PUBLIC DISCLOSURE

January 11, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

FBT Bank & Mortgage
RSSD #314444

200 West Fourth Street
Fordyce, Arkansas 71742

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.

FBT Bank & Mortgage meets the criteria for a Satisfactory rating based on the evaluation of the bank's lending activities. 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 and other lending-related activities are in the assessment areas.

- Distribution of loans to borrowers reflects excellent penetration among individuals of different income levels (including low- and moderate-income [LMI]) and businesses of different revenue sizes.

- Geographic distribution of loans reflects a reasonable dispersion throughout the assessment areas.

- There were no CRA-related complaints 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. Bank performance under these procedures is rated at the institution level. The bank maintains operations in two delineated assessment areas within Arkansas: the Pine Bluff assessment area (Pine Bluff AA), which is located within the Pine Bluff, Arkansas Metropolitan Statistical Area (MSA), and the Dallas County assessment area (Dallas County AA), which is located in nonMSA Arkansas.

Assessment Area	Offices		Deposits as of June 30, 2020		Assessment Area Reviews		
	#	%	$ (000s)	%	Full Scope	Limited Scope	TOTAL
Pine Bluff	3	60.0%	$43,348	27.3%	1	0	**1**
Dallas County	2	40.0%	$112,323	72.7%	1	0	**1**
OVERALL	**5**	**100%**	**$155,601**	**100%**	**2**	**0**	**2**

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

In light of branch structure, loan activity, and the bank's CRA evaluation history, CRA performance in the Pine Bluff AA was given primary consideration, as it contains the majority of the bank's branches and loan activity.

Furthermore, residential real estate, small business, and secured consumer non-real estate loans were used to evaluate the bank's lending performance, as these loan categories are considered the bank's core business lines based on lending volume and the bank's stated business strategy. Therefore, the loan activity represented by these credit products is deemed indicative of the bank's overall lending performance. However, as the bank has a particular emphasis on small business lending, 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 criterion 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	January 1, 2019 – December 31, 2019
Geographic Distribution of Loans	January 1, 2019 – December 31, 2019
Response to Written CRA Complaints	April 18, 2016 – January 10, 2021

Lending Test analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on Home Mortgage Disclosure Act (HMDA) and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2015 American Community Survey (ACS) data; certain business and farm 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 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. Two other banks were identified as similarly situated peers, with asset sizes ranging from $84.1 million to $102.2 million as of September 30, 2020.

To augment this evaluation, four community contact interviews were conducted with members of the local community to ascertain specific credit needs, opportunities, and local market conditions within the bank's assessment 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

FBT Bank & Mortgage is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is wholly owned by FBT Bancshares, Inc., a one-bank holding company; the bank and its holding company are both headquartered in Fordyce, Arkansas. The bank's branch network consists of five offices, all of which have full-service automated teller machines (ATMs) on site, except for the main office, which has a cash dispensing-only ATM. The main office and three branches are full-service facilities with additional drive-up accessibility. The bank's remaining branch is a drive-up only facility. The bank did not open or close any branch offices during this review period but did open a loan production office in July 2019 located in Pine Bluff, Arkansas. Based on this branch network and other service delivery systems such as extended banking hours of operation and online banking capabilities, the bank is well positioned to deliver financial services to the entirety of its assessment areas.

The bank currently operates in two CRA assessment areas: the Pine Bluff AA, comprising Cleveland and Jefferson Counties, and the Dallas County AA, comprising Dallas County in its entirety.

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 $194.3 million. As of the same date, loans and leases outstanding were $99.6 million (51.3 percent of total assets), and deposits totaled $151.7 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	$2,111	2.1%
Commercial Real Estate	$13,578	13.6%
Multifamily Residential	$2,874	2.9%
1–4 Family Residential	$33,704	33.8%
Farmland	$10,330	10.4%
Farm Loans	$129	0.1%
Commercial and Industrial	$22,520	22.6%
Loans to Individuals	$11,592	11.6%
Total Other Loans	$2,825	2.7%
TOTAL	**$99,663**	**100%**

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

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 April 18, 2016.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

FBT Bank & Mortgage 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	**Asset Size ($000s) on 9/30/2020**	**Headquarters**	**Average LTD Ratio**
Bank	$194,393	Fordyce, Arkansas	70.0%
Regional Banks	$102,200	Star City, Arkansas	83.7%
	$84,113	Rison, Arkansas	89.0%

Based on data from the previous table, the bank's level of lending is below that of other banks in the region. During the review period, the bank's quarterly LTD ratio experienced a generally stable trend with an 18-quarter average of 70.0 percent. In comparison, the average LTD ratios for the regional peers were higher and had a generally upward trend. However, the bank's LTD ratio has risen since the previous examination. 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 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	93	80.2%	23	19.8%	**116**	**100%**
	$5,384	71.8%	$2,112	28.2%	**$7,496**	**100%**
HMDA	73	57.5%	54	42.5%	**127**	**100%**
	$4,743	49.1%	$4,908	50.9%	**$9,651**	**100%**
Consumer	106	73.6%	38	26.4%	**144**	**100%**
	$908	72.8%	$339	27.2%	**$1,247**	**100%**
TOTAL LOANS	**272**	**70.3%**	**115**	**29.7%**	**387**	**100%**
	$11,035	**60.0%**	**$7,359**	**40.0%**	**$18,394**	**100%**

A majority of loans and other lending-related activities were made in the bank's assessment areas. As shown above, 70.3 percent of the total loans were made inside the assessment areas, accounting for 60.0 percent of the dollar volume of total loans.

