

# **PUBLIC DISCLOSURE**

March 15, 2021

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First American Bank and Trust  
Certificate Number: 8149

2785 Highway 20 West  
Vacherie, Louisiana 70090

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
Dallas Region - Memphis Area Office

6060 Primacy Parkway, Suite 300  
Memphis, Tennessee 38119

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

## TABLE OF CONTENTS

INSTITUTION RATING .....	1
DESCRIPTION OF INSTITUTION .....	2
DESCRIPTION OF ASSESSMENT AREAS.....	3
SCOPE OF EVALUATION.....	3
CONCLUSIONS ON PERFORMANCE CRITERIA.....	6
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	15
BATON ROUGE MSA AA – Full-Scope Review.....	15
OTHER ASSESSMENT AREAS - Limited-Scope Reviews.....	28
APPENDICES .....	41
INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA .....	41
GLOSSARY .....	42

## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment areas, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

First American Bank and Trust's satisfactory record regarding the Lending Test insufficiently lifted by an excellent Community Development Test record supports the overall Community Reinvestment Act (CRA) rating. The following points summarize the bank's performance under the applicable tests, discussed in detail elsewhere.

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit ratio is reasonable (considering seasonal variations and taking into account lending-related activities) given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending-related activities are in the institution's assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

**The Community Development Test is rated Outstanding.**

The institution's community development performance demonstrates excellent responsiveness to community development needs in its assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment areas.

### **Discriminatory or Other Illegal Credit Practices**

Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs. Therefore, this consideration did not affect the institution's overall CRA rating.

## **DESCRIPTION OF INSTITUTION**

### **Background**

First American Bank and Trust (FABT), headquartered in Vacherie, Louisiana, began operations in 1910. One American Corp. of Vacherie, Louisiana, a one-bank holding company, wholly owns the bank. No affiliates or subsidiaries exist relevant to this CRA evaluation since the institution did not ask for consideration of any activities from such. FABT received a Satisfactory rating at its previous evaluation, dated April 16, 2018, based on Federal Financial Institutions Examination Council (FFIEC) Intermediate Small Institution CRA Examination Procedures, as performed by the Federal Deposit Insurance Corporation (FDIC).

### **Operations**

FABT functions as a retail bank with a primary business focus, unchanged from the prior evaluation, on residential and commercial loans. The bank did not participate in any merger or acquisition activity since the prior evaluation. It operates from 25 full-service offices, all located in the State of Louisiana. The bank opened one, but did not close any full-service offices since the prior evaluation. The applicable descriptions of assessment areas list the offices' specific locations and any effects on low- or moderate-income geographies.

The bank offers a variety of loan products including commercial, residential, consumer, and construction loans. It also provides a variety of consumer and commercial deposit services including checking, savings, money market deposit accounts, individual retirement accounts, and certificates of deposits. Service hours remain consistent with area and industry norms and include extended business hours at drive-thru facilities. Alternative delivery systems include online banking, mobile banking, telephone banking, and 24 automated teller machines (ATMs).

### **Ability and Capacity**

As of the December 31, 2020, Report of Condition, or Call Report, assets equaled \$1.1 billion, net loans totaled \$676.6 million, and total deposits equaled \$958.9 million. Since the prior evaluation, on average per year, total assets increased 8.2 percent, net loans increased 6.1 percent, and total deposits increased 9.2 percent. The bank reported a Return on Average Assets of 1.03 percent and a Tier 1 Leverage Capital Ratio of 13.51 percent as of December 31, 2020.

The following table from the December 31, 2020, Call Report, which reflects outstanding loans, reflects a distribution supportive of the institution's primary business focus with residential loans representing 46.1 percent of the dollar volume of total loans, followed by commercial loans at 36.7 percent.

<b>Loan Portfolio Distribution</b>		
<b>Loan Category</b>	<b>\$(000)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	101,229	14.7
Secured by Farmland	686	0.1
Secured by 1-4 Family Residential Properties	268,063	38.9
Secured by Multi-Family (5 or more) Residential Properties	49,715	7.2
Secured by Nonfarm Nonresidential Properties	185,583	26.9
Agricultural Production and Other Loans to Farmers	736	0.1
Commercial and Industrial Loans	67,708	9.8
Consumer Loans	13,165	1.9
Other Loans	2,931	0.4
<b>Total Loans</b>	<b>689,816</b>	<b>100.0</b>
<i>Source: Report of Condition (12/31/2020).</i>		

Based on the information discussed in this section as well as other regulatory data, the institution's financial condition, size, product offerings, prior performance, and status of any legal impediments did not affect its ability to meet the assessment areas' credit needs.

## **DESCRIPTION OF ASSESSMENT AREAS**

FABT designated four assessment areas, all in the State of Louisiana: 1) Baton Rouge Metropolitan Statistical Area Assessment Area (Baton Rouge MSA AA), 2) Hammond MSA AA, 3) Houma MSA AA, and 4) New Orleans MSA AA. The number of assessment areas decreased from five to the current four since the last evaluation. The change resulted only from the re-designation of a formerly nonmetropolitan county to a metropolitan one, and not from any actual change to areas included in the bank's assessment areas. The individual assessment area sections of this performance evaluation provide information on each area.

## **SCOPE OF EVALUATION**

### **General Information**

Examiners evaluated performance based on FFIEC Intermediate Small Institution CRA Examination Procedures, which include the Lending and Community Development Tests. This evaluation covers the period from April 16, 2018, to March 15, 2021, the date of the previous evaluation to this evaluation's date.

### **Assessment Areas Reviewed/Weighting**

Examiners performed a full-scope review of the Baton Rouge MSA AA after contemplating all considerations noted in outstanding guidance. Since the Baton Rouge MSA AA received limited-scope reviews at both of the prior two CRA evaluations, examiners did not randomly select another area for full-scope review, per outstanding guidance. Consequently, examiners performed limited-scope reviews of the Hammond, Houma, and New Orleans MSA AAs.

The following table shows that for 2020, the New Orleans MSA AA generated a majority of the bank’s loans, consistent with the greater percentages of deposits gathered and offices operated. Consequently, examiners weighed performance in the New Orleans MSA AA heaviest when arriving at applicable conclusions.

<b>Assessment Area Breakdown of Loans, Deposits, and Branches</b>						
<b>Assessment Area</b>	<b>Loans</b>		<b>Deposits</b>		<b>Branches</b>	
	<b>\$(000s)</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Baton Rouge MSA AA	77,295	24.6	120,078	13.4	6	24.0
Hammond MSA AA	18,943	6.0	25,856	2.9	1	4.0
Houma MSA AA	57,663	18.3	98,929	11.1	4	16.0
New Orleans MSA AA	160,780	51.1	649,135	72.6	14	56.0
<b>Total</b>	<b>314,681</b>	<b>100.0</b>	<b>893,998</b>	<b>100.0</b>	<b>25</b>	<b>100.0</b>

*Source: Bank data (2020); FDIC Summary of Deposits (6/30/20)*

## **Activities Reviewed**

### **Lending Test**

#### ***Lending Products Reviewed***

For the Lending Test, CRA Intermediate Small Bank procedures require examiners to determine the bank’s major product lines for review. As an initial matter, examiners may select from among the same loan categories used for CRA Large bank evaluations: home mortgage, small business, small farm, and consumer loans.

The following table shows the bank’s originations and purchases over the most recent calendar year, 2020. The activity reflects a generally consistent pattern with the bank’s lending emphasis since the last evaluation and for each of the bank’s assessment areas.

<b>Loans Originated or Purchased</b>				
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Construction & Land Development	81,173	21.9	436	18.9
Secured by Farmland	6,797	1.8	5	0.2
Secured by 1-4 Family Residential Properties	97,284	26.3	518	22.4
Secured by Multi-Family Residential Properties	14,013	3.8	14	0.6
Secured by Commercial Real Estate	61,722	16.7	123	5.3
Agricultural Production Loans	90,306	24.4	624	27.0
Commercial & Industrial Loans	4,407	1.2	25	1.1
Consumer Loans	7,804	2.1	530	22.9
Other Loans	6,821	1.8	37	1.6
<b>Total Loans</b>	<b>370,327</b>	<b>100.0</b>	<b>2,312</b>	<b>100.0</b>

*Source: Bank data (2020).*

Considering the dollar volume and number of loans originated or purchased during 2020 as well as management's stated business strategy, examiners determined that the bank's major product lines, for the loan categories typically considered, consist of home mortgage and small business loans. Since the other typically considered loan categories, small farm and consumer loans, do not represent major product lines and thus would not materially affect any conclusions or ratings, this evaluation does not discuss them.

Consequently, this evaluation considers all home mortgage loans collected and reported on the bank's Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LAR) for all full calendar years since the prior evaluation, 2018 and 2019, including the year of the prior evaluation, 2018. As of the examination date, 2020 data remained unavailable.

- 2018 – 510 loans totaling \$112.2 million;
- 2019 – 621 loans totaling \$133.3 million.

Examiners did not identify any trends between the different years' data that materially affect conclusions, unless otherwise noted. Therefore, this evaluation presents HMDA data for 2019, the most recent year for which aggregate data exists. American Community Survey (ACS) Census data for 2015 and HMDA aggregate data for 2019 provide standards of comparison for the reviewed home mortgage loans.

In addition, since the bank does not collect small business loan data, this evaluation considers the following groups of small business loans based on readily available data from the previous full calendar year prior to the start of the examination, 2020, for the noted Lending Test performance factors:

- Assessment Area Concentration - universe of 609 such loans totaling \$55.1 million;
- Geographic Distribution – universe of 538 such loans totaling \$42.6 million originated in the assessment areas, based on the Assessment Area Concentration findings;
- Borrower Profile - random sample of 70 such loans totaling \$5.5 million from the universe of loans used for the Geographic Distribution.

Examiners based the random sample on a statistical 90 percent Confidence Level with a 10 percent Precision Level. Examiners considered the reviewed loans representative of the entire evaluation period. D&B data for 2020 provides a standard of comparison for the small business loans reviewed.

### ***Loan Category Weighting***

Examiners considered the universes of the dollar volume and number of loans originated in 2020 for the loan categories reviewed as well as management's stated business strategy to determine the weighting applied to those categories when evaluating the applicable performance factors.

