PUBLIC DISCLOSURE

May 15, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Commercial Bank & Trust Company
RSSD #23643

212 West Gaines Street
Monticello, Arkansas 71655

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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this bank 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 COMMUNITY REINVESTMENT ACT RATING

Commercial Bank & Trust Company (the bank) is rated Satisfactory. This rating is based on the following conclusions with respect to the performance criteria:

- The loan-to-deposit ratio (LTD) is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A majority of the bank's loans and other lending-related activities are originated inside the AA.
- The borrower's profile analysis reveals excellent distribution among individuals of different income levels, including low- and moderate-income (LMI), and businesses of different sizes.
- The geographic distribution of loans reflects a reasonable dispersion throughout the AA.
- Neither the bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

SCOPE OF EXAMINATION

The Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Small Institutions* were utilized to evaluate the bank's CRA performance. The evaluation considered CRA performance context, including the bank's asset size, financial condition, business strategy and market competition, as well as AA demographic and economic characteristics and credit needs. Lending performance was assessed within the bank's single AA.

Small business loans, 1–4 family residential real estate loans, and consumer motor vehicle loans were used to evaluate 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. The following table includes the corresponding time period for each performance category.

Performance Criterion	Time Period
LTD Ratio	December 31, 2018 – March 31, 2023
AA Concentration	January 1, 2021 – December 31, 2021
Geographic Distribution of Loans	
Loan Distribution by Borrower's Profile	
Response to Written CRA Complaints	November 5, 2018 – May 14, 2023

Lending Test analyses often entail comparisons of bank performance to AA demographics and the performance of other lenders, based on Home Mortgage Disclosure Act (HMDA) and CRA aggregate lending data. Unless otherwise noted, AA demographics are based on 2015 American

Community Survey (ACS) data; certain business demographics are based on 2021 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 AA. 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 $143.6 million to $293.7 million as of March 31, 2023.

To augment this evaluation, one community contact interview was utilized with a member of the local community to ascertain specific AA credit needs, opportunities, and local market conditions. Information from this interview also assisted in evaluating the bank's responsiveness to identified community credit needs and community development opportunities. Key details from this community contact interview are included in the *Description of Assessment Area* section.

DESCRIPTION OF INSTITUTION

Commercial Bank & Trust Company is an intrastate community bank headquartered in Monticello, Arkansas. The bank's characteristics include:

- The bank is a wholly owned subsidiary of Drew Bancshares, Inc., a one-bank holding company headquartered in Monticello, Arkansas.

- The bank has total assets of $247.0 million as of March 31, 2023. That represents an increase of 13.5% percent since the last evaluation.

- In addition to its main office in Monticello, the bank has five limited-service offices, four of which are drive-through only. Branch locations permit customers to make deposits and make loan payments. Loans are only originated at the main office.

- Each branch except for the main office has an ATM on site. All ATMs are cash dispensing only. Additionally, there is one stand-alone ATM.

- Since the previous evaluation, the bank became a Community Development Financial Institution.

- As shown in the following table, the bank's primary business focus is commercial loans (including both commercial real estate and commercial and industrial) and loans secured by 1–4 family residential properties. While not reflected in this table, it is worth noting that by number of loans originated, loans to individuals for consumer motor vehicles represent a significant product offering for the bank. Consumer loans not related to residential real estate are typically made in smaller dollar amounts relative to other credit products.

Composition of Loan Portfolio as of March 31, 2023		
Loan Type	**Amount $ (000s)**	**Percentage of Total Loans**
Commercial and Industrial	$37,910	25.4%
1–4 Family Residential	$34,233	22.9%
Commercial Real Estate	$31,423	21.0%
Construction and Development	$20,354	13.6%
Loans to Individuals	$17,280	11.6%
Farmland	$5,346	3.6%
Farm Loans	$1,816	1.2%
Total Other Loans	$565	0.4%
Multifamily Residential	$400	0.3%
TOTAL	**$149,327**	**100.0%**
Note: Percentages may not total 100.0% due to rounding.		

