

FEDERAL RESERVE SYSTEM

Home BancShares, Inc.  
Conway, Arkansas

Centennial Bank  
Conway, Arkansas

Order Approving the Merger of Bank Holding Companies, the Merger of Banks, and the  
Establishment of Branches

Home BancShares, Inc. (“HOMB”), Conway, Arkansas, a bank holding company within the meaning of the Bank Holding Company Act (“BHC Act”),<sup>1</sup> has requested the Board’s approval under section 3 of the BHC Act<sup>2</sup> to merge with Mountain Commerce Bancorp, Inc. (“MCBI”), and thereby indirectly acquire its state nonmember bank subsidiary, Mountain Commerce Bank, both of Knoxville, Tennessee.<sup>3</sup> In addition, HOMB’s state member bank subsidiary, Centennial Bank, Conway, Arkansas, has requested the Board’s approval to merge with Mountain Commerce Bank pursuant to section 18(c) of the Federal Deposit Insurance Act (“Bank Merger Act”),<sup>4</sup> with Centennial Bank as the surviving entity. Centennial Bank also has applied under section 9 of the Federal Reserve Act (“FRA”)<sup>5</sup> to establish and operate branches at the locations of the main office and branches of Mountain Commerce Bank.<sup>6</sup>

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<sup>1</sup> 12 U.S.C. § 1841 *et seq.*

<sup>2</sup> 12 U.S.C. § 1842.

<sup>3</sup> HOMB would be the surviving entity.

<sup>4</sup> 12 U.S.C. § 1828(c).

<sup>5</sup> 12 U.S.C. § 321.

<sup>6</sup> These locations are listed in the appendix.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (91 Federal Register 2534 (January 21, 2026)), in accordance with the Board's Rules of Procedure.<sup>7</sup> The time for submitting comments has expired, and the Board received one adverse comment on the proposal. The Board has considered the proposal and the comment received in light of the factors set forth in section 3 of the BHC Act, the Bank Merger Act, and the FRA. As required by the Bank Merger Act, a report on the competitive effects of the merger was requested from the United States Attorney General, and a copy of the request has been provided to the Federal Deposit Insurance Corporation.

HOMB, with consolidated assets of approximately \$22.9 billion, is the 96th largest insured depository organization in the United States.<sup>8</sup> HOMB controls approximately \$17.5 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States.<sup>9</sup> HOMB controls Centennial Bank, which operates in Alabama, Arkansas, Florida, New York, and Texas.

MCBI, with consolidated assets of approximately \$1.8 billion, is the 623rd largest insured depository organization in the United States. MCBI controls approximately \$1.6 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. MCBI controls Mountain Commerce Bank, which operates in Tennessee.

On consummation of this proposal, HOMB would become the 89th largest insured depository organization in the United States, with consolidated assets of approximately \$24.7 billion. HOMB would control total consolidated deposits of

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<sup>7</sup> 12 CFR 262.3(i).

<sup>8</sup> Consolidated asset and national ranking data are as of December 31, 2025, unless otherwise noted.

<sup>9</sup> Consolidated national deposit market share data are as of December 31, 2025. In this context, insured depository institutions include commercial banks, savings associations, and savings banks.

approximately \$19.1 billion, which would represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States.

### ***Interstate Analysis***

Section 3(d) of the BHC Act generally provides that, if certain conditions are met, the Board may approve an application by a bank holding company that is well capitalized and well managed to acquire control of a bank located in a state other than the home state of the bank holding company without regard to whether the transaction is prohibited under state law.<sup>10</sup> Similarly, section 44 of the Federal Deposit Insurance Act (“FDI Act”) generally provides that, if certain conditions are met, the Board may approve an application by a bank to engage in an interstate merger transaction with a bank that has a different home state without regard to whether the transaction would be prohibited under state law, provided that the resulting bank would be well capitalized and well managed.<sup>11</sup>

The Board may not approve, under either provision, an application that would permit an out-of-state bank holding company or out-of-state bank to acquire a bank in a host state if the target bank has not been in existence for the lesser of the state statutory minimum period of time or five years.<sup>12</sup> When determining whether to approve an application under each provision, the Board must take into account the record of the applicant’s depository institution under the Community Reinvestment Act of 1977 (“CRA”)<sup>13</sup> and the applicant’s record of compliance with applicable state community reinvestment laws.<sup>14</sup> In addition, the Board may not approve an interstate application under these provisions if the bank holding company or resulting bank controls or, upon

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<sup>10</sup> 12 U.S.C. § 1842(d)(1)(A).

