PUBLIC DISCLOSURE

December 7, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

FNB Oxford Bank
RSSD #590640

101 Courthouse Square
Oxford, Mississippi 38655

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.**

TABLE OF CONTENTS

I. Institution
   a. Institution's CRA Rating 1
   b. Scope of Examination 1
   c. Description of Institution 2
   d. Conclusions with Respect to Performance Tests 4

II. Lafayette County, Mississippi NonMSA Assessment Area (full-scope review)
   a. Description of Institution's Operations in the Lafayette County Assessment Area 6
   b. Conclusions with Respect to Performance Tests in the Lafayette County Assessment Area 9

III. Lee County, Mississippi NonMSA Assessment Area (full-scope review)
   a. Description of Institution's Operations in the Lee County Assessment Area 11
   b. Conclusions with Respect to Performance Tests in the Lee County Assessment Area 14

IV. Appendices
   a. Assessment Areas Detail 17
   b. Glossary 18

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

FNB Oxford 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 include:

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment areas.
- A majority of loans are in the assessment areas.
- Distribution of loans to borrowers reflects reasonable penetration among businesses of different revenue sizes and individuals of different income levels (including low- and moderate-income [LMI]).
- The geographic distribution of loans reflects a poor dispersion throughout the assessment areas.
- No CRA-related complaints were filed against the bank since the previous CRA evaluation.

SCOPE OF EXAMINATION

The bank's CRA performance was reviewed using the Federal Financial Institutions Examination Council's (FFIEC's) small bank procedures. The bank operates within two separate assessment areas, both are located in northern Mississippi. The bank's primary assessment area is Lafayette County. Its second assessment area is Lee County, which is located one full county to the east of Lafayette County. Both assessment areas are located in a nonmetropolitan statistical area (nonMSA) portion of the state and were analyzed using full-scope review procedures.

The following table details the number of branch offices, breakdown of deposits, and the CRA review procedures applicable to each assessment area reviewed as part of this evaluation. Deposit information in the following table and throughout this evaluation is taken from the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2020.

Assessment Area	Offices		Deposits as of June 30, 2020		Assessment Area Reviews		
	#	%	$ (000s)	%	Full Scope	Limited Scope	TOTAL
Lafayette County	4	80%	$336,035	98.4%	1	0	**1**
Lee County	1	20%	$5,464	1.6%	1	0	**1**
OVERALL	**5**	**100%**	**$341,499**	**100%**	**2**	**0**	**2**

In light of branch structure and loan and deposit activity, the bank's CRA performance in the Lafayette County assessment area was given primary consideration, as it contains the vast majority of the bank's loan and deposit activity.

Furthermore, small business and 1–4 family residential real estate loans were used to evaluate the bank's lending performance, as these loan categories represent the bank's core business lines based on lending volume and the bank's stated business strategy. Therefore, the loan activity represented by these credit products is deemed indicative of the bank's overall lending performance. However, as the bank has a particular emphasis on and higher volume of small business lending, performance based on the small business loan category carried the most significance toward the bank's overall performance conclusions. The following table details the performance criteria and the corresponding time periods used in each analysis.

Performance Criterion	Time Period
LTD Ratio	June 30, 2016 – September 30, 2020
Assessment Area Concentration	January 1, 2019 – December 31, 2019
Loan Distribution by Borrower's Profile	
Geographic Distribution of Loans	
Response to Written CRA Complaints	May 9, 2016 – December 6, 2020

Lending Test analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on Home Mortgage Disclosure Act and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2015 American Community Survey (ACS) data and certain business demographics are based on 2019 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 affecting 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 $322.0 million to $395.5 million as of September 30, 2020.

To augment this evaluation, four community contact interviews conducted with members of the local community were referenced to ascertain specific credit needs, opportunities, and local market conditions within the bank's assessment areas. Information from these interviews also assisted in evaluating the bank's responsiveness to identified community credit needs and community development opportunities. Key details from these community contact interviews are included in the *Description of Assessment Area* section, applicable to the assessment area in which they were conducted.

DESCRIPTION OF INSTITUTION

FNB Oxford Bank is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is wholly owned by First National Holding Company, a one-bank holding company. The bank and its holding company are both headquartered in Oxford, Mississippi. The bank's branch network consists of five offices (including the main office), all of which have full-service automated teller machines (ATMs) on site. The main office and two branches are full-service facilities, whereas the other two branches only offer limited services. In addition, the main office and three branches have interactive teller machines on site with extended service hours. Furthermore, the main office and three branches have drive-thru accessibility. The bank did not open any branch offices during this review period, but did close one limited-service facility that was in an upper-income census tract. Based on the current branch network and other service delivery systems, such as full-service online banking capabilities, the bank is well positioned to deliver financial services to the entirety of its assessment areas.