The bank was rated Satisfactory under the CRA at its November 5, 2018, performance evaluation. There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its communities.

DESCRIPTION OF ASSESSMENT AREA

The bank's AA consists of Drew County, which is located in the nonmetropolitan statistical area (nonMSA) of southeast Arkansas (see Appendix A for an AA map).

- The AA delineation has not changed since the previous evaluation.
- According to the June 30, 2022 Federal Deposit Market Share report, the bank has a market share of 42.0% percent, which ranks first out of four FDIC-insured depository institutions operating in the AA.
- According to the Bureau of Labor Statistics, the three largest nongovernmental industries in the AA, determined by number of employees, are manufacturing (21.2 percent), retail trade (18.4 percent), and healthcare and social assistance (16.6 percent). Additionally, the agriculture, forestry, fishing, and hunting industry, which includes timber and logging, serves as the fourth largest industry in the area.
- One community contact specializing in community and social services noted there has been an increase in demand for their organization's services in the past year, with food, housing, and utility assistance being the most common. They attributed this to a downturn in the economy. They also indicated the affordable housing supply does not meet demand.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown-**	**TOTAL**
Census Tracts	0	1	3	1	0	**5**
	0.0%	20.0%	60.0%	20.0%	0.0%	**100.0%**
Family Population	0	897	2,791	1,254	0	**4,942**
	0.0%	18.2%	56.5%	25.4%	0.0%	**100.0%**

- As shown above, the bank's AA contains no low-income census tracts and only one moderate-income census tract. At the previous CRA evaluation, all three middle-income census tracts were categorized as "distressed" due to elevated poverty levels; however, as of 2020, these geographies were no longer designated as distressed.

Population Change			
Area	**2015 Population**	**2020 Population**	**Percent Change**
Assessment Area	18,740	17,350	-7.4%
NonMSA Arkansas	1,133,475	1,086,823	-4.1%
Arkansas	2,958,208	3,011,524	1.8%
Source: 2020 U.S. Census Bureau: Decennial Census *2011–2015 U.S. Census Bureau: American Community Survey*			

- The AA's reported 2020 population was 17,350, which was a 7.42% decline from 2015. The AA experienced a higher decline than both the nonMSA portion of Arkansas and the state of Arkansas.

Median Family Income Change			
Area	**2015 Median Family Income**	**2020 Median Family Income**	**Percent Change**
Assessment Area	$49,818	$65,428	31.33%
NonMSA Arkansas	$49,217	$53,702	9.11%
Arkansas	$56,576	$62,067	9.71%
Source: 2011–2015 U.S. Census Bureau: American Community Survey *2016–2020 U.S. Census Bureau: American Community Survey* *Note: Median family incomes have been inflation-adjusted and are expressed in 2020 dollars.*			

- Based on 2015 U.S. Census data, the median family income for the AA was $49,818, similar to the median family income for the nonMSA portion of Arkansas at $49,217. These figures are much lower than the median family income for the state of Arkansas at $56,576. Additionally, the poverty rate for the AA, 21.6 percent, is well above that of nonMSA Arkansas (16.6 percent) and the state overall (14.3 percent).

- However, since 2015, the AA's income level has increased much faster than comparison data. As of 2020 ACS data, the AA median family income figure increased to $65,428, surpassing the nonMSA ($53,702) and overall state ($62,067) median family income levels.

Small Business Loan Trends				
Area	**2018**	**2019**	**2020**	**2021**
Assessment Area	297	271	273	262
NonMSA Arkansas	14,962	16,018	20,098	22,047
Arkansas	44,655	49,174	61,470	64,727
Source: FFIEC CRA Aggregate Data				

- As demonstrated in the table, small business lending has experienced a decreasing trend throughout the AA, with loan originations lower in 2021 than pre-pandemic levels, unlike trends in the nonMSA portion of Arkansas and the state of Arkansas, which both experienced increasing trends. This is partially attributed to challenges in logging and timber, which is a significant industry in the AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's overall performance under the Lending Test is Satisfactory.

