PUBLIC DISCLOSURE

March 5, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Petit Jean State Bank
RSSD #2769570

707 North St. Joseph Street
Morrilton, Arkansas 72110

Federal Reserve Bank of St. Louis

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

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

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

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

- The 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.
- Distribution of loans to borrowers reflects reasonable penetration among individuals of different income levels, including low- and moderate-income (LMI) levels and businesses of different revenue sizes.
- Geographic distribution of loans reflects a 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) small bank procedures. According to the small bank procedures, bank performance is analyzed by the Lending Test and is rated at the institution level. Residential real estate, small business, 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, based on the bank's emphasis on commercial lending and credit needs identified by community contacts, 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	December 31, 2013 – December 31, 2017
Assessment Area Concentration	January 1, 2016 – December 31, 2016
Loan Distribution by Borrower's Profile	January 1, 2016 – December 31, 2016
Geographic Distribution of Loans	January 1, 2016 – December 31, 2016
Response to Written CRA Complaints	December 2, 2013 – March 4, 2018

[1] 1–4 family residential real estate, small business, and consumer motor vehicle loans 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 2010 U.S. Census data; certain business demographics are based on 2016 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 $133.7 million to $277.6 million as of December 31, 2017.

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

DESCRIPTION OF INSTITUTION

Petit Jean State Bank is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is wholly owned by Petit Jean Bancshares, Inc., a one-bank holding company headquartered in Morrilton, Arkansas. The bank's branch network consists of a full-service main office and one branch, both located in Morrilton. Both branches contain full-service automated teller machines (ATMs) on site, in addition to one stand-alone, cash-only ATM, also located in Morrilton. In addition to being a full-service facility, the main office and branch also have drive-up accessibility. The bank did not open or close any branch offices during this review period; however, one loan production office was opened in July 2014 in nearby Perryville, Arkansas, which closed in December 2017. Based on this branch network and other service delivery systems, such as full-service online banking capabilities, the bank is well positioned to deliver financial services to its entire assessment area.

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 December 31, 2017, the bank reported total assets of $187.6 million. As of the same date, loans and leases outstanding were $82.9 million (44.2 percent of total assets), and deposits totaled $155.1 million. The bank's loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans as of December 31, 2017		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Construction and Development	$9,888	11.9%
Commercial Real Estate	$14,768	17.8%
1–4 Family Residential	$25,632	30.9%
Farmland	$1,337	1.6%
Farm Loans	$2,930	3.5%
Commercial and Industrial	$22,033	26.6%
Loans to Individuals	$4,126	5.0%
Total Other Loans	$2,204	2.7%
TOTAL	**$82,918**	**100%**

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

The bank received a Satisfactory rating at its previous CRA evaluation conducted by this Reserve Bank on December 2, 2013.

DESCRIPTION OF ASSESSMENT AREA

General Demographics

The bank's assessment area, which has a population of 21,273 as of the 2010 U.S. Census, is the entirety of Conway County, which is located in central Arkansas in a nonmetropolitan statistical area (nonMSA). Morrilton, the county seat of Conway County, is the most populous city in the bank's assessment area with a population of 6,767; the remainder of the bank's assessment area is largely rural. According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2017, there are six FDIC-insured depository institutions in the assessment area that operate nine offices. Petit Jean State Bank is the market leader in terms of deposit market share, with 42.0 percent of the total assessment area deposit dollars.

Credit needs in the assessment area include a standard blend of consumer and commercial loan products. Particular credit needs, as noted primarily from community contacts, include small dollar loans to businesses.

Income and Wealth Demographics

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

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	0	0	3	3	0	**6**
	0.0%	0.0%	50.0%	50.0%	0.0%	**100%**
Family Population	0	0	2,957	2,436	0	**5,393**
	0.0%	0.0%	54.8%	45.2%	0.0%	**100%**

As shown above, the bank's assessment area contains no LMI census tracts, and the majority of the assessment area families reside in middle-income census tracts (54.8 percent). During the review period, all three of the middle-income census tracts in Conway County were designated as distressed due to poverty.

Based on 2010 U.S. Census data, the median family income for the assessment area was \$48,116. At the same time, the median family income for nonMSA Arkansas was \$42,175. More recently, the FFIEC estimates the 2016 median family income for nonMSA Arkansas to be \$44,700. 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	870	1,051	915	2,557	0	**5,393**
	16.1%	19.5%	17.0%	47.4%	0.0%	**100%**
NonMSA Arkansas	65,135	57,160	62,634	128.266	0	**313,195**
	20.8%	18.3%	20.0%	41.0%	0.0%	**100%**

As shown in the table above, 35.6 percent of families within the assessment area were considered LMI, which is slightly below the statewide nonMSA LMI family percentage of 39.1 percent. Similarly, the percentage of families living below the poverty threshold in the assessment area, 10.2 percent, falls below the 15.1 percent level in nonMSA Arkansas. The assessment area also has a larger upper-income family population (47.4 percent) compared to 41.0 percent in nonMSA Arkansas. Considering these factors, the assessment area appears more affluent than nonMSA Arkansas as a whole.

