



## **PUBLIC DISCLOSURE**

June 5, 2023

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Pike National Bank  
Charter Number 20493

350 Rawls Drive  
McComb, Mississippi 39648

Office of the Comptroller of the Currency

3850 North Causeway Boulevard, Suite 1330  
Metairie, Louisiana 70002-8105

**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, and should not be construed as, an assessment of the financial condition of this 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

Overall CRA Rating.....	1
Description of Institution.....	3
Scope of the Evaluation.....	5
Discriminatory or Other Illegal Credit Practices Review.....	5
State Rating.....	7
State of Mississippi.....	7
Appendix A: Scope of Examination.....	A-1
Appendix B: Summary of MMSA and State Ratings.....	B-1
Appendix C: Definitions and Common Abbreviations.....	C-1
Appendix D: Tables of Performance Data.....	D-1

## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **Satisfactory**.

**The lending test is rated: Satisfactory.**

The major factors that support this rating include:

- The Lending Test rating is based on Pike National Bank's (PNB) performance in its Pike-Lincoln-Walthall County, Mississippi Non-Metropolitan Statistical Area (MSA) assessment area (AA).
- PNB's average loan-to-deposit (LTD) ratio of 58.4 percent for the evaluation period is reasonable in light of its size, competition, and financial condition.
- The substantial majority of PNB's loans (by dollar and number) were made within its AA.
- The geographic distribution of PNB's home mortgage loans reflects excellent dispersion throughout its AA, while its geographic distribution of commercial loan products reflects reasonable dispersion.
- PNB's home mortgage loan pattern reflects reasonable penetration among borrowers of different income levels, particularly among moderate-income borrowers. PNB's commercial loan distribution reflects excellent penetration among businesses of different income levels, particularly to those with gross incomes less than \$1 million.
- PNB did not receive any CRA-related complaints over the evaluation period.

### LTD Ratio

Considering PNB's size, financial condition, and credit needs of the AA, the loan-to-deposit ratio is reasonable.

The 13 quarters that have elapsed since the last CRA examination for PNB has resulted in an average LTD of 58.4 percent. This ratio is noticeably lower than the 70.7 percent average LTD ratio posted at its 2020 CRA examination. The ratio over the evaluation period has generally reflected decline, with a quarterly high of 72.4 percent recorded at March 31, 2020 and a quarterly low of 48.8 percent recorded at June 30, 2022.

PNB's LTD comparison to other competitors with offices in its AA is as follows:

<b>Loan-to-Deposit Ratios of Competitors Operating in AA</b>		
<b>Institution</b>	<b>Assets (000s) as of 3/31/23</b>	<b>Average LTD Ratio (%)</b>
BankPlus	\$7,166,976	83.5
Trustmark National Bank	\$18,874,809	77.1
Citizens Bank	\$446,667	72.5
Bank of Franklin	\$210,657	69.7
Regions Bank	\$152,125,000	68.8
First Bank	\$583,655	67.3
Woodforest National Bank	\$9,339,334	65.9
<b>Pike National Bank</b>	<b>\$372,830</b>	<b>58.4</b>
Bank of Brookhaven	\$236,157	56.2

*Source: FFIEC Uniform Bank Performance Reports*

The average LTD of all competitors within the AA is 70.1 percent, with an average high ratio of 83.5 percent and an average low ratio of 56.2 percent noted over the review period. While the comparison information does not reflect the quarter in which the high and low averages were calculated, it is noted that two of PNB's competitors (Citizens Bank and First Bank) had their lowest LTD ratios in the same quarter as PNB (June 30, 2022) and another (Bank of Brookhaven) having its second lowest LTD ratio during the same quarter. The common denominator is that each of these banks are domiciled in PNB's AA or near it and have significant operations within the area. Two of PNB's competitors (Citizens Bank and First Bank) had their highest LTD ratios in the same quarter as PNB. However, these banks are larger and have a presence in an MSA (Citizens Bank: Hattiesburg, Mississippi, and First Bank: Jackson, Mississippi and Hattiesburg, Mississippi).

