PUBLIC DISCLOSURE

March 17, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Diamond Bank
RSSD #27847

319 East Main Street
Murfreesboro, Arkansas 71958

Federal Reserve Bank of St. Louis

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

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

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

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

Diamond Bank meets the criteria for a Satisfactory rating based on the evaluation of the bank's lending and community development activities. The factors supporting the institution's rating include:

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

SCOPE OF EXAMINATION

The bank's CRA performance was reviewed using the Federal Financial Institutions Examination Council's (FFIEC) Intermediate Small Bank Procedures. The Intermediate Small Bank Examination Procedures entail two performance tests: the Lending Test and the Community Development Test. Bank performance under these tests is rated at the institution level, as well as by multistate metropolitan statistical area (MSA) and state levels.

The bank maintains operations in four delineated AAs within two states: Arkansas and Texas. The Texas portion of the bank's AAs is contained entirely within the Texarkana, Texas-Arkansas MSA (Texarkana MSA). The bank's operations in Arkansas include three AAs. The first AA is located in a nonMSA portion of southwestern Arkansas and includes Hempstead, Howard, Montgomery, Pike, Polk, and Sevier counties in their entirety. The second AA is the entirety of the Hot Springs, Arkansas MSA. The third AA is composed of the entirety of Pope County, which is located in a nonMSA portion of west central Arkansas. In light of these characteristics, the bank received three sets of ratings: overall institution ratings, ratings for the Texarkana MSA, and ratings for the state of Arkansas.

The following table details the number of branch offices, breakdown of deposits, and the CRA review procedures applicable to each rated area completed as part of this evaluation. Deposit information in the following table, as well as deposit information throughout this evaluation, is taken from the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2024.

Rated Areas	Offices		Deposits		Assessment Area Reviews		
	#	%	$ (000s)	%	Full-Scope	Limited-Scope	TOTAL
Texarkana MSA	2	14.3	51,713	7.1	1	0	**1**
Arkansas	12	85.7	678,529	92.9	1	2	**3**
OVERALL[1]	**14**	**100.0**	**730,242**	**100.0**	**2**	**2**	**4**

In light of branch structure, loan and deposit activity, and the bank's CRA evaluation history, CRA performance in the state of Arkansas was given primary consideration, as it contains the majority of the bank's loan and deposit activity. Furthermore, Home Mortgage Disclosure Act (HMDA), small business, and small farm loans were used to evaluate the lending performance, as these loan categories are considered the bank's core business lines based on lending volume and the bank's stated business strategy. Therefore, the loan activity represented by these credit products is deemed indicative of the bank's overall lending performance. However, as the bank has a particular emphasis on home mortgage lending, performance based on the HMDA loan category carried the most significance toward the overall performance conclusions. The following table details the performance criterion and the corresponding time periods used in each analysis.

Performance Criterion	Time Period
LTD Ratio	September 30, 2021 – December 31, 2024
Assessment Area Concentration	January 1, 2023 – December 31, 2023
Loan Distribution by Borrower's Profile	
Geographic Distribution of Loans	
Response to Written CRA Complaints	July 19, 2021 – March 16, 2025
Community Development Activities	

Lending Test analyses often entail comparisons of bank performance to AA demographics and the performance of other lenders, based on HMDA and CRA aggregate lending data. Unless otherwise noted, AA demographics are based on 2020 American Community Survey (ACS) data, and certain business and farm demographics are based on 2023 Dun & Bradstreet data. When analyzing bank performance by comparing lending activity to both demographic data and aggregate lending data, greater emphasis is generally placed on the aggregate lending data because it is expected to describe many factors impacting lenders within an AA. Aggregate lending datasets are also updated annually and are, therefore, expected to predict more relevant comparisons. In addition,

[1] Note: In this table and others throughout this document, percentages may not total 100 percent due to rounding.

the bank's lending levels were evaluated in relation to those of comparable financial institutions operating within the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from $412.2 million to $650.1 million as of December 31, 2024.

As part of the Community Development Test, the bank's performance was evaluated using the following criteria, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's AAs:

- The number and dollar amount of community development loans.
- The number and dollar amount of qualified investments and grants.
- The extent to which the bank provides community development services.

The review included community development activities initiated from the date of the bank's previous CRA evaluation to this review date. In addition, investments made prior to the date of the previous CRA evaluation, but still outstanding as of this review date, were also considered.

To augment this evaluation, two community contact interviews were conducted with members of the local community to ascertain specific credit needs, opportunities, and local market conditions within the bank's AAs. Information from these interviews also assisted in evaluating the bank's responsiveness to identified community credit needs and community development opportunities. Key details from these community contact interviews are included in the *Description of Assessment Area* section applicable to the AA in which they were conducted.

DESCRIPTION OF INSTITUTION

Diamond Bank, headquartered in Murfreesboro, Arkansas, is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is wholly owned by Bainum Bancorp, a one-bank holding company headquartered in Glenwood, Arkansas. The bank's branch network consists of 14 offices (including the main office), all of which are full-service with drive-up accessibility. Cash-dispensing automated teller machines (ATMs) are located at all 14 offices, 4 of which are full-service ATMs. Additionally, the bank operates one stand-alone, full-service ATM. During the review period, the bank closed two branches: one located in a middle-income census tract in the Pope County AA and one located in a middle-income census tract in the Southwest Arkansas AA (where a stand-alone ATM continues to be maintained). In addition, the bank relocated one branch in the Texarkana MSA AA from a middle-income census tract to an upper-income census tract. Based on this branch network, the bank is well positioned to deliver financial services to the entirety of its AAs.

For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credit needs of its customers, and the bank appeared capable of meeting the credit needs of its AAs based on its available resources and financial products. As of December 31, 2024, the bank reported total assets of $836.3 million. As of the same date, loans and leases outstanding were $660.6 million (79.0 percent of total assets), and deposits totaled $746.9 million. The bank's loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans as of December 31, 2024		
Credit Category	**Amount $ (000s)**	**Percentage of Total Loans (%)**
Farmland	217,071	32.9
1–4 Family Residential	150,268	22.7
Commercial Real Estate	120,395	18.2
Construction and Development	67,091	10.2
Commercial and Industrial	42,116	6.4
Multifamily Residential	30,491	4.6
Loans to Individuals	14,429	2.2
Farm Loans	11,746	1.8
Total Other Loans	6,989	1.1
TOTAL	**660,596**	**100.0**

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

The bank received a Satisfactory rating at its previous CRA evaluation conducted by this Reserve Bank on July 19, 2021.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

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

The bank meets the standards for a satisfactory Lending Test rating under the Intermediate Small Bank Procedures, which evaluate bank performance under the following five criteria, as applicable.

Loan-to-Deposit (LTD) Ratio

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

LTD Ratio Analysis			
Name	**Headquarters**	**Asset Size $ (000s) as of December 31, 2024**	**Average LTD Ratio (%)**
Diamond Bank	Murfreesboro, Arkansas	836,272	82.9
Regional Banks	Mena, Arkansas	650,094	71.1
	De Kalb, Texas	436,420	78.8
	De Queen, Arkansas	412,161	76.9

During the review period, the bank's quarterly LTD ratio experienced a generally increasing trend, with a 14-quarter average of 82.9 percent, which is slightly above its three regional peers. Therefore, compared to data from regional banks, the bank's average LTD ratio is reasonable given the bank's size, financial condition, and credit needs of its AAs.

Assessment Area Concentration

For the loan activity reviewed as part of this evaluation, the following table displays the number and dollar volume of loans inside and outside the bank's AAs.

Lending Inside and Outside the Assessment Areas January 1, 2023 – December 31, 2023								
Loan Type	**Inside**				**Outside**			
	#	**# %**	**$ (000s)**	**$ %**	**#**	**# %**	**$ (000s)**	**$ %**
HMDA	142	85.5	19,548	81.1	24	14.5	4,551	18.9
Small Business	137	90.1	5,913	91.9	15	9.9	522	8.1
Small Farm	118	88.7	7,136	89.9	15	11.3	801	10.1
TOTAL LOANS	**397**	**88.0**	**32,598**	**84.7**	**54**	**12.0**	**5,874**	**15.3**

A majority of loans and other lending-related activities were made in the bank's AAs. As shown in the preceding table, 88.0 percent of the total loans were made inside the AAs, accounting for 84.7 percent of the dollar volume of total loans.

Borrower and Geographic Distribution

Overall, performance by borrower's income/revenue profile is reasonable, based on the analyses of lending in the Texarkana MSA and the state of Arkansas, as displayed in the following table. Further, greater emphasis was placed on conclusions in the state of Arkansas due to higher loan and deposit activity compared to the Texarkana MSA.

Rated Area	Loan Distribution by Borrower's Profile
Texarkana MSA	Reasonable
Arkansas	Reasonable
OVERALL	**REASONABLE**

As displayed in the following table, the bank's overall distribution of lending by income level of census tract reflects reasonable penetration throughout rated areas subject to review.

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

Responses to Complaints

No CRA-related complaints were filed against the bank during this review period (July 19, 2021 through March 16, 2025).

COMMUNITY DEVELOPMENT TEST

Considering the bank's capacity and the need and availability of such opportunities for community development in the AAs, the bank demonstrates adequate responsiveness to the community development needs of its AAs. As previously mentioned, based on the bank's branch structure, volume of loan and deposit activities, and greater operational presence, the bank's ratings were weighted more heavily toward CRA performance in the state of Arkansas. As a result, the overall rating for the Community Development Test is satisfactory.

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

During the review period, the bank made 28 qualifying loans in its AAs totaling approximately $2.3 million. Of those loans, 21 were for the purpose of economic development, and 8 were made to revitalize and stabilize distressed/underserved middle-income geographies.

The bank also made community development investments and donations in its AAs totaling $11.5 million. This amount included 4 new qualified investments totaling $1.7 million, 15 continuing investments made in a prior review period totaling $9.7 million, and 168 donations totaling $52,156. The investments were primarily in the form of municipal and school bonds that benefited LMI areas, distressed or underserved communities, and schools with a majority of students who qualify for free or reduced lunch (FRL) programs.

During the review period, 24 bank personnel used financial expertise to log approximately 1,058 hours of service to 15 different community development organizations within the bank's AAs. Service activities included teaching financial education and budgeting in schools that have a majority of students who qualify for FRL.

In addition to adequately meeting the community development needs of its AAs, the bank originated one community development loan outside its AAs that benefited the broader statewide or regional areas.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

TEXARKANA, TEXAS-ARKANSAS MULTISTATE METROPOLITAN STATISTICAL AREA[2]

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

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

- The distribution of loans reflects reasonable penetration among individuals of different income levels (including LMI levels) and businesses and farms of different sizes.

- Overall, the geographic distribution of loans reflects poor dispersion throughout the bank's Texarkana MSA AA.

- The bank's community development performance demonstrates adequate responsiveness to community development needs through community development loans, qualified investments, and community development services, considering the need and availability for such opportunities for community development in the bank's Texarkana MSA AA.

SCOPE OF EXAMINATION

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

To augment this evaluation, one community contact interview was conducted to ascertain specific community credit needs, community development opportunities, and local economic conditions. The interview was with a representative from a large nonprofit that serves LMI individuals in the AA. Details from this interview are included in the *Description of Institution's Operations* section that follows.

