PUBLIC DISCLOSURE

December 7, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Twin Lakes Community Bank
RSSD# 3405633

301 South First Street
Flippin, Arkansas 72634

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.

Twin Lakes Community Bank meets the criteria for a Satisfactory rating based on the evaluation of the bank's lending activity. The factors supporting the institution's rating are as follows:

- The borrower's profile analysis reveals reasonable penetration among individuals of different income levels, including low- and moderate-income (LMI) levels and businesses of different revenue sizes.

- The geographic distribution of loans analysis reflects reasonable dispersion throughout the bank's assessment area.

- The bank's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.

- A majority of the bank's loans and other lending-related activities are in the bank's assessment area.

- No CRA-related complaints were filed against the bank for this review period.

SCOPE OF EXAMINATION

The bank's CRA performance was evaluated using the small bank examination procedures, and the period of review spanned from the date of the bank's previous CRA evaluation on October 31, 2011 to December 7, 2015. The bank operates within one assessment area located completely in the state of Arkansas. The bank's assessment area consists of Baxter and Marion Counties in their entireties, which are located in non MSA Arkansas. The assessment area was evaluated using full-scope CRA review procedures. Lending performance was based on the loan products and corresponding time period displayed in the following table:

Loan Product	Time Period
1–4 Family Residential Real Estate	January 1, 2014 – December 31, 2014
Small Business	
Consumer Motor Vehicle	

These three loan categories are considered the bank's primary lines of business, based on lending volume by number and dollar amounts and in light of the bank's stated business strategy. Therefore, 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 home mortgage lending, performance based on the 1–4 family residential real estate loan product carried the most significance toward the bank's overall performance conclusions.

Under the small bank CRA performance criteria, 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 2010 U.S. Census data; certain business geodemographics are based on Dun & Bradstreet data, which are applicable to the year of loan data being evaluated. Generally, when analyzing bank performance by comparing lending activity to both demographic data and aggregate lending data, greater emphasis is placed on the aggregate lending data, because it is expected to describe many factors impacting lenders within an assessment area. Aggregate lending datasets are also updated annually and are therefore expected to predict more relevant comparisons. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating within the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from $127.7 million to $255.9 million.

To augment this evaluation, two interviews were conducted with members of the local community. These community contact interviews were used in order to ascertain specific credit needs, opportunities, and local market conditions within the bank's assessment area. Key details from these interviews are included in the *Description of Assessment Area* section.

DESCRIPTION OF INSTITUTION

Twin Lakes Community Bank is a full-service retail bank offering both consumer and commercial loan and deposit products. As of the date of this evaluation, Twin Lakes Community Bank is owned by First National Corporation of Wynne, a two-bank holding company headquartered in

Wynne, Arkansas. The bank was subsequently purchased by First National Bancorp, a three-bank holding company headquartered in Green Forest, Arkansas. The bank's branch network consists of three branches (including the main office), all of which have cash-dispensing-only automated teller machines (ATMs) on site, as well as drive-through access. The bank's main office is located in Flippin, Arkansas, and the branches are located in Mountain Home and Norfork, Arkansas. The bank operates no stand-alone ATMs and did not open or close any branch offices during this review period. Based on this branch network and other service delivery systems, such as full-service online banking capabilities, the bank is well positioned to deliver financial services to its entire assessment area, including to the distressed and underserved geographies located in Marion County.

For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credit needs of its customers, and the bank appeared capable of meeting assessment area credit needs based on its available resources and financial products. As of September 30, 2015, the bank reported total assets of $112.8 million. As of the same date, loans and leases outstanding were $100.4 million (89.0 percent of total assets), and deposits totaled $93.1 million. The bank's loan portfolio composition by credit category is displayed in the following table:

Distribution of Total Loans as of September 30, 2015		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Construction and Development	$1,584	1.6%
Commercial Real Estate	$24,226	24.1%
Multifamily Residential	$1,393	1.4%
1–4 Family Residential	$36,075	35.9%
Farmland	$10,385	10.3%
Farm Loans	$5,961	5.9%
Commercial and Industrial	$7,828	7.8%
Loans to Individuals	$12,925	12.9%
Total Other Loans	$12	0.0%
TOTAL	**$100,389**	**100%**