Each of the banks above experienced a decline in their LTD ratios over 2020, as most had high levels of cash from federal government relief programs related to the COVID-19 pandemic. While the financials of its competitors were not obtained for review, PNB's LTD was negatively affected with large influxes of deposits over the review period. Between December 31, 2020 and December 31, 2022, PNB's loan portfolio increased \$571,000 or 3.5 percent. However, PNB's deposits increased \$71.96 million or 47.6 percent, driving down the associated ratio.

### **Lending in AA**

A substantial majority of PNB's loans are inside its AA.

Over the current CRA evaluation period, PNB originated 88.3 percent of its total loans and 75.6 percent of the loan's proceeds inside its AA. This percentage is based on a random sample of 60 of PNB's major loan products (home mortgages and commercial loans) originated between January 1, 2020 and December 31, 2021. This analysis is performed at the bank, rather than the AA level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

The table below illustrates PNB's distribution of loans and proceeds within and outside its AA over the current assessment period:

<b>Lending Inside and Outside of the AA</b>										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	26	86.7	4	13.3	30	1,654	82.1	362	17.9	2,015
Commercial Loans	27	90.0	3	10.0	30	3,917	73.2	1,435	26.8	5,352
<b>Total</b>	<b>53</b>	<b>88.3</b>	<b>7</b>	<b>11.7</b>	<b>60</b>	<b>5,571</b>	<b>75.6</b>	<b>1,797</b>	<b>24.4</b>	<b>7,367</b>

Source: Bank Data

Due to rounding, totals may not equal 100%

## Description of Institution

PNB is a nationally chartered commercial bank headquartered in McComb, Mississippi, a city in Pike County, Mississippi. PNB (established 1985) is the youngest of the two active banks headquartered in Pike County. PNB is 100 percent owned by PCNB Corporation (PCNB), a one-bank holding company. Ownership of the holding company is varied with no single person or entity owning more than 10 percent of the company's stock. However, PNB's President and CEO Jennifer Wallace controls 13.4 percent of PCNB's stock either through individual ownership, or control of related entities. As of March 31, 2023, PNB held assets of \$372.8 million.

PNB serves its community from a main office and four branches located in the Mississippi cities of McComb (2), Brookhaven (1) and Tylertown (1). The latter cities are the county seats and population centers of Lincoln and Walthall Counties, Mississippi, respectively. Except for the McComb-Broadway location, all PNB locations offer full banking services, including drive-up facilities and proprietary automated teller machines (ATMs). PNB offers a competitive advantage in all markets in that its lobby opens 30 minutes before any of its competitors. Other than a kiosk-style bank located in the McComb Walmart (Woodforest National Bank), PNB is the only bank in McComb that has Saturday hours. All locations offer extended hours on Fridays.

In addition to the drive-up facilities and ATMs, PNB offers telephone, Internet banking, and mobile banking platforms as alternative delivery channels. PNB has neither opened nor closed a branch since its previous CRA examination (July 13, 2020). Deposit product offerings are traditional in nature including savings, checking, certificates of deposit, and individual retirement accounts, among others.

PNB's primary business focus is the origination of residential real estate mortgage products and commercial loans. There has been no change in business focus since the previous CRA examination.

PNB offers a variety of residential and commercial loan products including purchase money and mortgage refinances, construction loans, and HELOCs, among others. Most mortgage loans are originated for PNB's portfolio. PNB does accept applications and earn fees for secondary market products on behalf of GMFS Mortgage (Baton Rouge, Louisiana) as agent. This arrangement provides customer access to U.S. Government sponsored entity programs (Rural Housing Development, Veterans Administration, etc.), which offers more competitive pricing, longer repayment terms, and lower equity requirements. Commercial product offerings include commercial real estate (CRE) acquisition and refinancing, account receivables lines of credit, equipment purchases, etc. (i.e., commercial and industrial).

PNB has been designated as a Community Development Financial Institution (CDFI) by the U.S. Treasury Department. This designation allows banks to apply for grants and create programs, specifically to aid in economic and community development in low-income and distressed geographies. Since 2020, PNB has received just over \$373,597 in grants which have been used to support lending activities among low-to-moderate income (LMI) residents and high poverty areas of its AA. However, the bank's CDFI designation has allowed it to participate in other programs such as the U.S. Treasury's CDFI Rapid Response Program which provided approximately \$1.8 million to the bank to aid in alleviating challenges caused by the COVID-19 pandemic, particularly among underserved communities.

