PUBLIC DISCLOSURE

November 27, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Farmers Bank and Trust Company
RSSD #33147

400 West Main Street
Blytheville, Arkansas 72315

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

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

- The bank's loan-to-deposit (LTD) ratio 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 geographic distribution of loans reflects a reasonable dispersion throughout the AA.
- The borrower's profile analysis reveals reasonable distribution among individuals of different income levels, including low- and moderate-income (LMI), and businesses of different sizes.
- 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 AA.

Small business, 1–4 family residential real estate, 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 and the bank's stated business strategy. The bank is particularly focused on commercial lending; therefore, performance based on the small business loan category carried the most significance toward the bank's overall performance conclusions.

Additionally, a review of loan activity during the evaluation period revealed a significant portion of 1–4 family residential real estate lending to corporations and other legal entities for investment properties as compared to aggregate data. Income data is not reported in these transactions, resulting in unknown income figures. As a result, the borrower distribution analysis carries less weight than the geographic distribution analysis of loans when determining overall performance conclusions under this test.

The following table includes the corresponding time period for each performance category.

Performance Criterion	Time Period
LTD Ratio	December 31, 2018 – September 30, 2023
Assessment Area Concentration	January 1, 2022 – December 31, 2022
Geographic Distribution of Loans	
Loan Distribution by Borrower's Profile	
Response to Written CRA Complaints	November 26, 2018 – November 26, 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 and CRA aggregate lending data. Unless otherwise noted, AA demographics are based on 2020 American Community Survey data; certain business demographics are based on 2022 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 $214.4 million to $537.0 million as of September 30, 2023.

To augment this evaluation, one community contact interview was utilized with a member of the local community to ascertain specific credit needs, opportunities, and local market conditions within the bank's AA. 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

Farmers Bank and Trust Company is an intrastate community bank headquartered in Blytheville, Arkansas. The bank's characteristics include:

- The bank is a wholly owned subsidiary of Farmers Bancorp of Blytheville, Arkansas.

- The bank has total assets of $381.2 million as of September 30, 2023. That represents an increase of 44.2 percent since the last evaluation.

- In addition to its main office in Blytheville, the bank has five other offices located in Blytheville, Arkansas. All branches are located within the bank's delineated AA in Mississippi County.

- The bank operates four interactive teller machines and two cash-dispensing-only automated teller machines.

- 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 lending (including commercial real estate, commercial and industrial, and farm loans), followed by loans secured by 1–4 family residential properties. Consumer motor vehicle loans were included in the review, as they represent a high-volume product offering for the bank. This is not reflected in the following table, as non-residential real estate consumer loans are typically made in smaller dollar amounts relative to other credit products.

Composition of Loan Portfolio as of September 30, 2023		
Loan Type	**Amount $ (000s)**	**Percentage of Total Loans**
1–4 Family Residential	$67,261	21.3%
Farm Loans	$62,132	19.7%
Commercial Real Estate	$58,979	18.7%
Commercial and Industrial	$51,864	16.4%
Farmland	$35,691	11.3%
Construction and Development	$26,706	8.5%
Loans to Individuals	$8,723	2.8%
Multifamily Residential	$3,638	1.2%
Total Other Loans	$932	0.3%
TOTAL	**$315,926**	**100%**
Note: Percentages may not total 100.0% due to rounding.		

The bank was rated Satisfactory under the CRA at its November 26, 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 Mississippi County in its entirety, which is located in a nonmetropolitan statistical area (nonMSA) portion of Arkansas (see Appendix A for an AA map).

- There have been no changes to the AA delineation since the prior evaluation.

- According to the June 30, 2023, Federal Deposit Market Share report, the bank has a market share of 44.4 percent, which ranks first out of seven 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 (44.1 percent), retail (11.0 percent), and accommodation and food services (6.8 percent).

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown-**	**TOTAL**
Census Tracts	1	4	5	4	0	**14**
	7.1%	28.6%	35.7%	28.6%	0.0%	**100%**
Family Population	614	2,376	4,324	3,899	0	**11,213**
	5.5%	21.2%	38.6%	34.8%	0.0%	**100%**

- 35.7 percent of the bank's AA census tracts are LMI, and 42.8 percent of AA families are LMI.

