**

Examiners identified one AA receiving a full scope review – the Hot Springs-Malvern, AR CSA. The Little Rock – North Little Rock – Conway, AR MSA AA received a limited-scope review. Refer to the table in appendix A for a list of all AAs under review.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN Arkansas**

### **LENDING TEST**

The bank's performance under the Lending Test in Arkansas is rated Satisfactory.

Based on full- and limited-scope reviews, the bank's lending performance in the state of Arkansas is reasonable.

### **Distribution of Loans by Income Level of the Geography**

The bank exhibits reasonable geographic distribution of loans in the state of Arkansas.

#### ***Home Mortgage Loans***

Refer to table O in appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of loans across geographies of different income levels reflects excellent distribution in the Hot Springs – Malvern, AR CSA AA. In years 2018-2020, the bank's percentage of home mortgages originated or purchased in low-income CTs is equal to the percentage of owner-occupied housing units in those CTs. Similarly, the bank's percentage of home mortgage loans originated or purchased in moderate-income CTs exceeds the percentage of owner-occupied housing units and aggregate lending in moderate-income CTs.

#### ***Small Loans to Businesses***

Refer to table Q in appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of loans to small businesses reflects reasonable distribution within the Hot Springs-Malvern, AR CSA AA. The percentage of loans to small businesses in low-income CTs is

somewhat lower than the percentage of small businesses in low-income CTs. The percentage of loans to small businesses in moderate-income CTs exceeds the percentage of small businesses and the aggregate lending distribution in moderate-income CTs. Lending opportunities to small businesses in low-income CTs within the Hot Springs-Malvern, AR CSA AA are limited, as there were only two low-income CTs in the AA.

### **Distribution of Loans by Income Level of the Borrower**

The bank exhibits reasonable distribution of loans to individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the bank.

#### ***Home Mortgage Loans***

Refer to table P in appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The borrower distribution of home mortgage loans in the Hot Springs-Malvern, AR CSA AA reflects reasonable distribution relative to the performance context of the geography. The bank's percentage of mortgage loans originated to low-income borrowers is lower than the percentage of low-income households in the AA. The bank's percentage of mortgage loans originated to moderate-income borrowers is somewhat lower than the percentage of moderate-income households in the AA. While this typically indicates poor lending performance to low-income borrowers, the shortage of affordable housing and the related difficulty in finding affordable housing experienced by low-income borrowers mitigates the performance. For the Hot Springs MSA portion of the AA, the median family income (MFI) is \$49,707, and the MFI for non-MSA areas of Arkansas is \$45,047. Low-income borrowers' income totals less than 50 percent of MFI, or less than \$24,251 within the Hot Springs MSA and less than \$22,523 for the non-MSA areas. The median housing value in the CSA AA is \$118,412. Additionally, a majority of owner-occupied and rental housing units are located in middle- and upper-income CTs within the AA.

#### ***Small Loans to Businesses***

Refer to table R in appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

The borrower distribution of business loans in the AA reflects reasonable distribution within the Hot Springs-Malvern, AR CSA AA. The percentage of lending to small businesses is somewhat lower than the percentage of small businesses in the AA. A small business is defined as a business with gross annual revenues of less than \$1 million. The bank's percentage of lending exceeded the aggregate percentage of lending to small businesses in the AA.

## Responses to Complaints

Malvern has an appropriate and adequate process for receiving, responding, and tracking CRA-related customer complaints. The OCC did not receive any CRA-related complaints during the evaluation period.

## Conclusions for Little Rock-North Little Rock – Conway, AR MSA AA Receiving a Limited Scope Review

Based on a limited-scope review, the bank's performance under the Lending Test in the Little Rock-North Little Rock – Conway, AR MSA AA is consistent with the bank's overall performance under the Lending Test in the full scope area(s).

## COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test in the state of Arkansas is rated Satisfactory.

Based on a full- and limited-scope review, the bank exhibits adequate responsiveness to CD needs in the state through CD loans, qualified investments, and CD services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for CD in the bank's AAs.

### Number and Amount of Community Development Loans

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multi-family loans that also qualify as CD loans.

<i>Community Development Loans</i>				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Hot Springs – Malvern, AR CSA AA	2	33.30	\$5,778	39.2
Little Rock-North Little Rock – Conway, AR MSA AA	4	66.7	\$8,962	60.8
<b>Total</b>	<b>6</b>	<b>100</b>	<b>14,740</b>	<b>100</b>

Overall, MNB demonstrates adequate responsiveness to CD needs through loan originations. In total, the bank originated six CD loans totaling \$14.7 million in the AAs and \$180,000 outside of the AAs during the evaluation period.