PNB's loan mix as of its December 31, 2022 Call Report is as follows:

<b>PNB's Loans by Type – December 31, 2023 Call Report</b>		
<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>
Commercial Real Estate Loans 1	80,147	48.2
Residential Real Estate Loans2	45,333	27.3
Commercial and Industrial Loans3	28,539	17.2
Consumer Loans	12,211	7.3
<b>Total</b>	<b>166,230</b>	<b>100.0</b>

PNB has traditionally met the needs of its AA for small-dollar consumer loans. In 2022, PNB created a loan program (Economic Assistance Small Dollar Consumer Unsecured Loan) to assist customers in its AA break the cycle of credit card, payday loans and other types of predatory lending. This program has relaxed underwriting standards and longer repayment terms to make needed borrowing affordable to all segments of its community. To date, PNB has originated 412 of these loans for a total of \$1.8 million.

In response to the Coronavirus Aid, Relief, and Economic Security, or CARES, Act of 2020, PNB participated in the U.S. Small Business Administration's Paycheck Protection Program (PPP). These loans were designed to provide a direct incentive for small businesses to keep their workers on payroll during the COVID-19 pandemic. PNB was a major distributor of PPP loans in its AA:

<b>PNB PPP Loan Originations - 2020 and 2021</b>			
<b>Year</b>	<b>2020</b>	<b>2021</b>	<b>Totals</b>
<b>Number</b>	373	473	<b>846</b>
<b>\$ (000)</b>	16,575	14,468	<b>31,043</b>

In the spirit of community service, PNB also provided technical assistance on the set up and administration of PPP loans to competing institutions in its AA that also participated in the program. While PNB's participation in this program was significant, weight for PNB's ultimate CRA rating was placed on its traditional lending product lines.

As of December 31, 2022, no legal, financial, or regulatory impediments have been identified that would impact PNB's ability to help meet the credit needs of its AA. Per the June 30, 2022 Federal Deposit Insurance Corporation's (FDIC) Market Share Reports for the combined Mississippi counties of Pike,

1 Includes Owner-Occupied CRE, Construction Loans, Loans secured by Multifamily RE, and Loans secured by Other Nonfarm Nonresidential RE.

2 Includes 1<sup>st</sup> and 2<sup>nd</sup> Lien Closed-end 1-4 Family RE and Revolving, Open-End 1-4 Family RE.

3 Includes Commercial and Industrial Loans, Loans to Nondepository Financial Institutions, Loans to U.S. States/Political Subdivisions, and Other Loans.

Lincoln, and Walthall County, PNB's deposit market share of 15.2 percent ranked it third out of the nine banks/thrifts operating in the AA. PNB received a "Satisfactory" rating at its 2020 CRA examination.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

The assessment of PNB's CRA performance was conducted using the Interagency Small Bank CRA Procedures, dated July 2007.

Our analysis of PNB's CRA performance is based primarily on the distribution by income and geography (the Lending Test) of a random sample of 60 of PNB's primary loan products, one- to four-family residential real estate mortgages (i.e., home mortgage loans) and commercial loans in its Pike-Lincoln-Walthall County, Mississippi AA. Our sample was selected from the universe of all home mortgage and commercial loans originated by PNB from January 1, 2020 to December 31, 2021. To limit the number of separate analyses to be conducted, our sample of commercial loans were selected from the combined portfolios of the CRE and commercial and industrial loan products.

For analysis purposes, the OCC compared PNB's lending performance with demographic data from the 2015 American Community Survey (ACS) U.S. Census data. Please refer to the table in Appendix A for more information on the scope of the review.

A community leader in the bank's AA was consulted to obtain feedback on the area's demographics, perceived credit needs, and financial institution responsiveness to identified needs.