<sup>11</sup> 12 U.S.C. § 1831u(a)(1). Section 44 of the FDI Act also requires that each bank involved in the interstate merger transaction be adequately capitalized. 12 U.S.C. § 1831u(b)(4).

<sup>12</sup> 12 U.S.C. § 1842(d)(1)(B); 12 U.S.C. § 1831u(a)(5).

<sup>13</sup> 12 U.S.C. § 2901 *et seq.*

<sup>14</sup> 12 U.S.C. § 1842(d)(3); 12 U.S.C. § 1831u(b)(3).

consummation of the proposed transaction, would control more than 10 percent of the total deposits of insured depository institutions in the United States or, in certain circumstances, if the bank holding company or resulting bank, upon consummation, would control 30 percent or more of the total deposits of insured depository institutions in any state in which the acquirer and target have overlapping banking operations.<sup>15</sup>

The home state of HOMB is Arkansas.<sup>16</sup> The home state of Centennial Bank is Arkansas.<sup>17</sup> The home state of Mountain Commerce Bank is Tennessee, and Mountain Commerce Bank is located only in Tennessee. HOMB and Centennial Bank are well capitalized and well managed under applicable law, and HOMB and Centennial Bank also would be well capitalized and well managed upon consummation of the proposal. Centennial Bank has a “Satisfactory” rating under the CRA, and the jurisdictions in which Centennial Bank operates do not have state community

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<sup>15</sup> 12 U.S.C. § 1842(d)(2)(A) and (B); 12 U.S.C. § 1831u(b)(2)(A) and (B). For purposes of section 3(d) of the BHC Act, the acquiring and target organizations have overlapping banking operations in any state in which any bank to be acquired is located and the acquiring bank holding company controls any insured depository institution or a branch. The Board considers a bank to be located in the states in which the bank is chartered, is headquartered, or operates a branch. *See* 12 U.S.C. § 1841(o)(4)–(7). Moreover, the Bank Merger Act includes a prohibition on approval of interstate transactions where the resulting insured depository institution, together with its insured depository institution affiliates, upon consummation of the proposed transaction would control more than 10 percent of the total amount of deposits of insured depository institutions in the United States. 12 U.S.C. § 1828(c)(13).

<sup>16</sup> 12 U.S.C. § 1841(o)(4). A bank holding company’s home state is the state in which the total deposits of all banking subsidiaries of such company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later.

<sup>17</sup> 12 U.S.C. § 1831u(g)(4). A state bank’s home state is the state by which the bank is chartered.

reinvestment laws that apply to this proposal.<sup>18</sup> Centennial Bank has been in existence for more than five years.

On consummation of the proposed transaction, HOMB would control less than 1 percent of the total amount of consolidated deposits in insured depository institutions in the United States. HOMB and MCBI do not have overlapping banking operations in any state for purposes of section 3(d) of the BHC Act or section 44 of the FDI Act. Accordingly, in light of all the facts of record, the Board is not precluded from approving the proposal under section 3(d) of the BHC Act, section 44 of the FDI Act, or the interstate provisions of the Bank Merger Act.

### ***Competitive Considerations***

Section 3 of the BHC Act and the Bank Merger Act prohibit the Board from approving a proposal that would result in a monopoly or would be in furtherance of an attempt to monopolize the business of banking in any relevant market.<sup>19</sup> The BHC Act and the Bank Merger Act also prohibit the Board from approving a proposal that would substantially lessen competition or tend to create a monopoly in any banking market, unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the communities to be served.<sup>20</sup>

Centennial Bank and Mountain Commerce Bank do not compete directly in any banking market. The U.S. Department of Justice conducted a review of the potential competitive effects of the proposal and has advised the Board that it did not conclude that the proposal would have a significantly adverse effect on competition. In addition, the appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

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<sup>18</sup> One of the jurisdictions in which Centennial Bank operates branches—New York—has a community reinvestment law. *See* N.Y. Banking Law § 28-b. However, the state community reinvestment law of New York does not apply to this transaction.

<sup>19</sup> 12 U.S.C. § 1842(c)(1)(A); 12 U.S.C. § 1828(c)(5)(A).

<sup>20</sup> 12 U.S.C. § 1842(c)(1)(B); 12 U.S.C. § 1828(c)(5)(B).

Based on all the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of resources in any relevant banking market. Accordingly, the Board determines that competitive considerations are consistent with approval.

