PUBLIC DISCLOSURE

March 5, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Farmers Bank
RSSD# 525446

1119 Old U.S. Highway 60 East
P.O. Box 231
Hardinsburg, Kentucky 40143-0231

Federal Reserve Bank of St. Louis

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

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

TABLE OF CONTENTS

Institution's CRA Rating 1

Scope of Examination 1

Description of Institution 2

Description of Assessment Area 3

Conclusions with Respect to Performance Criteria 6

Appendix A: Assessment Area Detail 12

Appendix B: Glossary 13

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

The Farmers Bank meets the criteria for an outstanding rating based upon the evaluation of the bank's lending activity. The borrower's profile analysis reveals excellent penetration among individuals of different income levels, including low- and moderate-income (LMI) levels, and businesses and farms of different sizes. Secondly, the bank's loan-to-deposit (LTD) ratio is more than reasonable given the bank's size, financial condition, and assessment area credit needs. Also, a majority of the bank's loans and other lending-related activities are in the bank's assessment area. While there are no LMI census tracts in the bank's assessment area, the geographic distribution of loans analysis reflects reasonable dispersion. Lastly, no Community Reinvestment Act (CRA)-related complaints were filed against the bank for this review period.

SCOPE OF EXAMINATION[1]

The bank's CRA performance was evaluated using the small bank examination procedures, and the period of review spanned from the date of the bank's previous CRA evaluation on February 5, 2007, to March 4, 2012. Residential real estate loans, consumer loans, small farm loans, and small business loans formed the basis of the lending test analysis.[2] Loan activity represented by consumer loans, small farm loans, and small business loans was sampled from the six-month period between June 19, 2011 and December 19, 2011. Residential real estate loans were sampled between February 5, 2007 and December 19, 2011. These four loan categories are considered the bank's primary lines of business, based upon lending volume by number and dollar amount. Therefore, loan activity represented by these credit products is deemed indicative of the bank's overall lending performance.

Unless otherwise noted, assessment area demographics are based upon the 2000 U.S. Census Data (certain business and farm geodemographics are based upon Dun & Bradstreet data, which are reported from 2010). In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating within the same general region. Two other banks were identified as similarly situated peers, with asset sizes ranging from $148.8 million to $157.7 million.

To augment this evaluation, one interview (community contact) with a member of the local community was conducted in order to ascertain specific credit needs, opportunities, and local market conditions within the bank's assessment area. Key details from these community contact interviews are included in the *Description of Assessment Area* section.

[1] Information presented in this section (e.g., review period dates and loan sample details) pertains throughout the rest of this evaluation unless specifically noted otherwise.

[2] The residential real estate loan category includes loans for the purpose of home purchase, refinance, or home improvement. See the Glossary in Appendix B for additional details regarding the small business and small farm loan categories.

DESCRIPTION OF INSTITUTION

The Farmers Bank, Hardinsburg, Kentucky, is a wholly owned subsidiary of Farmers Bancshares, Inc., a two-bank holding company located in Hardinsburg, Kentucky. The bank's branch network consists of three offices located in Breckinridge County, Kentucky. The main bank facility is located on the outskirts of the city of Hardinsburg, with a branch facility in downtown Hardinsburg and another branch facility in the town of Irvington, which is approximately 15 miles from Hardinsburg. The bank maintains two cash-dispensing automated teller machines (ATMs) at the main office and the Irvington Branch. Since the last examination by the Federal Reserve Bank of St. Louis on February 5, 2007, the bank has not opened, closed, or moved any branches or ATMs. At the previous CRA evaluation the bank received an outstanding rating.