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

<u>Bank Structure</u>

The bank operates 2 of its 14 branches in this AA, representing 14.3 percent of total branches. One branch is located in the Arkansas portion of the AA, which is in the southeastern portion of Little River County. The second branch is located in Bowie County, Texas. During the review period, the bank relocated the branch in this county to a new location five miles from the previous address.

[2] The rating reflects performance within the multistate MSA. The Arkansas statewide evaluation is adjusted and does not reflect performance in the multistate MSA.

Based on this branch network and other service delivery systems, the bank is adequately positioned to deliver financial services to the entire AA.

General Demographics

The multistate MSA is composed of three counties in Texas and Arkansas: Bowie County, Texas; Little River County, Arkansas; and Miller County, Arkansas. The bank has designated the entire MSA as the AA, which has a total population of 147,519.

This AA is a competitive banking market; according to the FDIC Deposit Market Share Report data as of June 30, 2024, there are 18 FDIC-insured depository institutions in the AA that operate 48 offices. The bank ranked 12th in terms of deposit market share, with 1.6 percent of the total AA deposit dollars.

Credit needs in the area vary and include a blend of consumer and business credit products. Other particular credit needs in the AA, as noted by the community contact, include more affordable housing and funding to restore aging homes in the AA.

Income and Wealth Demographics

The following table summarizes the distribution of AA census tracts by income level and the family population within those tracts.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown-**	**TOTAL**
Census Tracts	4	7	23	11	1	**46**
	8.7%	15.2%	50.0%	23.9%	2.2%	**100.0%**
Family Population	1,734	5,260	20,081	9,837	0	**36,912**
	4.7%	14.3%	54.4%	26.6%	0.0%	**100.0%**

As shown above, 23.9 percent of the census tracts in the AA are LMI geographies, but only 19.0 percent of the family population resides in these tracts. These LMI areas are primarily concentrated in and around Texarkana, Texas; the western portion of Texarkana, Arkansas; and central Bowie County, Texas.

Based on 2020 ACS data, the median family income for the AA was $63,851. At the same time, median family incomes for Texas and Arkansas were $76,073 and $62,067, respectively. More recently, the FFIEC estimates the 2023 median family income for the Texarkana MSA to be $70,900. The following table displays population percentages of AA families by income level compared to the Texas and Arkansas family populations.

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area	8,137	6,372	7,286	15,117	**36,912**
	22.0%	17.3%	19.7%	41.0%	**100%**
Texas	1,538,520	1,173,469	1,297,356	2,829,555	**6,838,900**
	22.5%	17.2%	19.0%	41.4%	**100%**
Arkansas	165,087	136,380	155,142	313,502	**770,111**
	21.4%	17.7%	20.2%	40.7%	**100%**

As shown in the table above, 39.3 percent of families within the AA were considered LMI, which is similar to the LMI family percentages of 39.7 percent in Texas and 39.1 percent in Arkansas. The percentage of families living below the poverty level in the AA (13.4 percent) is above the 10.9 percent level in the state of Texas and the 11.8 percent level in the state of Arkansas. Considering these factors, the AA appears slightly less affluent than the states of Texas and Arkansas as a whole.

Housing Demographics

Housing demographic information is displayed in the following table for the AA and the states of Texas and Arkansas as a whole.

Housing Cost Burden (%)						
Area	**Cost Burden – Renters**			**Cost Burden – Owners**		
	Low-Income	**Moderate-Income**	**All Renters**	**Low-Income**	**Moderate-Income**	**All Owners**
Assessment Area	69.8	40.7	39.7	47.5	21.0	14.5
Texas	79.4	49.8	43.5	59.0	32.7	19.4
Arkansas	69.8	35.3	37.3	53.0	25.2	15.3
Cost burden is housing cost that equals 30 percent or more of household income.						

According to the table above, LMI renters in the AA face similar cost burden when compared to the state of Arkansas but are less cost burdened than the state of Texas. This is further supported by the AA having a similar median rental rate ($753/month) to the state of Arkansas ($780/month) but a lower median rental rate than the state of Texas ($1,082/month).

In contrast, the table shows that homeowners (including LMI homeowners) in the AA are less cost burdened than homeowners throughout the states of Texas and Arkansas. The community contact mentioned a limited supply of affordable housing stock in the AA, creating additional barriers for LMI families seeking homeownership.

Industry and Employment Demographics

The AA supports a large and diverse business community. According to the U.S. Department of Labor, Bureau of Labor Statistics (BLS), Quarterly Census of Employment and Wages data, there are 56,924 employees in the AA (including 11,878 governmental employees). By percentage of nongovernmental employees, the three largest job categories in the AA are healthcare and social assistance (20.4 percent), followed by retail trade (16.8 percent) and manufacturing (12.7 percent). The table below details BLS unemployment data (not seasonally adjusted) for the AA, Texas, and Arkansas.

Unemployment Levels (%)				
Dataset	**Time Period (Annual Average)**			
	2021	**2022**	**2023**	**2024 (Jan.–July)**
Assessment Area Average	5.5	4.3	4.0	4.2
Texas	5.6	3.9	3.9	4.1
Arkansas	4.0	3.2	3.3	3.5

As shown in the table above, unemployment rates were similar in the AA and the state of Texas in 2021–2023, with the state of Arkansas experiencing lower unemployment rates over the same period. In 2024, the AA and the states of Texas and Arkansas experienced a slight uptick in unemployment rates.

Community Contact Information

For the Texarkana MSA AA, one community contact interview was completed and referenced as part of this evaluation. The interview was conducted with an individual from a nonprofit organization that focuses on providing resources to LMI individuals and families.

The interviewee categorized the local economy as stable. The contact noted strong job stability in the AA due to several large employers who offer long-tenured positions. However, the contact noted that while employment is stable, there is a need for skilled employees with higher levels of education to fill more technical positions. Additionally, the contact noted a need for STEM programs in both primary and secondary education, as well as adult education programs that provide training and certifications that are needed to fill higher-skilled positions. Lastly, the community contact cited the lack of affordable housing and a food crisis due to widespread food insecurity as the biggest challenges facing the AA.

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

The bank's Lending Test rating in the Texarkana MSA AA is satisfactory. The distribution of loans reflects reasonable penetration among borrowers of different income levels and businesses and farms of different sizes, while the geographic distribution of loans reflects poor penetration throughout the AA.

Loan Distribution by Borrower's Profile

The bank's HMDA loan distribution by borrower's profile and performance under the small business loan category are reasonable, while performance under the small farm loan category is poor. As previously mentioned, greater significance is placed on performance in the HMDA loan category, resulting in overall reasonable performance when considering all loan categories.

Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the applicable median family income figure as estimated by the FFIEC ($70,900 for the Texarkana MSA as of 2023). The following table shows the distribution of HMDA-reported loans by borrower income level in comparison to family population income demographics for the AA. Additionally, 2023 aggregate data for the AA is displayed.

Borrower Distribution of HMDA Loans Assessment Area: Texarkana MSA								
Product Type	Borrower Income Levels	2023						
		Count			Dollars			Families
		Bank		HMDA Aggregate	Bank		HMDA Aggregate	
		#	%	%	$ (000s)	$ %	$ %	%
Home Purchase	Low	0	0.0	3.5	0	0.0	1.5	22.0
	Moderate	4	40.0	12.7	884	45.3	8.0	17.3
	Middle	0	0.0	20.3	0	0.0	17.2	19.7
	Upper	3	30.0	35.9	500	25.6	46.4	41.0
	Unknown	3	30.0	27.6	569	29.1	26.9	0.0
	TOTAL	**10**	**100.0**	**100.0**	**1,953**	**100.0**	**100.0**	**100.0**
Refinance	Low	0	0.0	6.1	0	0.0	2.5	22.0
	Moderate	0	0.0	15.9	0	0.0	9.5	17.3
	Middle	1	50.0	22.0	47	46.5	17.2	19.7
	Upper	1	50.0	40.7	54	53.5	52.3	41.0
	Unknown	0	0.0	15.2	0	0.0	18.5	0.0
	TOTAL	**2**	**100.0**	**100.0**	**101**	**100.0**	**100.0**	**100.0**
Home Improvement	Low	0	0.0	8.1	0	0.0	4.9	22.0
	Moderate	1	50.0	18.6	17	44.7	12.0	17.3
	Middle	1	50.0	15.1	21	55.3	9.2	19.7
	Upper	0	0.0	48.8	0	0.0	60.4	41.0
	Unknown	0	0.0	9.3	0	0.0	13.5	0.0
	TOTAL	**2**	**100.0**	**100.0**	**38**	**100.0**	**100.0**	**100.0**
Multifamily	Low	0	0.0	0.0	0	0.0	0.0	N/A
	Moderate	0	0.0	0.0	0	0.0	0.0	N/A
	Middle	0	0.0	0.0	0	0.0	0.0	N/A
	Upper	0	0.0	0.0	0	0.0	0.0	N/A
	Unknown	1	100.0	100.0	1,570	100.0	100.0	N/A
	TOTAL	**1**	**100.0**	**100.0**	**1,570**	**100.0**	**100.0**	**N/A**
HMDA TOTALS	Low	0	0.0	4.4	0	0.0	1.7	22.0
	Moderate	5	33.3	13.3	901	24.6	7.8	17.3
	Middle	2	13.3	20.0	68	1.9	15.9	19.7
	Upper	4	26.7	37.3	554	15.1	45.0	41.0
	Unknown	4	26.7	24.9	2,139	58.4	29.6	0.0
	TOTAL	**15**	**100.0**	**100.0**	**3,662**	**100.0**	**100.0**	**100.0**

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (0.0 percent) is below the 2023 aggregate lending level to low-income borrowers (4.4 percent) and substantially below the low-income family population figure (22.0 percent), reflecting poor performance. The bank's level of lending to moderate-income borrowers (33.3 percent) is above the moderate-income family population percentage (17.3 percent) and the 2023 aggregate lending level to moderate-income borrowers (13.3 percent), reflecting excellent performance. Therefore, considering performance in both income categories, the bank's overall distribution of loans by borrower's profile is reasonable.

Next, small business loans were reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of 2023 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

Small Business Loans by Revenue and Loan Size
Assessment Area: Texarkana MSA

Business Revenue and Loan Size			2023						
			Count			Dollars			Total Businesses
			Bank		Aggregate	Bank		Aggregate	
			#	%	%	$ (000s)	$ %	$ %	%
Business Revenue		$1 Million or Less	12	70.6	54.8	479	64.6	43.1	91.0
		Over $1 Million/ Unknown	5	29.4	45.2	262	35.4	56.9	9.0
		TOTAL	**17**	**100.0**	**100.0**	**741**	**100.0**	**100.0**	**100.0**
Loan Size		$100,000 or Less	16	94.1	86.4	578	78.0	28.6	
		$100,001–$250,000	1	5.9	9.2	163	22.0	28.9	
		$250,001– $1 Million	0	0.0	4.3	0	0.0	42.5	
		Over $1 Million	0	0.0	0.0	0	0.0	0.0	
		TOTAL	**17**	**100.0**	**100.0**	**741**	**100.0**	**100.0**	
Loan Size	Revenue $1 Million or Less	$100,000 or Less	11	91.7		316	66.0		
		$100,001–$250,000	1	8.3		163	34.0		
		$250,001– $1 Million	0	0.0		0	0.0		
		Over $1 Million	0	0.0		0	0.0		
		TOTAL	**12**	**100.0**		**479**	**100.0**		

The bank's level of lending to small businesses is reasonable. The bank originated 70.6 percent of its small business loans to businesses with revenues of $1 million or less. In comparison, AA demographics estimate that 91.0 percent of businesses in the AA had annual revenues of $1 million or less, and the 2023 aggregate lending level to small businesses is 54.8 percent.