The following table shows that for the bank's total activities for the loan categories reviewed, considering both the dollar volume and number percentages equally, home mortgage loans account for 56.8 percent of the loan categories reviewed while small business loans account for 43.2 percent. The figures for the loans originated in the assessment areas and the figures for each assessment area reflect similar levels. Thus, examiners generally weighed home mortgage loans heavier than small business loans when arriving at applicable conclusions.

<b>Loan Category Weighting</b>				
<b>Loan Category Reviewed</b>	<b>Universes of Loan Categories Reviewed</b>			
	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Home Mortgage	111,200	66.9	532	46.6
Small Business	55,064	33.1	609	53.4
<b>Total Reviewed Categories</b>	<b>166,264</b>	<b>100.0</b>	1,141	<b>100.0</b>
<i>Source: HMDA data (2020); Bank records (2020).</i>				

## **Community Development Test**

The scope for the Community Development Test considers applicable current period community development (CD) activities, including CD loans, qualified investments (QIs), and CD services. Current period activities involve those generated since the previous April 16, 2018, evaluation. This test further encompasses all prior period QIs. Prior period QIs involve those purchased prior to the previous evaluation, but that remain outstanding as of this evaluation's date. Examiners use the book value as of the current evaluation date for all prior period QIs.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

This evaluation presents information for the bank as a whole regarding the Loan-to-Deposit Ratio and Assessment Area Concentration performance factors under the Lending Test, and regarding the Community Development Test. The individual assessment area sections of this performance evaluation contain the data regarding the other Lending Test performance factors and regarding CD activities benefitting the specific assessment areas.

### **LENDING TEST**

FABT demonstrated a satisfactory record regarding the Lending Test. Reasonable borrower profile and geographic loan distributions primarily support the overall record. A reasonable loan-to-deposit ratio and a reasonable assessment area concentration further support the Lending Test record. The appendices list the Lending Test's criteria.

For the CRA Intermediate Small Bank Lending Test, typically, examiners will first determine whether the presence of any weaker loan-to-deposit ratio or assessment area concentration performance warrants downgrading the overall Lending Test conclusion. Absent any such warranted downgrading, examiners will then place more weight on the bank's borrower profile and geographic loan distributions when arriving at the overall Lending Test conclusion.

### **Loan-to-Deposit Ratio**

The loan-to-deposit ratio is reasonable (considering seasonal variations and taking into account lending-related activities) given the institution's size, financial condition, and assessment area credit needs.



Examiners considered the average, net loan-to-deposit (LTD) ratio’s reasonableness in light of information from the performance context including, as applicable, the institution’s capacity to lend, the capacity of other similarly-situated institutions to lend in the assessment areas, demographic and economic factors present in the assessment areas, and the lending opportunities available in the institution’s assessment areas.

The bank recorded a 78.0 percent average, net LTD ratio for the 11 quarters since the previous evaluation, June 30, 2018, to December 31, 2020. The ratio increased over the 66.7 percent average, net LTD ratio reported at the previous evaluation. Over the 11 quarters, the bank’s quarterly, net LTD ratios ranged from a low of 70.6 percent on December 31, 2020, to a high of 83.2 percent on December 31, 2019.

The quarterly ratios’ trend remained flat from the beginning of the review period until March 2019, after which they then steadily increased through the remainder of 2019 before steadily declining throughout 2020. Fluctuations in Public Funds, thus affecting total deposit levels, primarily resulted in the quarterly ratios’ trends as lending levels steadily increased throughout the review period, with the exception of December 2020.

Examiners identified and listed in the following table three comparable institutions based on their operating in or near FABT’s assessment areas, reporting somewhat similar asset sizes, and reflecting similar lending emphases. The following table shows that FABT posted the second highest ratio out of the four total ratios listed. The table further indicates that the bank’s ratio lands within a reasonable range of the 78.7 percent average of the four ratios, given the ratios’ overall levels. The bank’s ratio falls 0.7 percentage points lower than the average figure.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank Name and Location</b>	<b>Total Assets as of 12/31/2020 \$ (000s)</b>	<b>Average, Net LTD Ratio (%)</b>
<b>First American Bank and Trust, Vacherie, St. James Par., LA</b>	<b>1,111,169</b>	<b>78.0</b>
Liberty Bank & Trust Company: New Orleans, Orleans Par., LA	765,297	63.5
First Bank & Trust: New Orleans, Orleans Par., LA	1,172,581	101.1
Synergy Bank: Houma, Terrebonne Par., LA	671,516	72.3

*Source: Report of Condition (12/31/20); Reports of Condition (previous 11 quarters: 6/30/18 to 12/31/20).*

**Assessment Area Concentration**

A majority of loans and other lending-related activities are in the institution’s assessment areas. Majorities of home mortgage and small business loans originated inside the bank’s assessment areas support this conclusion. Examiners considered the bank’s asset size and office structure as well as the loan categories reviewed relative to the assessment areas’ combined size and economy when arriving at conclusions.

### ***Home Mortgage Loans***

The institution originated a majority of its home mortgage loans inside its assessment areas. The following table shows that for the subtotal of home mortgage loans by one measure, the percentage of the number of loans, the bank clearly originated a majority inside its assessment areas, thereby reflecting a reasonable level. The table further shows that by the other measure, the percentage of the dollar volume of loans, the bank originated a majority inside its assessment areas, thereby reflecting a reasonable level. Combined, they show that the bank originated a majority of its home mortgage loans inside its assessment areas.

### ***Small Business Loans***

The institution originated a majority of its small business loans inside its assessment areas. The following table shows that by one measure, the percentage of the number of loans, the bank clearly originated a majority inside its assessment areas, thereby reflecting a reasonable level. The table further shows that by the other measure, the percentage of the dollar volume of loans, the bank originated a majority inside its assessment areas, thereby reflecting a reasonable level. Combined, they show that the bank originated a majority of its small business loans inside its assessment areas.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total</b>	<b>Dollar Amount of Loans \$(000s)</b>				
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		<b>Total</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>\$(000s)</b>
Home Mortgage										
2018	314	81.6	71	18.4	385	65,956	73.7	23,576	26.3	89,532
2019	358	84.4	66	15.6	424	80,865	82.0	17,730	18.0	98,595
<b>Subtotal</b>	<b>672</b>	<b>83.1</b>	<b>137</b>	<b>16.9</b>	<b>809</b>	<b>146,821</b>	<b>78.0</b>	<b>41,306</b>	<b>22.0</b>	<b>188,127</b>
Small Business	538	88.3	71	11.7	609	42,624	77.4	12,440	22.6	55,064

*Source: Bank data.*

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. Reasonable records in the New Orleans, Baton Rouge, and Hammond MSA AAs insufficiently lowered by a poor record in the Houma MSA AA supports this conclusion. As noted, the New Orleans MSA AA received the heaviest weighting when arriving at this conclusion.

Examiners considered the bank's performance relative to the available comparative data and any performance context issues. They focused on the percentages by the number of loans in low- and moderate-income geographies, if possible, when arriving at conclusions. This factor only considered loans originated inside the bank's assessment areas.

## **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. A reasonable record in the New Orleans MSA AA insufficiently lowered by poor records in the Baton Rouge, Houma, and Hammond MSA AAs supports this conclusion. As noted, the New Orleans MSA AA received the heaviest weighting when arriving at this conclusion.

Examiners considered the bank's performance relative to the available comparative data and any performance context issues. They focused on the percentages by the number of loans when arriving at conclusions. This factor only considered loans originated inside the bank's assessment areas.

In an effort to reach low- and moderate-income borrowers or to originate small business loans, the institution offers or participated in the following loan programs:

- HomeReady Mortgage (Secondary Market Loan Product)
  - 4 loans totaling \$661,625
    - Low-income borrowers/first-time homebuyers
    - Limited cash down payment
    - Financial education
- Small Business Administration Paycheck Protection Program
  - 628 loans totaling \$67,271,345
  - Small business borrowers
  - Keep workforce employed during reaction to COVID-19

## **Response to Complaints**

The bank did not receive any CRA-related complaints since the previous evaluation. Therefore, this performance factor did not affect the Lending Test rating.

## **COMMUNITY DEVELOPMENT TEST**

The institution's community development performance demonstrates excellent responsiveness to community development needs in its assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment areas.

Excellent responsiveness to the CD (community development) needs and an excellent record regarding the bank's CD loans, without simply ignoring the other types of CD activities, support this conclusion. The bank also demonstrated an excellent record regarding its QIs (qualified investments) and an adequate record regarding its CD services.

The totals for each activity, as applicable, include activities benefitting a broader statewide or regional area since examiners concluded that the institution proved responsive to CD needs and opportunities in its assessment areas. The appendices define community development and list the criteria used to evaluate the Community Development Test.

**Community Development Loans**

The bank demonstrated an excellent record regarding its CD loans. An excellent level regarding the dollar volume of CD loans primarily supports this conclusion. Examiners considered the number and dollar volume relative to the considerations noted for the Community Development Test when arriving at this conclusion.

The following table shows that since the last evaluation the bank originated 35 CD loans totaling over \$53.6 million. The total dollar amount equates to 5.61 percent of average total assets of \$955,868,000 since the previous evaluation, and 8.46 percent of average net loans of \$633,723,000 for the same period. These levels declined from the 8.13 percent of average total assets and 14.15 percent of average net loans recorded at the prior evaluation. Despite the decline, the current levels still reflect excellent performance relative to the considerations previously noted for the Community Development Test.

<b>Community Development Lending Institution</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2018*	4	8,578	1	100	1	1,831	7	16,551	<b>13</b>	<b>27,060</b>
2019	2	2,071			2	2,308	11	10,077	<b>15</b>	<b>14,456</b>
2020	3	3,112	1	100			3	8,914	<b>7</b>	<b>12,126</b>
YTD 2021										
<b>Total</b>	<b>9</b>	<b>13,761</b>	<b>2</b>	<b>200</b>	<b>3</b>	<b>4,139</b>	<b>21</b>	<b>35,542</b>	<b>35</b>	<b>53,642</b>

*Source: Bank data. \*Since the prior evaluation.*

The bank’s CD loans benefit the following areas:

- Baton Rouge MSA AA – 8 CD loans totaling \$4,896,000
- Hammond MSA AA – 4 CD loans totaling \$5,426,000
- Houma MSA AA – 2 CD loans totaling \$2,498,000
- New Orleans MSA AA – 14 CD loans totaling \$13,368,000
- Broader Statewide or Regional Areas – 7 CD loans totaling \$27,454,000

The following point highlights an example of the bank’s CD loans benefitting a broader statewide or regional area:

- **Revitalize or Stabilize** - In 2019, the bank funded a \$2.0 million loan related to disaster recovery. The proceeds provide necessary infrastructure improvements to the levee system following hurricane and flooding events. The improvements included hurricane protection, flood control, and drainage/coastal restoration projects in southeast Louisiana. Thus, the activity revitalizes or stabilizes a qualifying geography by helping to attract new, or retain existing, businesses or residents, and is related to disaster recovery.