The Farmers Bank is classified as a small bank with total assets of $96.3 million as of December 31, 2011. The bank reports total loans of $62.0 million and deposits of $76.0 million. For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credits needs of its customers. Based on its available resources and financial products, the bank appeared capable of meeting assessment area credit needs. The bank's loan portfolio composition by credit category is displayed in the following table:

Distribution of Total Loans		
Credit Product Type	**Amount in $000s**	**Percentage of Total Loans**
Construction and Development	$ 667	1.1%
Commercial Real Estate	$ 23,761	38.3%
Multifamily Residential	$ 828	1.3%
1-4 Family Residential	$ 12,677	20.4%
Secure by First Liens	$ 11,715	18.9%
Secured by Junior Liens	$ 962	1.6%
Home Equity Loans	$ 0	0.0%
Farmland	$ 8,396	13.5%
Farm Loans	$ 2,383	3.8%
Commercial and Industrial	$ 9,175	14.8%
Loans to Individuals	$ 3,987	6.4%
Credit Cards	$ 0	0.0%
Related Plans	$ 0	0.0%
Other Loans to Individuals	$ 3,987	6.4%
Total Other Loans	$ 143	0.2%
TOTAL	**$ 62,002**	**100%**

As indicated by the table above, a significant portion of the bank's lending resources is directed to commercial real estate loans, loans secured by 1-4 family residential properties, and farm loans and loans secured by farmland. It is also worth noting that, by number of loans originated, loans to individuals (such as consumer motor vehicle loans) represents a significant product offering of the bank.[3]

DESCRIPTION OF ASSESSMENT AREA

General Demographics

The bank's designated assessment area, which had a population of 20,059 based on 2010 census data, is comprised of the whole county of Breckinridge in north central Kentucky. Breckinridge County had a population of 20,059 based on 2010 census data, which represents a 7.6 percent growth from the 2000 population of 18,648. The assessment area has a total of five census tracts which are all categorized as middle-income. The assessment area is predominately rural, with the largest city being Hardinsburg, Kentucky, the county seat of Breckinridge County, with a population of 2,343 as of 2010. Of the four Federal Deposit Insurance Corporation (FDIC)-insured depository institutions with a branch presence in this assessment area, the bank ranked second in terms of deposit market share, encompassing 28.3 percent of the total deposit dollars in the assessment area.[4]

The assessment area is not located in a metropolitan statistical area (MSA), and a significant portion of the community is rural in nature. Thus, agricultural lending products represent a significant credit need in the assessment area, along with the need for a standard blend of consumer and business loan products. Other particular credit needs in the assessment area (as noted primarily from interviews with community contacts) include increased use of innovative/flexible lending opportunities, such as U.S. Small Business Administration-facilitated loan programs to spur business expansion and increase local employment opportunities.

Income and Wealth Demographics

As previously noted, the bank's assessment area consists of the five census tracts comprising Breckinridge County in its entirety. The following table reflects the number and population of the census tracts within the assessment area in each income category:

[3] As consumer loans not related to residential real estate are typically made in smaller dollar amounts relative to other credit products, consumer loans may often times represent a significant product line by number of loans made, even if not reflected as such by dollar amount outstanding.

[4] Source: Federal Deposit Insurance Corporation Deposit Market Share Report as of June 30, 2011.

Assessment Area Demographics by Geography Income Category						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	0 0.0%	0 0.0%	5 100.0%	0 0.0%	0 0.0%	**5** **100%**
Family Population	0 0.0%	0 0.0%	5,350 100.0%	0 0.0%	0 0.0%	**5,350** **100%**

The previous table reveals that the bank's assessment area does not contain any LMI census tracts; however, all five tracts are considered both "distressed" and "underserved." The census tracts were categorized as distressed due to high poverty levels. According to the 2008-2010 American Community Survey published by the U.S. Census Bureau, 14.6 percent of all families in Breckenridge County have income below the poverty level. The census tracts were categorized as underserved due to the rural nature of the geography.

