

PUBLIC DISCLOSURE

November 12, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Anstaff Bank
RSSD #261940**

**100 First National Avenue
Green Forest, Arkansas 72638**

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.

The Lending Test is rated:

Satisfactory

The Community Development Test is rated:

Satisfactory

Anstaff Bank meets the criteria for a Satisfactory rating based on the evaluation of the bank's lending and community development activities. The factors supporting the institution's rating include:

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment areas.
- A majority of loans and other lending-related activities are in the assessment areas.
- Distribution of loans to borrowers reflects reasonable penetration among individuals of different income levels (including low- and moderate-income (LMI)) and businesses and farms of different revenue sizes.
- Geographic distribution of loans reflects a reasonable dispersion throughout the assessment areas.
- There were no CRA-related complaints filed against the bank since the previous CRA evaluation.
- The bank's overall community development performance demonstrates adequate responsiveness to the community development needs of its assessment areas, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment areas. The bank has responded to these needs through community development loans, qualified investments, and community development services.

SCOPE OF EXAMINATION

The bank's CRA performance was reviewed using the Federal Financial Institutions Examination Council's (FFIEC's) Intermediate Small Bank Procedures. The Intermediate Small Bank Examination Procedures entail two performance tests: the Lending Test and the Community Development Test. Bank performance under these tests is rated at the institution level. The bank maintains operations in two delineated assessment areas within the state of Arkansas. The primary assessment area is located in the nonMSA portion of Arkansas and includes five contiguous counties: Baxter County, Boone County, Carroll County, Marion County, and Newton County. The bank's second assessment area is located within the Fayetteville-Springdale-Rogers, Arkansas Metropolitan Statistical Area (MSA) directly west of the bank's nonMSA assessment area and consists of Madison County in its entirety.

The following table details the number of branch offices, breakdown of deposits, and the CRA review procedures applicable to each assessment area completed as part of this evaluation. Deposit information in the following table, as well as deposit information throughout this evaluation, is taken from the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2024.

Assessment Area	Offices		Deposits		Review Procedures
	#	%	\$ (000s)	%	
Arkansas nonMSA	11	84.6%	\$851,019	92.5%	Full Scope
Madison County	2	15.4%	\$69,405	7.5%	Limited Scope
TOTAL¹	13	100%	\$920,424	100%	1 – Full Scope 1 – Limited Scope

In light of branch structure, loan and deposit activity, and the bank's CRA evaluation history, CRA performance in the Arkansas nonMSA assessment area was given primary consideration, as it contains the majority of the bank's loan and deposit activity. Therefore, the Arkansas nonMSA assessment area was reviewed using full-scope examination procedures, and performance in the Madison County assessment area was reviewed using limited-scope procedures.

Furthermore, Home Mortgage Disclosure Act (HMDA) loans, small business loans, and small farm loans were used to evaluate the bank's lending performance, as these loan categories are considered the bank's core business lines based on lending volume and the bank's stated business strategy. Therefore, the loan activity represented by these credit products is deemed indicative of overall lending performance. However, as the bank has a particular emphasis on home mortgage lending, performance based on the HMDA loan category carried the most significance toward overall performance conclusions. The following table details the performance criterion and the corresponding time periods used in each analysis.

Performance Criterion	Time Period
LTD Ratio	June 30, 2021 – September 30, 2024
Assessment Area Concentration	January 1, 2022 – December 31, 2022
Loan Distribution by Borrower's Profile	
Geographic Distribution of Loans	
Response to Written CRA Complaints	May 24, 2021 – November 11, 2024
Community Development Activities	

Lending Test analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on HMDA and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2020 American Community Survey (ACS) data; certain business and farm demographics are based on 2022 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

¹ Note: In this table and others throughout this document, percentages may not total 100 percent due to rounding.

an assessment area. Aggregate lending datasets are also updated annually and are, therefore, expected to predict more relevant comparisons. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating within the same general region. Two other banks were identified as similarly situated peers, with asset sizes ranging from \$765.6 million to \$1.8 billion as of September 30, 2024.

As part of the Community Development Test, the bank's performance was evaluated using the following criteria, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment areas:

- The number and dollar amount of community development loans.
- The number and dollar amount of qualified investments and grants.
- The extent to which the bank provides community development services.

The review included community development activities initiated from the date of the bank's previous CRA evaluation to this review date. In addition, investments made prior to the date of the previous CRA evaluation, but still outstanding as of this review date, were also considered.

To augment this evaluation, one community contact interview was conducted with a member of the local community to ascertain specific credit needs, opportunities, and local market conditions within the assessment areas. Information from this interview also assisted in evaluating the bank's responsiveness to identified community credit needs and community development opportunities. Key details from this community contact interview are included in the *Description of Assessment Area* section applicable to the assessment area in which it was conducted.

DESCRIPTION OF INSTITUTION

Anstaff Bank is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is wholly owned by First National Bancorp, Inc., a one-bank holding company; the bank and its holding company are both headquartered in Green Forest, Arkansas. The bank's branch network consists of 13 branches including the main office, 11 of which have an on-site ATM. In October 2024, three of the bank's branches (Harrison North, Harrison South, and Jasper) began utilizing deposit-accepting interactive teller machines (ITMs); all other on-site ATMs are cash dispensing only. The bank also operates one stand-alone, cash-dispensing-only ATM at its Operations Center. Lastly, in addition to being full-service facilities, 11 branches have drive-up accessibility.

Based on this branch network and other service delivery systems, such as extended banking hours of operation and full-service online banking capabilities, the bank is well positioned to deliver financial services to the entirety of its assessment areas.