Borrower and Geographic Distribution

Overall, performance by borrower's income/revenue profile is excellent, based on the analyses of lending in the Pine Bluff and Dallas County AAs, as is displayed in the following table.

Assessment Area	Loan Distribution by Borrower's Profile
Pine Bluff	Excellent
Dallas County	Excellent
OVERALL	**Excellent**

As displayed in the following table, the bank's overall distribution of lending by income level of census tract reflects reasonable penetration in the bank's assessment areas.

Assessment Area	Geographic Distribution of Loans
Pine Bluff	Reasonable
Dallas County	Reasonable
OVERALL	**REASONABLE**

Responses to Complaints

No CRA-related complaints were filed against the bank during this review period (April 18, 2016 through January 10, 2021).

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.

PINE BLUFF, ARKANSAS METROPOLITAN STATISTICAL AREA

(Full-Scope Review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE PINE BLUFF ASSESSMENT AREA

Bank Structure

The bank operates three of its five offices (60.0 percent) in this assessment area. Two of the bank's offices in the assessment area are in middle-income census tracts, with one in an upper-income tract. Since the last examination, the bank did not open or close any branches in this assessment area. However, the bank did open a loan production office in July 2019. This office is in a moderate-income census tract and has general office hours on Monday and Tuesday and by appointment Wednesday through Friday; no deposit services are available. Based on its branch network and other service delivery systems, such as online and mobile banking services, the bank is well positioned to deliver financial services to substantially all of the assessment area.

General Demographics

The assessment area comprises the entireties of both Jefferson County and Cleveland County located within the Pine Bluff, Arkansas MSA, which is in south central Arkansas. As of the 2015 ACS data, the assessment area population was 82,058, or 85.4 percent of the entire MSA population. Of the eight FDIC-insured depository institutions with a branch presence in this assessment area, the bank ranked sixth in deposit market share, encompassing 1.6 percent of total deposit dollars.

This assessment area includes the city of Pine Bluff, which has a diverse population. The outskirts of the assessment area, however, are generally rural. As a result, credit needs in the area vary and include a blend of consumer and business credit products. Other particular credit needs in the assessment area, as noted primarily from community contact interviews, include affordable housing, small business funding and assistance, and access to credit for LMI individuals.

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	1	7	14	3	1	**26**
	3.9%	26.9%	53.9%	11.5%	3.9%	**100%**
Family Population	526	3,404	11,702	4,235	9	**19,876**
	2.7%	17.1%	58.9%	21.3%	0.1%	**100%**

As shown in the preceding table, there are eight LMI census tracts within the assessment area, comprising 30.8 percent of assessment area census tracts. The LMI tracts are primarily concentrated in the city of Pine Bluff and areas immediately to the east, south of the Arkansas River.

According to 2015 ACS data, the median family income for the assessment area was $48,825. At the same time, the median family income for the state of Arkansas was slightly higher at $51,782. More recently, the FFIEC estimates the 2019 median family income for the Pine Bluff MSA to be $51,000. The following table displays population percentages of assessment area families by income level compared to the state of Arkansas as a whole.

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Pine Bluff AA	4,765	2,993	3,642	8,476	**19,876**
	24.0%	15.1%	18.3%	42.6%	**100%**
State of Arkansas	164,346	134,818	149,580	311,180	**759,924**
	21.6%	17.7%	19.7%	41.0%	**100%**

As shown in the preceding table, 39.1 percent of the families in the assessment area are considered LMI, which is in line with the LMI family percentage of 39.3 percent in the state of Arkansas but more heavily concentrated in the low-income category. Additionally, while not shown in the table, the percentage of families living below the poverty threshold in the assessment area, 19.5 percent, is significantly higher than the 14.3 percent level in the state of Arkansas. Considering these factors, the assessment area appears less affluent than the state of Arkansas as a whole.

Housing Demographics

As displayed in the following table, homeownership in the assessment area is more affordable compared to Arkansas as a whole.

Housing Demographics			
Dataset	**Median Housing Value**	**Affordability Ratio**	**Median Gross Rent (Monthly)**
Pine Bluff AA	$82,558	45.0%	$667
State of Arkansas	$111,400	37.1%	$677

Based on housing values, income levels, and rental costs, homeownership in the assessment area is more affordable than the state of Arkansas as a whole. The median housing value for the assessment area, $82,558, is lower than the state figure of $111,400. The assessment area housing affordability ratio of 45.0 percent is higher than that of the state of Arkansas, 37.1 percent, with a higher number indicating better affordability. Finally, the median gross rent for the assessment area of $667 per month is on par with the $677 per month for the state of Arkansas. While housing is generally more affordable in the assessment area compared to the state, homeownership is likely out of reach for many LMI residents due to the elevated poverty rate. In addition, the median age of housing stock in the assessment is 46 years compared to just 32 for the state, indicating much of the available housing is likely in need of repairs or energy efficiency upgrades. One community contact indicated the need for small dollar loans to address these home improvement needs.