- The FFIEC has designated all five of the middle-income census tracts as distressed due to poverty and population loss.

Population Change			
Area	**2015 Population**	**2020 Population**	**Percent Change**
Assessment Area	44,864	40,685	-9.3%
NonMSA Arkansas	1,133,475	1,086,823	-4.1%
Source: 2020 U.S. Census Bureau: Decennial Census *2011–2015 U.S. Census Bureau: American Community Survey*			

- The AA population experienced a declining trend, decreasing 9.3 percent from 2015 to 2020, more than double the rate of nonMSA Arkansas.

Median Family Income Change			
Area	**2015 Median Family Income**	**2020 Median Family Income**	**Percent Change**
Assessment Area	$45,894	$52,556	14.5%
NonMSA Arkansas	$49,217	$53,702	9.1%
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.*			

- The median family income for the AA showed a 14.5 percent increase from 2015 to 2020, which is greater than the median family income growth experienced by nonMSA Arkansas (9.1 percent). This trend was also noted by the community contact, who stated that many new jobs in the AA are paying higher wages.

Unemployment Rates						
Area	**2018**	**2019**	**2020**	**2021**	**2022**	**2023 YTD (September 2023)**
Assessment Area	5.6%	5.0%	9.1%	7.2%	5.2%	4.7%
NonMSA Arkansas	4.3%	4.2%	6.4%	4.5%	3.9%	3.6%
Source: Bureau of Labor Statistics: Local Area Unemployment Statistics						

- Unemployment levels in the AA are higher than nonMSA Arkansas. All areas experienced a spike in unemployment in 2020 due to the COVID-19 pandemic and subsequent decline in the years that followed.

- The community contact stated that there is difficulty in attracting young workers to the area due to competition from bigger cities that have more activities and attractions.

Housing Cost Burden						
Area	**Cost Burden – Renters**			**Cost Burden – Owners**		
	Low-Income	**Moderate-Income**	**All Renters**	**Low-Income**	**Moderate-Income**	**All Owners**
Assessment Area	75.6%	30.5%	38.8%	48.7%	23.2%	12.7%
NonMSA Arkansas	62.7%	28.4%	34.5%	50.4%	23.5%	15.5%
Cost burden is housing cost that equals 30% or more of household income. *Source: 2016–2020 U.S. Department of Housing and Urban Development (HUD): Comprehensive Housing Affordability Strategy*						

- Within the AA, the housing cost burden is significantly higher for low-income renters (75.6 percent) and homeowners (48.7 percent) in the AA compared to moderate-income renters and owners (30.5 percent and 23.2 percent, respectively) and all renters and owners (38.8 percent and 12.7 percent, respectively).

- The housing cost burden in nonMSA Arkansas is lower for renters overall compared to the AA, particularly for low-income renters (62.7 percent vs. 75.6 percent), while the cost burden for low-income owners (50.4 percent vs. 48.7 percent) and owners overall (15.5 percent vs. 12.7 percent) is slightly higher for nonMSA Arkansas as compared to the AA.

- The community contact indicated that adequate affordable housing is in limited supply, and aging properties need updates to make them more energy efficient.

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 geographic location.

Comparative LTD Ratios December 31, 2018 – September 30, 2023			
Institution	**Location**	**Asset Size $ (000s)**	**LTD Ratio (%) 20-Quarter Average**
Farmers Bank and Trust Company	Blytheville, Arkansas	$381,211	83.9%
Similarly Situated Institutions			
Regional Banks	Wynne, Arkansas	$405,516	94.0%
	Forrest City, Arkansas	$536,966	55.4%
	Kennett, Missouri	$214,362	85.9%

During the review period, the bank maintained a 20-quarter average of 83.9 percent, which is within the range of the similarly situated regional banks used for comparison. 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	66	82.5	14,358	88.2	14	17.5	1,929	11.8
1–4 Family Residential Real Estate	87	87.9	8,350	85.6	12	12.1	1,408	14.4
Consumer Motor Vehicle	78	81.3	1,784	79.3	18	18.8	466	20.7
TOTAL LOANS	231	84.0	24,491	86.6	44	16.0	3,802	13.4
Note: Percentages may not total 100.0% due to rounding.								

