PUBLIC DISCLOSURE

February 24, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First State Bank
RSSD #114840

3103 East Main Street
Russellville, Arkansas 72802

Federal Reserve Bank of St. Louis

P.O. Box 442
St. Louis, Missouri 63166-0442

NOTE: **This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of the institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

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

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

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

SCOPE OF EXAMINATION

The bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC's) Examination Procedures for Small Institutions. Small business and 1–4 family residential real estate loans were used to evaluate the bank's lending performance, as these loan categories are considered the bank's core business lines based on lending volume and the bank's stated business strategy. Therefore, the loan activity represented by these credit products is deemed indicative of the bank's overall lending performance. However, as the bank has a particular emphasis on small business lending, this product carried the most significance toward the bank's overall performance conclusions. The following table details the performance criterion and the corresponding time periods used in each analysis.

Performance Criterion	Time Period
LTD Ratio	March 31, 2016 – December 31, 2019
Assessment Area Concentration	
Loan Distribution by Borrower's Profile	January 1, 2018 – December 31, 2018
Geographic Distribution of Loans	
Response to Written CRA Complaints	February 16, 2016 – February 23, 2020

[1] Small business and 1–4 family residential real estate loan types were sampled for this review according to CA Letter 01-8, "CRA Sampling Procedures."

Lending Test analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on Home Mortgage Disclosure Act (HMDA) and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2015 American Community Survey (ACS) data; certain business demographics are based on 2018 Dun & Bradstreet data. When analyzing bank performance by comparing lending activity to both demographic data and aggregate lending data, greater emphasis is generally placed on the aggregate lending data, because it is expected to describe many factors impacting lenders within an assessment area. Aggregate lending datasets are updated annually and are, therefore, expected to predict more relevant comparisons. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating in the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from $148.9 million to $364.5 million as of December 31, 2019.

To augment this evaluation, two community contact interviews were conducted with members of the local community to ascertain specific credit needs, opportunities, and local market conditions within the bank's assessment area. Key details from these community contact interviews are included in the *Description of Assessment Area* section.

DESCRIPTION OF INSTITUTION

First State Bank is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is wholly owned by First State Banking Corp., a one-bank holding company headquartered in Russellville, Arkansas. The bank has four branches (including the main office), all of which have full-service interactive teller machines (ITMs) on site. Additionally, one of the bank's former branch locations was closed and converted to a loan operations center in June 2019; an ITM is still maintained at this location. Finally, the bank also opened a loan production office in Fayetteville, Arkansas, in November 2018 and added an ITM in October 2019. In total, the bank operates six ITMs. In addition to being full-service facilities, the main office and one branch also have drive-up accessibility. Based on this branch network and other service delivery systems, such as extended banking hours of operation and full-service online banking capabilities, the bank is well positioned to deliver financial services to its entire assessment area.

For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credit needs of its customers, and the bank appeared capable of meeting assessment area credit needs based on its available resources and financial products. As of December 31, 2019, the bank reported total assets of $295.3 million. As of the same date, loans and leases outstanding were $219.9 million (74.5 percent of total assets), and deposits totaled $251.3 million. The bank's loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans as of December 31, 2019		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Construction and Development	$21,409	9.7%
Commercial Real Estate	$70,846	32.2%
Multifamily Residential	$8,091	3.7%
1–4 Family Residential	$55,195	25.1%
Farmland	$22,099	10.0%
Farm Loans	$4,478	2.0%
Commercial and Industrial	$34,517	15.7%
Loans to Individuals	$2,828	1.3%
Total Other Loans	$437	0.2%
TOTAL	**$219,900**	**100%**

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

The bank received a Satisfactory rating at its previous CRA evaluation conducted on February 16, 2016, by this Reserve Bank.

DESCRIPTION OF ASSESSMENT AREA

General Demographics

The bank's assessment area[2] is located in west central nonmetropolitan statistical area (nonMSA) Arkansas and has a population of 84,665. The assessment area comprises two counties, Pope and Yell. It is primarily composed of rural areas and smaller communities, with the exception of the city of Russellville, located in the southwest corner of Pope County and bordered by the Arkansas River to the south and the Illinois Bayou to the west and north. With a population of 62,830, Pope County has the larger population of the two-county assessment area, primarily due to the city of Russellville.

[2] The bank delineated a second assessment area consisting of Washington County in the Fayetteville, Arkansas MSA in October 2019. However, since 2018 data was used in the evaluation, this assessment area was excluded from the analysis.

