PUBLIC DISCLOSURE

July 16, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Community Bank
RSSD# 35244

2171 West Main Street
Cabot, Arkansas 72023-6039

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 this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

INSTITUTION'S CRA RATING: This institution is rated SATISFACTORY.
The Lending Test is rated: SATISFACTORY.
The Community Development Test is rated: SATISFACTORY.

Community Bank meets the criteria for a Satisfactory rating based upon the performance evaluation of the bank's lending activity. The geographic distribution analysis reveals an adequate dispersion throughout the bank's assessment area. The loan activity analysis reveals good penetration among individuals of different income levels, including low- and moderate-income (LMI)[1] categories, and among businesses of different revenue sizes. The bank's loan-to-deposit (LTD) ratio is satisfactory given the institution's size, financial condition, and assessment area credit needs. Finally, the majority of the loans originated by the bank are within its assessment area.

Further, the institution's community development performance reflects an adequate level of responsiveness to the community development needs of its assessment areas given the institution's capacity, need, and availability of such opportunities. The bank has addressed these needs through community development loans, qualified investments/donations and services, as appropriate. There are no legal barriers or financial constraints that would hinder the bank from serving the credit needs within its delineated assessment areas.

SCOPE OF EXAMINATION

The evaluation period dates from the previous Community Reinvestment Act (CRA) evaluation conducted by the Federal Deposit Insurance Corporation (FDIC) on January 5, 2004, to the date of this examination. During the FDIC examination, large bank examination procedures were used to evaluate the bank's performance. During the current examination, the bank's performance was evaluated using the standards for intermediate small banks (ISBs).[2] The ISB procedures provide for a two-part test, which evaluates the bank's lending and community development activities separately.

Community Bank has delineated two separate assessment areas. Assessment Area One is comprised of 10 of the 15 census tracts in Lonoke County, Arkansas, and 21 of the 83 census tracts in Pulaski County, Arkansas, both of which are part of the Little Rock-North Little Rock, AR Metropolitan Statistical Area #30780 (MSA 30780). Assessment Area Two is comprised of two of the 12 census tracts in White County, Arkansas, which is part of the non-metropolitan statistical area (non-MSA) of Arkansas.

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[1] See the glossary in Appendix B for definitions of low-, moderate-, middle-, and upper-income categories.
[2] Effective September 1, 2005, the Board of Governors of the Federal Reserve System, the Office of Comptroller of the Currency and the FDIC (the agencies) revised the CRA regulations. Among the revisions to the regulation is a new test for ISBs. Currently, ISBs are small banks with assets of at least $258 million as of December 31 for both the prior two calendar years and less than $1.033 billion as of December 31 of either of the prior two calendar years.

Although separate analyses were performed for each assessment area, greater emphasis will be placed on the review of the data for Assessment Area One (Lonoke and Pulaski counties) because 82.9 percent of the loans sampled were in that area. In addition, the bank has eight offices in Assessment Area One, but only two offices in Assessment Area Two (White County), with one open only since January 2006.

The evaluation of the bank's lending performance was based on loan information from the 2006 Home Mortgage Disclosure Act (HMDA) data.[3] In addition, data from small business loans originated by the bank between July 1, 2006, and December 31, 2006, were reviewed, as well as a statistical sample of consumer loans secured by motor vehicles originated during 2006. These three loan categories are considered the bank's primary lines of business and are therefore considered indicative of the overall lending performance of the bank. The loan data evaluation involved an analysis of the bank's distribution of loans among different geographical income categories, the distribution of loans by borrower income levels and business revenues, lending volume relative to bank deposits and lending within the bank's assessment area.

For the community development test, the period reviewed was the years of 2004, 2005, and 2006. Community development loans, services, and qualified investments and donations were considered.

Two community contacts were performed to establish a performance context for the communities in which the bank operates and to understand the credit needs of the bank's delineated assessment areas. One contact is the executive director of a small business development center serving the assessment area and the other is the executive director of a local economic development committee. Information was solicited on the overall economic condition of the bank's assessment areas and how the financial institutions meet any credit needs identified. Specific comments from the community contacts are addressed in the section relating to the applicable assessment area.

DESCRIPTION OF INSTITUTION[4]

Community Bank is a financial institution offering both consumer and commercial loan and deposit products, including products that benefit LMI residents. The bank is a wholly-owned subsidiary of Home Bancshares, Inc., a multi-bank holding company headquartered in Conway, Arkansas, with total assets of $2.2 billion as of March 31, 2007. The bank has two wholly-owned subsidiaries, Grand Prairie Title Insurance, Inc., and Community Insurance Agency, Inc., both of which are also headquartered in Cabot, Arkansas.

Including the main office, the bank operates ten full-service offices in three Arkansas counties. Eight of the offices are in middle-income census tracts in Assessment Area One and two are in

[3] The HMDA loan category includes loans for the purpose of home purchase, refinancing, and home improvement.
[4] Any percentage row or column "total" figure displayed in the tables throughout this evaluation that does not exactly equal 100 percent is strictly due to rounding differences.

upper-income census tracts in Assessment Area Two. By city location, four offices are in Cabot (Lonoke County), three are in Jacksonville (Pulaski County), two are in Beebe (White County), and one is in Ward (Lonoke County). Each office has a full-service automatic teller machine (ATM). In addition, the bank maintains five free-standing-cash-only ATMs to service customers. Since the previous CRA evaluation in January 2004, the bank has not closed any offices but has sold one office to an affiliate bank (owned by the same holding company) and has opened two additional branches.

