



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

March 5, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Farm Bureau Bank, FSB
2165 Green Vista Drive, Ste. 204
Sparks, NV 89431
Charter #: 715205**

**Office of Comptroller of the Currency
10001 Reunion Place, Suite 250
San Antonio, TX 78216**

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

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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of Farm Bureau Bank, FSB (“FBB” or “bank”). The Office of Comptroller of the Currency (OCC) prepared the evaluation as of March 5, 2012. The OCC evaluates performance in AAs delineated by the institution rather than individual branches. This AA evaluation may include visits to some, but not necessarily all, of the institution's branches.

INSTITUTION

Overall Rating

Overall Rating

INSTITUTION'S CRA RATING:	Satisfactory
The Lending Test is rated:	Satisfactory
The Community Development Test is rated:	Satisfactory

FBB's loan-to-deposit ratio is excellent. FBB has a very low concentration of loans in its two AAs. A low percentage of loans within an AA ordinarily can have a negative impact on the rating of a financial institution's CRA performance unless mitigated by performance context. However, we gave consideration to FBB's performance context, which includes, but is not limited to the following: unique product delivery systems, nationwide business strategy, deposits attributable to each AA and the significant efforts FBB's management team puts forth to address community needs in each AA.

Although loan originations within the two AAs were low, the distribution of loans to low- and moderate-income families and geographies in those areas is reasonable given the performance context. FBB's community development activities, including loans, investments, and services, exceeded the standard for satisfactory responsiveness to community development (CD) needs. The level of CD activities and the ratio of loans to deposits taken from the AAs, as well as the other performance context, offset the low overall level of lending in the two AAs. No CRA-related complaints occurred during the review period.

Scope of Examination

This evaluation included both the lending and community development tests relating to the "intermediate small bank" performance review required by the Community Reinvestment Act. The evaluation period for lending is the calendar years 2010 and 2011. We identified consumer loans as the primary product and limited our samples to only consumer loans. We used financial data as of December 31, 2011. We reviewed community development investments, loans, and services since the time of the last CRA evaluation, dated August 29, 2008. The previous evaluation used the intermediate small bank assessment. The institution received a CRA rating of "Satisfactory" as a result of the August 29, 2008 CRA Performance Evaluation.

Description of Institution

FBB is a FDIC-insured, federally chartered stock savings bank, with assets of \$580.9 million as of December 31, 2011. The holding company, FB BanCorp wholly owns FBB. The bank has two locations. The main office is in Sparks, Nevada and there is one branch office in San Antonio, Texas. FBB opened its San Antonio branch in the Spring of 2004. This location serves as the institution's administrative office. FBB is a nontraditional thrift. It does not have a traditional retail branch platform,

and instead relies on Farm Bureau Insurance Agents located throughout the country to refer much of its business. All business is conducted through internet, mail or telephone. In addition, the bank does not report mortgage data for the Home Mortgage Disclosure Act (HMDA); it has not originated any mortgage loans since 2006.

The bank primarily serves American Farm Bureau Federation members in all 50 states, but specifically markets banking services in 43 of the states through separate marketing agreements. There are approximately 6.2 million Farm Bureau Federation members located throughout the country. While most of the bank’s customers are Farm Bureau members, the bank does not require membership to conduct business. Farm Bureau Insurance Agents generally refer business to the bank. Because these agent offices do not accept deposits or applications, they are not considered branches.

FBB offers various deposit and lending products for both consumers and businesses. The bank receives a majority of its deposits and loan payments by mail or wire transfer from across much of the United States. Its primary lending business is in auto loans and credit cards loans. The bank has a small number of mortgage loans in the portfolio that originated prior to 2007. These include a small volume of loans originated by the bank. Cimarron Mortgage services these loans. The bank discontinued originating its own mortgage loans in 2006. Additionally, FBB has a small volume of mortgage loans purchased from Countrywide in 2004, which Bank of America services. FBB refers its current mortgage customers to Cornerstone Mortgage. The bank has only a marketing relationship with Cornerstone Mortgage. FBB offers these referrals as a service to its customers, but has no other involvement relating to the mortgage lending. Cornerstone Mortgage underwrites these mortgage loans in its name, reports them under its HMDA filing and retains or sells the loans. Therefore, FBB has not originated any mortgage loans since 2006, and the volume during 2006 was limited.