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

In reviewing proposals under section 3 of the BHC Act and the Bank Merger Act, the Board considers the financial and managerial resources and the future prospects of the institutions involved, the effectiveness of the institutions in combatting money laundering, and any public comments on the proposal.<sup>21</sup> In its evaluation of financial factors, the Board reviews information regarding the financial condition of the organizations involved on both parent-only and consolidated bases, as well as information regarding the financial condition of the subsidiary depository institutions and the organizations' significant nonbanking operations. In this evaluation, the Board considers a variety of public and supervisory information regarding capital adequacy, asset quality, liquidity, and earnings performance, as well as any public comments on the proposal. The Board evaluates the financial condition of the combined organization, including its capital position, asset quality, liquidity, earnings prospects, and the impact of the proposed funding of the transaction. The Board also considers the ability of the organization to absorb the costs of the proposal and to complete the proposed integration of the operations of the institutions effectively. In assessing financial factors, the Board considers capital adequacy to be especially important. The Board considers the future prospects of the organizations involved in the proposal in light of their financial and managerial resources and the proposed business plan.

HOMB, MCBI, and their subsidiary depository institutions are well capitalized, and HOMB and Centennial Bank would remain so upon consummation of the proposal. The proposed transaction is a bank holding company merger that is structured as a share exchange and cash distribution, with a subsequent merger of

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<sup>21</sup> 12 U.S.C. § 1842(c)(2), (5), and (6); 12 U.S.C. § 1828(c)(5), and (11).

Mountain Commerce Bank with an into Centennial Bank.<sup>22</sup> The capital, asset quality, earnings, and liquidity of HOMB and Centennial Bank are consistent with approval, and HOMB and Centennial Bank appear to have adequate resources to absorb the related costs of the proposal and to complete the integration of the institutions' operations. In addition, the future prospects of the institutions are considered consistent with approval.

The Board also has considered the managerial resources of the organizations involved and of the proposed combined organization. The Board has reviewed the examination records and other supervisory information concerning the institutions, including assessments of the institutions' management, risk-management systems, and operations. In addition, the Board has considered information provided by HOMB; the Board's supervisory experiences and those of other relevant bank supervisory agencies with the organizations; the organizations' records of compliance with applicable banking, consumer protection, and anti-money-laundering laws; and the public comment on the proposal.

HOMB and Centennial Bank are each considered to be well managed. The combined organization's proposed directors and senior executive officers have knowledge of and experience in the banking and financial services sectors, and HOMB's risk-management program appears consistent with approval.

The Board also has considered HOMB's plans for implementing the proposal. HOMB has conducted comprehensive due diligence and is devoting sufficient financial and other resources to address all aspects of the post-acquisition integration process for this proposal. In addition, HOMB's management has the experience and resources to operate the resulting organization in a safe and sound manner. HOMB plans

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<sup>22</sup> To effect the transaction, each share of MCBI common stock would be converted into a right to receive shares of HOMB common stock based on an exchange ratio, plus cash in lieu of any fractional shares. Immediately thereafter, HOMB would merge Mountain Commerce Bank with and into Centennial Bank, with Centennial Bank as the surviving entity. HOMB has the financial resources to effect the proposed transaction.

to apply its risk-management policies, procedures, and controls at the combined organization following the transaction.

Based on all the facts of record, including HOMB's and Centennial Bank's supervisory records, managerial and operational resources, and plans for operating the combined organization after consummation, the Board determines that considerations relating to the financial and managerial resources and the future prospects of the organizations involved in the proposal, as well as the records of effectiveness of the institutions in combatting money-laundering activities, are consistent with approval.

***Convenience and Needs Considerations***

In acting on a proposal under section 3 of the BHC Act and the Bank Merger Act, the Board considers the effects of the proposal on the convenience and needs of the communities to be served.<sup>23</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 combined organization. The Board reviews a variety of information to determine whether the relevant institutions' records demonstrate a history of helping to meet the needs of their customers and communities. The Board also reviews the combined institution's post-consummation plans and the expected impact of those plans on the communities served by the combined institution, including on low- and moderate-income ("LMI") individuals and communities. The Board considers whether the relevant institutions are helping to meet the credit needs of the communities they serve and are providing access to banking products and services that meet the needs of customers and communities, including the potential impact of branch closures, consolidations, and relocations on that access. In addition, the Board reviews the records of the relevant depository institutions under the CRA.<sup>24</sup> The Board strongly encourages insured depository institutions to help meet the

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<sup>23</sup> 12 U.S.C. § 1842(c)(2); 12 U.S.C. § 1828(c)(5). 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.