The level of qualified CD loans in the Hot Springs – Malvern, AR CSA AA represents an adequate level of responsiveness to CD needs. The bank originated two loans totaling \$5.8 million in the AA during the

evaluation period. CD lending in the AA included a loan for multi-family housing for senior low- or moderate- income (LMI individuals and a PPP loan for a service center targeting LMI individuals. The PPP loan qualified as CD because it was over \$1 million.

One loan outside of the bank's AAs and in the state of Arkansas was also considered for CD. Management originated one loan totaling \$180,000 outside of its AAs during the evaluation period. The loan proceeds were used for a multi-family housing property that provides rent below the fair market rate, targeting LMI individuals.

### Number and Amount of Qualified Investments

<i>Qualified Investments</i>										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Hot Springs-Malvern, AR CSA AA	8	1,275	12	2,855	20	76.9	4,130	50.6	-	-
Little Rock – North Little Rock – Conway, AR MSA AA	4	630	2	3,405	6	23.1	4,035	49.4	-	-
<b>Total</b>	<b>12</b>	<b>1,905</b>	<b>14</b>	<b>6,260</b>	<b>26</b>	<b>100</b>	<b>8,165</b>	<b>100</b>	<b>-</b>	<b>-</b>

\* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Overall, MNB demonstrates excellent responsiveness to CD needs through qualified investment activities within the state of Arkansas. MNB purchased 12 investments totaling \$2.9 million within the Hot Springs-Malvern, AR CSA AA during the current evaluation period. Eight CD investments purchased in prior periods had a remaining principal balance of \$1.3 million for consideration. In addition, MNB reported 116 donations totaling \$520,000 within the Hot Springs-Malvern, AR CSA AA during the evaluation period. Due to adequate responsiveness to CD needs within the bank's AA and high competition in its market, examiners also considered investments purchased within the state of Arkansas. During the evaluation period, MNB purchased 68 investments totaling \$21.8 million benefitting the broader state-wide area. Additionally, 48 prior period purchases with outstanding balances of \$17.9 million qualified for consideration. These 116 investments included funding for school district activities in LMI CTs within the broader state-wide area.

### Extent to Which the Bank Provides Community Development Services

MNB demonstrates adequate responsiveness to CD needs through qualified service activities within the Hot Springs-Malvern, AR CSA AA during the evaluation period. Bank officers and employees routinely provide technical and financial services through serving on boards, committees, or organizations

providing community services to LMI individuals. Additionally, staff members provided financial literacy lectures to schools with majority LMI students. In total, MNB reported 67 instances and 395 hours of CD services during the evaluation period. Service instances and hours in 2020 were significantly lower than those in the prior years due to gathering limitations related to the COVID-19 pandemic.

### **Conclusions for Little Rock – North Little Rock – Conway, AR MSA AA Receiving a Limited Scope Review**

Based on a limited-scope review, the bank's performance under the CD Test in the Little Rock – North Little Rock – Conway, AR MSA AA is consistent with the bank's overall performance under the CD Test in the full scope AA.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSA(s) and non-MSA(s) that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

<b>Time Period Reviewed:</b>	01/01/2018 to 12/31/2020	
<b>Bank Products Reviewed:</b>	Home mortgage and small business loans Community development loans, qualified investments, community development services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Not Applicable	Not Applicable	Not Applicable
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>Arkansas</b>		
Hot Springs-Malvern, AR CSA AA	Full scope	Garland and Hot Spring County
Little Rock-North Little Rock – Conway, AR MSA AA	Limited scope	Grant, Faulkner, Saline, and part of Pulaski Counties



## Appendix B: Summary of MMSA and State Ratings

RATINGS      The Malvern National Bank			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State Rating
The Malvern National Bank	Satisfactory	Satisfactory	Satisfactory
State:			
Arkansas	Satisfactory	Satisfactory	Satisfactory

(\*) The Lending Test and Community Development Test carry equal weight in the overall rating.

## Appendix C: Definitions and Common Abbreviations

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The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending (Aggt.):** The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Census Tract (CT):** A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

**Combined Statistical Area (CSA):** A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**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, other secured consumer loans, and other unsecured consumer loans.

**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 (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct 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, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

**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.

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

**Low-Income Individual:** Individual income that is less than 50 percent of the area median income.

**Low Income Geography:** A census tract with a median family income that is less than 50 percent.

**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 state/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**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.

**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.

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

**Rating Area:** A rated area is a state or multi-state metropolitan statistical 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 statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan 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.