### **Selection of Areas for Full-Scope Review**

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the Scope section under each State Rating for details regarding how full-scope AAs were selected. Refer to Appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

### **Ratings**

PNB's overall rating is based solely on its performance in the state of Mississippi. In turn, the state rating is based on the rating for the single AA in which PNB's lending activities are concentrated. We performed a full-scope review of PNB's lending performance in its Pike-Lincoln-Walthall County, Mississippi AA, utilizing its primary loan products of home mortgages and commercial loans.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with

responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this performance evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.



## **State Rating**

### **State of Mississippi**

**CRA rating for the State of Mississippi: Satisfactory**

**The Lending Test is rated: Satisfactory**

The major factors that support this rating include:

- The geographic distribution of PNB's loans within moderate-income census tracts (CTs) of its AA exhibit reasonable dispersion.
- The distribution of PNB's loans to borrowers of different income categories, including those considered low- and moderate-income, as well as to businesses with gross income of less than \$1 million, reflects reasonable dispersion.

### **Description of Institution's Operations in Mississippi**

#### **Pike-Lincoln-Walthall County Mississippi AA**

PNB Bank has designated the contiguous Mississippi counties of Pike, Lincoln, and Walthall as its sole AA. This AA is in the southwest portion of the state, with its southern border located adjacent to the state of Louisiana. Major population centers of the AA include McComb (Pike County), Brookhaven (Lincoln County), and Tylertown (Walthall County). Excluding Pike County, the principal cities listed also serve as the seat of government for the listed county. McComb is the population and trade center of Pike County, but its county seat is Magnolia, located seven miles south of the city.

PNB's 17-CT AA contains no low-income CTs, but does include five moderate-income CTs. Most of the AA's CTs (11) are designated as middle-income, while one is designated as an upper-income CT. All the AA's middle-income CTs have been designated by the FFIEC as being distressed for poverty and/or unemployment. In addition, three of the middle-income CTs located in Walthall County are also designated as underserved due to its rural nature. Lending in distressed CTs receive the same treatment as lending in low- and moderate-income CTs, as loans made in these areas help to stabilize economic conditions of entire communities.

Table A illustrates select demographic data from PNB's sole AA in Mississippi:

<b>Table A – Demographic Information of the AA</b>						
<b>AA: Pike, Lincoln, Walthall Counties</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (CTs)	17	0.0	29.4	64.7	5.9	0.0
Population by Geography	89,818	0.0	24.4	70.9	4.7	0.0
Housing Units by Geography	40,316	0.0	25.2	70.5	4.3	0.0
Owner-Occupied Units by Geography	24,411	0.0	19.4	75.0	5.6	0.0
Occupied Rental Units by Geography	9,112	0.0	36.8	61.6	1.6	0.0
Vacant Units by Geography	6,793	0.0	30.2	66.4	3.4	0.0
Businesses by Geography	5,682	0.0	22.8	73.1	4.0	0.0
Farms by Geography	268	0.0	15.3	77.2	7.5	0.0
Family Distribution by Income Level	22,824	25.7	16.8	17.7	39.8	0.0
Household Distribution by Income Level	33,523	27.5	14.6	16.0	41.8	0.0
Median Family Income Non-MSAs - Mississippi		\$53,100	Median Housing Value			\$87,822
			Median Gross Rent			\$628
			Families Below Poverty Level			22.5%
<i>Source: 2015 ACS and 2020 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(* The NA category consists of geographies that have not been assigned an income classification.</i>						

The United States Office of Housing and Urban Development (HUD) updates median family income for MSA and non-MSA families each year. In 2021, HUD’s median non-MSA family income for the state of Mississippi was \$53,100. Income classification categories are reflected in Table B:

<b>Table B – Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Mississippi NA Median Family Income (99999)</b>				
2021 (\$53,100)	<\$26,549	\$26,550 to <\$42,479	\$42,480 to <\$63,720	≥\$63,720
<i>Source: U.S. HUD</i>				

**Employment and Economic Factors**

The economy of the AA is considered stable, with little growth noted in most sectors other than retail. Major drivers of the AAs economy include agriculture, timber production, wholesale distribution, medical services, government, and retail. Major AA employers include Sanderson Farms, Inc. (poultry and egg processing), Walmart Distribution Center (affiliated retail store distribution), Southwest Mississippi Regional Medical Center (medical services), McLane Southern (grocery distribution), and the school districts (government/education) of the various municipalities within the AA. In addition, a sizeable number of AA residents are employed in offshore and land-based oil exploration industries in neighboring Louisiana.