<sup>24</sup> 12 U.S.C. § 2901 *et seq.*

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>25</sup>

In addition, the Board considers the banks' overall compliance records and recent fair lending examinations. Fair lending laws require all lending institutions to provide 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 on the proposal. The Board also may consider the acquiring institution's business model and intended marketing and outreach, the combined organization's plans after consummation, 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 Centennial Bank and Mountain Commerce Bank; the fair lending and compliance records of both banks; the supervisory views of the Federal Reserve Bank of St. Louis ("St. Louis Reserve Bank"), the FDIC, and the Consumer Financial Protection Bureau ("CFPB"); confidential supervisory information; information provided by HOMB; and the public comment received on the proposal.

*Public Comment on the Proposal*

The Board received one timely adverse comment on the proposal. The commenter objected to the proposal, alleging that Centennial Bank made fewer home loans to African American individuals as compared to white individuals in Alabama, Arkansas, Florida, and Texas, in 2020 and 2024.<sup>26</sup> The commenter also alleged that

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<sup>25</sup> See 12 U.S.C. § 2901(b).

<sup>26</sup> The data cited by the commenter corresponds to publicly available 2024 data reported by Centennial Bank under the Home Mortgage Disclosure Act of 1975 ("HMDA"). 12 U.S.C. § 2801 *et seq.*

Centennial Bank denied home loan applications of African American individuals at a higher rate than those of white individuals.<sup>27</sup>

*Businesses of the Involved Institutions and Response to the Public Comment*

HOMB and Centennial Bank offer an array of financial products and services to a range of commercial and consumer clients through digital channels, branch locations across five states, and other distribution channels. HOMB's banking operations are conducted through Centennial Bank, which offers commercial loans and agriculture loans; residential mortgage and other consumer loans; a variety of commercial and consumer banking deposit products, including interest-bearing demand products, savings accounts, money market accounts, and certificates of deposit; and treasury management products and services. Additionally, Centennial Bank offers wealth management and trust products.

MCBI and Mountain Commerce Bank similarly offer an array of banking, investment, trust, and mortgage products and services to a range of commercial and consumer clients through digital channels, branch locations in Tennessee, and other distribution channels. MCBI's banking operations are conducted through Mountain Commerce Bank. MCBI offers commercial loans and commercial real estate loans, residential mortgages, and other consumer loans, as well as a variety of commercial and consumer banking deposit products, including interest-bearing demand products, saving accounts, money market accounts, and certificates of deposit. MCBI also offers private banking and fraud monitoring services.

In response to the comment, HOMB asserts that the decline in the number of mortgage loans originated by Centennial Bank to African American applicants

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<sup>27</sup> In addition, the commenter noted a consumer complaint against Centennial Bank that is publicly available on the CFPB's website. Complaints based on individual customer transactions generally are not considered to be substantive comments and, thus, generally are not considered by the Board in its evaluation of the statutory factors governing the transaction. *See* 12 CFR 225.16(c)(3); SR Letter 97-10 (Apr. 24, 1997), <https://www.federalreserve.gov/boarddocs/srletters/1997/sr9710.htm>.

between 2020 and 2024 in Arkansas reflects an industry-wide decline in mortgage lending and origination. HOMB further asserts that the firm's commitment to the communities it serves is reflected by its established processes to enhance its mortgage lending program in the states in which the firm operates, such as the firm's marketing and outreach programs, internally developed downpayment assistance offering, and programs offered through partnership with the Federal Home Loan Bank of Dallas and the state banking regulatory agencies in the jurisdictions where HOMB operates.

*Records of Performance under the CRA*

In evaluating the CRA performance of the involved institutions, the Board generally considers each institution's most recent CRA evaluation and the supervisory views of relevant federal supervisors, which in this case is the St. Louis Reserve Bank with respect to Centennial Bank and the FDIC with respect to Mountain Commerce Bank.<sup>28</sup> In addition, the Board considers information provided by the applicant and 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>29</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.

In general, 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 Centennial Bank, in helping to meet the credit needs of the communities they serve. The Lending Test specifically evaluates an

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<sup>28</sup> See Interagency Questions and Answers Regarding Community Reinvestment, 81 *Federal Register* 48506, 48548 (July 25, 2016).

<sup>29</sup> 12 U.S.C. § 2906.

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 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 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 assessment areas ("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>30</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>31</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>32</sup>

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<sup>30</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>31</sup> *See* 12 CFR 228.22(b) (2023).

<sup>32</sup> *See* 12 CFR 228.23 and 228.24 (2023).

