

FEDERAL RESERVE SYSTEM

First Security Bank  
Searcy, Arkansas

Order Approving the Establishment of a Branch

First Security Bank (“FSB”), a wholly owned state member bank subsidiary of First Security Bancorp (“Bancorp”), both of Searcy, Arkansas, has requested the Board’s approval under section 9 of the Federal Reserve Act (“FRA”)<sup>1</sup> and the Board’s Regulation H<sup>2</sup> to establish a branch at 4007 North Rodney Parham Road, Little Rock, Arkansas.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published in accordance with the Board’s Rules of Procedure.<sup>3</sup> The time for submitting comments has expired, and the Board received two comments on the proposal. The Board has considered the proposal and the comments received in light of the factors specified in the FRA.

Bancorp, with total consolidated assets of approximately \$8.4 billion, is the 171st largest depository organization in the United States, controlling approximately \$6.5 billion in deposits, which represent less than 1 percent of the total amount of

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<sup>1</sup> 12 U.S.C. § 321. Under section 9 of the FRA, state member banks may establish and operate branches on the same terms and conditions as are applicable to the establishment of branches by national banks. A national bank may establish and operate a de novo branch within a state in which the bank is situated if such establishment and operation is authorized under applicable state law. See 12 U.S.C. § 36(c)(2). FSB has branches in Arkansas and is permitted to establish additional branches under the laws of Arkansas. See Ark. Code. § 23-48-702(b)(1)(A).

<sup>2</sup> 12 CFR part 208.

<sup>3</sup> 12 CFR 262.3(b).

deposits of insured depository institutions in the United States.<sup>4</sup> FSB operates branches in Arkansas and Florida, and the bank's main office is in Searcy, Arkansas.<sup>5</sup>

Under section 208.6 of the Board's Regulation H,<sup>6</sup> which implements section 9 of the FRA, the factors that the Board must consider in acting on a branch application include (1) the financial history and condition of the applying bank and the general character of its management; (2) the adequacy of the bank's capital and the bank's future earnings prospects; (3) the convenience and needs of the community to be served by the branch; (4) in the case of branches with deposit-taking capability, the bank's performance under the Community Reinvestment Act ("CRA");<sup>7</sup> and (5) whether the bank's investment in bank premises in establishing the branch satisfies certain criteria.<sup>8</sup> The Board has considered the branch application in light of these factors and the public comments received on the proposal.

***Financial, Managerial, and Other Supervisory Considerations***

In considering the financial history and condition, earnings prospects, and capital adequacy of FSB, the Board has reviewed reports of examination, other supervisory information, publicly reported and other financial information, information provided by FSB, and the comments received on the proposal. FSB is well capitalized and would remain so upon consummation of the proposal. The Board has considered FSB's asset quality, earnings (including future earnings prospects), and liquidity, and FSB has adequate resources to absorb the costs of the proposal. The Board also has

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<sup>4</sup> Total assets data are as of June 30, 2025. National deposit data are as of June 30, 2025, and national ranking and state deposit data are as of June 30, 2024. In this context, insured depository institutions include commercial banks, savings and loan associations, and savings banks.

<sup>5</sup> In Arkansas, FSB is the 4th largest depository organization, controlling approximately \$6.2 billion in deposits, which represent 6.1 percent of the total amount of deposits of insured depository institutions in that state.

<sup>6</sup> 12 CFR 208.6(b).

<sup>7</sup> 12 U.S.C. § 2901 et seq.

<sup>8</sup> 12 CFR 208.21(a).

reviewed FSB's proposed investment in the branch and concludes that the bank's investment is consistent with regulatory limitations on investment in bank premises.<sup>9</sup>

In considering FSB's managerial resources, the Board has reviewed the bank's examination record, including assessments of its management, risk-management systems, and operations. The Board also has considered its supervisory experiences with FSB and the bank's record of compliance with applicable banking, consumer protection, and anti-money-laundering laws. FSB's directors and senior executive officers have substantial knowledge of and experience in the banking and financial services sectors.

Based on this review and all the facts of record, the Board determines that FSB's management, financial history and condition, capital adequacy, compliance with applicable banking and consumer protection laws, and future earnings prospects, as well as the effectiveness of FSB in combatting money-laundering activities, are consistent with approval of the proposal.

#### ***Convenience and Needs Considerations***

In acting on a branching proposal under section 9 of the FRA and the Board's Regulation H, the Board considers the effects of the proposal on the convenience and needs of the communities to be served.<sup>10</sup> In evaluating whether the proposal satisfies the convenience and needs statutory factor, the Board considers the impact that the proposal will or is likely to have on the communities served by the bank.