According to data provided as of May 2023 by the Mississippi Department of Employment Security, the unemployment rate of the three-county AA was averaged at 3.4 percent, with Walthall County posting the highest unemployment at 4.0 percent and Lincoln County having the lowest at 2.7 percent. The AA's May 2023 average unemployment rate is higher than that of the state of Mississippi (3.0 percent), but even with that of the United States (3.4 percent) for the same period. It is noted that the highest unemployment levels for the AA were experienced between April 2020 and July 2020 which coincided with the highest periods of stress placed on the economy because of the worldwide COVID-19 pandemic.

### **Competition in AA**

PNB's competition is strong as eight other banks operate within its AA. Trustmark National Bank has offices in all three counties of PNB's AA, while First Bank (also headquartered in McComb, Mississippi) has offices in two of the counties. Both banks are larger than PNB and operate more total banking locations, including branches located in an MSA. However, with five locations, PNB ranks third among its competitors for number of branches operated in the AA. Other banks operating in the AA range from multi-billion-dollar institutions with multi-state presences to smaller banks domiciled in/near the AA with a single banking facility. While management considers First Bank as its primary competitor, PNB has no similarly situated competitor in its AA.

Other competitors exist in the AA as well for both deposits and loans, including several credit unions. Mortgage companies and other non-deposit taking entities provide additional competition for home mortgage and commercial loans as well.

### **Community Contact**

To aid in the identification of community needs and opportunities in the bank's AA, we conducted an interview with a local community contact. The contact reflected financial literacy, down payment assistance for home purchases, and a better jobs market as primary community needs. The contact was complimentary of PNB's actions to provide financial education and small business consulting to the AA's populous as well as its involvement in the AA's overall community development.

### **Scope of Evaluation in Mississippi**

In the state of Mississippi, PNB only serves one AA which consists of Pike, Lincoln, and Walthall Counties, Mississippi. The OCC performed a full-scope evaluation of PNB's only AA using Interagency Small Bank CRA Procedures. As previously noted, PNB's primary loan products are home mortgage and commercial loans. The overall CRA rating will be based on the results of the Lending Test for these products in the bank's single AA.

### **LENDING TEST**

PNB's performance under the Lending Test in Mississippi is rated **Satisfactory**.

### **Conclusions for Area Receiving a Full-Scope Review**

Based on a full-scope review, PNB's performance in the Pike-Lincoln-Walthall County Mississippi AA is good.

## **Distribution of Loans by Income Level of the Geography**

PNB exhibits reasonable geographic distribution of loans in the state of Mississippi.

### ***Home Mortgage Loans***

Refer to Table O in the state of Mississippi section of Appendix D for the facts and data used to evaluate the geographic distribution of PNB's home mortgage loan originations and purchases.

PNB's distribution of home mortgages is excellent in moderate income CTs. Lending in moderate-income CTs greatly exceeded the percentage of owner-occupied housing units located in these tracts as well as the aggregate amount of lending in these tracts. PNB's AA does not contain any low-income CTs.

### ***Small Loans to Businesses***

Refer to Table Q in the state of Mississippi section of Appendix D for the facts and data used to evaluate the geographic distribution of PNB's originations and purchases of small loans to businesses.

PNB's distribution of small loans to businesses is reasonable in moderate income CTs and excellent in middle income CTs. While PNB's degree of lending to businesses located in moderate-income CTs is lower than the aggregate and the percentage of small businesses located in these tracts, the degree of competition in the AA for business loans factored into PNB's lower level of performance in these tracts. However, most of the AA's businesses are in middle-income CTs. As previously noted, because the middle-income CTs of the AA are considered distressed, lending in these areas receive similar consideration as lending in low- and moderate-income CTs.