According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2019, there are 11 FDIC-insured depository institutions in the assessment area that operate 40 offices. First State Bank (operating four, or 10.0 percent, offices in the assessment area) ranked second in terms of deposit market share, with 16.6 percent of the total assessment area deposit dollars.

Commercial lending represents a credit need in the assessment area due to the significant presence of industry and business in the area. Other particular needs in the assessment area, as noted primarily from community contacts, include single-family and multifamily affordable housing.

Income and Wealth Demographics

The following table summarizes the distribution of assessment area census tracts by income level and the family population within those tracts.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	0	2	10	5	0	**17**
	0.0%	11.8%	58.8%	29.4%	0.0%	**100%**
Family Population	0	1,334	12,079	7,402	0	**20,815**
	0.0%	6.4%	58.0%	35.6%	0.0%	**100%**

As shown above, 11.8 percent of the census tracts in the assessment area are LMI geographies but only 6.4 percent of the family population resides in these tracts. Of the two moderate-income census tracts in the assessment area, one is located in Pope County and one is located in Yell County. The five middle-income census tracts in Pope County were not distressed or underserved in 2018 but were designated as distressed in 2017. The majority of the assessment area's family population (58.0 percent) lives in the ten middle-income census tracts.

Based on 2015 ACS data, the median family income for the assessment area was $47,864. At the same time, the median family income for nonMSA Arkansas was $45,060. More recently, the FFIEC estimated the 2018 median family income for nonMSA Arkansas to be $48,200. The following table displays population percentages of assessment area families by income level compared to the nonMSA Arkansas family population.

Family Population by Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Assessment Area	3,742	3,457	4,435	9,181	0	**20,815**
	18.0%	16.6%	21.3%	44.1%	0.0%	**100%**
NonMSA Arkansas	64,826	54,506	59,209	125,086	0	**303,627**
	21.4%	18.0%	19.5%	41.2%	0.0%	**100%**

As shown in the table above, 34.6 percent of families within the assessment area were considered LMI, which is lower than the LMI family percentages of 39.4 percent in nonMSA Arkansas. The percentage of families living below the poverty threshold in the assessment area (14.8 percent) is lower than the 16.6 percent level in nonMSA Arkansas. Considering these factors, the assessment area appears more affluent than nonMSA Arkansas as a whole.

Housing Demographics

Based on housing values, income levels, and rental costs, housing in the assessment area appears to be less affordable than in nonMSA Arkansas. The median housing value for the assessment area is $112,476, which is above the figure for nonMSA Arkansas, $85,989. Additionally, the assessment area housing affordability ratio of 34.8 percent is below the nonMSA Arkansas figure of 41.0 percent indicating less affordability. The median gross rent for the assessment area of $618 per month is also higher than the $588 per month for nonMSA Arkansas. This data is supplemented by community contact interviews that indicated a lack of affordable housing stock in the assessment area. Thus, based on housing data and community contact interviews, housing may not be within reach of the LMI population in the assessment area.

Industry and Employment Demographics

The assessment area economy is supported by a mixture of manufacturing and service-oriented sectors. County business patterns indicate that there are 28,424 paid employees in the assessment area. By percentage of employees, the three largest job categories in the assessment area are manufacturing (21.5 percent), followed by healthcare and social assistance (15.7 percent), and retail trade (13.5 percent). The table below details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area compared to nonMSA Arkansas as a whole.

Unemployment Levels for the Assessment Area				
Area	**2016**	**2017**	**2018**	**2019**
Pope County	4.6%	4.5%	4.5%	4.3%
Yell County	4.5%	4.0%	4.2%	4.0%
Assessment Area	4.6%	4.4%	4.4%	4.3%
NonMSA Arkansas	4.9%	4.4%	4.4%	4.3%

As shown in the table above, unemployment levels for the assessment area, as well as nonMSA Arkansas, have trended downward and have consistently been at similar levels. Notably, Pope County has had a higher unemployment rate than Yell County during the review period.

Community Contact Information

Information from two community contacts was used to help shape the performance context in which the bank's activities in this assessment area were evaluated. Both interviews were conducted with individuals who specialize in economic development, and one had additional knowledge of the housing needs in Pope County.