As of December 31, 2011, FBB’s total loan portfolio equaled \$519.5 million. Table 1 indicates the dollar amount, percentage to total loans, and percentage to total assets of each loan category.

Loan Category	Amount (\$000’s)	Percent of Total Loans	Percent of Total Assets
Residential Mortgage	4,458	0.9	0.1
Nonresidential Mortgage	2,723	0.5	<.1
Commercial Nonmortgage	106,524	20.5	18.3
Consumer	405,760	78.1	69.9
Total	519,465	100.0	89.4

The commercial nonmortgage loans include both small business and small farm loans. Consumer loans clearly comprise the bank’s primary products. A breakdown of consumer loans is in Table 2 below. During the evaluation period, FBB originated 30,995 loans, of which, 29,779 were to consumers.

Table 2 - FBB's Investment in Consumer Loans (December 31, 2011 Thrift Financial Report)			
Loan Category	Amount (\$000's)	Percent of Total Comm'l. Loans	Percent of Total Assets
Loans on Deposits	138	<0.1	<0.1
Auto Loans	253,110	62.4	43.6
Credit Cards	135,169	33.3	23.3
Other, Including Leases	17,343	4.3	29.9
Total	405,760	100.0	69.9

FBB designated two AAs, one for each of its two offices. Those areas are Washoe County, Nevada, one of two counties comprising the Reno-Sparks, Nevada Metropolitan Statistical Area (MSA), and Bexar County, Texas, one of the eight counties making up the San Antonio, Texas MSA. The institution is a nationwide lender due to the nationwide network of Farm Bureau Insurance Agents. Therefore, it originates a very small percentage of its loans inside of its two AAs. Interagency guidance for the Community Reinvestment Act, Section 563e.22(b)(2) and (3) indicates that consideration will be given for loans to low- and moderate-income persons and small business and small farm loans located outside of an institution's AAs, provided the institution has adequately addressed the needs of borrowers within its AAs. FBB's performance within its two AAs is reasonable based on an assessment of their lending in the AAs as well as the performance context. Therefore, this evaluation will also include an analysis of loans outside those two areas.

Conclusions With Respect To Performance Tests

Loan-to-Deposit Ratio

FBB's Loan-to-Deposit Ratio (LTD) during the evaluation period is more than reasonable and indicative of an excellent volume of loans originated.

FBB's average LTD was 101.05 percent during the review period. The low was 96.16 percent and the high was 109.06 percent during the same time period. We compared this ratio to various other thrifts in Texas during the review period, with LTD's ranging from a low of 47.91 percent to a high of 118.71 percent. FBB's ratio of 101.05 percent compared favorably with these institutions. A ratio of loans in excess of 100 percent of deposits is possible by utilizing wholesale borrowings. At December 31, 2011, FBB reported \$487 million in deposits and \$22 million in FHLB borrowings.

Assessment Area Concentration

Tables 3 below summarizes the institution’s entire volume of consumer loan originations both inside and outside of its two AAs during the review period.

Table 3 – Consumer Lending in Bexar and Washoe Counties AA 1/1/2010 – 12/31/2011										
Loan Type	Number of Loans					Dollars of Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Consumer	68	0.23	29,711	99.77	29,779	1,001	0.26	386,707	99.74	387,708
Totals	68	0.23	29,711	99.77	29,779	1,001	0.26	386,707	99.74	387,708

Source: Data provided by FBB and Loan Sample.

As expected from the bank’s business model and product delivery channels, it is apparent from the table above that lending in the AAs is less than one percent of the total loans originated. This remains consistent with prior evaluations. Because the percentage of loans originated within the AA was very low, we considered the amount of deposits originating within the AA and compared this with the lending volume. Customer deposits originating from within the AAs totaled \$4.5 million, and loan originations within the AAs totaled \$10.1 million. This ratio of loans to deposits supports that FBB is lending adequately based on the volume of loans and deposits inside its AAs.

Geographic Distribution of Lending

The geographic distribution of FBB’s loans, nationally, reflects reasonable dispersion by geographic income level. Table 4 below summarizes the results of our sample of 700 consumer loans. Because there are no aggregate data for consumer loans, we have used “National Demographics” based on the percent of census tracts by the income classification of the tract as a proxy for comparison. In addition, FBB documented that about 23 percent, or 7,414, of total loans originated during the evaluation period are within distressed or underserved middle-income nonmetropolitan geographies.