Industry and Employment Demographics

The assessment area supports a diverse business community. County business patterns indicate that there are 20,276 paid employees in the assessment area. By percentage of employees, the three largest job categories are manufacturing (24.0 percent), health care and social assistance (20.4 percent), and retail trade (15.6 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 Arkansas as a whole.

Unemployment Levels			
Dataset	Time Period (Annual Average)		
	2017	2018	2019
Pine Bluff AA	5.1%	5.0%	5.3%
State of Arkansas	3.7%	3.6%	3.6%

As shown in the table above, unemployment levels have been generally stable but much higher in the assessment area than in the state of Arkansas as a whole.

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 the two community contacts, one is an individual specializing in the advancement of redevelopment and revitalization projects, and the other is an individual specializing in economic and small business development. One contact characterized the assessment area's economic conditions as stagnant, and the other explained that the area has experienced significant economic decline for some time. Much of this economic decline is attributed to businesses relocating outside of the area. However, the contacts indicated that there is a new casino in the area and that a revitalization project has begun in downtown Pine Bluff. In addition, the cost of living is low, which has led to some retirees returning to the area.

As previously mentioned, these contacts pointed to affordable housing, small business funding, and access to credit for LMI borrowers as the main credit needs of the assessment area. Housing stock in the assessment area is sparse and aging, leading one contact to express a need for small dollar loans to make necessary home improvements. One contact emphasized the tremendous importance of the development of 1–4 family housing, as well as rental properties. This contact stated that a high level of rental properties is no longer habitable, largely due to absentee property owners.

Regarding the need for small business lending, one community contact characterized the overall small business and startup environment as “dismal.” Outside of the University of Arkansas, the contact stated, there are very few support services and technical assistance providers for small businesses in the area. In addition, small business loan products offered by local banks often have conservative underwriting standards and inflexible repayment options. One reason posited by the community contact for the lack of confident lending to small businesses is that the lack of market demand and customer base make for a high-risk environment for small businesses.

Access to credit for LMI individuals is a need expressed equally by both community contacts. Reasons for this are that LMI individuals tend to not have long relationships with local banks; banks do not offer products that are obtainable to LMI populations; and LMI populations have poor credit and lack of collateral. As a result, contacts indicate there is a high level of online alternative high-cost lending utilized in the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE PINE BLUFF ASSESSMENT AREA

The bank's overall distribution of loans by borrower's income/revenue profile reflects excellent penetration among borrowers of different income levels and businesses of different revenue sizes. Furthermore, the overall geographic distribution of loans reflects reasonable penetration throughout the Pine Bluff AA.

Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is excellent, based on performance from the three loan categories reviewed. While the bank's HMDA loan distribution by borrower's profile is reasonable, and performance under the small business and consumer loan categories is excellent, greater emphasis 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 2019 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

Pine Bluff AA
Distribution of 2019 Small Business Lending
By Borrower Income Level

Business Revenue and Loan Size		2019						
		Count			Dollars			Total Businesses
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	$ (000s)	$%	$%	%
Business Revenue	$1 Million or Less	45	81.8%	33.0%	2,276	64.6%	35.0%	90.9%
	Over $1 Million/ Unknown	10	18.2%	67.0%	1,247	35.4%	65.0%	9.1%
	TOTAL	**55**	**100.0%**	**100.0%**	**3,523**	**100.0%**	**100.0%**	**100.0%**
Loan Size	$100,000 or Less	46	83.6%	93.5%	1,424	40.4%	39.0%	
	$100,001–$250,000	5	9.1%	3.9%	707	20.1%	19.5%	
	$250,001–$1 Million	4	7.3%	2.7%	1,392	39.5%	41.5%	
	Over $1 Million	0	0.0%	0.0%	0	0.0%	0.0%	
	TOTAL	**55**	**100.0%**	**100.0%**	**3,523**	**100.0%**	**100.0%**	
Loan Size / Revenue $1 Million or Less	$100,000 or Less	40	88.9%		1,171	51.4%		
	$100,001–$250,000	3	6.7%		380	16.7%		
	$250,001–$1 Million	2	4.4%		725	31.9%		
	Over $1 Million	0	0.0%		0	0.0%		
	TOTAL	**45**	**100.0%**		**2,276**	**100.0%**		

The bank's level of lending to small businesses is excellent. The bank's level of lending to small businesses with gross revenues of $1 million or less (81.8 percent) far exceeds the aggregate figure (33.0 percent) and is just below the demographic figure (90.9 percent). In addition, 88.9 percent of the bank's small business loans were made in amounts of $100,000 or less, which further demonstrates the bank's responsiveness to the credit needs of small businesses.

Next, the bank's home mortgage lending was reviewed. Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the applicable median family income figure as estimated by the FFIEC ($51,000 for the Pine Bluff MSA as of 2019). 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, 2019 aggregate data for the assessment area is displayed.