One contact stated the economy is faring well due to the local college (Arkansas Technical University) and other industries located in the area. Regarding housing, one contact noted a need for additional affordable single-family and multifamily housing, stating that the overall housing stock is older and needs rehabilitation. Further, the contact stated that some families may experience higher energy bills due to the current condition of housing stock. Regarding business development, one contact referenced the area's favorable attributes, such as land, buildings, and transportation, as positives for attracting new development in the area; however, major barriers are also present that limits the ability to attract new businesses, such as an under-skilled workforce, lack of infrastructure (roads, sewer systems, etc.), and a limited market size. Additionally, both contacts identified a lack of broadband Internet access as a barrier to accessing credit and banking services in the community. Other needs cited by both contacts included further financial education in the community, as well as small business counseling. Overall, the community contacts stated that most financial institutions are active in the community, and one contact specifically mentioned First State Bank as being particularly responsive to the community's credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit (LTD) Ratio

One indication of the bank's overall level of lending activity is its LTD ratio. The chart below displays the bank's average LTD ratio in comparison to those of regional peers. The average LTD ratio represents a 16-quarter average, dating back to the bank's last CRA evaluation.

LTD Ratio Analysis			
Name	**Headquarters**	**Asset Size ($000s) as of December 31, 2019**	**Average LTD Ratio**
First State Bank	Russellville, Arkansas	$295,296	88.4%
Regional Banks	Dardanelle, Arkansas[3]	$148,854	79.0%
	Greenbrier, Arkansas	$364,497	99.0%
	Morrilton, Arkansas	$191,537	53.6%

Based on data from the previous table, the bank's level of lending is comparable to that of other banks in the region. During the review period, the LTD ratio fluctuated with a 16-quarter average of 88.4 percent. In comparison, the average LTD ratios for the regional peers ranged from 53.6 percent to 99.0 percent and were generally stable or increasing during the review period. Therefore, compared to data from regional banks displayed in the table above, the bank's average LTD ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.

Assessment Area Concentration

For the loan activity reviewed as part of this evaluation, the following table displays the number and dollar volume of loans inside and outside the bank's assessment area.

[3] This institution was purchased in the fourth quarter of 2019; thus, the asset size is as of September 30, 2019, and the LTD ratio instead represents a 15-quarter average.

Lending Inside and Outside of Assessment Area January 1, 2018 through December 31, 2018						
Loan Type	**Inside Assessment Area**		**Outside Assessment Area**		**TOTAL**	
Small Business	62	77.5%	18	22.5%	**80**	**100%**
	11,587	81.0%	2,725	19.0%	**$14,312**	**100%**
1–4 Family Residential Real Estate	65	79.3%	17	20.7%	**82**	**100%**
	7,022	69.0%	3,149	31.0%	**$10,170**	**100%**
TOTAL LOANS	**127**	**78.4%**	**35**	**21.6%**	**162**	**100%**
	18,608	**76.0%**	**5,874**	**24.0%**	**$24,482**	**100%**

A majority of loans and other lending-related activities were made in the bank's assessment area. As shown above, 78.4 percent of the total loans were made inside the assessment area, accounting for 76.0 percent of the dollar volume of total loans.

Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is reasonable, based on performance from both loan categories reviewed. While the bank's 1–4 family residential real estate lending is poor, the small business category reflected reasonable penetration. As previously mentioned, greater significance was placed on performance in the small business loan category given the bank's emphasis on small business lending.

Small business loans were reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of 2018 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

Small Business Loans by Revenue and Loan Size									
Business Revenue and Loan Size		2018							
		Count			Dollars			Total Businesses
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	$ (000s)	$ %	$ %	%
Business Revenue	$1 Million or Less	39	62.9%	44.4%	$6,961	60.1%	47.3%	89.6%
	Over $1 Million/ Unknown	23	37.1%	55.6%	$4,626	39.9%	52.7%	10.4%
	TOTAL	**62**	**100%**	**100%**	**$11,587**	**100%**	**100%**	**100%**
Loan Size	$100,000 or Less	32	51.6%	88.2%	$1,265	10.9%	30.5%	
	$100,001–$250,000	15	24.2%	7.3%	$2,729	23.6%	24.5%	
	$250,001–$1 Million	15	24.2%	4.5%	$7,593	65.5%	45.0%	
	Over $1 Million	0	0.0%	0.0%	$0	0.0%	0.0%	
	TOTAL	**62**	**100%**	**100%**	**$11,587**	**100%**	**100%**	
Loan Size / Revenue $1 Million or Less	$100,000 or Less	24	61.5%		$814	11.7%		
	$100,001–$250,000	6	15.4%		$1,157	16.6%		
	$250,001–$1 Million	9	23.1%		$4,990	71.7%		
	Over $1 Million	0	0.0%		$0	0.0%		
	TOTAL	**39**	**100%**		**$6,961**	**100%**		

The bank's level of lending to small businesses is 62.9 percent, which is below the demographic (89.6 percent) but above aggregate lending data (44.4 percent). Furthermore, 61.5 percent of the bank's loans to small businesses were made in amounts of $100,000 or less, further indicating the bank's willingness to provide credit to small businesses. Consequently, the bank's borrower profile performance for the small business loan category is reasonable.

