PUBLIC DISCLOSURE

January 9, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Community Bank of Eastern Arkansas
RSSD #2716828

205 Block Street
Marion, Arkansas 72364

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 Community Bank of Eastern Arkansas (First Community 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.
- Geographic distribution of loans reflects a poor dispersion throughout the assessment area.
- Distribution of loans to borrowers reflects reasonable penetration among individuals of different income levels (including low- and moderate-income (LMI)) and businesses of different sizes.
- There were no CRA-related complaints filed against the bank since the previous CRA.

SCOPE OF EXAMINATION

The bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC's) small bank procedures. Residential real estate, small business, and consumer motor vehicle 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 by number and dollar amounts. Therefore, the loan activity represented by these credit products is indicative of the bank's overall lending performance. However, as the bank has a particular emphasis on small business lending, performance based on this loan category 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	December 31, 2012 – September 30, 2016
Assessment Area Concentration	January 1, 2015 – December 31, 2015
Geographic Distribution of Loans	January 1, 2015 – December 31, 2015
Loan Distribution by Borrower's Profile	January 1, 2015 – December 31, 2015
Response to Written CRA Complaints	October 30, 2012 – January 9, 2017

Lending Test analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on the Home Mortgage Disclosure Act (HMDA) and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2010 U.S. Census data; certain business geodemographics are based on 2015 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 also 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 within the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from $211.4 million to $288.1 million as of September 30, 2016.

To augment this evaluation, two community contact interviews were conducted with members of the local community to ascertain specific community 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 Community Bank is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is wholly owned by FCB Financial Service, Inc., headquartered in Marion, Arkansas. The bank's network consists of a main office and one branch, both of which have full-service automated teller machines (ATMs) on site. In addition to being full-service facilities, each office also has drive-up accessibility. Additionally, the bank operates four stand-alone, cash-only ATMs at local businesses within the assessment area. The bank did not open or close any branch offices during this review period. Based on this branch network and other service delivery systems, such as I nternet and mobile banking services, 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 September 30, 2016, the bank reported total assets of $151.0 million. As of the same date, total loans and leases outstanding were $110.0 million (72.8 percent of total assets), and deposits totaled $130.3 million. The bank's loan portfolio composition by credit category is displayed in the following table:

Distribution of Total Loans as of September 30, 2016		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Construction and Development	$6,157	5.6%
Commercial Real Estate	$50,499	45.9%
Multifamily Residential	$629	0.6%
1–4 Family Residential	$25,764	23.4%
Farmland	$5,829	5.3%
Farm Loans	$9,044	8.2%
Commercial and Industrial	$9,170	8.3%
Loans to Individuals	$2,915	2.7%
Less: Unearned Income	($18)	(0.0%)
TOTAL	**$109,989**	**100%**

As indicated in the preceding table, a significant portion of the bank's lending resources is directed to commercial real estate loans and loans secured by 1–4 family residential properties. While not reflected in the previous table, it is also worth noting that by number of loans originated, loans to individuals, such as consumer motor vehicle loans, 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.

The bank received a Satisfactory rating at its previous CRA evaluation conducted by this Reserve Bank on October 29, 2012.

DESCRIPTION OF ASSESSMENT AREA

General Demographics

The bank's assessment area, which has a population of 50,902, is located in eastern Arkansas in the Memphis, Tennessee-Mississippi-Arkansas metropolitan statistical area (Memphis MSA). The Memphis MSA contains nine counties in three states; however, the bank's assessment area consists of the entirety of only one county, Crittenden, in the state of Arkansas. While the assessment area is located in an MSA, a significant portion of the community is rural in nature. According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2016, there are 7 FDIC-insured depository institutions in the assessment area that operate 15 offices. First Community Bank ranked second in terms of deposit market share, with 18.8 percent of the total assessment area deposit dollars.

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	6	7	4	3	0	**20**
	30.0%	35.0%	20.0%	15.0%	0.0%	**100%**
Family Population	3,926	4,320	2,735	2,323	0	**13,304**
	29.5%	32.5%	20.6%	17.5%	0.0%	**100%**

As shown in the preceding table, 65.0 percent of the census tracts in the assessment area are LMI geographies with 62.0 percent of the family population residing in these tracts. These LMI areas are primarily concentrated in and around the city of Marion, Arkansas.