A majority of the bank's loans, by number and dollar, are originated inside the AA. Overall, 84.0 percent of the total loans were originated inside the AA, accounting for 86.6 percent of the total dollar volume of loans.

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 dispersion throughout the AA. The geographic distribution of the bank's small business loans reflects excellent dispersion; the geographic distribution of 1–4 family residential real estate and of consumer motor vehicle loans both reflect reasonable distribution. Lending was dispersed throughout all the bank's AA census tracts, and no conspicuous lending gaps were noted.

<u>Small Business Lending</u>

The geographic distribution of small business lending is excellent. The bank's geographic distribution of small business loans in low-income census tracts (13.6 percent) far exceeds aggregate lending (7.5 percent) and the demographic figure (6.7 percent). In moderate-income census tracts, the bank's distribution of small business loans (30.3 percent) is slightly higher than the aggregate (27.0 percent) and is comparable to the demographic figure (30.1 percent). Additionally, the community contact mentioned the bank by name as aggressively working to make business loans in the county.

Distribution of 2022 Small Business Lending by Income Level of Geography
Assessment Area: Mississippi County

Tract Income Levels	Count			Dollar			Total Businesses
	Bank		Aggregate	Bank		Aggregate	
	#	%	%	$ (000s)	$ %	$ %	%
Low	9	13.6%	7.5%	$2,838	19.8%	3.4%	6.7%
Moderate	20	30.3%	27.0%	$4,224	29.4%	31.1%	30.1%
Middle	10	15.2%	32.3%	$2,977	20.7%	33.0%	34.3%
Upper	27	40.9%	31.1%	$4,319	30.1%	31.3%	28.9%
Unknown	0	0.0%	2.1%	$0	0.0%	1.3%	0.0%
TOTAL	66	100.0%	100.0%	$14,358	100.0%	100.0%	100.0%

Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016–2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0% due to rounding.

<u>Residential Real Estate Lending</u>

The geographic distribution of home mortgage lending is reasonable. The bank's distribution of residential real estate loans in low-income census tracts (6.9 percent) exceeds aggregate (2.2 percent) and slightly exceeds the demographic figure (5.4 percent). The bank's distribution of loans in moderate-income census tracts (10.3 percent) is comparable to aggregate (10.4 percent) and trails demographic (18.7 percent).

Distribution of 2022 Residential Real Estate Lending by Income Level of Geography Assessment Area: Mississippi County							
Geographic Income Level	**Bank and Aggregate Loans**						**Owner-Occupied Units %**
	Bank		**Aggregate**	**Bank**		**Aggregate**	
	#	**# %**	**# %**	**$ (000s)**	**$ %**	**$ %**	
Low	6	6.9%	2.2%	$901	10.8%	1.6%	5.4%
Moderate	9	10.3%	10.4%	$882	10.6%	10.7%	18.7%
Middle	28	32.2%	38.2%	$1,810	21.7%	33.8%	36.2%
Upper	44	50.6%	49.2%	$4,756	57.0%	53.9%	39.7%
Unknown	0	0.0%	0.0%	$0	0.0%	0.0%	0.0%
TOTAL	87	100.0%	100.0%	$8,350	100.0%	100.0%	100.0%
Source: 2022 FFIEC Census Data *2016–2020 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 overall distribution of consumer motor vehicle loans in low-income census tracts (10.3 percent) exceeds demographic (7.0 percent), while the bank's distribution of loans in moderate-income census tracts (15.4 percent) trails the demographic comparator (21.6 percent).