The bank has the ability to meet the credit needs of its assessment area based on the bank's asset size, financial condition, and other resources. As of March 31, 2007, the bank reported total assets of $371.5 million. As of the same date, total loans outstanding were $236.4 million (representing 63.6 percent of total assets), and deposits totaled $281.8 million. These amounts reflect a growth of 15.0 percent, 30.4 percent, and 13.5 percent in total assets, loans, and deposits, respectively, since the previous CRA evaluation in 2004.

The bank's loan portfolio composition by credit category as of March 31, 2007, is displayed in the table that follows.

Distribution of Total Loans[5]		
Credit Product Type	**Amount in $000s**	**Percentage of Total Loans**
Construction and Development	$ 62,052	26.2%
Commercial Real Estate	$ 83,990	35.5%
Multifamily Residential	$ 11,345	4.8%
1-4 Family Residential - Revolving	$ 3,088	1.3%
1-4 Family Residential – Other	$ 31,769	13.4%
Farmland	$ 7,134	3.0%
Agricultural	$ 3,371	1.4%
Commercial and Industrial	$ 23,977	10.1%
Loans to Individuals	$ 6,409	2.7%
Total Other Loans	$ 3,320	1.4%
TOTAL Loans	**$ 236,455**	**100%**

As indicated by the preceding table, 14.7 percent of the bank's lending resources are directed to 1-4 family residential real estate loans and 35.5 percent are related to commercial real estate loans. Other significant real estate loan lending activity includes construction and development loans. These account for 26.2 percent of the bank's loan portfolio. Commercial and industrial and agricultural loans represent 11.5 percent of the bank's total lending resources.

As part of this evaluation under the CRA, the bank's performance was evaluated in relation to the performance of local competitors. Four financial institutions were identified as similarly situated competitors with asset sizes ranging from $377.1 million to $630.4 million.

Using large bank examination procedures, the bank received a satisfactory rating at its previous CRA evaluation conducted by the FDIC on January 5, 2004.

DESCRIPTION OF ASSESSMENT AREAS

[5] For purposes of this table, loan information is derived from gross loan data reported on the Consolidated Report of Condition and Income as of March 31, 2007.

For the current CRA evaluation period, Community Bank has designated two assessment areas, which are comprised of 33 census tracts in three counties in Arkansas. The two assessment areas are separate and distinct because Assessment Area One, which contains portions of Lonoke and Pulaski counties, is located in an MSA, whereas Assessment Area Two, comprised of a portion of White County, is located in a non-MSA. All three counties are located in the north-central area of Arkansas and are contiguous. The assessment areas do not arbitrarily exclude any LMI geographies. More information on each assessment area is provided in the sections that follow, with community and demographic data used in the analysis of the bank's performance. A listing of all the census tracts in each assessment area by income category is found in Appendix A of this document.

Assessment Area One

The following table reflects the number and family population of the census tracts within Assessment Area One.

Assessment Area One Geographical Information by Income Category						
2000 Census Data	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Assessment Area Census Tracts	0	6	20	5	0	**31**
	0.0%	19.4%	64.5%	16.1%	0.0%	**100%**
Family Population	0	7,287	26,162	8,326	0	**41,775**
	0.0%	17.4%	62.6%	19.9%	0.0%	**100%**

The preceding table shows that the 31 census tracts that comprise this assessment area include no low-income census tracts, six moderate-income census tracts, 20 middle-income census tracts, and five upper-income census tracts.

Based upon 2000 census data, the median family income for this assessment area was $47,800, compared to $46,412 and $38,663 for MSA 30780 and the state of Arkansas, respectively. The Department of Housing and Urban Development (HUD) estimates the 2006 median family income for MSA 30780 to be $51,500.

The following table displays the family population in Assessment Area One by income level, compared to the family population of MSA 30780 and the state of Arkansas as a whole.

Assessment Area One Family Population by Income Level							
2000 Census Data	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Assessment Area	7,037	7,773	10,163	16,802	0	**41,775**
	16.8%	18.6%	24.3%	40.2%	0.0%	**100%**
State of Arkansas	148,233	131,570	163,567	292,693	0	**736,063**
	20.1%	17.9%	22.2%	39.8%	0.0%	**100%**
Little Rock-North Little Rock, Arkansas MSA 30780	32,824	30,091	37,372	66,105	0	**166,392**
	19.7%	18.1%	22.5%	39.7%	0.0%	**100%**

This preceding table reflects that 35.4 percent of the family population in Assessment Area One is classified as LMI. In contrast, the geographic data in the table on the previous page indicates that only 17.4 percent of the assessment area families reside in LMI census tracts. Although the table from the preceding page indicates that a substantial majority of the assessment area families live in middle- and upper-income census tracts (82.5 percent), a considerable portion of assessment area families (35.4 percent) are considered LMI, regardless of where they physically reside. In contrast, the table above indicates that the distribution of family population by income level in the bank's assessment area is very similar to MSA 30780, and the state of Arkansas as a whole, indicating few, if any, differences in the affluence level of the families in the areas being compared.

According to 2000 census data, the total population of Assessment Area One was 147,565. The number of households in this assessment area is 57,523, with 41,775 of these households considered families. For this assessment area, 7.4 percent of the families live below the poverty level compared to 8.9 percent in MSA 30780. Data from the U.S. Department of Labor, Bureau of Labor Statistics revealed that the annual 2006 not-seasonally-adjusted unemployment rate for Lonoke County was 4.3 percent and 4.8 percent for Pulaski County, compared to a 4.7 percent unemployment rate for MSA 30780. The statewide rate for Arkansas for the same period was 5.3 percent.