Based on 2010 U.S. Census data, the median family income for the assessment area was \$42,042. At the same time, the median family income for the Memphis MSA was \$56,100. More recently, the FFIEC estimates the 2015 median family income for the Memphis MSA to be \$60,400. The following table displays population percentages of assessment area families by income level compared to the Memphis MSA family population as a whole.

Family Population by Income Level

Dataset	Low-	Moderate-	Middle-	Upper-	Unknown	TOTAL
Assessment Area	4,697	2,321	2,370	3,916	0	**13,304**
	35.3%	17.4%	17.8%	29.4%	0.0%	**100%**
Memphis MSA	79,221	52,586	58,047	136,897	0	**326,751**
	24.2%	16.1%	17.8%	41.9%	0.0%	**100%**

As shown in the previous table, 52.7 percent of families within the assessment area were considered LMI, which is significantly higher than LMI family percentages of 40.3 percent in the Memphis MSA. The percentage of families living below the poverty threshold in the assessment area, 23.1 percent, is well above the 14.5 percent level in the Memphis MSA. Considering these factors, the assessment area is significantly less affluent than the Memphis MSA as a whole.

Housing Demographics

Based on housing values, income levels, and rental costs, housing in the assessment area appears to be slightly more affordable than in the Memphis MSA. The median housing value for the assessment area is $101,100, which is below the figure for the Memphis MSA, $134,598. The assessment area housing affordability ratio of 33.4 percent is slightly below the Memphis MSA figure of 34.2 percent. Also, the median gross rent for the assessment area of $644 per month is lower than the $773 per month for the Memphis MSA.

Furthermore, rental units appear to be more prominent in the assessment area than in the Memphis MSA. Of all housing units in the assessment area, 36.4 percent are rental units compared to 30.3 percent of rental units found in the Memphis MSA. The assessment area's higher percentage of rental units corresponds with information from community contacts regarding the demand for tax credit housing. Based on housing data and community contact interviews, housing does appear to be within reach of the LMI population in the assessment area.

Industry and Employment Demographics

The assessment area supports a large and diverse business community, including a strong small business sector. County business patterns from 2014 indicate that there are 13,528 paid employees in the assessment area. By percentage of employees, the three largest job categories in the assessment area are healthcare and social assistance (16.2 percent), followed by retail trade (15.8 percent), and transportation (13.8 percent).

The following table details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area compared to the Memphis MSA as a whole.

Unemployment Levels for the Assessment Area		
Time Period (Annual Average)	**Assessment Area**	**Memphis MSA**
2012	9.6%	8.5%
2013	8.5%	8.5%
2014	7.5%	7.4%
2015	6.4%	6.5%
2016 (7-month average)	4.7%	5.1%

As shown in the preceding table, unemployment levels for the assessment area, as well as the Memphis MSA, have shown a decreasing trend. Additionally, current unemployment levels in the assessment area are lower than the Memphis MSA levels.

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. Of these community contact interviews, one was with an individual specializing in affordable housing and another was conducted with an individual specializing in small business economic development. The community contact interviewees categorized the economy as weak and struggling with slow growth. There is strong demand for affordable housing, as many low-income individuals depend on tax credit for rental housing. It was noted by both community contacts that financial educational is needed in the assessment area. The small business community contact indicated that there was limited interest in small business startups in the assessment area.

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 following table displays the bank's quarterly 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 September 30, 2016**	**Average LTD Ratio**
First Community Bank	Marion, Arkansas	$151,002	79.1%
Regional Banks	Collierville, Tennessee	$287,588	88.7%
	Brownsville, Tennessee	$288,103	72.0%
	Senatobia, Mississippi	$211,428	67.4%

Based on data from the previous table, the bank's level of lending is above that of two other banks in the region. During the review period, the quarterly LTD ratio experienced a generally increasing trend with some fluctuations, with a 16-quarter average of 79.1 percent. In comparison, the majority of the average LTD ratios for the regional peers was lower and had a generally stable trend; the bank in Collierville had a higher average LTD ratio, and the bank in Brownsville experienced a generally increasing trend. Therefore, compared to data from regional banks, 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.