### **Qualified Investments**

The institution displayed an excellent record regarding its QIs. An excellent level regarding the dollar volume of QIs primarily supports this conclusion. Examiners considered the number and dollar volume of QIs relative to the considerations noted for the Community Development Test when arriving at this conclusion.

The following table shows that the bank made use of 81 QIs totaling over \$40.0 million. The total dollar amount equates to 4.19 percent of average total assets of \$955,868,000 since the prior evaluation and 18.19 percent of average securities of \$220,362,000 for the same period. These levels notably increased over the 3.75 percent of average total assets and 11.51 percent of average total securities recorded at the prior evaluation. The current levels reflect excellent performance relative to the considerations previously noted for the Community Development Test.

<b>Qualified Investments Institution</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Prior Period	9	6,556	1	250	50	22,415			<b>60</b>	<b>29,221</b>
2018*	1	1,037	1	250					<b>2</b>	<b>1,287</b>
2019	5	5,612	1	250					<b>6</b>	<b>5,862</b>
2020	1	1,229			2	2,450			<b>3</b>	<b>3,679</b>
YTD 2021										
<b>Subtotal</b>	<b>16</b>	<b>14,434</b>	<b>3</b>	<b>750</b>	<b>52</b>	<b>24,865</b>	<b>0</b>	<b>0</b>	<b>71</b>	<b>40,049</b>
Qualified Grants & Donations	2	5	8	27					<b>10</b>	<b>320</b>
<b>Total</b>	<b>18</b>	<b>14,439</b>	<b>11</b>	<b>777</b>	<b>52</b>	<b>24,865</b>	<b>0</b>	<b>0</b>	<b>81</b>	<b>40,081</b>

*Source: Bank data. \*Since the prior evaluation.*

The bank's QIs benefit the following areas:

- Baton Rouge MSA AA – 15 QIs totaling \$6,966,000
- Hammond MSA AA – 2 QIs totaling \$3,000
- Houma MSA AA – 6 QIs totaling \$2,559,000
- New Orleans MSA AA – 16 QIs totaling \$13,673,000
- Broader Statewide or Regional Areas – 42 QIs totaling \$16,880,000

The following point highlights an example of the bank's QIs benefitting a broader statewide or regional area:

- **Affordable Housing** - In 2020, the bank invested \$1.2 million in mortgage-backed securities collateralized by mortgage loans originated to low- or moderate-income families across the State of Louisiana. Thus, the activities provide affordable housing to low- and moderate-income families.

**Community Development Services**

The bank established an adequate record of providing CD services. Poor performance regarding the types of services sufficiently lifted by adequate performance regarding the availability of services support this conclusion. Examiners evaluated the types and availability of services relative to the considerations noted for the Community Development Test when arriving at this conclusion.

***Types of Services***

The bank showed poor performance regarding the types of services that primarily benefit low- and moderate-income individuals or qualifying geographies. A poor extent, or number, of community development services supports this conclusion.

The following table shows that the bank provided 47 CD services since the last evaluation. This number equates to an average of 0.66 CD services per office, per year since the prior evaluation, and to 0.94 CD services per office, per year when adjusting the calculation for the months impacted by the reaction to COVID-19. The unadjusted level reflects an increase over the average of 0.51 CD services per office, per year established at the prior evaluation. The current levels, although only barely so for the adjusted level, reflect poor performance relative to the considerations previously noted for the Community Development Test.

The services all involve bank personnel’s use of their technical expertise to benefit organizations or projects with a primary purpose of CD, as defined by CRA regulations.

<b>Community Development Services</b>					
<b>Institution</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2018 (Partial)		14	1		<b>15</b>
2019	1	24	1		<b>26</b>
2020	1	4	1		<b>6</b>
2021 (YTD)					<b>0</b>
<b>Total</b>	<b>2</b>	<b>42</b>	<b>3</b>	<b>0</b>	<b>47</b>

*Source: Bank data.*

The bank’s CD services benefit the following areas:

- Baton Rouge MSA AA – 15 CD services
- Hammond MSA AA – 2 CD services
- Houma MSA AA – 5 CD services
- New Orleans MSA AA – 25 CD services

### ***Availability of Services***

The bank showed adequate performance regarding the availability of its services to low- or moderate-income individuals and geographies. An adequate full-service office distribution and adequate alternative delivery systems support this conclusion.

The following table shows that in low-income census tracts, the bank's lack of full-service offices still lands within a reasonable range of the population percentage, given the ratios' overall levels. The bank's level falls 1.9 percentage points lower, thereby reflecting an adequate distribution. The table further shows that in moderate-income geographies, the bank's level again lands within a reasonable range of the population percentage, given the ratios' overall levels. The bank's level falls 3.6 percentage points lower, thereby reflecting an adequate distribution.

Thus, given the relative performances and weightings for the discussed income levels, the bank's full-service offices reflect an adequate distribution.

<b>Office and ATM Distribution Institution</b>								
<b>Census Tract Income Category</b>	<b>Census Tracts in Assessment Areas</b>		<b>Total Population</b>		<b>Full-Service Offices</b>		<b>ATMs</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	10	3.7	24,542	1.9	-	-	-	-
Moderate	51	19.0	198,027	15.6	3	12.0	3	12.5
Middle	123	45.7	593,194	46.6	12	48.0	11	45.8
Upper	83	30.9	454,330	35.7	10	40.0	10	41.7
NA	2	0.7	3,291	0.2	-	-	-	-
<b>Total</b>	<b>269</b>	<b>100.0</b>	<b>1,273,384</b>	<b>100.0</b>	<b>25</b>	<b>100.0</b>	<b>24</b>	<b>100.0</b>

*Source: American Community Survey (ACS) Census data (2015); Bank data.*

Besides its office locations, the bank provides adequate alternative delivery systems that help avail the bank's services to low- and moderate-income individuals or geographies. Those systems include the bank's ATMs.

The previous table shows a distribution of ATMs in the bank's assessment areas somewhat similar to that reflected for the full-service offices, falling 1.9 percentage points lower than the population percentage in low-income census tracts and falling 3.1 percentage points lower in moderate-income tracts, thus reflecting an overall adequate distribution. Besides its ATMs, the bank provides other alternative delivery systems. Those systems include internet and mobile banking, and electronic bill pay capability.

In an effort to avail more of its services to low- and moderate-income individuals, the bank offers a low-cost deposit account that benefits these individuals. Specifically, the bank offers a Free Checking Account with no monthly service charge and a \$50 minimum balance to open the account. The account also includes unlimited check writing and no monthly debit card fees. During the period under review, the bank opened 2,295 such accounts.

Consequently, given the adequate office distribution and adequate alternative delivery systems, the bank demonstrated adequate performance regarding the availability of its services to low- and moderate-income individuals and geographies.

### **Responsiveness to Community Development Needs**

The institution achieved an excellent record of making its CD activities responsive to the assessment areas' CD needs. An excellent level of activities directed to the areas' identified CD needs and the activities' qualitative characteristics support this conclusion. Examiners considered the dollar volume and number of total activities directed towards high CD needs identified in the bank's assessment areas as well as the activities' qualitative characteristics relative to the considerations noted for the Community Development Test, when arriving at this conclusion.

The following table shows that revitalization or stabilization activities represent 37.9 percent of the dollar volume and 12.9 percent of the number of total activities, while economic development activities represent 30.9 percent of the dollar volume and 35.6 percent of the number. So combined, these activities represent 68.8 percent of the dollar volume of total activities and 48.5 percent of the number. These activities represent high CD needs in most of the bank's assessment areas.

Further, affordable housing activities represent 30.1 percent of the dollar volume and 17.8 percent of the number of total activities. This activity also represents a high CD need in many of the bank's assessment areas.

In addition to activities that address identified needs, examiners also considered the activities' qualitative characteristics. Those qualitative aspects include the institution's leadership role or any heightened level of expertise or effort in initiating or developing the bank's activities, as well as the activities' particularly high levels of benefitting low- or moderate-income individuals or qualifying geographies. While examiners did not note many of these characteristics with respect to the institution's CD activities, the activities do reflect a high level of benefitting low- or moderate-income individuals or qualifying areas.

Consequently, given the activities' focus on identified needs and their qualitative characteristics, the institution achieved an excellent record of making its CD activities responsive to the assessment areas' CD needs.



<b>Community Development Activities Institution</b>							
<b>Qualifying Category</b>	<b>Activity Type</b>					<b>Totals Per Category</b>	
	<b>Loans</b>		<b>Investments</b>		<b>Services</b>		
	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>#</b>	<b>\$ (000s)</b>
Affordable Housing	9	13,761	18	14,439	2	<b>29</b>	<b>28,200</b>
Community Services	2	200	11	777	42	<b>55</b>	<b>977</b>
Economic Development	3	4,139	52	24,865	3	<b>58</b>	<b>29,004</b>
Revitalize or Stabilize	21	35,542				<b>21</b>	<b>35,542</b>
<b>Totals Per Activity Type</b>	<b>35</b>	<b>53,642</b>	<b>81</b>	<b>40,081</b>	<b>47</b>	<b>163</b>	<b>93,723</b>

*Source: Bank data.*

**DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping meet the community credit needs. Therefore, this consideration did not affect the institution’s overall CRA rating.

**BATON ROUGE MSA AA – Full-Scope Review**

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN  
BATON ROUGE MSA AA**

The Baton Rouge MSA AA consists of the following 52 contiguous census tracts in the following contiguous parishes, four of the ten parishes that make up the Baton Rouge, LA Metropolitan Statistical Area, located in Southcentral Louisiana. This area lies adjacent to and north of the bank's New Orleans MSA AA.

- Ascension Parish – all 14 census tracts
- Assumption Parish – all 6 census tracts
- East Baton Rouge Parish – 15 of the 92 total census tracts
- Livingston Parish – all 17 census tracts

Changes to the Baton Rouge MSA AA since the prior evaluation involve the addition of Assumption Parish. Assumption Parish, designated a nonmetropolitan area at the prior evaluation, made up the bank’s LA Non-MSA AA at that time. Since then, however, the parish became part of the Baton Rouge, LA Metropolitan Statistical Area, and thus part of the bank’s Baton Rouge MSA AA.

