PUBLIC DISCLOSURE

June 17, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

United Bank
RSSD #539377

2600 South Thompson Street
Springdale, Arkansas 72764

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.**

TABLE OF CONTENTS

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

United Bank meets the criteria for a Satisfactory rating based on the evaluation of the bank's lending activity. The factors supporting the institution's rating are as follows:

- The loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending-related activities are in the assessment area.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.
- The borrower's profile analysis reveals reasonable penetration among businesses of different revenue sizes and individuals of different income levels, including low- and moderate-income (LMI) levels.
- There were no CRA-related complaints filed against the bank since the previous CRA evaluation.

SCOPE OF EXAMINATION

The bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC's) Examination Procedures for Small Institutions. Home Mortgage Disclosure Act (HMDA) and small business loans were used to evaluate the bank's lending performance, as these loan categories are considered the bank's core business lines based on lending volume and the bank's stated business strategy. Therefore, the loan activity represented by these credit products is deemed indicative of 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 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	March 31, 2015 – March 31, 2019
Assessment Area Concentration	January 1, 2017 – December 31, 2017
Geographic Distribution of Loans	January 1, 2017 – December 31, 2017
Loan Distribution by Borrower's Profile	January 1, 2017 – December 31, 2017
Response to Written CRA Complaints	March 30, 2015 – June 16, 2019

Lending Test analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on HMDA and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2015 U.S. Census data; certain business demographics are based on 2017 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 assessment area. Aggregate lending datasets are updated annually and are, therefore, expected to predict more relevant comparisons. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating in the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from $134.3 million to $234.0 million as of March 31, 2019.

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 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.

DESCRIPTION OF INSTITUTION

United Bank is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is wholly owned by United Holding Company, Inc., a one-bank holding company headquartered in Springdale, Arkansas. The bank's branch network consists of four offices (including the main office), all of which have full-service automated teller machines on site. The bank closed three loan production offices during this review period. Based on this branch network and other service delivery systems, such as online and mobile banking capabilities, the bank is well positioned to deliver financial services to its entire 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 assessment area credit needs based on its available resources and financial products. As of March 31, 2019, the bank reported total assets of $193.8 million. As of the same date, loans and leases outstanding were $155.8 million (80.4 percent of total assets), and deposits totaled $163.0 million. The bank's loan portfolio composition by credit category is displayed in the following table:

Distribution of Total Loans as of March 31, 2019		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Construction and Development	$28,575	18.3%
Commercial Real Estate	$33,288	21.4%
Multifamily Residential	$3,523	2.3%
1–4 Family Residential	$66,342	42.6%
Farmland	$832	0.5%
Farm Loans	$49	0.0%
Commercial and Industrial	$21,623	13.9%
Loans to Individuals	$1,531	1.0%
TOTAL	**$155,763**	**100%**

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, commercial loans (including both commercial real estate and commercial and industrial), and construction and development loans. The bank also originates and subsequently sells a significant volume of loans related to residential real estate. 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 on March 30, 2015, by this Reserve Bank.

DESCRIPTION OF ASSESSMENT AREA

General Demographics

The bank's assessment area, which has a population of 454,630, is located in northwestern Arkansas in the Fayetteville-Springdale-Rogers, Arkansas-Missouri metropolitan statistical area (Fayetteville MSA). The Fayetteville MSA contains three counties in the state of Arkansas; however, the bank's assessment area is comprised of the entirety of two counties, Benton and Washington. Both counties in the assessment area have similar populations (238,198 for Benton County and 216,432 for Washington County).

Benton and Washington Counties are economically booming and continue to experience rapid growth, according to community contacts. The assessment area is primarily urban and includes the University of Arkansas (located in the city of Fayetteville), a 718-acre university with a total student enrollment of 27,778 in 2018.

According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2018, there are 31 FDIC-insured depository institutions in the assessment area that operate 190 offices. United Bank (operating four, or 2.1 percent, offices in the assessment area) ranked 17th in terms of deposit market share, with only 1.4 percent of the total assessment area deposit dollars. One institution dominates in this highly competitive banking market with 45.9 percent of the deposit market share, with the closest competing institution capturing 8.2 percent.