Based upon 2000 census data, the median family income for the assessment area was $36,899. More recently, the U.S. Department of Housing and Urban Development (HUD) estimates the 2011 median family income for nonMSA Kentucky to be $43,000. The following table displays population percentages of assessment area families by income level, compared to the MSA family population as a whole:

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area	939 17.6%	858 16.0%	1,099 20.5%	2,454 45.9%	**5,350** **100%**
NonMSA Kentucky	115,044 22.9%	83,239 16.6%	96,796 19.3%	206,886 41.2%	**501,965** **100%**

As displayed in the previous table, the population characteristics of the assessment area are similar to those of nonMSA Kentucky for moderate- and middle-income families, but the assessment area has a smaller population of low-income families and larger population of upper-income families. Although the first table in this section indicated that all of the assessment area families lived in middle-income census tracts, this table reveals that a significant portion of assessment area families (33.6 percent) are considered LMI.

<u>Housing Demographics</u>

Based upon housing values, income levels, and rental costs, housing in the assessment area appears to be similarly affordable as nonMSA Kentucky. The 2000 median housing value for the assessment area was $61,074, which is slightly higher than the $58,494 figure for nonMSA Kentucky. Conversely, housing in the assessment area appears to be more affordable relative to income levels. The assessment area housing affordability ratio of 49.0 percent is slightly higher than the nonMSA figure of 46.0 percent. Lastly, the median gross rent for the assessment area is $360 per month, which is below the same figure for nonMSA Kentucky of $367 per month. Therefore, housing options in the assessment area appear to be similarly affordable to nonMSA Kentucky.

Industry and Employment Demographics

The assessment area is largely rural, and the economy is generally homogenous and supported by some manufacturing and service-oriented sectors. By number of paid employees in the assessment area, the leading employer sectors in the assessment area are retail trade and health care, followed by manufacturing and construction. According to 2010 Dun & Bradstreet demographic data, there are 801 businesses in the assessment area, of which 92.4 percent report gross annual revenues equal to or less than $1 million. According to the same source, there are 106 agricultural institutions. All of these institutions report gross annual revenues equal to or less than $1 million. Although the population has increased this decade, employment has kept pace as evidenced by unemployment rates declining steadily over the past two years. As of November 2011, the Bureau of Labor Statistics estimated unemployment at 9.1 percent for Breckinridge County, which is slightly above the Kentucky state figure of 8.5 percent for the same period.[5]

Community Contact Information

Information from one community contact was utilized to help shape the performance context of the bank's activities in the assessment area. This interview was with an individual specializing in economic development. The community contact interviewee categorized the assessment area as a "bedroom community with many residents driving an hour or more to another county for employment." Further, this individual's perception of banking conditions in the assessment area were generally favorable, stating that the banking community is doing a good job of meeting the credit needs of both consumers and businesses. While there is currently no new affordable housing under construction, there is a need for housing for low-income seniors. There is also a need for programs to increase small business lending in the community; unfortunately, the community does not currently qualify for such federal programs.

[5] Source: U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted).

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The Farmers Bank meets the standards for an outstanding rating under CRA small bank evaluation procedures, which evaluate bank performance under the following five criteria as applicable.

- Loan distribution by borrower's profile (applicant income or business/farm revenue profile)
- The bank's average LTD ratio
- The concentration of lending within the assessment area
- The bank's geographic distribution of loans
- A review of the bank's response to written CRA complaints

Loan Distribution by Borrower's Profile

Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the applicable median family income figure as estimated by HUD ($42,500 for Breckinridge County as of 2010). The following table shows the distribution of Home Mortgage Disclosure Act (HMDA) loans by borrower income level, compared to family population income characteristics for the assessment area.

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

Dataset	Borrower Income Level					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
1-4 Family Residential RE	9 11.7%	17 22.1%	18 23.4%	33 42.9%	0 0.0%	**77** **100%**
Families	17.6%	16.0%	20.5%	45.9%	0.0%	**100%**

The analysis of residential real estate loans revealed that while the bank's residential real estate loans to low-income borrowers is reasonable (11.7 percent compared to the low-income family population of 17.6 percent), its loans to borrowers with moderate-income is excellent (22.1 percent compared to families considered moderate-income of 16.0 percent). Bank performance to total LMI borrowers (33.8 percent) is above the percentage of LMI families in the assessment area (33.6 percent). Therefore, the bank's residential real estate lending performance by borrower's profile is excellent.