Overall, housing costs for the Assessment Area One are comparable to those in the entire MSA 30780. This is reflected in a median housing value of $82,149 for Assessment Area One and an affordability ratio of 49.0 percent. These numbers are similar to those for MSA 30780, where the median housing value is $80,791 and the affordability ratio is 48.0 percent.[6] Likewise, the median gross rent of $526 for Assessment Area One is almost identical to the $527 median gross rent for MSA 30780. Of the 61,462 housing units in Assessment Area One, 38,532, or 62.7

[6] This figure 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 geography. Values closer to 100 percent indicate greater affordability.

percent, are owner occupied, 19,005, or 30.9 percent, are rental units, and 3,925, or 6.4 percent, are vacant units, which are similar to the same percentages for MSA 30780.

The economy in this assessment area is considered stable and experiencing a growth trend according to the two community contacts interviewed in connection with this evaluation. One contact emphasized the fact that the city of Cabot is growing by approximately 100 families per month primarily due to Cabot's affordability, excellent school system, and "family-friendly" environment. Both contacts described the assessment area work force as largely skilled blue-collar workers and professionals. The largest employers in the area are the Little Rock Air Force Base and the Remington Arms Plant. Other employers include light manufacturing plants, financial institutions, area universities, government agencies, and retail/service industries.

One contact commented that there seems to be an ample supply of affordable housing with more being built all the time. Recently, one developer built a multi-family housing complex designed for LMI families that live in the Cabot area. This development participates in HUD's subsidized rent program. Both contacts agreed that any reduction in services at the Little Rock Air Force Base could lead to an economic decline for the area, especially the smaller "bedroom" communities such as Cabot and Jacksonville.

Both contacts stated that the local financial institutions respond positively to economic and community development projects in the area. Furthermore, both contacts stated that the smaller, locally-owned institutions are normally the ones leading these efforts. Both contacts agreed that the local financial institutions do a good job working together to provide the products and services required to meet the credit needs of the area.

<u>Assessment Area Two</u>

The following table reflects the number and family population of the census tracts within Assessment Area Two.

Assessment Area Two Geographical Information by Income Category						
2000 Census Data	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Assessment Area Geographies	0	0	0	2	0	**2**
	0.0%	0.0%	0.0%	100.0%	0.0%	**100%**
Family Population	0	0	0	3,709	0	**3,709**
	0.0%	0.0%	0.0%	100.0%	0.0%	**100%**

As shown above, this assessment area is comprised of two of the 12 census tracts within White County, Arkansas. Both census tracts are classified as upper-income. These census tracts are part of non-MSA Arkansas. There are no LMI census tracts in Assessment Area Two.

Based upon 2000 census data, the median family income for Assessment Area Two was $41,734. For comparison, the medium family income for the non-MSA Arkansas was $34,263. This latter figure is used to determine the designated income category for the non-MSA census tracts in Arkansas. HUD estimates the non-MSA Arkansas median family income for 2006 to be $38,000.

The following table displays the family population in Assessment Area Two by income level, compared to the family population of the state of Arkansas and the non-MSA population of Arkansas.

Assessment Area Two Family Population by Income Level

2000 Census Data	Low-	Moderate-	Middle-	Upper-	Unknown	TOTAL
Assessment Area	433	521	856	1,899	0	**3,709**
	11.7%	14.0%	23.1%	51.2%	0.0%	**100%**
State of Arkansas	148,233	131,570	163,567	292,693	0	**736,063**
	20.1%	17.9%	22.2%	39.8%	0.0%	**100%**
Non-MSA State of Arkansas	66,236	58,047	70,642	129,307	0	**324,232**
	20.4%	17.9%	21.8%	39.9%	0.0%	**100%**

As shown in the two prior tables, Assessment Area Two contains only upper-income census tracts. However, a significant portion of the families (25.7 percent) there are considered to be at an LMI level, regardless of where they physically reside. The table also shows that the assessment area is more affluent than the statewide non-MSA Arkansas, with 25.7 percent of the families in the assessment area classified as LMI, compared to 38.3 percent of the families in the statewide non-MSA Arkansas.

According to 2000 census data, the total population of this assessment area was 12,635. The number of households in Assessment Area Two is 4,782, with 3,709 of these households considered families. For the assessment area, 7.6 percent of the families live below the poverty level versus 14.0 percent in non-MSA Arkansas. Per data from the U.S. Bureau of Labor Statistics, the annual 2006 not-seasonally-adjusted unemployment rate was 5.7 percent for White County, Arkansas. For the same period, the statewide, not-seasonally-adjusted unemployment rate for Arkansas was 5.3 percent.

Overall, housing costs for Assessment Area Two are higher when compared to those in non-MSA Arkansas. This is reflected in a median housing value of $73,189 for Assessment Area Two, compared to those in non-MSA Arkansas where the median housing value is $55,810. The affordability ratio for the assessment area and non-MSA Arkansas are both 50.0%. The median gross rent of $476 for Assessment Area Two is 22.4 percent higher than the $389 median gross rent for non-MSA Arkansas. Of the 5,202 housing units in Assessment Area Two, 3,762, or 72.3 percent, are owner occupied. This is moderately higher than the 62.8 percent of owner-occupied housing in non-MSA Arkansas.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The lending test performance standards for ISBs evaluate the bank's performance under the following five loan criteria as applicable:

- The geographic distribution of loans within the various census tracts.
- The distribution of loans by borrower income and by business revenue.
- The bank's average LTD ratio.
- The level of lending within the assessment area.
- A review of written complaints.

