PUBLIC DISCLOSURE

November 5, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Commercial Bank & Trust Company
RSSD #23643

212 West Gaines Street
Monticello, Arkansas 71655

Federal Reserve Bank of St. Louis

P.O. Box 442
St. Louis, Missouri 63166-0442

NOTE: **This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of the institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

TABLE OF CONTENTS

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

Commercial Bank & Trust Company (CBT) 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 loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending-related activities are in the assessment area.
- The borrower's profile analysis reveals reasonable penetration among businesses of different revenue sizes and individuals of different income levels, including low- and moderate-income (LMI) levels.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- There were no CRA-related complaints filed against the bank since the previous CRA evaluation.

SCOPE OF EXAMINATION

The bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC's) Examination Procedures for Small Institutions. Small business loans, 1–4 family residential real estate loans, and consumer motor vehicle loans were used to evaluate the bank's lending performance, as these loan categories are considered the bank's core business lines based on lending volume and the bank's stated business strategy.[1] Therefore, the loan activity represented by these credit products is deemed indicative of the bank's overall lending performance. However, as the bank has a particular emphasis on commercial lending, performance based on the small business loan category carried the most significance toward the bank's overall performance conclusions. The following table details the performance criterion and the corresponding time periods used in each analysis.

Performance Criterion	Time Period
LTD Ratio	September 30, 2014 – September 30, 2018
Assessment Area Concentration	January 1, 2017 – December 31, 2017
Loan Distribution by Borrower's Profile	January 1, 2017 – December 31, 2017
Geographic Distribution of Loans	January 1, 2017 – December 31, 2017
Response to Written CRA Complaints	August 4, 2014 – November 4, 2018

[1] Small business, 1–4 family residential real estate, and consumer motor vehicle loan types were sampled for this review according to CA Letter 01-8, "CRA Sampling Procedures."

Lending Test analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on Home Mortgage Disclosure Act (HMDA) and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on U.S. Census data, and certain business and farm demographics are based on 2017 Dun & Bradstreet data. When analyzing bank performance by comparing lending activity to both demographic data and aggregate lending data, greater emphasis is generally placed on the aggregate lending data, because it is expected to describe many factors impacting lenders within an assessment area. Aggregate lending datasets are also updated annually and are, therefore, expected to predict more relevant comparisons. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating within the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from $152.4 million to $211.8 million as of September 30, 2018.

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

DESCRIPTION OF INSTITUTION

CBT is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is wholly owned by Drew Bancshares, Inc., a one-bank holding company headquartered in Monticello, Arkansas. The bank's branch network consists of the main office, which is the only full-service location, one limited-service branch, which is connected to the main office, and four drive-up branches. All offices are located in Monticello and all locations have a cash-dispensing only automated teller machine on site. The bank did not open or close any branch offices during this review period. Based on this branch network and other service delivery systems such as online banking capabilities, the bank is well positioned to deliver financial services to its entire assessment area.

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, 2018, the bank reported total assets of $217.6 million. As of the same date, loans and leases outstanding were $131.8 million (60.6 percent of total assets), and deposits totaled $173.3 million. The bank's loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans as of September 30, 2018		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Construction and Development	$7,716	5.9%
Commercial Real Estate	$38,270	29.0%
Multifamily Residential	$2,692	2.0%
1–4 Family Residential	$28,982	22.0%
Farmland	$8,897	6.7%
Farm Loans	$1,481	1.1%
Commercial and Industrial	$25,335	19.2%
Loans to Individuals	$15,469	11.7%
Total Other Loans	$2,989	2.3%
TOTAL	**$131,831**	**100%**

As indicated by the table above, a significant portion of the bank's lending resources is directed to commercial loans (including both commercial real estate and commercial and industrial) and loans secured by 1–4 family residential properties. While not reflected in the previous table, it is also worth noting that by number of loans originated, loans to individuals (such as consumer motor vehicle loans) represent a significant product offering for the bank. Consumer loans not related to residential real estate are typically made in smaller dollar amounts relative to other credit products.

The bank received a Satisfactory rating at its previous CRA evaluation conducted on August 4, 2014, by this Reserve Bank.

DESCRIPTION OF ASSESSMENT AREA

General Demographics

The bank's assessment area, which has a population of 18,740, is comprised of Drew County in its entirety and is located in southeastern Arkansas in a nonmetropolitan statistical area (nonMSA) portion of the state. The assessment area is comprised of five census tracts, including one moderate-income, three middle-income, and one upper-income census tracts. Monticello is the county seat of Drew County, and the upper-income census tract is home to the University of Arkansas at Monticello.