As with the bank's residential real estate loan activity, the borrower distribution of consumer motor vehicle loans was also analyzed by borrower's income profile. The following table shows the distribution of consumer unsecured loans by income level of the borrower compared to household population income characteristics.

Distribution of Bank Loans Inside Assessment Area by Income Level of Borrower						
Dataset	Borrower Income Level					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
Consumer Loans	31 35.6%	15 17.2%	18 20.7%	23 26.4%	0 0.0%	**87** **100.0%**
Household Population	21.9%	14.3%	16.2%	47.6%	0.0%	**100%**

This analysis revealed excellent penetration to LMI borrowers. By number, 52.8 percent of the consumer loans reviewed were made to LMI borrowers, which significantly exceeds the LMI household population of 36.2 percent. Reviewed separately, the bank's performance by number of consumer loans made to LMI borrowers of 35.6 percent and 17.2 percent, respectively, each significantly exceeds the household population comparisons (21.9 percent for low-income and 14.3 percent for moderate-income). Based on this data, the distribution of the bank's consumer loans reflects excellent penetration among individuals of different income levels.

Similar to the borrower's profile analysis conducted for the two previous loan categories, the bank's distribution of small farm loans to farms of various sizes was reviewed. The following table reflects The Farmers Bank's distribution of small farm loans by gross annual farm revenue and loan amount.

Bank Lending Distribution by Farm Revenue Level				
Gross Revenue	Loan Origination Amounts (in $000s)			TOTAL
	<$100	>$100≤$250	>$250≤$500	
$1 Million or Less	46 92.0%	4 8.0%	0 0.0%	**50** **96.2%**
Greater Than $1 Million	1 50.0%	0 0.0%	1 50.0%	**2** **3.8%**
TOTAL	**47** **90.4%**	**4** **7.7%**	**1** **1.9%**	**52** **100%**

Based on this analysis of small farm loans, the bank is doing an excellent job of meeting the credit needs of small farms. The table above demonstrates that 50 of 52 loans reviewed (96.2 percent) were made to farms with gross annual revenues of $1 million or less. In addition, the fact that 92.0 percent of loans to small farms reviewed were in amounts of $100,000 or less further indicates the bank's willingness to meet the credit needs of small farms. Although business geo-demographic data as of 2010 from Dun & Bradstreet indicate that 100.0 percent of agricultural institutions inside the assessment area are small farms, the bank is doing an excellent job of meeting the credit needs of small farms.

As with small farms, the bank's distribution of small business loans was reviewed. The following table reflects The Farmers Bank's distribution of small business loans by gross annual revenue and loan amount.

Bank Lending Distribution by Business Revenue Level				
Gross Revenue	**Loan Origination Amount (in $000s)**			**TOTAL**
	<$100	**>$100≤$250**	**>$250 ≤$1,000**	
$1 Million or Less	51 92.7%	3 5.5%	1 1.8%	**55** **94.8%**
Greater Than $1 Million	2 66.7%	1 33.3%	0 0.0%	**3** **5.2%**
TOTAL	**53** **91.4%**	**4** **6.9%**	**1** **1.7%**	**58** **100%**

Based on this analysis of small business loans, the bank is doing an excellent job of meeting the credit needs of small businesses. The table above demonstrates that 55 of 58 loans reviewed (94.8 percent) were made to businesses with gross annual revenues of $1 million or less. In addition, the fact that 92.7 percent of loans to small businesses reviewed were in amounts of $100,000 or less further indicates the bank's willingness to meet the credit needs of small businesses. Business geo-demographic data as of 2010 from Dun & Bradstreet indicate that 92.4 percent of small businesses inside the assessment area are small business. Consequently, the bank's borrower's profile performance for the small business loan category is excellent.

Therefore, the bank's overall borrower's profile performance, based on analyses of all four loan categories, is excellent.