Pine Bluff AA Distribution of 2019 Home Mortgage Lending By Borrower Income Level							
Census Tract Income Level	**Bank Loans**				**Families by Family Income %**	**Aggregate HMDA Data**	
	#	**#%**	**$**	**$%**		**#%**	**$ %**
Home Purchase Loans							
Low	1	3.8%	42	2.6%	24.0%	4.3%	2.3%
Moderate	2	7.7%	112	7.0%	15.1%	11.7%	8.3%
Middle	5	19.2%	190	11.9%	18.3%	23.5%	22.2%
Upper	14	53.8%	861	54.1%	42.6%	37.3%	45.2%
Unknown	4	15.4%	387	24.3%	0.0%	23.2%	22.2%
TOTAL	**26**	**100.0%**	**1,592**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Refinance							
Low	2	8.3%	48	3.1%	24.0%	3.5%	1.7%
Moderate	4	16.7%	214	13.6%	15.1%	8.2%	4.5%
Middle	6	25.0%	313	19.9%	18.3%	19.9%	12.9%
Upper	10	41.7%	642	40.9%	42.6%	44.0%	43.1%
Unknown	2	8.3%	353	22.5%	0.0%	24.3%	37.7%
TOTAL	**24**	**100.0%**	**1,570**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Home Improvement							
Low	1	7.7%	42	5.1%	24.0%	11.1%	7.8%
Moderate	2	15.4%	52	6.4%	15.1%	11.1%	7.7%
Middle	2	15.4%	64	7.8%	18.3%	28.9%	20.0%
Upper	8	61.5%	659	80.7%	42.6%	42.2%	43.6%
Unknown	0	0.0%	0	0.0%	0.0%	6.7%	21.0%
TOTAL	**13**	**100.0%**	**817**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Multifamily Loans					**% of Multifamily Units**		
Low	0	0.0%	0	0.0%	24.0%	0.0%	0.0%
Moderate	0	0.0%	0	0.0%	15.1%	0.0%	0.0%
Middle	0	0.0%	0	0.0%	18.3%	0.0%	0.0%
Upper	1	100.0%	55	100.0%	42.6%	14.3%	1.1%
Unknown	0	0.0%	0	0.0%	0.0%	85.7%	98.9%
TOTAL	**1**	**100.0%**	**55**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Total Home Mortgage Loans					**Families by Family Income %**		
Low	4	6.3%	132	2.8%	24.0%	4.0%	1.9%
Moderate	8	12.5%	391	8.2%	15.1%	9.8%	6.0%
Middle	13	20.3%	599	12.6%	18.3%	20.7%	16.5%
Upper	33	51.6%	2,830	59.7%	42.6%	37.2%	39.7%
Unknown	6	9.4%	791	16.7%	0.0%	28.3%	35.8%
TOTAL	**64**	**100.0%**	**4,743**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (6.3 percent) is slightly above the aggregate figure (4.0 percent) but significantly below the demographic level (24.0 percent). As noted previously, quality affordable housing in the assessment area is scarce, and poverty levels are high, which makes reaching LMI borrowers particularly challenging. Therefore, the bank's performance to low-income borrowers is reasonable. Similarly, the bank's level of lending to moderate-income borrowers (12.5 percent) is slightly higher than the aggregate lending figure (9.8 percent) and just slightly below the demographic figure (15.1 percent). Therefore, the bank's performance to moderate-income borrowers is reasonable as well. When considering performance in both income categories, the bank's overall distribution of HMDA loans by borrower's profile in the assessment area is reasonable.

Lastly, the bank's level of lending to LMI borrowers for consumer loans was reviewed. The following table displays the distribution of consumer loans by borrower income level in comparison to household income demographics for the assessment area.

Pine Bluff AA Distribution of 2019 Consumer Lending By Borrower Income Level					
Borrower Income Levels	**2019**				
	Count		**Dollar**		**Households**
	#	**%**	**$ (000s)**	**$%**	**%**
Low	26	39.4%	210	33.7%	26.3%
Moderate	14	21.2%	71	11.4%	15.4%
Middle	12	18.2%	127	20.4%	15.5%
Upper	14	21.2%	215	34.5%	42.9%
Unknown	0	0.0%	0	0.0%	0.0%
TOTAL	**66**	**100.0%**	**623**	**100.0%**	**100.0%**

As displayed in the preceding table, the bank's percentage of consumer lending to low-income borrowers (39.4 percent) exceeds the demographic figure (26.3 percent); therefore, the bank's performance to low-income borrowers is excellent. Further, the bank's level of lending to moderate-income borrowers (21.2 percent) is also higher than the demographic figure (15.4 percent) and is also considered excellent. Based on performance from these two income categories, the bank's overall level of consumer lending by borrower's profile in this assessment area is excellent.

Geographic Distribution of Loans

As noted previously, the Pine Bluff AA includes one low-income and seven moderate-income census tracts, representing 30.8 percent of all assessment area census tracts. Overall, the bank's geographic distribution of loans reflects reasonable penetration throughout the LMI census tracts within the assessment area, based on the small business, HMDA, and consumer loan categories.

The following table displays 2019 small business loan activity by geography income level compared to the location of businesses throughout the bank's assessment area and 2019 small business aggregate data.