Credit needs in the assessment area include a standard blend of consumer and commercial loan products. Community contacts identified specific lending needs, including home improvement loans, as many LMI residents own homes that are in need of substantial repairs, and small dollar loans to small businesses, as there are a large number of small businesses in the area that lack access to capital. Furthermore, community contacts noted that as this economy has experienced substantial growth, housing demand and costs continue to rise, which has led to pricing a majority of LMI residents out of the market. Products and programs aimed at LMI individuals, such as down payment assistance, financial literacy education, and first-time homebuyer programs, in addition to affordable housing, are major needs in the assessment area.

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	1	13	41	26	0	**81**
	1.2%	16.0%	50.6%	32.1%	0.0%	**100%**
Family Population	955	19,400	52,892	41,173	0	**114,420**
	0.8%	17.0%	46.2%	36.0%	0.0%	**100%**

As shown above, 17.2 percent of the census tracts in the assessment area are LMI geographies, while 17.8 percent of the family population resides in these tracts. The one low-income census tract is located in Benton County in an area that is primarily comprised of rental properties, large businesses, and other public areas, such as a school, park, and museum. Of the 13 moderate-income census tracts, 11 are located in Washington County, primarily concentrated in the northern portion of the county near the bank's branches.

Based on 2015 U.S. Census data, the median family income for the assessment area was $61,497. At the same time, the median family income for the state of Arkansas as a whole was $51,782. More recently, the FFIEC estimates the 2017 median family income for the Fayetteville MSA to be $64,400. The following table displays population percentages of assessment area families by income level compared to all Arkansas families.

Family Population by Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Assessment Area	22,343	20,827	23,160	48,090	0	**114,420**
	19.5%	18.2%	20.2%	42.0%	0.0%	**100%**
Arkansas	163,727	134,396	149,441	312,360	0	**759,924**
	21.5%	17.7%	19.7%	41.1%	0.0%	**100%**

As shown in the table above, 37.7 percent of families within the assessment area were considered LMI, which is slightly lower than LMI family percentages of 39.2 percent in the state of Arkansas. The percentage of families living below the poverty threshold in the assessment area, 10.9 percent, falls below the 14.3 percent level in the state of Arkansas. Considering these factors, the assessment area appears more affluent than the state of Arkansas as a whole. However, this data does not fully illustrate the concentrated areas of poverty that exist within the assessment area in certain locations. For example, in the low-income census tract, 40.1 percent of families live below the poverty level. In addition, both community contacts noted that although the unemployment rate has declined, the poverty rate has not changed drastically and still remains relatively high in the assessment area.

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. The median housing value for the assessment area is $151,265, which is well above the figure for the state of Arkansas, $111,400. The assessment area housing affordability ratio of 33.2 percent is below the state of Arkansas figure of 37.1 percent. In addition, the median gross rent for the assessment area of $746 per month is higher than the $677 per month for the state of Arkansas. Affordability is especially of concern in Washington County, where three of the bank's four offices are located, as it has an affordability ratio of 28.7 percent, which is well below the figures for Benton County (37.3 percent) and the state of Arkansas. In addition, 44.5 percent of renters in Washington County pay rent that exceeds 30 percent of their income compared to 42.7 percent in the state of Arkansas.

Rental units are more prominent in LMI census tracts within the assessment area. Of all housing units, rental units comprise 64.4 percent in the low-income census tract and 53.8 percent in the moderate-income census tracts compared to 32.2 percent in middle and 28.1 percent in upper. Moreover, of all housing units in the assessment area, 35.2 percent are rental units compared to 28.9 percent of rental units in the state of Arkansas. The assessment area's higher percentage of rental units corresponds with information from community contacts concerning the barriers LMI residents face regarding homeownership. Based on housing data and community contact interviews, homeownership difficulties exist for the majority of the LMI population in the assessment area.

Industry and Employment Demographics

The assessment area supports a large and diverse business community, including a strong small business sector. County business patterns indicate that there are 203,836 paid employees in the assessment area. By percentage of employees, the three largest job categories in the assessment area are retail trade (12.8 percent), followed closely by manufacturing (11.9 percent), and healthcare and social assistance (11.8 percent). Three major employers, including one of the world's largest retail stores, a large meat and poultry producer, and a major transportation company are headquartered in the assessment area and help to sustain the robust economic environment. Community contacts noted that in addition to large employers, the housing and business demand has led to an influx of construction-related jobs.