Overall, Community Bank meets the criteria for a satisfactory rating under the lending test for ISBs. Geographic distribution analysis reveals an adequate dispersion throughout the bank's two assessment areas. Loan activity analysis reveals good penetration among borrowers of different income levels, including LMI individuals, and among businesses of different sizes. The bank's LTD ratio is satisfactory for an institution of its size and capacity. In addition, a majority of loans originated by the bank are within the bank's two assessment areas. The sections that follow, describing the geographic and borrower income distributions, break down the bank's performance in each assessment area separately.

Geographic Distribution of Loans

The analysis of the geographic distribution of loans evaluates the bank's distribution of loans among the census tracts within its assessment area by geographic income classifications. Under the CRA, specific emphasis is placed on the bank's performance in LMI census tracts. As previously indicated, Community Bank has designated two separate assessment areas for CRA purposes. The combined assessment area is comprised of 33 census tracts in portions of Lonoke, Pulaski, and White counties in the state of Arkansas.

Assessment Area One

Assessment Area One in Lonoke and Pulaski counties contains no low-income census tracts, six moderate-income census tracts, 20 middle-income census tracts, and five upper-income census tracts.

The following table displays the geographic distribution of the 2006 HMDA loans originated by the bank by volume and dollar amount in comparison to owner-occupied housing statistics for the Assessment Area One.

Distribution of Loans (Number and Dollar Volume in $000s) Inside Assessment Area One by Income Level of Geography						
Loan Type	**Geography Income Classification**					**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	
2006 HMDA	0	10	121	3	0	**134**
	0.0%	7.5%	90.3%	2.2%	0.0%	**100%**
	$ 0.00	$ 767	$ 15,884	$ 352	$ 0.00	**$ 17,003**
	0.0%	4.5%	93.4%	2.1%	0.0%	**100%**
Owner Occupied Housing	0.0%	12.7%	64.2%	23.1%	0.0%	**100%**

As illustrated in the preceding table, the bank originated 7.5 percent of its 2006 HMDA residential real estate loans in LMI income census tracts. While this figure is lower than the 12.7 percent owner-occupied housing ratio in LMI census tracts, it compares favorably with the 2005 HMDA aggregate data, which indicates that similar lenders in this assessment area made 8.4 percent of their HMDA-related loans in LMI census tracts.[7] The bank has no offices in LMI census tracts, limiting the bank's lending in those areas. In addition, 11.6 percent of the families that reside in the LMI census tracts live below the poverty level, reducing the number of residents that might qualify for a housing-related loan. Considering these factors, the bank's geographic distribution of HMDA loans reflects adequate penetration in LMI geographies.

[7] HMDA aggregate data represents all lending activity collected and reported under HMDA for the assessment area, based upon all financial institutions required to report such data.

Similar to the geographic distribution analysis conducted for the bank's 2006 HMDA loans, the geographic distribution of consumer motor vehicle loans was also analyzed The bank's performance is displayed in the following table.

Distribution of Loans (Number and Dollar Volume in $000s) Inside Assessment Area One by Income Level of Geography						
Loan Type	**Geography Income Classification**					**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	
2006 Motor Vehicle	0	3	32	5	0	**40**
	0.0%	7.5%	80.0%	12.5%	0.0%	**100%**
	$ 0.00	$ 19	$ 359	$ 68	$ 0.00	**$ 446**
	0.0%	4.3%	80.3%	15.4%	0.0%	**100%**
Household Population	0.0%	17.3%	62.7%	20.0%	0.0%	**100%**

The preceding table reflects that 7.5 percent by number of the bank's consumer motor vehicle loans were originated to individuals residing in LMI census tracts. In comparison, the household population in these tracts is 17.3 percent. These percentages do not compare favorably.

However, in analyzing the assessment area, it was determined that there are 26 financial institutions with 236 branches located in the two counties from which Assessment Area One is delineated. In addition, there are numerous insurance companies, investment brokers, and other non-bank lenders competing for this business. Furthermore, the majority of the motor vehicle agencies in the area offer more favorable loan terms and conditions than those offered by the bank. This competitive environment limits the opportunities the bank has to originate loans for this product type. All of the previously mentioned factors negatively impact the bank's ability to penetrate the moderate-income census tracts for this product type. Thus, the bank's geographic distribution of motor vehicle loans is considered reasonable.

As with the HMDA and motor vehicle loan categories, the bank's geographic distribution of small business loans was also reviewed. The following table displays the results of this review, along with estimated percentages of businesses located in each census tract income category used for comparison.

Distribution of Loans (Number and Dollar Volume in $000s) Inside Assessment Area One by Income Level of Geography						
Loan Type	**Geography Income Classification**					**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	
2006 Small Business	0	2	26	2	0	**30**
	0.0%	6.7%	86.7%	6.7%	0.0%	**100%**
	$ 0.00	$ 40	$ 1,248	$ 160	$ 0.00	**$ 1,448**
	0.0%	2.8%	86.2%	11.0%	0.0%	**100%**
Business Institutions	0.0%	17.1%	59.9%	23.1%	0.0%	**100%**

As illustrated in the preceding table, the bank made 6.7 percent by number of its small business loans in the LMI census tracts. This percentage is lower than the 2006 business geo-demographic data reported by Dun & Bradstreet, which indicates 17.1 percent of the small businesses operating in Assessment Area One are located in LMI census tracts. However, the bank's lending performance in this category compares more favorably to 2005 CRA aggregate lending, which indicates that 12.3 percent of all business loans were made in LMI census tracts.[8] While neither of these comparisons seem favorable at first glance, it is important to note several mitigating factors when analyzing this component of the bank's lending activities. First, as mentioned previously, the bank has no offices in LMI census tracts. Second, the number of competing institutions, both bank and non-bank, for these products is relatively high. Finally, commercial and industrials loans only account for approximately 10 percent of the bank's total loan portfolio. Based on these comparisons, the bank's geographic distribution of lending is reasonable.