Loan-to-Deposit (LTD) Ratio

This performance criterion evaluates the bank's average LTD ratio to determine the reasonableness of lending in light of performance context, such as the bank's capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AA, and in comparison to similarly situated FDIC-insured institutions. The similarly situated institutions were selected based on asset size, product offerings, market share, and location in or near Drew County, Arkansas.

Comparative LTD Ratios December 31, 2018 – March 31, 2023			
Institution	Location	Asset Size $ (000s)	LTD Ratio (%) 18-Quarter Average
Commercial Bank & Trust Company	Monticello, Arkansas	$247,453	62.4%
Similarly Situated Institutions			
Regional Banks	Monticello, Arkansas	$293,718	83.2%
	Fordyce, Arkansas	$230,265	65.7%
	Warren, Arkansas	$143,606	46.4%

The bank's LTD ratio is reasonable. Based on the table above, the bank's level of lending is similar to that of similarly situated banks in the region. During the review period, the bank's quarterly LTD ratio ranged from a low of 56.8% to a high of 68.8%, with an 18-quarter average of 62.4%. In comparison, peer banks had LTD ratios ranging from 38.2 percent to 91.9 percent, with average LTD ratios ranging from 46.4 percent to 83.2 percent. Given the bank's size, financial condition, and AA, the bank's LTD ratio compared to that of its peers is considered reasonable.

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AA.

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	# %	$ (000s)	$ %	#	# %	$ (000s)	$ %
Small Business	33	55.0%	$3,142	49.6%	27	45.0%	$3,193	50.4%
1–4 Family Residential Real Estate	27	64.3%	$2,455	63.1%	15	35.7%	$1,438	36.9%
Consumer/Motor Vehicle	78	67.8%	$1,245	61.7%	37	32.2%	$774	38.3%
TOTAL LOANS	**138**	**63.6%**	**$6,842**	**55.9%**	**79**	**36.4%**	**$5,405**	**44.1%**
Note: Percentages may not total 100.0% due to rounding.								

A majority of the bank's loans, by number and dollar, were originated inside the AA. Overall, 63.6 percent of the total loans were originated inside the AA, accounting for 55.9% of the dollar volume of total loans.

Loan Distribution by Borrower's Profile

This performance criterion evaluates the bank's lending to borrowers of different income levels and businesses of different revenue sizes. The bank's lending has an excellent distribution among individuals of different income levels and businesses of different sizes when considering performance in the three loan categories reviewed.

Small Business Lending

The borrower distribution of small business lending is reasonable. The bank originated the majority of its small business loans (75.8 percent) to businesses with revenue of $1 million or less, which is above the 2021 aggregate lending level to small businesses at 35.2 percent. However, AA demographics estimate that 90.3 percent of businesses in the AA had annual revenues of $1 million or less.

Distribution of 2021 Small Business Lending by Revenue Size of Businesses
Assessment Area: Drew County

Business Revenue and Loan Size		Count			Dollars			Total Businesses
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	$ (000s)	$ %	$ %	%
Business Revenue	$1 Million or Less	25	75.8%	35.2%	$1,448	46.1%	27.3%	90.3%
	Over $1 Million/Unknown	8	24.2%	64.8%	$1,694	53.9%	18.9%	9.7%
	TOTAL	**33**	**100.0%**	**100.0%**	**$3,142**	**100.0%**	**53.8%**	**100.0%**
Loan Size	$100,000 or Less	25	75.8%	94.8%	$590	18.8%	42.1%	
	$100,001 – $250,000	4	12.1%	2.7%	$694	22.1%	14.8%	
	$250,001 – $1 Million	4	12.1%	2.4%	$1,858	59.1%	43.1%	
	Over $1 Million	0	0.0%	0.0%	$0	0.0%	0.0%	
	TOTAL	**33**	**100.0%**	**100.0%**	**$3,142**	**100.0%**	**100.0%**	
Loan Size – Revenue $1 Million or Less	$100,000 or Less	21	84.0%		$396	27.3%		
	$100,001 – $250,000	2	8.0%		$273	18.9%		
	$250,001 – $1 Million	2	8.0%		$779	53.8%		
	Over $1 Million	0	0.0%		$0	0.0%		
	TOTAL	**25**	**100.0%**		**$1,448**	**100.0%**		

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011–2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0% due to rounding.