Table 4 - Distribution of Consumer Loans By Geographic Distribution Outside the Assessment Area (Dollars in thousands)					
Borrower Income Level	Review Period 01/01/10 – 12/31/11				Area Demographics
	#	%	\$	%	%
Low	3	0.4	52	0.6	6.1
Moderate	81	11.6	1,029	10.9	21.7
Middle	460	65.7	6,234	66.2	49.1
Upper	156	22.3	2,101	22.3	22.5
Income NA	0	0.0	0	0.0	0.6
Total	700	100.0	9,416	100.0	100.0

Source: Loan Sample and 2000 Census Data

Lending to Borrowers of Different Incomes

Lending to borrowers of different incomes shows reasonable penetration. Table 5 below summarizes FBB's overall performance in lending to borrowers of different income levels. Similar to the geographic distribution analysis above, we used a proxy for comparison purposes. The "National Demographics" represents the income distribution of families throughout the entire United States. The institution's record of lending to low- and moderate-income borrowers by number of loans is reasonable compared to the percentage of families considered low- and moderate-income.

Table 5 - Distribution of Consumer Loans By Borrower Income Level Outside the Assessment Area (Dollars in thousands)					
Borrower Income Level	Review Period 01/01/10 – 12/31/11				Area Demographics
	#	%	\$	%	%
Low	69	9.9	441	4.7	20.2
Moderate	122	17.4	1,232	13.1	18.1
Middle	174	24.9	2,315	24.6	22.0
Upper	335	47.8	5,428	57.6	39.7
Total	700	100.0	9,416	100.0	100.0

Source: Loan Sample and 2000 Census Data

Response to Substantiated Complaints

There have been no written CRA-related complaints received during the review period.

Community Development

FBB has documented a reasonable level of activity in community development loan pools, investments, and services. FBB is actively involved in a number of community development services within each of its AAs. Because this activity takes place inside the bank's AAs, we include more detail in the evaluation of each AA below.

In addition to the AA specific services, FBB has instituted a Disaster Relief Program to customers affected by various declared disasters. Under this program, credit card and auto loan customers affected by the disasters can miss up to three payments without incurring late charges or penalties. Additionally, in 2009, FBB instituted the Member Assistance Program (MAP). This program offers aid to the member if they experience uncertainty with recent economic hardships. In 2009, about \$5.5 million in volume from 365 loans took advantage of the program. In 2010, another 20 loans with balances of \$337 thousand also entered the program. In 2011, two more loans entered with balances of \$15.9 thousand. Totals as of December 31, 2011 were 199 loans with a total volume of \$2 million.

As of December 31, 2011, Farm Bureau Bank had \$6.2 million invested in the CRA Qualified Investment Fund. The investments represent 1.03 percent of the bank's total assets. Community Capital Management (CCM) is the registered investment advisor to the CRA Qualified Investment Fund. Except for approximately \$2 million yet to be allocated, the CCM allocated the following investments to Farm Bureau Bank:

- \$1.5 million of Fannie Mae Pool 873949 financing Tigoni Villas, a Low Income Housing Tax Credit project in San Antonio, Texas.
- \$2.9 million of loans to low- and moderate-income borrowers. These 24 loans were secured by single-family dwellings all located in the bank's AAs (Washoe County in Nevada and Bexar County in Texas).

Also during the review period, the CCM earmarked the following investments to the bank:

\$675 thousand of Loan 3296126001 within Small Business Administration (SBA) Pool 508716 financing Castaway Inn located in Reno, Nevada. This SBA Pool is comprised of small businesses financed under the SBA 7(a) program and located in low- and moderate-income communities.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

STATE – Nevada

State Rating and Summary

CRA Rating for Nevada

CRA RATING:	Satisfactory
The Lending Test is rated:	Satisfactory
The Community Development Test is rated:	Satisfactory

The level of loan originations during the evaluation period for the AA was very low. However, considering the business strategy, product delivery systems, and other performance context, the level of lending inside the AA is reasonable. The distribution to borrowers of different income levels is also reasonable. The institution's community development performance was also reasonable, and met the standard for satisfactory performance.

Scope of Examination

This evaluation included lending in 2010 and 2011. Community Development loans, investments, and services were reviewed for 2009, 2010, and 2011.