Distribution of 2022 Consumer Motor Vehicle Lending by Income Level of Geography Assessment Area: Mississippi County					
Geographic Income Level	**Bank Loans**				**Households %**
	#	**# %**	**$ (000s)**	**$ %**	
Low	8	10.3%	$203	11.4%	7.0%
Moderate	12	15.4%	$269	15.1%	21.6%
Middle	24	30.8%	$561	31.4%	36.6%
Upper	34	43.6%	$751	42.1%	34.8%
Unknown	0	0.0%	$0	0.0%	0.0%
TOTAL	**78**	**100.0%**	**$1,784**	**100.0%**	**100.0%**
Source: 2022 FFIEC Census Data *2016–2020 U.S. Census Bureau: American Community Survey* *Note: Percentages may not total 100.0% due to rounding.*					

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 a reasonable distribution among businesses of different sizes and individuals of different income levels when considering performance in the three loan categories. More specifically, the bank's lending performance to small businesses is reasonable, its lending performance to LMI residential real estate borrowers is poor, and its lending performance to LMI consumer motor vehicle borrowers is excellent.

Small Business Lending

The borrower distribution of small business lending is reasonable. The bank's lending to small businesses (77.3 percent) significantly exceeds aggregate lending levels (47.2 percent) but is below the demographic figure (87.0 percent).

Distribution of 2022 Small Business Lending by Revenue Size of Businesses
Assessment Area: Mississippi County

Business Revenue and Loan Size		Count			Dollars			Total Businesses
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	$ (000s)	$ %	$ %	%
Business Revenue	$1 Million or Less	51	77.3%	47.2%	$7,765	54.1%	28.4%	87.0%
	Over $1 Million/ Unknown	15	22.7%	52.8%	$6,592	45.9%	71.6%	13.0%
	TOTAL	**66**	**100.0%**	**100.0%**	**$14,357**	100.0%	100.0%	100.0%
Loan Size	$100,000 or Less	25	37.9%	94.3%	$1,530	10.7%	43.3%	
	$100,001 – $250,000	24	36.4%	3.6%	$3,611	25.1%	20.5%	
	$250,001 – $1 Million	17	25.8%	2.1%	$9,216	64.2%	36.2%	
	Over $1 Million	0	0.0%	0.0%	$0	0.0%	0.0%	
	TOTAL	**66**	**100.0%**	**100.0%**	**$14,357**	**100.0%**	100.0%	
Loan Size / Revenue $1 Million or Less	$100,000 or Less	23	45.1%		$1,442	18.6%		
	$100,001 – $250,000	20	39.1%		$2,980	38.4%		
	$250,001 – $1 Million	8	15.7%		$3,343	43.1%		
	Over $1 Million	0	0.0%		$0	0.0%		
	TOTAL	**51**	**100.0%**		**$7,765**	**100.0%**		

Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016–2020 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 poor. The bank's performance lending to low-income borrowers (4.6 percent) is slightly less than aggregate (5.2 percent) and significantly less than the percentage of low-income households (24.5 percent) in the AA. The bank's lending to moderate-income borrowers (3.4 percent) is significantly less than both the aggregate (16.4 percent) and demographic (18.3 percent) figures. While several of the bank's loans were to upper-income borrowers, the percentage (19.5 percent) is still much lower than aggregate (34.9 percent).

- As shown in the table below, a substantial number of the bank's 1–4 family residential real estate loans are to borrowers with unknown incomes (63.2 percent). As mentioned in the *Scope of Examination* section, these loans are primarily to corporations and other legal entities and are not considered in the borrower distribution analysis. Therefore, less weight is given to this product for determining the overall rating.

Distribution of 2022 Residential Real Estate Lending by Borrower Income Level Assessment Area: Mississippi County							
Borrower Income Level	**Bank and Aggregate Loans**						**Families by Family Income %**
	Bank		**Aggregate**	**Bank**		**Aggregate**	
	#	**# %**	**# %**	**$ (000s)**	**$ %**	**$ %**	
Low	4	4.6%	5.2%	$214	2.6%	2.5%	24.5%
Moderate	3	3.4%	16.4%	$224	2.7%	9.9%	18.3%
Middle	8	9.2%	20.0%	$574	6.9%	16.0%	16.6%
Upper	17	19.5%	34.9%	$1,784	21.4%	44.5%	40.5%
Unknown	55	63.2%	23.6%	$5,553	66.5%	27.1%	0.0%
TOTAL	87	100.0%	100.0%	$8,350	100.0%	100.0%	100.0%

Source: 2022 FFIEC Census Data
2016–2020 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.

