

# **PUBLIC DISCLOSURE**

**September 3, 2024**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Eagle Bank and Trust Company  
RSSD #453446**

**650 South Shackleford Road, Suite 150  
Little Rock, Arkansas 72211**

**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:**

**Outstanding**

Eagle Bank and Trust Company 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 less than reasonable given the institution's size, financial condition, and credit needs of the assessment areas.
- A majority of loans and other lending-related activities are outside of the assessment areas.
- Distribution of loans to borrowers reflects excellent penetration among individuals of different income levels (including low- and moderate-income (LMI)).
- Geographic distribution of loans reflects a reasonable dispersion throughout the assessment areas.
- There were no CRA-related complaints filed against the bank since the previous CRA evaluation.
- The bank's overall community development performance demonstrates excellent responsiveness to the community development needs of its assessment areas, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment areas. The bank has responded to these needs through community development loans, qualified investments, and community development services.

During the COVID-19 pandemic, the bank responded to the needs of the community through its participation in the CARES Act<sup>1</sup> Paycheck Protection Program (PPP). The bank's participation in the PPP was also considered in the bank's rating.

## **SCOPE OF EXAMINATION**

The bank's CRA performance was reviewed using the Federal Financial Institutions Examination Council's (FFIEC's) Intermediate Small Bank Procedures. The Intermediate Small Bank Examination Procedures entail two performance tests: the Lending Test and the Community Development Test. The bank maintains operations in two delineated assessment areas within the state of Arkansas. The primary assessment area is located within the Little Rock-North Little Rock-Conway, Arkansas MSA (Little Rock MSA) and is composed of Faulkner, Pulaski, and Saline

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<sup>1</sup> Coronavirus Aid, Relief, and Economic Security Act, signed into law on March 27, 2020.

counties in their entirety. The second assessment area is located within the nonMSA portion of north central Arkansas immediately north of the Little Rock MSA and is composed of Van Buren, Cleburne, and White counties in their entirety. Both assessment areas were analyzed using full-scope review procedures.

The following table details the number of branch offices, breakdown of deposits, and the CRA review procedures applicable to each assessment 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.

Assessment Area	Offices		Deposits		Review Procedures
	#	%	\$ (000s)	%	
Little Rock	6	46.2%	\$169,602	40.3%	Full Scope
North Central Arkansas	7	53.8%	\$250,777	59.7%	Full Scope
<b>TOTAL<sup>2</sup></b>	<b>13</b>	<b>100%</b>	<b>\$420,379</b>	<b>100%</b>	<b>2 – Full Scope</b>

In light of branch structure, loan and deposit activity, and the bank's CRA evaluation history, CRA performance in the Little Rock assessment area was given primary consideration. While the North Central assessment area contains the majority of the bank's offices and deposit activity, the Little Rock assessment area contains a significant majority of the bank's loan activity within its assessment areas.

Home Mortgage Disclosure Act (HMDA) loans were used to evaluate the bank's lending performance, as this loan category is considered the bank's core business line based on lending volume and the bank's stated business strategy. Therefore, the loan activity represented by this credit product is deemed indicative of the bank's overall lending performance. The following table details the performance criterion and the corresponding time periods used in each analysis.

Performance Criterion	Time Period
LTD Ratio	December 31, 2020 – June 30, 2024
Assessment Area Concentration	January 1, 2022 – December 31, 2022
Loan Distribution by Borrower's Profile	
Geographic Distribution of Loans	
Response to Written CRA Complaints	October 19, 2020 – September 2, 2024
Community Development Activities	October 19, 2020 – September 2, 2024

Lending Test analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on HMDA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2020 American Community Survey (ACS) 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

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<sup>2</sup> Note: In this table and others throughout this document, percentages may not total 100% due to rounding.

an assessment area. Aggregate lending datasets are also updated annually and are, therefore, expected to predict more relevant comparisons. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating within the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from \$415.8 million to \$689.7 million as of June 30, 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 assessment areas:

- 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, four 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 assessment areas. 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 assessment area in which they were conducted.

## **DESCRIPTION OF INSTITUTION**

Eagle Bank and Trust Company is a full-service retail bank offering both consumer and commercial loan products. The bank is 99.0 percent owned by State Holding Company. Both entities are headquartered in Little Rock, Arkansas.

The bank's branch network consists of 13 full-service offices (including the main office), all of which have cash-only ATMs on site, and eight mortgage loan production offices (LPOs). Five of the eight LPOs are located outside of the bank's assessment areas. During the review period, one LPO outside the bank's assessment areas was opened and subsequently closed. Four additional LPOs outside the assessment areas closed during the review period, one LPO relocated within the Little Rock assessment area, and one LPO relocated within a county outside the bank's assessment areas. The bank did not open or close any branch offices during the review period. Based on this branch network and other service delivery systems such as online banking capabilities, the bank is generally able to deliver financial services to both of its assessment areas, though the bank is less accessible to customers in the more rural areas of its North Central Arkansas assessment area.

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 assessment areas based on its available resources and financial products. As of June 30, 2024, the bank reported total assets of \$481.8 million. As of the same date, loans and leases outstanding were \$192.6 million (40.0 percent of total assets), and deposits totaled \$420.4 million. The bank's loan portfolio composition by credit category is displayed in the following table.

<b>Distribution of Total Loans as of June 30, 2024</b>		
<b>Credit Category</b>	<b>Amount \$ (000s)</b>	<b>Percentage of Total Loans</b>
1-4 Family Residential	\$95,454	49.6%
Commercial Real Estate	\$50,620	26.3%
Construction and Development	\$35,323	18.3%
Commercial and Industrial	\$7,077	3.7%
Loans to Individuals	\$1,795	0.9%
Multifamily Residential	\$1,554	0.8%
Farmland	\$442	0.2%
Total Other Loans	\$373	0.2%
Farm Loans	\$0	0.0%
<b>TOTAL</b>	<b>\$192,638</b>	<b>100%</b>

As indicated by the table above, a significant portion of the bank's lending resources is directed to loans secured by 1-4 family residential properties and commercial real estate loans. The bank also originates and subsequently sells a significant volume of loans related to residential real estate (RRE). As these loans are sold on the secondary market shortly after origination, this activity would not be captured in the table.

The bank received a Satisfactory rating at its previous CRA evaluation conducted by this Reserve Bank on October 19, 2020.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### LENDING TEST

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 15-quarter average, dating back to the bank's last CRA evaluation.