The Baton Rouge MSA AA ranks 2<sup>nd</sup> among the four reviewed areas by accounting for 24.6 percent of the bank’s loans while also garnering 13.4 percent of its deposits and operating 24.0 percent of the bank’s full-service offices in the assessment areas considered.

The following table shows that the bank operates six full-service offices in this area. It also operates six ATMs. As identified, the bank opened one but did not close any full-service offices in this area since the last evaluation. The offices maintain hours consistent with the area and industry. The bank’s delivery systems and range of products and services remain consistent with those reflected at the institution level. The bank did not participate in any merger or acquisition activity in this assessment area since the prior evaluation.

<b>Full-Service Office Locations Baton Rouge MSA AA</b>					
<b>Parish/City/Street</b>	<b>Office Type</b>	<b>Census Tract Number</b>	<b>Census Tract Income Level</b>	<b>ATM</b>	<b>Office Opened or Closed Since Last Evaluation</b>
<b><i>Ascension Parish:</i></b> Gonzales - N Burnside Ave Donaldsonville - Marchand Ave Geismar - Hwy 73	Branch Branch Branch	0304.01 0310.00 0303.00	Middle Moderate Upper	Yes Yes Yes	No No Opened-MAY2018
<b><i>Assumption Parish:</i></b> Pierre Part - Hwy 70 S Napoleonville - Hwy 1	Branch Branch	502.00 504.00	Upper Upper	Yes Yes	No No
<b><i>East Baton Rouge Parish:</i></b> Baton Rouge - Jones Creek Rd	Branch	0039.06	Upper	Yes	No
<i>Source: Bank records; American Community Survey (ACS) Census data (2015).</i>					

### ***Loan Category Weighting***

Consistent with the institution as a whole, home mortgage loans reflect a higher percentage of the loan categories reviewed in the Baton Rouge MSA AA. Considering the number and dollar volume of loans originated inside the assessment area for the loan categories reviewed, home mortgage loans account for 55.4 percent while small business loans account for 44.6 percent of the loan categories reviewed. Thus, examiners weighed home mortgage loans heavier when arriving at applicable conclusions in this area.

### **Economic and Demographic Data**

The assessment area’s 52 census tracts reflect the following income designations based on the 2015 ACS Census data: 10 moderate-, 23 middle-, and 19 upper-income tracts. Major disaster area declarations from the Federal Emergency Management Agency (FEMA) applied to this area during the period under review. The declarations involved hurricanes in 2020 and 2021, as well as severe storms and flooding in 2016.

Moody’s Analytics describes the area’s economy as slowly recovering from the reaction to COVID-19, illustrated by total employment remaining 5.5 percent lower than pre-reaction levels, with the area’s leisure/hospitality segment still suffering from the COVID-19 reaction, and now from an apparent reluctance to return to work by individuals receiving extended federal welfare payments.

Major employers in the Baton Rouge MSA include Tuner Industries, which provides industrial construction, maintenance, and management services to the petrochemical, refining, energy, power generation, and pulp and paper industries, worldwide; Louisiana State University; and Performance Contractors, which provides full-service construction services to various industries, including the chemical, power, automotive, and refinery industries.

D&B Business Demographic Data shows that service industries represent the largest portion of the area’s businesses at 40.0 percent, followed by non-classifiable establishments at 22.1 percent and retail trade at 10.3 percent. In addition, 61.2 percent of area businesses have fewer than five employees.

The U.S. Bureau of Labor and Statistics, reflecting the unemployment rates seen in the following table, shows lower unemployment rates in Ascension and East Baton Rouge Parishes when compared to the state rates for the noted years, thus suggesting relatively stronger economies than the rest of the state. However, Assumption Parish posted higher rates, thus suggesting a relatively weaker economy. For 2018 and 2019, all three parishes and the state figures reflect higher rates than the National Average, thus suggesting a relatively weaker economy when compared to the rest of the country.

<b>Unemployment Rates</b>			
<b>Area</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Ascension Parish	4.1	4.1	7.2
Assumption Parish	6.6	6.1	10.3
East Baton Rouge Parish	4.3	4.4	7.8
State of Louisiana	4.8	4.7	8.3
National Average	3.9	3.7	8.1

Source: U.S. Bureau of Labor Statistics.

Examiners use the applicable FFIEC-updated median family income (MFI) levels to analyze home mortgage loans under the Borrower Profile performance factor. As an example, the following table shows the applicable income ranges based on the 2019 FFIEC-estimated MFI of \$70,500 applicable to the area.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Baton Rouge, LA MSA Median Family Income (12940)</b>				
2019 (\$70,500)	<\$35,250	\$35,250 to <\$56,400	\$56,400 to <\$84,600	≥\$84,600

Source: FFIEC (2019).

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Baton Rouge MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	52	0.0	19.2	44.3	36.5	0.0
Population by Geography	366,171	0.0	15.1	41.5	43.4	0.0
Housing Units by Geography	149,685	0.0	15.5	41.7	42.8	0.0
Owner-Occupied Units by Geography	100,471	0.0	13.7	43.5	42.8	0.0
Occupied Rental Units by Geography	34,625	0.0	18.9	34.7	46.4	0.0
Vacant Units by Geography	14,589	0.0	20.2	46.4	33.4	0.0
Businesses by Geography	39,004	0.0	14.8	35.1	50.1	0.0
Farms by Geography	744	0.0	10.6	40.7	48.7	0.0
Family Distribution by Income Level	95,057	18.4	15.3	18.6	47.7	0.0
Household Distribution by Income Level	135,096	19.4	13.1	16.5	51.0	0.0
Median Family Income MSA - 12940 Baton Rouge, LA MSA		\$65,593	Median Housing Value			\$174,683
			Median Gross Rent			\$908
			Families Below Poverty Level			9.6%

Source: ACS Census data (2015); D&B data (2020).  
 (\*) The NA category consists of geographies that have not been assigned an income classification.

**Competition**

The area’s four parishes contain a relatively low level of competition from other chartered banks based on their population, with each of the 183 offices from their 31 institutions serving about 3,975 people, on average. Mortgage companies, credit unions, and finance companies also compete for loans in the area, adding to the competition level. FABT ranks 15<sup>th</sup> in deposit market share by capturing 0.5 percent of the area’s deposits based on the FDIC’s June 30, 2020, Deposit Market Share Report data. Overall, the competition level allows for lending opportunities.

Home mortgage loan data collected per the Home Mortgage Disclosure Act (HMDA) also provides an indicator of competition for such loans in the area. In 2019, 353 lenders reported 19,850 home mortgage loans in the area, suggesting a higher level of competition. In 2019, FABT originated 103 loans totaling \$26.0 million, capturing 0.5 percent of the number and 0.7 percent of the dollar volume of the area’s market share, with an average loan size of \$253,000.

**Community Contact**

Examiners reviewed an existing contact with a community member knowledgeable of the area’s economic and business environments to help assess the current economic conditions, community credit needs, and potential opportunities for bank involvement in the area. The contact represents an organization that promotes small business economic development in the assessment area.

The contact noted that due to the reaction to COVID-19, the area as a whole experienced an economic downturn. The hospitality industry, in particular, continues suffering from the restrictions in place for restaurants, hotels, and similar businesses. Furthermore, the community member believes that the reaction to COVID-19 deeply affected Northern Baton Rouge, which predominantly consists of low- and moderate-income individuals and geographies.

As a result, the contact thinks that current financing needs include small business, small dollar consumer, and affordable housing loans. The contact also feels that credit building and expanded small dollar loan programs reflect needs in the community. Further, the contact stated that opportunities exist for financial institutions to work more cooperatively with community organizations to provide first time home buyer workshops and financial literacy programs.

### **Credit and Community Development Needs and Opportunities**

Consistent with other metropolitan areas, the Baton Rouge MSA AA creates varied loan demand and lending opportunities. Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business and home mortgage loans represent significant credit needs in the assessment area.

With respect to the area's CD needs, the community contact's comments regarding affordable housing needs and financial literacy programs for homeownership suggest a high need for affordable housing for low- and moderate-income families. In addition, the information regarding FEMA's continued major disaster area declarations suggest a high need for activities related to disaster recovery that help revitalize or stabilize qualifying geographies.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN BATON ROUGE MSA AA**

FABT demonstrated a satisfactory overall record for the Baton Rouge MSA AA. Satisfactory Lending Test and Community Development Test records support this conclusion.

### **LENDING TEST**

FABT demonstrated a satisfactory record regarding the Lending Test in the Baton Rouge MSA AA. A poor borrower profile loan distribution sufficiently lifted by a reasonable geographic loan distribution primarily supports this conclusion. The appendices list the Lending Test's criteria.

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the Baton Rouge MSA AA. A reasonable record regarding home mortgage loans insufficiently lifted by an excellent record regarding small business loans supports this conclusion. As noted, home mortgage loans received heavier weighting when arriving at this conclusion.

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects a reasonable record in the Baton Rouge MSA AA. Reasonable performance in moderate-income census tracts support this conclusion. As noted, the Baton Rouge MSA AA does not contain any low-income census tracts. Examiners focused on the comparison to aggregate data, when arriving at conclusions.

The following table shows that in moderate-income census tracts in the Baton Rouge MSA AA, the bank's level lands within a reasonable range of the aggregate figure, given the ratios' overall levels. The bank's level rises 6.5 percentage points higher, thereby reflecting a reasonable level.

Thus, given the relative performance and weighting for the discussed income level, the geographic distribution of home mortgage loans reflects a reasonable record in the Baton Rouge MSA AA.

<b>Geographic Distribution of Home Mortgage Loans</b> <b>Assessment Area: Baton Rouge MSA AA</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	NA	NA	NA	NA	NA	NA
Moderate	13.7	8.8	11	15.3	949	4.7
Middle	43.5	42.8	33	45.8	8,298	41.4
Upper	42.8	48.4	28	38.9	10,813	53.9
Not Available	NA	NA	NA	NA	NA	NA
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>72</b>	<b>100.0</b>	<b>20,060</b>	<b>100.0</b>

*Source: ACS Census data (2015); HMDA data (2019).*

### ***Small Business Loans***

The geographic distribution of small business loans reflects an excellent record in the Baton Rouge MSA AA. Excellent performance in moderate-income geographies supports this conclusion. As noted, the Baton Rouge MSA AA does not contain any low-income census tracts. Examiners focused on the comparisons to the percentages of businesses as reported by D&B, when arriving at conclusions.