Pine Bluff AA
Distribution of 2019 Small Business Lending
By Income Level of Geography

Census Tract Income Level	Bank Small Business Loans				% of Businesses	Aggregate of Peer Data	
	#	#%	$ 000s	$%		%	$%
Low	1	1.8%	$382	10.8%	5.4%	3.1%	1.6%
Moderate	8	14.5%	$509	14.4%	21.8%	18.3%	16.2%
Middle	32	58.2%	$2,147	60.9%	52.2%	54.1%	59.3%
Upper	14	25.5%	$485	13.8%	20.5%	23.0%	21.9%
Unknown	0	0.0%	$0	0.0%	0.0%	1.6%	0.9%
TOTAL	**55**	**100.0%**	**$3,523**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The bank's percentage of loans in low-income census tracts (1.8 percent) is slightly below the aggregate figure (3.1 percent) and demographic figure (5.4 percent) and is considered reasonable. Similarly, the bank's level of lending in moderate-income census tracts (14.5 percent) is also lower than the aggregate figure (18.3 percent) and the demographic figure (21.8 percent) and is also considered reasonable. As noted by community contacts familiar with local economic conditions, small businesses in the assessment area are struggling, particularly in the city of Pine Bluff, where many of the LMI census tracts are located. The contacts note that many of these business owners do not meet traditional credit standards and often turn to alternative lenders for their credit needs. Given these conditions, and with consideration for the bank's level of lending in both income tract categories, the overall penetration of small business lending in the assessment area is reasonable.

The following table displays the geographic distribution of 2019 HMDA loans compared to owner-occupied housing demographics and aggregate performance for the assessment area.

Pine Bluff AA
Distribution of 2019 Home Mortgage Lending
By Income Level of Geography

Census Tract Income Level	Bank Loans				% of Owner-Occupied Units	Aggregate HMDA Data	
	#	#%	$	$%		#%	$ %
Home Purchase Loans							
Low	0	0.0%	0	0.0%	2.2%	0.0%	0.0%
Moderate	4	15.4%	130	8.2%	13.4%	5.2%	2.3%
Middle	17	65.4%	977	61.4%	60.5%	58.4%	54.3%
Upper	5	19.2%	485	30.5%	23.8%	36.4%	43.4%
Unknown	0	0.0%	0	0.0%	0.0%	0.0%	0.0%
TOTAL	**26**	**100.0%**	**1,592**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Refinance							
Low	0	0.0%	0	0.0%	2.2%	0.6%	0.4%
Moderate	1	4.2%	39	2.5%	13.4%	3.5%	1.4%
Middle	21	87.5%	1,415	90.1%	60.5%	53.4%	44.3%
Upper	2	8.3%	116	7.4%	23.8%	42.5%	53.9%
Unknown	0	0.0%	0	0.0%	0.0%	0.0%	0.0%
TOTAL	**24**	**100.0%**	**1,570**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Home Improvement							
Low	1	7.7%	37	4.5%	2.2%	4.4%	2.2%
Moderate	2	15.4%	64	7.8%	13.4%	22.2%	9.5%
Middle	9	69.2%	656	80.3%	60.5%	55.6%	66.5%
Upper	1	7.7%	60	7.3%	23.8%	17.8%	21.8%
Unknown	0	0.0%	0	0.0%	0.0%	0.0%	0.0%
TOTAL	**13**	**100.0%**	**817**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Multifamily Loans					**% of Multifamily Units**		
Low	0	0.0%	0	0.0%	3.4%	0.0%	0.0%
Moderate	0	0.0%	0	0.0%	31.4%	14.3%	1.6%
Middle	1	100.0%	55	100.0%	58.9%	71.4%	40.9%
Upper	0	0.0%	0	0.0%	6.3%	14.3%	57.6%
Unknown	0	0.0%	0	0.0%	0.0%	0.0%	0.0%
TOTAL	**1**	**100.0%**	**55**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Total Home Mortgage Loans					**% of Owner-Occupied Units**		
Low	1	1.6%	37	0.9%	2.2%	0.5%	0.2%
Moderate	7	10.9%	233	5.8%	13.4%	6.1%	2.3%
Middle	48	75.0%	3,103	76.9%	60.5%	57.1%	50.4%
Upper	8	12.5%	661	16.4%	23.8%	36.2%	47.0%
Unknown	0	0.0%	0	0.0%	0.0%	0.0%	0.0%
TOTAL	**64**	**100.0%**	**4,034**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

As shown in the preceding table, the bank's total penetration of low-income census tracts by number of loans (1.6 percent) is in line with the aggregate figure (0.5 percent) and the demographic figure (2.2 percent) and is considered reasonable. The bank's level of lending in moderate-income geographies (10.9 percent) is above the aggregate figure (6.1 percent) and below the demographic figure (13.4 percent) and is also reasonable. Therefore, the bank's overall level of HMDA loans in LMI census tracts is reasonable.

The following table displays the geographic distribution of consumer loans compared to household demographics.