[8] CRA Aggregate represents all lending activity collected and reported under the CRA for this assessment area, based upon all financial institutions required to report such data.

Assessment Area Two

As stated previously, under the CRA, significant emphasis is placed on the bank's performance in LMI census tracts. However, Assessment Area Two does not contain any LMI census tracts and is comprised of only two upper-income census tracts. Discussions with bank management did not reveal any significant concentrations of LMI households or families in either of the census tracts within this assessment area. Therefore, a detailed analysis of the bank's lending in Assessment Area Two based on census tract income categories would not be meaningful for evaluating the bank's performance under the geographic distribution criteria. Nevertheless, a review of the lending in the two upper-census tracts that are present was performed. The analysis found that the bank's loans for the three product types sampled were dispersed within all the census tracts in the assessment area. The bank's lending throughout this assessment area was considered reasonable.

In summary, based on the analysis of the bank's lending performance for HMDA loans, consumer motor vehicle loans, and small business loans in both assessment areas, Community Bank in Cabot, Arkansas, meets the standard for a satisfactory CRA rating under the geographic distribution of loans criteria. With LMI census tracts located only in Assessment Area One, and 82.9 percent of the loans originated in the sample located there, the rating for this standard was based primarily on the loan activity in that area.

Borrower Distribution of Loans

The second criteria for assessing CRA performance evaluates the bank's lending to borrowers of various income levels and businesses of varying revenue sizes. Special emphasis is placed on loans originated to LMI individuals and to small businesses. Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the 2006 median family income figure as estimated by HUD ($51,500 for MSA 30780 and $38,000 for non-MSA Arkansas). Businesses are classified according to those having gross annual revenues of $1 million or less and those with revenues greater than $1 million. The borrower income classifications are then compared to the percentage of families, households, or businesses within those classifications, as applicable.

Assessment Area One

The following table shows the distribution of HMDA-reported loans originated by the bank in Assessment Area One based on the income level of the borrower.

Distribution of Loans (Number and Dollar Volume) Inside Assessment Area One by Income Level of Borrower						
Loan Type	**Borrower Income Classification**					**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	
2006 HMDA	7	20	22	51	34	**134**
	5.2%	14.9%	16.4%	38.1%	25.4%	**100%**
	$ 258	$ 1,040	$ 1,843	$ 6,339	$ 7,523	**$ 17,003**
	1.5%	6.1%	10.8%	37.3%	44.2%	**100%**
Family Population	16.8%	18.6%	24.3%	40.2%	0.0%	**100%**

The preceding table indicates that in Assessment Area One, the bank originated 20.1 percent of its HMDA loans to LMI borrowers, with LMI borrowers comprising 35.4 percent of the family population in Assessment Area One. Although the percentage of loans originated by the bank to LMI borrowers is lower than the family population figure for the assessment area, it compares more favorably with the 2005 HMDA aggregate data which indicates that 23.9 percent of the loans originated in the assessment area were made to LMI borrowers. In addition, there are 26 other financial institutions, with 236 offices in Assessment Area One, with which the bank must compete. In addition, there are numerous mortgage brokers, insurance companies, investment firms, and similar non-bank lenders in the assessment area competing for these loans. Considering these competitor and demographic factors, the bank's dispersion of HMDA loans to different income levels is considered satisfactory.

As with the bank's HMDA loans, the borrower distribution of consumer motor vehicle loans was also analyzed, using households as a comparison population to measure the bank performance. The following table shows the distribution in the Assessment Area One of motor vehicle loans by income level of the borrower.

Distribution of Loans (Number and Dollar Volume) Inside Assessment Area One by Income Level of Borrower						
Loan Type	**Borrower Income Classification**					**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	
2006 Motor Vehicle	11	9	9	11	0	**40**
	27.5%	22.5%	22.5%	27.5%	0.0%	**100%**
	$ 141	$ 102	$ 69	$ 134	$ 0	**$ 446**
	31.6%	22.9%	15.5%	30.0%	0.0%	**100%**
Household Population	18.6%	16.7%	21.5%	43.2%	0.0%	**100%**

Of the 40-consumer motor vehicle loans originated in Assessment Area One that were reviewed for this analysis, 50.0 percent were originated to LMI borrowers. In comparison, LMI households account for 35.3 percent of the assessment area population. Based on this comparison, the distribution of consumer motor vehicle loans reflects a good distribution to borrowers of different income levels, including LMI borrowers.

Similar to the borrower distribution analysis conducted for HMDA loans and consumer motor vehicle loans, the bank's distribution of loans to businesses with varying revenues was reviewed and compared to the assessment area demographics and market lending data. The following table reflects Community Bank's distribution of business loans in Assessment Area One by gross annual business revenue and loan amount.