Residential Real Estate Lending

The bank's residential real estate loan distribution is excellent. The distribution of 1–4 family residential real estate loans was analyzed by borrower's income profile. As displayed in the following table, the bank's percentage of lending to low-income borrowers (3.7 percent) is below the low-income family population figure (27.4 percent) but is similar to the 2021 aggregate lending level to low-income borrowers (3.6 percent) and is considered reasonable. The bank's level of lending to moderate-income borrowers (33.3 percent) is substantially higher than both the moderate-income family population percentage (16.9 percent) and the 2021 aggregate lending level to moderate-income borrowers (8.1 percent), reflecting excellent performance. When combined, the bank's overall distribution of 1–4 family residential real estate loans to LMI borrowers (37.0 percent) is considered excellent when compared to the combined aggregate percentage (11.7 percent), particularly in light of the poverty levels in the AA (21.6 percent).

Additionally, the bank participates in the Special Needs Assistance Program (SNAP) offered by the Federal Home Loan Bank (FHLB) of Dallas, which provides grant funds for rehabilitation costs of eligible (age 55 and older) special-needs borrowers. To address the need for affordable housing, the bank also participates in the Homebuyer Equity Leverage Partnership (HELP) program also offered by the FHLB of Dallas, which provides grant funds for down payment and closing costs to eligible first-time homebuyers. This participation further demonstrates the bank's commitment to addressing the credit needs of the community, particularly for LMI borrowers.

Distribution of 2021 Residential Real Estate Lending by Borrower Income Level
Assessment Area: Drew County

Borrower Income Level	Bank and Aggregate Loans						Families by Family Income %
	Bank		Aggregate	Bank		Aggregate	
	#	# %	# %	$ (000s)	$ %	$ %	
Low	1	3.7%	3.6%	$43	1.7%	1.6%	27.4%
Moderate	9	33.3%	8.1%	$592	24.1%	5.4%	16.9%
Middle	5	18.5%	21.6%	$459	18.7%	19.7%	15.1%
Upper	12	44.4%	50.4%	$1,362	55.5%	57.3%	40.7%
Unknown	0	0.0%	16.2%	$0	0.0%	16.0%	0.0%
TOTAL	**27**	**100.0%**	**100.0%**	**$2,455**	**100.0%**	**100.0%**	**100.0%**

Source: 2021 FFIEC Census Data
2011–2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0% due to rounding. Multifamily loans are not included in the borrower distribution analysis.

Consumer Motor Vehicle

The borrower distribution of consumer motor vehicle lending is excellent. The bank's percentage of lending to low-income borrowers (20.5 percent), while below the household population (30.2 percent), is considered reasonable. However, the bank's lending performance to moderate-income borrowers (29.5 percent), which is significantly above the moderate-income household population (14.6 percent), reflects excellent performance. When combined, the bank's overall distribution of consumer motor vehicle loans to LMI borrowers (50.0 percent) is considered excellent when compared to the demographic percentage (44.8 percent), particularly in light of the considerable poverty level in the AA (21.6 percent).

Distribution of 2021 Consumer/Motor Vehicle Lending by Borrower Income Level Assessment Area: Drew County					
Borrower Income Level	**Bank Loans**				**Households by Household Income %**
	#	**# %**	**$ (000s)**	**$ %**	
Low	16	20.5%	$160	12.8%	30.2%
Moderate	23	29.5%	$325	26.1%	14.6%
Middle	23	29.5%	$393	31.5%	12.5%
Upper	16	20.5%	$368	29.5%	42.7%
Unknown	0	0.0%	$0	0.0%	0.0%
TOTAL	78	100.0%	$1,246	100.0%	100.0%
Source: 2021 FFIEC Census Data 2011–2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0% due to rounding.					