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 the credit needs of its assessment areas based on its available resources and financial products. As of September 30, 2020, the bank reported total assets of $440.4 million. As of the same date, loans and leases outstanding were $231.8 million (52.6 percent of total assets), and deposits totaled $355.5 million. The bank's loan portfolio composition by credit category is displayed in the following table:

Distribution of Total Loans as of September 30, 2020		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Construction and Development	$30,878	13.3%
Commercial Real Estate	$70,383	30.4%
Multifamily Residential	$16,112	7.0%
1–4 Family Residential	$69,888	30.2%
Farmland	$1,538	0.7%
Farm Loans	$0	0.0%
Commercial and Industrial	$38,582	16.6%
Loans to Individuals	$3,983	1.7%
Total Other Loans	$382	0.2%
TOTAL	**$231,746**	**100%**

As indicated in the preceding table, a significant portion of the bank's lending resources is directed to commercial real estate loans, loans secured by 1–4 family residential properties, and commercial and industrial loans.

The bank received a Satisfactory rating at its previous CRA evaluation conducted by this Reserve Bank on May 9, 2016.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

The bank meets the standards for a satisfactory rating under the small bank procedures, which evaluate bank performance under the following five criteria, as applicable.

Loan-to-Deposit (LTD) Ratio

One indication of the bank's overall level of lending activity is its LTD ratio. The table below displays the bank's average LTD ratio in comparison to those of regional peers. The average LTD ratio represents an 18-quarter average, dating back to the bank's last CRA evaluation.

LTD Ratio Analysis			
Name	**Headquarters**	**Asset Size ($000s) as of September 30, 2020**	**Average LTD Ratio**
FNB Oxford Bank	Oxford, Mississippi	$440,348	69.6%
Regional Banks	Clarksdale, Mississippi	$362,343	71.9%
	Baldwyn, Mississippi	$395,545	65.2%
	Iuka, Mississippi	$322,026	59.1%

Based on data from the previous table, the bank's level of lending is in line with that of other banks in the region. During the review period, the bank's quarterly LTD ratio experienced a generally stable trend with an average of 69.6 percent. In comparison, the average LTD ratios for the regional peers were similar; one peer's LTD ratio exhibited a generally stable trend as well, while one slightly increased and one slightly decreased during the same 18-quarter period. Therefore, compared to data from regional banks, the bank's average LTD ratio is reasonable given the bank's size, financial condition, and credit needs of its assessment areas.

Assessment Area Concentration

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

Lending Inside and Outside of Assessment Areas January 1, 2019 through December 31, 2019						
Loan Type	**Inside Assessment Areas**		**Outside Assessment Areas**		**TOTAL**	
Small Business	86	86.0%	14	14.0%	**100**	**100%**
	$11,483	79.8%	$2,900	20.2%	**$14,383**	**100%**
1–4 Family Residential Real Estate	74	82.2%	16	17.8%	**90**	**100%**
	$11,458	84.3%	$2,130	15.7%	**$13,588**	**100%**
TOTAL LOANS	**160**	**84.2%**	**30**	**15.8%**	**190**	**100%**
	$22,941	**82.0%**	**$5,031**	**18.0%**	**$27,972**	**100%**

A majority of loans and other lending-related activities were made in the bank's assessment areas. As shown in the preceding table, 84.2 percent of the total loans were made inside the assessment areas, accounting for 82.0 percent of the dollar volume of total loans.

Geographic and Borrower Distribution

As displayed in the following table, overall performance by borrower's income/revenue profile is reasonable, based on the analyses of lending in the bank's two assessment areas.

Assessment Area	Loan Distribution by Borrower's Profile
Lafayette County	Reasonable
Lee County	Reasonable
OVERALL	**REASONABLE**

As displayed in the following table, the bank's overall distribution of lending by income level of census tract reflects poor penetration throughout the bank's two assessment areas subject to review.

Assessment Area	Geographic Distribution of Loans
Lafayette County	Reasonable
Lee County	Poor
OVERALL	**POOR**

The Lafayette County assessment area contained no low- or moderate-income census tracts and, therefore, carried less weight in the overall geographic distribution of loans rating.

Responses to Complaints

No CRA-related complaints were filed against the bank during this review period (May 9, 2016 through December 6, 2020).