Description of Institution's Operations in Nevada

FBB designated Washoe County, Nevada as its AA. The county is within the Reno-Sparks MSA.

STATE Metropolitan Area & State Reviewed- Reno-Sparks, NV MSA **State Metropolitan Area & State Reviewed**

Description of Institution's Operations in the Reno-Sparks, NV MSA

This AA includes all of Washoe County, Nevada, one of the two counties making up the Reno-Sparks MSA. Washoe City was the first county seat, named in 1861. In 1871 it was replaced by Reno, the third largest city in Nevada, which remains the county seat today. FBB maintains its main office in Sparks, NV. Washoe County is located along the eastern slopes of the Sierra Nevada Mountains in western Nevada. The county covers an area of 6,600 square miles in the northwest section of the State bordering California and Oregon and has a population of approximately 417,379, per 2010 population estimates released by the Nevada State Demographer's (NSD) office. Of this total, the NSD estimates the Reno population at 217,282 with Sparks at 92,331, and the remainder in the unincorporated county of 107,766. Table 6 below summarizes certain demographic data for the county.

Table 6 - Demographic Data (Based on 2000 U.S. Census Data)	
Demographic Data	2000 Census
Population	339,486
Total Families	84,518
1-4 Family Units	109,231
Multi-family Units	34,677
% Owner-Occupied Units	54.4%
% Rental-Occupied Units	37.4%
% Vacant Housing Units	8.2%
Weighted Average Median Housing	\$157,936

Table 7 indicates the number of geographies in each income level and compares it to the distribution of families living in those geographies and to 1-4 family dwellings located within those geographies.

Table 7 - Distribution of Geographies, Families and Housing Units Assessment Area (Based on 2000 U.S. Census Data)						
Geog Inc Level	Geographies		Total Area Families		1-4 Family Dwellings	
2000 Census:	#	%	#	%	#	%
Low	2	3.0	2,643	3.1	1,177	1.1
Moderate	18	26.9	21,388	25.3	23,886	21.9
Middle	25	37.3	33,963	40.2	44,782	41.0
Upper	22	32.8	26,524	31.4	39,386	36.0
Total	67	100.0	84,518	100.0	109,231	100.0

According to 2000 Census, 28.4 percent of the families in the AA are low- to moderate-income, with 9.1 percent of the families reporting income below the poverty level. The Department of Housing and Urban Development (HUD) annually adjusts the 2000 census data to update the median income levels. Table 8(a) indicates the median family income ranges of each income category based on the 2000 census, as updated in 2011; table 8(b) reflects the updated HUD median family income for each year during the review period; and table 8(c) shows the distribution of families in each income range of the AA.

Table 8(a) - Median Family Income Ranges (*)		
Income Category (As % of MD Median)	Income Ranges	
	From	To
Low (< 50%)	\$1	\$35249
Moderate (50% - 79%)	\$35,250	\$56,399
Middle (80% - 119%)	\$56,400	\$84,599
Upper (>= 120%)	\$84,600	+

Table 8(b) - Annual HUD Median Family Income	
Year	Amount
2009	\$70,400
2010	\$71,200
2011	\$70,500

* Based on HUD 2011 Median Family Income of the MSA

Table 8(c) Family Income Category (As a % of MSA Median)	2000 Census Data	
	#	%
Low (< 50%)	2,643	3.1
Moderate (50% - 79%)	21,388	25.3
Middle (80% - 119%)	33,963	40.2
Upper (>= 120%)	26,524	31.4
Total	84,518	100.0

Conclusions with Respect to Performance Tests in the Reno-Sparks, NV MSA

Lending to Borrowers of Different Incomes

During the review period, FBB originated seven consumer loans totaling \$72,285 in Washoe County. Table 9 provides an analysis of FBB’s borrower distribution of all consumer loans throughout the review period. The number of loans originated is very low. However, given the performance context, the distribution of those loans among borrowers of different income levels is reasonable compared to the demographics of the area.