For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credit needs of its customers, and the bank appeared capable of meeting the credit needs of its assessment areas based on its available resources and financial products. As of September 30, 2024, the bank reported total assets of \$1.1 billion. As of the same date, loans and leases outstanding were \$755.4 million (68.7 percent of total assets), and deposits totaled \$956.4 million. The bank's loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans as of September 30, 2024		
Credit Category	Amount \$ (000s)	Percentage of Total Loans
Farmland	\$191,376	25.3%
1-4 Family Residential	\$181,838	24.1%
Commercial Real Estate	\$165,863	21.9%
Commercial and Industrial	\$78,295	10.4%
Construction and Development	\$47,266	6.3%
Farm Loans	\$27,692	3.6%
Multifamily Residential	\$26,989	3.6%
Loans to Individuals	\$27,731	3.7%
Total Other Loans	\$8,342	1.1%
TOTAL	\$755,392	100%

As indicated by the table above, a significant portion of the bank's lending resources is directed to farmland, 1-4 family residential, and commercial real estate loans. The bank also originates and subsequently sells a significant volume of loans related to residential real estate. As these loans are sold on the secondary market shortly after origination, this activity would not be captured in the table. Since its previous CRA evaluation, Anstaff Bank originated 533 loans totaling \$92.6 million, which were sold into the secondary market.

The bank received a Satisfactory rating at its previous CRA evaluation conducted by the FDIC on May 24, 2021.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The bank meets the standards for a satisfactory Lending Test rating under the intermediate small bank procedures, which evaluate bank performance under the following five criteria, as applicable.

Loan-to-Deposit (LTD) Ratio

One indication of the bank's overall level of lending activity is its LTD ratio. The table below displays the bank's average LTD ratio in comparison to those of regional peers. The average LTD ratio represents a 14-quarter average, dating back to the bank's last CRA evaluation.

LTD Ratio Analysis			
Name	Headquarters	Asset Size \$ (000s) as of September 30, 2024	Average LTD Ratio
Anstaff Bank	Green Forest, Arkansas	\$1,059,267	75.6%
Regional Banks	Stuttgart, Arkansas	\$1,842,684	76.5%
	Greenbrier, Arkansas	\$765,594	92.0%

Based on data from the previous table, the bank's level of lending is below one of its peer banks in the region and aligned with the other. During the review period, the bank's quarterly LTD ratio experienced a generally decreasing trend, with a 14-quarter average of 75.6 percent. In comparison, the average LTD ratios for the regional peers were higher but saw similar trends. Therefore, compared to data from regional banks, the bank's average LTD ratio is reasonable given the bank's size, financial condition, and credit needs of its assessment areas.

Assessment Area Concentration

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

Lending Inside and Outside the Assessment Areas January 1, 2022 through December 31, 2022								
Loan Type	Inside				Outside			
	#	# %	\$ (000s)	\$ %	#	# %	\$ (000s)	\$ %
HMDA	234	85.7	42,436	72.8	39	14.3	15,843	27.2
Small Business	101	84.9	12,419	69.3	18	15.1	5,504	30.7
Small Farm	112	89.6	7,922	83.0	13	10.4	1,625	17.0
TOTAL LOANS	447	86.5	62,777	73.2	70	13.5	22,972	26.8

A majority of loans and other lending-related activities were made in the bank's assessment areas. As shown above, 86.5 percent of the total loans were made inside the assessment areas, accounting for 73.2 percent of the dollar volume of total loans.

Borrower and Geographic Distribution

Overall, performance by borrower's income/revenue profile is reasonable, based on the analyses of lending in the full-scope assessment area, as displayed in the following table.

Full-Scope Assessment Area	Loan Distribution by Borrower's Profile
Arkansas nonMSA	Reasonable

Limited-Scope Assessment Area	Loan Distribution by Borrower's Profile
Madison County	Consistent

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

Full-Scope Assessment Area	Geographic Distribution of Loans
Arkansas nonMSA	Reasonable

Limited-Scope Assessment Area	Geographic Distribution of Loans
Madison County	Consistent

Responses to Complaints

No CRA-related complaints were filed against the bank during this review period (May 24, 2021 through November 11, 2024).

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test is rated satisfactory. Considering the bank's capacity and the need and availability of such opportunities for community development in the assessment areas, the bank demonstrates adequate responsiveness to the community development needs of the full-scope assessment area through a mix of qualifying community development loans, investments, donations, and services.

Assessment Areas	Community Development Test Performance Conclusions
Arkansas nonMSA	Adequate
Madison County	Below

In addition to adequately meeting the community development needs of its assessment areas, the bank had community development activities outside its assessment areas but still within the broader statewide area. The bank made seven community development loans totaling \$9.0 million to a borrower providing affordable housing outside the assessment areas but within the state of Arkansas.

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.

ARKANSAS NONMETROPOLITAN STATISTICAL AREA

(Full-Scope Review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE ARKANSAS NONMSA ASSESSMENT AREA

Bank Structure

The bank operates 11 of its 13 offices (84.6 percent), including the Green Forest Auto Branch, in this assessment area. Of the 11 offices, eight are situated in middle-income census tracts, and three are in upper-income census tracts. Since the last examination, the bank did not open or close any branches in this assessment area. Based on its branch network and other service delivery systems, the bank is well positioned to deliver financial services to a significant portion of the assessment area.

General Demographics

The assessment area comprises five contiguous counties: Baxter, Boone, Carroll, Marion, and Newton. This assessment area contains the bank's main office/headquarters and is located in northwestern Arkansas, just east of the Fayetteville MSA. Based on 2020 ACS data, the assessment area population was 131,311. Baxter County is the most populous, with 41,627 residents, while Newton County has the smallest population, totaling 7,225.

According to the FDIC Deposit Market Share Report data as of June 30, 2024, there are 17 FDIC-insured depository institutions in the assessment area that operate 67 branches. Anstaff Bank is ranked first in deposit market share, encompassing 21.0 percent of total deposit dollars.

Credit needs in the assessment area include a mix of consumer and business loan products. The community contact identified affordable housing as a specific credit need. In addition, opportunities exist for the bank to promote community development in the area through job creation and small business growth.

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	2	23	7	0	32
	0.0%	6.3%	71.9%	21.9%	0.0%	100%
Family Population	0	1,467	25,815	8,800	0	36,082
	0.0%	4.1%	71.5%	24.4%	0.0%	100%

Although the assessment area does not include any low-income census tracts, it does contain two moderate-income census tracts located in Boone County and Marion County. As shown above, 6.3 percent of the census tracts in the assessment area are moderate-income geographies, but only 4.1 percent of the family population resides in these tracts. Additionally, the four middle-income census tracts in Marion County were considered underserved in 2022 due to their remote rural location.