Federal financial supervisors apply a streamlined Lending Test<sup>33</sup> and a community development test (“Community Development Test”)<sup>34</sup> to evaluate the performance of an intermediate small bank, such as Mountain Commerce Bank, in helping to meet the credit needs of the communities it serves. The Community Development Test evaluates the number and amounts of the institution’s community development loans and qualified investments; the extent to which the institution provides community development services; and the institution’s responsiveness through such activities to community development lending, investment, and service needs.<sup>35</sup>

The Board is concerned when HMDA data reflect disparities in the rates of loan applications, originations, and denials among members of different racial, ethnic, or gender groups in local areas. These types of disparities may indicate weaknesses in the adequacy of policies and programs at an institution for meeting its obligations to extend credit fairly. However, other information critical to an institution’s credit decisions may not be available from public HMDA data.<sup>36</sup> Consequently, the Board considers additional information not available to the public that may be needed from the institution and evaluates disparities in the context of the additional information obtained regarding the lending and compliance record of an institution.

*CRA Performance of Centennial Bank*

Centennial Bank was assigned an overall rating of “Satisfactory” at its most recent CRA performance evaluation by the St. Louis Reserve Bank, as of April 3, 2023

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<sup>33</sup> See 12 CFR 228.26(a)(2) and (b) (2023); see also 70 *Federal Register* 44256 (Aug. 2, 2005).

<sup>34</sup> See 12 CFR 228.26(a)(2), (b), and (c) (2023).

<sup>35</sup> See 12 CFR 228.26(c) (2023).

<sup>36</sup> Importantly, credit scores are not available in the public HMDA data. Accordingly, when conducting fair lending examinations, examiners analyze additional information not available to the public before reaching a determination regarding an institution’s compliance with fair lending laws.

(“Centennial Bank Evaluation”).<sup>37</sup> The bank received a “High Satisfactory” rating for each of the Lending and Investment Tests and a “Low Satisfactory” rating for the Service Test.<sup>38</sup>

With respect to the Lending Test, examiners found that Centennial Bank’s lending levels reflected good responsiveness to AA credit needs. Examiners observed that the bank made use of innovative and flexible lending practices to serve AA credit needs. Examiners also found that a substantial majority of loans were originated in the bank’s AAs and that the geographic distribution of loans reflected good penetration throughout the bank’s AAs. Examiners stated that the bank’s distribution of loans among individuals of different income levels, including LMI individuals and businesses and

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<sup>37</sup> The Centennial Bank Evaluation was conducted using Interagency Large Institution CRA Examination Procedures. Examiners reviewed the bank’s HMDA-reportable, small business, and small farm loans (in some markets) from 2020 through 2021; and community development loans, qualified investments and grants, and retail banking and community development services from September 10, 2018, to December 31, 2022.

<sup>38</sup> The Centennial Bank Evaluation involved a full-scope review of the bank’s activities in ten assessment areas: Miami–Fort Lauderdale–Pompano Beach, Florida, Metropolitan Statistical Area (“MSA”); Tampa–St. Petersburg–Clearwater, Florida, MSA; Orlando–Kissimmee–Sanford, Florida, MSA; North Florida, Nonmetropolitan Statistical Area (“Non-MSA”); Cape Coral–Fort Myers–Naples, Florida, Combined Statistical Area (“CSA”); Little Rock–North Little Rock–Conway, Arkansas, MSA; North Central Arkansas Non-MSA; Fayetteville–Springdale–Rogers, Arkansas, MSA; Daphne MSA; and Bronx, Kings, New York, and Queens counties in the New York portion of the larger New York–Newark–Jersey City multistate MSA (the “New York MSA”). Examiners also conducted a limited-scope review of Centennial Bank’s activities in the following AAs: North Port–Sarasota, Florida, CSA; Key West, Florida, Non-MSA; Panama City, Florida, MSA; Crestview–Fort Walton Beach–Destin, Florida, MSA; Tallahassee, Florida, MSA; Pensacola–Ferry Pass–Brent, Florida, MSA; Lakeland–Winter Haven, Florida, MSA; Fort Smith, Arkansas–Oklahoma, MSA; Jonesboro, Arkansas, MSA; Northeast Arkansas Non-MSA. Examiners provided state ratings for Alabama, Arkansas, Florida, and New York.

Centennial Bank acquired Happy State Bank, Happy, Texas, and its 61 branches and one loan production office in April 2022. The acquisition resulted in the delineation of 11 new AAs by Centennial Bank in Texas. However, because this relatively recent acquisition activity occurred outside of the retail lending test CRA review period, the Texas AAs were not included in the Centennial Bank Evaluation.

farms of different sizes was good. Examiners also noted that the bank made an adequate level of community development loans. Examiners rated the bank's performance under the Lending Test as "High Satisfactory" in the states of Alabama, Arkansas, and Florida; and "Low Satisfactory" in the state of New York. On an overall basis, the bank received a "High Satisfactory" rating.