Lending Distribution by Business Revenue Level Inside Assessment Area One				
Gross Revenue	**Loan Origination Amount (in $000s)**			**TOTAL**
	≤$100	**>100≤250**	**>250≤1,000**	
$1 Million or Less	25	1	0	**26**
	83.3%	3.3%	0.0%	**86.7%**
Greater Than $1 Million	3	0	1	**4**
	10.0%	0.0%	3.3%	**13.3%**
TOTAL	**28**	**1**	**1**	**30**
	93.3%	3.3%	3.3%	**100%**

The preceding table demonstrates that of the 30 loans reviewed, 86.7 percent were made to businesses with gross annual revenues of $1 million or less. In comparison, 2006 data from Dun & Bradstreet indicates that 91.2 percent of businesses inside Assessment Area One have gross annual revenues of $1 million or less. While the bank's percentage of loans to small businesses is somewhat lower than the Dun & Bradstreet figure, the bank's 86.7 percent does is significantly higher than the 2005 CRA aggregate data, which indicates that 49.2 percent of business lending was to businesses with gross annual revenues of $1 million or less. In addition, the fact that 25 of the 26 loans (96.1 percent) to small businesses reviewed were in amounts of $100,000 or less is a further indication of the bank's willingness to meet the credit needs of small businesses. In conclusion, the bank's level of lending to small businesses is considered adequate.

Assessment Area Two

The following table shows the distribution of HMDA loans in Assessment Area Two by the income level of the borrower.

Distribution of Loans (Number and Dollar Volume) Inside Assessment Area Two by Income Level of Borrower

Loan Type	**Borrower Income Classification**					**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	
2006 HMDA	0	0	3	10	4	**17**
	0.0%	0.0%	17.6%	58.8%	23.5%	**100%**
	$ 0.00	$ 0.00	$ 174	$ 975	$ 529	**$ 1,678**
	0.0%	0.0%	10.4%	58.1%	31.5%	**100%**
Family Population	11.7%	14.0%	23.1%	51.2%	0.0%	**100%**

The preceding table indicates that in Assessment Area Two the bank did not originate any HMDA loans to LMI borrowers, while LMI borrowers comprise 25.7 percent of the family population in this area. This disparity is lessened by the fact that 2005 HMDA aggregate data shows that peer lenders in this area made only 13.3 percent of their loans to LMI borrowers. The bank's lending to LMI borrowers is limited by the bank having only two offices in this assessment area and both being in upper-income census tracts as well as by the presence of a large number of financial intermediaries competing for this type of business. Though the bank fails to attract LMI borrowers for this loan product in this assessment area, under the circumstances, their performance is considered reasonable.

As with the bank's HMDA loans, the borrower distribution of consumer motor vehicle loans was also analyzed, using household population as a comparison to measure bank performance. The following table shows the distribution in Assessment Area Two of those motor vehicle loans by income level of the borrower.

Distribution of Loans (Number and Dollar Volume) Inside Assessment Area Two by Income Level of Borrower						
Loan Type	**Borrower Income Classification**					**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	
2006 Motor Vehicle	1	4	5	6	0	**16**
	6.3%	25.0%	31.1%	37.5%	0.0%	**100%**
	$ 11	$ 51	$ 34	$ 52	$ -	**$ 148**
	7.4%	34.5%	23.0%	35.1%	0.0%	**100%**
Household Population	14.7%	12.4%	16.9%	56.0%	0.0%	**100%**

Of the 16 consumer motor vehicle loans originated in this assessment area that were reviewed for this analysis, five (31.3 percent) were originated to an LMI borrowers. The bank’s level of lending for this product compares favorably to the 27.1 percent of households in Assessment Area Two that are classified as LMI. Based on this comparison, the bank’s level of lending for this product to LMI borrowers is considered good.

Similar to the borrower distribution analysis conducted for HMDA loans and consumer motor vehicle loans, the bank’s distribution of loans to businesses with varying revenues was reviewed in light of the assessment area demographics and market lending data. The following table reflects Community Bank’s distribution of business loans in Assessment Area Two by gross annual business revenue and loan amount.

Lending Distribution by Business Revenue Level Inside Assessment Area Two				
Gross Revenue	**Loan Origination Amount (in $000s)**			**TOTAL**
	≤$100	**>100≤250**	**>250≤1,000**	
$1 Million or Less	8	1	0	**9**
	88.9%	11.1%	0.0%	**100.0%**
Greater Than $1 Million	0	0	0	**0**
	0.0%	0.0%	0.0%	**0.0.%**
TOTAL	**8**	**1**	**0**	**9**
	88.9%	**11.1%**	0.0%	**100%**

The preceding table demonstrates that of the nine loans reviewed, 100.0 percent were made to businesses with gross annual revenues of $1 million or less. In comparison, 2006 data from Dun & Bradstreet indicates that 92.7 percent of businesses inside Assessment Area Two have gross annual revenues of $1 million or less. Another comparison to 2005 CRA aggregate data shows 61.0 percent of business lending was to businesses with gross annual revenues of $1 million or less. The bank's performance compares very favorably to these percentages. Further, the fact that 88.9 percent of the loans to small businesses reviewed were in amounts of $100,000 or less is another indication of the bank's willingness to meet the credit needs of small businesses. The bank's level of lending of lending to small businesses in this assessment area is excellent.