Based on 2020 ACS data, the median family income for the assessment area was \$55,136. At the same time, the median family income for the state of Arkansas was \$62,067. More recently, the FFIEC estimates the 2022 median family income for the assessment area to be \$60,200. The following table displays population percentages of assessment area families by income level compared to the state of Arkansas.

Family Population by Income Level					
Dataset	Low-	Moderate-	Middle-	Upper-	TOTAL
Assessment Area	6,151	6,924	8,020	14,987	36,082
	17.1%	19.2%	22.2%	41.5%	100%
Arkansas	165,087	136,380	155,142	313,502	770,111
	21.4%	17.7%	20.2%	40.7%	100%

As shown in the preceding table, 36.3 percent of families within the assessment area are considered LMI, which is slightly lower than the percentage of LMI families in the state of Arkansas (39.1 percent). Additionally, the percentage of families living below the poverty threshold in the assessment area (9.7 percent) is less than the percentage of families below the poverty level in the state of Arkansas (11.8 percent). Considering these factors, the assessment area income levels appear to be slightly more affluent than the state of Arkansas.

Housing Demographics

Housing Cost Burden						
Area	Cost Burden – Renters			Cost Burden – Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	57.1%	28.9%	30.0%	53.1%	25.1%	17.2%
Arkansas	69.8%	35.3%	37.3%	53.0%	25.2%	15.3%
Cost burden is housing cost that equals 30 percent or more of household income.						

According to the table above, a smaller percentage of LMI renters are cost burdened in the assessment area than the state of Arkansas. This is further supported by the assessment area having a lower median rental rate (\$655/month) than the state as a whole (\$760/month). Additionally, the table shows that homeowners in the assessment area are similarly cost burdened as homeowners throughout the state. This is supported by the assessment area having a similar median housing value (\$133,571) compared to the state (\$133,600).

Industry and Employment Demographics

The assessment area supports a large and diverse business community, including a strong small business sector, as evidenced by Dun & Bradstreet data indicating that 93.7 percent of assessment area businesses have annual revenues of \$1 million or less. Furthermore, according to the U.S. Bureau of Labor Statistics (BLS) Quarterly Census of Employment and Wages data, there are 45,181 paid employees in the assessment area in both private and government sectors. By percentage of employees, the three largest job categories in the assessment area are manufacturing (19.5 percent), followed by retail trade (14.1 percent) and healthcare and social assistance (13.2 percent). The table below details unemployment data from the BLS (not seasonally adjusted) for the assessment area compared to the state of Arkansas as a whole.

Unemployment Levels				
Dataset	Time Period (Annual Average)			
	2020	2021	2022	2023
Assessment Area	5.8%	3.5%	3.1%	3.4%
Arkansas	6.2%	4.0%	3.2%	3.3%

As indicated in the table above, unemployment rates in both the assessment area and the state of Arkansas followed a similar trend, with significant increases observed in 2020 during the COVID-19 pandemic. Following the pandemic, unemployment rates in both regions declined from 2021 to 2022, before rising slightly in 2023. Overall, unemployment rates in the assessment area were generally lower than those in Arkansas as a whole.

Community Contact Information

Information from one community contact was used to help shape the performance context in which the bank's activities in this assessment area were evaluated. The community contact interview was with an individual specializing in economic development and small business development in the northern Arkansas region. The community contact categorized the local economy as doing well, particularly as it relates to the rapid growth within the state of Arkansas through job creation from major corporations such as Walmart, J.B. Hunt, and Tyson Foods. Additionally, the contact described the local unemployment rate as low, noting that it was below both the state and national averages.

The contact noted a need for affordable housing due to limited supply. Furthermore, the contact described the housing stock as a mixture of newer and older homes, but many were damaged following a tornado in May 2024, further straining the supply. Additionally, the contact stated that rental prices have risen significantly compared to previous years. Overall, this shortage has affected residents of all income levels, prompting efforts to increase the housing availability in the area.

Furthermore, the contact highlighted the barriers impacting LMI individuals, including a lack of financial literacy and distrust in financial institutions when it comes to managing their money. While most banks offer some form of financial education, the distrust remains a challenge. However, the contact expressed that the region fosters a positive environment for supporting the LMI population and helping to improve their overall quality of life.

Lastly, the community contact also noted the level of community development involvement for banks is considered high, as banks are a big part of the community, and noted there are many bank-sponsored events held throughout the region. While community development is considered high, the contact noted great opportunities for banks still exist.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE ARKANSAS
NONMSA ASSESSMENT AREA**

LENDING TEST

The bank's lending test rating in the Arkansas nonMSA assessment area is satisfactory. The bank's overall distribution of loans by borrower's income/revenue reflects reasonable penetration among borrowers of different income levels and businesses and farms of different revenue sizes. Furthermore, the geographic distribution of loans reflects reasonable penetration throughout the assessment area.

Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is reasonable, based on performance from each loan category reviewed. The bank's HMDA lending to borrowers of varying income levels was deemed poor, while lending to small businesses and small farms was considered excellent.

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. The following table shows the distribution of HMDA-reported loans by borrower income level in comparison to family population income demographics for the assessment area. Additionally, 2022 aggregate data for the assessment area is displayed.