The table below details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area compared to the state of Arkansas as a whole.

Unemployment Levels for the Assessment Area		
Time Period (Annual Average)	**Assessment Area**	**Arkansas**
2018	2.8%	3.7%
2017	2.8%	3.7%
2016	2.8%	4.0%
2015	3.7%	5.0%

As shown in the table above, unemployment levels for the assessment area and the state of Arkansas have shown a decreasing trend and remain low. Additionally, unemployment levels in the assessment area are lower than the state of Arkansas.

Community Contact Information

Information from two community contacts was used to help shape the performance context in which the bank's activities in this assessment area were evaluated. Of these community contact interviews, one individual represented an organization specializing in affordable housing and the other community contact represented a local organization serving in a business and economic development role.

Both community contacts categorized the economy as strong with considerable growth, as evidenced by an increase in the new construction of homes and buildings across the region, as well as a low unemployment rate. As the population has continued to grow, the demand for housing and office space has increased and is outpacing the supply. Construction costs have risen and, in turn, housing costs have increased and useable land continues to shrink. In addition, contacts described the area as having a robust banking environment in which banks are in abundance and there is a healthy amount of competition between large and community banks.

One contact emphasized affordable housing as an ongoing and critical need in the community. Although the economy is experiencing rapid growth overall, the benefits have not trickled to all areas. The contact stressed that while unemployment is low, the MSA's poverty rate still remains high. For many LMI individuals who own homes, the homes were inherited, older, and in need of substantial repairs. Therefore, home improvement loans are a particularly relevant credit need. In addition, the contact emphasized other resources that support home purchase, including down payment assistance and homeownership counseling, are also needed. Programs aimed at helping LMI residents purchase, maintain, and improve their homes exist in the assessment area but face challenges, such as finding additional capital and raising awareness. The contact mentioned specific programs that financial institutions in the area could better support, such as financial literacy in schools, Habitat for Humanity, and other organizations targeting the LMI population. In addition, the large student population in Washington County has shifted focus and demand to student housing which has directly affected the affordable housing available to LMI residents. Furthermore, the contact indicated that new construction is mainly apartments and higher-priced homes. Consequently, affordable housing is increasingly becoming unobtainable for LMI residents.

The second contact emphasized the economic growth Benton and Washington Counties are experiencing, largely driven by the presence of large employers and the University of Arkansas. The contact noted that the economy is strong, while also stating that some disparities still exist in certain segments of the population. The robust economic environment drives job growth and population in the area, which also serves as a strong base for small business growth. The area has essentially become a hub for vendors, suppliers, consultants, and other professional services to meet the needs of the major employers and, as a result, the number of small businesses continues to grow in the area. However, small businesses often have difficulties obtaining capital from banks in the area; the contact stated that banks appear to be more willing to lend large dollar commercial loans than small business loans. Small businesses have also been affected by the area's rising costs, as expensive retail rental space and hiring low-wage workers are also common barriers. The contacted noted that overall, banks in the area are offering support through volunteering, sponsorships, and board membership. However, partnerships that lead to tangible lending results are still needed. In addition, the contact indicated there is a specific need for resources and products aimed at LMI business owners who face challenges in addition to those mentioned previously.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit (LTD) Ratio

One indication of the bank's overall level of lending activity is its LTD ratio. The chart below displays the bank's average LTD ratio compared to those of regional peers. The average LTD ratio represents a 17-quarter average, dating back to the bank's last CRA evaluation.

LTD Ratio Analysis			
Name	**Headquarters**	**Asset Size ($000s) as of March 31, 2019**	**Average LTD Ratio**
United Bank	Springdale, Arkansas	$193,800	103.0%
Regional Banks	Gravette, Arkansas	$134,254	73.1%
	Little Rock, Arkansas	$221,017	75.9%
	Huntsville, Arkansas	$234,009	84.3%

Based on data from the previous table, the bank's level of lending is above that of other banks in the region. During the review period, the bank's quarterly LTD ratio ranged from a low of 94.2 percent (March 2019) to a high of 112.3 percent (September 2017), displaying a fluctuating trend with a 17-quarter average of 103.0 percent. In comparison, the quarterly LTD ratios for the regional peers ranged from a low of 62.8 percent to a high of 96.9 percent. Therefore, compared to data from regional banks, the bank's average LTD ratio is more than reasonable given the bank's size, financial condition, and assessment area credit needs.