With respect to the Investment Test, examiners found that Centennial Bank made a significant level of qualified community development investments and grants given the opportunity for such investments and grants within its AAs. Examiners also found that the bank exhibited adequate responsiveness to the credit and community development needs of its AAs. Examiners rated the bank's performance under the Investment Test as "Outstanding" in the state of New York; "High Satisfactory" in the states of Alabama and Florida; and "Low Satisfactory" in the state of Arkansas. On an overall basis, the bank received a "High Satisfactory" rating.

With respect to the Service Test, examiners determined that Centennial Bank's delivery systems were reasonably accessible to geographies and individuals of different income levels in its AAs. Examiners found that the bank's record of opening and closing branches had not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. Examiners also noted that services and business hours did not vary in a way that inconvenienced its AAs, particularly LMI geographies or LMI individuals. Finally, examiners found that the bank provided an adequate level of community development services within its AAs and was responsive to the available service opportunities. Examiners rated the bank's performance under the Service Test as "High Satisfactory" in the state of Alabama, and "Low Satisfactory" in the states of Arkansas, Florida, and New York. On an overall basis, the bank received a "Low Satisfactory" rating.

*Centennial Bank's Efforts since the Centennial Bank Evaluation*

HOMB represents that, since the Centennial Bank Evaluation, Centennial Bank has continued to expand and to enhance its CRA program. Specifically, HOMB represents that the bank has established a dedicated CRA committee. HOMB also

represents that Centennial Bank has recently upgraded its CRA compliance software systems, which has allowed for strengthened data accuracy and improved reporting efficiency for its AAs.

*CRA Performance of Mountain Commerce Bank*

Mountain Commerce Bank was assigned an overall “Satisfactory” rating at its most recent CRA performance evaluation by the FDIC, as of March 20, 2023 (“Mountain Commerce Bank Evaluation”).<sup>39</sup> The bank received a “Satisfactory” rating for the Lending Test and an “Outstanding” rating for the Community Development Test.<sup>40</sup>

With respect to the Lending Test, examiners found that Mountain Commerce Bank’s LTD ratio was more than reasonable given the bank’s size, financial condition, and the credit needs of its AAs. Examiners noted that a majority of loans were originated within the bank’s AAs. Examiners found that the geographic distribution of loans reflected reasonable dispersion throughout the bank’s AAs and that lending reflected a poor distribution among individuals of different income levels, including LMI individuals and businesses of different sizes.

With respect to the Community Development Test, examiners found that Mountain Commerce Bank demonstrated excellent responsiveness to the community development needs in its AAs. Examiners observed that the bank addressed the

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<sup>39</sup> The Mountain Commerce Bank Evaluation was conducted using Interagency Intermediate Small Institution CRA Examination Procedures. Examiners reviewed the bank’s 12-quarter average net loan-to-deposit (“LTD”) ratio, ending December 31, 2022; HMDA-reportable loans from 2020 through 2021; small business loans in 2022; and qualified community development loans, investments, and donations made since the previous evaluation, dated March 30, 2020. Because Mountain Commerce Bank opened a branch in Nashville, Tennessee, Metropolitan Statistical Area (“MSA”) in June 2022, examiners did not evaluate its performance in the Lending Test.

<sup>40</sup> The Mountain Commerce Bank Evaluation involved a full-scope review of the bank’s activities in the Johnson City, Tennessee, MSA, and the Knoxville, Tennessee, MSA. The Mountain Commerce Bank Evaluation also involved a limited-scope review of the bank’s activities in the Nashville–Davidson–Murfreesboro–Franklin, Tennessee, MSA.

community development needs of its AAs through qualified loans, investments, and services. Examiners also noted that Mountain Commerce Bank demonstrated responsiveness to the needs of its AAs by providing for activities that benefit affordable housing, economic development, and revitalization or stabilization efforts.

*Additional Supervisory Views*

In its review of the proposal, the Board consulted with and considered the views of the St. Louis Reserve Bank as the primary federal supervisor of Centennial Bank and of the FDIC as the primary federal supervisor of Mountain Commerce Bank. The Board also considered the results of the most recent consumer compliance examinations of Centennial Bank and Mountain Commerce Bank, which included reviews of the banks' compliance management programs and their compliance with consumer protection laws and regulations, including fair lending. Lastly, the Board also considered the results of the most recent consumer compliance examination of Centennial Bank by the CFPB.

The Board has taken this information, as well as the CRA performance records of Centennial Bank and Mountain Commerce Bank, into account in evaluating the proposal, including in considering whether HOMB has the experience and resources to ensure that the combined organization would help meet the credit needs of the communities to be served following consummation of the proposed transaction.