According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2018, there are 4 FDIC-insured depository institutions in the assessment area that operate 11 offices. CBT ranked first in terms of deposit market share, with 41.5 percent of the total assessment area deposit dollars.

Based on information from community contacts, commercial lending products represent a credit need in the assessment area, along with the need for a standard blend of consumer loan products. Other particular needs noted by community contacts include financial education programs, homeownership counseling, and aging in place home improvement loan programs.

Income and Wealth Demographics

As previously noted, the bank's assessment area consists of five census tracts in Drew County. The following table summarizes the distribution of assessment area census tracts by income level and the family population within those tracts.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	0	1	3	1	0	**5**
	0.0%	20.0%	60.0%	20.0%	0.0%	**100%**
Family Population	0	897	2,791	1,254	0	**4,942**
	0.0%	18.2%	56.5%	25.4%	0.0%	**100%**

As shown above, the bank's assessment area contains no low-income census tracts and only one moderate-income census tract. However, all three middle-income census tracts are considered distressed due to poverty. Furthermore, the largest portion of the assessment area family population resides in these middle-income census tracts.

Based on U.S. Census data, the median family income for the assessment area was $45,597. At the same time, the median family income for nonMSA Arkansas was $45,060. More recently, the FFIEC estimates the 2017 median family income for nonMSA Arkansas to be $46,500. 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-**	**Unknown**	**TOTAL**
Assessment Area	1,353	833	746	2,010	0	**4,942**
	27.4%	16.9%	15.1%	40.7%	0.0%	**100%**
NonMSA Arkansas	64,826	54,506	59,209	125,086	0	**303,627**
	21.4%	18.0%	19.5%	41.2%	0.0%	**100%**

As shown in the table above, 44.3 percent of families within the assessment area are LMI, which is above the LMI family population of 39.4 percent in nonMSA Arkansas. Furthermore, the percentage of families living below the poverty threshold in the assessment area, 21.6 percent, is above the 16.6 percent level in nonMSA Arkansas. Considering these factors, the assessment area is less affluent than nonMSA Arkansas as a whole.

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 $93,600, which is above the figure for nonMSA Arkansas, $85,989. When considering income levels, the assessment area housing affordability ratio of 35.1 percent is below the nonMSA Arkansas figure of 41.0 percent. Finally, the median gross rent for the assessment area of $597 per month is higher than the $588 per month for nonMSA Arkansas.

Industry and Employment Demographics

The assessment area supports a diverse business community, including a strong service-oriented sector. County business patterns indicate that there are 4,770 paid employees in the assessment area. By percentage of employees, the three largest job categories are healthcare and social assistance (21.1 percent), retail trade (20.7 percent), and accommodation and food services (16.3 percent). The table below details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area compared to nonMSA Arkansas as a whole.

Unemployment Levels for the Assessment Area		
Time Period (Annual Average)	**Assessment Area**	**NonMSA Arkansas**
2015	7.0%	6.0%
2016	5.8%	4.8%
2017	5.2%	4.4%

As shown in the table above, unemployment levels for the assessment area, as well as nonMSA Arkansas, have shown a decreasing trend. Additionally, unemployment levels in the assessment area have consistently been higher than nonMSA Arkansas levels.

Community Contact Information

Information from two community contacts was used to help shape the performance context in which the bank’s activities in the assessment area were evaluated. Of these community contact interviews, one was with an individual specializing in affordable housing and one was with a person working in an economic development role. The community contact interviewees categorized the economy as stable with slow growth, citing recent infrastructure improvements as creating local job opportunities. However, the contact working in economic development indicated that many younger residents are leaving rural areas. As a result, economic conditions in rural parts of the county are declining. Furthermore, the lack of broadband capability in parts of the county was noted as a barrier to attracting new business. Despite these challenges, the contacts stated that in addition to the industries mentioned above, educational services and logging are also major industries in the area, with the University of Arkansas at Monticello being cited as a large employer.

The contact working in housing indicated there is a need for more affordable housing units, both for rent and purchase, and additional financial education programs, including homeownership counseling. Moreover, the economic development contact mentioned a need for additional aging in place programs to provide the elderly with home improvement loans. Finally, both community contacts indicated that there are several opportunities for banks to participate in community development activities and mentioned that all banks are active within the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit (LTD) Ratio

One indication of the bank's overall level of lending activity is its LTD ratio. The chart below displays the bank's average LTD ratio in comparison to those of regional peers. The average LTD ratio represents a 17-quarter average, dating back to the bank's last CRA evaluation.