Housing Demographics

Based on housing values and income levels, housing in the assessment area appears to be less affordable than in nonMSA Arkansas. The median housing value for the assessment area is $82,110, which is above the nonMSA Arkansas figure of $78,904. The housing affordability ratio, which calculates the extent to which a family earning the median household income in the assessment area can afford a median-priced home, is lower in the assessment area (39.8 percent) than in nonMSA Arkansas (42.0 percent), which indicates that housing is less affordable in the bank's assessment area. However, the median gross rent for the assessment area of $498 per month is lower than the $535 per month in nonMSA Arkansas. As noted by one community contact, higher housing costs relative to rental costs make homeownership difficult for LMI residents in the assessment area.

Industry and Employment Demographics

The assessment area economy supports a mixture of service-oriented and manufacturing sectors. According to the U.S. Census Bureau 2015 County Business Patterns, there are 4,899 paid employees in the assessment area. By percentage of employees, the three largest job categories are retail trade (17.1 percent), followed by manufacturing (16.2 percent), and health care and social assistance (11.1 percent). Additionally, community contacts noted that oil and gas extraction, specifically shale oil, represented a significant industry in the assessment area. However, beginning in 2015, local oil operations experienced significant job loss as a result of falling oil prices. 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**
2014	7.2%	7.2%
2015	6.1%	6.0%
2016	5.8%	4.9%
2017	4.6%	4.3%

As indicated in the table above, unemployment levels for the assessment area and nonMSA Arkansas as a whole have shown a decreasing trend throughout the review period. While unemployment levels in both areas improved, the assessment area has experienced a slower recovery compared to nonMSA Arkansas.

Community Contact Information

Information from two community contacts was used to help shape the performance context in which the bank's activities in this assessment area were evaluated. Of these interviews, one was with an individual specializing in small business development, and the other was with a director of an organization that provides community services, including financial education, to residents in the assessment area.

According to community contacts, economic conditions have improved in recent years, although this growth was attributed to a general improvement in unemployment levels nationwide rather than economic growth specific to Conway County. As noted by both contacts, the decline of the shale oil industry in Conway County has had a negative impact on the local economy in the form of lost jobs and income. Following a precipitous drop in domestic oil prices in 2015, many of the oil companies operating in the area were forced to lay off workers or cease drilling operations completely. This led not only to the loss of jobs in the area but also to a reduction in income for some assessment area residents who had been receiving royalty income from drilling operations on their land.

Regarding small businesses, the community contacts pointed to the need for more investment and participation by local financial institutions to attract new businesses to the area. One contact added that many local businesses struggle to obtain conventional financing and sometimes seek credit from out-of-state micro-lenders. Finally, both community contacts indicated that financial literacy training for both consumers and businesses was an ongoing need in 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 table 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 December 31, 2017	Average LTD Ratio
Petit Jean State Bank	Morrilton, Arkansas	$187,555	50.2%
Regional Banks	Lonoke, Arkansas	$277,626	54.2%
	Dardanelle, Arkansas	$133,746	72.1%
	Sheridan, Arkansas	$154,254	58.4%

Of the other five institutions operating in the bank's assessment area, four are significantly larger, national institutions, while the remaining institution operates only one of its 19 offices in Conway County. Therefore, the peers selected for comparison do not operate in Conway County. Based on data from the previous table, the bank's level of lending is below that of similar institutions. During the review period, the bank's LTD ratio was generally stable, ranging from a low of 47.8 percent to a high of 53.9 percent. In comparison, two peer banks experienced decreasing trends in LTD ratio throughout the review period.

Despite being the smallest institution operating in its market, Petit Jean State Bank accounts for 42.0 percent of all assessment area deposit dollars. The fact that it is the only locally owned, FDIC-insured institution in the market has likely helped Petit Jean State Bank attract a significantly larger portion of local deposits than other institutions. Furthermore, compared to 2016 HMDA and CRA aggregate reports, Petit Jean State Bank had a larger number of 1–4 family residential real estate loan originations and small business loan originations in Conway County than any institution required to report HMDA or CRA data. Considering these factors along with the bank's size, financial condition, and assessment area credit needs, the bank's average LTD ratio is reasonable.