LTD Ratio Analysis			
Name	Headquarters	Asset Size \$ (000s) as of June 30, 2024	Average LTD Ratio
Eagle Bank and Trust Company	Little Rock, Arkansas	\$481,781	42.4%
Regional Banks	Greenbrier, Arkansas	\$689,656	91.9%
	Malvern, Arkansas	\$639,185	58.9%
	England, Arkansas	\$415,754	79.1%

Based on data from the previous table, the bank's level of lending is below that of other banks in the region. During the review period, the bank's quarterly LTD ratio experienced a generally decreasing trend, ranging from a high of 57.4 percent in the fourth quarter of 2020 to a low of 32.4 percent in the fourth quarter of 2022, with LTD subsequently increasing slightly. As of the second quarter of 2024, the bank's LTD ratio was 45.3 percent. Though two of the peer banks also experienced a downward trend, the average LTD ratios for the regional peers were all higher than the bank. Therefore, compared to data from regional banks, the bank's average LTD ratio is less than reasonable, given the bank's size and financial condition and the credit needs of its assessment areas.

#### 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 assessment areas.

Lending Inside and Outside the Assessment Area January 1, 2022 through December 31, 2022								
Loan Type	Inside				Outside			
	#	# %	\$ (000s)	\$ %	#	# %	\$ (000s)	\$ %
HMDA	1,004	34.4%	\$220,714	30.8%	1,917	65.6%	\$495,747	69.2%

A majority of loans and other lending-related activities were made outside of the bank's assessment areas. As shown in the preceding table, 65.6 percent of the bank's HMDA loans were made outside of the bank's assessment area, accounting for 69.2 percent of the dollar volume of total loan, compared to just 34.4 percent made inside the assessment areas, accounting for 30.8 percent of the dollar volume of total loans. The large number of loans made outside of the bank's assessment areas is due to the bank's LPO network, resulting in a significant number of applicants from outside of the assessment areas.

### **Borrower and Geographic Distribution**

Overall performance by borrower's income is excellent, based on the analyses of lending in the two full-scope assessment areas, as displayed in the following table.

<b>Full-Scope Assessment Areas</b>	<b>Loan Distribution by Borrower's Profile</b>
Little Rock	Excellent
North Central Arkansas	Reasonable
<b>OVERALL</b>	<b>EXCELLENT</b>

As displayed in the following table, the bank's overall distribution of lending by income level of census tract reflects reasonable penetration throughout the two full-scope assessment areas.

<b>Full-Scope Assessment Areas</b>	<b>Geographic Distribution of Loans</b>
Little Rock	Reasonable
North Central Arkansas	Poor
<b>OVERALL</b>	<b>REASONABLE</b>

### **Responses to Complaints**

No CRA-related complaints were filed against the bank during this review period (October 19, 2020 through September 2, 2024).

### **COMMUNITY DEVELOPMENT TEST**

The bank's performance under the Community Development Test is rated Outstanding. Considering the bank's capacity and the need and availability of such opportunities for community development in the assessment areas, the bank demonstrates excellent responsiveness to the community development needs of the Little Rock and North Central Arkansas assessment areas.

<b>Full-Scope Assessment Areas</b>	<b>Community Development Test Performance Conclusions</b>
Little Rock	Excellent
North Central Arkansas	Excellent
<b>OVERALL</b>	<b>EXCELLENT</b>



The bank's community development responsiveness is excellent, given its level of community development activities. During the review period, the bank made 95 qualifying loans in its assessment areas totaling approximately \$24.6 million for the following primary community development purposes:

- Community service (4)
- Economic development (71)
- Revitalization and stabilization (20)

The bank also made community development investments and donations in its assessment areas totaling \$21.8 million. This amount included 10 new qualified investments totaling \$6.7 million, 29 continuing investments made in a prior review period totaling \$15.0 million, and 141 donations totaling \$75,747. Of the investments, 14 were school bonds, 22 were qualifying mortgage-backed securities for the purpose of affordable housing, and 3 were municipal bonds issued for essential community needs. Furthermore, the 141 donations were made to 38 separate organizations for community development purposes.

During the review period, bank personnel used their financial expertise to log 173 service activities to 23 different community development organizations within the bank's assessment areas. Service activities included delivering financial education through programs and schools that primarily serve LMI families and individuals as well as providing financial expertise to community service organizations as board members.

<b>Total Community Development Activities Inside Assessment Areas</b>			
<b>October 19, 2020 – September 3, 2024</b>			
<b>Community Development Component</b>	<b>#</b>		<b>\$</b>
Loans	95		\$24.6 million
Investments, Current and Prior	39		\$21.7 million
Current Period	10		\$6.7 million
Prior Period, Still Outstanding	29		\$15.0 million
Donations	141		\$75,747
Services	173 services	257.75 hours	23 organizations

During the COVID-19 pandemic, the bank responded to the needs of the community through its participation in the PPP. Through this program, the bank offered emergency financial assistance to businesses to retain their staff, making 16 PPP loans in LMI census tracts totaling \$284,831, which reflects favorably on the bank's performance under the CRA.

## **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.

## **LITTLE ROCK-NORTH LITTLE ROCK- CONWAY, ARKANSAS MSA**

*(Full-Scope Review)*

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

#### **Bank Structure**

The bank operates 6 of its 13 offices (46.2 percent), including its headquarters, in this assessment area. Of the 6 offices, 5 are in Pulaski County, and 1 branch is in Faulkner County. One of the branches is in a moderate-income census tract, and the rest are in middle- and upper-income census tracts. All 6 branch offices are full-service locations with cash-dispensing-only ATMs. In addition, the bank operates 3 of its 8 LPOs (37.5 percent) in this assessment area, 1 each in Faulkner, Pulaski, and Saline counties. During the review period, the bank relocated the LPO within Faulkner County. Based on its branch network and other service delivery systems, the bank is well positioned to deliver financial services to substantially all of the assessment area.

#### **General Demographics**

The assessment area is composed of Faulkner, Pulaski, and Saline counties in their entireties, which together contain a large portion of the population of the Little Rock-North Little Rock-Conway MSA. Lonoke County was removed from the delineated assessment area since the previous evaluation due to a decreased concentration of HMDA lending by percentage of applications and originations in that county, largely due to the exit of a mortgage loan officer serving Lonoke County, and because the bank does not maintain a branch there. As of the 2020 ACS, the assessment area population was 646,039, with the majority of the population (61.8 percent) residing in Pulaski County. The three counties include a mix of urban, suburban, and rural areas. The assessment area also has a highly competitive banking market, as noted by one community contact, with 37 FDIC-insured depository institutions operating 258 offices in the three counties. The bank ranked 20<sup>th</sup> in deposit market share, encompassing 0.5 percent of total deposit dollars.

The Little Rock assessment area covers a wide metropolitan area with a diverse population. As a result, credit needs in the area vary and include a blend of consumer and business credit products. Other needs in the assessment area, as noted primarily by community contacts, include affordable housing, financial literacy, and down payment assistance. Due to the various economic and community development groups active in the assessment area, there are opportunities for community development involvement.