*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. This includes, for example, the combined organization's business model and intended marketing and outreach and existing and anticipated product and service offerings in the communities to be served by the organization, any additional plans the combined organization has for meeting the needs of its communities following consummation, and any other information the Board deems relevant.

HOMB represents that it does not expect any discontinuation or changes in products and services for continuing customers of HOMB or MCBI resulting from the

proposed transaction. HOMB states that MCBI's customers and markets also would benefit from HOMB's financial literacy outreach programs, which include first-time homebuyer classes and education targets to school districts with large numbers of LMI students.

### *Branch Closures*

Physical branches remain important to many banking organizations' ability to meet the credit needs of the local communities in which they operate. When banking organizations combine, whether through acquisitions, mergers, or consolidations, the combination has the potential to increase or to reduce consumers' and small businesses' access to available credit and other banking services. Although the Board does not have the authority to prohibit a bank from closing a branch, the Board focuses on the impact of expected branch closures, consolidations, and relocations that occur in connection with a proposal on the convenience and needs of the communities to be served by the resulting institution. In particular, the Board considers the effect of any closures, consolidations, or relocations on LMI communities.

Federal banking law provides a specific mechanism for addressing branch closings, including requiring that a bank provide notice to the public and the appropriate federal supervisory agency before a branch is closed.<sup>41</sup> In addition, the federal banking supervisory agencies evaluate a bank's record of opening and closing branches, particularly branches located in LMI geographies or primarily serving LMI individuals, as part of the CRA examination process.<sup>42</sup>

HOMB represents that it does not presently anticipate any branch closures or consolidations in connection with the proposal.

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<sup>41</sup> See 12 U.S.C. § 1831r-1. The bank also is required to provide reasons and other supporting data for the closure, consistent with the institution's written policy for branch closings.

<sup>42</sup> See, e.g., 12 CFR 228.24(d)(2) (2023).

*Conclusion on Convenience and Needs Considerations*

The Board has considered all the facts of record, including the records of the relevant depository institutions under the CRA, the institutions' records of compliance with fair lending and other consumer protection laws, supervisory information, information provided by HOMB, the public comment 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 factor is consistent with approval.

***Financial Stability Considerations***

Section 3 of the BHC Act requires the Board to consider “the extent to which a proposed acquisition, merger, or consolidation would result in greater or more concentrated risks to the stability of the United States banking or financial system.”<sup>43</sup> In addition, the Bank Merger Act requires the Board to consider “risk to the stability of the United States banking or financial system.”<sup>44</sup>

To assess the likely effect of a proposed transaction on the stability of the United States banking or financial system, the Board considers a variety of metrics that capture the systemic “footprint” of the resulting firm and the incremental effect of the transaction on the systemic footprint of the acquiring firm. These metrics include measures of the size of the resulting firm, the availability of substitute providers for any critical products and services offered by the resulting firm, the interconnectedness of the resulting firm with the banking or financial system, the extent to which the resulting firm contributes to the complexity of the financial system, and the extent of the cross-border activities of the resulting firm.<sup>45</sup> These categories are not exhaustive, and additional categories could inform the Board's decision.

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<sup>43</sup> 12 U.S.C. § 1842(c)(7).

<sup>44</sup> 12 U.S.C. § 1828(c)(5).

<sup>45</sup> Many of the metrics considered by the Board measure an institution's activities relative to the United States financial system.

In addition to these quantitative measures, the Board considers qualitative factors, such as the opacity and complexity of an institution's internal organization, that are indicative of the relative degree of difficulty of resolving the resulting firm. A financial institution that can be resolved in an orderly manner is less likely to inflict material damage on the broader economy.<sup>46</sup>

The Board's experience has shown that proposals involving an acquisition of less than \$10 billion in total assets, or that result in a firm with less than \$100 billion in total assets, generally are not likely to pose systemic risks. Accordingly, the Board presumes that a proposal does not raise material financial stability concerns if the assets involved fall below either of these size thresholds, absent evidence that the transaction would result in a significant increase in interconnectedness, complexity, cross-border activities, or other risk factors.<sup>47</sup>

In this case, the Board has considered information relevant to risks to the stability of the United States banking or financial system. The proposal involves a target with less than \$10 billion in total assets and a pro forma organization with less than \$100 billion in total assets. Both the acquirer and the target are predominantly engaged in retail and commercial banking activities.<sup>48</sup> The pro forma organization would not exhibit an organizational structure, complex interrelationships, or unique characteristics that would complicate resolution of the firm in the event of financial distress. In addition, the organization would not be a critical services provider or so interconnected

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<sup>46</sup> For further discussion of the financial stability standard, see *Capital One Financial Corporation*, FRB Order No. 2012-2 (February 14, 2012).