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of lending within its AA by income level of census tracts, with consideration given to the dispersion of loans throughout the AA. The bank's geographic distribution of loans reflects reasonable distribution among the different census tracts, and based on reviews from all three products, the bank had loan activity in all of its AA census tracts.

Small Business Lending

The geographic distribution of small business lending is poor. The bank's total penetration of the moderate-income census tract by number of loans (3.0 percent) is considered poor when compared to the estimated percentage of businesses operating inside the census tract (12.3 percent) and the 2021 aggregate lending level in the moderate-income census tract (13.3 percent).

Distribution of 2021 Small Business Lending by Income Level of Geography Assessment Area: Drew County							
Tract Income Levels	**Count**			**Dollar**			**Total Businesses**
	Bank		**Aggregate**	**Bank**		**Aggregate**	
	#	**%**	**%**	**$ (000s)**	**$ %**	**$ %**	**%**
Low	0	0.0%	0.0%	$0	0.0%	0.0%	0.0%
Moderate	1	3.0%	13.3%	$186	5.9%	15.4%	12.3%
Middle	20	60.6%	51.5%	$867	27.6%	56.5%	36.2%
Upper	12	36.4%	31.5%	$2,089	66.5%	27.5%	51.5%
Unknown	0	0.0%	3.6%	$0	0.0%	0.5%	0.0%
TOTAL	**33**	**100.0%**	**100.0%**	**$3,142**	**100.0%**	**100.0%**	**100.0%**
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011–2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0% due to rounding.							

Residential Real Estate Lending

The geographic distribution of home mortgage lending is reasonable. While the bank's penetration of the moderate-income census tract by number of loans (7.4 percent) is below the percentage of owner-occupied housing units (12.6 percent), it is similar to the aggregate performance (8.1 percent) and is considered reasonable. As mentioned in the loan distribution by borrower's profile section, the bank's participation in the SNAP and HELP programs offered by the FHLB of Dallas further demonstrates its commitment to meeting the credit needs of financially underserved communities, including LMI geographies.

Distribution of 2021 Residential Real Estate Lending by Income Level of Geography Assessment Area: Drew County							
Geographic Income Level	**Bank and Aggregate Loans**						**Owner-Occupied Units %**
	Bank		**Aggregate**	**Bank**		**Aggregate**	
	#	**# %**	**# %**	**$ (000s)**	**$ %**	**$ %**	
Low	0	0.0%	0.0%	$0	0.0%	0.0%	0.0%
Moderate	2	7.4%	8.1%	$105	4.3%	8.7%	12.6%
Middle	19	70.4%	45.9%	$1,863	75.9%	40.1%	60.9%
Upper	6	22.2%	45.9%	$487	19.8%	51.2%	26.5%
Unknown	0	0.0%	0.0%	$0	0.0%	0.0%	0.0%
TOTAL	**27**	**100.0%**	**100.0%**	**$2,455**	**100.0%**	**100.0%**	**100.0%**
Source: 2021 FFIEC Census Data 2011–2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0% due to rounding.							

Consumer Motor Vehicle

The geographic distribution of consumer motor vehicle lending is reasonable. The bank's total penetration of the moderate-income census tract by number of loans (12.8 percent) is similar to the percentage of households in the moderate-income census tract (14.0 percent) and is considered reasonable.