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

LAFAYETTE COUNTY, MISSISSIPPI NONMSA ASSESSMENT AREA

(Full-Scope Review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE LAFAYETTE COUNTY ASSESSMENT AREA

Bank Structure

The bank operates four of its five offices in this assessment area. Of the four offices, two are located in middle-income tracts and two are located in upper-income tracts. Since the last examination, the bank did not open any branches in this assessment area, but did close one limited-service office that was located in an upper-income tract. Based on its branch network and other service delivery systems, the bank is well positioned to deliver financial services to substantially all of the assessment area.

General Demographics

The assessment area consists of Lafayette County in its entirety. This is the bank's primary assessment area and is located in northern Mississippi. Per 2015 ACS data, the assessment area population is 51,169. Of the 14 FDIC-insured depository institutions with a branch presence in this assessment area, the bank ranked first in deposit market share, encompassing 22.7 percent of total deposit dollars. Notably, the bank currently holds a large portion of public deposits.

Credit needs in the assessment area, as noted primarily from community contact interviews, are centered on funding for small businesses and startups. Contacts noted that brick-and-mortar space for businesses is plentiful, but mostly out of reach for small businesses and startups. The area around Oxford, where the bank's main office is located, is home to the University of Mississippi. The university's enrollment remains around 18,600 students (roughly 36 percent of the Lafayette County population). One contact mentioned that it is common for entrepreneurial students from the university to stay in the area following graduation. The mix of college students and retirees has led to several successful retail and food/beverage startups in the area's recent history.

Income and Wealth Demographics

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

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	0	0	3	6	1	**10**
	0.0%	0.0%	30.0%	60.0%	10.0%	**100%**
Family Population	0	0	2,885	7,229	229	**10,343**
	0.0%	0.0%	27.9%	69.9%	2.2%	**100%**

As shown in the preceding table, there are no LMI census tracts within the assessment area.

According to 2015 ACS data, the median family income for the assessment area was $62,559. At the same time, the median family income for nonMSA Mississippi was $43,897. More recently, the FFIEC estimated the 2019 median family income for nonMSA Mississippi to be $47,800. The following table displays population percentages of assessment area families by income level compared to the nonMSA Mississippi as a whole.

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Lafayette County	1,626	1,011	1,692	6,014	**10,343**
	15.7%	9.8%	16.4%	58.2%	**100%**
NonMSA Mississippi	94,570	65,672	68,539	167,156	**395,937**
	23.9%	16.6%	17.3%	42.2%	**100%**

As shown in the preceding table, 25.5 percent of the families in the assessment area are considered LMI, which is noticeably lower than the LMI family percentage of 40.5 percent in nonMSA Mississippi as a whole. The percentage of families living below the poverty threshold in the assessment area (12.6 percent) is also significantly lower than the nonMSA Mississippi level of 20.1 percent. Considering these factors, the assessment area appears more affluent than nonMSA Mississippi as a whole.

Housing Demographics

Based on housing values, income levels, and rental costs, homeownership in the assessment area is less affordable than nonMSA Mississippi as a whole. The median housing value for the assessment area ($159,136) is significantly higher than the nonMSA Mississippi figure ($84,318). The assessment area housing affordability ratio of 28.1 percent is also lower than that of nonMSA Mississippi (41.0 percent). Based on the housing values and affordability ratio comparisons, homeownership may be out of reach for many LMI families. Finally, the median gross rent for the assessment area of $799 per month is higher than $628 per month for nonMSA Mississippi as a whole.

Industry and Employment Demographics

The assessment area supports a diverse business community. According to 2019 Dun & Bradstreet data, 91.4 percent of total businesses in the assessment area have gross annual revenues of less than $1 million. County business patterns indicate that there are 18,028 paid employees in the assessment area. By percentage of employees, the three largest job categories are accommodation and food services (24.2 percent), health care and social assistance (17.5 percent), and retail trade (16.2 percent). The table below details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area compared to the state of Mississippi as a whole.

Unemployment Levels				
Dataset	Time Period (Annual Average)			
	2017	2018	2019	YTD 2020 (8-month average)
Lafayette County	4.2%	3.9%	4.5%	6.6%
State of Mississippi	5.1%	4.8%	5.4%	8.6%

As shown in the table above, unemployment levels in the assessment area consistently remained lower than the state of Mississippi. For both the assessment area and the state, unemployment rates declined in 2018, before increasing in 2019 and 2020.

Community Contact Information

Information from two community contacts was used to help shape the performance context in which the bank's activities in this assessment area were evaluated. Both interviews were conducted with individuals specializing in economic and small business development. The community contacts categorized the assessment area economy as healthy with moderate growth, particularly in the business and small business sectors.