<u>Consumer Motor Vehicle</u>

The borrower distribution of consumer motor vehicle lending is excellent. The bank's lending to low-income borrowers (29.5 percent) exceeds the percentage of low-income households (24.6 percent) in the AA, while the bank's lending to moderate-income borrowers (29.5 percent) nearly doubles the household comparator (16.2 percent).

Distribution of 2022 Consumer Motor Vehicle Lending by Borrower Income Level Assessment Area: Mississippi County					
Borrower Income Level	**Bank Loans**				**Households by Household Income %**
	#	**# %**	**$ (000s)**	**$ %**	
Low	23	29.5%	$450	25.2%	24.6%
Moderate	23	29.5%	$531	29.8%	16.2%
Middle	10	12.8%	$213	12.0%	16.3%
Upper	8	10.3%	$191	10.7%	42.9%
Unknown	14	17.9%	$398	22.3%	0.0%
TOTAL	78	100.0%	$1,783	100.0%	100.0%

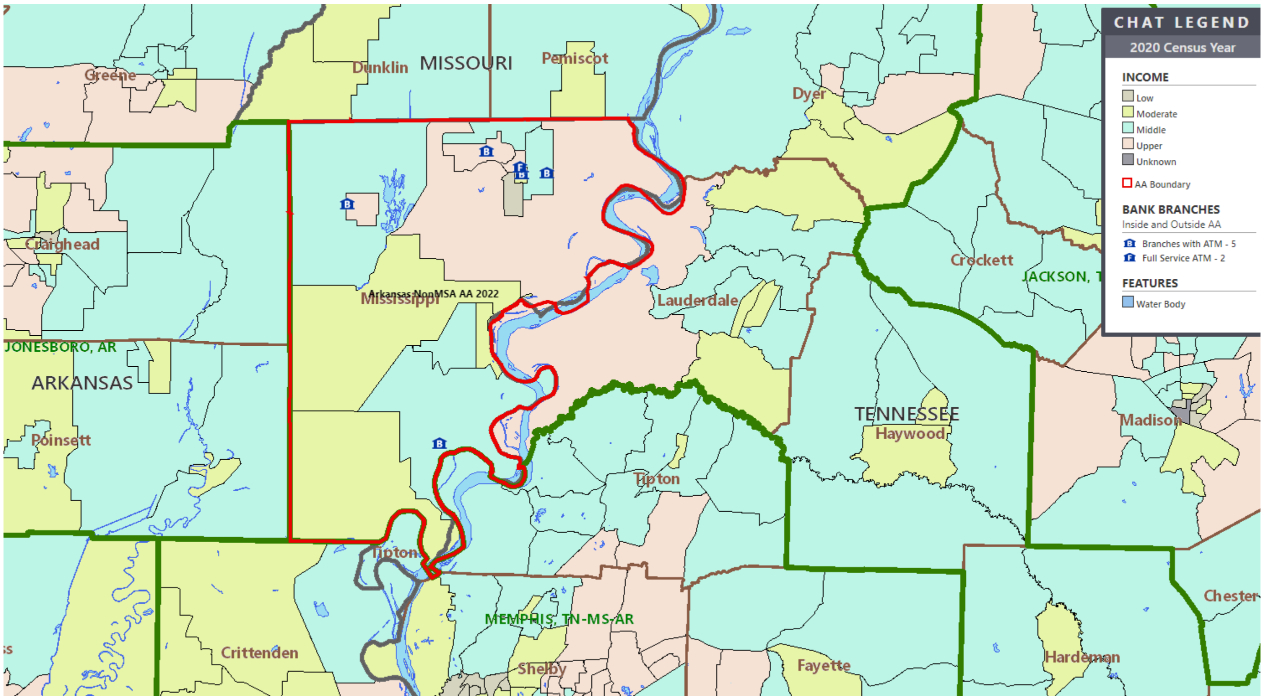
Source: 2022 FFIEC Census Data
2016–2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0% due to rounding.

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

Mississippi County AA



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) affordable housing (including multifamily rental housing) for low- or moderate-income individuals; (2) community services targeted to low- or moderate-income 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 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.