LTD Ratio Analysis			
Name	**Headquarters**	**Asset Size ($000s) as of September 30, 2018**	**Average LTD Ratio**
CBT	Monticello, Arkansas	$217,567	65.2%
Regional Banks	Monticello, Arkansas	$211,767	84.8%
	Crossett, Arkansas	$153,526	63.1%
	Dumas, Arkansas	$152,403	85.4%

Based on data from the previous table, the bank's level of lending is similar to that of other banks in the region. During the review period, the bank's quarterly LTD ratio ranged from a low of 59.8 percent to a high of 75.4 percent, displaying a generally increasing trend with a 17-quarter average of 65.2 percent. In comparison, regional peer banks' quarterly LTD ratios ranged from a low of 47.8 percent to a high of 101.2 percent, with the average LTD ratios ranging from 63.1 percent to 85.4 percent, exhibiting generally increasing trends as well. Therefore, compared to data from regional banks, 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, 2017 through December 31, 2017

Loan Type	Inside Assessment Area		Outside Assessment Area		TOTAL	
Small Business	56	51.9%	52	48.1%	**108**	**100%**
	$4,720	40.5%	$6,941	59.5%	**$11,661**	**100%**
1–4 Family Residential Real Estate	39	66.1%	20	33.9%	**59**	**100%**
	$4,297	71.7%	$1,700	28.3%	**$5,997**	**100%**
Consumer Motor Vehicle	107	72.3%	41	27.7%	**148**	**100%**
	$1,246	70.0%	$535	30.0%	**$1,781**	**100%**
TOTAL LOANS	**202**	**64.1%**	**113**	**35.9%**	**315**	**100%**
	$10,262	**52.8%**	**$9,177**	**47.2%**	**$19,439**	**100%**

As displayed above, a majority of the loans sampled were made to borrowers or businesses that reside or operate in the bank's assessment area. In all, 64.1 percent of the total loans were made inside the assessment area, accounting for 52.8 percent of the dollar volume of total loans.

Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is reasonable, based on performance from all three loan categories reviewed. Given the bank's emphasis on small business lending, greatest significance was placed on the small business loan category, followed by 1–4 family residential real estate loans, and finally consumer motor vehicle loans.

For this analysis, small business loans were reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of 2017 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

Distribution of Loans Inside Assessment Area by Business Revenue January 1, 2017 through December 31, 2017								
Gross Revenue	**Loan Amounts in $000s**						**TOTAL**	
	≤$100		**>$100 and ≤$250**		**>$250 and ≤$1,000**			
$1 Million or Less	36	64.3%	2	3.6%	2	3.6%	**40**	**71.4%**
Greater than $1 Million/Unknown	4	7.1%	12	21.4%	0	0.0%	**16**	**28.6%**
TOTAL	**40**	**71.4%**	**14**	**25.0%**	**2**	**3.6%**	**56**	**100%**
Dun & Bradstreet Businesses ≤ $1MM							**88.7%**	
2017 CRA Aggregate Data							**30.6%**	

The bank originated the majority of its small business loans (71.4 percent) to businesses with revenues of $1 million or less. In comparison, assessment area demographics estimate that 88.7 percent of businesses in the assessment area had annual revenues of $1 million or less, and the 2017 aggregate lending level to small businesses was 30.6 percent. In addition, 36 of the 40 (90.0 percent) loans to small businesses with gross annual revenues of $1 million or less were in amounts of $100,000 or less. Loans in these amounts indicate the bank's willingness to meet the credit needs of small businesses. Overall, the bank's distribution of small business loans by borrower's profile is reasonable.

As with the bank's small business loan activity, the distribution of 1–4 family residential real estate loans was also analyzed by borrower's income 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 ($46,500 for nonMSA Arkansas as of 2017). The following table shows the distribution of 1–4 family residential real estate loans by borrower income level in comparison to family population income demographics for the assessment area. Additionally, 2017 aggregate data is displayed.

Distribution of Loans Inside Assessment Area by Borrower Income January 1, 2017 through December 31, 2017												
	Borrower Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
1–4 Family Residential Real Estate Loans	1	2.6%	2	5.1%	2	5.1%	34	87.2%	0	0.0%	**39**	**100%**
Family Population	27.4%		16.9%		15.1%		40.7%		0.0%		**100%**	
2017 HMDA Aggregate	2.5%		7.1%		22.3%		44.2%		24.0%		**100%**	

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (2.6 percent) is substantially below the low-income family population figure (27.4 percent), but similar to the 2017 aggregate lending level to low-income borrowers (2.5 percent). This reflects reasonable performance, particularly in light of residential real estate lending constraints. As previously noted, the assessment area has a high percentage of families living below poverty (21.6 percent), which likely diminishes the number of LMI borrowers who would seek 1–4 family residential real estate loans or qualify under traditional underwriting standards. Additionally, community contacts identified a strong need for affordable housing, which adds to challenges lenders face in this market.