Last, small farm loans were reviewed to determine the bank's lending levels to small farms of different sizes. The following table shows the distribution of 2023 small farm loans by loan amount and farm revenue size compared to Dun & Bradstreet and aggregate data.

Small Farm Loans by Revenue and Loan Size
Assessment Area: Texarkana MSA

Farm Revenue and Loan Size			2023						
			Count			Dollars			Total Farms
			Bank		Aggregate	Bank		Aggregate	
			#	%	%	$ (000s)	$ %	$ %	%
Farm Revenue		$1 Million or Less	3	50.0	70.3	542	36.4	76.2	96.9
		Over $1 Million/ Unknown	3	50.0	29.7	947	63.6	23.8	3.1
		TOTAL	**6**	**100.0**	**100.0**	**1,489**	**100.0**	**100.0**	**100.0**
Loan Size		$100,000 or Less	1	16.7	79.4	9	0.6	31.2	
		$100,001–$250,000	2	33.3	14.8	323	21.7	38.7	
		$250,001–$1 Million	3	50.0	5.7	1,157	77.7	30.1	
		Over $1 Million	0	0.0	0.0	0	0.0	0.0	
		TOTAL	**6**	**100.0**	**100.0**	**1,489**	**100.0**	**100.0**	
Loan Size	Revenue $1 Million or Less	$100,000 or Less	1	33.3		9	1.7		
		$100,001–$250,000	1	33.3		173	31.9		
		$250,001–$1 Million	1	33.3		360	66.4		
		Over $1 Million	0	0.0		0	0.0		
		TOTAL	**3**	**100.0**		**542**	**100.0**		

The bank's level of lending to small farms is poor. The bank originated 50.0 percent of its small farm loans to small farms with revenues of $1 million or less. In comparison, AA demographics estimate that 96.9 percent of farms in the AA had annual revenues of $1 million or less, and the 2023 aggregate lending level to small farms is 70.3 percent.

Geographic Distribution of Loans

As noted previously, the AA includes four low-income and seven moderate-income census tracts, representing 23.9 percent of all AA census tracts. Overall, the bank's geographic distribution of loans in this AA reflects poor penetration throughout these LMI census tracts, based on the HMDA, small business, and small farm loan categories. Performance in the HMDA loan category carried the most weight in the overall rating. Furthermore, based on reviews from all loan categories, the bank had loan activity in 54.3 percent of all census tracts in the AA and 45.5 percent of all LMI census tracts. Based on this information, there were no conspicuous lending gaps noted.

The following table displays the geographic distribution of 2023 HMDA loans compared to owner-occupied housing demographics and aggregate performance for the AA.

Geographic Distribution of HMDA Loans Assessment Area: Texarkana MSA								
Product Type	**Tract Income Levels**	**2023**						
		Count			**Dollars**			**Owner-Occupied Units**
		Bank		**HMDA Aggregate**	**Bank**		**HMDA Aggregate**	
		#	**%**	**%**	**$ (000s)**	**$ %**	**$ %**	**%**
Home Purchase	Low	0	0.0	1.6	0	0.0	0.7	2.8
	Moderate	1	10.0	13.8	96	4.9	10.4	12.4
	Middle	7	70.0	53.3	913	46.7	46.8	55.7
	Upper	2	20.0	31.2	944	48.3	42.1	29.1
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	TOTAL	**10**	**100.0**	**100.0**	**1,953**	**100.0**	**100.0**	**100.0**
Refinance	Low	0	0.0	2.1	0	0.0	1.6	2.8
	Moderate	0	0.0	11.5	0	0.0	10.7	12.4
	Middle	2	100.0	59.3	101	100.0	53.9	55.7
	Upper	0	0.0	27.2	0	0.0	33.8	29.1
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	TOTAL	**2**	**100.0**	**100.0**	**101**	**100.0**	**100.0**	**100.0**
Home Improvement	Low	2	100.0	4.7	38	100.0	2.8	2.8
	Moderate	0	0.0	12.8	0	0.0	10.3	12.4
	Middle	0	0.0	53.5	0	0.0	52.2	55.7
	Upper	0	0.0	29.1	0	0.0	34.7	29.1
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	TOTAL	**2**	**100.0**	**100.0**	**38**	**100.0**	**100.0**	**100.0**
Multifamily	Low	0	0.0	28.0	0	0.0	6.0	17.2
	Moderate	0	0.0	20.0	0	0.0	12.4	18.3
	Middle	0	0.0	24.0	0	0.0	27.7	43.0
	Upper	1	100.0	28.0	1,570	100.0	53.9	21.5
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	TOTAL	**1**	**100.0**	**100.0**	**1,570**	**100.0**	**100.0**	**100.0**
HMDA TOTALS	Low	2	13.3	2.1	38	1.0	1.2	2.8
	Moderate	1	6.7	13.3	96	2.6	10.5	12.4
	Middle	9	60.0	53.8	1,014	27.7	46.6	55.7
	Upper	3	20.0	30.9	2,514	68.7	41.7	29.1
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	TOTAL	**15**	**100.0**	**100.0**	**3,662**	**100.0**	**100.0**	**100.0**

The analysis of HMDA loans revealed excellent lending performance to borrowers residing in low-income geographies. The bank's total penetration of low-income census tracts by number of loans (13.3 percent) exceeds the percentage of owner-occupied housing units in low-income census tracts (2.8 percent). Similarly, the bank's performance in low-income census tracts exceeds that of other lenders in the AA based on 2023 HMDA aggregate data, which indicates that 2.1 percent of aggregate HMDA loans inside this AA were made to borrowers residing in low-income geographies.

Conversely, the analysis of HMDA loans revealed poor lending performance to borrowers residing in moderate-income geographies. The bank's total penetration of moderate-income census tracts by number of loans (6.7 percent) is below the percentage of owner-occupied housing units in moderate-income census tracts (12.4 percent). Furthermore, the bank's performance in moderate-income census tracts is below that of other lenders based on aggregate lending data, which indicates that 13.3 percent of aggregate HMDA loans inside this AA were made to borrowers residing in moderate-income census tracts.

When taking into consideration both income categories combined, the bank's geographic distribution of HMDA loans in LMI geographies is reasonable overall.

Second, the bank's geographic distribution of small business loans was reviewed. The following table displays 2023 small business loan activity by geography income level compared to the location of businesses throughout the bank's AA and 2023 small business aggregate data.

Geographic Distribution of Small Business Loans Assessment Area: Texarkana MSA							
Tract Income Levels	**2023**						
	Count			**Dollars**			**Businesses**
	Bank		**Aggregate**	**Bank**		**Aggregate**	
	#	**%**	**%**	**$ (000s)**	**$ %**	**$ %**	**%**
Low	0	0.0	7.3	0	0.0	6.8	9.3
Moderate	2	11.8	15.5	233	31.4	17.1	15.8
Middle	12	70.6	43.6	426	57.5	41.9	45.6
Upper	3	17.6	32.6	82	11.1	33.0	29.0
Unknown	0	0.0	1.0	0	0.0	1.2	0.2
TOTAL	**17**	**100.0**	**100.0**	**741**	**100.0**	**100.0**	**100.0**

The bank's level of lending in low-income census tracts (0.0 percent) is below the estimated percentage of businesses operating inside these census tracts (9.3 percent) and 2023 aggregate lending levels in low-income census tracts (7.3 percent), representing poor performance. Furthermore, the bank's percentage of loans in moderate-income census tracts (11.8 percent) is below the 2023 aggregate lending percentage in moderate-income census tracts (15.5 percent) and the percentage of small businesses in moderate-income census tracts (15.8 percent), representing poor performance. Therefore, the bank's overall geographic distribution of small business loans is poor.

Lastly, the bank's geographic distribution of small farm loans was reviewed. The following table displays 2023 small farm loan activity by geography income level compared to the location of farms throughout the bank's AA and 2023 small farm aggregate data.

Geographic Distribution of Small Farm Loans Assessment Area: Texarkana MSA							
Tract Income Levels	**2023**						
	Count			**Dollars**			**Farms**
	Bank		**Aggregate**	**Bank**		**Aggregate**	
	#	**%**	**%**	**$ (000s)**	**$ %**	**$ %**	**%**
Low	0	0.0	1.0	0	0.0	0.2	1.5
Moderate	0	0.0	10.0	0	0.0	6.9	7.7
Middle	5	83.3	64.6	1,316	88.4	74.7	63.3
Upper	1	16.7	23.9	173	11.6	18.1	27.6
Unknown	0	0.0	0.5	0	0.0	0.0	0.0
TOTAL	**6**	**100.0**	**100.0**	**1,489**	**100.0**	**100.0**	**100.0**

The bank's level of lending in low-income census tracts (0.0 percent) is in line with the estimated percentage of farms operating inside these census tracts (1.5 percent) and 2023 aggregate lending levels in low-income census tracts (1.0 percent), representing reasonable performance. However, the bank's percentage of loans in moderate-income census tracts (0.0 percent) is below the 2023 aggregate lending percentage in moderate-income census tracts (10.0 percent) and the percentage of small farms in moderate-income census tracts (7.7 percent), representing poor performance. Therefore, the bank's overall geographic distribution of small farm loans to LMI census tracts is poor.

COMMUNITY DEVELOPMENT TEST

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

During the review period, the bank extended seven community development loans totaling $1.1 million in the AA. All of the loans promoted economic development by providing permanent jobs in LMI census tracts.

At the time of the evaluation, the bank had approximately $1.7 million in outstanding investments that qualified for community development credit, all of which were prior-period investments that remain in the bank's portfolio. Two investments were in the form of school bonds issued to school districts in the bank's AA, the majority of whose students are from LMI families. In addition to the investments previously noted, the bank donated a total of $1,689 to various organizations having a community development purpose. This total included six separate donations to organizations that support educational programs in the AA, which was noted as a need in the AA by the community contact.

One bank officer utilized their financial expertise to assist two nonprofit organizations, including an organization that fundraises for community development projects in and around LMI areas in the AA.

ARKANSAS

CRA RATING FOR ARKANSAS: **SATISFACTORY**
The Lending Test is rated: **Satisfactory**
The Community Development Test is rated: **Satisfactory**

Major factors supporting the institution's Arkansas rating include the following:

- The distribution of loans in the Arkansas AA reflects reasonable penetration among individuals of different income levels (including LMI levels) and businesses and farms of different sizes.

- Overall, the geographic distribution of loans reflects reasonable dispersion throughout the Arkansas AA.

- The bank's community development performance demonstrates adequate responsiveness to community development needs through community development loans, qualified investments, and community development services, considering the need and availability for such opportunities for community development in the bank's AAs.