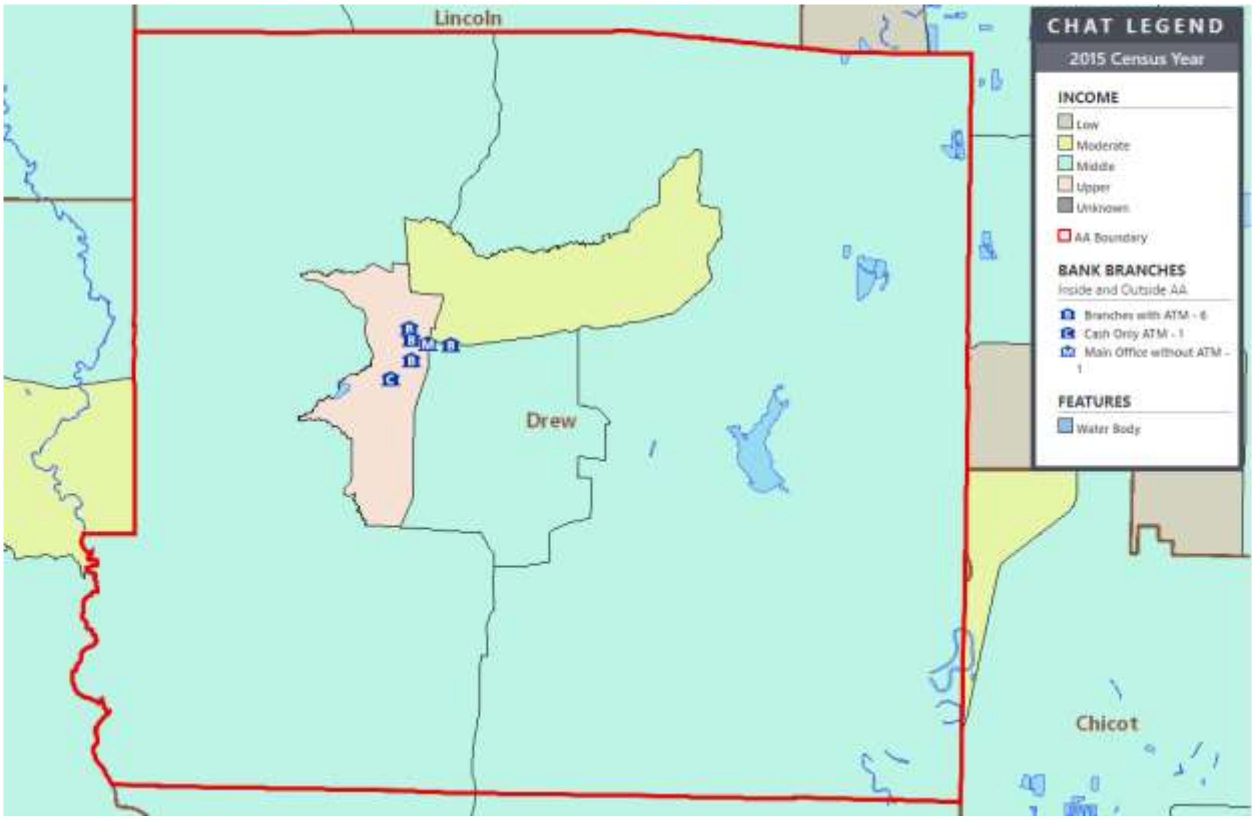
Distribution of 2021 Consumer/Motor Vehicle Lending by Income Level of Geography Assessment Area: Drew County					
Geographic Income Level	**Bank Loans**				**Households %**
	#	**# %**	**$ (000s)**	**$ %**	
Low	0	0.0%	$0	0.0%	0.0%
Moderate	10	12.8%	$123	9.9%	14.0%
Middle	51	65.4%	$859	69.0%	53.8%
Upper	17	21.8%	$263	21.1%	32.1%
Unknown	0	0.0%	$0	0.0%	0.0%
TOTAL	**78**	**100.0%**	**$1,245**	**100.0%**	**100.0%**
Source: 2021 FFIEC Census Data *2011–2015 U.S. Census Bureau: American Community Survey* *Note: Percentages may not total 100.0% due to rounding.*					

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.

APPENDIX A – MAP OF THE ASSESSMENT AREA

Drew County, Arkansas



APPENDIX B – 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) <u>affordable housing</u> (including multifamily rental housing) for low- or moderate-income individuals; (2) <u>community services</u> targeted to low- or moderate-income individuals; (3) activities that promote <u>economic development</u> by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of $1 million or less; (4) activities that <u>revitalize or stabilize</u> low- or moderate-income 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 (e.g., age, race, sex, and income) used especially to identify markets.

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

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

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

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders who do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and income of applicants; 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: 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.