In summary, based on the analysis of the bank's lending performance for HMDA loans, consumer motor vehicle loans, and small business loans in both assessment areas, Community Bank in Cabot, Arkansas, meets the standard for a satisfactory CRA rating under the borrower distribution of loans criteria. With only 17.1% of the total number of loans originated in both assessment areas having been originated in Assessment Area Two and the bank having had a limited presence in White County with only two offices, the bank's lending activities in Assessment Area One were considered more significant when rating the bank's lending performance for this standard.

Loan-to-Deposit (LTD) Ratio

One indication of the bank's overall level of lending activity is its LTD ratio. The following table displays the bank's average LTD ratio compared to that of four local competitors. These financial institutions were determined to be similarly situated[9] to Community Bank in Cabot, Arkansas.

[9] For the purposes of this analysis, total deposits and the number of offices within the assessment areas were used as benchmarks for comparison purposes.

Loan-to-Deposit (LTD) Ratio Analysis for the Combined Assessment Area			
Name	**Asset Size**[10]	**Headquarters**	**Average LTD Ratio**[11]
Community Bank	$ 371,498	Cabot, Arkansas	78.7%
Local Competitors	$ 494,010	Jacksonville, Arkansas	83.0%
	$ 577,763	Conway, Arkansas	92.0%
	$ 377,083	Conway, Arkansas	81.8%
	$ 630,370	Little Rock, Arkansas	83.3%

Based on data from the preceding table, the bank's level of lending indicates an adequate responsiveness to the credit needs of the assessment area. The bank's LTD ratio for the past 13 quarters averaged 78.7 percent, while the competitors' ratios ranged from 81.8 percent to 92.0 percent. The bank's LTD shows a growing trend. During the last 13 quarters, the ratio has ranged from a low of 69.3 percent for the quarter ending March 31, 2004, to a high of 82.6 for the quarter ending December 31, 2006. Therefore, in comparison to peer performance data, the bank's average LTD ratio for this review period is adequate and meets the standards for a satisfactory rating for this performance criterion.

[10] Asset size figures in this table represent total assets as of March 31, 2007 (in $000s).
[11] The average LTD ratio represents a 13-quarter average, dating back to the bank's last CRA evaluation.

Lending in the Combined Assessment Area

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

Lending Inside and Outside of the Combined Assessment Area

Loan Type	Inside Assessment Area	Outside Assessment Area	TOTAL
2006 HMDA	151	38	**189**
	79.9%	20.1%	**100%**
	$ 18,681	$ 4,731	**$ 23,412**
	79.8%	20.2%	**100%**
2006 Motor Vehicle	56	8	**64**
	87.5%	12.5%	**100%**
	$ 595	$ 100	**$ 695**
	85.6%	14.4%	**100%**
2006 Small Business	39	18	**57**
	68.40%	31.6%	**100%**
	$ 1,845	$ 2,186	**$ 4,031**
	45.8%	54.2%	**100%**
TOTAL	**246**	**64**	**310**
	79.4%	**20.6%**	**100%**
	$ 21,121	**$ 7,017**	**$ 28,138**
	75.1%	**24.9%**	**100%**

The preceding table demonstrates that a majority of the loan types reviewed were extended to borrowers residing inside the bank's assessment area. Of the 246 total loans reviewed, 79.4 percent by number and 75.1 percent by dollar volume were originated within the bank's assessment area. The bank's overall lending practices under this performance criterion meet the standard for satisfactory performance.

Review of Complaints

Neither this Reserve Bank nor Community Bank has received any CRA-related consumer complaints since the January 2004 evaluation conducted by the FDIC. In addition, a review of the bank's CRA public file did not reveal any such complaints since the previous evaluation.

COMMUNITY DEVELOPMENT TEST

Community development initiatives since the previous evaluation were evaluated for the combined assessment area in accordance with the ISB examination procedures. The bank follows a written CRA policy, which is incorporated in the bank's general compliance manual. The policy is designed to provide bank management with guidelines and resources necessary to ensure the bank meets the credit needs of its delineated assessment areas, including the needs of LMI individuals and areas. The policy requires management to make reasonable efforts to ascertain the credit needs of the various communities it services and to develop and market products and services to meet those needs.

Community Bank's performance demonstrates an adequate level of responsiveness to the community development needs of the assessment area considering the institution's capacity and the need and availability of opportunities for such activities in the bank's assessment area. The bank has adequately addressed these needs through a combination of community development loans, qualified community development investments/donations, and community development services. The opportunities for certain community development activities within the bank's assessment area are somewhat limited due to the minimal needs for such opportunities, heavy competition among the assessment area financial institutions, and the qualifying rules for community development set forth in the CRA. The review performed indicated that the bank continues to be fully involved in addressing community development activities and issues.

Statements from the two community contacts interviewed as part of this evaluation confirmed that the demographic composition of the bank's two designated assessment areas does not provide a large number of opportunities for community development activities. Although community development activities within the bank's assessment area are somewhat limited, Community Bank is considered among the leaders in responding to the community development needs according to each of the community contacts interviewed. Therefore, based on this performance context and information gained through the community contact interview process, Community Bank's community development activities meet the standards for a satisfactory rating.

Community Development Loans

During the review period, the bank has originated an adequate number of community development loans. In total, the Community Bank extended two community development loans totaling $6.4 million. Of these loans, one was a revitalization and stabilization loan and the other was an affordable housing loan. The revitalization and stabilization loan was for $5.2 million to the city of Jacksonville to repair, replace, and upgrade the municipal sewer system serving the LMI census tracts in Assessment Area One. The affordable housing loan was for $1.2 million to a developer for the construction of five multi-family housing units. This project provided the LMI families in Assessment Area One with new apartments at subsidized[12] rent rates well below the median family rent for the assessment area.