## **Distribution of Loans by Income Level of the Borrower**

PNB exhibits a reasonable distribution of loans to individuals of different income levels and businesses of different sizes, given the product lines offered.

### ***Home Mortgage Loans***

Refer to Table P in the state of Mississippi section of Appendix D for the facts and data used to evaluate the borrower distribution of PNB's home mortgage loan originations and purchases.

PNB's distribution of home mortgage loans to moderate-income borrowers is excellent as its degree of lending exceeds the comparators of moderate-income families in the AA and the volume of aggregate lending by other AA competitors. PNB's distribution of home mortgage loans to low-income families is significantly lower than the percentage of low-income families, but is only slightly less than the aggregate percentage of lending to low-income families in the AA.

Barriers to higher lending distribution to low-income families for home mortgage loans in the AA include the following:

- High rate of poverty in the AA. Demographic information for PNB's three-county AA reflected that 26.5 percent of the AA's households (approximately 9,000) and 22.5 percent of the AA's families

(approximately 5,000) live below the poverty level. The high degree of both households and families with stressed incomes makes it difficult for them to qualify for conventional residential RE loans.

- Limited volume of affordable housing stock. The weighted mean value of a home in the bank's AA is approximately \$87,822. A search of the website Realtor.com ([www.realtor.com](http://www.realtor.com)) for homes priced at \$90,000 and below in the AA found only 27 available listings, many of which are old and would require significant reconditioning before they could be considered habitable.
- Number of competitors in AA for home mortgage loans. As noted elsewhere in this performance evaluation, PNB faces significant competition from other banks with locations in Pike, Lincoln, and Walthall Counties, Mississippi as well as from credit unions and other lending entities for the area's home mortgage business.

### ***Small Loans to Businesses***

Refer to Table R in the state of Mississippi section of Appendix D for the facts and data used to evaluate the borrower distribution of PNB's originations and purchases of small loans to businesses.

The distribution of loans to small businesses in the AA by income is excellent. PNB's percentage of loans originated to businesses with gross revenues less than \$1 million exceeded both the percentage of small businesses with gross revenues less than \$1 million and the aggregate percentage of lending to these businesses by other lenders in the AA.

### **Lending Gap Analysis**

There were no unexplained conspicuous lending gaps identified during the evaluation period.

### **Responses to Complaints**

There were no CRA-related complaints received during the evaluation period.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSAs and non-MSAs that received comprehensive examination review, designated by the term full-scope, and those that received a less comprehensive review, designated by the term limited-scope.

<b>Time Period Reviewed:</b>	01/01/20 to 12/31/21	
<b>Bank Products Reviewed:</b>	Home mortgage loans, small business loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Not Applicable	Not Applicable	Not Applicable
<b>List of AAs and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>Mississippi</b>		
Non-MSA AA	Full-scope	AA includes all CTs of Pike, Lincoln, and Walthall Counties, Mississippi

# Appendix B: Summary of MMSA and State Ratings

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RATINGS	Pike National Bank
Overall Bank:	Lending Test Rating
Pike National Bank	Satisfactory
MMSA or State:	
Mississippi	Satisfactory

## Appendix C: Definitions and Common Abbreviations

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The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending (Aggt.):** The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/AA.

**Census Tract (CT):** A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. CTs nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, CTs ideally contain about 4,000 people and 1,600 housing units.

**Combined Statistical Area (CSA):** A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including low- and moderate-income areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**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, other secured consumer loans, and other unsecured consumer loans.

**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 non-relatives 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 CT 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 that conduct business or have banking offices in a MSA to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**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:** Individual income that is less than 50 percent of the area median income.

**Low Income Geography:** A CT with a median family income that is less than 50 percent.

**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 state/AA.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5

million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The MSA comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**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.

**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.

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

**Rating Area:** A rated area is a state or multi-state metropolitan statistical 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 MMSA, the institution will receive a rating for the MMSA.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the 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.

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All MMSAs, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/AA. Deposit data are compiled by the FDIC and are available as of June 30 of each year. Tables without data are not included in this performance evaluation.