**Income and Wealth Demographics**

The following table summarizes the distribution of assessment area 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	16	34	70	43	2	<b>165</b>
	9.7%	20.6%	42.4%	26.1%	1.2%	<b>100%</b>
Family Population	9,763	27,887	70,751	48,183	0	<b>156,584</b>
	6.2%	17.8%	45.2%	30.8%	0.0%	<b>100.0%</b>

As shown above, 30.3 percent of the census tracts in the assessment area are LMI geographies, but only 24.0 percent of the family population resides in these tracts. As illustrated in Appendix A, these LMI areas are primarily concentrated in the central and southeastern portion of Pulaski County.

Based on 2020 ACS data, the median family income for the assessment area was \$72,457. At the same time, median family income for the state of Arkansas was \$62,067. More recently, the FFIEC estimates the 2022 median family income for the Little Rock MSA to be \$79,000. The following table displays population percentages of assessment area families by income level compared to statewide Arkansas family populations.

Family Population by Income Level					
Dataset	Low-	Moderate-	Middle-	Upper-	TOTAL
Assessment Area	36,291	25,149	30,143	65,001	<b>156,584</b>
	23.2%	16.1%	19.3%	41.5%	<b>100%</b>
Arkansas	165,087	136,380	155,142	313,502	<b>770,111</b>
	21.4%	17.7%	20.2%	40.7%	<b>100.0%</b>

As shown in the table above, 39.3 percent of families within the assessment area were considered LMI, which is similar to the LMI family percentage of 39.1 percent in the state of Arkansas. While not displayed in the table, the percentage of families living below the poverty threshold in the assessment area, 10.4 percent, falls slightly below the 11.8 percent level in the state of Arkansas. Considering these factors, the assessment area income levels appear to be generally in line with those of the state of Arkansas as a whole.

### Housing Demographics

Based on housing values, income levels, and rental costs, housing in the assessment area appears to be less affordable than in the state of Arkansas overall.

Housing Cost Burden						
Area	Cost Burden – Renters			Cost Burden – Owners		
	Low-Income	Moderate-Income	All Renters	Low-Income	Moderate-Income	All Owners
Assessment Area	75.2%	37.9%	41.1%	56.8%	28.5%	16.3%
Arkansas	68.6%	31.4%	36.6%	51.0%	24.2%	14.9%
<i>Cost burden is housing cost that equals 30% or more of household income.</i>						
<i>Source: 2016–2020 U.S. Department of Housing and Urban Development (HUD): Comprehensive Housing Affordability Strategy</i>						

According to the chart above, more LMI renters are cost burdened in the assessment area than in the state as a whole, which suggests that LMI renters in the assessment area might struggle to save for a down payment and ultimately to purchase a home. This is further supported by the assessment area having a higher median rental rate (\$860/month) than the state as a whole (\$760/month). Community contacts also noted that saving money is a challenge for LMI residents and that down payments and closing costs were a barrier to homeownership in the assessment area.

Similarly, the chart shows that more homeowners in the assessment area are cost burdened than homeowners throughout the state. Though the assessment area has a higher median family income (\$72,457) than the state’s overall median family income (\$62,067), the median housing value in the assessment area (\$161,189) is higher than the median housing value in the state overall (\$133,600). A community contact further suggested that many homes in Little Rock are older and need to be rehabbed and remodeled to be livable, suggesting that some lower-priced homes would cost much more than the purchase price alone.

**Industry and Employment Demographics**

The assessment area supports a large and diverse business community, including a strong small business sector. According to the U.S. Department of Labor, Bureau of Labor Statistics (BLS) Quarterly Census of Employment and Wages data, there are 325,255 employees in the assessment area (including 61,847 governmental employees). By percentage of nongovernmental employees, the three largest job categories in the assessment area are healthcare and social assistance (18.9 percent), followed by retail trade (13.2 percent) and accommodation and food services (10.9 percent). The table below details BLS unemployment data (not seasonally adjusted) for the assessment area, including its individual counties, and the state of Arkansas overall.

Unemployment Levels			
Dataset	Time Period (Annual Average)		
	2020	2021	2022
Assessment Area	6.7%	4.3%	3.2%
Faulkner County, Arkansas	5.6%	3.5%	2.9%
Pulaski County, Arkansas	7.6%	4.9%	3.5%
Saline County, Arkansas	5.1%	3.2%	2.8%
Arkansas	6.2%	4.1%	3.3%

As shown in the table above, unemployment levels varied between individual counties in the assessment area, with unemployment rates in Pulaski County consistently exceeding unemployment rates in Faulkner and Saline counties. The unemployment rate in the assessment area is in line with the state of Arkansas, and all rates have dropped steeply from 2020 to 2022 as the economy recovered from the COVID-19 pandemic.

**Community Contact Information**

For the Little Rock assessment area, two community contact interviews were completed as part of this evaluation. Both contacts work for organizations specializing in affordable housing, and both describe the regional economy as doing moderately well.

Regarding affordable housing in the assessment area, one contact stated that housing stock in the assessment area is adequate but that the high cost of down payments is a barrier to homeownership. The other contact went into greater detail, stating that in Pulaski County, a lot of the homes are older stock needing remodeling and that many of these have been purchased by out-of-state investors to rent. Though there are new homes being built, they tend to be more expensive, and the cost of homes has greatly increased in the last five years. The contact states that Pulaski County is the most expensive, but Saline and Faulker counties are growing quickly, and prices are rising.

One affordable housing professional identified the rising costs of housing, closing costs, and home maintenance as major barriers to homeownership for LMI families and individuals. Additionally, the contact stated that financial literacy is low, and many people work service industry jobs, which

are often low paying. As such, the contact thought that programs that help pay closing costs would be beneficial.

The other low-income housing professional suggested that there are many banks in the assessment area, indicating high competition. Both contacts said that area banks are very involved in the community and that there is a lot of interest and outreach from banks.

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

### LENDING TEST

The bank's overall distribution of loans by borrower's income reflects excellent penetration among borrowers of different income levels. Furthermore, the overall geographic distribution of loans reflects reasonable penetration throughout the assessment area.

### Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is excellent, based on performance from the HMDA loan category reviewed. 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 (\$79,000 for the Little Rock MSA as of 2022). The following table shows the distribution of HMDA-reported loans by borrower income level in comparison to family population income demographics for the assessment area. Additionally, 2022 aggregate data for the assessment area is displayed.