Qualified Community Development Investments/Donations

The bank's level of qualified investments and donations demonstrates adequate responsiveness based on the opportunities for such investments in each of the bank's assessment areas. The bank has funded investments of $1.25 million and made donations in an amount of $39,890 since the previous CRA evaluation. The investments involved the purchase of five bonds benefiting two of the area's local school districts, the hospital serving the LMI census tracts in Assessment Area One, and the local public library that also serves the LMI census tracts in Assessment Area One. The school bond issues were for the construction or renovation of schools either located in the LMI census tracts of Assessment Area One or schools that have a majority population of LMI students. The donations were made to eight local organizations that deliver community development services and assistance targeted to LMI individuals and promote community development activities essential to LMI geographies.

Community Development Services

Community Bank provides an adequate level of community development services in its assessment areas. Bank employees provided financial services to 13 different organizations that have a community development purpose or that offer services whose recipients are primarily LMI individuals or families. These organizations promote affordable housing and youth programs, scholarship programs, and provide shelter, counseling (including credit counseling), education, and employment opportunities for battered and abused women. While these services are offered to everyone, the majority of the recipients come from LMI families according to a community contact. Additionally, several bank personnel have made financial education presentations, including programs through the Arkansas Small Business Development Center and financial literacy programs designed for both LMI adults and children. These programs include the FDIC's "Money Smart" program and the Federal Reserve's "Teach Kids to Save" program.

[12] Rent subsidies are through HUD's Section 8 Housing Program.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

During the Consumer Affairs Examination conducted concurrently with this CRA evaluation, a fair lending analysis was performed to assess the bank's compliance under Regulation B (Equal Credit Opportunity) and the Fair Housing Act. The analysis concluded that the bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations for the products and services reviewed.

Appendix A

Listing of Census Tracts in CRA Assessment Area

Community Bank, Cabot, Arkansas: Assessment Area One				
County	**Census Tract Number**	**Census Tract Income Category**	**MSA**	**Bank Office?/#**
Pulaski (119)	0032.01	Moderate	30780	No
Pulaski (119)	0034.03	Moderate	30780	No
Pulaski (119)	0035.00	Moderate	30780	No
Pulaski (119)	0036.06	Moderate	30780	No
Pulaski (119)	0036.07	Moderate	30780	No
Pulaski (119)	0038.00	Moderate	30780	No
Lonoke (085)	0201.01	Middle	30780	No
Lonoke (085)	0201.02	Middle	30780	Yes/1
Lonoke (085)	0201.03	Middle	30780	No
Lonoke (085)	0201.04	Middle	30780	No
Lonoke (085)	0202.02	Middle	30780	Yes/1
Lonoke (085)	0202.03	Middle	30780	Yes/1
Lonoke (085)	0202.04	Middle	30780	Yes/2
Lonoke (085)	0203.01	Middle	30780	No
Lonoke (085)	0203.02	Middle	30780	No
Pulaski (119)	0032.02	Middle	30780	No
Pulaski (119)	0033.01	Middle	30780	No
Pulaski (119)	0034.02	Middle	30780	No
Pulaski (119)	0034.04	Middle	30780	No
Pulaski (119)	0036.04	Middle	30780	Yes/2
Pulaski (119)	0036.05	Middle	30780	Yes/1
Pulaski (119)	0036.08	Middle	30780	No
Pulaski (119)	0036.09	Middle	30780	No
Pulaski (119)	0037.04	Middle	30780	No
Pulaski (119)	0037.06	Middle	30780	No
Pulaski (119)	0037.07	Middle	30780	No

Community Bank, Cabot, Arkansas: Assessment Area One				
County	**Census Tract Number**	**Census Tract Income Category**	**MSA**	**Bank Office?/#**
Lonoke (085)	0202.01	Upper	30780	No
Pulaski (119)	0033.03	Upper	30780	No
Pulaski (119)	0033.04	Upper	30780	No
Pulaski (119)	0037.01	Upper	30780	No
Pulaski (119)	0037.03	Upper	30780	No

Community Bank, Cabot, Arkansas: Assessment Area Two				
County	**Census Tract Number**	**Census Tract Income Category**	**MSA**	**Bank Office?/#**
White (145)	9710.00	Upper	NA	No
White (145)	9712.00	Upper	NA	Yes/2

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.

Census tract: A small subdivision of metropolitan and other densely populated 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 upon 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 development: All agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; 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; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

(i) Low-or moderate-income geographies;
(ii) Designated disaster areas; or
(ii) Distressed or underserved non-metropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-

   a. Rates of poverty, unemployment, and population loss; or
   b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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.

Distressed Census Tract: A non-metropolitan middle-income geography is 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 that 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 five 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 non-relatives 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 (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

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

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

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in-group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, 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.

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.

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.

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 multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small loan(s) to business (es): A loan included in 'loans to small businesses' as defined in the Consolidated Report 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 non-farm 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 non-farm residential real estate as "small business loans" if the loans are reported on the TFR as non-mortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report 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 Census Tract: A non-metropolitan middle-income geography will be designated as underserved if it meets the criteria for population size, density, and dispersion that indicate that its population is sufficiently small, thin, and distant from a population center such that it is likely to have difficulty in financing the fixed costs of essential community needs. Federal Banking Examination Agencies use as a basis for these designations the "urban influence codes," numbered "7," "10," "11," and "12," maintained by the Economic Research Service of the United States Department of Agriculture.

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