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 area.

Lending Inside and Outside of Assessment Area January 1, 2017 through December 31, 2017						
Loan Type	**Inside Assessment Area**		**Outside Assessment Area**		**TOTAL**	
HMDA	217	71.9%	85	28.1%	**302**	**100%**
	37,658	76.0%	11,914	24.0%	**$49,572**	**100%**
Small Business	57	76.0%	18	24.0%	**75**	**100%**
	6,883	64.8%	3,731	35.2%	**$10,614**	**100%**
TOTAL LOANS	274	72.7%	103	27.3%	**377**	**100%**
	44,541	74.0%	15,645	26.0%	**$60,186**	**100%**

A majority of loans and other lending-related activities were made in the bank's assessment area. As shown above, 72.7 percent of the total loans were made inside the assessment area, accounting for 74.0 percent of the dollar volume of total loans.

Geographic Distribution of Loans

As noted previously, the assessment area includes 1 low-income and 13 moderate-income census tracts, representing 17.2 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 and small business loan categories. As previously stated, performance in the HMDA loan category carried the most significance in the overall conclusion for geographic distribution.

The following table displays the geographic distribution of 2017 HMDA loans compared to owner-occupied housing demographics and aggregate performance.

Distribution of Loans Inside Assessment Area by Geography Income Level

January 1, 2017 through December 31, 2017

	Geography Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Home Purchase	1	0.6%	16	9.4%	72	42.1%	82	48.0%	0	0.0%	**171**	**100%**
Refinance	0	0.0%	2	5.9%	15	44.1%	17	50.0%	0	0.0%	**34**	**100%**
Home Improvement	0	0.0%	3	27.3%	5	45.5%	3	27.3%	0	0.0%	**11**	**100%**
Multifamily	0	0.0%	1	100.0%	0	0.0%	0	0.0%	0	0.0%	**1**	**100%**
TOTAL HMDA	**1**	**0.5%**	**22**	**10.1%**	**92**	**42.4%**	**102**	**47.0%**	**0**	**0.0%**	**217**	**100%**
Owner-Occupied Housing	0.4%		13.0%		47.2%		39.4%		0.0%		**100%**	
2017 HMDA Aggregate	0.3%		10.7%		41.4%		47.7%		0.0%		**100%**	

The analysis of HMDA loans revealed reasonable lending performance to borrowers residing in low-income geographies. The bank's total penetration of low-income census tracts by number of loans (0.5 percent) is similar to the percentage of owner-occupied housing units in low-income census tracts (0.4 percent) and aggregate lending data (0.3 percent). As described in the *Income and Wealth Demographics* section of this evaluation, the bank's assessment area contains one low-income census tract with limited lending opportunities; as such, the bank's performance is considered reasonable.

The bank's total penetration of moderate-income census tracts by number of loans (10.1 percent) is below the percentage of owner-occupied housing units in moderate-income census tracts (13.0 percent). However, the bank's performance is comparable to that of other lenders based on aggregate lending data, which indicate that 10.7 percent of aggregate HMDA loans inside this assessment area were made to borrowers residing in moderate-income census tracts. In addition, the bank's level of home improvement lending in moderate-income geographies (27.3 percent) is well above the owner-occupied housing figure. As community contacts indicated, home improvement loans are a major need in LMI geographies throughout the assessment area; therefore, the bank's overall level of HMDA lending in moderate-income census tracts is considered reasonable.

Second, the bank's geographic distribution of small business loans was reviewed. The following table displays 2017 small business loan activity by geography income level compared to the location of businesses throughout the bank's assessment area and 2017 small business aggregate data.