Borrower Distribution of RRE Loans Assessment Area: Little Rock							
Borrower Income Level	Bank Loans		Aggregate HMDA Data	Bank Loans		Aggregate HMDA Data	Families by Family Income %
	#	# %	# %	\$	\$ %	\$ %	
Home Purchase Loans							
Low	63	8.0%	6.3%	\$6,807	3.8%	3.2%	23.2%
Moderate	208	26.4%	18.2%	\$33,952	19.1%	13.2%	16.1%
Middle	181	22.9%	18.6%	\$38,078	21.5%	17.3%	19.3%
Upper	318	40.3%	32.5%	\$94,664	53.3%	43.2%	41.5%
Unknown	19	2.4%	24.4%	\$3,973	2.2%	23.1%	0.0%
TOTAL	789	100.0%	100.0%	\$177,474	100.0%	100.0%	100.0%
Refinance							
Low	4	5.0%	7.3%	\$392	2.5%	3.7%	23.2%
Moderate	22	27.5%	18.7%	\$3,065	19.5%	13.3%	16.1%
Middle	19	23.8%	21.4%	\$4,247	27.0%	18.1%	19.3%
Upper	30	37.5%	34.5%	\$7,536	47.9%	45.9%	41.5%
Unknown	5	6.3%	18.0%	\$500	3.2%	19.0%	0.0%
TOTAL	80	100.0%	100.0%	\$15,740	100.0%	100.0%	100.0%

<b>Home Improvement</b>							
Low	0	0.0%	6.8%	\$0	0.0%	4.2%	23.2%
Moderate	0	0.0%	14.6%	\$0	0.0%	9.4%	16.1%
Middle	1	20.0%	20.1%	\$35	5.8%	15.6%	19.3%
Upper	4	80.0%	50.4%	\$567	94.2%	59.7%	41.5%
Unknown	0	0.0%	8.1%	\$0	0.0%	11.0%	0.0%
<b>TOTAL</b>	<b>5</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$602</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Multifamily Loans</b>							<b>% of Multifamily Units</b>
Low	0	0.0%	0.0%	\$0	0.0%	0.0%	N/A
Moderate	0	0.0%	0.5%	\$0	0.0%	0.1%	N/A
Middle	0	0.0%	0.0%	\$0	0.0%	0.0%	N/A
Upper	1	50.0%	1.5%	\$560	31.1%	0.1%	N/A
Unknown	1	50.0%	98.0%	\$1,241	68.9%	99.8%	N/A
<b>TOTAL</b>	<b>2</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$1,801</b>	<b>100.0%</b>	<b>100.0%</b>	<b>N/A</b>
<b>Total Home Mortgage Loans</b>							<b>Families by Family Income %</b>
Low	67	7.6%	6.4%	\$7,199	3.7%	2.7%	23.2%
Moderate	230	26.3%	17.5%	\$37,017	18.9%	10.8%	16.1%
Middle	201	22.9%	19.1%	\$42,360	21.7%	14.3%	19.3%
Upper	353	40.3%	34.4%	\$103,327	52.8%	36.8%	41.5%
Unknown	25	2.9%	22.7%	\$5,714	2.9%	35.4%	0.0%
<b>TOTAL</b>	<b>876</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$195,617</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (7.6 percent) is below the low-income family population figure (23.2 percent) but above the 2022 aggregate lending level to low-income borrowers (6.4 percent), reflecting reasonable performance. The bank's level of lending to moderate-income borrowers (26.3 percent) substantially exceeds both the moderate-income family population percentage (16.1 percent) and the 2022 aggregate lending level to moderate-income borrowers (17.5 percent), reflecting excellent performance. Combined, the bank's total HMDA lending to LMI borrowers (33.9 percent) is substantially above the combined aggregate percentage (23.9 percent) but below the LMI family population of 39.3 percent.

Given the economic context of the Little Rock assessment area for low-income residents, where 75.2 percent of low-income renters are cost burdened, saving enough money to purchase a home is difficult. Furthermore, as noted by community contacts, LMI borrowers face credit barriers such poor credit history and low incomes as well as a lack of quality affordable housing in the area, which inhibits lenders from reaching a larger percentage of the LMI population. Considering these constraints and the work the bank has done to reach LMI borrowers through its participation in a down payment assistance program through the Arkansas Development Finance Authority for



qualified low-income first-time homebuyers, the bank's overall distribution of HMDA loans by borrower's income profile is excellent.

### **Geographic Distribution of Loans**

As noted previously, the assessment area includes 16 low-income and 34 moderate-income census tracts, representing 30.3 percent of all assessment area census tracts. Overall, the bank's geographic distribution of loans in this assessment area reflects reasonable penetration throughout these LMI census tracts, based on the HMDA loan category.

The bank had loan activity in 84.2 percent of all assessment area census tracts, though there were lending gaps noted as the bank made loans in only 62.0 percent of LMI census tracts. These gaps are not considered conspicuous considering the bank's market share in the assessment area (0.5 percent). Additionally, a community contact observed that many homes in lower-income neighborhoods are older and in need of rehabbing and renovation to be livable, so even though housing prices are lower in these areas, homes are likely still unaffordable to many borrowers. This information supports the conclusion that the bank's overall geographic distribution of loans is reasonable.

The following table displays the geographic distribution of 2022 HMDA loans compared to owner-occupied housing demographics and aggregate performance for the assessment area.

Geographic Distribution of RRE Loans Assessment Area: Little Rock							
Census Tract Income Level	Bank Loans		Aggregate HMDA Data	Bank Loans		Aggregate HMDA Data	% of Owner–Occupied Units
	#	# %	# %	\$	\$ %	\$ %	
Home Purchase Loans							
Low	20	2.5%	4.1%	\$2,688	1.5%	2.4%	4.0%
Moderate	71	9.0%	12.4%	\$10,865	6.1%	8.8%	14.9%
Middle	392	49.7%	49.0%	\$82,443	46.5%	45.7%	47.0%
Upper	306	38.8%	34.5%	\$81,478	45.9%	43.2%	34.1%
Unknown	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
TOTAL	789	100.0%	100.0%	\$177,474	100.0%	100.0%	100.0%
Refinance							
Low	3	3.8%	3.2%	\$354	2.2%	1.7%	4.0%
Moderate	7	8.8%	12.4%	\$841	5.3%	8.4%	14.9%
Middle	42	52.5%	50.3%	\$9,073	57.6%	46.9%	47.0%
Upper	28	35.0%	34.1%	\$5,472	34.8%	43.0%	34.1%
Unknown	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
TOTAL	80	100.0%	100.0%	\$15,740	100.0%	100.0%	100.0%

<b>Home Improvement</b>							
Low	0	0.0%	3.6%	\$0	0.0%	1.9%	4.0%
Moderate	0	0.0%	11.6%	\$0	0.0%	9.4%	14.9%
Middle	3	60.0%	42.2%	\$367	61.0%	37.5%	47.0%
Upper	2	40.0%	42.6%	\$235	39.0%	51.3%	34.1%
Unknown	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
<b>TOTAL</b>	<b>5</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$602</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Multifamily Loans</b>							<b>% of Multifamily Units</b>
Low	0	0.0%	20.8%	\$0	0.0%	14.8%	10.8%
Moderate	1	50.0%	23.8%	\$560	31.1%	17.7%	24.8%
Middle	1	50.0%	35.6%	\$1,241	68.9%	29.5%	34.6%
Upper	0	0.0%	19.8%	\$0	0.0%	38.1%	29.7%
Unknown	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
<b>TOTAL</b>	<b>2</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$1,801</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Total Home Mortgage Loans</b>							<b>% of Owner-Occupied Units</b>
Low	23	2.6%	4.0%	\$3,042	1.6%	4.4%	4.0%
Moderate	79	9.0%	12.4%	\$12,266	6.3%	10.3%	14.9%
Middle	438	50.0%	48.6%	\$93,124	47.6%	42.8%	47.0%
Upper	336	38.4%	35.0%	\$87,185	44.6%	42.5%	34.1%
Unknown	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
<b>TOTAL</b>	<b>876</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$195,617</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