The Board reviews a variety of information to determine whether the bank's record demonstrates a history of helping to meet the needs of its customers and communities. The Board also reviews the bank's plans regarding the proposed branch and the expected impact of those plans on the communities served by the bank, including

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<sup>9</sup> Pursuant to section 24A of the FRA, 12 U.S.C. § 371d, upon consummation of the proposed transaction, FSB's investment in bank premises would remain within the legal requirements of 12 CFR 208.21. Having considered all the relevant statutory factors, the Board does not object to the proposed investment in the branch.

<sup>10</sup> 12 U.S.C. § 321; 12 CFR 208.6(b)(3). Where applicable, the Board also considers any timely substantive comments on the proposal and, in its discretion, may consider any untimely substantive comments on the proposal.

on low- and moderate-income (“LMI”) individuals and communities. The Board considers whether the bank is helping to meet the credit needs of the communities it serves and is providing access to banking products and services that meet the needs of customers and communities, including the potential impact of the proposed branch and any related closures, consolidations, and relocations on that access. In addition, the Board reviews the bank’s record under the CRA. The Board strongly encourages insured depository institutions to help meet the credit needs of the local communities in which they operate, consistent with the institutions’ safe and sound operation and their obligations under the CRA.<sup>11</sup>

In addition, the Board considers the bank’s overall compliance record and recent fair lending examinations. Fair lending laws require all lending institutions to provide loan applicants with equal access to credit, regardless of their race, ethnicity, gender, or certain other characteristics. The Board also considers assessments of other relevant supervisors, the supervisory views of examiners, other supervisory information, information provided by the applicant, and public comments received on the proposal. The Board also may consider the institution’s business model, its intended marketing and outreach, its plans for the proposed branch, and any other information the Board deems relevant.

In assessing the convenience and needs factor in this case, the Board has considered all the facts of record, including reports of examination of the CRA performance of FSB, the fair lending and compliance records of the bank, the supervisory views of the Federal Reserve Bank of St. Louis (“Reserve Bank”), confidential supervisory information, information provided by FSB, and the public comments received on the proposal.

#### *Public Comments on the Proposal*

The Board received two adverse comments on the proposal, both from the same commenter. The commenter objected to the proposal, alleging that, based on data

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<sup>11</sup> See 12 U.S.C. § 2901(b).

reported under the Home Mortgage Disclosure Act of 1975 (“HMDA”),<sup>12</sup> FSB made fewer home loans to African Americans as compared to white individuals in Arkansas in 2024. The commenter also alleged that FSB denied home loan applications of African American individuals at a higher rate than those of white individuals in Arkansas. The commenter asked the Board to consider that the most recent CRA performance evaluation of FSB, as of January 23, 2023 (“FSB Evaluation”), does not take into account the 2024 HMDA data.

In general, the Board and the other federal financial supervisors apply a lending test (“Lending Test”), an investment test (“Investment Test”), and a service test (“Service Test”) to evaluate the performance of large banks, such as FSB, in helping to meet the credit needs of the communities they serve. The commenter stated that the FSB Evaluation indicated that, (1) for the Lending Test, FSB’s geographic distribution of loans in the Arkansas Nonmetropolitan Statewide Area (“non-MSA Arkansas”) reflected “poor” penetration throughout this assessment area (“AA”); (2) for the Investment Test, FSB’s performance in its three limited-scope-review AAs—the Jonesboro, Arkansas (“Jonesboro”) Metropolitan Statistical Area (“MSA”), the Hot Springs, Arkansas (“Hot Springs”) MSA, and the Fort Smith, Arkansas-Oklahoma (“Fort Smith”) MSA—was below its overall institution Investment Test performance in the full-scope-review AAs; and, (3) for the Service Test, the accessibility of delivery systems in two of the limited-scope-review AAs, the Jonesboro MSA and the Hot Springs MSA, was below the overall accessibility of FSB’s delivery systems in its full-scope review AAs, and that the community development services FSB provided in the Jonesboro MSA were also below its overall level of providing community development services in its full-scope-review AAs.<sup>13</sup>

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<sup>12</sup> 12 U.S.C. § 2801 et seq.

<sup>13</sup> The FSB Evaluation included a full-scope review of the following areas: the Little Rock-North Little Rock-Conway, Arkansas MSA; Fayetteville-Springdale-Rogers, Arkansas MSA; and the non-MSA Arkansas AA. The FSB Evaluation included a

*Business of the Applicant and Response to Comments*

Through its network of branches, FSB offers a variety of consumer and commercial products and services, including business and consumer accounts, small business and mortgage loans, debit and credit cards, bill-pay services, wire transfers, and lockbox services. FSB's commercial lending services include real estate, construction, commercial, and equipment financing. FSB also offers Small Business Administration loans. FSB's deposit products for commercial and retail banking markets include checking, interest-bearing and business money market checking, business sweep, savings, time deposit, and retirement accounts, as well as mobile banking services, including mobile deposit, and internet banking services with bill-pay options.