SCOPE OF EXAMINATION

Scoping considerations applicable to the review of the Arkansas AAs are consistent with the overall CRA examination scope as presented in the *Scope of Examination* section. Two of the bank's three AAs in Arkansas are located in nonMSA portions of the state, while the third is located in the Hot Springs MSA. The bank's ratings in the state of Arkansas reflect the bank's performance in the AA(s) that are evaluated using full-scope procedures. In light of branch structure and loan/deposit activity, the Southwest Arkansas AA was the only AA reviewed using full-scope procedures.

To augment the evaluation of the full-scope AA in Arkansas, one community contact interview was conducted to ascertain specific community credit needs, community development opportunities, and local economic conditions. The interview was conducted with a representative from an agency specializing in local planning and development. Details from this interview are included in the *Description of Institution's Operations* section applicable to the AA in which the community contact was made.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN ARKANSAS

Diamond Bank operates 12 of its 14 offices (85.7 percent) throughout the three AAs in the state of Arkansas. The following table gives additional detail regarding the bank's operations in Arkansas.

Assessment Area	Offices		Deposits As of June 30, 2024		Review Procedures
	#	%	$	%	
Southwest Arkansas	9	75.0	504,801	74.4	Full Scope
Pope County	1	8.3	58,666	8.6	Limited Scope
Hot Springs MSA	2	16.7	115,062	17.0	Limited Scope
TOTAL	**12**	**100.0**	**678,529**	**100.0**	**1 – Full Scope**

During the review period, the bank closed one branch in Nashville, Arkansas, located in the Southwest Arkansas AA; however, the bank maintains one stand-alone ATM at this location. Additionally, the bank closed one branch in the Pope County AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ARKANSAS

LENDING TEST

The bank's Lending Test rating for the state of Arkansas is satisfactory. The bank's overall distribution of loans by borrower's income and revenue profile reflects reasonable penetration among borrowers of different income levels and businesses and farms of different sizes. Similarly, the geographic distribution of loans reflects reasonable penetration throughout the Arkansas AAs.

<u>Borrower and Geographic Distribution</u>

Overall, the bank's performance by borrower's income and revenue profile is reasonable in Arkansas, as is displayed in the following tables.

Full-Scope Review Assessment Area	Loan Distribution by Borrower's Profile
Southwest Arkansas	Reasonable
OVERALL	**REASONABLE**

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

As displayed in the following tables, the bank's overall geographic distribution of loans reflects reasonable penetration throughout Arkansas.

Full-Scope Review Assessment Area	Geographic Distribution of Loans
Southwest Arkansas	Reasonable
OVERALL	**REASONABLE**

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

COMMUNITY DEVELOPMENT TEST

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

Full-Scope Review Assessment Area	Community Development Performance
Southwest Arkansas	Adequate
OVERALL	**ADEQUATE**

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

The bank extended 21 community development loans totaling $1.2 million within the Arkansas AAs. Of these loans, 14 promoted economic development, and 7 were for revitalization/ stabilization efforts in LMI geographies. In addition, the bank made 4 new community development investments totaling $1.7 million, and 12 continuing investments totaling $7.9 million remain in the bank's portfolio. Additionally, the bank made 161 donations in the Arkansas AAs totaling $50,467. Lastly, the bank provided 908 community service hours to 13 different community development organizations in the Arkansas AAs.

NONMETROPOLITAN ARKANSAS STATEWIDE AREA

(Full-Scope Review)

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

Bank Structure

The bank operates 9 of its 14 offices (64.3 percent) in this AA. All nine branches, including the main office, are located in middle-income census tracts. A branch located in the city of Mena (Polk County) borders a moderate-income census tract to the west of the branch. Additionally, in 2023, 15 of the 22 middle-income census tracts in the AA were designated as distressed due to poverty levels and underserved based on their remote/rural locations. Since the last evaluation, the bank closed one branch in this AA. Based on its branch network and other service delivery systems, the bank is well positioned to deliver financial services to the entire AA.

General Demographics

The AA is composed of six counties in their entireties, which, based on 2020 ACS data, had a total population of 86,565. This is the bank's primary AA. It is located in southwest Arkansas, directly to the north of, and contiguous with, the Texarkana MSA AA. Of the 14 FDIC-insured depository institutions with a branch presence in this AA, the bank is ranked 1st in deposit market share, encompassing 21.9 percent of total deposit dollars.

Income and Wealth Demographics

The following table summarizes the distribution of AA census tracts by income level and the family population within those tracts.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown-**	**TOTAL**
Census Tracts	0	3	22	2	0	**27**
	0.0%	11.1%	81.5%	7.4%	0.0%	**100.0%**
Family Population	0	2,079	20,715	1,772	0	**24,566**
	0.0%	8.5%	84.3%	7.2%	0.0%	**100.0%**

As shown above, 11.1 percent of the census tracts in the AA are LMI geographies, but only 8.5 percent of the family population resides in these tracts. Additionally, as noted above, the majority of census tracts are middle income, with 15 of the 22 considered distressed due to poverty and/or underserved remote rural tracts.

Based on 2020 ACS data, the median family income for the AA was $52,685. At the same time, the median family income for nonMSA Arkansas as a whole was $53,702. More recently, the FFIEC estimates the 2023 median family income for nonMSA Arkansas to be $63,400. The following table displays population percentages of AA families by income level compared to the nonMSA Arkansas family populations.

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area	5,364	4,407	4,967	9,828	**24,566**
	21.8%	17.9%	20.2%	40.0%	**100.0%**
NonMSA Arkansas	59,832	53,245	58,635	118,518	**290,230**
	20.6%	18.4%	20.2%	40.8%	**100.0%**

Housing Demographics

Housing demographic information is displayed in the following table for the AA and nonMSA Arkansas.

Housing Cost Burden (%)						
Area	**Cost Burden – Renters**			**Cost Burden – Owners**		
	Low-Income	**Moderate-Income**	**All Renters**	**Low-Income**	**Moderate-Income**	**All Owners**
Assessment Area	62.8	23.3	31.8	49.6	20.1	15.2
NonMSA Arkansas	63.7	31.6	35.2	51.7	23.8	15.7
Cost burden is housing cost that equals 30 percent or more of household income.						

As displayed in the preceding table, LMI renters in the AA are less cost burdened than LMI renters in the entirety of nonMSA Arkansas. This is further supported by the AA having a median rental rate ($653/month) that is in line with nonMSA Arkansas ($640/month). Similarly, the table shows that LMI homeowners in the AA are less cost burdened than LMI homeowners in nonMSA Arkansas. Notwithstanding that LMI renters and homeowners are less cost burdened than those in nonMSA Arkansas, the community contact indicated there is a limited supply of affordable housing stock in the AA, which could create additional barriers for LMI families seeking homeownership.

Industry and Employment Demographics

The AA supports a diverse business community. According to the BLS Quarterly Census of Employment and Wages data, there are 28,200 employees in the AA (including 6,001 governmental employees). By percentage of nongovernmental employees, the three largest job categories in the AA are manufacturing (28.4 percent), retail trade (14.8 percent), and healthcare and social assistance (9.6 percent). The table below details BLS unemployment data (not seasonally adjusted) for the AA and nonMSA Arkansas as a whole.

Unemployment Levels (%)				
Dataset	Time Period (Annual Average)			
	2021	2022	2023	2024 (Jan.–July)
Assessment Area	4.1	3.5	3.6	4.0
NonMSA Arkansas	4.5	3.8	3.9	4.3

Community Contact Information

For the Southwest Arkansas AA, one community contact interview was completed and referenced as part of this evaluation. The interview was conducted with an individual from an organization that specializes in planning and development in the AA.

The contact characterized the area as a rural community with a retiring and aging demographic. The contact noted that a large city nearby is more attractive to a younger demographic, where there are better job prospects in addition to a local community college that offers student housing.

Due to the overall rural nature of the AA, the community contact cited local water and sewer system upgrades as a critical need in the AA. The contact stated that current facilities are all older structures that are in need of repairs and upgrades. Additionally, the contact noted more affordable housing, specifically for LMI individuals, as a need in the AA.

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

LENDING TEST

The bank's overall distribution of loans by borrower's income/revenue profile reflects reasonable penetration among borrowers of different income levels and businesses and farms of different revenue sizes. Furthermore, the overall geographic distribution of loans reflects reasonable penetration throughout the AA.

Loan Distribution by Borrower's Profile

Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the applicable median family income figure as estimated by the FFIEC ($63,400 for nonMSA Arkansas as of 2023).

The bank's HMDA loan distribution by borrower's profile is reasonable, and performance under the small business and small farm loan categories is excellent. While the bank exhibited excellent lending performance in two of the three loan categories reviewed (small business and small farm), the bank's HMDA lending to LMI borrowers decreased significantly during the review period, and, as previously mentioned, greater significance is placed on performance in the HMDA loan category. Therefore, the bank's overall loan distribution by borrower's profile is reasonable.

The following table shows the distribution of HMDA-reported loans by borrower income level in comparison to family population income demographics for the AA. Additionally, 2023 aggregate data for the AA is displayed.

Borrower Distribution of HMDA Loans Assessment Area: Southwest Arkansas								
Product Type	**Borrower Income Levels**	**2023**						
		Count			**Dollars**			**Families**
		Bank		**HMDA Aggregate**	**Bank**		**HMDA Aggregate**	
		#	**%**	**%**	**$ (000s)**	**$ %**	**$ %**	**%**
Home Purchase	Low	3	7.9	5.7	150	3.6	3.0	21.8
	Moderate	5	13.2	15.7	443	10.5	10.0	17.9
	Middle	6	15.8	22.2	1,194	28.3	19.3	20.2
	Upper	20	52.6	36.7	2,106	50.0	44.0	40.0
	Unknown	4	10.5	19.7	319	7.6	23.6	0.0
	TOTAL	**38**	**100.0**	**100.0**	**4,212**	**100.0**	**100.0**	**100.0**
Refinance	Low	0	0.0	5.5	0	0.0	2.3	21.8
	Moderate	7	41.2	15.6	343	32.7	10.7	17.9
	Middle	3	17.6	23.6	268	25.5	17.7	20.2
	Upper	7	41.2	43.9	439	41.8	55.2	40.0
	Unknown	0	0.0	11.4	0	0.0	14.1	0.0
	TOTAL	**17**	**100.0**	**100.0**	**1,050**	**100.0**	**100.0**	**100.0**
Home Improvement	Low	2	10.5	6.3	51	5.9	3.7	21.8
	Moderate	3	15.8	12.7	64	7.5	6.8	17.9
	Middle	3	15.8	20.6	78	9.1	25.4	20.2
	Upper	9	47.4	55.6	634	73.8	61.1	40.0
	Unknown	2	10.5	4.8	32	3.7	3.1	0.0
	TOTAL	**19**	**100.0**	**100.0**	**859**	**100.0**	**100.0**	**100.0**
Multifamily	Low	0	0.0	0.0	0	0.0	0.0	N/A
	Moderate	0	0.0	14.3	0	0.0	7.3	N/A
	Middle	0	0.0	0.0	0	0.0	0.0	N/A
	Upper	2	66.7	28.6	590	82.9	34.0	N/A
	Unknown	1	33.3	57.1	122	17.1	58.8	N/A
	TOTAL	**3**	**100.0**	**100.0**	**712**	**100.0**	**100.0**	**N/A**
HMDA TOTALS	Low	5	6.5	6.1	201	2.9	3.0	21.8
	Moderate	15	19.5	15.6	850	12.4	10.1	17.9
	Middle	12	15.6	21.8	1,540	22.5	18.7	20.2
	Upper	38	49.4	39.5	3,769	55.2	46.8	40.0
	Unknown	7	9.1	17.1	473	6.9	21.4	0.0
	TOTAL	**77**	**100.0**	**100.0**	**6,833**	**100.0**	**100.0**	**100.0**

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (6.5 percent) is below the low-income family population figure (21.8 percent) but in line with the 2023 aggregate lending level to low-income borrowers (6.1 percent), reflecting reasonable performance.