Borrower Distribution of HMDA Loans Assessment Area: Arkansas nonMSA								
Product Type	Borrower Income Levels	2022						
		Count			Dollars			Families
		Bank		HMDA Aggregate	Bank		HMDA Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Home Purchase	Low	7	5.6%	5.6%	\$602	2.5%	2.9%	17.0%
	Moderate	12	9.5%	17.2%	\$1,161	4.8%	12.0%	19.2%
	Middle	21	16.7%	20.0%	\$2,684	11.0%	16.9%	22.2%
	Upper	57	45.2%	38.1%	\$13,509	55.3%	48.9%	41.5%
	Unknown	29	23.0%	19.1%	\$6,483	26.5%	19.3%	0.0%
	TOTAL	126	100.0%	100.0%	\$24,439	100.0%	100.0%	100.0%
Refinance	Low	6	10.9%	9.7%	\$382	3.9%	5.6%	17.0%
	Moderate	7	12.7%	18.8%	\$541	5.6%	14.0%	19.2%
	Middle	9	16.4%	22.5%	\$1,175	12.1%	20.6%	22.2%
	Upper	23	41.8%	34.3%	\$5,332	55.0%	42.8%	41.5%
	Unknown	10	18.2%	14.7%	\$2,263	23.3%	17.0%	0.0%
	TOTAL	55	100.0%	100.0%	\$9,693	100.0%	100.0%	100.0%
Home Improvement	Low	0	0.0%	9.8%	\$0	0.0%	5.1%	17.0%
	Moderate	2	8.3%	14.1%	\$132	7.8%	9.1%	19.2%
	Middle	4	16.7%	17.3%	\$192	11.3%	11.6%	22.2%
	Upper	17	70.8%	44.7%	\$1,319	77.9%	58.7%	41.5%
	Unknown	1	4.2%	14.1%	\$50	3.0%	15.5%	0.0%
	TOTAL	24	100.0%	100.0%	\$1,693	100.0%	100.0%	100.0%
Multifamily	Low	0	0.0%	2.4%	\$0	0.0%	1.5%	N/A
	Moderate	0	0.0%	0.0%	\$0	0.0%	0.0%	N/A
	Middle	0	0.0%	0.0%	\$0	0.0%	0.0%	N/A
	Upper	1	20.0%	19.5%	\$239	5.1%	7.4%	N/A
	Unknown	4	80.0%	78.0%	\$4,459	94.9%	91.2%	N/A
	TOTAL	5	100.0%	100.0%	\$4,698	100.0%	100.0%	N/A
HMDA TOTALS	Low	13	6.2%	7.4%	\$984	2.4%	3.7%	17.0%
	Moderate	21	10.0%	17.2%	\$1,834	4.5%	12.0%	19.2%
	Middle	34	16.2%	20.5%	\$4,051	10.0%	17.1%	22.2%
	Upper	98	46.7%	37.1%	\$20,399	50.3%	45.9%	41.5%
	Unknown	44	21.0%	17.9%	\$13,255	32.7%	21.3%	0.0%
	TOTAL	210	100.0%	100.0%	\$40,523	100.0%	100.0%	100.0%

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (6.2 percent) is significantly below the low-income family population figure (17.0 percent) but only slightly below the 2022 aggregate lending level (7.4 percent), reflecting reasonable performance. However, the bank's level of lending to moderate-income borrowers (10.0 percent) is significantly below both the moderate-income family population (19.2 percent) and the 2022 aggregate lending to moderate-income borrowers (17.2 percent), reflecting poor performance. Therefore, considering performance to both income categories, the bank's overall distribution of loans by borrower's profile is poor.

Next, small business loans were reviewed to determine the bank's lending levels to businesses of different revenue sizes. The following table shows the distribution of 2022 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

Small Business Loans by Revenue and Loan Size Assessment Area: Arkansas nonMSA								
Business Revenue and Loan Size		2022						
		Count			Dollars			Total Businesses
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	
Business Revenue	\$1 Million or Less	89	93.7%	59.9%	\$10,860	89.1%	55.1%	91.8%
	Over \$1 Million/Unknown	6	6.3%	40.1%	\$1,335	10.9%	44.9%	8.2%
	TOTAL	95	100.0%	100.0%	\$12,195	100.0%	100.0%	100.0%
Loan Size	\$100,000 or Less	67	70.5%	90.6%	\$2,593	21.3%	35.1%	
	\$100,001–\$250,000	12	12.6%	5.4%	\$2,040	16.7%	19.9%	
	\$250,001–\$1 Million	16	16.8%	4.1%	\$7,562	62.0%	45.0%	
	Over \$1 Million	0	0.0%	0.0%	\$0	0.0%	0.0%	
	TOTAL	95	100.0%	100.0%	\$12,195	100.0%	100.0%	
Loan Size	Revenue \$1 Million or Less	\$100,000 or Less	64	71.9%		\$2,430	22.4%	
		\$100,001–\$250,000	11	12.4%		\$1,840	16.9%	
		\$250,001–\$1 Million	14	15.7%		\$6,590	60.7%	
		Over \$1 Million	0	0.0%		\$0	0.0%	
		TOTAL	89	100.0%		\$10,860	100.0%	

The bank's level of lending to small businesses is excellent. The bank originated most of its small business loans (93.7 percent) to businesses with revenues of \$1 million or less. In comparison, assessment area demographics estimated that 91.8 percent of businesses in the assessment area had annual revenues of \$1 million or less, and the 2022 aggregate lending level to small businesses is 59.9 percent.

Lastly, small farm loans were reviewed to determine the bank's lending to farms of different sizes. The following table displays 2022 small farm loan activity by farm revenue and loan size compared to the demographics throughout the assessment area and the 2022 aggregate data.

Small Farm Loans by Revenue and Loan Size Assessment Area: Arkansas nonMSA								
Farm Revenue and Loan Size		2022						
		Count			Dollars			Total Businesses
		Bank		Aggregate	Bank		Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	%
Farm Revenue	\$1 Million or Less	99	100.0%	73.1%	\$7,088	100.0%	83.8%	99.5%
	Over \$1 Million/Unknown	0	0.0%	26.9%	\$0	0.0%	16.2%	0.5%
	TOTAL	99	100.0%	100.0%	\$7,088	100.0%	100.0%	100.0%
Loan Size	\$100,000 or Less	81	81.8%	85.5%	\$2,633	37.1%	44.1%	
	\$100,001–\$250,000	10	10.1%	11.2%	\$1,808	25.5%	34.2%	
	\$250,001–\$1 Million	8	8.1%	3.3%	\$2,647	37.3%	21.7%	
	Over \$1 Million	0	0.0%	0.0%	\$0	0.0%	0.0%	
	TOTAL	99	100.0%	100.0%	\$7,088	100.0%	100.0%	
Loan Size Revenue \$1 Million or Less	\$100,000 or Less	81	81.8%		\$2,633	37.1%		
	\$100,001–\$250,000	10	10.1%		\$1,808	25.5%		
	\$250,001–\$1 Million	8	8.1%		\$2,647	37.3%		
	Over \$1 Million	0	0.0%		\$0	0.0%		
	TOTAL	99	100.0%		\$7,088	100.0%		

The bank's small farm lending reflects an excellent distribution of loans to farms of different sizes. In 2022, the bank made 100.0 percent of its small farm loans to farms with annual revenues of \$1 million or less, which was comparable to the demographic figure (99.5 percent) but significantly above the peer institutions in the assessment area (73.1 percent), reflecting excellent performance.