Table 9 - Distribution of all Loans By Borrower Income Level in the Assessment Area (Dollars in thousands)					
Borrower Income Level	Review Period 01/01/10 – 12/31/11				Area Demographics
	#	%	\$	%	%
Low	0	0.0	0	4.7	20.1
Moderate	3	42.9	19	13.1	18.1
Middle	2	28.6	33	24.6	22.1
Upper	2	28.6	21	57.6	39.7
Total	7	100.0	2,482	100.0	100.0

Source: Loan Sample and 2000 Census Data

Geographic Distribution of Loans

As with the borrower income analysis above, the number of loans originated is small. In this case, the dispersion of loans is lower than the geographic distribution of households and families. Table 10 below indicates the distribution of the seven loans made inside this AA.

Table 10 - Distribution of all Loans By Geographic Distribution in the Assessment Area (Dollars in thousands)					
Borrower Income Level	Review Period 01/01/10 – 12/31/11				Area Demographics
	#	%	\$	%	%
Low	0	0.0	0	0.0	3.0
Moderate	1	14.3	23	8.0	26.9
Middle	4	57.1	28	92.0	37.3
Upper	2	28.6	21	0.0	32.8
Total	7	100.0	73	100.0	100.0

Source: Loan Sample and 2000 Census Data

Community Development Test

FBB's CD performance demonstrates adequate responsiveness to CD needs in this AA through making CD investments and performing CD services. In evaluating community development, we reviewed community development loans, services, and investments. An institution is not required to have activities in all these areas; instead, we make an assessment based on the overall picture of an institution's activities.

Community Development Investments

FBB has a total of \$6.175 million invested in the CRA Qualified Investment Fund run by CCM. This amount funded 24 loans within the bank's two AAs. Of these 17 loans are located in the Reno-Sparks AA, 12 are to moderate-income borrowers and five to low-income borrowers. Additionally, FBB invested in SBA pools totaling \$675 thousand during the assessment period.

Community Development Services

FBB has documented a number of community development services provided to this AA. One employee of FBB dedicates all of his time to performing community services in the Washoe County AA. He has devoted much time and effort to many organizations. One such organization is Nevada's Agriculture in the Classroom. Though this entity administers programs that benefit all residents in the Washoe County area (and others), FBB documented that its financial presentations specifically benefited low- and moderate-income (LMI) individuals in the Washoe County AA and adjacent areas outside its AA. Additionally, FBB provided financial literacy instruction to several area schools via programs through the 4H and the Nevada Future Farmers of America (FFA). Again, these programs generally include all residents, but the individuals for which FBB provided instruction were primarily LMI based on demographics documented for each school that participated.

STATE – Texas

State Rating and Summary

CRA Rating for Texas

CRA RATING:	Satisfactory
The Lending Test is rated:	Satisfactory
The Community Development Test is rated:	Satisfactory

Although the concentration of lending in its AAs is low, this is attributable to FBB's business model. Given the performance context, lending to borrowers of different income levels is reasonable, as is the geographic distribution of lending. The institution's CD performance for the Bexar County AA is reasonable and meets the standard for satisfactory performance.

Scope of Examination

The review covered all loans originated in FBB's Texas AA in 2010 and 2011. We also reviewed CD loans, investments, and services for the same period.

Description of Institution's Operations in Texas

FBB designated Bexar County, which is part of the San Antonio, Texas MSA, as its sole AA in Texas.

STATE Metropolitan Area & State Reviewed- San Antonio, TX MSA **State Metropolitan Area & State Reviewed**

Description of Institution's Operations in the San Antonio, TX MSA

This AA includes all of Bexar County. Bexar County's largest city and county seat, San Antonio, is now the second largest city in Texas behind only Houston and the seventh largest city in the nation. Bexar County is about 1,240 square miles. As of the 2000 census, Bexar County had 1.4 million residents. However, the estimates for 2010 show this has increased to about 1.7 million. The city of San Antonio comprises most of the county and had a population of 1.1 million in 2000.

Bexar County has a major military presence with three separate military installations. These include two Air Force bases (Lackland and Randolph) and one Army post (Fort Sam Houston). Some primary employment sources include federal, state, city, and county government, services, healthcare, and educational facilities.

Table 11 below summarizes certain demographic information for this AA.

Table 11 - Demographic Data (Based on 2000 U.S. Census Data)	
Demographic Data	2000 Census
Population	1,392,931
Total Families	347,923
1-4 Family Units	415,957
Multi-family Units	105,402
% Owner-Occupied Units	57.4%
% Rental-Occupied Units	36.4%
% Vacant Housing Units	6.2%
Weighted Average Median Housing	\$82,887

Table 12 indicates the number of geographies in each income level and compares it to the distribution of families living in those geographies and 1-4 family dwellings located within those geographies.