The bank's level of lending to moderate-income borrowers (19.5 percent) is above both the moderate-income family population percentage (17.9 percent) and the 2023 aggregate lending level to moderate-income borrowers (15.6 percent), reflecting excellent performance. Considering performance in both income categories, the bank's overall distribution of HMDA loans by borrower's profile is reasonable.

Next, small business loans were reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of 2023 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

Small Business Loans by Revenue and Loan Size Assessment Area: Southwest Arkansas								
Business Revenue and Loan Size		**2023**						
		Count			**Dollars**			**Total Businesses**
		Bank		**Aggregate**	**Bank**		**Aggregate**	
		#	**%**	**%**	**$ (000s)**	**$ %**	**$ %**	**%**
Business Revenue	$1 Million or Less	76	85.4	60.2	2,494	73.1	42.9	89.9
	Over $1 Million/ Unknown	13	14.6	39.8	917	26.9	57.1	10.1
	TOTAL	**89**	**100.0**	**100.0**	**3,411**	**100.0**	**100.0**	**100.0**
Loan Size	$100,000 or Less	79	88.8	90.1	1,867	54.7	37.1	
	$100,001–$250,000	9	10.1	6.4	1,244	36.5	23.5	
	$250,001– $1 Million	1	1.1	3.5	300	8.8	39.4	
	Over $1 Million	0	0.0	0.0	0	0.0	0.0	
	TOTAL	**89**	**100.0**	**100.0**	**3,411**	**100.0**	**100.0**	
Loan Size / Revenue $1 Million or Less	$100,000 or Less	70	92.1		1,701	68.2		
	$100,001–$250,000	6	7.9		793	31.8		
	$250,001– $1 Million	0	0.0		0	0.0		
	Over $1 Million	0	0.0		0	0.0		
	TOTAL	**76**	**100.0**		**2,494**	**100.0**		

The bank's level of lending to small businesses is excellent. The bank originated 85.4 percent of its small business loans to businesses with revenues of $1 million or less. In comparison, AA demographics estimate that 89.9 percent of businesses in the AA had annual revenues of $1 million or less, and the 2023 aggregate lending level to small businesses was 60.2 percent.

Last, small farm loans were reviewed to determine the bank's lending levels to small farms of different sizes. The following table shows the distribution of 2023 small farm loans by loan amount and farm revenue size compared to Dun & Bradstreet and aggregate data.

Small Farm Loans by Revenue and Loan Size Assessment Area: Southwest Arkansas								
Farm Revenue and Loan Size		**2023**						
		Count			**Dollars**			**Total Farms**
		Bank		**Aggregate**	**Bank**		**Aggregate**	
		#	**%**	**%**	**$ (000s)**	**$ %**	**$ %**	**%**
Farm Revenue	$1 Million or Less	96	92.3	76.9	4,604	86.1	80.8	95.1
	Over $1 Million/ Unknown	8	7.7	23.1	743	13.9	19.2	4.9
	TOTAL	**104**	**100.0**	**100.0**	**5,347**	**100.0**	**100.0**	**100.0**
Loan Size	$100,000 or Less	89	85.6	88.9	2,311	43.2	47.0	
	$100,001–$250,000	13	12.5	7.7	2,411	45.1	26.6	
	$250,001– $1 Million	2	1.9	3.4	625	11.7	26.4	
	Over $1 Million	0	0.0	0.0	0	0.0	0.0	
	TOTAL	**104**	**100.0**	**100.0**	**5,347**	**100.0**	**100.0**	
Loan Size / Revenue $1 Million or Less	$100,000 or Less	83	86.5		1,944	42.2		
	$100,001–$250,000	11	11.5		2,035	44.2		
	$250,001– $1 Million	2	2.1		625	13.6		
	Over $1 Million	0	0.0		0	0.0		
	TOTAL	**96**	**100.0**		**4,604**	**100.0**		

The bank's level of lending to small farms is excellent. The bank originated 92.3 percent of its small farm loans to small farms with revenues of $1 million or less. In comparison, AA demographics estimate that 95.1 percent of farms in the AA had annual revenues of $1 million or less, and the 2023 aggregate lending level to small farms is 76.9 percent.

Geographic Distribution of Loans

The AA includes no low-income and three moderate-income census tracts, representing 11.1 percent of all AA census tracts. Overall, the bank's geographic distribution of loans in this AA reflects reasonable penetration throughout these LMI census tracts, based on the HMDA, small business, and small loan categories. Furthermore, based on reviews from all loan categories, the bank had loan activity in 96.3 percent of all census tracts in the AA, including in two of the three moderate-income census tracts. Based on this information, there were no conspicuous lending gaps noted.

The following table displays the geographic distribution of 2023 HMDA loans compared to owner-occupied housing demographics and aggregate performance for the AA.

Geographic Distribution of HMDA Loans Assessment Area: Southwest Arkansas								
Product Type	**Tract Income Levels**	**2023**						
		Count			**Dollars**			**Owner-Occupied Units**
		Bank		**HMDA Aggregate**	**Bank**		**HMDA Aggregate**	
		#	**%**	**%**	**$ (000s)**	**$ %**	**$ %**	**%**
Home Purchase	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	2	5.3	5.4	316	7.5	5.3	8.2
	Middle	34	89.5	86.3	3,563	84.6	86.4	84.5
	Upper	2	5.3	8.2	333	7.9	8.1	7.3
	Unknown	0	0.0	0.1	0	0.0	0.1	0.0
	TOTAL	**38**	**100.0**	**100.0**	**4,212**	**100.0**	**100.0**	**100.0**
Refinance	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	2	11.8	4.6	103	9.8	3.3	8.2
	Middle	14	82.4	81.9	885	84.3	81.1	84.5
	Upper	1	5.9	13.5	62	5.9	15.6	7.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	TOTAL	**17**	**100.0**	**100.0**	**1,050**	**100.0**	**100.0**	**100.0**
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	3.2	0	0.0	2.5	8.2
	Middle	18	94.7	87.3	817	95.1	77.0	84.5
	Upper	1	5.3	9.5	42	4.9	20.5	7.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	TOTAL	**19**	**100.0**	**100.0**	**859**	**100.0**	**100.0**	**100.0**
Multifamily	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	28.6	0	0.0	43.2	8.0
	Middle	3	100.0	71.4	712	100.0	56.8	92.0
	Upper	0	0.0	0.0	0	0.0	0.0	0.1
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	TOTAL	**3**	**100.0**	**100.0**	**712**	**100.0**	**100.0**	**100.0**
HMDA TOTALS	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	4	5.2	5.2	419	6.1	5.3	8.2
	Middle	69	89.6	85.1	5,977	87.5	84.6	84.5
	Upper	4	5.2	9.6	437	6.4	10.0	7.3
	Unknown	0	0.0	0.1	0	0.0	0.1	0.0
	TOTAL	**77**	**100.0**	**100.0**	**6,833**	**100.0**	**100.0**	**100.0**

The bank's percentage of loans in moderate-income census tracts (5.2 percent) is in line with the 2023 aggregate lending percentage in moderate-income census tracts (5.2 percent) and slightly below the percentage of owner-occupied housing units in moderate-income geographies (8.2 percent), representing reasonable performance. Therefore, the bank's overall geographic distribution of HMDA loans to LMI geographies is reasonable.

Next, the bank's geographic distribution of small business loans was reviewed. The following table displays 2023 small business loan activity by geography income level compared to the location of businesses throughout this AA and 2023 small business aggregate data.

Geographic Distribution of Small Business Loans Assessment Area: Southwest Arkansas							
Tract Income Levels	**2023**						
	Count			**Dollars**			**Businesses**
	Bank		**Aggregate**	**Bank**		**Aggregate**	
	#	**%**	**%**	**$ (000s)**	**$ %**	**$ %**	**%**
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	9	10.1	7.8	234	6.9	6.5	10.8
Middle	73	82.0	79.3	2,917	85.5	65.8	84.6
Upper	7	7.9	12.2	260	7.6	27.6	4.5
Unknown	0	0.0	0.7	0	0.0	0.1	0.0
TOTAL	**89**	**100.0**	**100.0**	**3,411**	**100.0**	**100.0**	**100.0**

The bank's overall geographic distribution of small business loans is reasonable. The bank's level of lending in moderate-income census tracts (10.1 percent) is similar to the percentage of businesses operating inside these census tracts (10.8 percent) and 2023 aggregate lending levels (7.8 percent), representing reasonable performance.

Lastly, the bank's geographic distribution of small farm loans was reviewed. The following table displays 2023 small farm loan activity by geography income level compared to the location of farms throughout the bank's AA and 2023 small farm aggregate data.

Geographic Distribution of Small Farm Loans Assessment Area: Southwest Arkansas							
Tract Income Levels	**2023**						
	Count			**Dollars**			**Farms**
	Bank		**Aggregate**	**Bank**		**Aggregate**	
	#	**%**	**%**	**$ (000s)**	**$ %**	**$ %**	**%**
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	6	5.8	2.1	93	1.7	0.5	5.8
Middle	89	85.6	72.9	4,844	90.6	73.0	80.4
Upper	9	8.7	24.9	410	7.7	26.6	13.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
TOTAL	**104**	**100.0**	**100.0**	**5,347**	**100.0**	**100.0**	**100.0**

The bank's overall geographic distribution of small business loans is reasonable. The bank's percentage of loans in moderate-income census tracts (5.8 percent) is in line with the 2023 aggregate lending percentage (2.1 percent) and the percentage of small farms in moderate-income census tracts (5.8 percent), representing reasonable performance.

COMMUNITY DEVELOPMENT TEST

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

During the review period, the bank extended 18 community development loans totaling $987,146 in this AA; 11 of these loans promoted economic development by providing permanent jobs in LMI census tracts and middle-income census tracts declared distressed/underserved.

Further, at the time of the evaluation, the bank had a total of $5.9 million in outstanding investments that qualified for community development credit. This amount includes six prior-period investments that remain in the bank's portfolio and four new investments totaling $1.7 million. In addition to the investments previously noted, the bank donated a total of $46,850 to various organizations having a community development purpose. Lastly, 16 employees provided 84 hours of service to six community development organizations in this AA; all of these services provided financial education to schools in which the majority of the students qualified for FRL.

NONMETROPOLITAN ARKANSAS STATEWIDE AREA

(Limited-Scope Review)

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

This AA includes the entirety of Pope County, and the bank operates one office in this AA. In April 2024, the bank closed one office that was located in the city of Hector. The tables below detail key demographics relating to this AA.