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, 2016 through December 31, 2016						
Loan Type	**Inside Assessment Area**		**Outside Assessment Area**		**TOTAL**	
Small Business	67	67.0%	33	33.0%	**100**	**100%**
	4,510	73.5%	1,624	26.5%	**$6,134**	**100%**
1–4 Family Residential Real Estate	38	70.4%	16	29.6%	**54**	**100%**
	3,142	78.7%	849	21.3%	**$3,991**	**100%**
Consumer Motor Vehicle	49	69.0%	22	31.0%	**71**	**100%**
	519	62.8%	308	37.2%	**$827**	**100%**
TOTAL LOANS	**154**	**68.4%**	**71**	**31.6%**	**225**	**100%**
	8,172	**74.6%**	**2,781**	**25.4%**	**$10,953**	**100%**

A majority of loans and other lending-related activities were made in the bank's assessment area. As shown above, 68.4 percent of the total loans were made inside the assessment area, accounting for 74.6 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 1–4 family residential real-estate, small business, and consumer motor vehicle loan categories. As previously noted, greater significance is placed on performance in the small business loan category, given the bank's emphasis on commercial lending.

First, small business loans were reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of small business loans by loan amount and business revenue size compared to Dun & Bradstreet and 2016 aggregate data.

Distribution of Loans Inside Assessment Area by Business Revenue January 1, 2016 through December 31, 2016								
Gross Revenue	**Loan Amounts in $000s**						**TOTAL**	
	≤$100		**>$100 and ≤$250**		**>$250 and ≤$1,000**			
$1 Million or Less	46	68.7%	5	7.5%	1	1.5%	**52**	**77.6%**
Greater than $1 Million/Unknown	10	14.9%	3	4.5%	2	3.0%	**15**	**22.4%**
TOTAL	**56**	**83.6%**	**8**	**11.9%**	**3**	**4.5%**	**67**	**100%**
Dun & Bradstreet Businesses ≤ $1MM							**89.6%**	
2016 CRA Aggregate							**48.5%**	

The bank's level of lending to small businesses is reasonable. The bank originated the majority of its small business loans (77.6 percent) to businesses with revenues of $1 million or less. Although the bank's lending level is below the demographic estimate of assessment area businesses with annual revenues of $1 million or less (89.6 percent), it exceeds the 2016 aggregate lending level of 48.5 percent. Moreover, 88.5 percent of the bank's loans to businesses with annual revenues of $1 million or less were in amounts of $100,000 or less, which demonstrates the bank's willingness to meet a credit need specifically identified by community contacts.

Next, the distribution of the bank's 1–4 family residential real estate loans was reviewed. Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the applicable median family income figure, as estimated by the FFIEC ($44,700 for nonMSA Arkansas as of 2016). The following table shows the distribution of 1–4 family residential real-estate reported loans by borrower income level in comparison to family population income demographics and 2016 aggregate performance for the assessment area.

Distribution of Loans Inside Assessment Area by Borrower Income January 1, 2016 through December 31, 2016												
	Borrower Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
1–4 Family Residential Real Estate Loans	4	10.5%	5	13.2%	6	15.8%	23	60.5%	0	0.0%	**38**	**100%**
Family Population	16.1%		19.5%		17.0%		47.4%		0.0%		**100%**	
2016 HMDA Aggregate	6.4%		12.2%		16.8%		44.1%		20.5%		**100%**	

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (10.5 percent) is below the low-income family population figure (16.1 percent) but is in line with the 2016 aggregate lending level to low-income borrowers (6.4 percent), reflecting reasonable performance. Similarly, the bank's level of lending to moderate-income borrowers (13.2 percent) is also reasonable, as it is below the moderate-income family population percentage (19.5 percent) but in line with the aggregate lending level to moderate-income borrowers (12.2 percent). Therefore, considering performance to both income categories, the bank's overall distribution of loans by borrower's profile is reasonable.

Finally, the bank's distribution of consumer motor vehicle loans was analyzed by income level of the borrowers. The following table reflects the distribution of the bank's consumer motor vehicle loans compared to the household population income characteristics for the assessment area.

Distribution of Bank Loans Inside Assessment Area by Income Level of Borrower
January 1, 2016 through December 31, 2016

	Borrower Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Consumer Motor Vehicle Loans	7	14.3%	16	32.7%	13	26.5%	13	26.5%	0	0.0%	**49**	**100%**
Household Population	26.9%		16.6%		13.8%		42.6%		0.0%		**100%**	

Loans to low-income borrowers represented 14.3 percent of the bank's total consumer motor vehicle loans, reflecting poor performance when compared to the low-income household population (26.9 percent). However, the bank may experience some difficulty in lending to a portion of the low-income household population given that 18.6 percent of assessment area households are below the poverty line and likely would struggle to qualify for traditional financing. Additionally, as noted by community contacts, the decline of the oil industry in the assessment area resulted in significant job loss, which is evident in the assessment area's relatively high unemployment rate and makes lending to LMI borrowers more challenging. Despite these factors, the bank's performance is considered poor.