The analysis of HMDA loans revealed reasonable lending performance to borrowers residing in low-income geographies. Lending in low-income census tracts has improved since the last CRA examination from a total of 6 loans (0.7 percent) to a total of 23 loans (2.6 percent), which is in line with the percentage of owner-occupied housing units in low-income census tracts (4.0 percent) and the aggregate performance (4.0 percent). Similarly, the bank's performance in moderate-income census tracts (9.0 percent) is below but generally in line with aggregate performance (12.4 percent) and the percentage of owner-occupied housing units in moderate-income census tracts (14.9 percent). Overall, as geographic distribution is in line with the aggregate and slightly below demographic figures, this performance is considered reasonable.

#### COMMUNITY DEVELOPMENT TEST

The bank demonstrates excellent responsiveness to community development needs within the assessment area, 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 62 community development loans totaling \$21.3 million in this assessment area. The bank originated 46 loans, totaling approximately \$12.0 million, with the primary purpose of promoting economic development by financing small businesses or businesses employing LMI individuals. The bank made 12 loans totaling \$5.7 million to small businesses within the assessment area with revitalization and stabilization as the primary purpose and 4 loans totaling \$3.6 million to a nonprofit educational institution operating in an LMI geography with the purpose of providing educational services to LMI individuals.

Additionally, during the COVID-19 pandemic, the bank made eight PPP loans with a community development purpose in LMI census tracts within the assessment area.

At the time of the examination, the bank had 30 investments totaling approximately \$18.9 million that qualified for community development credit. This amount included 22 prior-period investments totaling \$12.6 million that remain in the bank's portfolio, plus 8, totaling \$6.3 million in investments made in the current review period. Half the current-period investments were in the form of school bonds issued by three school districts in the assessment area, the majority of whose students are from LMI families. The other half were investments benefiting affordable apartments in the assessment area. In addition to the investments, the bank donated a total of \$50,784 to various organizations having a community development purpose. This total included 27 separate donations to organizations helping with assessment area needs such as affordable housing, education, and health services to LMI individuals.

Finally, bank personnel spent 195 hours providing 141 services to 13 different community development organizations in this assessment area. Services included teaching various classes about credit, banking, and budgeting, as well as serving on nonprofit boards.

## NORTH CENTRAL ARKANSAS NONMETROPOLITAN STATISTICAL AREA

*(Full-Scope Review)*

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE NORTH CENTRAL ARKANSAS ASSESSMENT AREA

#### **Bank Structure**

The bank operates 7 of its 13 offices (53.8 percent) in this assessment area. Of the 7 offices, 5 are in Cleburne County, 1 is in Van Buren County, and 1 is in White County. All 7 are full-service locations with cash-dispensing-only ATMs and are located in middle- or upper-income census tracts. The bank's branches are primarily located in the central portion of the geographical area, in or close to Cleburne County. Consequently, the bank's branch locations make it difficult to serve the outermost areas of the assessment area, specifically western Van Buren County and eastern White County, where the moderate-income census tracts are located. Based on this branch network, the bank is not adequately positioned to deliver financial services to the entirety of this assessment area.

#### **General Demographics**

The North Central Arkansas assessment area includes Van Buren, Cleburne, and White counties in their entireties and is directly north of the Little Rock MSA. As of the 2020 ACS, the assessment area population was 117,329, with the majority of the population (65.5%) residing in White County. Of the 16 FDIC-insured depository institutions operating 55 branches in this assessment area, the bank ranked 3<sup>rd</sup> in deposit market share, encompassing 8.0 percent of total deposit dollars.

Credit needs in the assessment area include a mix of consumer and business loan products. Other credit needs in the assessment area, as noted primarily by community contacts, include financial literacy and down payment assistance.

#### **Income and Wealth Demographics**

The following table summarizes the distribution of assessment area 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	4	23	6	1	34
	0.0%	11.8%	67.6%	17.6%	2.9%	100.0%
Family Population	0	3,283	21,449	6,734	275	31,741
	0.0%	10.3%	67.6%	21.2%	0.9%	100.0%

As shown in the preceding table, 11.8 percent of the census tracts in the assessment area are in moderate-income geographies, while 10.3 percent of the family population resides in these tracts. One of the moderate-income tracts is in southwestern Van Buren County, and the other three are in southeastern White County.

Based on 2020 ACS data, the median family income for the assessment area was \$54,618, while the median family income for all of nonMSA Arkansas was \$53,702. More recently, the FFIEC estimates the median family income for nonMSA Arkansas to be \$60,200. The following table displays population percentages of assessment area families by income level compared to statewide nonMSA Arkansas.

Family Population by Income Level					
Dataset	Low-	Moderate-	Middle-	Upper-	TOTAL
Assessment Area	5,536	6,351	6,609	13,245	<b>31,741</b>
	17.4%	20.0%	20.8%	41.7%	<b>100.0%</b>
NonMSA Arkansas	59,832	53,245	58,635	118,518	<b>290,230</b>
	20.6%	18.4%	20.2%	40.8%	<b>100.0%</b>

As shown in the table above, 37.4 percent of families within the assessment area were considered LMI, which is slightly lower than the LMI family percentage of 39.0 percent in nonMSA Arkansas as a whole. The percentage of families living below the poverty level in the assessment area, 11.0 percent, falls below the 13.5 percent level in the entirety of nonMSA Arkansas. Considering these factors, the assessment area appears to be slightly more affluent than nonMSA Arkansas as a whole.

### **Housing Demographics**

Based on housing values, income levels, and rental costs, housing in the assessment area appears to be less affordable than in nonMSA 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	63.0%	48.6%	37.6%	50.2%	30.9%	15.9%
NonMSA Arkansas	62.7%	28.4%	34.5%	50.4%	23.5%	15.5%
<i>Cost burden is housing cost that equals 30% or more of household income.</i>						
<i>Source: 2016–2020 HUD: Comprehensive Housing Affordability Strategy</i>						

According to the chart, low-income renters in the assessment area are similarly cost burdened as low-income renters throughout nonMSA Arkansas overall; however, more moderate-income renters are cost burdened in the assessment area than in nonMSA Arkansas as a whole. As such, LMI families in the assessment area might struggle to save for a down payment and, ultimately, purchase a home. This is further supported by the assessment area having a slightly higher median rental rate (\$685/month) than the nonMSA as a whole (\$640/month).