Lending Inside and Outside of Assessment Area January 1, 2015 through December 31, 2015						
Loan Type	**Inside Assessment Area**		**Outside Assessment Area**		**TOTAL**	
Small Business	49	74.2%	17	25.8%	**66**	**100%**
	$4,890	60.9%	$3,133	39.1%	**$8,023**	**100%**
HMDA	37	78.7%	10	21.3%	**47**	**100%**
	$2,429	73.5%	$874	26.5%	**$3,303**	**100%**
Consumer Motor Vehicle	45	81.8%	10	18.2%	**55**	**100%**
	$584	80.3%	$144	19.8%	**$728**	**100%**
TOTAL LOANS	**131**	**78.0%**	**37**	**22.0%**	**168**	**100%**
	$7,903	**65.6%**	**$4,151**	**34.4%**	**$12,054**	**100%**

A majority of loans and other lending-related activities were made in the bank's assessment area. As shown in the preceding table, 78.0 percent of the total loans were made inside the assessment area, accounting for 65.6 percent of the dollar volume of total loans.

Geographic Distribution of Loans

As noted previously, the assessment area includes 6 low-income and 7 moderate-income census tracts, representing 65.0 percent of all assessment area census tracts. Overall, the bank's geographic distribution of loans in this assessment area reflects poor penetration throughout these LMI census tracts, based on the small business, HMDA, and consumer motor vehicle loan categories. As previously stated, performance in the small business loan category carried the most significance in the overall rating of poor for geographic distribution.

The bank's geographic distribution of small business loans was reviewed. The following table displays the 2015 small business loan activity by geography income level compared to the location of businesses throughout the bank's assessment area and 2015 small business aggregate data.

Distribution of Loans Inside Assessment Area by Geography Income Level January 1, 2015 through December 31, 2015												
	Geography Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Small Business Loans	6	12.2%	13	26.5%	16	32.7%	14	28.6%	0	0.0%	**49**	**100%**
Business Institutions	30.0%		36.6%		14.0%		19.5%		0.0%		**100%**	
2015 Small Business Aggregate	25.5%		34.2%		17.5%		17.9%		4.9%		**100%**	

The bank's level of lending in low-income census tracts (12.2 percent) is below the estimated percentage of businesses operating inside these census tracts (30.0 percent) and 2015 aggregate lending levels in low-income census tracts (25.5 percent). Consequently, the bank's performance in low-income areas is poor. The bank's percentage of loans in moderate-income census tracts (26.5 percent) is below the 2015 aggregate lending percentage in moderate-income census tracts (34.2 percent) and below the percentage of small businesses in moderate-income census tracts (36.6 percent), representing poor performance. Therefore, the bank's overall geographic distribution of small business loans is poor.

The following table displays the geographic distribution of 2015 HMDA loans compared to owner-occupied housing demographics and aggregate performance for the assessment area.

Distribution of Loans Inside Assessment Area by Geography Income Level
January 1, 2015 through December 31, 2015

	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Home Purchase	6	31.6%	6	31.6%	4	21.1%	3	15.8%	0	0.0%	**19**	**100%**
Refinance	3	37.5%	1	12.5%	2	25.0%	2	25.0%	0	0.0%	**8**	**100%**
Home Improvement	2	20.0%	3	30.0%	3	30.0%	2	20.0%	0	0.0%	**10**	**100%**
Multifamily	0	0.0%	0	0.0%	0	50.0%	0	0.0%	0	0.0%	**0**	**100%**
TOTAL HMDA	**11**	**29.7%**	**10**	**27.0%**	**9**	**24.3%**	**7**	**18.9%**	**0**	**0.0%**	**37**	**100%**
Owner-Occupied Housing	21.9%		32.3%		21.1%		24.7%		0.0%		**100%**	
2015 HMDA Aggregate	13.1%		23.8%		23.5%		39.6%		0.0%		**100%**	

Bank performance in low-income census tracts was significantly above comparison data and deemed excellent. The bank's total penetration of low-income census tracts by number of loans (29.7 percent) is well above the percentage of owner-occupied housing units in low-income census tracts (21.9 percent). The bank's performance in low-income census tracts exceeds the other lenders in the assessment area based on 2015 HMDA aggregate data, which indicate that 13.1 percent of aggregate HMDA loans inside this assessment area were made to borrowers residing in low-income geographies.