Pine Bluff AA
Distribution of 2019 Consumer Lending
By Income Level of Geography

Tract Income Levels	Bank Loans				% of Households
	#	#%	$ (000s)	$%	
Low	1	1.5%	6	1.0%	2.9%
Moderate	2	3.0%	5	0.8%	18.2%
Middle	52	78.8%	420	67.6%	59.5%
Upper	11	16.7%	190	30.6%	19.3%
Unknown	0	0.0%	0	0.0%	0.0%
TOTAL	**66**	**100.0%**	**621**	**100.0%**	**100.0%**

As shown in the preceding table, the bank's level of consumer lending in low-income census tracts (1.5 percent) is in line with the demographic figure (2.9 percent) and reflects reasonable performance. However, the bank's level of lending in moderate-income geographies (3.0 percent) is significantly lower than the demographic figure (18.2 percent), reflecting poor performance. Considering the bank's level of lending in both geographies, the overall level of consumer lending in the assessment area is poor.

SOUTH CENTRAL ARKANSAS NONMETROPOLITAN STATISTICAL AREA

(Full-Scope Review)

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

Bank Structure

The bank operates two of its five offices (40.0 percent) in this assessment area. Both of the bank's offices in the assessment area are in middle-income census tracts, which are designated as distressed by the FFIEC due to poverty and population loss. Since the last examination, the bank did not open or close any branches in this assessment area. Based on its branch network and other service delivery systems, such as online and mobile banking services, the bank is positioned to deliver financial services to substantially all of the assessment area.

General Demographics

The assessment area comprises the entirety of Dallas County. This assessment area is in south central Arkansas. As of 2015 ACS data, the assessment area population was 7,868. Of the three FDIC-insured depository institutions with a branch presence in this assessment area, the bank ranked first in deposit market share, encompassing 67.7 percent of total deposit dollars.

This assessment area is primarily rural and sparsely populated. Area credit needs include a mix of consumer and business credit products. As noted primarily from community contact interviews, the major credit needs in the assessment area are affordable housing and small business funding and assistance.

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	2	1	0	**3**
	0.0%	0.0%	66.7%	33.3%	0.0%	**100%**
Family Population	0	0	1,679	418	0	**2,097**
	0.0%	0.0%	80.1%	19.9%	0.0%	**100%**

As shown in the preceding table, there are no LMI census tracts within the assessment area. The two middle-income census tracts are designated as distressed due to poverty and population loss.

According to 2015 ACS data, the median family income for the assessment area was $46,197. At the same time, the median family income for nonMSA Arkansas as a whole was $45,047. More recently, the FFIEC estimates the 2019 median family income for nonMSA Arkansas to be $49,100. The following table displays population percentages of assessment area families by income level compared to nonMSA Arkansas.

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Dallas County AA	379	398	474	846	**2,097**
	18.1%	19.0%	22.6%	40.3%	**100%**
NonMSA Arkansas	63,831	53,700	58,267	123,066	**759,924**
	21.4%	18.0%	19.5%	41.2%	**100%**

As shown in the preceding table, 37.1 percent of the families in the assessment area are considered LMI, which is only slightly lower than the LMI family percentages of 39.4 percent in nonMSA Arkansas in its entirety. While not shown in the table, the percentage of families living below the poverty threshold in the assessment area, 10.7 percent, is also lower than the 16.7 percent level in nonMSA Arkansas. Considering these factors, the assessment area appears slightly more affluent than nonMSA Arkansas as a whole.

Housing Demographics

As displayed in the following table, homeownership in the assessment area is compared to nonMSA Arkansas.

Housing Demographics			
Dataset	**Median Housing Value**	**Affordability Ratio**	**Median Gross Rent (Monthly)**
Dallas County AA	$61,983	55.2%	$521
NonMSA Arkansas	$85,869	41.0%	$588

Based on housing values, income levels, and rental costs, homeownership in the assessment area is more affordable than nonMSA Arkansas as a whole. The median housing value for the assessment area, $61,983, is lower than the nonMSA Arkansas figure of $85,869. The assessment area housing affordability ratio of 55.2 percent is higher than that of nonMSA Arkansas, 41.0 percent. Finally, the median gross rent for the assessment area of $521 per month is lower than the $588 per month for nonMSA Arkansas. Based on the aforementioned affordability ratio, housing values, and rental costs, homeownership in the assessment area is generally within reach of LMI residents.

Industry and Employment Demographics

The assessment area business community is sparse. County business patterns indicate that there are 2,328 paid employees in the assessment area. By percentage of employees, the three largest job categories are health care and social assistance (33.1 percent), manufacturing (24.2 percent), and retail trade (12.6 percent). The table below details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area compared to nonMSA Arkansas as a whole.

Unemployment Levels			
Dataset	**Time Period (Annual Average)**		
	2017	**2018**	**2019**
Dallas County AA	4.4%	4.2%	4.7%
NonMSA Arkansas	4.4%	4.3%	4.3%

As shown in the table above, unemployment levels in the assessment area and nonMSA Arkansas are similar and have generally remained stable from 2017 to 2019, with the assessment area showing a slight uptick in 2019.

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 the two community contacts, one is an individual specializing in rural economic development and the other is an individual specializing in business development. The contacts both characterized the assessment area economic conditions as poor and declining. The economic conditions of Dallas County are also tightly linked to its most prominent manufacturing industry, timber. The county feels the impact of fluctuating timber prices, which has a ripple effect of not only impacting manufacturing but also the large number of heavy equipment repair shops in the area that see a significant decline in business when manufacturing is negatively affected.