Distribution of Loans Inside Assessment Area by Geography Income Level
January 1, 2017 through December 31, 2017

	Geography Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Small Business Loans	0	0.0%	4	7.0%	40	70.2%	13	22.8%	0	0.0%	**57**	**100%**
Business Institutions	1.2%		15.9%		49.7%		33.2%		0.0%		**100%**	
2017 Small Business Aggregate	0.9%		13.5%		46.7%		37.8%		1.1%		**100%**	

The bank made no small business loans in low-income census tracts, which is below the estimated percentage of businesses operating inside these census tracts (1.2 percent) and 2017 aggregate lending levels in low-income census tracts (0.9 percent). Consequently, the bank's performance in low-income areas is poor. Similarly, the bank's percentage of loans in moderate-income census tracts (7.0 percent) is well below the 2017 aggregate lending percentage in moderate-income census tracts (13.5 percent) and the percentage of small businesses in moderate-income census tracts (15.9 percent), representing poor performance. Therefore, the bank's overall geographic distribution of small business loans is poor.

Lastly, based on reviews from both loan categories, United Bank had loan activity in 81.5 percent of all assessment area census tracts. Additionally, there were no conspicuous lending gaps noted in LMI areas, as the bank had loan activity in 78.6 percent of LMI census tracts in the assessment area. This information supports the conclusion that the bank's overall geographic distribution of loans is reasonable.

Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is reasonable, based on performance from both loan categories reviewed. As previously stated, performance in the HMDA loan category carried the most significance in the overall conclusion for borrower distribution.

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 ($64,400 for the Fayetteville MSA as of 2017). 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, 2017 aggregate data for the assessment area is displayed.

Distribution of Loans Inside Assessment Area by Borrower Income

January 1, 2017 through December 31, 2017

	Borrower Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Home Purchase	13	7.6%	19	11.1%	42	24.6%	52	30.4%	45	26.3%	**171**	**100%**
Refinance	0	0.0%	3	8.8%	8	23.5%	16	47.1%	7	20.6%	**34**	**100%**
Home Improvement	2	18.2%	3	27.3%	1	9.1%	0	0.0%	5	45.5%	**11**	**100%**
Multifamily	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	100.0%	**1**	**100%**
TOTAL HMDA	**15**	**6.9%**	**25**	**11.5%**	**51**	**23.5%**	**68**	**31.3%**	**58**	**26.7%**	**217**	**100%**
Family Population	19.5%		18.2%		20.2%		42.0%		0.0%		**100%**	
2017 HMDA Aggregate	7.0%		15.5%		18.5%		40.2%		18.8%		**100%**	

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (6.9 percent) is substantially below the low-income family population figure (19.5 percent) but similar to the 2017 aggregate lending level to low-income borrowers (7.0 percent). As described in the *Description of Assessment Area* section, LMI borrowers face many barriers related to homeownership, which is most likely creating lending challenges for banks in the assessment area. Therefore, based on the bank's performance, economic factors and aggregate lending levels performance is considered reasonable.

Similarly, the bank's level of lending to moderate-income borrowers (11.5 percent) is well below the moderate-income family population percentage (18.2 percent) and the 2017 aggregate lending level to moderate-income borrowers (15.5 percent). Lending opportunities are available to moderate-income borrowers in the assessment area; however, high competition among banks is a contributing factor to lending levels. Banks with a smaller geographic footprint and market share may have difficulties competing. In addition, it is noted that the bank's level of home improvement lending to moderate-income borrowers (27.3 percent) is well above family population and aggregate levels. As community contacts indicated, home improvement loans are a significant LMI need, and the bank exhibits reasonable performance concerning moderate-income borrowers. Therefore, considering performance to both income categories, the bank's overall distribution of loans by borrower's profile is reasonable.