The analysis of HMDA loans revealed reasonable lending performance to borrowers residing in moderate-income geographies. The bank's total penetration of moderate-income census tracts by number of loans (27.0 percent) is below the percentage of owner-occupied housing units in moderate-income census tracts (32.3 percent). However, the bank's performance in moderate-income census tracts is outperforming that of other lenders based on aggregate lending data, which indicate that 23.8 percent of aggregate HMDA loans inside this assessment area were made to borrowers residing in moderate-income census tracts. Combined, the bank's geographic distribution of HMDA loans in LMI geographies (56.7 percent) is excellent.

Lastly, the bank's geographic distribution of consumer motor vehicle loans was reviewed. The following table displays the geographic distribution of 2015 consumer motor vehicle loans compared to household population demographics for the assessment area.

Distribution of Loans Inside Assessment Area by Geography Income Level January 1, 2015 through December 31, 2015												
	Geography Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Consumer Motor Vehicle Loans	2	4.4%	2	4.4%	22	48.9%	19	42.2%	0	0.0%	**45**	**100%**
Household Population	31.3%		33.3%		19.5%		15.9%		0.0%		**100%**	

This analysis revealed very poor loan distribution throughout the assessment area. The bank's performance in low-income census tracts is 4.4 percent, which is significantly below the low-income household population of 31.3 percent, reflecting very poor performance. Similarly, the bank's performance in moderate-income tracts is also very poor as its lending to moderate-income tracts (4.4 percent) is less than the household population for those tracts (33.3 percent). In total, of the 45 motor vehicle loans reviewed, 8.8 percent were made to borrowers in LMI census tracts, which is significantly below the LMI household population of 64.6 percent. Based on this data, the geographic distribution of consumer motor vehicle loans reflects very poor performance.

Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is reasonable, based on performance from all three loan categories reviewed. While the bank's HMDA loan distribution by borrower's profile is poor, performance under both the small business and consumer motor vehicle categories is excellent. Greater significance is 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 2015 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

Distribution of Loans Inside Assessment Area by Business Revenue January 1, 2015 through December 31, 2015								
Gross Revenue	**Loan Amounts in $000s**						**TOTAL**	
	≤$100		**>$100 and ≤$250**		**>$250 and $1,000**			
$1 Million or Less	24	49.0%	4	8.2%	4	8.2%	**32**	**65.3%**
Greater than $1 Million/Unknown	14	28.6%	2	4.1%	1	2.0%	**17**	**34.7%**
TOTAL	**38**	**77.6%**	**6**	**12.2%**	**5**	**10.2%**	**49**	**100%**
Dun & Bradstreet Businesses ≤ 1MM							**91.0%**	
2015 CRA Aggregate Data							**40.1%**	

The bank's level of lending to small businesses is reasonable. The bank originated the majority of its small business loans (65.3 percent) to businesses with revenues of $1 million or less. In comparison, assessment area demographics estimate that 91.0 percent of businesses in the assessment area had annual revenues of $1 million or less, and the 2015 aggregate lending level to small businesses is 40.1 percent. In addition, the fact that 24 of the 32 (or 75.0 percent) of loans to small businesses reviewed were in amounts of $100,000 or less further indicates the bank's willingness to meet the credit needs of small businesses.

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 ($60,400 for the Memphis MSA as of 2015). The following table shows the distribution of HMDA reported loans by borrower income level in comparison to family population income demographics for the assessment area. Additionally, 2015 aggregate data for the assessment area is displayed.

Distribution of Loans Inside Assessment Area by Borrower Income January 1, 2015 through December 31, 2015												
	Borrower Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Home Purchase	0	0.0%	1	5.3%	2	10.5%	8	42.1%	8	42.1%	**19**	**100%**
Refinance	0	0.0%	2	25.0%	0	0.0%	5	62.5%	1	12.5%	**8**	**100%**
Home Improvement	1	10.0%	1	10.0%	2	20.0%	4	40.0%	2	20.0%	**10**	**100%**
Multifamily	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	**0**	**100%**
TOTAL HMDA	**1**	**2.7%**	**4**	**10.8%**	**4**	**10.8%**	**17**	**45.9%**	**11**	**29.7%**	**37**	**100%**
Family Population	35.3%		17.4%		17.8%		29.4%		0.0%		**100%**	
2015 HMDA Aggregate	8.9%		19.0%		20.3%		25.9%		25.9%		**100%**	

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (2.7 percent) is substantially below the low-income family population figure (35.3 percent) and below the 2015 aggregate lending level to low-income borrowers (8.9 percent), reflecting poor performance. Similarly, the bank's level of lending to moderate-income borrowers (10.8 percent) is below the moderate-income family population percentage (17.4 percent) and below the 2015 aggregate lending level to moderate-income borrowers (19.0 percent), reflecting poor performance. Therefore, considering performance to both income categories, the bank's overall distribution of loans by borrower's profile is poor.