<u>Loan-to-Deposit (LTD) Ratio</u>

One indication of the bank's overall level of lending activity is its LTD ratio. The table below displays the bank's average LTD ratio[6] in comparison to that of regional peers.

[6] The average LTD ratio represents a 20-quarter average from quarter ending March 31, 2007 through December 31, 2011.

Loan-to-Deposit Ratio Analysis			
Name	**Asset Size**[7]	**Headquarters**	**Average LTD Ratio**
The Farmers Bank	$ 96.3	Hardinsburg, Kentucky	84.6%
Regional Banks	$ 157.7	Irvington, Kentucky	63.0%
	$ 148.8	Brandenburg, Kentucky	73.0%

Based on data from the previous table, the bank's level of lending is above that of other banks in the region. During the review period, the bank's LTD ratio ranged from a low of 77.9 percent to a high of 91.0 percent, representing a generally increasing trend. In comparison, the LTD ratios for the regional peers ranged from 57.0 percent to 80.5 percent throughout the review period. Therefore, in comparison to data from regional banks as displayed in the table above, the bank's average LTD ratio appears to be more than reasonable given the bank's size, financial condition, and assessment area credit needs.

Assessment Area Concentration

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

[7] Asset-size figures in this table represent total assets as of December 31, 2011 (in $000s).

Lending Inside and Outside of Assessment Area			
Loan Type	**Inside Assessment Area**	**Outside Assessment Area**	**TOTAL**
1-4 Family Residential Real Estate	77 74.8%	26 25.2%	**103** 100%
	$ 3,952 67.4%	$ 1,911 32.6%	**$ 5,863** 100%
Consumer Motor Vehicle	87 82.9%	18 17.1%	**105** 100%
	$ 388 77.6%	$ 112 22.4%	**$ 500** 100%
Small Business	58 77.3%	17 22.7%	**75** 100%
	$ 2,448 51.2%	$ 2,334 48.8%	**$ 4,782** 100%
Small Farm	52 91.2%	5 8.8%	**57** 100%
	$ 1,995 95.0%	$ 106 5.0%	**$ 2,101** 100%
TOTAL	**274** 80.6%	**66** 19.4%	**340** 100%
	$ 8,783 66.3%	**$ 4,463** 33.7%	**$ 13,246** 100%

By number of total loans reviewed, 80.6 percent were made to borrowers within the bank's assessment area. Further, data in the previous table demonstrates that a majority of loans (by both number and dollar amount of loans) were extended to borrowers residing/operating inside the bank's assessment area for all four loan categories.

<u>Geographic Distribution of Loans</u>

Under the geographic distribution of loans analysis, emphasis is normally placed on the bank's performance in LMI geographies. As previously stated, the bank's assessment area is comprised of five middle-income census tracts and no LMI census tracts. Therefore, a detailed geographic distribution of loans analysis would not prove meaningful and was not performed as part of this evaluation. Nevertheless, the loan dispersion within the assessment area census tracts was reviewed, the results of which indicated that loan activity was adequately dispersed throughout the assessment area consistent with demographics and bank structure. Therefore, the bank's geographic distribution of loans is reasonable.