Assessment Area Demographics by Population Income Level					
Demographic Type	**Population Income Level**				**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	
Family Population	2,572	2,974	2,668	6,986	**15,220**
	16.9%	19.5%	17.7%	45.9%	**100.0%**
Household Population	4,520	4,243	3,731	10,369	**22,863**
	19.8%	18.6%	16.3%	45.4%	**100.0%**

Assessment Area Demographics by Geography Income Level						
Dataset	**Geography Income Level**					**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	**Unknown-**	
Census Tracts	0	2	8	7	0	**17**
	0.0%	11.8%	47.1%	41.2%	0.0%	**100.0%**
Family Population	0	1,110	8,612	5,498	0	**15,220**
	0.0%	7.3%	56.6%	36.1%	0.0%	**100.0%**
Household Population	0	1,994	12,813	8,056	0	**22,863**
	0.0%	8.7%	56.0%	35.2%	0.0%	**100.0%**
Business Institutions	0	459	871	835	0	**2,165**
	0.0%	21.2%	40.2%	38.6%	0.0%	**100.0%**

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

LENDING TEST

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

Lending Test Criteria	Performance
Distribution of Loans by Borrower's Profile	Consistent
Geographic Distribution of Loans	Below
OVERALL	**CONSISTENT**

COMMUNITY DEVELOPMENT TEST

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

During the review period, the bank refinanced one community development loan totaling $176,214 to a small business that provides permanent jobs to 18 employees in a moderate-income census tract in the AA. Additionally, the bank retained five investments totaling $3.5 million; two of the investments are school bonds issued to school districts in the bank's AA, the majority of whose students are from LMI families. The bank also made six donations totaling $1,200, and two employees provided 550 service hours to three different community development organizations in this AA.

HOT SPRINGS, ARKANSAS METROPOLITIAN STATISTICAL AREA

(Limited-Scope Review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE HOT SPRINGS MSA ASSESSMENT AREA

This AA includes all of Garland County, which makes up the entirety of the Hot Springs MSA. The bank operates two offices in this AA. There were no offices opened or closed during the review period. The tables below detail key demographics relating to this AA.

Assessment Area Demographics by Population Income Level					
Demographic Type	**Population Income Level**				**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	
Family Population	5,381	4,672	6,076	9,942	**26,071**
	20.6%	17.9%	23.3%	38.1%	**100.0%**
Household Population	9,953	6,353	7,422	17,178	**40,906**
	24.3%	15.5%	18.1%	42.0%	**100.0%**

Assessment Area Demographics by Geography Income Level						
Dataset	**Geography Income Level**					**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	**Unknown-**	
Census Tracts	0	9	15	5	1	**30**
	0.0%	30.0%	50.0%	16.7%	3.3%	**100.0%**
Family Population	0	7,034	13,910	4,829	298	**26,071**
	0.0%	27.0%	53.4%	18.5%	1.1%	**100.0%**
Household Population	0	11,718	21,276	7,059	853	**40,906**
	0.0%	28.7%	52.0%	17.3%	2.1%	**100.0%**
Business Institutions	0	1,368	2,144	743	71	**4,326**
	0.0%	31.6%	49.6%	17.2%	1.6%	**100.0%**

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE HOT SPRINGS MSA ASSESSMENT AREA

LENDING TEST

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

Lending Test Criteria	Performance
Distribution of Loans by Borrower's Profile	Consistent
Geographic Distribution of Loans	Consistent
OVERALL	**CONSISTENT**

COMMUNITY DEVELOPMENT TEST

The bank's Community Development Test performance in this AA is below the bank's Community Development Test performance in the AA that was reviewed using full-scope procedures that was also in the state of Arkansas.

During the review period, the bank made two community development loans totaling $45,150 to one organization that promoted economic development by providing permanent jobs to five employees in a moderate-income census tract. Additionally, one prior-period investment in the amount of $290,000 remains in the bank's portfolio. This investment is in the form of a school bond issued to a school district in the AA, the majority of whose students are from LMI families. The bank also made 28 donations totaling $2,417 in this AA. Finally, 275 service hours were provided to four different community development organizations in this AA.

APPENDIX A – SCOPE OF EXAMINATION TABLES

Scope of Examination		
TIME PERIOD REVIEWED	January 1, 2023 – December 31, 2023 for HMDA, small business, and small farm lending July 19, 2021 – March 16, 2025 for community development loans, investments, and service activities	
FINANCIAL INSTITUTION Diamond Bank Murfreesboro, Arkansas	**PRODUCTS REVIEWED** HMDA Small Business Small Farm	
AFFILIATE(S)	**AFFILIATE RELATIONSHIP**	**PRODUCTS REVIEWED**
N/A	N/A	N/A

Assessment Area – Examination Scope Details					
Assessment Area	**Rated Area**	**# of Offices**	**Deposits $ (000s) (as of June 30, 2024)**	**Branches Visited**	**CRA Review Procedures**
Texarkana MSA	Texarkana MSA	2	51,713	0	Full Scope
Southwest Arkansas	Arkansas	9	504,801	0	Full Scope
Pope County	Arkansas	1	58,666	0	Limited Scope
Hot Springs MSA	Arkansas	2	115,062	0	Limited Scope
OVERALL		**14**	**730,242**	**0**	**2 – Full Scope**

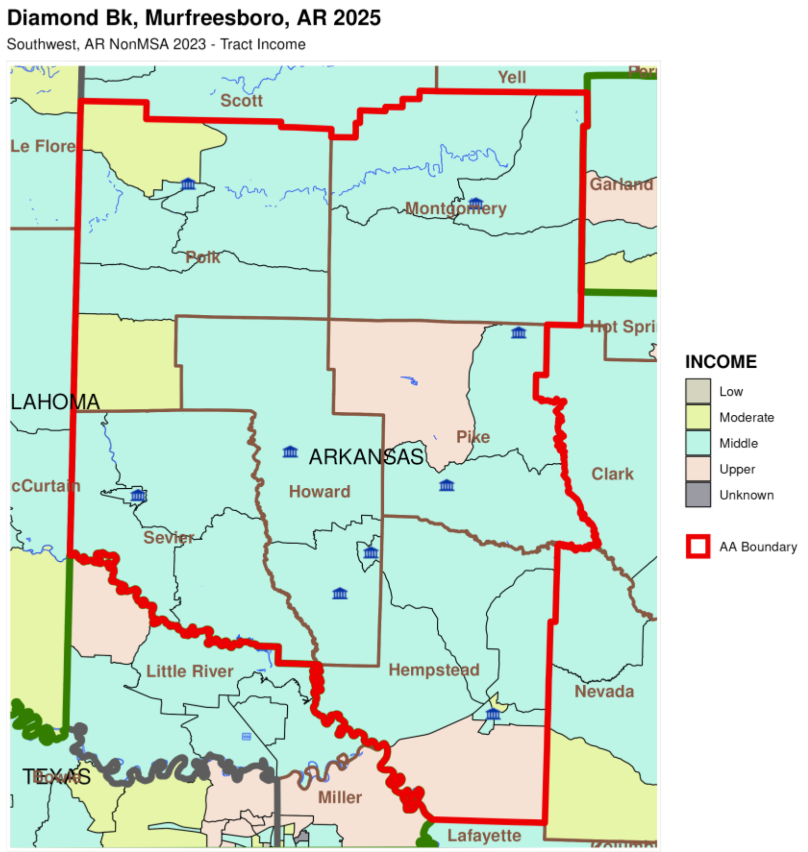
APPENDIX B – SUMMARY OF STATE AND MULTISTATE METROPOLITAN STATISTICAL AREA RATINGS