Per the contacts, the region has fostered development of small businesses, investing in professional, scientific, and technical services, including building co-working spaces and innovation hubs, and supporting University of Mississippi faculty, staff, and students interested in pursuing entrepreneurial endeavors. One contact noted that outside of a few major funding sources, entrepreneurs have difficulty accessing enough capital to start or expand small businesses. Lack of adequate capital is exacerbated by unaffordable commercial space: the costs associated with brick-and-mortar space are high and act as a barrier to new and small business owners. One community contact noted additional credit barriers to newly formed small businesses include cash for down payments, creating sound financial plans, and specific business knowledge. The contacts agree that while the area has grown and the environment is healthy for small businesses, there is still a need for investment in small business programs, small business counseling, and financial literacy efforts.

Both contacts characterized local banks as successfully meeting the credit needs of the area. One contact indicated that the area provides an appropriate number of banks, where residents can choose between national, regional, or local institutions. Branches and ATMs are well dispersed and accessible. The other contact noted that while online and alternative technology-based banking options have become more prevalent, brick-and-mortar banking offices in the area are still very important to the community, particularly in rural areas.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE LAFAYETTE COUNTY ASSESSMENT AREA

The overall distribution of loans reflects reasonable penetration among businesses of different revenue sizes and borrowers of different income levels. In addition, while the assessment area does not contain any LMI census tracts, the loan dispersion within its census tracts was reviewed and considered reasonable.

Loan Distribution by Borrower's Profile

Small business loans were reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of 2019 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

Small Business Loans by Revenue and Loan Size
Assessment Area: Lafayette County

Business Revenue and Loan Size		2019						
		Count			Dollars			Total Businesses
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	$ (000s)	$ %	$ %	%
Business Revenue	$1 Million or Less	30	51.7%	44.8%	$3,388	40.0%	49.3%	91.4%
	Over $1 Million/ Unknown	28	48.3%	55.2%	$5,080	60.0%	50.7%	8.6%
	TOTAL	**58**	**100.0%**	**100.0%**	**$8,468**	**100.0%**	**100.0%**	**100.0%**
Loan Size	$100,000 or Less	33	56.9%	91.1%	$1,278	15.1%	31.0%	
	$100,001–$250,000	12	20.7%	4.3%	$1,649	19.5%	15.6%	
	$250,001–$1 Million	13	22.4%	4.6%	$5,541	65.4%	53.5%	
	Over $1 Million	0	0.0%	0.0%	$0	0.0%	0.0%	
	TOTAL	**58**	**100.0%**	**100.0%**	**$8,468**	**100.0%**	**100.0%**	
Loan Size / Revenue $1 Million or Less	$100,000 or Less	21	70.0%		$766	22.6%		
	$100,001–$250,000	5	16.7%		$633	18.7%		
	$250,001–$1 Million	4	13.3%		$1,989	58.7%		
	Over $1 Million	0	0.0%		$0	0.0%		
	TOTAL	**30**	**100.0%**		**$3,388**	**100.0%**		

While the bank's level of lending to small businesses with gross revenues of $1 million or less (51.7 percent) is below the demographic figure (91.4 percent), it compares favorably to aggregate performance (44.8 percent). Therefore, the bank's level of lending to small businesses is reasonable.

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 ($62,559 for the assessment area as of 2015). The following table shows the distribution of 1–4 family residential real estate loans by borrower income level in comparison to family population income demographics for the assessment area. Additionally, 2019 aggregate data for the assessment area is displayed.

Borrower Distribution of 1–4 Family Residential Real Estate Loans – 2019							
Assessment Area: Lafayette County							
Borrower Income Level	**Bank Loans**				**Families**	**Aggregate Data**	
	#	**#%**	**$**	**$%**	**%**	**#%**	**$ %**
Low	1	2.2%	$164	2.5%	15.7%	0.9%	0.3%
Moderate	3	6.7%	$92	1.4%	9.8%	4.1%	1.8%
Middle	3	6.7%	$251	3.8%	16.4%	11.6%	6.4%
Upper	38	84.4%	$6,111	92.3%	58.1%	69.5%	64.4%
Unknown	0	0.0%	0	0.0%	0.0%	13.9%	27.1%
TOTAL	**45**	**100.0%**	**$6,617**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (2.2 percent) is below the demographic figure (15.7 percent) but above aggregate performance (0.9 percent). Therefore, the bank's performance to low-income borrowers is reasonable. Similarly, the bank's level of lending to moderate-income borrowers (6.7 percent) is below the demographic figure (9.8 percent) but above aggregate lending (4.1 percent). Therefore, the bank's performance to moderate-income borrowers is reasonable. When considering performance in both income categories, the bank's overall distribution of 1–4 family residential real estate loans by borrower's profile in the assessment area is reasonable.