Similarly, the bank's level of lending to moderate-income borrowers (5.1 percent) is significantly below the moderate-income family population percentage (16.9 percent) but similar to the 2017 aggregate lending level to moderate-income borrowers (7.1 percent). This is also deemed reasonable in light of performance context that is discussed above. Therefore, despite the bank's LMI performance being well below demographic comparisons, the overall distribution of loans by borrower's profile is reasonable.

Furthermore, community contacts specifically noted a need for home improvement loans for the elderly. CBT is addressing these needs through its participation in the Special Needs Assistance Program offered by the Federal Home Loan Bank (FHLB) of Dallas, which provides grant funds for rehabilitation costs of eligible (age 55 and older) special needs borrowers. To address the need for affordable housing, CBT also participates in the Homebuyer Equity Leverage Partnership program, also offered by the FHLB of Dallas, which provides grant funds for down payment and closing costs of eligible first-time homebuyers. This indicates that CBT is responsive to the credit needs of its assessment area.

As with the bank's performance in the previous two loan categories, its distribution of consumer motor vehicle loans was also reviewed. The following table shows the distribution of consumer motor vehicle loans by income level of the borrower compared to household population income characteristics.

Distribution of Bank Loans Inside Assessment Area by Income Level of Borrower

January 1, 2017 through December 31, 2017

	Borrower Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Consumer Motor Vehicle Loans	27	25.2%	24	22.4%	24	22.4%	32	29.9%	0	0.0%	**107**	**100%**
Household Population	30.3%		14.6%		12.5%		42.7%		0.0%		**100%**	

As shown in the preceding table, the bank's lending performance to low-income borrowers (25.2 percent) is slightly below the household population (30.3 percent) and is reasonable. However, the bank's lending performance to moderate-income borrowers (22.4 percent) is significantly above the moderate-income household population (14.6 percent), reflecting excellent performance. When combined, the bank's overall distribution of consumer motor vehicle loans to LMI borrowers (47.6 percent) is considered excellent when compared to the demographic percentage (44.9 percent) and in light of the assessment area's high poverty levels.

Geographic Distribution of Loans

As noted previously, the assessment area does not include any low-income census tracts and contains only one moderate-income census tract. Overall, the geographic distribution of loans reflects reasonable penetration within this tract, based on the three loan categories reviewed. The following table displays 2017 small business loan activity by geography income level compared to the location of businesses throughout the bank's assessment area and 2017 small business aggregate data.

Distribution of Loans Inside Assessment Area by Income Level of Geography

January 1, 2017 through December 31, 2017

	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Small Business Loans	0	0.0%	5	8.9%	36	64.3%	15	26.8%	0	0.0%	**56**	**100%**
Business Institutions	0.0%		10.2%		39.3%		50.6%		0.0%		**100%**	
2017 Small Business Aggregate	0.0%		11.6%		52.7%		33.9%		1.9%		**100%**	

The bank's total penetration of the moderate-income census tract by number of loans (8.9 percent) is considered reasonable when compared to the estimated percentage of businesses operating inside the census tract (10.2 percent) and the 2017 aggregate lending level in the moderate-income census tract (11.6 percent).

Second, the bank's geographic distribution of 1–4 family residential real estate loans was reviewed. The following table displays the geographic distribution of 1–4 family residential real estate loans compared to owner-occupied housing demographics and aggregate performance.

Distribution of Loans Inside Assessment Area by Income Level of Geography

January 1, 2017 through December 31, 2017

	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
1–4 Family Residential Real Estate Loans	0	0.0%	5	12.8%	18	46.2%	16	41.0%	0	0.0%	**39**	**100%**
Owner-Occupied Housing	0.0%		12.6%		60.9%		26.5%		0.0%		**100%**	
2017 HMDA Aggregate	0.0%		8.1%		40.3%		51.6%		0.0%		**100%**	

As displayed in the preceding table, the bank's level of lending in the moderate-income census tract (12.8 percent) is similar to the percentage of owner-occupied housing units (12.6 percent) and above aggregate performance (8.1 percent). Therefore, the bank's performance related to its geographic distribution of residential real estate loans is reasonable.