Similarly, the chart shows that about half of low-income homeowners in both the assessment area and nonMSA Arkansas are cost burdened, while more moderate-income homeowners are cost burdened in the assessment area than in nonMSA Arkansas. This could be explained by the fact that while median family income in the assessment area (\$54,618) is similar to the overall nonMSA Arkansas median family income (\$53,702), the median housing value in the assessment area (\$122,464) is higher than in nonMSA Arkansas overall (\$101,025). A community contact further suggested that housing prices had been rising in the assessment area, driven in part by an influx of people moving into the region who can afford to pay above-asking prices.

### **Industry and Employment Demographics**

According to the BLS Quarterly Census of Employment and Wages data, there are 35,267 employees in the assessment area (including 4,983 governmental employees). By percentage of nongovernmental employees, the three largest job categories in the assessment area are retail trade (17.7 percent), followed by healthcare and social assistance (16.9 percent) and manufacturing (13.2 percent). The following table details BLS unemployment data (not seasonally adjusted) for the assessment area, including its individual counties, and nonMSA Arkansas.

Unemployment Levels			
Dataset	Time Period (Annual Average)		
	2020	2021	2022
Assessment Area	6.8%	4.3%	3.7%
Cleburne County, Arkansas	7.8%	4.7%	4.2%
Van Buren County, Arkansas	7.3%	4.9%	4.3%
White County, Arkansas	6.4%	4.1%	3.5%
NonMSA Arkansas	6.6%	4.5%	3.9%

As shown in the table above, unemployment levels varied somewhat between individual counties in the assessment area. Unemployment rates were generally lowest in White County and higher in Cleburne and Van Buren counties. The assessment area as a whole had a similar unemployment rate to nonMSA Arkansas. For both the assessment area and nonMSA Arkansas, unemployment dropped from 2020 to 2022 as the economy recovered from the COVID-19 pandemic.

### **Community Contact Information**

Two community contact interviews were completed for the assessment area. One interview was with a representative at a regional affordable housing organization, and the second was with a representative at an educational institution.

Both contacts described the local economy as relatively stable, with White County being the most prosperous in the tri-county area, as it contains Searcy, the county seat and largest city in the assessment area. Searcy serves as a medical and shopping hub for the area, while Cleburne and Van Buren counties are more rural.

The first contact stated that while affordable housing was not an issue in any of the three counties, White County had more affordable housing than Cleburne and Van Buren counties. However, they also stated that transportation can be an issue in the region and that some LMI residents must travel up to 30 miles from their affordable housing to their jobs. The second contact had a different view of affordable housing in the assessment area and described an increasingly tight housing market. They said many homes were selling for above the asking price, making it difficult for LMI families and individuals to purchase homes. They attributed rising prices in part to an influx of people moving to the area because of the lower cost of living.

Regarding the largest impediments to homeownership in the area, the first contact pointed to credit issues, difficulty affording a down payment, and financial illiteracy. The second contact emphasized high home prices and high interest rates.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE NORTH CENTRAL ARKANSAS ASSESSMENT AREA

### LENDING TEST

The bank's overall distribution of loans by borrower's income reflects reasonable penetration among borrowers of different income levels. However, the overall geographic distribution of loans reflects poor penetration throughout the assessment area.

### Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is reasonable, based on performance from the HMDA loan category. 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 (\$60,200 for nonMSA Arkansas as of 2022). The following table shows the distribution of HMDA-reported loans by borrower income level in comparison to family population income demographics for the assessment area. Additionally, 2022 aggregate data for the assessment area is displayed.

Borrower Distribution of RRE Loans Assessment Area: North Central Arkansas							
Borrower Income Level	Bank Loans		Aggregate HMDA Data	Bank Loans		Aggregate HMDA Data	Families by Family Income %
	#	# %	# %	\$	\$ %	\$ %	
Home Purchase Loans							
Low	5	5.7%	4.3%	\$442	2.4%	2.0%	17.4%
Moderate	9	10.2%	13.6%	\$1,160	6.3%	9.1%	20.0%
Middle	18	20.5%	18.9%	\$2,951	16.1%	16.1%	20.8%
Upper	56	63.6%	37.5%	\$13,801	75.2%	47.8%	41.7%
Unknown	0	0.0%	25.8%	\$0	0.0%	25.1%	0.0%
TOTAL	88	100.0%	100.0%	\$18,354	100.0%	100.0%	100.0%
Refinance							
Low	3	13.6%	5.9%	\$325	6.6%	2.9%	17.4%
Moderate	3	13.6%	14.6%	\$462	9.4%	8.4%	20.0%
Middle	5	22.7%	18.5%	\$421	8.5%	14.4%	20.8%
Upper	9	40.9%	43.1%	\$2,604	52.9%	53.1%	41.7%
Unknown	2	9.1%	17.8%	\$1,112	22.6%	21.2%	0.0%
TOTAL	22	100.0%	100.0%	\$4,924	100.0%	100.0%	100.0%



<b>Home Improvement</b>							
Low	1	20.0%	3.3%	\$85	37.0%	2.1%	17.4%
Moderate	0	0.0%	9.8%	\$0	0.0%	6.6%	20.0%
Middle	0	0.0%	21.6%	\$0	0.0%	11.5%	20.8%
Upper	2	40.0%	54.2%	\$55	23.9%	61.9%	41.7%
Unknown	2	40.0%	11.1%	\$90	39.1%	17.9%	0.0%
<b>TOTAL</b>	<b>5</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$230</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Multifamily Loans</b>							<b>% of Multifamily Units</b>
Low	0	0.0%	0.0%	\$0	0.0%	0.0%	N/A
Moderate	0	0.0%	3.2%	\$0	0.0%	0.5%	N/A
Middle	0	0.0%	0.0%	\$0	0.0%	0.0%	N/A
Upper	0	0.0%	12.9%	\$0	0.0%	4.3%	N/A
Unknown	0	0.0%	83.9%	\$0	0.0%	95.2%	N/A
<b>TOTAL</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>N/A</b>
<b>Total Home Mortgage Loans</b>							<b>Families by Family Income %</b>
Low	9	7.8%	4.6%	\$852	3.6%	2.1%	17.4%
Moderate	12	10.4%	13.4%	\$1,622	6.9%	8.1%	20.0%
Middle	23	20.0%	18.7%	\$3,372	14.3%	14.2%	20.8%
Upper	67	58.3%	40.0%	\$16,460	70.0%	45.8%	41.7%
Unknown	4	3.5%	23.3%	\$1,202	5.1%	29.8%	0.0%
<b>TOTAL</b>	<b>115</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$23,508</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (7.8 percent) exceeds the 2022 aggregate lending level (4.6 percent) but falls below the low-income family population figure (17.4 percent), reflecting reasonable performance. The bank's level of lending to moderate-income borrowers (10.4 percent) falls slightly below the aggregate lending level (13.4 percent) and well below the moderate-income family population percentage (20.0 percent), also reflecting reasonable performance. As noted by community contacts, lending to LMI borrowers has been difficult due to high interest rates and competition for homes, which has raised prices. Therefore, considering performance to both income categories, the bank's overall distribution of loans by borrower's profile is reasonable.