The following table shows that in moderate-income census tracts in the Baton Rouge MSA AA, the bank's level lands substantially above the D&B figure, given the ratios' overall levels. The bank's level rises 18.8 percentage points higher, thereby reflecting an excellent level.

Thus, given the relative performance and weighting for the discussed income level, the geographic distribution of small business loans reflects an excellent record in the Baton Rouge MSA AA.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Assessment Area: Baton Rouge MSA AA</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	NA	NA	NA	NA	NA
Moderate	14.8	36	33.6	2,463	29.6
Middle	35.1	45	42.1	3,789	45.5
Upper	50.1	26	24.3	2,074	24.9
Not Available	NA	NA	NA	NA	NA
<b>Totals</b>	<b>100.0</b>	<b>107</b>	<b>100.0</b>	<b>8,326</b>	<b>100.0</b>

*Source: D&B data (2020); Bank data (2020).*

**Borrower Profile**

The distribution of borrowers reflects, given the demographics of the assessment area, poor penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes in the Baton Rouge MSA AA. A poor record regarding home mortgage loans insufficiently lifted by an adequate record regarding small business loans supports this conclusion. As noted, home mortgage loans received heavier weighting when arriving at this conclusion.

***Home Mortgage Loans***

The distribution of home mortgage loans based on the borrowers’ profiles reflects a poor record in the Baton Rouge MSA AA. Very poor performance to moderate-income borrowers slightly lifted by reasonable performance to low-income borrowers supports this conclusion.

Examiners afforded notably more weight to the performance to moderate-income borrowers compared to low-income borrowers given the relative lending opportunities illustrated by the corresponding aggregate figures. The borrowers’ income designations define the borrowers’ profiles for this analysis.

The following table shows that to low-income borrowers in the Baton Rouge MSA AA, the bank’s lack of lending still lands within a reasonable range of the aggregate figure, given the ratios’ overall levels. The bank’s level falls 5.0 percentage points lower, thereby reflecting a reasonable level. The table also shows that to moderate-income borrowers, the bank’s level just does land substantially below the aggregate figure, given the ratios’ overall levels. The bank’s level falls 13.1 percentage points lower, thereby reflecting a very poor level.

Thus, given the relative performances and weightings for the discussed income levels, the borrower profile distribution of home mortgage loans reflects a poor record in the Baton Rouge MSA AA.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Assessment Area: Baton Rouge MSA AA</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	18.4	5.0	0	0	0	0
Moderate	15.3	17.3	3	4.2	399	2.0
Middle	18.6	21.3	14	19.4	2,178	10.9
Upper	47.7	39.2	38	52.8	13,137	65.4
Not Available	0	17.2	17	23.6	4,346	21.7
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>72</b>	<b>100.0</b>	<b>20,060</b>	<b>100.0</b>

*Source: ACS Census data (2015); HMDA data (2019).*

### ***Small Business Loans***

The distribution of small business loans based on the borrowers’ profiles reflects a reasonable record in the Baton Rouge MSA AA. Reasonable performance to businesses with gross annual revenues of \$1 million or less primarily supports this conclusion. Examiners focused on the bank’s overall levels to businesses with gross annual revenues of \$1 million or less when arriving at this conclusion. The companies’ gross annual revenues define the borrowers’ profiles for this review.

The following table shows that in the Baton Rouge MSA AA, the bank originated over seven out of every ten loans to businesses with gross annual revenues of \$1 million or less, thereby reflecting a reasonable level. The table further shows that the bank originated approaching three out of every ten loans to businesses with gross annual revenues less than \$100,000, further supporting a reasonable level.

Thus, given the relative performances and weightings for the discussed revenue categories, the borrower profile distribution of small business loans reflects a reasonable record in the Baton Rouge MSA AA.

<b>Detailed Distribution of Small Business Loans by Gross Annual Revenues</b>					
<b>Assessment Area: Baton Rouge MSA AA</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
< \$100,000	54.0	4	28.6	91	14.4
\$100,000 - \$249,999	25.0	0	0.0	0	0.0
\$250,000 - \$499,999	5.1	3	21.4	130	20.6
\$500,000 - \$1,000,000	3.0	3	21.4	156	24.8
<b>Subtotal &lt;= \$1,000,000</b>	<b>87.1</b>	<b>10</b>	<b>71.4</b>	<b>377</b>	<b>59.8</b>
>\$1,000,000	4.1	3	21.4	175	27.8
Revenue Not Available	8.8	1	7.2	78	12.4
<b>Total</b>	<b>100.0</b>	<b>14</b>	<b>100.0</b>	<b>630</b>	<b>100.0</b>

*Source: D&B data (2020); Bank data (2020).*



## COMMUNITY DEVELOPMENT TEST

The institution's community development performance demonstrates adequate responsiveness to community development needs in the Baton Rouge MSA AA through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the assessment area.

Adequate responsiveness to the CD (community development) needs insufficiently lifted by an excellent record regarding the bank's QIs (qualified investments), without simply ignoring the other types of CD activities, support this conclusion. The bank also demonstrated adequate records regarding its CD loans and CD services in the Baton Rouge MSA AA. The appendices define community development and list the criteria used to evaluate the Community Development Test.

### Community Development Loans

The bank exhibited an adequate record regarding its CD loans in the Baton Rouge MSA AA. A good level regarding the dollar volume of CD loans primarily supports this conclusion. Examiners considered the dollar volume and number of the bank's CD loans benefitting the Baton Rouge MSA AA relative to the institution's capacity and its other activity levels in this area, as well as the assessment area's needs and opportunities, when arriving at this conclusion.

The following table shows that since the last evaluation the bank originated eight CD loans totaling over \$4.8 million in the Baton Rouge MSA AA. The previous evaluation did not separately present the bank's CD loans in the Baton Rouge MSA AA. The current dollar amount equates to 9.1 percent of the bank's overall excellent level of CD loans and to 18.7 percent of the total CD loans originated inside the bank's assessment areas. As noted, this area contributed 24.6 percent of the bank's loans.

Overall, the current dollar amount of CD loans in the Baton Rouge MSA AA equates to an adequate contribution of CD loans given the bank's capacity, its other activity levels in this area, and the assessment area's needs and opportunities.

<b>Community Development Lending Baton Rouge MSA AA</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2018 (Partial)	1	263					3	2,010	4	2,273
2019	1	808					3	1,815	4	2,623
2020									0	0
YTD 2021									0	0
<b>Total</b>	<b>2</b>	<b>1,071</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>3,825</b>	<b>8</b>	<b>4,896</b>
<i>Source: Bank data. *Since the prior evaluation.</i>										

The following points provide examples of the bank’s CD loans in this area:

- **Revitalize or Stabilize** – In 2019, the bank originated a \$1.0 million loan related to disaster recovery that helps provide local essential emergency services in the Baton Rouge MSA AA. Thus, the activity revitalizes or stabilizes a qualifying geography by helping to attract new, or retain existing, businesses or residents, and is related to disaster recovery.
- **Affordable Housing** – In 2019, the bank originated an \$808,045 loan to fund a multi-family project, for which rent rolls show that nine of the 14 units have rents lower than the 2019 HUD Fair Market Rent for the area. The remaining five units reflect rents only \$10 higher than the 2019 HUD Fair Market Rent. Thus, the activity provides affordable housing primarily to low- and moderate-income families.

### **Qualified Investments**

The bank exhibited an excellent record regarding its QIs in the Baton Rouge MSA AA. An excellent level regarding the dollar volume of QIs primarily supports this conclusion. Examiners considered the dollar volume and number of the bank’s QIs benefitting the Baton Rouge MSA AA relative to the institution’s capacity and its other activity levels in this area, as well as the assessment area’s needs and opportunities, when arriving at this conclusion.

The following table shows that the bank made use of 15 QIs totaling over \$6.9 million in the Baton Rouge MSA AA. The previous evaluation did not separately present the bank’s QIs in the Baton Rouge MSA AA. The current dollar amount equates to 17.4 percent of the bank’s overall excellent level of QIs and to 30.0 percent of all QIs benefitting the bank’s assessment areas. As noted, this area contributed 13.4 percent of the bank’s total deposits.

Overall, the current dollar amount of QIs in the Baton Rouge MSA AA equates to an excellent contribution of QIs given the bank’s capacity, its other activity levels in this area, and the assessment area’s needs and opportunities.

<b>Qualified Investments Baton Rouge MSA AA</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Prior Period	5	3,691			3	810			8	4,501
2018*									0	0
2019									0	0
2020					2	2,450			2	2,450
YTD 2021									0	0
<b>Subtotal</b>	<b>5</b>	<b>3,691</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>3,260</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>6,951</b>
Qualified Grants & Donations			5	15					5	15
<b>Total</b>	<b>5</b>	<b>3,691</b>	<b>5</b>	<b>15</b>	<b>5</b>	<b>3,260</b>	<b>0</b>	<b>0</b>	<b>15</b>	<b>6,966</b>

*Source: Bank data. \*Since the prior evaluation.*

The following points provide examples of the bank's QIs in this area:

- **Community Service** – In 2018, 2019, and 2020, the bank partnered with an educational, non-profit organization and made annual donations, totaling \$3,000 throughout the review period, to provide and distribute financial literacy educational materials to schools in the assessment area where a majority of the students' families report low or moderate incomes. Thus, the activity benefits an organization or project that provides community services primarily to low- and moderate-income individuals.
- **Community Service** – In 2019, the bank partnered with a non-profit organization and made a donation, totaling \$10,000, to refurbish and distribute computers to low- and moderate-income families. Thus, the activity benefits an organization or project that provides community services primarily to low- and moderate-income individuals.

### **Community Development Services**

The bank established an adequate record regarding its CD services in the Baton Rouge MSA AA. Adequate performances regarding the types of services and the availability of services primarily support this conclusion. Examiners considered the types and availability of services relative to the considerations noted for the Community Development Test when arriving at this conclusion.

#### ***Types of Services***

The bank showed adequate performance regarding the types of services that primarily benefit low- or moderate-income individuals in the Baton Rouge MSA AA. An adequate extent, or number, of CD services, after considering mitigating performance context matters, supports this conclusion.