Geographic Distribution of Loans

As noted previously, the assessment area does not include any low-income census tracts and has only two moderate-income census tracts, representing 6.3 percent of all assessment area census tracts. Overall, the bank's geographic distribution of loans in this assessment area reflects reasonable penetration throughout the moderate-income census tracts, based on HMDA, small business, and small farm loan categories.

The following table displays the geographic distribution of 2022 loans compared to owner-occupied housing demographics and aggregate performance for the assessment area.

Geographic Distribution of HMDA Loans Assessment Area: Arkansas nonMSA								
Product Type	Tract Income Levels	2022						
		Count			Dollars			Owner-Occupied Units
		Bank		HMDA Aggregate	Bank		HMDA Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
	Moderate	5	4.0%	4.7%	\$638	2.6%	4.1%	4.4%
	Middle	99	78.6%	68.7%	\$19,907	81.5%	67.2%	73.1%
	Upper	22	17.5%	26.4%	\$3,894	15.9%	28.6%	22.5%
	Unknown	0	0.0%	0.2%	\$0	0.0%	0.1%	0.0%
	TOTAL	126	100.0%	100.0%	\$24,439	100.0%	100.0%	100.0%
Refinance	Low	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
	Moderate	4	7.3%	3.9%	\$256	2.6%	3.0%	4.4%
	Middle	44	80.0%	72.2%	\$8,015	82.7%	70.9%	73.1%
	Upper	7	12.7%	23.9%	\$1,422	14.7%	26.0%	22.5%
	Unknown	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
	TOTAL	55	100.0%	100.0%	\$9,693	100.0%	100.0%	100.0%
Home Improvement	Low	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
	Moderate	1	4.2%	3.5%	\$50	3.0%	2.3%	4.4%
	Middle	17	70.8%	68.6%	\$1,242	73.4%	70.2%	73.1%
	Upper	6	25.0%	27.5%	\$401	23.7%	26.4%	22.5%
	Unknown	0	0.0%	0.4%	\$0	0.0%	1.1%	0.0%
	TOTAL	24	100.0%	100.0%	\$1,693	100.0%	100.0%	100.0%
Multifamily	Low	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
	Moderate	0	0.0%	12.2%	\$0	0.0%	4.7%	13.9%
	Middle	5	100.0%	70.7%	\$4,698	100.0%	76.3%	55.8%
	Upper	0	0.0%	17.1%	\$0	0.0%	19.0%	30.3%
	Unknown	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
	TOTAL	5	100.0%	100.0%	\$4,698	100.0%	100.0%	100.0%
HMDA TOTALS	Low	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
	Moderate	10	4.8%	4.3%	\$944	2.3%	3.7%	4.4%
	Middle	165	78.6%	70.0%	\$33,862	83.6%	68.7%	73.1%
	Upper	35	16.7%	25.6%	\$5,717	14.1%	27.4%	22.5%
	Unknown	0	0.0%	0.1%	\$0	0.0%	0.1%	0.0%
	TOTAL	210	100.0%	100.0%	\$40,523	100.0%	100.0%	100.0%

Bank performance in moderate-income census tracts was comparable to both demographic and aggregate data. The bank's total penetration of moderate-income census tracts (4.8 percent) is consistent with the percentage of owner-occupied housing units in moderate-income census tracts (4.4 percent) and other lenders based on aggregate lending data (4.3 percent). Overall, the bank's geographic distribution of HMDA loans in moderate-income geographies is reasonable.

Second, the geographic distribution of small business loans was reviewed. The following table displays 2022 small business loan activity by geography income level compared to the location of businesses throughout this assessment area and 2022 small business aggregate data.

Geographic Distribution of Small Business Loans Assessment Area: Arkansas nonMSA							
Tract Income Levels	2022						
	Count			Dollars			Businesses
	Bank		Aggregate	Bank		Aggregate	
	#	%	%	\$ (000s)	\$ %	\$ %	
Low	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Moderate	2	2.1%	5.1%	\$205	1.7%	9.3%	8.1%
Middle	66	69.5%	70.2%	\$8,644	70.9%	69.6%	62.7%
Upper	27	28.4%	23.6%	\$3,346	27.4%	21.0%	29.3%
Unknown	0	0.0%	1.0%	\$0	0.0%	0.2%	0.0%
TOTAL	95	100.0%	100.0%	\$12,195	100.0%	100.0%	100.0%

While the bank's percentage of loans in moderate-income census tracts (2.1 percent) is below the percentage of small businesses in moderate-income census tracts (8.1 percent), it is approaching the 2022 aggregate lending percentage in moderate-income census tracts (5.1 percent), representing reasonable performance. Therefore, the bank's overall geographic distribution of small business loans is reasonable.

Lastly, the following table displays 2022 small farm lending activity by geography income level compared to the location of farms throughout the bank's assessment area and 2022 small farm aggregate data.

Geographic Distribution of Small Farm Loans Assessment Area: Arkansas nonMSA							
Tract Income Levels	2022						
	Count			Dollars			Farms
	Bank		Aggregate	Bank		Aggregate	
	#	%	%	\$ (000s)	\$ %	\$ %	
Low	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Moderate	0	0.0%	3.5%	\$0	0.0%	4.4%	3.5%
Middle	67	67.7%	76.4%	\$3,681	51.9%	78.5%	69.7%
Upper	32	32.3%	19.6%	\$3,408	48.1%	16.9%	26.8%
Unknown	0	0.0%	0.4%	\$0	0.0%	0.1%	0.0%
TOTAL	99	100.0%	100.0%	\$7,089	100.0%	100.0%	100.0%

Although the bank did not originate any loans in the moderate-income census tract, the bank's performance is reasonable compared to both the percentage of total number of farms (3.5 percent) and other lenders in the assessment area based on 2022 aggregate data (3.5 percent). Overall, given the limited lending opportunities in the geography, the bank's geographic distribution of small farm loans is considered reasonable.