Lastly, small business loans were reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of 2017 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

Distribution of Loans Inside Assessment Area by Business Revenue January 1, 2017 through December 31, 2017								
Gross Revenue	**Loan Amounts in $000s**						**TOTAL**	
	≤$100		**>$100 and ≤$250**		**>$250 and ≤$1,000**			
$1 Million or Less	13	22.8%	1	1.8%	6	10.5%	**20**	**35.1%**
Greater than $1 Million/Unknown	31	54.4%	4	7.0%	2	3.5%	**37**	**64.9%**
TOTAL	**44**	**77.2%**	**5**	**8.8%**	**8**	**14.0%**	**57**	**100%**
Dun & Bradstreet Businesses ≤ $1MM							**89.0%**	
2017 CRA Aggregate Data							**51.0%**	

The bank's level of lending to small businesses is poor. The bank originated 20 small business loans (35.1 percent) to businesses with revenues of $1 million or less. In comparison, assessment area demographics estimate that 89.0 percent of businesses in the assessment area had annual revenues of $1 million or less, and the 2017 aggregate lending level to small businesses is 51.0 percent.

<u>Responses to Complaints</u>

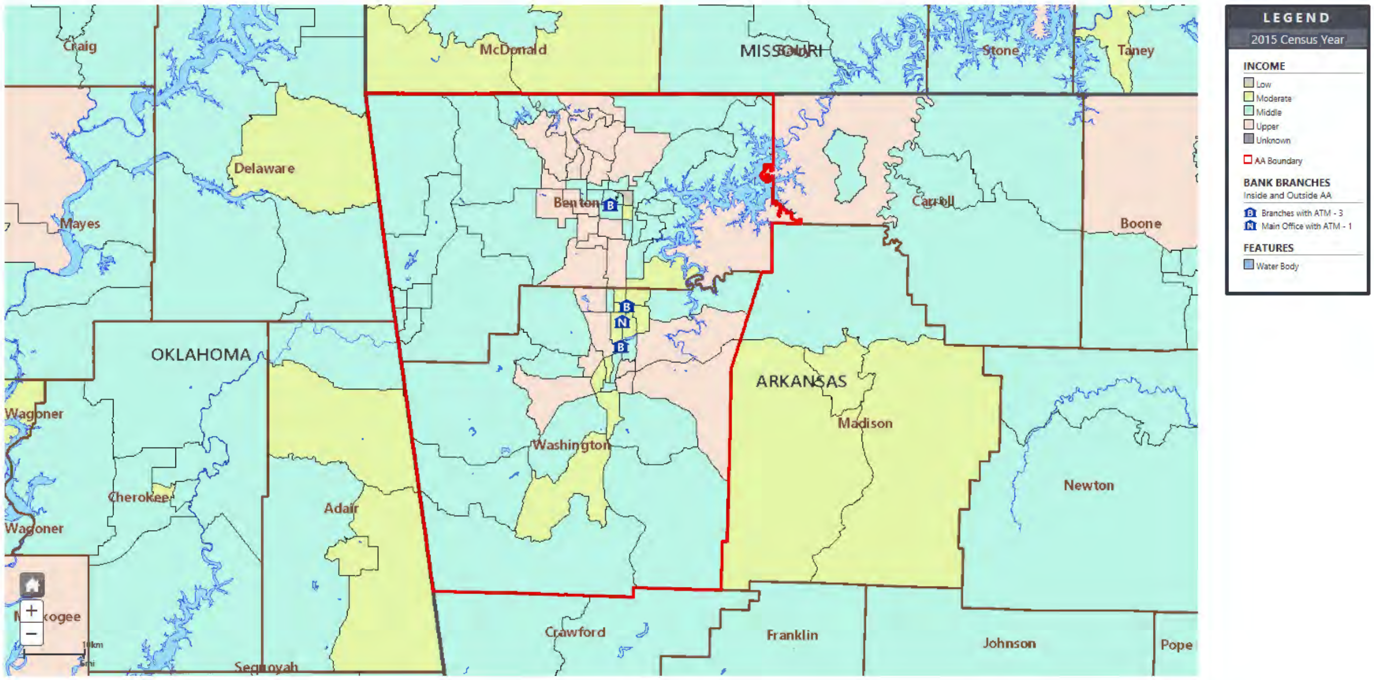
No CRA-related complaints were filed against the bank during this review period (March 30, 2015 through June 16, 2019).

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.

ASSESSMENT AREA DETAIL

United Bank - Springdale, Arkansas
Tract Income Map



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 MSAs. 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 LMI individuals; (2) <u>community services</u> targeted to LMI 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> LMI 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 (such as age, race, sex, income, etc.) 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 applications, 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: Is calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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