The following is a listing and brief description of the tables included in each set:

- Table O. AA Distribution of Home Mortgage Loans by Income Category of the Geography -** Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. AA Distribution of Home Mortgage Loans by Income Category of the Borrower -** Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/AA. The table also presents aggregate peer data for the years the data is available.
- Table Q. AA Distribution of Loans to Small Businesses by Income Category of the Geography -** The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s AA.
- Table R. AA Distribution of Loans to Small Businesses by Gross Annual Revenue -** Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

<b>Table O: AA Distribution of Home Mortgage Loans by Income Category of the Geography</b>																	<b>2020-21</b>		
	<b>Total Home Mortgage Loans</b>			<b>Low-Income Tracts</b>			<b>Moderate-Income Tracts</b>			<b>Middle-Income Tracts</b>			<b>Upper-Income Tracts</b>			<b>Not Available-Income Tracts</b>			
AA:	#	\$	% of Total	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Pike-Lincoln-Walthall AA	26	1,654	82	0.0	0.0	0.0	19.4	29.0	14.6	75.0	65.0	76.9	5.6	6.0	8.5	0.0	0.0	0.0	
<b>Total</b>	<b>26</b>	<b>1,654</b>	<b>82</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>19.4</b>	<b>29.0</b>	<b>14.6</b>	<b>75.0</b>	<b>65.0</b>	<b>76.9</b>	<b>5.6</b>	<b>6.0</b>	<b>8.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	

*Source: 2015 ACS; 01/01/2020 - 12/31/2021 Bank Data, 2021 HMDA Aggregate data, "--" data not available. Due to rounding, totals may not equal 100.0*

<b>Table P: AA Distribution of Home Mortgage Loans by Income Category of the Borrower</b>																	<b>2020-21</b>		
	<b>Total Home Mortgage Loans</b>			<b>Low-Income Borrowers</b>			<b>Moderate-Income Borrowers</b>			<b>Middle-Income Borrowers</b>			<b>Upper-Income Borrowers</b>			<b>Not Available-Income Borrowers</b>			
AA:	#	\$	% of Total	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate	
Pike-Lincoln-Walthall AA	26	1,654	100.0	2,021	3.0	3.5	16.8	20.0	13.1	17.7	37.0	18.0	39.8	40.0	44.2	0.0	0.0	21.3	
<b>Total</b>	<b>26</b>	<b>1,654</b>	<b>100.0</b>	<b>2,021</b>	<b>3.0</b>	<b>3.5</b>	<b>16.8</b>	<b>20.0</b>	<b>13.1</b>	<b>17.7</b>	<b>37.0</b>	<b>18.0</b>	<b>39.8</b>	<b>40.0</b>	<b>44.2</b>	<b>0.0</b>	<b>0.0</b>	<b>21.3</b>	

*Source: 2015 ACS; 01/01/2020 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0*

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Table Q: AA Distribution of Loans to Small Businesses by Income Category of the Geography																			2020-21
AA:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Pike-Lincoln-Walthall AA	27	3,917,094	100.0	1,829	0.0	0.0	0.0	22.8	18.5	20.3	73.1	74.1	74.1	4.0	7.4	5.6	0.0	0.0	0.0
<b>Total</b>	<b>27</b>	<b>3,917,094</b>	<b>100.0</b>	<b>1,829</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>22.8</b>	<b>18.5</b>	<b>20.3</b>	<b>73.1</b>	<b>74.1</b>	<b>74.1</b>	<b>4.0</b>	<b>7.4</b>	<b>5.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

*Source: 2020 D&B Data; 01/01/2020 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*

Table R: AA Distribution of Loans to Small Businesses by Gross Annual Revenues												2020-21
AA:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Pike-Lincoln-Walthall AA	27	3,917	100	1,829	83.7	85.2	40.0	4.0	14.8	12.3	0.0	
<b>Total</b>	<b>27</b>	<b>3,917</b>	<b>100</b>	<b>1,829</b>	<b>83.7</b>	<b>85.2</b>	<b>40.0</b>	<b>4.0</b>	<b>14.8</b>	<b>12.3</b>	<b>0.0</b>	

*Source: 2020 D&B Data; 01/01/2020 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.