Geographic Distribution of Loans

Under the geographic distribution of loans analysis, emphasis is normally placed on the bank's performance in LMI geographies. However, the assessment area does not contain any LMI census tracts. As previously stated, the bank's assessment area is comprised of three middle-, six upper-, and one unknown income census tracts. Therefore, a detailed geographic distribution of loans analysis would not prove meaningful and was not performed as part of this evaluation. Nevertheless, the loan dispersion within the assessment area census tracts was reviewed, the results of which indicated that loan activity was adequately dispersed throughout the assessment area, consistent with demographics and bank structure. Therefore, the bank's geographic distribution of loans is reasonable in the Lafayette County assessment area.

LEE COUNTY, MISSISSIPPI
NONMSA ASSESSMENT AREA

(Full-Scope Review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE LEE COUNTY ASSESSMENT AREA

Bank Structure

The bank operates one of its five offices in this assessment area, a full-service facility located in a moderate-income census tract. Since the last examination, the bank did not open or close any branches in this assessment area. Based on its limited branch network and other service delivery systems, the bank is limited in its ability to deliver financial services to substantially all of the assessment area.

General Demographics

The assessment area consists of Lee County in its entirety, located in northeast Mississippi. Per 2015 ACS data, the assessment area population is 85,036. Of the 12 FDIC-insured depository institutions with a branch presence in this assessment area, the bank ranked 11th in deposit market share, encompassing only 0.2 percent of total deposit dollars.

Credit needs in the assessment area, as noted primarily from community contact interviews, include a mix of residential and small business loan products, with particular emphasis on funding for home purchase and renovation/repair loans. The area has older housing stock, with minimal housing development. Community contacts indicated that the housing stock within reach of LMI borrowers tends to be in need of renovations and repairs.

Income and Wealth Demographics

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

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	0	2	8	8	1	**19**
	0.0%	10.5%	42.1%	42.1%	5.3%	**100%**
Family Population	0	1,815	8,631	11,914	0	**22,360**
	0.0%	8.1%	38.6%	53.3%	0.0%	**100%**

As shown in the preceding table, the assessment area contains no low-income and two moderate-income census tracts. While 10.5 percent of the census tracts in the assessment area are moderate-income geographies, only 8.1 percent of the family population resides in these tracts.

According to 2015 ACS data, the median family income for the assessment area was $54,005. At the same time, the median family income for nonMSA Mississippi was $43,897. More recently, the FFIEC estimates the 2019 median family income for nonMSA Mississippi to be $47,800. The following table displays population percentages of assessment area families by income level compared to nonMSA Mississippi as a whole.

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Lee County	4,170	2,939	3,681	11,570	**22,360**
	18.7%	13.1%	16.5%	51.7%	**100%**
NonMSA Mississippi	94,570	65,672	68,539	167,156	**395,937**
	23.9%	16.6%	17.3%	42.2%	**100%**

As shown in the preceding table, 31.8 percent of the families in the assessment area are considered LMI, which is lower than the LMI family percentage of 40.5 percent in nonMSA Mississippi. The percentage of families living below the poverty level in the assessment area (15.6 percent) is also lower than the level in the nonMSA Mississippi as a whole (20.1 percent). Considering these factors, the assessment area appears more affluent than nonMSA Mississippi as a whole.

Housing Demographics

Based on housing values, income levels, and rental costs, homeownership in the assessment area is less affordable than in nonMSA Mississippi as a whole. The median housing value for the assessment area ($117,031) is higher than nonMSA Mississippi ($84,318). The assessment area housing affordability ratio of 36.8 percent is also lower than that of nonMSA Mississippi (41.0 percent). Finally, the median gross rent for the assessment area of $664 per month is slightly higher than the $628 per month for nonMSA Mississippi. Community contacts confirmed that homeownership is out of reach for many of the assessment area's LMI residents.

Industry and Employment Demographics

The assessment area supports a diverse business community. According to 2019 Dun & Bradstreet data, 88.5 percent of total businesses in the assessment area have gross annual revenues of less than $1 million. County business patterns indicate that there are 47,722 paid employees in the assessment area. By percentage of employees, the three largest job categories are manufacturing (19.0 percent), health care and social assistance (18.2 percent), and retail trade (14.5 percent). The table below details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area compared to the state of Mississippi.

Unemployment Levels				
Dataset	Time Period (Annual Average)			
	2017	2018	2019	YTD 2020 (8-month average)
Lee County	4.0%	3.9%	4.4%	9.1%
State of Mississippi	5.1%	4.8%	5.4%	8.6%

As shown in the table above, the assessment area had, until recently, a lower unemployment rate than the state of Mississippi. For the assessment area and Mississippi, unemployment rates decreased through 2018, and then increased in 2019 and 2020.