Conversely, the bank's level of lending to moderate-income borrowers (32.7 percent) is considered excellent, as it far exceeds the moderate-income household population (16.6 percent). The bank's combined LMI borrower lending level, 47.0 percent, is in line with the combined LMI household population of 43.5 percent and is considered excellent given the bank's performance and the aforementioned economic conditions in the assessment area.

Geographic Distribution of Loans

Under the geographic distribution of loans analysis, the bank's performance is assessed based on the distribution of loans in low-, moderate-, middle-, and upper-income geographies in the assessment area. When evaluating the bank's performance, particular emphasis is normally placed on the bank's performance in LMI geographies; however, the bank's assessment area does not contain any LMI census tracts. As previously stated, the bank's assessment area is comprised of three middle-income and three upper-income census tracts. Therefore, a detailed geographic distribution of loans analysis would not prove meaningful and was not performed as part of this evaluation. Nevertheless, the loan dispersion within the assessment area census tracts was reviewed. Loan activity was adequately dispersed throughout the assessment area, including the middle-income census tracts classified as distressed. There were no conspicuous lending gaps, and lending patterns were consistent with demographics and bank structure. Therefore, the bank's geographic distribution of loans is reasonable.

Responses to Complaints

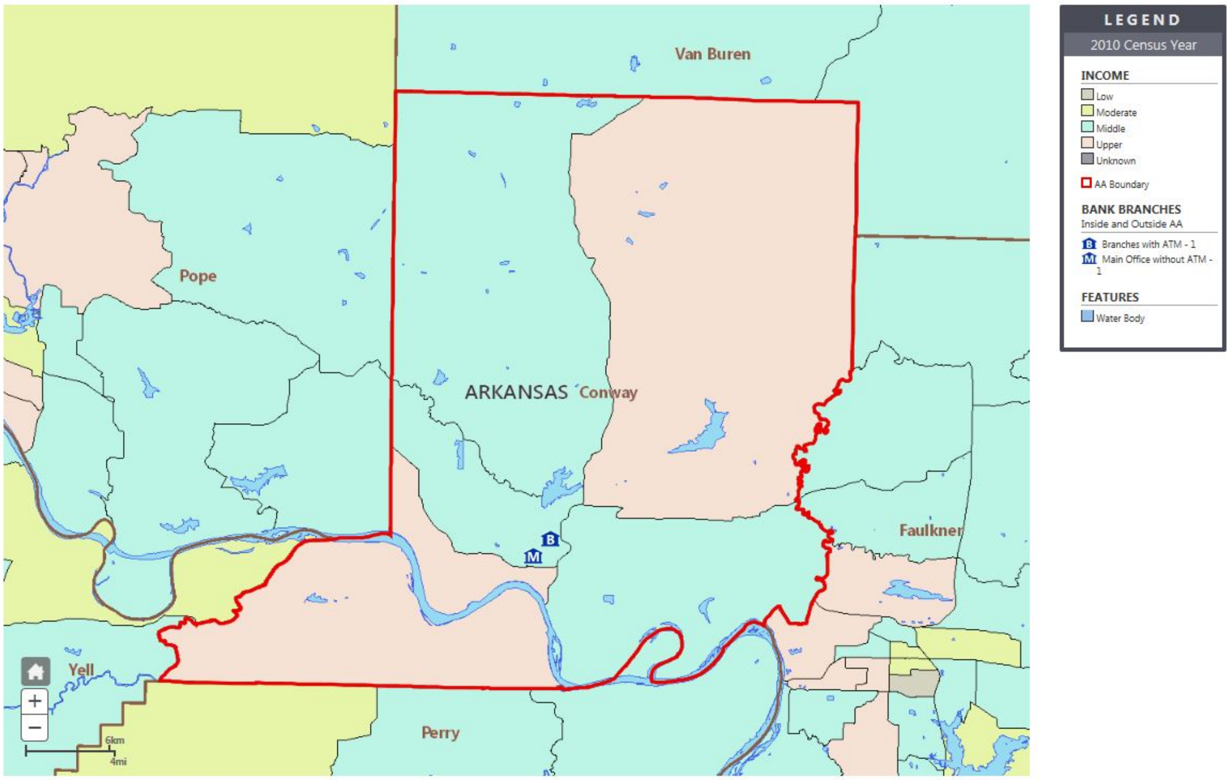
No CRA-related complaints were filed against the bank during this review period (December 2, 2013 through March 4, 2018).

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

Petit Jean State Bank - Morrilton AR
Conway 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) affordable housing (including multifamily rental housing) for LMI individuals; (2) community services targeted to LMI individuals; (3) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of $1 million or less; (4) activities that revitalize or stabilize 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.