Lastly, no conspicuous lending gaps were noted in LMI areas based on an analysis of the dispersion of all three lending products. The bank had loan activity in all census tracts in the assessment area, including all LMI census tracts.

COMMUNITY DEVELOPMENT TEST

The bank demonstrates adequate responsiveness to community development needs within the Arkansas nonMSA assessment area, considering the bank's capacity and the need and availability of such opportunities for community development. The bank addressed these needs through community development loans, qualified investments, and community development services.

During the review period, the bank made four qualifying loans in this assessment area totaling approximately \$6.8 million. The four loans included two loans to small businesses for the purposes of affordable housing and economic development, one loan to renovate a school where the majority of students receive free or reduced lunch, and one loan to a municipality located within a moderate-income census tract used to purchase equipment.

The bank also made community development investments and donations in this assessment area totaling \$830,000. This amount included three qualified investments totaling \$765,000 and 34 donations totaling \$65,000. All three investments were municipal bonds issued by a qualifying school district for community service and were made during the review period. Furthermore, the 34 donations were to 19 separate organizations having a community development purpose.

During the review period, 15 bank employees used financial expertise to provide service activities to 15 different community development organizations within the Arkansas nonMSA assessment area. Service activities included delivering financial education in schools that primarily serve LMI families and providing financial expertise to community service organizations as board members, presidents, treasurers, and volunteers.

FAYETTEVILLE-SPRINGDALE-ROGERS, ARKANSAS METROPOLITAN STATISTICAL AREA

(Limited-Scope Review)

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

This assessment area includes the entirety of Madison County, which is located in the Fayetteville, Arkansas Partial MSA. The bank operates two offices in this assessment area. The tables below detail key demographics relating to this assessment area.

Assessment Area Demographics by Population Income Level					
Demographic Type	Population Income Level				TOTAL
	Low-	Moderate-	Middle-	Upper-	
Family Population	1,609	699	950	1,038	4,296
	37.5%	16.3%	22.1%	24.2%	100%
Household Population	2,270	1,182	808	1,785	6,045
	37.6%	19.6%	13.4%	29.5%	100%

Assessment Area Demographics by Geography Income Level						
Dataset	Geography Income Level					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown-	
Census Tracts	0	3	1	0	0	4
	0.0%	75.0%	25.0%	0.0%	0.0%	100%
Family Population	0	3,189	1,107	0	0	4,296
	0.0%	74.2%	25.8%	0.0%	0.0%	100%
Household Population	0	4,711	1,334	0	0	6,045
	0.0%	77.9%	22.1%	0.0%	0.0%	100%
Business Institutions	0	357	86	0	0	443
	0.0%	80.6%	19.4%	0.0%	0.0%	100%

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE MADISON COUNTY ASSESSMENT AREA**LENDING TEST**

The bank's Lending Test performance in this assessment area is consistent with the bank's Lending Test performance in the Arkansas nonMSA assessment area, which was reviewed using full-scope procedures, as detailed in the following table. For more detailed information relating to the bank's Lending Test performance in this assessment area, see the tables in *Appendix A*.

Lending Test Criteria	Performance
Distribution of Loans by Borrower's Profile	Consistent
Geographic Distribution of Loans	Consistent
OVERALL	Consistent

COMMUNITY DEVELOPMENT TEST

The bank's Community Development Test performance in this assessment area is below the bank's Community Development Test performance in the Arkansas nonMSA assessment area, which was reviewed using full-scope procedures.

During the review period, none of the bank's community development activities within the Madison County assessment area met the criteria for a community development purpose.

**APPENDIX A – LENDING PERFORMANCE TABLES FOR LIMITED-SCOPE
REVIEW ASSESSMENT AREA**

Madison County Assessment Area

Borrower Distribution of HMDA Loans Assessment Area: Madison County								
Product Type	Borrower Income Levels	2022						
		Count			Dollars			Families
		Bank		HMDA Aggregate	Bank		HMDA Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0%	10.9%	\$0	0.0%	6.4%	37.5%
	Moderate	1	100.0%	19.3%	\$298	100.0%	16.9%	16.3%
	Middle	0	0.0%	24.1%	\$0	0.0%	23.2%	22.1%
	Upper	0	0.0%	20.1%	\$0	0.0%	25.7%	24.2%
	Unknown	0	0.0%	25.6%	\$0	0.0%	27.9%	0.0%
	TOTAL	1	100.0%	100.0%	\$298	100.0%	100.0%	100.0%
Refinance	Low	2	66.7%	10.0%	\$75	48.4%	4.6%	37.5%
	Moderate	1	33.3%	25.0%	\$80	51.6%	16.8%	16.3%
	Middle	0	0.0%	30.7%	\$0	0.0%	28.4%	22.1%
	Upper	0	0.0%	25.7%	\$0	0.0%	36.6%	24.2%
	Unknown	0	0.0%	8.6%	\$0	0.0%	13.5%	0.0%
	TOTAL	3	100.0%	100.0%	\$155	100.0%	100.0%	100.0%
Home Improvement	Low	0	0.0%	6.3%	\$0	0.0%	2.3%	37.5%
	Moderate	0	0.0%	21.9%	\$0	0.0%	19.8%	16.3%
	Middle	0	0.0%	15.6%	\$0	0.0%	16.9%	22.1%
	Upper	0	0.0%	43.8%	\$0	0.0%	45.7%	24.2%
	Unknown	0	0.0%	12.5%	\$0	0.0%	15.4%	0.0%
	TOTAL	0	0.0%	100.0%	\$0	0.0%	100.0%	100.0%
Multifamily	Low	0	0.0%	0.0%	\$0	0.0%	0.0%	N/A
	Moderate	0	0.0%	0.0%	\$0	0.0%	0.0%	N/A
	Middle	0	0.0%	0.0%	\$0	0.0%	0.0%	N/A
	Upper	0	0.0%	0.0%	\$0	0.0%	0.0%	N/A
	Unknown	0	0.0%	0.0%	\$0	0.0%	0.0%	N/A
	TOTAL	0	0.0%	0.0%	\$0	0.0%	0.0%	N/A
HMDA TOTALS	Low	2	50.0%	10.3%	\$75	16.6%	5.8%	37.5%
	Moderate	2	50.0%	21.0%	\$378	83.4%	17.2%	16.3%
	Middle	0	0.0%	24.9%	\$0	0.0%	24.1%	22.1%
	Upper	0	0.0%	23.6%	\$0	0.0%	29.1%	24.2%
	Unknown	0	0.0%	20.3%	\$0	0.0%	23.8%	0.0%
	TOTAL	4	100.0%	100.0%	\$453	100.0%	100.0%	100.0%