Community Contact Information

Information from three community contacts was referenced to help shape the performance context in which the bank's activities in this assessment area were evaluated. The community contact interviewees are individuals specializing in affordable housing, small business development, and specialized financing. The community contacts described the assessment area economy as stable, with potential for growth. The city of Tupelo is the prominent source of economic activity in the area, as it provides the largest industries and employers, and better access to jobs and healthcare. One contact noted that Lee County is more affluent than the surrounding area and supportive of small businesses and startups. The contact mentioned the presence of small business centers in Tupelo; nevertheless, the contact indicated the largest credit barriers for new small businesses include access to sufficient capital, sound business plans, and education (specifically, the knowledge and understanding of city ordinances and licensing requirements). Another contact stated that there have been few small business closings in the area since the beginning of the COVID-19 pandemic; however, the contact anticipates that economic conditions will worsen as government intervention programs expire.

One contact indicated a lack of affordable housing in the area. With older, neglected housing stock and very little new construction underway, homebuyers need financing for home repairs and renovations in addition to purchase loans. The contact stated that LMI borrowers find it difficult to qualify for both the purchase and home repair loans. In the opinion of the contact, additional barriers to homeownership for LMI residents exacerbate the issue, such as poor credit histories or the inability to set aside funds for down payments. Consequently, financing for affordable housing is a significant credit need in the assessment area.

One contact noted that while banking is accessible in the area, a large percentage of LMI residents tend to utilize other options, such as finance companies, payday lenders, title lenders, and check cashing facilities, to meet their financial needs. While banks try to be accommodating, low-income residents especially find it difficult to qualify for traditional bank products and services. The contact cited a need for collaboration between banks and community development organizations to provide financial products to low- and very low-income residents, such as United States Department of Agriculture 504 loans. Finally, the contacts described a need for homeownership counseling and small business counseling in the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE LEE COUNTY ASSESSMENT AREA

The overall distribution of loans by borrower's income/revenue profile reflects reasonable penetration among businesses of different revenue sizes and borrowers of different income levels. Conversely, the bank's overall geographic distribution of loans reflects poor penetration throughout Lee County.

Loan Distribution by Borrower's Profile

Small business loans were reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of 2019 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

Small Business Loans by Revenue and Loan Size
Assessment Area: Lee County

Business Revenue and Loan Size		2019						
		Count			Dollars			Total Businesses
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	$ (000s)	$ %	$ %	%
Business Revenue	$1 Million or Less	21	75.0%	49.7%	$1,983	65.8%	48.1%	88.5%
	Over $1 Million/ Unknown	7	25.0%	50.3%	$1,032	34.2%	51.9%	11.5%
	TOTAL	**28**	**100.0%**	**100.0%**	**$3,015**	**100.0%**	**100.0%**	**100.0%**
Loan Size	$100,000 or Less	18	64.3%	86.5%	$557	18.5%	28.8%	
	$100,001–$250,000	7	25.0%	7.1%	$1,036	34.4%	20.5%	
	$250,001–$1 Million	3	10.7%	6.4%	$1,422	47.2%	50.7%	
	Over $1 Million	0	0.0%	0.0%	$0	0.0%	0.0%	
	TOTAL	**28**	**100.0%**	**100.0%**	**$3,015**	**100.0%**	**100.0%**	
Loan Size / Revenue $1 Million or Less	$100,000 or Less	15	71.4%		$413	20.8%		
	$100,001–$250,000	4	19.0%		$550	27.7%		
	$250,001–$1 Million	2	9.5%		$1,020	51.5%		
	Over $1 Million	0	0.0%		$0	0.0%		
	TOTAL	**21**	**100.0%**		**$1,983**	**100.0%**		

The bank's level of lending to small businesses with gross revenues of $1 million or less (75.0 percent) is significantly better than aggregate lenders (49.7 percent) and compares reasonably well to the assessment area demographics estimate of businesses in Lee County with revenues of $1 million of less (88.5 percent). Therefore, the bank's level of lending to small businesses in the assessment area is excellent.

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 ($54,005 for the assessment area as of 2015). The following table shows the distribution of 1–4 family residential real estate loans by borrower income level in comparison to family population income demographics for the assessment area. Additionally, 2019 aggregate data for the assessment area is displayed.