Lastly, as with the bank's residential real estate loan activity, the borrower distribution of consumer loans was also analyzed by borrower's income profile. The following table shows the distribution of consumer motor vehicle loans by income level of the borrower compared to household population income characteristics.

Distribution of Loans Inside Assessment Area by Income Level of Borrower January 1, 2015 through December 31, 2015												
	Borrower Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Consumer Motor Vehicle Loans	17	37.8%	9	20.0%	13	28.9%	6	13.3%	0	0.0%	**45**	**100%**
Household Population	34.5%		18.8%		15.0%		31.7%		0.0%		**100%**	

This analysis revealed excellent penetration to LMI borrowers. The bank's performance by number of motor vehicle loans made to low-income borrowers (37.8 percent) is above the household population comparison (34.5 percent), reflecting excellent performance. Also, the bank's lending performance to moderate-income borrowers (20.0 percent) is above the household population comparison (18.8 percent), reflecting excellent performance. Combined, 57.8 percent of the consumer motor vehicle loans were made to LMI borrowers, which is above the LMI household population of 53.3 percent.

Responses to Complaints

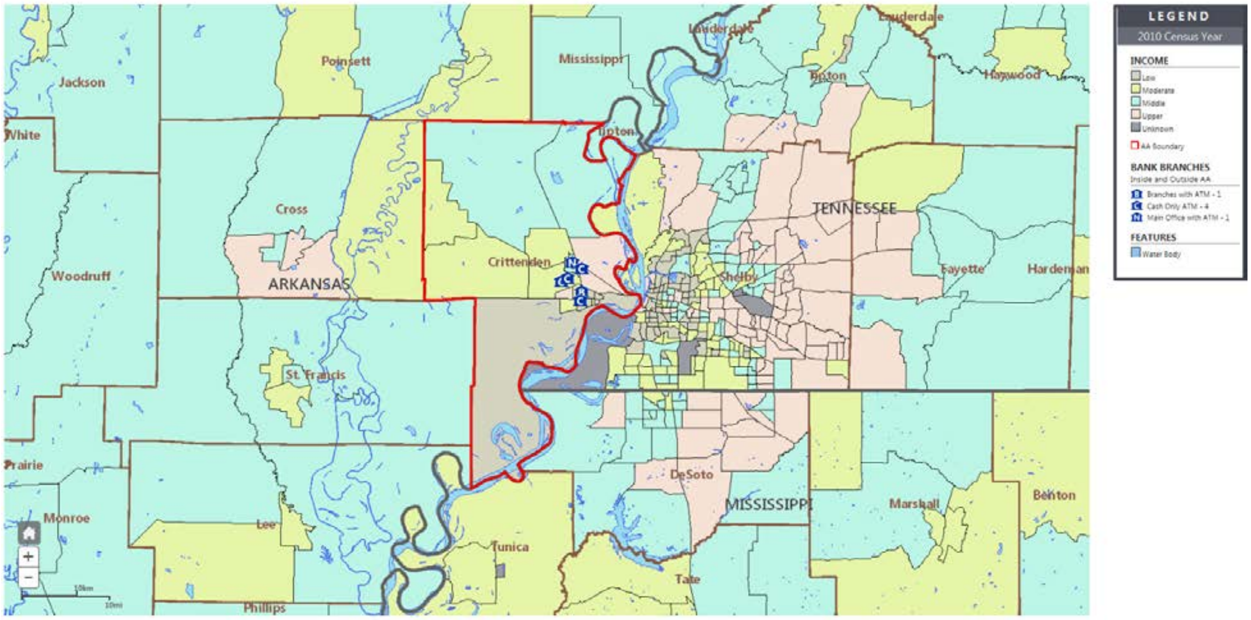
No CRA-related complaints were filed against the bank during this review period (October 30, 2012 through January 9, 2017).

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 Community Bank - Marion, Arkansas
Tract Income Map



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.