As indicated in the table above, a significant portion of the bank's lending resources is directed to loans secured by 1–4 family residential properties and commercial real estate. It is also worth noting that, by number of loans originated, loans to individuals (such as consumer motor vehicle loans) represents a significant product offering of the bank. As consumer loans not related to residential real estate are typically made in smaller dollar amounts relative to other credit products, consumer loans may oftentimes represent a significant product line by number of loans made, even if not reflected as such by dollar amount outstanding.

The bank received a Satisfactory rating at its previous CRA evaluation conducted on October 31, 2011, by this Reserve Bank.

DESCRIPTION OF ASSESSMENT AREA

General Demographics

The bank's assessment area has a population of 58,166. The assessment area is located in northwest Arkansas and includes two nonmetropolitan statistical area (nonMSA) counties, Marion and Baxter. This assessment area shares a border with Missouri to the north and is considerably rural. Of the two counties in this assessment area, Baxter County has the larger population by far, at 41,513 as of the 2010 census. Mountain Home, Arkansas, the county seat of Baxter County, had a population of 12,448. According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report as of June 30, 2015, the bank ranked 5th out of the 12 FDIC-insured depository institutions with a branch presence in this assessment area, encompassing 7.9 percent of the total assessment area deposit dollars.

The demographics of this assessment area are homogenous and generally rural; thus, credit needs in the area include a standard blend of consumer and business loan products.

Income and Wealth Demographics

As previously noted, the bank's assessment area consists of Baxter and Marion Counties in their entireties. The following table reflects the number and population of the census tracts within the assessment area in each income category.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	0 0.0%	1 7.7%	11 84.6%	1 7.7%	0 0.0%	**13** **100%**
Family Population	0 0.0%	1,011 5.8%	15,251 87.2%	1,220 7.0%	0 0.0%	**17,482** **100%**

The previous table reveals that the bank's assessment area contains no low-income census tracts. The single moderate-income census tract is contained within Marion County, while the three remaining census tracts in Marion County are middle-income and are considered underserved and distressed due to poverty. Baxter County contains no moderate income census tracts, nor any distressed or underserved middle-income census tracts. By far, the largest portion of the assessment area family population resides in middle-income census tracts, with 87.2 percent of families living in these tracts.

Based on 2010 U.S Census data, the median family income for the assessment area was $42,021. At the same time, the Arkansas nonMSA median family income was $42,175. More recently, the Federal Financial Institutions Examination Council (FFIEC) estimates the 2015 Arkansas nonMSA median family income to be $46,300. The following table displays population percentages of assessment area families by income level compared to the nonMSA Arkansas family population as a whole.

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area	2,935	3,331	4,223	6,993	**17,482**
	16.8%	19.1%	24.2%	40.0%	**100%**
NonMSA Arkansas	65,135	57,160	62,634	128,266	**313,195**
	20.8%	18.3%	20.0%	41.0%	**100%**

Based on the data in the preceding table, the assessment area is slightly more affluent than nonMSA Arkansas as a whole. Although the first table in this section indicates that the vast majority of the assessment area families live in middle- and upper-income census tracts, this table reveals that a significant portion of assessment area families (35.8 percent) is considered LMI. This LMI family population figure is below that of the nonMSA Arkansas figure (39.1 percent). Lastly, the level of assessment area families living below the poverty level (11.1 percent) is below that of all nonMSA Arkansas families (15.1 percent).

Housing Demographics

Based on housing values, income levels, and rental costs, housing in the assessment area is less affordable than in nonMSA Arkansas. The median housing value for the assessment area is $110,832, which is well above the figure for nonMSA Arkansas ($78,904). Similarly, housing appears to be less affordable when considering income levels. The assessment area housing affordability ratio of 31.7 percent is well below the nonMSA figure of 42.0 percent. Lastly, the median gross rent for the assessment area of $564 per month is, again, less affordable compared to $535 per month for the nonMSA. Therefore, while the assessment area contains a smaller proportion of LMI population than nonMSA Arkansas, significantly higher home values may result in homeownership challenges for the existing LMI population.