The following table shows that the bank provided 15 CD services in this area since the last evaluation. This number equates to an average of 0.89 CD services per office, per year, since the last evaluation, and to 1.26 CD services per office, per year when adjusting the calculation for the months impacted by the reaction to COVID-19. The prior evaluation did not separately present the bank's CD services in the Baton Rouge MSA AA. While the current unadjusted level typically reflects poor performance, the adjusted level reflects adequate performance relative to the considerations previously noted for the Community Development Test.

The services all involve bank personnel's use of their technical expertise to benefit organizations or projects with a primary purpose of CD, as defined by CRA regulations.

<b>Community Development Services Baton Rouge MSA AA</b>					
<b>Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Total</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2018*		3			<b>3</b>
2019		11			<b>11</b>
2020		1			<b>1</b>
2021 (YTD)		0			<b>0</b>
<b>Total</b>	<b>0</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>15</b>
<i>Source: Bank data. *Since the prior evaluation.</i>					

The following point provides an example of the bank’s CD services in this area:

- **Community Service** – Since the previous evaluation, bank employees provided 15 financial literacy education programs to low- and moderate-income students, ranging in age from middle to high school, throughout the assessment area. Thus, the activity benefits an organization or project that provides community services primarily to low- and moderate-income individuals.

#### **Availability of Services**

The bank showed adequate performance regarding the availability of its services to low- or moderate-income individuals and geographies in the Baton Rouge MSA AA. An adequate branch distribution and adequate alternative delivery systems support this conclusion.

The following table shows that in moderate-income census tracts, the bank’s level of full-service offices lands within an adequate range of the population percentage, given the ratios’ overall levels. The bank’s level rises 1.6 percentage points higher, thereby reflecting an adequate distribution. As noted, the Baton Rouge MSA AA does not contain any low-income census tracts.

Therefore, given the relative performances and weightings for the discussed income levels, the bank’s full-service offices reflect an adequate distribution in the Baton Rouge MSA AA.

<b>Office and ATM Distribution Baton Rouge MSA AA</b>								
<b>Census Tract Income Category</b>	<b>Census Tracts in Assessment Areas</b>		<b>Total Population</b>		<b>Full-Service Offices</b>		<b>ATMs</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	10	19.2	55,458	15.1	1	16.7	1	16.7
Middle	23	44.2	151,869	41.5	1	16.7	1	16.7
Upper	19	36.6	158,844	43.4	4	66.6	4	66.6
NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>Total</b>	<b>52</b>	<b>100.0</b>	<b>366,171</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>
<i>Source: ACS (2015); Bank records.</i>								

Besides its office locations, the bank provides adequate alternative delivery systems that help avail the bank's services to low- and moderate-income individuals or geographies. Those systems include the bank's ATMs.

The previous table shows an ATM distribution equal to that discussed for the bank's full-service offices, thus reflecting an adequate distribution. Besides its ATMs, the bank provides other alternative delivery systems. Those include the same systems provided at the institution level, online banking, mobile banking, and electronic bill pay.

Consequently, given the adequate office distribution and alternative delivery systems, the bank demonstrated adequate performance regarding the availability of its services to low- and moderate-income individuals and geographies in the Baton Rouge MSA AA.

### **Responsiveness to Community Development Needs**

The institution achieved an adequate record of making its CD activities responsive to the Baton Rouge MSA AA's CD needs. An adequate level of activities directed to the area's CD needs and the activities' qualitative characteristics support this conclusion. Examiners considered the dollar volume and number of total activities directed towards CD needs identified in the area as well as the activities' qualitative characteristics relative to the considerations noted for the Community Development Test when arriving at this conclusion.

The following table shows that affordable housing activities represent 40.1 percent of the dollar volume and 18.4 percent of the number of total activities, while revitalization or stabilization activities represent 32.2 percent of the dollar volume and 15.8 percent of the number of total activities. So combined, these activities represent 72.3 percent of the dollar volume of total activities and 34.2 percent of the number. The Description of the Institution's Operations in the Baton Rouge MSA AA reflects such activities as high CD needs.

In addition to activities that address identified needs, examiners also considered the activities' qualitative characteristics. Those qualitative aspects include the institution's leadership role or any heightened level of expertise or effort in initiating or developing the bank's activities, as well as the activities' particularly high levels of benefitting low- or moderate-income individuals or qualifying geographies. While examiners did not note many of these characteristics with respect to the institution's CD activities, the activities do reflect a high level of benefitting low- or moderate-income individuals or qualifying areas.

Consequently, given the activities' focus on identified needs and their qualitative characteristics, the institution achieved an adequate record of making its CD activities responsive to the Baton Rouge MSA AA's CD needs.

<b>Community Development Activities Baton Rouge MSA AA</b>							
<b>Qualifying Category</b>	<b>Activity Type</b>					<b>Totals Per Category</b>	
	<i>Loans</i>		<i>Investments</i>		<i>Services</i>		
	<i>#</i>	<i>\$(000s)</i>	<i>#</i>	<i>\$(000s)</i>	<i>#</i>	<i>#</i>	<i>\$(000s)</i>
Affordable Housing	2	1,071	5	3,691		<b>7</b>	<b>4,762</b>
Community Services	0	0	5	15	15	<b>20</b>	<b>15</b>
Economic Development	0	0	5	3,260	0	<b>5</b>	<b>3,260</b>
Revitalize or Stabilize	6	3,825	0	0	0	<b>6</b>	<b>3,825</b>
<b>Totals Per Activity Type</b>	<b>8</b>	<b>4,896</b>	<b>15</b>	<b>6,966</b>	<b>15</b>	<b>38</b>	<b>11,862</b>
<i>Source: Bank data.</i>							

## **OTHER ASSESSMENT AREAS – Limited-Scope Review**

### **CONCLUSIONS ON PERFORMANCE CRITERIA IN LIMITED-SCOPE ASSESSMENT AREAS**

The following table identifies whether conclusions regarding the applicable tests for the noted assessment areas for which examiners performed a limited-scope review either exceed, are consistent with, or fall below the performance for the institution as a whole. Examiners made these determinations through a review of available facts and data, aggregate lending data comparisons, and demographic information. The conclusions from the limited-scope reviews contributed to the institution’s overall performance rating for the institution as a whole.

<b>Conclusions for Limited-Scope Assessment Areas</b>		
<b>Assessment Area</b>	<b>Lending Test</b>	<b>Community Development Test</b>
Hammond MSA AA	Below	Below
Houma MSA AAs	Below	Below
New Orleans MSA AA	Consistent	Consistent

Facts and data supporting conclusions for the limited-scope assessment areas follow, beginning with a summary of the bank’s operations and activities, followed by applicable tests’ tables.

### **Hammond MSA AA**

The Hammond MSA AA (Hammond Metropolitan Statistical Area Assessment Area), unchanged from the last evaluation, consists of all 20 contiguous census tracts that make up Tangipahoa Parish, which alone makes up the Hammond, LA Metropolitan Statistical Area, located in Southcentral Louisiana. This area lies adjacent to and north of the bank's New Orleans MSA AA.

The area’s 20 census tracts reflect the following income designations based on the 2015 ACS Census data: 6 moderate-, 10 middle-, and 4 upper-income tracts. FEMA declared this area as a major disaster area in January 2021 due to Hurricane Zeta. FEMA also declared this area as a disaster area due to severe storms and flooding in August 2016.

Based on information derived from the following table’s data, the bank demonstrated an overall poor record regarding the Lending Test in the Hammond MSA AA. A poor borrower profile loan distribution insufficiently lifted by a reasonable geographic loan distribution supports the overall poor Lending Test record. A poor record regarding home mortgage loans insufficiently lifted by a reasonable record regarding small business loans supports the overall poor borrower profile loan distribution. A reasonable record regarding home mortgage loans insufficiently lowered by a very poor record regarding small business loans supports the overall reasonable geographic loan distribution.

In addition, adequate responsiveness to the CD (community development) needs insufficiently lifted by an excellent record regarding the bank’s CD loans, without simply ignoring the other types of CD activities, supports an overall adequate record regarding the Investment Test in the Hammond MSA AA. The bank also demonstrated a very poor record regarding its QIs (qualified investments), without simply ignoring this activity, and a barely adequate record regarding its CD services, providing on average, 1.00 CD services, per office, per year, after considering mitigating performance context matters.

The following table provides details regarding this area’s activities.

<b>Activities Hammond MSA AA</b>		
<b>Activities</b>	<b>#</b>	<b>\$(000s)</b>
Home Mortgage Loans	11	5,491
Small Business Loans	19	2,560
Community Development Loans	4	5,426
Qualified Investments	2	3
Community Development Services	2	

*Source: HMDA data (2019); Bank data (2020); Bank data.*

The Hammond MSA AA ranks last among the four reviewed areas by accounting for 6.0 percent of the bank’s loans, while gathering 2.9 percent of deposits and operating 4.0 percent of its full-service offices considered in this evaluation. The following table shows that the bank operates one full-service offices in this area. It also operates one ATM. The bank did not open or close any offices, and it did not participate in any merger or acquisition activity in this area since the last evaluation.

Full-Service Office Locations Hammond MSA AA					
Parish/City/Street	Office Type	Census Tract Number	Census Tract Income Level	ATM	Office Opened or Closed Since Last Evaluation
<i>Tangipahoa Parish:</i> Hammond - SW Railroad Ave	Branch	9543.00	Moderate	Yes	No
<i>Source: Bank data; ACS Census data (2015).</i>					

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area Assessment Area: Hammond MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	20	0.0	25.0	55.0	20.0	0.0
Population by Geography	125,486	0.0	20.4	49.0	30.6	0.0
Housing Units by Geography	51,938	0.0	19.4	50.9	29.7	0.0
Owner-Occupied Units by Geography	30,751	0.0	16.7	47.8	35.5	0.0
Occupied Rental Units by Geography	14,732	0.0	23.6	55.8	20.6	0.0
Vacant Units by Geography	6,455	0.0	22.3	54.7	23.0	0.0
Businesses by Geography	10,883	0.0	21.3	52.5	26.2	0.0
Farms by Geography	274	0.0	15.7	51.5	32.8	0.0
Family Distribution by Income Level	30,976	25.9	16.4	15.5	42.2	0.0
Household Distribution by Income Level	45,483	27.1	14.1	15.4	43.4	0.0
Median Family Income MSA - 25220 Hammond, LA MSA		\$52,864	Median Housing Value			\$135,137
			Median Gross Rent			\$756
			Families Below Poverty Level			18.4%
<i>Source: ACS Census data (2015); D&amp;B data (2020).</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The area contains a relatively moderate level of competition from other chartered banks based on its population, with each of the 36 offices from its 14 institutions serving about 3,486 people, on average. Mortgage companies, credit unions, and finance companies also compete for loans in the area, adding to the competition level. FABT ranks 10<sup>th</sup> in deposit market share by capturing 1.1 percent of the area's deposits based on the June 30, 2020, FDIC Deposit Market Share Report data. Overall, the competition level allows for lending opportunities.