Small Business Loans by Revenue and Loan Size Assessment Area: Madison County								
Business Revenue and Loan Size		2022						
		Count			Dollars			Total
		Bank		Aggregate	Bank		Aggregate	Businesses
		#	%	%	\$ (000s)	\$ %	\$ %	%
Business Revenue	\$1 Million or Less	6	100.0%	68.9%	\$224	100.0%	73.9%	91.0%
	Over \$1 Million/ Unknown	0	0.0%	31.1%	\$0	0.0%	26.1%	9.0%
	TOTAL	6	100.0%	100.0%	\$224	100.0%	100.0%	100.0%
Loan Size	\$100,000 or Less	6	100.0%	93.5%	\$224	100.0%	61.3%	
	\$100,001– \$250,000	0	0.0%	5.5%	\$0	0.0%	27.2%	
	\$250,001–\$1 Million	0	0.0%	1.0%	\$0	0.0%	11.6%	
	Over \$1 Million	0	0.0%	0.0%	\$0	0.0%	0.0%	
	TOTAL	6	100.0%	100.0%	\$224	100.0%	100.0%	
Loan Size	Revenue \$1 Million or Less	6	100.0%		\$224	100.0%		
	\$100,001–\$250,000	0	0.0%		\$0	0.0%		
	\$250,001–\$1 Million	0	0.0%		\$0	0.0%		
	Over \$1 Million	0	0.0%		\$0	0.0%		
	TOTAL	6	100.0%		\$224	100.0%		

Small Farm Loans by Revenue and Loan Size Assessment Area: Madison County								
Farm Revenue and Loan Size		2022						
		Count			Dollars			Total
		Bank		Aggregate	Bank		Aggregate	Businesses
		#	%	%	\$ (000s)	\$ %	\$ %	%
Farm Revenue	\$1 Million or Less	12	92.3%	94.4%	\$686	82.3%	97.8%	98.1%
	Over \$1 Million/ Unknown	1	7.7%	5.6%	\$148	17.7%	2.2%	1.9%
	TOTAL	13	100.0%	100.0%	\$834	100.0%	100.0%	100.0%
Loan Size	\$100,000 or Less	10	76.9%	86.4%	\$317	38.0%	46.5%	
	\$100,001– \$250,000	3	23.1%	10.5%	\$517	62.0%	32.5%	
	\$250,001–\$1 Million	0	0.0%	3.1%	\$0	0.0%	21.0%	
	Over \$1 Million	0	0.0%	0.0%	\$0	0.0%	0.0%	
	TOTAL	13	100.0%	100.0%	\$834	100.0%	100.0%	
Loan Size	Revenue \$1 Million or Less	10	83.3%		\$317	46.2%		
	\$100,001–\$250,000	2	16.7%		\$369	53.8%		
	\$250,001–\$1 Million	0	0.0%		\$0	0.0%		
	Over \$1 Million	0	0.0%		\$0	0.0%		
	TOTAL	12	100.0%		\$686	100.0%		

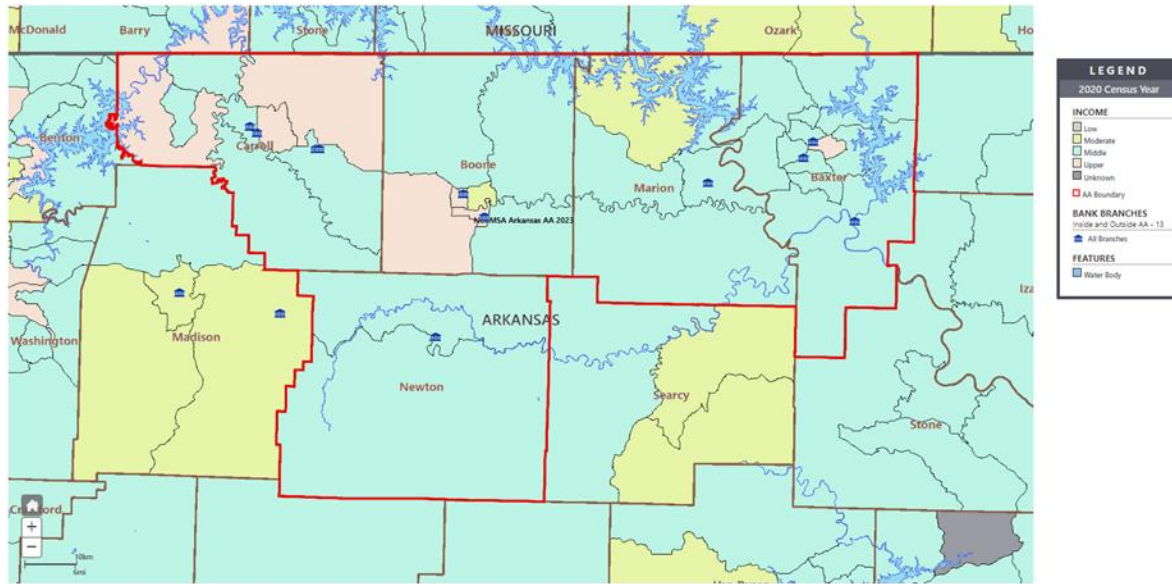
Geographic Distribution of HMDA Loans Assessment Area: Madison County								
Product Type	Tract Income Levels	2022						
		Count			Dollars			Owner- Occupied Units
		Bank		HMDA Aggregate	Bank		HMDA Aggregate	
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
	Moderate	1	100.0%	76.7%	\$298	100.0%	75.0%	77.1%
	Middle	0	0.0%	23.3%	\$0	0.0%	25.0%	22.9%
	Upper	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
	Unknown	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
	TOTAL	1	100.0%	100.0%	\$298	100.0%	100.0%	100.0%
Refinance	Low	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
	Moderate	1	33.3%	74.3%	\$15	9.7%	64.5%	77.1%
	Middle	2	66.7%	25.7%	\$140	90.3%	35.5%	22.9%
	Upper	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
	Unknown	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
	TOTAL	3	100.0%	100.0%	\$155	100.0%	100.0%	100.0%
Home Improvement	Low	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
	Moderate	0	0.0%	59.4%	\$0	0.0%	60.4%	77.1%
	Middle	0	0.0%	40.6%	\$0	0.0%	39.6%	22.9%
	Upper	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
	Unknown	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
	TOTAL	0	0.0%	100.0%	\$0	0.0%	100.0%	100.0%
Multifamily	Low	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
	Moderate	0	0.0%	0.0%	\$0	0.0%	0.0%	100.0%
	Middle	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
	Upper	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
	Unknown	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
	TOTAL	0	0.0%	0.0%	\$0	0.0%	0.0%	100.0%
HMDA TOTALS	Low	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
	Moderate	2	50.0%	74.4%	\$313	69.1%	71.8%	77.1%
	Middle	2	50.0%	25.6%	\$140	30.9%	28.2%	22.9%
	Upper	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
	Unknown	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
	TOTAL	4	100.0%	100.0%	\$453	100.0%	100.0%	100.0%