<u>Review of Complaints</u>

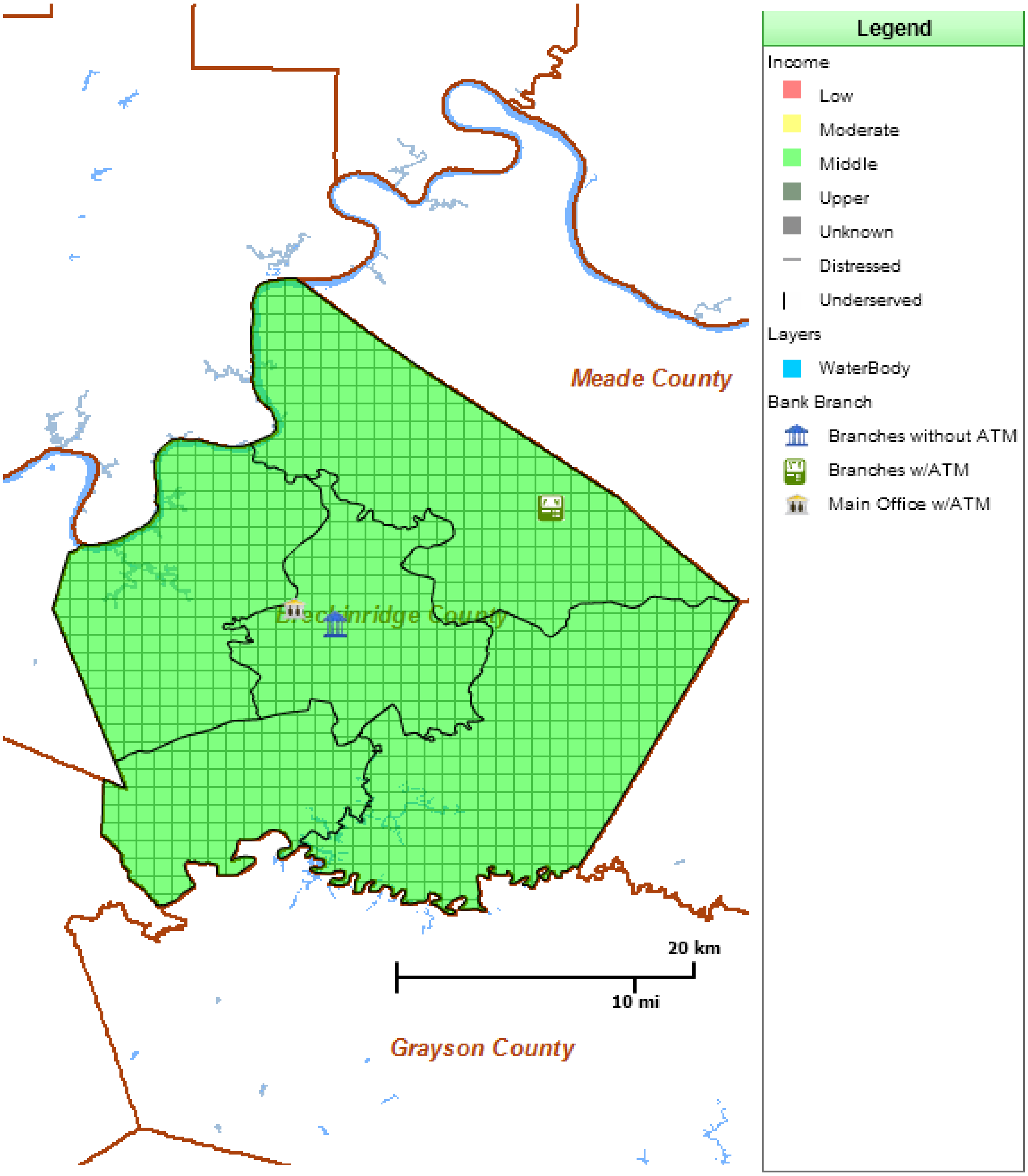
No CRA-related complaints were filed against the bank during this review period (February 5, 2007 through March 4, 2012).

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Based upon findings from the Consumer Affairs Examination (including a fair lending analysis performed under Regulation B - Equal Credit Opportunity and the Fair Housing Act requirements) conducted concurrently with this CRA evaluation, no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

Appendix B:

Appendix A: Assessment Area Detail



Appendix B:

Glossary

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

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.

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

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

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

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

Demographics: The statistical characteristics of human populations (such as age, race, sex, income, etc.) used especially to identify markets.

Distressed non-metropolitan middle-income geography: A middle-income, nonmetropolitan geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) an unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20 percent or more, or (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, 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 applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

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

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Rated area: A rated area is a state or multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

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

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

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

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

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