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

APPENDIX C – MAPS OF THE ASSESSMENT AREAS

ARKANSAS

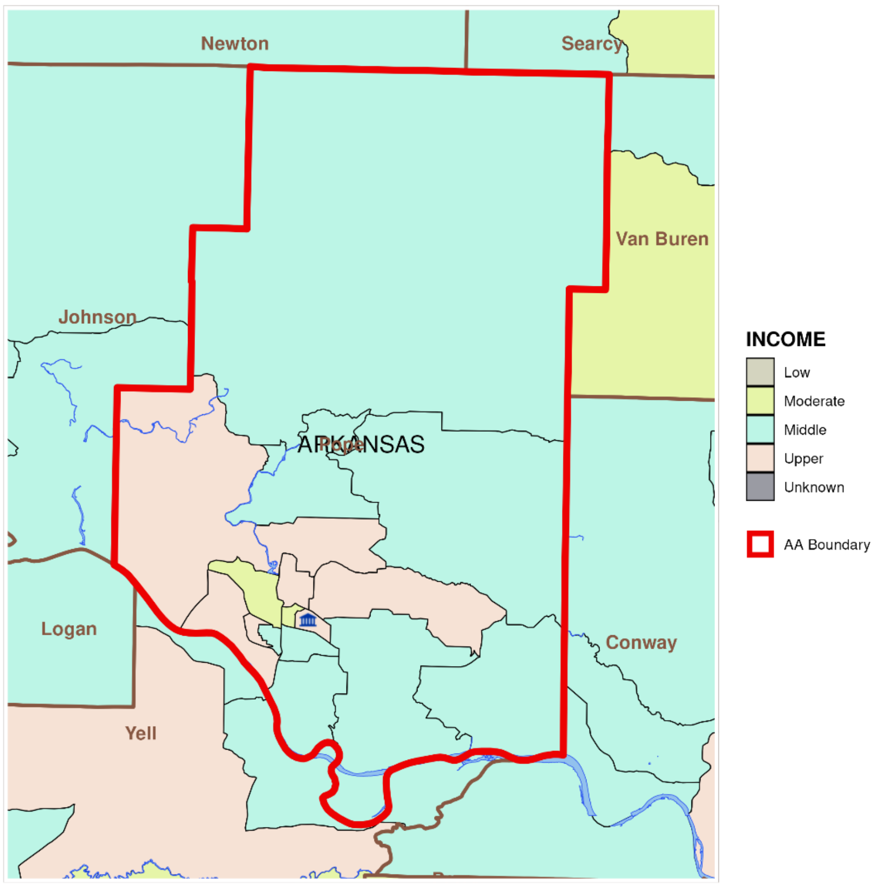
Southwest Arkansas Assessment Area



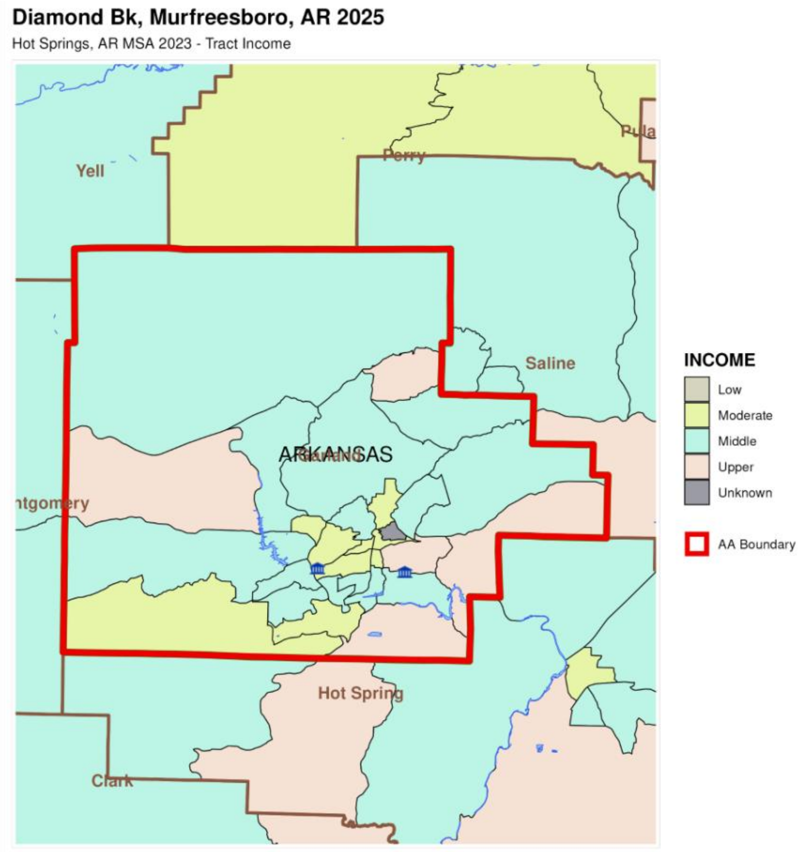
Pope County Assessment Area

Diamond Bk, Murfreesboro, AR 2025

Pope County, AR NonMSA 2023 - Tract Income

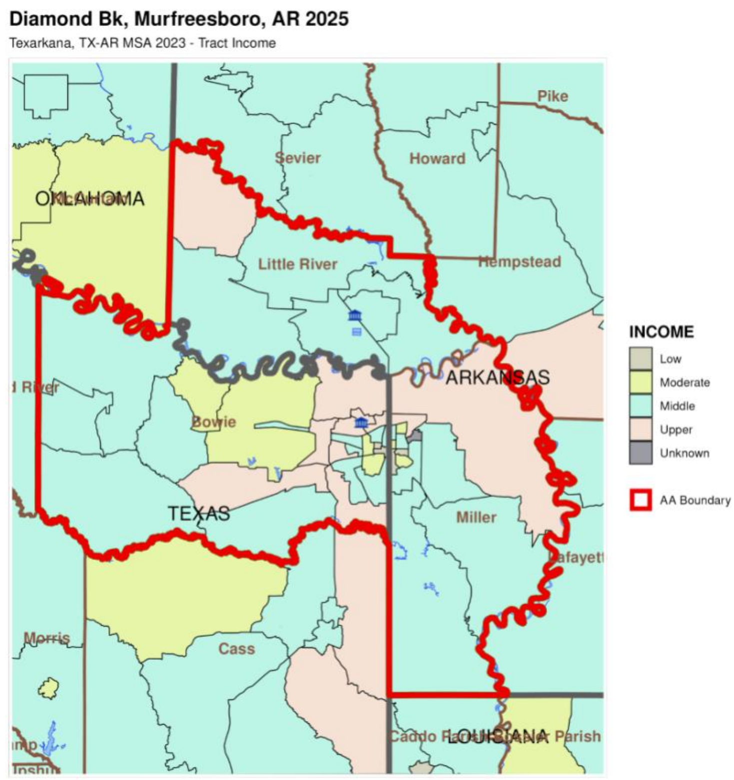


Hot Springs MSA Assessment Area



MULTISTATE MSA

<u>Texarkana MSA Assessment Area</u>



APPENDIX D – LENDING PERFORMANCE TABLES FOR LIMITED-SCOPE REVIEW ASSESSMENT AREAS

Arkansas

Pope County Assessment Area

Borrower Distribution of HMDA Loans Assessment Area: Pope County								
Product Type	Borrower Income Levels	2023						
		Count			Dollars			Families
		Bank		HMDA Aggregate	Bank		HMDA Aggregate	
		#	%	%	$ (000s)	$ %	$ %	%
Home Purchase	Low	1	11.1	3.6	31	2.9	1.7	16.9
	Moderate	1	11.1	17.0	28	2.6	10.8	19.5
	Middle	0	0.0	20.7	0	0.0	19.8	17.7
	Upper	5	55.6	40.2	659	62.2	49.7	45.9
	Unknown	2	22.2	18.5	342	32.3	18.0	0.0
	TOTAL	**9**	**100.0**	**100.0**	**1,060**	**100.0**	**100.0**	**100.0**
Refinance	Low	1	14.3	7.0	95	8.0	3.4	16.9
	Moderate	0	0.0	11.2	0	0.0	6.7	19.5
	Middle	1	14.3	17.2	153	12.9	11.3	17.7
	Upper	3	42.9	50.2	631	53.1	62.2	45.9
	Unknown	2	28.6	14.4	309	26.0	16.3	0.0
	TOTAL	**7**	**100.0**	**100.0**	**1,188**	**100.0**	**100.0**	**100.0**
Home Improvement	Low	0	0.0	1.9	0	0.0	1.3	16.9
	Moderate	1	50.0	20.6	21	39.6	13.2	19.5
	Middle	1	50.0	18.7	32	60.4	16.1	17.7
	Upper	0	0.0	45.8	0	0.0	53.9	45.9
	Unknown	0	0.0	13.1	0	0.0	15.5	0.0
	TOTAL	**2**	**100.0**	**100.0**	**53**	**100.0**	**100.0**	**100.0**
Multifamily	Low	0	0.0	0.0	0	0.0	0.0	N/A
	Moderate	0	0.0	0.0	0	0.0	0.0	N/A
	Middle	0	0.0	0.0	0	0.0	0.0	NA
	Upper	0	0.0	0.0	0	0.0	0.0	N/A
	Unknown	2	100.0	100.0	1,394	100.0	100.0	N/A
	TOTAL	**2**	**100.0**	**100.0**	**1,394**	**100.0**	**100.0**	**N/A**

HMDA TOTALS	Low	2	10.0	4.1	126	3.4	2.0	16.9
	Moderate	2	10.0	15.9	49	1.3	9.8	19.5
	Middle	2	10.0	20.5	185	5.0	17.7	17.7
	Upper	8	40.0	42.4	1,290	34.9	51.3	45.9
	Unknown	6	30.0	17.1	2,045	55.3	19.1	0.0
	TOTAL	**20**	**100.0**	**100.0**	**3,695**	**100.0**	**100.0**	**100.0**

Small Business Loans by Revenue and Loan Size Assessment Area: Pope County									
Business Revenue and Loan Size			**2023**						
			Count			**Dollars**			**Total Businesses**
			Bank		**Aggregate**	**Bank**		**Aggregate**	
			#	**%**	**%**	**$ (000s)**	**$ %**	**$ %**	**%**
Business Revenue		$1 Million or Less	17	89.5	60.1	651	75.5	37.3	91.0
		Over $1 Million/ Unknown	2	10.5	39.9	211	24.5	62.7	9.0
		TOTAL	**19**	**100.0**	**100.0**	**862**	**100.0**	**100.0**	**100.0**
Loan Size		$100,000 or Less	1	5.3	5.8	158	18.3	22.9	
		$100,001–$250,000	0	0.0	4.1	0	0.0	45.5	
		$250,001– $1 Million	0	0.0	0.0	0	0.0	0.0	
		Over $1 Million	**19**	**100.0**	**100.0**	**862**	**100.0**	**100.0**	
		TOTAL	1	5.3	5.8	158	18.3	22.9	
Loan Size	**Revenue $1 Million or Less**	$100,000 or Less	17	100.0		651	100.0		
		$100,001–$250,000	0	0.0		0	0.0		
		$250,001– $1 Million	0	0.0		0	0.0		
		Over $1 Million	0	0.0		0	0.0		
		TOTAL	**17**	**100.0**		**651**	**100.0**		

Small Farm Loans by Revenue and Loan Size Assessment Area: Pope County									
Farm Revenue and Loan Size			**2023**						
			Count			**Dollars**			**Total Farms**
			Bank		**Aggregate**	**Bank**		**Aggregate**	
			#	**%**	**%**	**$ (000s)**	**$ %**	**$ %**	**%**
Farm Revenue		$1 Million or Less	7	100.0	62.1	280	100.0	49.6	94.1
		Over $1 Million/ Unknown	0	0.0	37.9	0	0.0	50.4	5.9
		TOTAL	**7**	**100.0**	**100.0**	**280**	**100.0**	**100.0**	**100.0**
Loan Size		$100,000 or Less	6	85.7	68.2	80	28.6	23.6	
		$100,001–$250,000	1	14.3	21.2	200	71.4	37.4	
		$250,001–$1 Million	0	0.0	10.6	0	0.0	39.0	
		Over $1 Million	0	0.0	0.0	0	0.0	0.0	
		TOTAL	**7**	**100.0**	**100.0**	**280**	**100.0**	**100.0**	
Loan Size	**Revenue $1 Million or Less**	$100,000 or Less	6	85.7		80	28.6		
		$100,001–$250,000	1	14.3		200	71.4		
		$250,001–$1 Million	0	0.0		0	0.0		
		Over $1 Million	0	0.0		0	0.0		
		TOTAL	**7**	**100.0**		**280**	**100.0**		

Geographic Distribution of HMDA Loans Assessment Area: Pope County									
Product Type	Tract Income Levels	2023							
		Count			Dollars			Owner-Occupied Units
		Bank		HMDA Aggregate	Bank		HMDA Aggregate	
		#	%	%	$ (000s)	$ %	$ %	%
Home Purchase	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	8.1	0	0.0	6.1	4.5
	Middle	5	55.6	53.6	373	35.2	47.5	56.1
	Upper	4	44.4	38.3	687	64.8	46.4	39.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	TOTAL	**9**	**100.0**	**100.0**	**1,060**	**100.0**	**100.0**	**100.0**
Refinance	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	1	14.3	3.7	287	24.2	3.0	4.5
	Middle	3	42.9	53.0	439	37.0	48.0	56.1
	Upper	3	42.9	43.3	462	38.9	49.1	39.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	TOTAL	**7**	**100.0**	**100.0**	**1,188**	**100.0**	**100.0**	**100.0**
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	8.4	0	0.0	6.5	4.5
	Middle	1	50.0	45.8	32	60.4	44.7	56.1
	Upper	1	50.0	45.8	21	39.6	48.8	39.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	TOTAL	**2**	**100.0**	**100.0**	**53**	**100.0**	**100.0**	**100.0**
Multifamily	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	14.3	0	0.0	31.9	23.7
	Middle	2	100.0	71.4	1,394	100.0	61.9	27.8
	Upper	0	0.0	14.3	0	0.0	6.1	48.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	TOTAL	**2**	**100.0**	**100.0**	**1,394**	**100.0**	**100.0**	**100.0**
HMDA TOTALS	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	1	5.0	7.1	287	7.8	5.9	4.5
	Middle	11	55.0	53.4	2,238	60.6	48.2	56.1
	Upper	8	40.0	39.5	1,170	31.7	45.9	39.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	TOTAL	**20**	**100.0**	**100.0**	**3,695**	**100.0**	**100.0**	**100.0**

Geographic Distribution of Small Business Loans Assessment Area: Pope County							
Tract Income Levels	2023						
	Count			Dollars			Businesses
	Bank		Aggregate	Bank		Aggregate	
	#	%	%	$ (000s)	$ %	$ %	%
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	5.3	13.9	2	0.2	19.3	21.2
Middle	14	73.7	46.6	643	74.6	45.4	40.2
Upper	4	21.1	38.5	217	25.2	35.2	38.6
Unknown	0	0.0	1.0	0	0.0	0.1	0.0
TOTAL	**19**	**100.0**	**100.0**	**862**	**100.0**	**100.0**	**100.0**