In response to the comments, FSB argues that the commenter provided a limited analysis of FSB's HMDA data in Arkansas. FSB notes that it received an overall rating of "Satisfactory" for the FSB Evaluation, a "High Satisfactory" rating in the Lending and Service Tests, and an "Outstanding" rating in the Investment Test. FSB represents that the FSB Evaluation found that its lending levels reflected good responsiveness to the credit needs of its AAs and good penetration among customers of different income levels and business and farms of different sizes. FSB further represents that the FSB Evaluation found that it also makes a relatively high level of community development loans and makes an excellent level of community development investments and grants. FSB represents that it has a satisfactory record of meeting the credit needs of its entire community, including LMI areas. In addition, FSB represents that it regularly updates its fair lending compliance policies and procedures to reflect changes in law or guidance and that it conducts fair lending training.

FSB also states that it has a system to deliver marketing and outreach to individuals in its AAs, including development of a strategic media plan. Further, FSB

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limited-scope review of the Fort Smith MSA, the Hot Springs MSA, and the Jonesboro MSA.

represents that it has established programs to address unbanked and underbanked consumers, provide financial education, and increase rates in homeownership.

*Record of Performance Under the CRA*

In evaluating the CRA performance of the involved institution, the Board generally considers the institution's most recent CRA performance evaluation, as well as other information and supervisory views of the relevant federal supervisor, which in this case is the Reserve Bank.<sup>14</sup> In addition, the Board considers information provided by the applicant and by any public commenters.

The CRA requires that the appropriate federal financial supervisor for a depository institution prepare a written evaluation of the institution's record of helping to meet the credit needs of its entire community, including LMI neighborhoods.<sup>15</sup> An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation by the institution's primary federal supervisor of the institution's overall record of lending in its communities.

As noted above, the Board and the other federal financial supervisors generally apply a Lending Test, an Investment Test, and a Service Test to evaluate the performance of large banks, such as FSB, in helping to meet the credit needs of the communities they serve. The Lending Test specifically evaluates an institution's lending-related activities to determine whether the institution is helping to meet the credit needs of individuals and geographies of all income levels. As part of the Lending Test, examiners review and analyze an institution's data reported under the HMDA, in addition to small business, small farm, and community development loan data collected and reported under the CRA regulations, to assess an institution's lending activities with respect to borrowers and geographies of different income levels. The institution's lending performance is

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<sup>14</sup> See Interagency Questions and Answers Regarding Community Reinvestment, 81 Fed. Reg. 48506, 48548 (July 25, 2016).

<sup>15</sup> 12 U.S.C. § 2906.

evaluated based on a variety of factors, including (1) the number and amounts of home mortgage, small business, small farm, and consumer loans (as applicable) in the institution's CRA AAs; (2) the geographic distribution of the institution's lending, including the proportion and dispersion of the institution's lending in its AAs and the number and amounts of loans in low-, moderate-, middle-, and upper-income geographies; (3) the distribution of loans based on borrower characteristics, including, for home mortgage loans, the number and amounts of loans to low-, moderate-, middle-, and upper-income individuals;<sup>16</sup> (4) the institution's community development lending, including the number and amounts of community development loans and their complexity and innovativeness; and (5) the institution's use of innovative or flexible lending practices to address the credit needs of LMI individuals and geographies.<sup>17</sup> The Investment Test evaluates the number and amounts of qualified investments that benefit the institution's AAs. The Service Test evaluates the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of the institution's community development services.<sup>18</sup>

#### *CRA Performance of FSB*

FSB was assigned an overall rating of "Satisfactory" at the most recent FSB Evaluation.<sup>19</sup> FSB received an "Outstanding" rating for the Investment Test, and a "High Satisfactory" rating for the Lending and Service Tests.

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<sup>16</sup> Examiners also consider the number and amounts of small business and small farm loans made to businesses and farms with gross annual revenues of \$1 million or less; small business and small farm loans by loan amount at origination; and consumer loans, if applicable, to low-, moderate-, middle-, and upper-income individuals. See, e.g., 12 CFR 228.22(b)(3) (2023).

<sup>17</sup> See 12 CFR 228.22(b) (2023).

<sup>18</sup> See 12 CFR 228.23 and 228.24 (2023).

<sup>19</sup> The FSB Evaluation was conducted using Interagency Large Bank CRA Examination Procedures. Examiners reviewed HMDA-reportable, small business, and small farm loans from January 1, 2020, through December 31, 2021. Examiners also reviewed community development loans, investments, and service activities from August 17, 2020, through January 22, 2023.