Table 12 - Distribution of Geographies, Families and Housing Units Assessment Area (Based on 2000 U.S. Census Data)						
Geog Inc Level	Geographies		Total Area Families		1-4 Family Dwellings	
2000 Census:	#	%	#	%	#	%
Low	12	4.3	76,588	22.0	12,520	3.0
Moderate	114	41.0	63,103	18.2	157,315	37.8
Middle	79	28.4	70,350	20.2	113,140	27.2
Upper	70	25.2	137,882	39.6	132,982	32.0
Income NAV	3	1.1	0	0.0	0	0.0
Total	278	100.0	347,923	100.0	415,957	100.0

According to 2000 Census, 40.2 percent of the families in the AA are low- to moderate-income, with 14.3 percent of the families reporting income below the poverty level. The Department of Housing and Urban Development (HUD) annually adjusts the 2000 census data to update the income levels. We use these adjusted figures in both the **Lending to Borrowers of Different Incomes** and the **Geographic Distribution of Lending** sections of the Performance Evaluation. Table 13(a) indicates the median family income ranges of each income category based on the 2000 census, as updated in 2011; table 13(b) reflects the updated HUD median family income for each year during the review period; and table 13(c) shows the distribution of families in each income range of the AA.

Table 13(a) - Median Family Income Ranges (*)		
Income Category (As % of MD Median)	Income Ranges	
	From	To
Low (< 50%)	\$1	\$29,949
Moderate (50% - 79%)	\$29,950	\$47,919
Middle (80% - 119%)	\$47,920	\$71,879
Upper (>= 120%)	\$71,880	+

Table 13(b) - Annual HUD Median Family Income	
Year	Amount
2009	\$57,200
2010	\$57,800
2011	\$59,900

* Based on HUD 2011 Median Family Income of the MSA

Table 13(c) Family Income Category (As a % of MSA Median)	2000 Census Data	
	#	%
Low (< 50%)	76,588	22.0
Moderate (50% - 79%)	63,103	18.2
Middle (80% - 119%)	70,350	20.2
Upper (>= 120%)	137,882	39.6
Total	347,923	100.0

Conclusions with Respect to Performance Tests in the San Antonio, TX MSA

Lending to Borrowers of Different Incomes

FBB's loan volume remains low in this AA with only 61 loans originated during the review period. The distribution represents reasonable penetration among individuals of different income levels. We would normally compare the institution's lending record to the aggregate record of all lenders in the AA, but no such aggregate data exists for consumer loans, which is FBB's primary product. Table 14 provides an analysis of FBB's borrower distribution of consumer loans originated inside the AA during the review period. It compares the borrower distribution to the demographics of the families within the AA, the latter being a proxy for aggregate lenders.

Table 14 - Distribution of all Loans By Borrower Income Level in the Assessment Area (Dollars in thousands)					
Borrower Income Level	Review Period 01/01/10 – 12/31/11				Area Demographics
	#	%	\$	%	%
Low	7	11.5	54	5.8	22.0
Moderate	11	18.0	177	19.1	18.2
Middle	14	23.0	214	23.0	20.2
Upper	29	47.5	484	52.1	39.6
Total	61	100.0	791	100.0	100.0

Source: Loan Sample and 2000 Census Data

Geographic Distribution of Lending

Overall, FBB’s geographic distribution of loans in this AA reflects reasonable dispersion throughout the area. Table 15 provides an analysis of FBB’s borrower distribution of all consumer loans originated during the review period inside this AA. Again, we used the family demographics of the AA as a proxy for aggregate consumer lending data for comparison. An important factor to consider with this distribution is that there are 268 tracts in this AA, and the bank made 61 loans inside this AA for the evaluation period. Given the performance context, this is appropriate for FBB.