According to one contact, assessment area housing stock is not plentiful, and what is currently in place tends to be aging. The majority of housing available within the price range for LMI borrowers is old and in disrepair, which causes the additional burden of renovations to maintain the property. One contact noted that affordable rental opportunities for LMI residents are also scarce, with long waiting lists for Section 8 housing. In addition to affordable housing needs, due to a lack of public transportation and many households owning only one automobile, affordable and flexible consumer motor vehicle loans are also desired.

Regarding small business development, one community contact noted that the declining population has increased the risk to the financial well-being of small businesses and, consequently, banks' appetites for making small business loans. The contact also mentioned that area businesses experience higher-than-normal turnover, making staffing a prevalent concern as well. These concerns make funding for small businesses crucial in the assessment area. The largest need for both new and existing small businesses is access to capital, which is impacted by the high-risk environment. Particularly, the assessment area needs small-dollar business lending.

Both contacts indicated that FBT Bank & Mortgage is the primary bank for the assessment area and is strongly involved in the community. Specifically, it was noted that the bank provides financial education services, a stated need in the area.

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

The bank's overall distribution of loans by borrower's income/revenue profile reflects excellent penetration among borrowers of different income levels and businesses of different revenue sizes. The bank's geographic distribution of loans reflects reasonable penetration throughout the assessment area. Further, HMDA loan products are not considered in the analysis of this assessment area.

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.

Dallas County AA
Distribution of 2019 Small Business Lending
By Borrower Income Level

Business Revenue and Loan Size		2019						
		Count			Dollars			Total Businesses
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	$ (000s)	$%	$%	%
Business Revenue	$1 Million or Less	31	81.6%	12.9%	1,364	73.3%	32.6%	83.3%
	Over $1 Million/ Unknown	7	18.4%	87.1%	496	26.7%	67.4%	16.7%
	TOTAL	**38**	**100.0%**	**100.0%**	**1,860**	**100.0%**	**100.0%**	**100.0%**
Loan Size	$100,000 or Less	34	89.5%	95.7%	1,159	62.3%	41.9%	
	$100,001–$250,000	4	10.5%	2.2%	701	37.7%	11.9%	
	$250,001–$1 Million	0	0.0%	2.2%	0	0.0%	46.2%	
	Over $1 Million	0	0.0%	0.0%	0	0.0%	0.0%	
	TOTAL	**38**	**100.0%**	**100.0%**	**1,860**	**100.0%**	**100.0%**	
Loan Size – Revenue $1 Million or Less	$100,000 or Less	28	90.3%		804	58.9%		
	$100,001–$250,000	3	9.7%		560	41.1%		
	$250,001–$1 Million	0	0.0%		0	0.0%		
	Over $1 Million	0	0.0%		0	0.0%		
	TOTAL	**31**	**100.0%**		**1,364**	**100.0%**		

The bank's level of lending to small businesses is excellent. The bank's lending to small businesses with gross revenues of $1 million or less (81.6 percent) far exceeds the aggregate figure (32.6 percent) and is in line with the demographic figure (83.3 percent). Additionally, 90.3 percent of the bank's loans to small businesses were in amounts of $100,000 or less; small dollar loans were a stated need by community contacts.

Next, the bank's level of lending to LMI borrowers for consumer loans was reviewed. The table below displays the distribution of consumer loans by borrower income level in comparison to household income demographics for the assessment area.

Dallas County AA
Distribution of 2019 Consumer Lending
By Borrower Income Level

Borrower Income Levels	2019				
	Count		Dollar		Households
	#	%	$ (000s)	$%	%
Low	18	45.0%	147	51.4%	22.6%
Moderate	11	27.5%	42	14.7%	18.3%
Middle	7	17.5%	38	13.3%	19.2%
Upper	4	10.0%	59	20.6%	39.9%
Unknown	0	0.0%	0	0.0%	0.0%
TOTAL	**40**	**100.0%**	**286**	**100.0%**	**100.0%**