Home mortgage loan data collected per the Home Mortgage Disclosure Act (HMDA) also provides an indicator of competition for such loans in the area. In 2019, 258 lenders reported 6,017 home mortgage loans in the area, suggesting a good level of competition. In 2019, FABT originated 11 loans totaling over \$5.4 million, capturing 0.2 percent of the number and 0.8 percent of the dollar volume of the area's market share, with an average loan size of \$569,000.



## **Houma MSA AA**

The Houma MSA AA (Houma Metropolitan Statistical Area Assessment Area), unchanged from the last evaluation, consists of 26 contiguous census tracts in the following contiguous parishes, which together make up the Houma-Thibodaux, LA Metropolitan Statistical Area, located in Southeast Louisiana. This area lies adjacent to and south of the bank's New Orleans MSA AA.

- Lafourche Parish - 16 of the 24 total census tracts
- Terrebonne Parish - 10 of the 22 census tracts

The area's 26 census tracts reflect the following income designations based on the 2015 ACS Census data: 4 moderate-, 17 middle-, and 5 upper-income tracts. FEMA declared this area as a major disaster area on multiple occasions in 2019 due to flooding and Hurricane Barry.

Based on information derived from the following table's data, the bank demonstrated an overall poor record regarding the Lending Test in the Houma MSA AA. Poor borrower profile and geographic loan distributions support the overall poor record regarding the Lending Test. A poor record regarding home mortgage loans insufficiently lifted by a reasonable record regarding small business loans supports the overall poor borrower profile loan distribution. A reasonable record regarding home mortgage loans sufficiently lowered by a very poor record regarding small business loans supports the overall poor geographic loan distribution.

In addition, adequate responsiveness to the CD (community development) needs and an adequate record regarding the bank's CD loans, without simply ignoring the other types of CD activities, supports an overall adequate record regarding the Investment Test in the Houma MSA AA. The bank also demonstrated an adequate record regarding its QIs (qualified investments) and a poor record regarding its CD services, providing on average, 0.83 CD services, per office, per year, after considering mitigating performance context matters.

The following table provides details regarding this area's activities.

<b>Activities Houma MSA AA</b>		
<b>Activities</b>	<b>#</b>	<b>\$(000s)</b>
Home Mortgage Loans	86	17,076
Small Business Loans	137	10,230
Community Development Loans	2	2,498
Qualified Investments	6	2,559
Community Development Services	5	

*Source: HMDA data (2019); Bank data (2020); Bank data.*

The Houma MSA AA ranks 3<sup>rd</sup> among the four reviewed areas by accounting for 18.3 percent of the bank's loans, while gathering 11.1 percent of deposits and operating 16.0 percent of its full-service offices considered in this evaluation. The following table shows that the bank operates three full-service offices in this area. It also operates three ATMs. The bank did not open or close any offices, and it did not participate in any merger or acquisition activity in this area since the last evaluation.

<b>Full-Service Office Locations Houma MSA AA</b>					
<b>Parish/City/Street</b>	<b>Office Type</b>	<b>Census Tract Number</b>	<b>Census Tract Income Level</b>	<b>ATM</b>	<b>Office Opened or Closed Since Last Evaluation</b>
<b>Lafourche Parish:</b>					
Thibodaux - Audubon Ave	Branch	0220.00	Upper	Yes	No
Thibodaux - N Canal Blvd	Branch	0207.03	Upper	Yes	No
<b>Terrebonne Parish:</b>					
Houma - St. Charles St	Branch	0017.00	Upper	Yes	No
<i>Source: Bank data; ACS Census data (2015).</i>					

The following table illustrates select demographic characteristics of the assessment area.

<b>Demographic Information of the Assessment Area Assessment Area: Houma MSA AA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	26	0.0	15.4	65.4	19.2	0.0
Population by Geography	120,572	0.0	12.0	66.7	21.3	0.0
Housing Units by Geography	48,336	0.0	13.2	66.5	20.3	0.0
Owner-Occupied Units by Geography	31,147	0.0	10.8	66.4	22.8	0.0
Occupied Rental Units by Geography	13,304	0.0	16.4	69.0	14.6	0.0
Vacant Units by Geography	3,885	0.0	20.9	59.0	20.1	0.0
Businesses by Geography	11,531	0.0	16.6	55.5	27.9	0.0
Farms by Geography	241	0.0	9.5	70.6	19.9	0.0
Family Distribution by Income Level	30,492	21.5	15.4	18.5	44.6	0.0
Household Distribution by Income Level	44,451	25.1	15.0	17.0	42.9	0.0
Median Family Income MSA - 26380 Houma-Thibodaux, LA MSA		\$58,164	Median Housing Value			\$148,194
			Median Gross Rent			\$845
			Families Below Poverty Level			12.0%
<i>Source: ACS Census data (2015); D&amp;B data (2020).</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The two parishes in this assessment area contain a relatively moderate level of competition from other chartered banks based on their total population of 209,136, with each of the 65 offices from their 13 institutions serving about 3,218 people, on average. Mortgage companies, credit unions, and finance companies also compete for loans in the area, adding to the competition level. FABT ranks 11<sup>th</sup> in deposit market share by capturing 1.9 percent of the area’s deposits based on the June 30, 2020, FDIC Deposit Market Share Report data. Overall, the competition level allows for lending opportunities.

## **New Orleans MSA AA**

The New Orleans MSA AA (New Orleans Metropolitan Statistical Area Assessment Area), unchanged from the last evaluation, consists of 171 contiguous census in the following contiguous parishes, five of the eight parishes that make up the New Orleans-Metairie, LA Metropolitan Statistical Area, located in Southeast Louisiana.

- Jefferson Parish – 98 of the 127 total census tracts
- St. Charles Parish – all 13 census tracts
- St. James Parish – all 7 census tracts
- St. John the Baptist Parish – all 11 census tracts
- St. Tammany Parish – all 42 census tracts

The area's 171 census tracts reflect the following income designations based on the 2015 ACS Census data: 10 low-, 32 moderate-, 72 middle-, 55 upper-income tracts, and 2 tracts with no income designation. FEMA declared this area as a major disaster area during the period under review due to Hurricanes Barry and Zeta.

Based on information derived from the following table's data, the bank demonstrated an overall reasonable record regarding the Lending Test in the New Orleans MSA AA. Reasonable borrower profile and geographic loan distributions support the overall reasonable record regarding the Lending Test. Reasonable records regarding home mortgage and small business loans support the overall reasonable borrower profile loan distribution. Reasonable records regarding home mortgage and small business loans support the overall reasonable geographic loan distribution.

In addition, adequate responsiveness to the CD (community development) needs and an adequate record regarding the bank's CD loans, without simply ignoring the other types of CD activities, supports an overall adequate record regarding the Community Development Test in the New Orleans MSA AA. The bank also demonstrated a reasonable record regarding its QIs (qualified investments) and a poor record, without simply ignoring this activity, regarding its CD services, providing on average, 0.83 CD services, per office, per year, after considering mitigating performance context matters.

The following table provides details regarding this area's activities.

<b>Activities New Orleans MSA AA</b>		
<b>Activities</b>	<b>#</b>	<b>\$(000s)</b>
Home Mortgage Loans	189	38,238
Small Business Loans	275	21,508
Community Development Loans	14	13,368
Qualified Investments	16	13,673
Community Development Services	25	

*Source: HMDA data (2019); Bank data (2020); Bank data.*

The New Orleans MSA AA ranks 1<sup>st</sup> among the four reviewed areas by accounting for 51.1 percent of the bank’s loans, while gathering 72.6 percent of its deposits and operating 56.0 percent of its full-service offices considered in this evaluation. The following table shows that the bank operates 15 full-service offices in this area. It also operates 14 ATMs. The bank did not open or close any offices, and it did not participate in any merger or acquisition activity in this area since the last evaluation.

<b>Full-Service Office Locations New Orleans MSA AA</b>					
<b>Parish/City/Street</b>	<b>Office Type</b>	<b>Census Tract Number</b>	<b>Census Tract Income Level</b>	<b>ATM</b>	<b>Office Opened or Closed Since Last Evaluation</b>
<b><i>Jefferson Parish:</i></b>					
Harvey - Manhattan Blvd	Branch	0278.03	Moderate	Yes	No
Kenner - Williams Blvd	Branch	0205.02	Middle	Yes	No
Metairie - 1800 Veterans Blvd	Branch	0225.00	Upper	Yes	No
Metairie - Veterans Memorial Blvd	Branch	0220.01	Moderate	Yes	No
<b><i>St. Charles Parish</i></b>					
Boutte - 13355 Hwy 90	Branch	0628.00	Middle	Yes	No
Des Allemands - 17228 Hwy 90	Branch	0632.00	Upper	Yes	No
Luling - River Rd	Branch	0627.00	Middle	Yes	No
Norco - First St	Branch	0625.00	Middle	Yes	No
St. Rose - James Blvd	Branch	0621.00	Middle	Yes	No
<b><i>St. James Parish:</i></b>					
Gramercy - N Airline Hwy	Branch	0401.00	Middle	No	No
Laplace - Belle Terre Dr	Branch	0703.00	Middle	Yes	No
Lutcher - Hwy 3125	Branch	0402.00	Middle	Yes	No
Mandeville - Hwy 22	Branch	0403.03	Upper	Yes	No
Vacherie - Hwy 20	Main Office	0406.00	Middle	Yes	No
Vacherie - Hwy 643	Branch	0407.00	Middle	Yes	No
<i>Source: Bank data; ACS Census data (2015).</i>					

The following table illustrates select demographic characteristics of the assessment area.