Table 15 - Distribution of all Loans By Geographic Distribution in the Assessment Area (Dollars in thousands)					
Borrower Income Level	Review Period 01/01/10 – 12/31/11				Area Demographics
	#	%	\$	%	%
Low	0	0.0	0	0.0	4.3
Moderate	17	25.0	232	27.9	41.0
Middle	13	18.6	173	21.3	28.4
Upper	31	56.4	524	50.8	25.2
Income NA	0	0.0	0	0.0	1.1
Total	61	100.0	929	100.0	100.0

Source: Loan Sample and 2000 Census Data

Community Development

FBB’s CD performance demonstrates adequate responsiveness to CD needs in this AA through making CD investments and performing CD services. In evaluating community development, we review community development loans, services, and investments. An institution is not required to have activities in all these areas; instead, we make an assessment based on the overall picture of an institution’s activities.

Community Development Investments

As of December 31, 2011, Farm Bureau Bank had \$6.2 million invested in the CRA Qualified Investment Fund. While \$2 million remains unallocated, but invested in the fund, FBB financed Tigoni Villas, a low-income housing tax credit project in San Antonio, Texas for \$1.5 million through Fannie Mae Pool 873949. Additionally, FBB invested in CD loans through this fund amounting to \$2.9 million for low- and moderate-income borrowers. There are 24 individual loans secured by single-family dwellings. Seven of these 24 loans, totaling \$646 thousand are in the Bexar County AA. Two of these are to low-income borrowers, and the other five are to moderate-income borrowers inside the AA.

Community Development Services

FBB is actively involved in a number of community development services within this AA. For instance, a bank officer serves on the Board of Good Samaritan Community Services, an organization that serves LMI individuals through South Texas, including in the AA. Additionally, another officer serves as Vice-Chairman of the Schertz-Cibolo-Universal City Independent School District's Citizen Bond Advisory Committee. While some of the activities performed by this entity benefit all residents, the majority of individuals benefiting are economically disadvantaged. Numerous bank employees participated in Junior Achievement Programs, which provide financial literacy instruction at local elementary schools in economically disadvantaged areas. Furthermore, another bank officer serves as the Treasurer of the San Antonio Windcrest Lions Club. This club administers many programs which benefit LMI individuals throughout the San Antonio area.

Appendix A

Scope of Examination

SCOPE OF EXAMINATION		
A review of lending and community development activities in the two AAs and throughout the United States.		
TIME PERIOD REVIEWED:	September, 2008 through December 31, 2011	
FINANCIAL INSTITUTION		PRODUCTS REVIEWED
Farm Bureau Bank		Consumer loans and community development activities
AFFILIATE(S)	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED
None		

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Washoe County in the Reno-Sparks, NV MSA	Full Scope	None	
Bexar County in the San Antonio, TX MSA	Full Scope	Bexar County	

Appendix B

Summary of State and Multistate Metropolitan Area Ratings

State or Multistate Metropolitan Area Name	Lending Test Rating	Community Development Test Rating	Overall State Rating
Nevada	Satisfactory	Satisfactory	Satisfactory
Texas	Satisfactory	Satisfactory	Satisfactory

CRA RATING DEFINITIONS

There are five separate and distinct CRA assessment methods set forth in the CRA: the lending, investment, and service tests for large, retail institutions; the intermediate small institution test for intermediate small savings associations; the streamlined examination method for small institutions; the community development test for wholesale and limited purpose institutions; and the strategic plan option for all institutions. OCC will assign an institution one of the four assigned ratings required by Section 807 of the CRA:

1. “Outstanding record of meeting community credit needs.”
2. “Satisfactory record of meeting community credit needs.”
3. “Needs to improve record of meeting community credit needs.”
4. “Substantial noncompliance in meeting community credit needs.”

OCC judges an institution’s performance under the test and standards in the rule in the context of information about the institution, its community, its competitors, and its peers. Among the factors to evaluate in an examination are the economic and demographic characteristics of the AAs; the lending, investment, service, and community development opportunities in the AAs; the institution’s product offerings and business strategy; the institution’s capacity and constraints; the prior performance of the institution; in appropriate circumstances, the performance of a similarly situated institution; and other relevant information. An institution’s performance need not fit each aspect of a particular rating profile in order to receive that rating, and exceptionally strong performance with respect to some aspects may compensate for weak performance in others. The institution’s overall performance, however, must be consistent with safe and sound banking practices and generally with the appropriate rating profile. In addition, OCC adjusts the evaluation of an institution’s performance under the applicable assessment method in accordance with §563e.21 and §563e.28, which provide for adjustments on the basis of evidence of discriminatory or other illegal credit practices.