### **Geographic Distribution of Loans**

As noted previously, the assessment area includes no low-income census tracts and only four moderate-income census tracts, representing 11.8 percent of all assessment area census tracts. Based on a review of HMDA loans, the bank had loan activity in 70.6 percent of all assessment area census tracts and in three of the four (75.0 percent) moderate-income census tracts. There were no conspicuous lending gaps noted in LMI areas, though the location of the bank's seven branches creates challenges in serving the entire assessment area, especially the outermost regions where the moderate-income tracts are located.

The following table displays the geographic distribution of 2022 HMDA loans compared to owner-occupied housing demographics and aggregate performance for the assessment area.

Distribution of 2022 Home Mortgage Lending By Income Level of Geography							
Census Tract Income Level	Bank Loans		Aggregate HMDA Data	Bank Loans		Aggregate HMDA Data	% of Owner– Occupied Units
	#	# %	# %	\$	\$ %	\$ %	
Home Purchase Loans							
Low	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Moderate	2	2.3%	7.2%	\$875	4.8%	5.9%	8.7%
Middle	63	71.6%	63.3%	\$12,837	69.9%	61.6%	69.1%
Upper	23	26.1%	28.9%	\$4,642	25.3%	31.9%	21.1%
Unknown	0	0.0%	0.5%	\$0	0.0%	0.6%	1.0%
TOTAL	88	100.0%	100.0%	\$18,354	100.0%	100.0%	100.0%
Refinance							
Low	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Moderate	1	4.5%	8.2%	\$413	8.4%	6.1%	8.7%
Middle	19	86.4%	65.8%	\$4,065	82.6%	65.7%	69.1%
Upper	2	9.1%	24.5%	\$446	9.1%	27.0%	21.1%
Unknown	0	0.0%	1.5%	\$0	0.0%	1.2%	1.0%
TOTAL	22	100.0%	100.0%	\$4,924	100.0%	100.0%	100.0%
Home Improvement							
Low	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Moderate	1	20.0%	12.4%	\$40	17.4%	11.2%	8.7%
Middle	4	80.0%	60.8%	\$190	82.6%	63.5%	69.1%
Upper	0	0.0%	25.5%	\$0	0.0%	24.3%	21.1%
Unknown	0	0.0%	1.3%	\$0	0.0%	0.9%	1.0%
TOTAL	5	100.0%	100.0%	\$230	100.0%	100.0%	100.0%

Multifamily Loans							% of Multifamily Units
Low	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Moderate	0	0.0%	9.7%	\$0	0.0%	53.1%	26.1%
Middle	0	0.0%	54.8%	\$0	0.0%	34.1%	52.9%
Upper	0	0.0%	35.5%	\$0	0.0%	12.8%	20.9%
Unknown	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
<b>TOTAL</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Total Home Mortgage Loans							% of Owner-Occupied Units
Low	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Moderate	4	3.5%	7.7%	\$1,328	5.6%	10.0%	8.7%
Middle	86	74.8%	63.7%	\$17,092	72.7%	60.1%	69.1%
Upper	25	21.7%	27.7%	\$5,088	21.6%	29.2%	21.1%
Unknown	0	0.0%	0.8%	\$0	0.0%	0.7%	1.0%
<b>TOTAL</b>	<b>115</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$23,508</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

The bank made four loans (3.5 percent) in the moderate-income census tracts, which is below both the percentages of aggregate HMDA loans made to borrowers residing in these geographies (7.7 percent) and the percentage of owner-occupied housing units in moderate-income census tracts (8.7 percent). Therefore, the overall geographic distribution of loans made in this assessment area reflects poor penetration throughout LMI census tracts based on the HMDA loan category.

#### COMMUNITY DEVELOPMENT TEST

The bank demonstrates excellent responsiveness to community development needs within the assessment area, considering the bank's capacity and the need and availability of such opportunities for community development. The bank has addressed these needs through community development loans, qualified investments, and community development services.

During the review period, the bank extended 33 community development loans totaling \$3.2 million in this assessment area; 25 of these loans had a primary purpose of economic development, and the rest had a primary purpose of revitalization and stabilization.

The bank had a total of nine investments, totaling \$2.8 million, that qualified for community development credit. This includes seven investments totaling \$2.4 million from prior-period investments that remain in the bank's portfolio, plus two, totaling \$399,194 made in the current review period. The two investments made in the current review period both benefited a school district in the assessment area where a majority of students qualify for free or reduced-price lunch. Additionally, the bank made 114 donations totaling \$24,963 in this assessment area.