Next, 1–4 family residential real estate loans were reviewed. Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the applicable median family income figure as estimated by the FFIEC ($48,200 for nonMSA Arkansas in 2018). The following table shows the distribution of 1–4 family residential real estate loans by borrower income level compared to family population income demographics for the assessment area, as well as 2018 HMDA aggregate data.

Borrower Distribution of Residential Real Estate Loans									
Product Type	Borrower Income Levels	2018							
		Count			Dollar				Families
		Bank		HMDA Aggregate	Bank		HMDA Aggregate		
		#	%	%	$ (000s)	$ %	$ %		%
1–4 Family Residential Real Estate	Low	0	0.0%	3.8%	0	0.0%	1.9%		18.0%
	Moderate	3	4.6%	15.0%	50	0.7%	10.6%		16.6%
	Middle	9	13.8%	20.2%	602	8.6%	17.2%		21.3%
	Upper	53	81.5%	41.0%	6,369	90.7%	48.9%		44.1%
	Unknown	0	0.0%	20.0%	0	0.0%	21.3%		0.0%
	TOTAL	**65**	**100%**	**100%**	**7,022**	**100%**	**100%**		**100%**

As displayed in the preceding table, the bank had no lending to low-income borrowers which is substantially below the low-income family population figure (18.0 percent), and below the 2018 aggregate lending level to low-income borrowers (3.8 percent), reflecting poor performance. Similarly, the bank’s level of lending to moderate-income borrowers (4.6 percent) is below the moderate-income family population percentage (16.6 percent) and the 2018 aggregate lending level to moderate-income borrowers (15.0 percent), reflecting poor performance. Therefore, the bank’s overall distribution of loans by borrower’s profile for 1–4 family residential real estate loans to LMI borrowers is poor. As previously mentioned, the bank is heavily involved in secondary market residential real estate lending, including FHA and rural development loans which are not reflected in the data above and are generally targeted to LMI borrowers. As a result, this context supports the overall reasonable conclusion for loan distribution by borrower’s profile.

Geographic Distribution of Loans

As noted previously, the assessment area does not contain any low-income census tracts and only two moderate-income census tracts, representing 11.8 percent of all assessment area census tracts. Overall, the bank’s geographic distribution of loans in this assessment area reflects reasonable penetration throughout these LMI census tracts, based on the small business and 1–4 family residential real estate loan categories. As with the loan distribution by borrower’s profile, performance in the small business loan category carried the most significance in the overall rating of reasonable for geographic distribution.

The following table displays 2018 small business loan activity by geography income level compared to the location of businesses throughout the bank’s assessment area and 2018 small business aggregate data.

Geographic Distribution of Small Business Loans							
Tract Income Levels	2018						
	Count			Dollar			Businesses
	Bank		Aggregate	Bank		Aggregate	
	#	%	%	$ 000s	$ %	$ %	%
Low	0	0.0%	0.0%	$0	0.0%	0.0%	0.0%
Moderate	10	16.1%	9.2%	$2,783	24.0%	7.4%	14.5%
Middle	33	53.2%	52.5%	$5,507	47.5%	62.2%	56.8%
Upper	19	30.6%	36.1%	$3,297	28.5%	29.6%	28.7%
Unknown	0	0.0%	2.2%	$0	0.0%	0.8%	0.0%
TOTAL	**62**	**100%**	**100%**	**$11,587**	**100%**	**100%**	**100%**

As displayed in the preceding table, the bank's percentage of loans in moderate-income census tracts (16.1 percent) is above the 2018 aggregate lending percentage in moderate-income census tracts (9.2 percent) and comparable to the percentage of small businesses in moderate-income census tracts (14.5 percent), reflecting reasonable performance. Therefore, the bank's overall geographic distribution of small business loans is also reasonable.

Next, the geographic distribution of 1–4 family residential real estate loans was reviewed. The following table displays the geographic distribution of 2018 1–4 family residential real estate loans compared to owner-occupied housing demographics and aggregate performance for the assessment area.