Industry and Employment Demographics

The assessment area economy is diverse and is supported by a mixture of manufacturing and service-oriented sectors. According to the U.S. Census Bureau 2013 County Business Patterns, by number of paid employees in the assessment area, manufacturing leads with 3,911 employees, followed closely by health care and social assistance (3,873) and retail trade (2,566). Furthermore, business demographic estimates indicate that 91.6 percent of assessment area businesses have gross annual revenues of $1 million or less.

The following table details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for each county of the assessment area compared to the state of Arkansas.

Time Period	Arkansas	Baxter County	Marion County
2013 Annual Average	7.4%	7.9%	8.2%
2014 Annual Average	6.1%	6.5%	6.6%
2015 (9-month Average)	5.6%	6.1%	5.8%

As shown in the table above, unemployment levels for each county, as well as the state of Arkansas, have shown a decreasing trend since 2013; however, both counties have had consistently higher unemployment rates when compared to the state of Arkansas throughout the previous years.

Community Contact Information

Information from two community contact interviews was used to help shape the performance context in which the bank's activities in this assessment area were evaluated. Of these interviews, one was conducted with an individual specializing in small business in the area, and the other with an individual working in an economic development role. The community contact interviewees categorized the local economy as strong with moderate growth, largely reflecting the nation as a whole. The area has experienced modest job growth, mainly concentrated in the manufacturing industry. The contacts described competition among financial institutions as strong. Both contacts stated that the area had a shortage of affordable housing, with Baxter County being the less affordable county for LMI borrowers looking to purchase a home.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Twin Lakes Community Bank meets the standards for a Satisfactory rating under CRA small bank evaluation procedures, which evaluate bank performance under the following five criteria as applicable:

- Loan distribution by borrower's profile (applicant income or business revenue profile).
- The geographic distribution of loans.
- The bank's average LTD ratio.
- The concentration of lending within the assessment area.
- A review of the bank's response to written CRA complaints.

The remaining sections of this evaluation are based on analyses of the bank's lending performance under these five performance criteria.

Loan Distribution by Borrower's Profile

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 ($42,021 for the assessment area as of 2010). Overall, the bank's borrower's profile reflects reasonable dispersion among borrowers of different income levels, based on activity analyzed from all three loan categories. Of the three loan categories analyzed, 1–4 family residential real estate loans were weighted most heavily in the analysis. This is primarily due to the bank making a majority of its loans by dollar in this category. The following table shows the distribution of 1–4 family residential real estate loans by borrower income level compared to family population income characteristics for the assessment area.

Distribution of Loans Inside Assessment Area by Borrower Income

January 1, 2014 through December 31, 2014

	Borrower Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
1–4 Family Residential Real Estate	4	10.5%	5	13.2%	9	23.7%	20	52.6%	0	0.0%	**38**	**100%**
Family Population	16.8%		19.1%		24.2%		40.0%		0.0%		**100%**	
2014 HMDA Aggregate	6.6%		18.1%		19.9%		39.2%		16.2%		**100%**	

The bank's total percentage of lending to low-income borrowers (10.5 percent) is below the percentage of low-income families within the assessment area (16.8 percent). However, the bank's lending to low-income borrowers is significantly higher than that of other lenders in the assessment area based on 2014 aggregate HMDA data, which indicate that 6.6 percent of aggregate home loans inside this assessment area were made to low-income borrowers. This represents reasonable performance to low-income borrowers. Bank performance to moderate-income borrowers (13.2 percent) is below the percentage of moderate-income families in the assessment area (19.1 percent). Similarly, bank performance to moderate-income borrowers is below that of other lenders based on aggregate HMDA lending data, which indicate that 18.1 percent of 2014 aggregate HMDA loans were made to moderate-income borrowers, reflecting poor performance. However, when combined, bank performance to LMI individuals, at 23.7 percent, is comparable to the performance of the aggregate lenders. Several pieces of performance context are pertinent to the analysis as well. Both community contacts stated that there is a shortage of affordable housing stock in the assessment area. Additionally, the affordability ratio in the assessment area is considerably lower than nonMSA Arkansas as a whole, indicating less affordability in relation to income. LMI individuals may face greater challenges affording a home in the assessment area as a result. Therefore, when including this performance context, the bank's residential real estate lending performance by borrower's profile is reasonable.