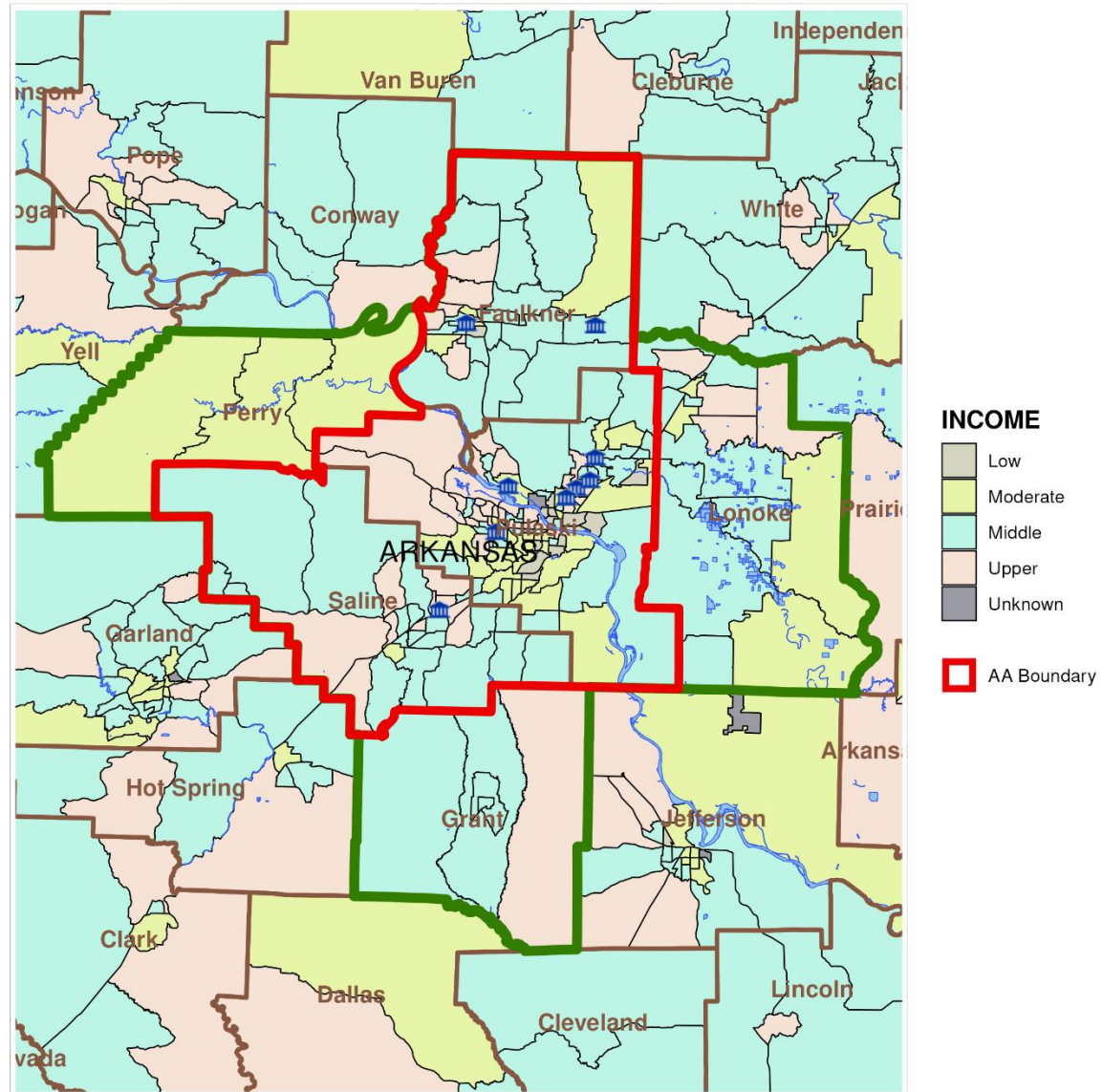
Finally, several bank personnel used their financial expertise to assist organizations that provide financial education to local schools serving students from LMI families. In total, bank personnel spent 63 hours providing 32 services to ten different community development organizations in the assessment area.

APPENDIX A – MAPS OF ASSESSMENT AREAS

Little Rock Assessment Area

**Eagle Bank and Trust Company**

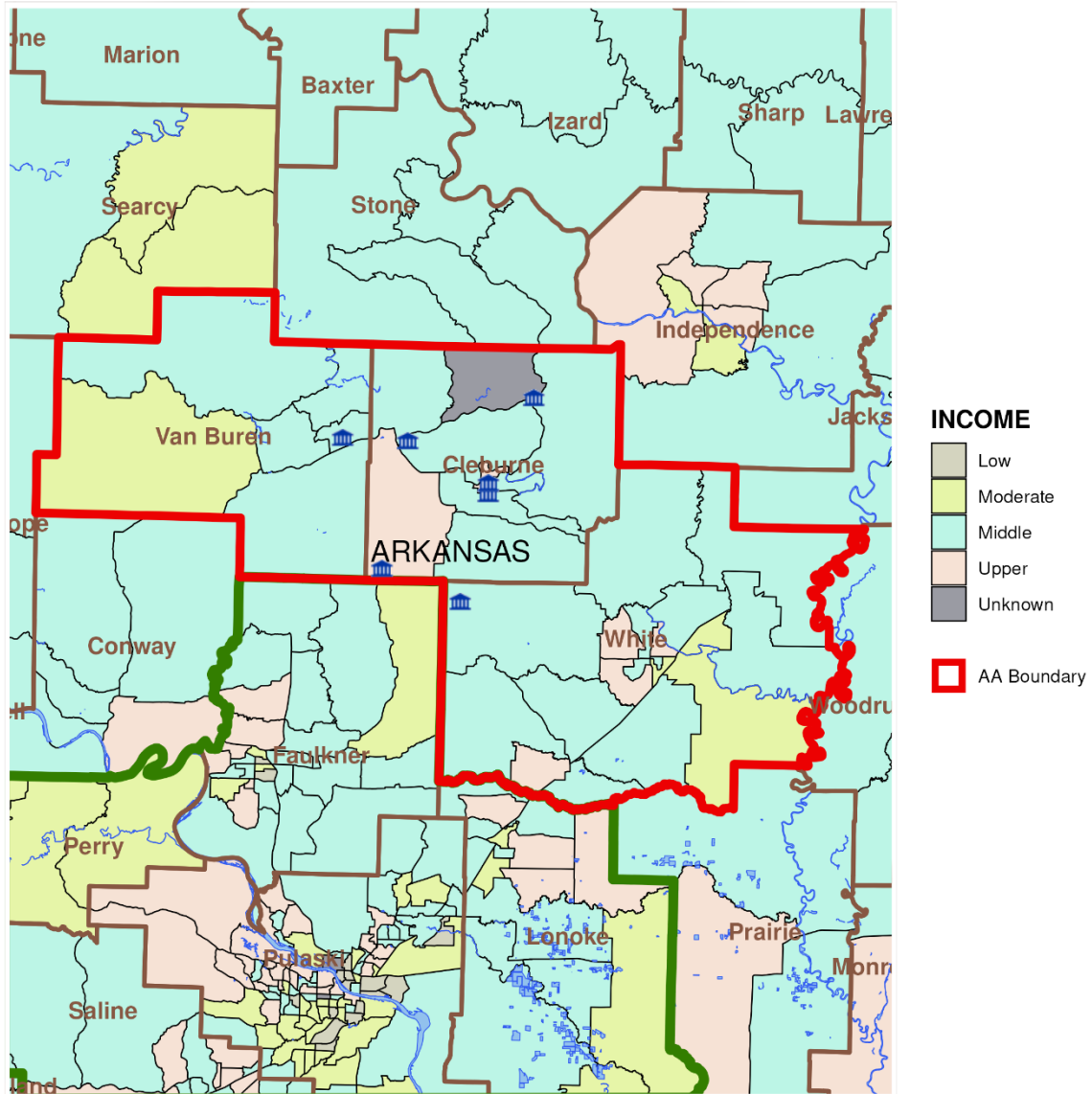
2022 Little Rock, AR Partial MSA AA - Tract Income



North Central Arkansas Assessment Area

**Eagle Bank and Trust Company**

2022 NonMSA, AR AA - Tract Income



## APPENDIX B – GLOSSARY

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

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

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

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

**Community development:** An activity associated with one of the following five descriptions: (1) affordable housing (including multifamily rental housing) for low- or moderate-income individuals; (2) community services targeted to low- or moderate-income individuals; (3) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; (4) activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or (5) Neighborhood Stabilization Program (NSP) eligible activities in areas with HUD-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate-, and middle-income individuals and geographies.

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Small loan(s) to business(es):** That is, "small business loans" are included in "loans to small businesses" as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are secured 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.