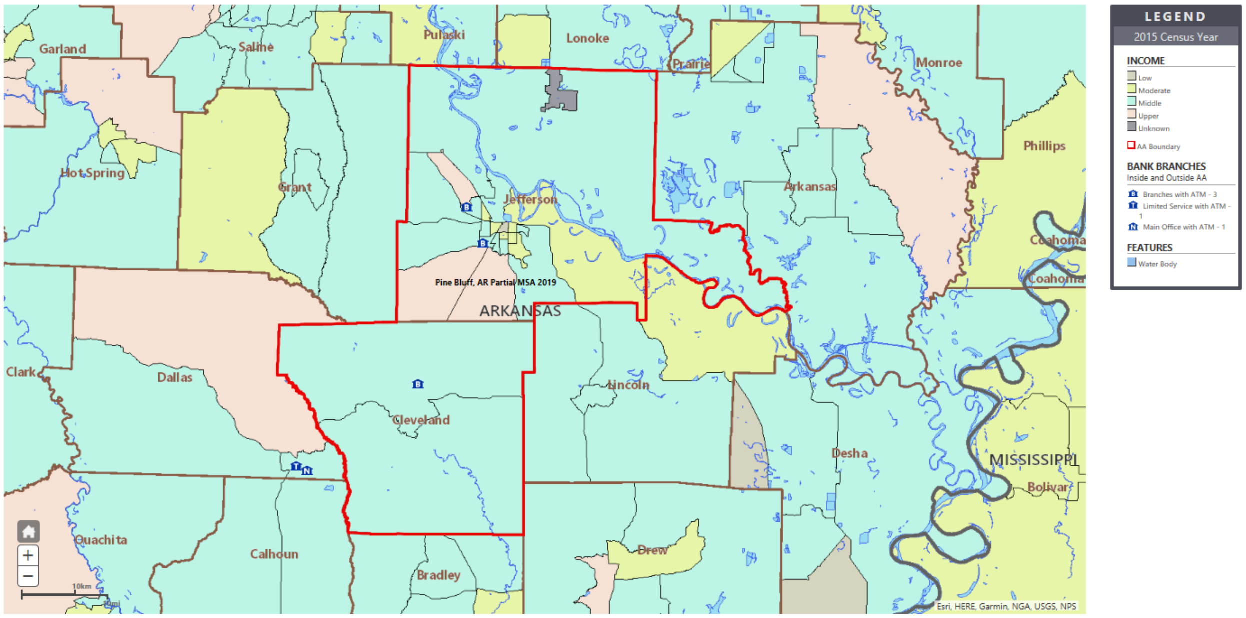
As displayed in the preceding table, the bank's percentage of consumer lending to low-income borrowers (45.0 percent) significantly exceeds the demographic figure (22.6 percent); therefore, the bank's performance to low-income borrowers is excellent. Further, the bank's level of lending to moderate-income borrowers (27.5 percent) is also higher than the demographic figure (18.3 percent) and is also considered excellent. Based on performance from these two income categories, the bank's overall level of consumer lending by borrower's profile in this assessment area is excellent.

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 bank's assessment area does not contain any LMI census tracts. As previously stated, the bank's assessment area is composed of two middle-income and one upper-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, business and consumer 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.

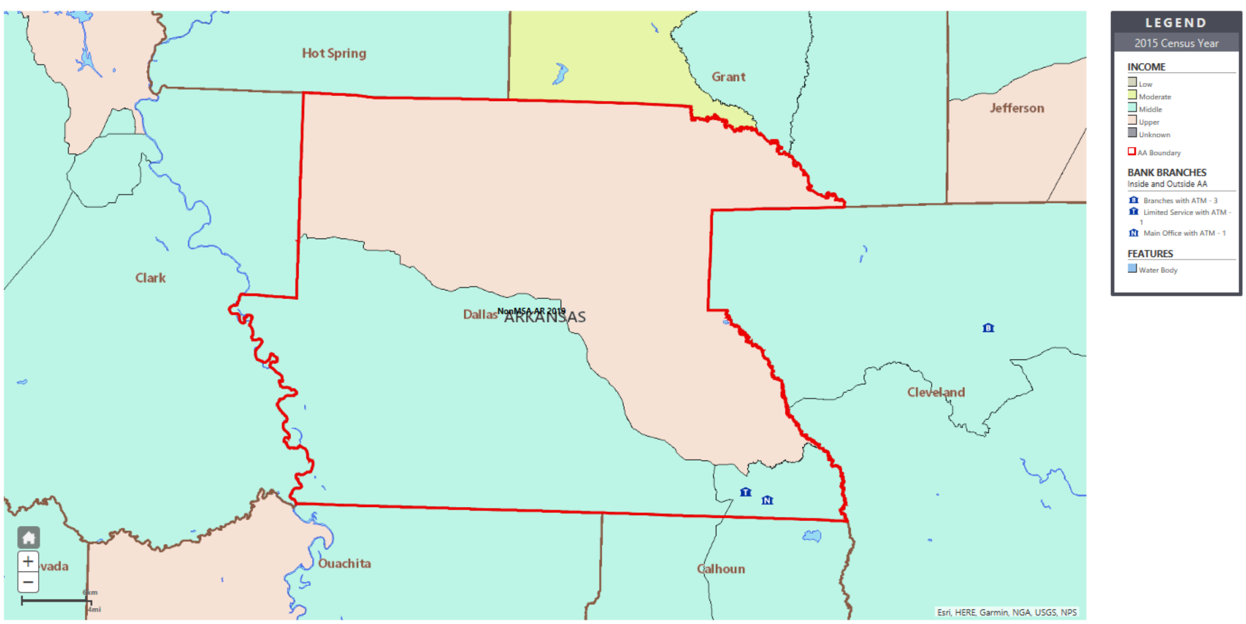
ASSESSMENT AREAS DETAIL

FBT BK & MTG - Fordyce, AR 2021
Pine Bluff, AR Partial MSA



2019 PE Map

FBT BK & MTG - Fordyce, AR 2021
NonMSA AR



2019 PE Map

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 non-real estate loans, and other unsecured consumer non-real estate loans.

Demographics: The statistical characteristics of human populations (such as 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 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.