The bank's distribution of small business loans to businesses of various sizes was reviewed. The following table reflects Twin Lakes Community Bank's distribution of small business loans by gross annual revenue and loan amount.

Distribution of Loans Inside Assessment Area by Business Revenue

January 1, 2014 through December 31, 2014

Gross Revenue	Loan Amounts in $000s						TOTAL	
	<$100		>$100 and ≤$250		>$250 and ≤$1,000			
$1 Million or Less	13	29.5%	4	9.1%	3	6.8%	**20**	**45.5%**
Greater than $1 Million/Unknown	21	47.7%	3	6.8%	0	0.0%	**24**	**54.5%**
TOTAL	**34**	**77.3%**	**7**	**15.9%**	**3**	**6.8%**	**44**	**100%**
Dun & Bradstreet Businesses ≤ $1 Million							**91.6%**	
Small Business Aggregate ≤ $1 Million							**60.1%**	

The table above demonstrates that 20 of 44 loans reviewed (45.5 percent) were made to businesses with gross annual revenues of $1 million or less. In comparison, business geodemographic data from Dun & Bradstreet indicate that 91.6 percent of businesses inside the assessment area are small businesses. CRA aggregate data for the assessment area reflect that 60.1 percent of business lending was to small businesses. Consequently, the bank's borrower's profile performance for the small business loan category is poor.

Similar to the borrower's profile analysis conducted for the two previous loan categories, the bank's distribution of consumer motor vehicle loans was reviewed. The following table reflects Twin Lakes Community Bank's distribution of consumer motor vehicle loans by borrower profile.

Distribution of Bank Loans Inside Assessment Area by Income Level of Borrower January 1, 2014 through December 31, 2014												
	Borrower Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Consumer Loans	19	20.2%	27	28.7%	22	23.4%	26	27.7%	0	0.0%	**94**	**100%**
Household Population	19.3%		18.1%		20.7%		41.8%		0.0%		**100%**	

Based on this analysis of consumer loans, Twin Lakes Community Bank is doing an excellent job of meeting the credit needs of LMI borrowers for consumer loans. The table above demonstrates that 19 of 94 loans reviewed (20.2 percent) were made to low-income borrowers. In comparison, the household population in the assessment area that is low-income is 19.3 percent. This represents excellent penetration among low-income borrowers. Of the 94 loans reviewed, 27 were made to moderate-income borrowers (28.7 percent). This is significantly higher than the 18.1 percent household population for moderate-income borrowers, which also represents excellent distribution of loans. Consequently, the overall borrower distribution performance is categorized as excellent for consumer loans.

Geographic Distribution of Loans

As noted in the description of the bank's assessment area, the bank's assessment area contains no low-income census tracts, 1 moderate-income census tract, 11 middle-income census tracts, and 1 upper-income census tract. The analysis in this section illustrates the distribution of the bank's lending activity across these geographies. Overall, the bank's geographic distribution of loans reflects reasonable dispersion throughout this assessment area, based on activity analyzed from all three loan categories. As with the borrower's profile analysis, 1–4 family residential real estate loans were weighted the most heavily in the analysis. The following table displays the geographic distribution of HMDA loans in comparison to owner-occupied housing statistics for the assessment area.

Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2014 through December 31, 2014												
	Geography Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
1–4 Family Residential Real Estate	0	0.0%	3	7.9%	33	86.8%	2	5.3%	0	0.0%	**38**	**100%**
Owner-Occupied Housing	0.0%		5.0%		88.3%		6.7%		0.0%		**100%**	
2014 HMDA Aggregate	0.0%		4.0%		87.6%		8.4%		0.0%		**100%**	

The analysis of home loans revealed lending performance above data used for comparison purposes. The bank's total penetration of the moderate-income census tract by number of loans (7.9 percent) is higher than the percentage of owner-occupied housing units in moderate-income census tracts (5.0 percent). The bank's performance in the moderate-income census tract is also well above that of other lenders in the assessment area, based on 2014 HMDA aggregate data, which indicate that 4.0 percent of aggregate home loans inside this assessment area were made to borrowers residing in moderate-income geographies. Therefore, the bank's geographic distribution of residential real estate loans is excellent.

Alternatively, the geographic distribution of small business loan activity reflects less favorably on the bank's CRA performance, as displayed in the following table:

Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2014 through December 31, 2014												
	Geography Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Small Business Loans	0	0.0%	0	0.0%	41	93.2%	3	6.8%	0	0.0%	**44**	**100%**
Business Institutions	0.0%		4.7%		87.7%		7.6%		0.0%		**100%**	
2014 Small Business Aggregate	0.0%		4.5%		82.8%		8.3%		4.4%		**100%**	

This analysis reveals poor loan distribution throughout the assessment area. The bank originated no small business loans in moderate-income geographies. This compares to 4.7 percent of total business institutions in the moderate-income census tract and 4.5 percent of 2014 small business aggregate lending. Although the bank's geographic distribution of small business loans is poor, the majority of business institutions are located within middle-income census tracts.

The bank's geographic distribution of consumer loans was also reviewed. The following table displays the results of this review, along with the estimated household population located in each geography income category for comparison purposes.

Distribution of Bank Loans Inside Assessment Area by Income Level of Geography January 1, 2014 through December 31, 2014												
	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Consumer Loans	0	0.0%	11	11.7%	73	77.7%	10	10.6%	0	0.0%	**94**	**100%**
Household Population	0.0%		5.4%		86.6%		8.0%		0.0%		**100%**	

As illustrated in the table above, the bank's level of lending in the moderate-income census tract is above data used for comparison. The bank originated 11 out of 94 consumer loans (11.7 percent) to individuals within the moderate-income census tract. In comparison, household population data indicate that 5.4 percent of assessment area households are located in the moderate-income census tract. This represents excellent performance in the moderate-income census tract and excellent geographic performance for consumer loans overall.

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 compared to that of regional peers. The average LTD ratio represents a 16-quarter average, dating back to the bank's last CRA evaluation.

LTD Ratio Analysis			
Name	**Asset Size ($000s) as of September 30, 2015**	**Headquarters**	**Average LTD Ratio**
Twin Lakes Community Bank	$112,770	Flippin, Arkansas	88.8%
Regional Banks	$184,780	Berryville, Arkansas	97.3%
	$255,908	Greenbrier, Arkansas	90.0%
	$127,743	Salem, Arkansas	94.3%

Based on data from the previous table, the bank's level of lending is slightly below that of other banks in the region, although still quite high overall. During the review period, the bank's individual quarterly LTD ratio has steadily increased from a low of 68.7 percent (December 31, 2011) to a high of 106.3 percent (September 30, 2015). While the regional banks have not experienced the same consistent increases in LTD, the average LTD ratios for the regional peers ranged from 90.0 percent to 97.3 percent. Therefore, compared to data from regional banks displayed in the table above, the bank's average LTD ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.