Geographic Distribution of Small Business Loans Assessment Area: Madison County							
Tract Income Levels	2022						
	Count			Dollars			Businesses
	Bank		Aggregate	Bank		Aggregate	
	#	%	%	\$ (000s)	\$ %	\$ %	%
Low	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Moderate	4	66.7%	76.8%	\$131	58.7%	84.7%	80.6%
Middle	2	33.3%	22.2%	\$92	41.3%	14.9%	19.4%
Upper	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Unknown	0	0.0%	1.0%	\$0	0.0%	0.4%	0.0%
TOTAL	6	100.0%	100.0%	\$223	100.0%	100.0%	100.0%

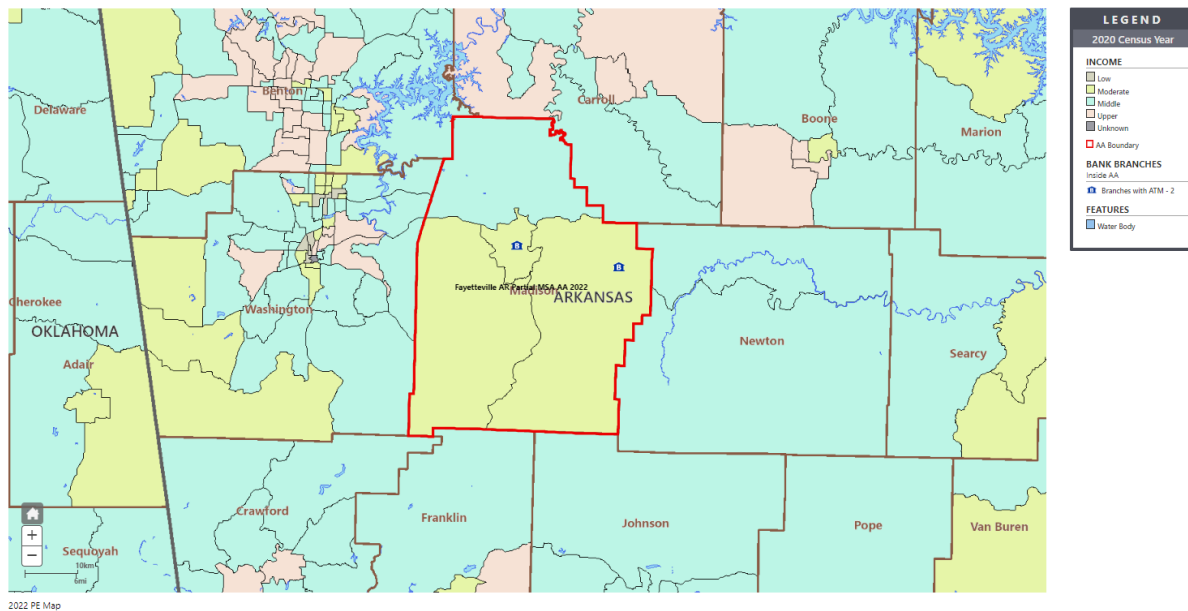
Geographic Distribution of Small Business Loans Assessment Area: Madison County							
Tract Income Levels	2022						
	Count			Dollars			Businesses
	Bank		Aggregate	Bank		Aggregate	
	#	%	%	\$ (000s)	\$ %	\$ %	%
Low	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Moderate	10	76.9%	63.8%	\$795	95.4%	61.4%	69.2%
Middle	3	23.1%	36.2%	\$38	4.6%	38.6%	30.8%
Upper	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	\$0	0.0%	0.0%	0.0%
TOTAL	13	100.0%	100.0%	\$833	100.0%	100.0%	100.0%

APPENDIX B – MAPS OF ASSESSMENT AREAS

Arkansas NonMSA AA



Fayetteville, Arkansas Partial MSA AA



APPENDIX C – GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Assessment area: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

Census tract: A small subdivision of metropolitan and nonmetropolitan counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely, depending on population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community contact: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

Community development: An activity associated with one of the following five descriptions: (1) affordable housing (including multifamily rental housing) for low- or moderate-income individuals; (2) community services targeted to low- or moderate-income individuals; (3) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; (4) activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or (5) Neighborhood Stabilization Program (NSP) eligible activities in areas with HUD-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate-, and middle-income individuals and geographies.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Demographics: The statistical characteristics of human populations (e.g., age, race, sex, and income) used especially to identify markets.

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan geography will be designated as distressed if it is in a county that meets one or more of the

following triggers: (1) an unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20 percent or more, or (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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