Geographic Distribution of Small Farm Loans Assessment Area: Pope County							
Tract Income Levels	2023						
	Count			Dollars			Farms
	Bank		Aggregate	Bank		Aggregate	
	#	%	%	$ (000s)	$ %	$ %	%
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	1.5	0	0.0	4.6	2.4
Middle	7	100.0	60.6	280	100.0	67.2	62.4
Upper	0	0.0	36.4	0	0.0	28.0	35.3
Unknown	0	0.0	1.5	0	0.0	0.2	0.0
TOTAL	**7**	**100.0**	**100.0**	**280**	**100.0**	**100.0**	**100.0**

Hot Springs MSA Assessment Area

Borrower Distribution of HMDA Loans
Assessment Area: Hot Springs MSA

Product Type	Borrower Income Levels	2023						
		Count			Dollars			Families
		Bank		HMDA Aggregate	Bank		HMDA Aggregate	
		#	%	%	$ (000s)	$ %	$ %	%
Home Purchase	Low	2	18.2	5.6	237	6.0	2.6	20.6
	Moderate	0	0.0	14.4	0	0.0	8.8	17.9
	Middle	0	0.0	18.3	0	0.0	14.7	23.3
	Upper	7	63.6	41.0	3,213	81.1	54.1	38.1
	Unknown	2	18.2	20.7	510	12.9	19.9	0.0
	TOTAL	**11**	**100.0**	**100.0**	**3,960**	**100.0**	**100.0**	**100.0**
Refinance	Low	1	25.0	9.0	203	49.5	4.7	20.6
	Moderate	1	25.0	16.4	50	12.2	10.5	17.9
	Middle	0	0.0	20.2	0	0.0	18.7	23.3
	Upper	1	25.0	35.0	55	13.4	43.5	38.1
	Unknown	1	25.0	19.3	102	24.9	22.6	0.0
	TOTAL	**4**	**100.0**	**100.0**	**410**	**100.0**	**100.0**	**100.0**
Home Improvement	Low	1	50.0	12.2	85	78.0	5.4	20.6
	Moderate	0	0.0	14.6	0	0.0	7.9	17.9
	Middle	0	0.0	16.5	0	0.0	12.3	23.3
	Upper	1	50.0	45.1	24	22.0	59.0	38.1
	Unknown	0	0.0	11.6	0	0.0	15.4	0.0
	TOTAL	**2**	**100.0**	**100.0**	**109**	**100.0**	**100.0**	**100.0**
Multifamily	Low	0	0.0	0.0	0	0.0	0.0	N/A
	Moderate	0	0.0	0.0	0	0.0	0.0	N/A
	Middle	0	0.0	0.0	0	0.0	0.0	N/A
	Upper	0	0.0	0.0	0	0.0	0.0	N/A
	Unknown	1	100.0	100.0	550	100.0	100.0	N/A
	TOTAL	**1**	**100.0**	**100.0**	**550**	**100.0**	**100.0**	**N/A**
HMDA TOTALS	Low	4	22.2	7.3	525	10.4	3.2	20.6
	Moderate	1	5.6	14.8	50	1.0	8.9	17.9
	Middle	0	0.0	18.4	0	0.0	15.0	23.3
	Upper	9	50.0	40.4	3,292	65.5	51.3	38.1
	Unknown	4	22.2	19.1	1,162	23.1	21.6	0.0
	TOTAL	**18**	**100.0**	**100.0**	**5,029**	**100.0**	**100.0**	**100.0**

Small Business Loans by Revenue and Loan Size Assessment Area: Hot Springs MSA									
Business Revenue and Loan Size		**2023**							
		Count			**Dollars**			**Total Businesses**	
		Bank		**Aggregate**	**Bank**		**Aggregate**		
		#	**%**	**%**	**$ (000s)**	**$ %**	**$ %**	**%**	
Business Revenue	$1 Million or Less	11	91.7	52.3	719	79.9	48.2	92.9	
	Over $1 Million/ Unknown	1	8.3	47.7	181	20.1	51.8	7.1	
	TOTAL	**12**	**100.0**	**100.0**	**900**	**100.0**	**100.0**	**100.0**	
Loan Size	$100,000 or Less	8	66.7	92.6	235	26.1	35.5		
	$100,001–$250,000	4	33.3	3.7	665	73.9	15.8		
	$250,001– $1 Million	0	0.0	3.7	0	0.0	48.7		
	Over $1 Million	0	0.0	0.0	0	0.0	0.0		
	TOTAL	**12**	**100.0**	**100.0**	**900**	**100.0**	**100.0**		
Loan Size / Revenue $1 Million or Less	$100,000 or Less	8	72.7		235	32.7			
	$100,001–$250,000	3	27.3		484	67.3			
	$250,001– $1 Million	0	0.0		0	0.0			
	Over $1 Million	0	0.0		0	0.0			
	TOTAL	**11**	**100.0**		**719**	**100.0**			

Small Farm Loans by Revenue and Loan Size Assessment Area: Hot Springs MSA								
Farm Revenue and Loan Size		**2023**						
		Count			**Dollars**			**Total Farms**
		Bank		**Aggregate**	**Bank**		**Aggregate**	
		#	**%**	**%**	**$ (000s)**	**$ %**	**$ %**	**%**
Farm Revenue	$1 Million or Less	1	100.0	62.2	20	100.0	64.0	98.0
	Over $1 Million/ Unknown	0	0.0	37.8	0	0.0	36.0	2.0
	TOTAL	**1**	**100.0**	**100.0**	**20**	**100.0**	**100.0**	**100.0**
Loan Size	$100,000 or Less	1	100.0	94.6	20	100.0	80.1	
	$100,001–$250,000	0	0.0	5.4	0	0.0	19.9	
	$250,001– $1 Million	0	0.0	0.0	0	0.0	0.0	
	Over $1 Million	0	0.0	0.0	0	0.0	0.0	
	TOTAL	**1**	**100.0**	**100.0**	**20**	**100.0**	**100.0**	
Loan Size / Revenue $1 Million or Less	$100,000 or Less	1	100.0		20	100.0		
	$100,001–$250,000	0	0.0		0	0.0		
	$250,001– $1 Million	0	0.0		0	0.0		
	Over $1 Million	0	0.0		0	0.0		
	TOTAL	**1**	**100.0**		**20**	**100.0**		

Geographic Distribution of HMDA Loans Assessment Area: Hot Springs MSA									
Product Type	**Tract Income Levels**	**2023**							
		Count			**Dollars**				**Owner-Occupied Units**
		Bank		**HMDA Aggregate**	**Bank**			**HMDA Aggregate**	
		#	**%**	**%**	**$ (000s)**	**$ %**		**$ %**	**%**
Home Purchase	Low	0	0.0	0.0	0	0.0		0.0	0.0
	Moderate	2	18.2	24.4	396	10.0		19.3	24.0
	Middle	9	81.8	49.1	3,564	90.0		52.9	54.3
	Upper	0	0.0	26.0	0	0.0		27.6	21.0
	Unknown	0	0.0	0.5	0	0.0		0.3	0.7
	TOTAL	**11**	**100.0**	**100.0**	**3,960**	**100.0**		**100.0**	**100.0**
Refinance	Low	0	0.0	0.0	0	0.0		0.0	0.0
	Moderate	1	25.0	23.6	102	24.9		21.1	24.0
	Middle	3	75.0	48.6	308	75.1		50.5	54.3
	Upper	0	0.0	27.9	0	0.0		28.4	21.0
	Unknown	0	0.0	0.0	0	0.0		0.0	0.7
	TOTAL	**4**	**100.0**	**100.0**	**410**	**100.0**		**100.0**	**100.0**
Home Improvement	Low	0	0.0	0.0	0	0.0		0.0	0.0
	Moderate	0	0.0	21.3	0	0.0		16.7	24.0
	Middle	2	100.0	55.5	109	100.0		56.4	54.3
	Upper	0	0.0	22.0	0	0.0		26.0	21.0
	Unknown	0	0.0	1.2	0	0.0		0.9	0.7
	TOTAL	**2**	**100.0**	**100.0**	**109**	**100.0**		**100.0**	**100.0**
Multifamily	Low	0	0.0	0.0	0	0.0		0.0	0.0
	Moderate	1	100.0	40.0	550	100.0		18.9	38.1
	Middle	0	0.0	60.0	0	0.0		81.1	48.2
	Upper	0	0.0	0.0	0	0.0		0.0	7.9
	Unknown	0	0.0	0.0	0	0.0		0.0	5.9
	TOTAL	**1**	**100.0**	**100.0**	**550**	**100.0**		**100.0**	**100.0**
HMDA TOTALS	Low	0	0.0	0.0	0	0.0		0.0	0.0
	Moderate	4	22.2	24.0	1,048	20.8		19.3	24.0
	Middle	14	77.8	49.5	3,981	79.2		53.3	54.3
	Upper	0	0.0	26.1	0	0.0		27.2	21.0
	Unknown	0	0.0	0.4	0	0.0		0.2	0.7
	TOTAL	**18**	**100.0**	**100.0**	**5,029**	**100.0**		**100.0**	**100.0**

Geographic Distribution of Small Business Loans Assessment Area: Hot Springs MSA							
Tract Income Levels	**2023**						
	Count			**Dollars**			**Businesses**
	Bank		**Aggregate**	**Bank**		**Aggregate**	
	#	**%**	**%**	**$ (000s)**	**$ %**	**$ %**	**%**
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	4	33.3	28.9	415	46.1	28.5	31.6
Middle	3	25.0	50.0	163	18.1	51.8	49.6
Upper	5	41.7	18.6	322	35.8	17.2	17.2
Unknown	0	0.0	2.5	0	0.0	2.5	1.6
TOTAL	**12**	**100.0**	**100.0**	**900**	**100.0**	**100.0**	**100.0**

Geographic Distribution of Small Farm Loans Assessment Area: Hot Springs MSA							
Tract Income Levels	**2023**						
	Count			**Dollars**			**Farms**
	Bank		**Aggregate**	**Bank**		**Aggregate**	
	#	**%**	**%**	**$ (000s)**	**$ %**	**$ %**	**%**
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	37.8	0	0.0	52.6	20.0
Middle	1	100.0	40.5	20	100.0	32.0	58.0
Upper	0	0.0	21.6	0	0.0	15.4	22.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
TOTAL	**1**	**100.0**	**100.0**	**20**	**100.0**	**100.0**	**100.0**

APPENDIX E – GLOSSARY

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

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

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

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

Community development: An activity associated with one of the following five descriptions: (1) <u>affordable housing</u> (including multifamily rental housing) for low- or moderate-income individuals; (2) <u>community services</u> targeted to low- or moderate-income individuals; (3) activities that promote <u>economic development</u> 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 <u>revitalize or stabilize</u> low- or moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or (5) Neighborhood Stabilization Program (NSP) eligible activities in areas with HUD-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate-, and middle-income individuals and geographies.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Demographics: The statistical characteristics of human populations (e.g., age, race, sex, and income) used especially to identify markets.

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) an unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20 percent or more, or (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders who do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and income of applicants; the amount of loan requested; and the disposition of the application (e.g., approved, denied, and withdrawn).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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