Moreover, the bank's geographic distribution of consumer motor vehicle loans was reviewed. The following table displays 2017 consumer loan activity by geography income level compared to household population demographics for the assessment area.

Distribution of Bank Loans Inside Assessment Area by Income Level of Geography January 1, 2017 through December 31, 2017												
	Geography Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Consumer Motor Vehicle Loans	0	0.0%	18	16.8%	66	61.7%	23	21.5%	0	0.0%	**107**	**100%**
Household Population	0.0%		14.0%		53.8%		32.1%		0.0%		**100%**	

The bank's total penetration of the moderate-income census tract by number of loans (16.8 percent) is above the percentage of owner-occupied housing units in the moderate-income census tract (14.0 percent) and is considered reasonable.

Lastly, based on reviews from all three loan categories, CBT had loan activity in all of its assessment area census tracts, and there were no conspicuous lending gaps noted in LMI areas. This supports the conclusion that the bank's overall geographic distribution of loans is reasonable.

Responses to Complaints

No CRA-related complaints were filed against the bank during this review period (August 4, 2014 through November 4, 2018).

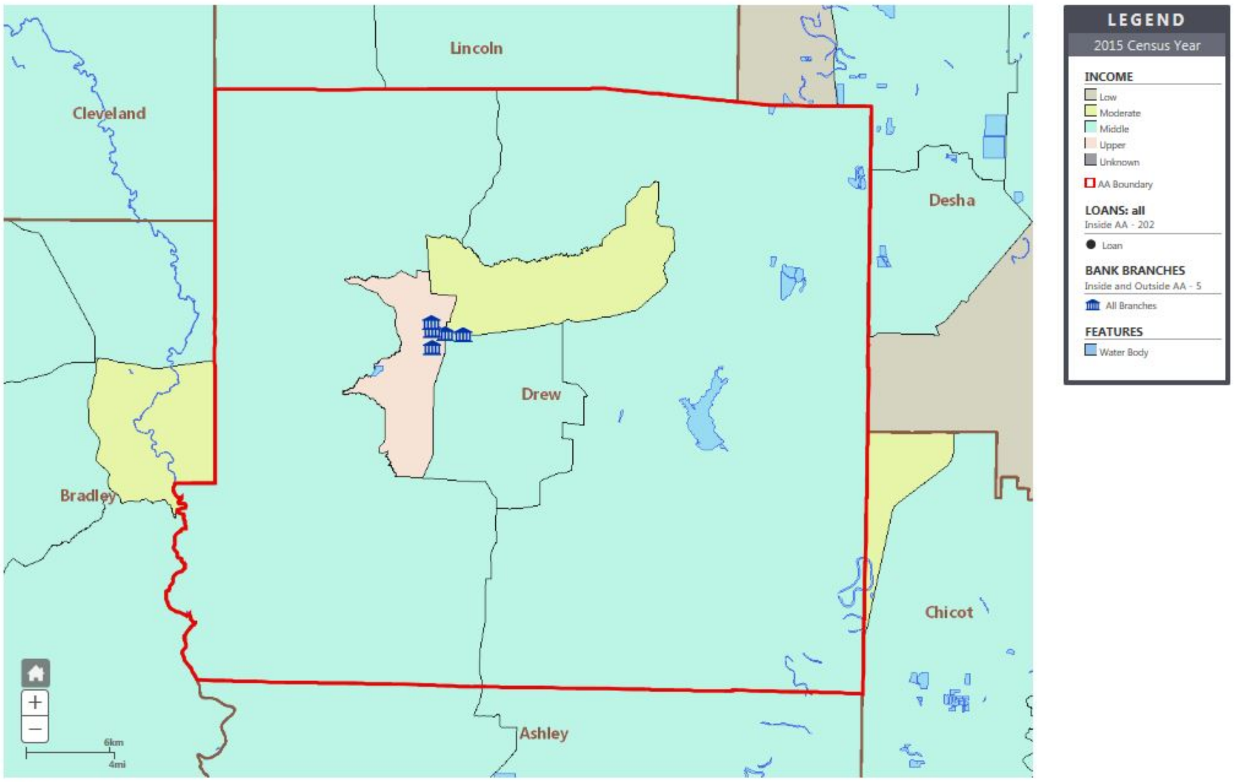
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

Commercial Bank & TC - Monticello, AR

NonMSA Drew AR AA



PE Map

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) <u>affordable housing</u> (including multifamily rental housing) for LMI individuals; (2) <u>community services</u> targeted to LMI individuals; (3) activities that promote <u>economic development</u> 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 <u>revitalize or stabilize</u> LMI 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.