<b>Demographic Information of the Assessment Area</b>						
<b>Assessment Area: New Orleans MSA AA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	171	5.8	18.7	42.1	32.2	1.2
Population by Geography	661,155	3.7	15.5	45.3	35.0	0.5
Housing Units by Geography	281,556	4.2	16.0	45.0	34.3	0.5
Owner-Occupied Units by Geography	172,898	1.8	11.1	46.9	39.9	0.3
Occupied Rental Units by Geography	80,317	8.5	24.2	42.2	24.1	1.0
Vacant Units by Geography	28,341	6.4	22.4	42.0	28.5	0.7
Businesses by Geography	78,462	3.9	15.6	39.4	40.4	0.7
Farms by Geography	1,249	1.7	13.9	48.1	36.1	0.2
Family Distribution by Income Level	168,539	20.0	15.4	18.4	46.2	0.0
Household Distribution by Income Level	253,215	21.3	14.8	15.8	48.1	0.0
Median Family Income MSA - 35380 New Orleans-Metairie, LA MSA		\$61,124	Median Housing Value			\$186,770
Families Below Poverty Level		10.7%	Median Gross Rent			\$908

*Source: ACS Census data (2015); D&B data (2020).  
(\*) The NA category consists of geographies that have not been assigned an income classification.*

The five parishes in this assessment area contain a relatively low level of competition from other chartered banks based on their total population of 809,262, with each of the 212 offices from their 30 institutions serving about 3,817 people, on average. Mortgage companies, credit unions, and finance companies also compete for loans in the area, adding to the competition level. FABT ranks 9<sup>th</sup> in deposit market share by capturing 3.1 percent of the area’s deposits based on the June 30, 2020, FDIC Deposit Market Share Report data. Overall, the competition level allows for lending opportunities.

## LENDING TEST

### Geographic Distribution

#### *Home Mortgage Loans*

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																2019		
Assessment Area:	Total Home Mortgage Loans		Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% Owner-Occupied Housing Units	% Bank Loans	Aggregate	% Owner-Occupied Housing Units	% Bank Loans	Aggregate	% Owner-Occupied Housing Units	% Bank Loans	Aggregate	% Owner-Occupied Housing Units	% Bank Loans	Aggregate	% Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Hammond MSA AA	11	5,491	NA	NA	NA	16.7	18.2	6.6	47.8	63.6	42.9	35.5	18.2	50.5	NA	NA	NA	
Houma MSA AA	86	17,076	NA	NA	NA	10.8	3.5	9.4	66.4	59.3	61.7	22.8	37.2	28.9	NA	NA	NA	
New Orleans MSA AA	189	38,238	1.8	1.1	1.0	11.1	12.2	8.5	46.9	42.9	44.3	39.9	43.8	45.8	0.3	0.0	0.4	

Source: HMDA data (2019); ACS Census (2015).

#### *Small Business Loans*

Assessment Area Distribution of Small Business Loans by Income Category of the Geography													2020	
Assessment Area:	Total Loans to Small Businesses		Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts			
	#	\$	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans		
Hammond MSA AA	19	2,560	NA	NA	21.3	0.0	52.5	73.7	26.2	26.3	NA	NA		
Houma MSA AA	137	10,230	NA	NA	16.6	0.7	55.5	56.2	27.9	43.1	NA	NA		
New Orleans MSA AA	275	21,508	3.9	1.1	15.6	18.9	39.4	50.2	40.4	29.8	0.7	0.0		

Source: Bank data (2020); D&B data (2020).

## **Borrower Profile**

### *Home Mortgage Loans*

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																2019		
Assessment Area:	Total Home Mortgage Loans		Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
Hammond MSA AA	11	5,491	25.9	0.0	6.4	16.4	0.0	19.9	15.5	9.1	23.6	42.2	27.3	31.0	0.0	63.6	19.1	
Houma MSA AA	86	17,076	21.5	2.3	4.3	15.4	2.3	14.0	18.5	14.0	18.8	44.6	66.3	43.9	0.0	15.1	19.0	
New Orleans MSA AA	189	38,238	20.0	3.2	4.6	15.4	14.3	14.2	18.4	13.8	20.5	46.2	53.9	44.2	0.0	14.8	16.5	

*Source: HMDA data (2019); ACS Census (2015).*

### *Small Business Loans*

Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2020	
Assessment Area:	Total Loans to Small Businesses		Businesses with Revenues <\$250M		Businesses with Revenues <\$1MM		Businesses with Revenues > 1MM		Businesses with Revenues Not Available			
	#	\$	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans		
Hammond MSA AA	10	1,741	78.5	10.0	87.4	50.0	3.2	50.0	9.4	0.0		
Houma MSA AA	17	1,445	74.1	47.0	84.2	52.9	4.6	47.1	11.2	0.0		
New Orleans MSA AA	28	1,623	78.4	28.6	87.8	75.1	4.2	24.9	8.0	0.0		

*Source: Bank data (2020); D&B data (2020).*

## COMMUNITY DEVELOPMENT TEST

### Community Development Loans

Community Development Lending Hammond MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2018*									0	0
2019	1	1,263			1	1,674	1	857	3	3,794
2020							1	1,632	1	1,632
YTD 2021									0	0
<b>Total</b>	<b>1</b>	<b>1,263</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1,674</b>	<b>2</b>	<b>2,489</b>	<b>4</b>	<b>5,426</b>

Source: Bank data. \*Since the prior evaluation.

Community Development Lending Houma MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2018*									0	0
2019							2	2,498	2	2,498
2020									0	0
YTD 2021									0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2,498</b>	<b>2</b>	<b>2,498</b>

Source: Bank data. \*Since the prior evaluation.

Community Development Lending New Orleans MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2018*	1	2,941	1	100			3	1,541	5	4,582
2019							4	3,292	4	3,292
2020	3	3,112	1	100			1	2,282	5	5,494
YTD 2021									0	0
<b>Total</b>	<b>4</b>	<b>6,053</b>	<b>2</b>	<b>200</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>7,115</b>	<b>14</b>	<b>13,368</b>

Source: Bank data. \*Since the prior evaluation.



## Qualified Investments

Qualified Investments Hammond MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period									0	0
2018*									0	0
2019									0	0
2020									0	0
YTD 2021									0	0
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Qualified Grants	1	1	1	2					2	3
<b>Total</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>3</b>

Source: Bank data. \*Since the prior evaluation.

Qualified Investments Houma MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period					5	2,555			5	2,555
2018*										
2019										
2020										
YTD 2021										
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>2,555</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>2,555</b>
Qualified Grants			1	4					1	4
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>4</b>	<b>5</b>	<b>2,555</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>2,559</b>

Source: Bank data. \*Since the prior evaluation.

Qualified Investments New Orleans MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	4	2,865			3	2,920			7	5,785
2018*	1	1,037							1	1,037
2019	5	5,612							5	5,612
2020	1	1,229							1	1,229
YTD 2021									0	0
<b>Subtotal</b>	<b>11</b>	<b>10,743</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>2,920</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>13,663</b>
Qualified Grants	1	4	1	6					2	10
<b>Total</b>	<b>12</b>	<b>10,747</b>	<b>1</b>	<b>6</b>	<b>3</b>	<b>2,920</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>13,673</b>

Source: Bank data. \*Since the prior evaluation.

**Community Development Services**

<b>Community Development Services Hammond MSA AA</b>					
<b>Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Total</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2018*					<b>0</b>
2019	1				<b>1</b>
2020	1				<b>1</b>
2021 (YTD)					
<b>Total</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>

*Source: Bank data. \*Since the prior evaluation.*

<b>Community Development Services Houma MSA AA</b>					
<b>Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Total</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2018*			1		<b>1</b>
2019			1		<b>1</b>
2020		2	1		<b>3</b>
2021 (YTD)					<b>0</b>
<b>Total</b>	<b>0</b>	<b>2</b>	<b>3</b>	<b>0</b>	<b>5</b>

*Source: Bank data. \*Since the prior evaluation.*

<b>Community Development Services New Orleans MSA AA</b>					
<b>Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Total</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2018*		11			<b>11</b>
2019		13			<b>13</b>
2020		1			<b>1</b>
2021 (YTD)					
<b>Total</b>	<b>0</b>	<b>25</b>	<b>0</b>	<b>0</b>	<b>25</b>

*Source: Bank data. \*Since the prior evaluation.*

Office and ATM Distribution Hammond MSA AA								
Census Tract Income Category	Census Tracts in Assessment Areas		Total Population		Full-Service Offices		ATMs	
	#	%	#	%	#	%	#	%
Low								
Moderate	5	25.0	25,559	20.4				
Middle	11	55.0	61,587	49.1	1	100.0	1	100.0
Upper	4	20.0	38,340	30.5				
NA								
<b>Total</b>	<b>20</b>	<b>100.0</b>	<b>125,486</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>

Source: ACS (2015); Bank data.

Office and ATM Distribution Houma MSA AA								
Census Tract Income Category	Census Tracts in Assessment Areas		Total Population		Full-Service Offices		ATMs	
	#	%	#	%	#	%	#	%
Low								
Moderate	4	15.4	14,516	12.0				
Middle	17	65.4	80,319	66.6				
Upper	5	19.2	25,737	21.4	3	100.0	3	100.0
NA								
<b>Total</b>	<b>26</b>	<b>100.0</b>	<b>120,572</b>	<b>100.0</b>	<b>3</b>	<b>100.0</b>	<b>3</b>	<b>100.0</b>

Source: ACS (2015); Bank data.

Office and ATM Distribution New Orleans MSA AA								
Census Tract Income Category	Census Tracts in Assessment Areas		Total Population		Full-Service Offices		ATMs	
	#	%	#	%	#	%	#	%
Low	10	5.8	24,542	3.7				
Moderate	32	18.7	102,494	15.5	2	13.3	2	14.3
Middle	72	42.1	299,419	45.3	10	66.7	9	64.3
Upper	55	32.2	231,409	35.0	3	20.0	3	21.4
NA	2	1.2	3,291	0.5				
<b>Total</b>	<b>171</b>	<b>100.0</b>	<b>661,155</b>	<b>100.0</b>	<b>15</b>	<b>100.0</b>	<b>14</b>	<b>100.0</b>

Source: ACS (2015); Bank data.

## **APPENDICES**

### **INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA**

#### **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

#### **Community Development Test**

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

## 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.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Community Development Loan:** A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
  - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

**Community Development Service:** A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

**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.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income 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 non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family 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).

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, 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 that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited-scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, 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.

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

**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 Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**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 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 and less than 80 percent in the case of a geography.



**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area** (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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

**Qualified Investment:** A 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.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors.

An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

**Small Business Loan:** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating 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.

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.