<sup>47</sup> See *People's United Financial, Inc.*, FRB Order No. 2017-08 at 25–26 (March 16, 2017). Notwithstanding this presumption, the Board has the authority to review the financial stability implications of any proposal. For example, an acquisition involving a global systemically important bank could warrant a financial stability review by the Board, regardless of the size of the acquisition.

<sup>48</sup> HOMB, Centennial Bank, MCBI, and Mountain Commerce Bank offer a range of retail and commercial banking products and services. HOMB and Centennial Bank have, and as a result of the proposal would continue to have, small market shares in these products and services on a nationwide basis.

with other firms or the markets that it would pose a significant risk to the financial system in the event of financial distress.

In light of all the facts and circumstances, this transaction would not appear to result in meaningfully greater or more concentrated risks to the stability of the United States banking or financial system. Based on these and all other facts of record, the Board determines that considerations relating to financial stability are consistent with approval.

### ***Establishment of Branches***

Centennial Bank has applied under section 9 of the FRA to establish branches at the current locations of Mountain Commerce Bank.<sup>49</sup> The Board has assessed the factors it is required to consider when reviewing an application under that section, including Centennial Bank's financial condition, management, capital, actions in meeting the convenience and needs of the communities to be served, CRA performance, and investment in bank premises.<sup>50</sup> For the reasons discussed in this order, the Board determines that those factors are consistent with approval.

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<sup>49</sup> See 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. Thus, a state member bank resulting from an interstate merger transaction may maintain and operate a branch in a state other than the home state of the bank in accordance with section 44 of the FDI Act. See 12 U.S.C. § 36(d). A state member bank may retain any branch following a merger that might be established as a new branch of the resulting bank under state law. See 12 U.S.C. § 36(b)(2) and (c). Upon consummation, Centennial Bank's branches would be permissible under applicable state law. See Tenn. Code Ann. § 45 2-614.

<sup>50</sup> 12 CFR 208.6. Upon consummation of the proposed transaction, Centennial Bank's investments in bank premises would remain within the legal requirements of section 208.21(a) of the Board's Regulation H, 12 CFR 208.21(a).

## ***Conclusion***

Based on the foregoing and all the facts of record, the Board determines that the proposal should be, and hereby is, approved.<sup>51</sup> In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act, the Bank Merger Act, the FRA, and other applicable statutes. The Board's approval is specifically conditioned on compliance by HOMB and Centennial Bank with all the conditions imposed in this order and on any commitments made to the Board in connection with the proposal. The Board's approval also is conditioned on receipt by HOMB and Centennial Bank of all required regulatory approvals. 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.<sup>52</sup>

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<sup>51</sup> The commenter requested that the Board hold public hearings on the proposal. Under section 3(b) of the BHC Act, the Board must hold a public hearing on a proposal if the appropriate supervisory authorities for the acquiring bank or the bank to be acquired make a timely written recommendation of disapproval of the proposal. 12 U.S.C. § 1842(b); *see also* 12 CFR 225.16(e). The Board has not received such a recommendation from the appropriate supervisory authorities. 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 a written comment 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 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.

The commenter also requested an extension of the comment period for the application. The commenter's request for additional time to comment did not identify circumstances that would warrant an extension of the public comment period for this proposal. Accordingly, the Board has determined not to extend the comment period.

<sup>52</sup> *See* 12 U.S.C. § 1818(b)(1).

The proposal may not be consummated before the fifteenth calendar day after the effective date of this order or later than three months thereafter, unless such period is extended for good cause by the Board or the St. Louis Reserve Bank, acting under delegated authority.

By order of the Board of Governors,<sup>53</sup> effective March 12, 2026.

*(signed) Michele Taylor Fennell*

Michele Taylor Fennell  
Associate Secretary of the Board

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<sup>53</sup> Voting for this action: Chair Powell, Vice Chair Jefferson, Vice Chair for Supervision Bowman, Governors Waller, Cook, Barr, and Miran.

## **Appendix**

### **Branches to Be Established**

1. 6101 Kingston Pike, Knoxville, Tennessee
2. 109 Memory Gardens Road, Johnson City, Tennessee
3. 3122 Bristol Highway, Johnson City, Tennessee
4. 400 North Main Avenue, Erwin, Tennessee
5. 4200 Unicoi Drive, Unicoi, Tennessee
6. 5205 Maryland Way, Brentwood, Tennessee
7. 9550 Kingston Pike, Knoxville, Tennessee
8. 50 Gray Commons Circle, Gray, Tennessee