Geographic Distribution of Residential Real Estate Loans								
Product Type	Tract Income Levels	2018						
		Count			Dollar			Owner-Occupied Units
		Bank		HMDA Aggregate	Bank		HMDA Aggregate	
		#	%	%	$ (000s)	$ %	$ %	%
1–4 Family Residential Real Estate	Low	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	Moderate	3	4.6%	4.2%	908	12.9%	3.6%	4.0%
	Middle	40	61.5%	52.5%	3,289	46.8%	47.8%	55.4%
	Upper	22	33.8%	43.3%	2,824	40.2%	48.5%	40.6%
	Unknown	0	0.0%	0.0%	0	0.0%	0.0%	0.0%
	TOTAL	**65**	**100%**	**100%**	**7,022**	**100%**	**100%**	**100%**

As displayed in the preceding table, the bank's percentage of 1–4 family residential real estate lending in moderate-income census tracts is 4.6 percent, which is comparable to owner-occupied housing data (4.0 percent) and HMDA aggregate data (4.2 percent). Therefore, the bank's overall geographic distribution of 1–4 family residential real estate loans reflects reasonable performance.

Lastly, based on reviews from both loan categories, First State Bank had loan activity in all assessment area census tracts, with no conspicuous lending gaps noted in LMI areas. This information supports the conclusion that the bank's overall geographic distribution of loans is reasonable.

<u>Responses to Complaints</u>

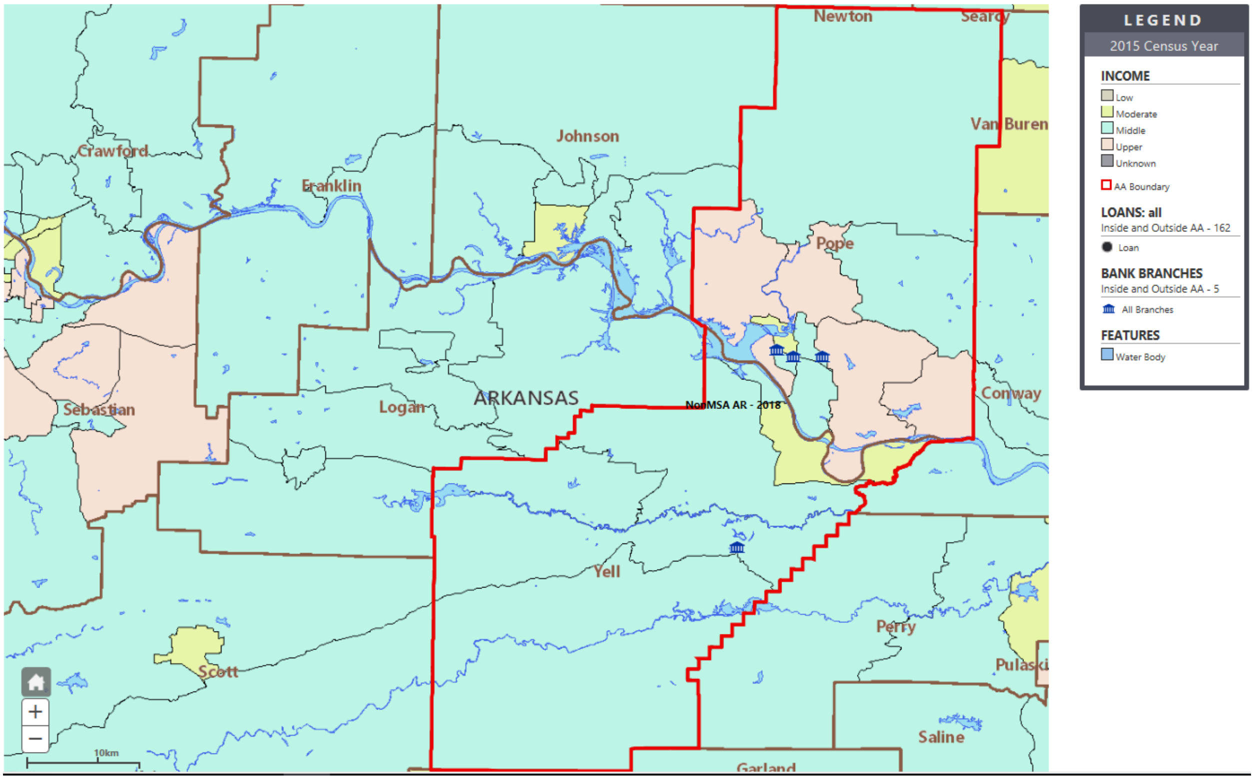
No CRA-related complaints were filed against the bank during this review period (February 16, 2016 through February 23, 2020).

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Based on findings from the Consumer Affairs examination, including a fair lending analysis performed under Regulation B – Equal Credit Opportunity and the Fair Housing Act requirements, conducted concurrently with this CRA evaluation, no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

ASSESSMENT AREA DETAIL

First State Bank - Russellville, AR 2020
NonMSA, AR 2018



GLOSSARY

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

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

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

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

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

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

Demographics: The statistical characteristics of human populations (such as age, race, sex, income, etc.) used especially to identify markets.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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