Assessment Area Concentration

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

Lending Inside and Outside of Assessment Area January 1, 2014 through December 31, 2014						
Loan Type	**Inside Assessment Area**		**Outside Assessment Area**		**TOTAL**	
1–4 Family Residential Real Estate	38	65.5%	20	34.5%	**58**	**100%**
	4,828	65.6%	2,534	34.4%	**$7,362**	**100%**
Small Business	44	88.0%	6	12.0%	**50**	**100%**
	3,207	82.3%	689	17.7%	**$3,896**	**100%**
Consumer	94	87.0%	14	13.0%	**108**	**100%**
	1,111	88.1%	150	11.9%	**$1,261**	**100%**
TOTAL LOANS	**176**	**81.5%**	**40**	**18.5%**	**216**	**100%**
	9,146	**73.1%**	**3,374**	**26.9%**	**$12,520**	**100%**

As shown above, a majority of the loans sampled were extended to borrowers or businesses that reside or operate in the bank's assessment area. In total, 81.5 percent of the total loans were made inside the assessment area, accounting for 73.1 percent of the dollar volume of total loans.

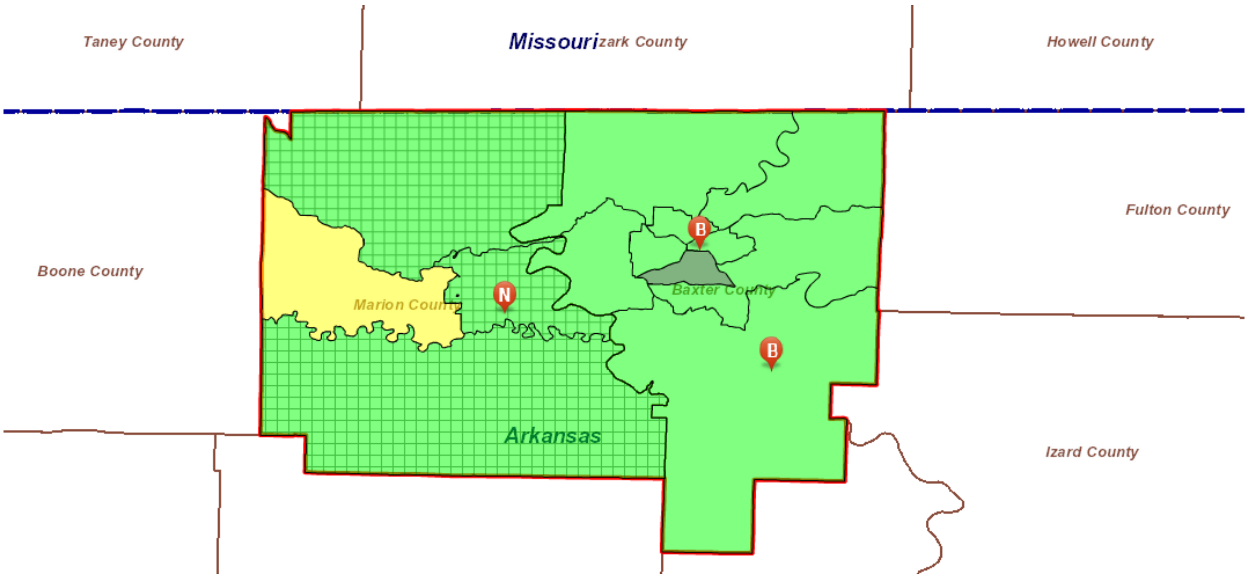
Review of Complaints

No CRA-related complaints were filed against the bank during this review period (October 31, 2011 through December 7, 2015).

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

ASSESSMENT AREA DETAIL



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- and moderate-income individuals; (2) community services targeted to low- and 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- and 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 (such as age, race, sex, income, etc.) used especially to identify markets.

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

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

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

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders who do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

Household: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing affordability ratio: Is calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median family income: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Nonmetropolitan statistical area (nonMSA): Not part of a metropolitan area. (See metropolitan area.)

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

Performance criteria: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

Performance evaluation (PE): A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small businesses/small farms: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were $1 million or less.

Small loan(s) to business(es): That is, "small business loans" are included in "loans to small businesses" as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of $1 million or less and typically are secured by either nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): That is, "small farm loans" are included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Reports of Condition and Income (Call Report). These loans have original amounts of $500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

Underserved middle-income geography: A middle-income, nonmetropolitan geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper-income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more, in the case of a geography.