With respect to the Lending Test, examiners determined that FSB's lending activity reflected good responsiveness to the credit needs of the bank's AAs and that the bank's geographic distribution of loans reflected adequate penetration throughout its AAs. Examiners found that a substantial majority of the bank's loans were made within the bank's AAs. Examiners also found that the distribution of loans by borrower's income and revenue profile reflected good penetration among customers of different income levels and businesses and farms of different sizes. Examiners noted that the bank made a relatively high level of community development loans. In the non-MSA Arkansas AA, an area of interest to the commenter, examiners found that, although the bank's overall geographic distribution of loans reflected poor penetration throughout this AA, the bank's distribution of loans based on borrower's income or revenue profile reflected good penetration among customers of different income levels and businesses and farms of different sizes in the AA. In addition, examiners determined that FSB made an adequate level of community development loans in the non-MSA Arkansas AA.

With respect to the Investment Test, examiners found that FSB made an excellent level of community development investments and grants throughout its AAs and is often in a leadership position. Examiners found that FSB's investments and grants occasionally were innovative and complex and demonstrated good responsiveness to credit and community development needs. As noted by the commenter, although FSB's Investment Test performance in its three limited-scope-review AAs was below its overall Investment Test performance in its full-scope review AAs, FSB received an "Outstanding" rating overall for the Investment Test.

With respect to the Service Test, examiners found that the bank's service delivery systems were accessible to the bank's geographies and to individuals of different income levels across its AAs and that the bank's services do not vary in a way that inconveniences the needs of its AAs, particularly in LMI geographies. Examiners noted that the bank provides an adequate level of community development services and that the bank's changes in branch locations had not adversely affected the accessibility of its service delivery systems. Examiners also found that the bank's record of opening and

closing of branches had not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. In the Jonesboro MSA and Hot Springs MSA AAs, two limited-scope-review AAs of interest to the commenter, although examiners found that the accessibility of FSB's delivery systems in these two AAs and FSB's provision of community development services in the Jonesboro MSA AA were below the overall levels in its full-scope-review AAs, examiners also found that the bank's Service Test performance in both of those AAs was consistent with the institution's overall Service Test performance, which was rated "High Satisfactory." Examiners also found that the reasonableness of FSB's business hours and services in the Jonesboro MSA and Hot Springs MSA limited-scope-review AAs was consistent with the institution's overall Service Test performance in its full-scope-review AAs.

*Additional Supervisory Considerations*

In addition to the FSB Evaluation, the Board has considered the most recent consumer compliance examination and fair lending record of FSB and consulted with the Reserve Bank regarding the bank's CRA, consumer compliance, and fair lending records.

*Additional Convenience and Needs Considerations*

The Board also considers other potential effects of the proposal on the convenience and needs of the communities to be served. FSB represents that the community, both businesses and consumers, in the region of the proposed branch would benefit from having another branch in the market.

*Conclusion on Convenience and Needs Considerations*

The Board has considered all the facts of record, including the CRA record of FSB, the bank's record of compliance with fair lending and other consumer protection laws, confidential supervisory information, information provided by FSB, the public comments on the proposal, and other potential effects of the proposal on the convenience

and needs of the communities to be served. Based on that review, the Board determines that the convenience and needs considerations are consistent with approval.

***Conclusion***

Based on the foregoing and all the facts of record, the Board determines that the application should be, and hereby is, approved.<sup>20</sup> The Board's approval is specifically conditioned on compliance by FSB with all the conditions imposed in this order, including receipt of all required regulatory approvals, and on any commitments made to the Board in connection with this proposal. For purposes of this action, the conditions and commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.

Approval of this application is also subject to the establishment of the

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<sup>20</sup> The commenter requested that the Board hold a public hearing on the proposal. Under its rules, the Board, in its discretion, may hold a public hearing if appropriate to allow interested persons an opportunity to provide relevant testimony when written comments would not adequately present their views. The Board has considered the commenter's request in light of all the facts of record. In the Board's view, the commenter has had ample opportunity to submit comments on the proposal and, in fact, submitted two written comments that the Board has considered in acting on the proposal. The commenter's request does not identify disputed issues of fact that are material to the Board's decision and would be clarified by a public hearing. In addition, the request does not demonstrate why the written comments do not present the commenter's views adequately or why a hearing otherwise would be necessary or appropriate. For these reasons, and based on all the facts of record, the Board has determined that a public hearing is not required or warranted in this case. Accordingly, the request for public hearings on the proposal is denied.

proposed branch within one year of the date of this order, unless such period is extended by the Board or the Reserve Bank, acting under authority delegated by the Board.

By order of the Board of Governors,<sup>21</sup> effective October 31, 2025.

*(signed) Ann E. Misback*

Ann E. Misback  
Secretary of the Board

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<sup>21</sup> Voting for this action: Chair Powell, Vice Chair Jefferson, Vice Chair for Supervision Bowman, Governors Waller, Cook, Barr, and Miran.