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2018-20	
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Hot Springs-Malvern, AR CSA AA	78	7,304	49.06	3,913	2.6	2.6	2.9	14.6	32.05	12.2	50.1	39.7	45.6	32.7	26.9	39.3	0.0	0.0	0.0	
Little Rock-North Little Rock – Conway, AR MSA AA	81	29,874	50.94	16,236	2.5	0.0	1.4	15.8	17.28	10.0	42.3	55.6	42.3	39.5	27.2	46.4	0.0	0.0	0.0	
<b>Total</b>	<b>159</b>	<b>37,178</b>	<b>100.0</b>	<b>20,149</b>	<b>2.5</b>	<b>1.3</b>	<b>1.7</b>	<b>15.5</b>	<b>24.5</b>	<b>10.4</b>	<b>44.1</b>	<b>47.8</b>	<b>42.9</b>	<b>37.9</b>	<b>27.0</b>	<b>45.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	

Source: 2015 ACS Census; 01/01/2018 - 12/31/2020 Bank Data, 2019 HMDA Aggregate Data,  
Due to rounding, totals may not equal 100.0%

<b>Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower</b>																			<b>2018-20</b>		
<b>Assessment Area:</b>	<b>Total Home Mortgage Loans</b>				<b>Low-Income Borrowers</b>			<b>Moderate-Income Borrowers</b>			<b>Middle-Income Borrowers</b>			<b>Upper-Income Borrowers</b>			<b>Not Available-Income Borrowers</b>				
	<b>#</b>	<b>\$</b>	<b>% of Total</b>	<b>Overall Market</b>	<b>% Families</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	<b>% Families</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	<b>% Families</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	<b>% Families</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	<b>% Families</b>	<b>% Bank Loans</b>	<b>Aggregate</b>		
Hot Springs-Malvern, AR CSA AA	78	7,304	49.1	3,913	22.5	2.6	6.6	16.7	9.0	14.5	19.7	24.4	18.7	41.1	57.7	42.0	0.0	6.4	18.2		
Little Rock-North Little Rock – Conway, AR MSA AA	81	29,874	50.9	16,236	20.7	3.7	5.8	17.1	11.1	16.2	19.3	8.6	19.4	42.8	51.9	38.7	0.0	24.7	19.9		
<b>Total</b>	<b>159</b>	<b>37,178</b>	<b>100.0</b>	<b>20,149</b>	<b>21.1</b>	<b>1.9</b>	<b>5.9</b>	<b>17.0</b>	<b>10.1</b>	<b>15.9</b>	<b>19.4</b>	<b>16.4</b>	<b>19.3</b>	<b>42.4</b>	<b>54.7</b>	<b>39.3</b>	<b>0.0</b>	<b>15.7</b>	<b>19.6</b>		

*Source: 2015 ACS Census; 01/01/2018 - 12/31/2020 Bank Data, 2019 HMDA Aggregate Data, Due to rounding, totals may not equal 100.0%*



Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2018-20
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Hot Springs-Malvern, AR CSA AA	60	8,214	50.0	2,747	5.4	3.3	4.2	21.1	40.0	22.0	45.0	43.3	42.7	28.5	13.3	31.1	0.0	0.0	0.0
Little Rock-North Little Rock – Conway, AR MSA AA	60	8,852	50.0	10,640	4.1	0.0	3.8	18.7	6.7	17.1	30.1	63.3	31.0	47.0	30.0	48.1	0.0	0.0	0.0
<b>Total</b>	<b>120</b>	<b>17,070</b>	<b>100.0</b>	<b>13,387</b>	<b>4.4</b>	<b>1.7</b>	<b>3.9</b>	<b>19.1</b>	<b>23.4</b>	<b>18.1</b>	<b>32.9</b>	<b>53.3</b>	<b>33.4</b>	<b>43.6</b>	<b>21.7</b>	<b>44.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2019 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues												2018-20
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Hot Springs-Malvern, AR CSA AA	60	8,214	50.0	2,747	83.0	43.3	39.6	4.7	23.3	12.3	33.3	
Little Rock-North Little Rock – Conway, AR MSA AA	60	8,852	50.0	10,640	82.5	48.3	42.4	5.7	30.0	11.8	21.7	
<b>Total</b>	<b>120</b>	<b>17,066</b>	<b>100.0</b>	<b>13,387</b>	<b>82.6</b>	<b>45.8</b>	<b>41.8</b>	<b>5.5</b>	<b>26.7</b>	<b>11.9</b>	<b>27.5</b>	

Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2019 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%