Borrower Distribution of 1–4 Family Residential Real Estate Loans Assessment Area: Lee County							
Borrower Income Level	**Bank Loans**				**Families**	**Aggregate Data**	
	#	**#%**	**$**	**$%**	**%**	**#%**	**$ %**
Low	5	16.1%	$1,245	25.3%	18.6%	2.3%	0.9%
Moderate	0	0.0%	0	0.0%	13.1%	11.9%	7.0%
Middle	6	19.4%	$579	11.8%	16.5%	17.0%	14.2%
Upper	20	64.5%	$3,097	62.9%	51.7%	51.1%	60.9%
Unknown	0	0.0%	0	0.0%	0.0%	17.6%	17.0%
TOTAL	**31**	**100.0%**	**$4,921**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (16.1 percent) is slightly below the demographic figure (18.6 percent) but noticeably outpaces the aggregate (2.3 percent), indicating excellent performance. Conversely, the bank's level of lending to moderate-income borrowers (0.0 percent) is considerably lower than both the demographic (13.1 percent) and the aggregate lending figure (11.9 percent). Therefore, the bank's performance to moderate-income borrowers is very poor. However, when considering performance in both income categories, the bank's overall distribution of 1–4 family residential real estate loans by borrower's profile in the assessment area is reasonable.

Geographic Distribution of Loans

As noted previously, the assessment area includes no low-income and two moderate-income census tracts, representing 10.5 percent of all assessment area census tracts. Overall, the bank's geographic distribution of loans reflects poor penetration throughout these LMI census tracts, based on the small business and 1–4 family residential real estate loan categories. The following table displays 2019 small business loan activity by geography income level compared to the location of businesses throughout the assessment area and 2019 small business aggregate data.

Geographic Distribution of Small Business Loans – 2019							
Assessment Area: Lee County							
Census Tract Income Level	Bank Small Business Loans				% of Businesses	Aggregate Data	
	#	#%	$ 000s	$ %		#%	$ %
Low	0	0.0%	$0	0.0%	0.0%	0.0%	0.0%
Moderate	3	10.7%	$158	5.2%	21.9%	21.8%	32.9%
Middle	9	32.1%	$1,772	58.8%	30.9%	27.2%	23.2%
Upper	16	57.1%	$1,086	36.0%	46.6%	45.3%	42.6%
Unknown	0	0.0%	$0	0.0%	0.5%	5.7%	1.3%
TOTAL	**28**	**100.0%**	**$3,016**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The bank's percentage of loans in moderate-income census tracts (10.7 percent) is noticeably less than both the demographic and aggregate figures (21.9 percent and 21.8 percent, respectively). Therefore, the bank's small business lending performance in moderate-income geographies is poor.

The following table displays the geographic distribution of 2019 1–4 family residential real estate loans compared to owner-occupied housing demographics and aggregate performance for the assessment area.

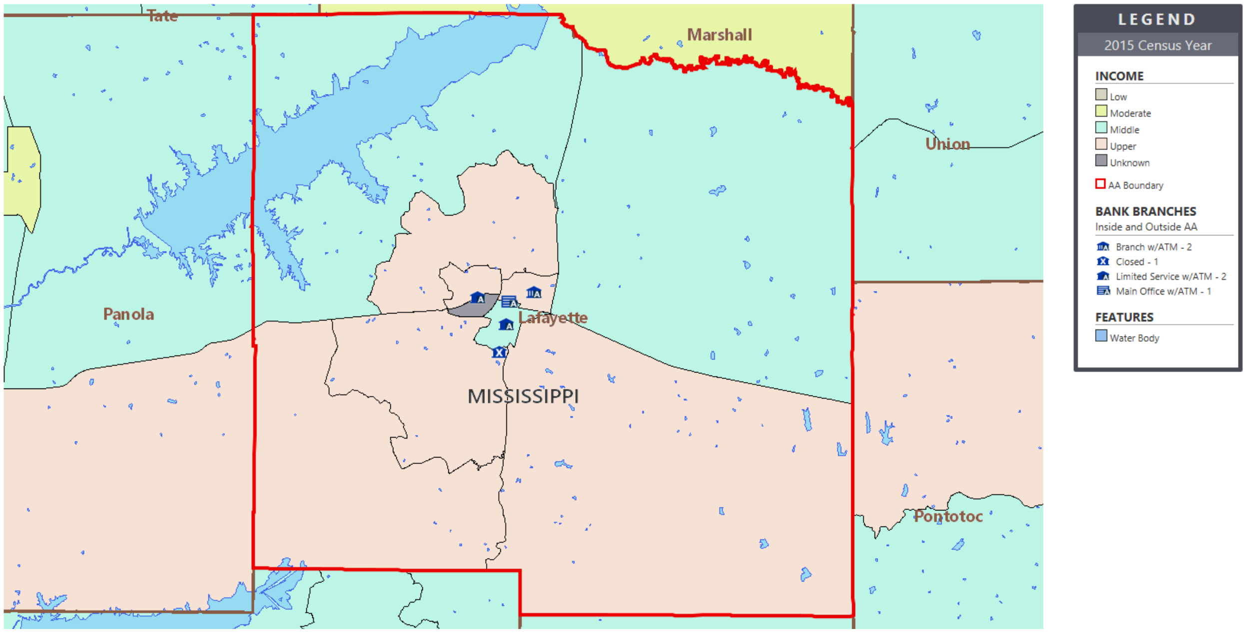
Geographic Distribution of 1–4 Family Residential Real Estate Loans – 2019							
Assessment Area: Lee County							
Census Tract Income Level	Bank Loans				% of Owner-Occupied Units	Aggregate Data	
	#	#%	$	$%		#%	$ %
Low	0	0.0%	0	0.0%	0.0%	0.0%	0.0%
Moderate	1	3.2%	218	4.4%	6.3%	5.3%	4.0%
Middle	6	19.4%	1,153	23.4%	35.7%	29.0%	23.7%
Upper	24	77.4%	3,550	72.1%	58.0%	65.6%	72.2%
Unknown	0	0.0%	0	0.0%	0.0%	0.0%	0.1%
TOTAL	**31**	**100.0%**	**4,921**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The bank's total penetration of moderate-income census tracts by number of loans (3.2 percent) is only slightly below both the demographic and aggregate figures (6.3 percent and 5.3 percent, respectively). Therefore, the analysis of 1–4 family residential real estate loans revealed reasonable lending performance to borrowers residing in moderate-income geographies.

ASSESSMENT AREA DETAIL

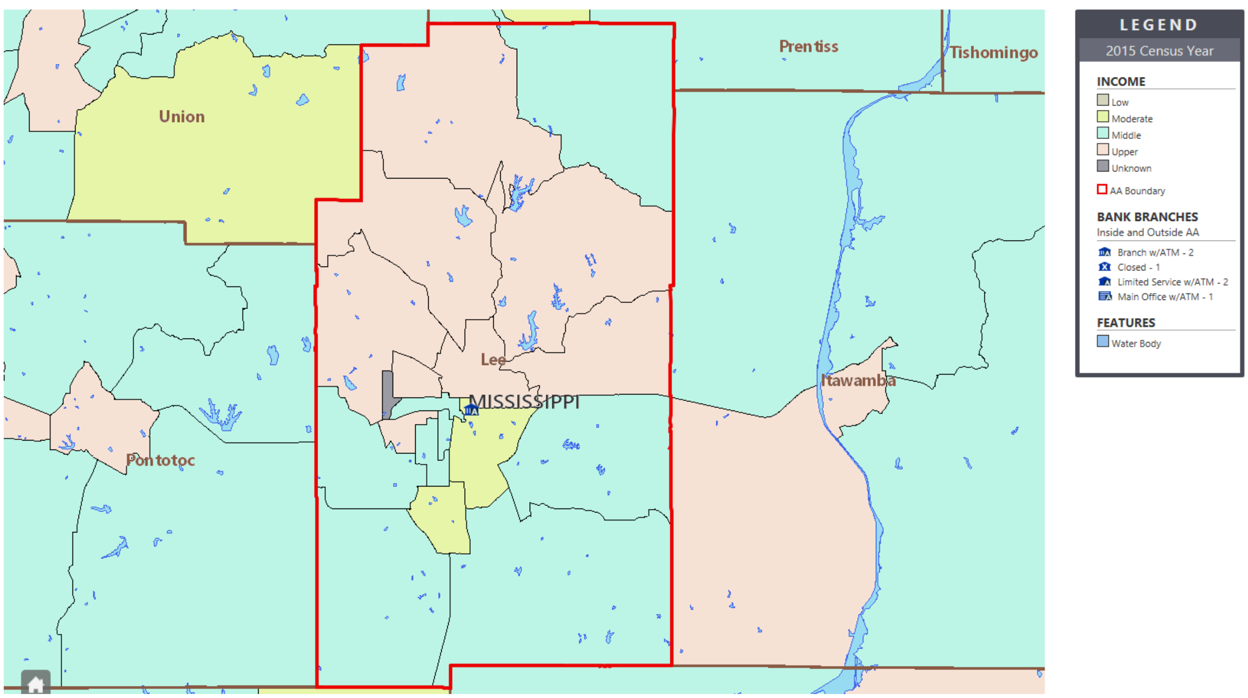
FNB Oxford - Oxford, MS 2020
Lafayette CO NonMSA, MS 2019

Internal FR



FNB Oxford - Oxford, MS 2020
Lee CO NonMSA, MS 2019

Internal FR



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 that 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 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 either by 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.