PUBLIC DISCLOSURE

April 1, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Farmers & Merchants Bank and Trust Company
RSSD# 724052

505 Broadway
Hannibal, Missouri 63401-4301

Federal Reserve Bank of St. Louis

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

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

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

Farmers & Merchants Bank and Trust Company (Farmers & Merchants Bank) meets the criteria for a satisfactory rating, based upon the performance evaluation of the bank's lending activity. Geographic distribution analysis reflects excellent dispersion throughout the bank's assessment area. Secondly, loan activity analysis reveals reasonable penetration among individuals of different income levels (including low- and moderate-income [LMI]) levels) and businesses of different sizes. The bank's loan-to-deposit ratio is satisfactory given the bank's size, financial condition, and assessment area credit needs. Lastly, a substantial majority of the bank's loans and other lending related activities are in the bank's assessment area.

DESCRIPTION OF INSTITUTION[1]

Farmers & Merchants Bank is a wholly-owned subsidiary of Farmers & Merchants Bancorp, Inc., located in Hannibal, Missouri. Farmers and Merchants Bancorp, Inc. is a one-bank holding company with non-consolidated assets of $8.7 million as of December 31, 2001. In addition, the bank operates two wholly-owned subsidiaries, F & M Financial Service Company and Hannibal Finance Company. Both of these entities are also headquartered in Hannibal, Missouri. The bank operates three full-service branches, including the main office, in Hannibal, Missouri and one loan production office in Quincy, Illinois. The bank maintains full-service, 24-hour automated teller machines at all four locations.

As of December 31, 2001, the bank reported total assets of $92.5 million, with net loans and leases representing 65.7 percent of total assets. Approximately 42.9 percent of the bank's gross loans consist of 1-4 family residential real estate loans. The bank offers both fixed and adjustable-rate residential real estate loans. Other significant loan categories in the bank's loan portfolio include loans secured by non-farm, non-residential real estate, commercial and industrial loans, and a variety of consumer loans including lease financing receivables. The following table[2] reflects the bank's loan mix, in dollar volume, as of December 31, 2001.

[1] Any percentage row or column "TOTAL" figure displayed throughout this evaluation that does not equal exactly 100 percent is strictly due to rounding differences, which are considered immaterial to overall performance conclusions.
[2] For purposes of this table, total loan information is derived from gross loans and leases data reported on the Consolidated Report of Condition and Income as of December 31, 2001.

Distribution of Total Loans		
Credit Product Type	**Amount in $000s**	**Percentage of Total Loans**
Construction and Development	$ 505	0.8%
Commercial Real Estate	$ 14,453	23.5%
Multifamily Residential	$ 233	0.4%
1-4 Family Residential	$ 26,430	42.9%
Farmland	$ 1,302	2.1%
Farm Loans	$ 632	1.0%
Commercial and Industrial	$ 10,292	16.7%
Loans to Individuals	$ 5,027	8.2%
Total Other Loans	$ 1,398	2.3%
Lease Financing	$ 1,285	2.1%
TOTAL	**$ 61,557**	**100%**

As part of the CRA assessment, the bank's performance was evaluated in relation to the performance of its competitors. Three financial institutions were identified as regional competitors with assets ranging from $64.0 million to $121.7 million.

The bank received a satisfactory CRA rating at the last examination conducted on March 30, 1998 by the Federal Reserve Bank of St. Louis.

DESCRIPTION OF ASSESSMENT AREA[3]

The bank's assessment area is comprised of two contiguous Missouri counties. These counties, Marion and Ralls, contain nine and three geographies, respectively. The assessment area in located in the northeastern quadrant of the state of Missouri and is primarily rural in nature.

There are no geographies that are considered low-income in either county located in the bank's assessment area. However, of the nine block number areas (BNAs) included in Marion county, one is considered moderate-income (BNA 9607.00), six are considered middle-income (BNAs 9601.00, 9602.00, 9603.00, 9605.00, 9608.00, and 9609.00), and two are considered upper-income (BNAs 9604.00 and 9606.00). All three geographies located in Ralls county are considered middle-income (BNAs 9701.00, 9702.00, and 9703.00).

[3] Statistical/demographic information cited in this evaluation, unless otherwise stated, is taken from 1990 United States Census Bureau data.

Although there are no low-income geographies and only one moderate-income geography located in the bank's assessment area, LMI families are present throughout the entire assessment area. The following table illustrates the income characteristics of the assessment area according to 1990 U.S. Census Bureau statistics.[4]

Assessment Area Geographical Information by Income Category					
1990 Census Data	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area Geographies	0	1	9	2	**12**
	0.0%	8.3%	75.0%	16.7%	**100%**
Family Population	0	361	7,669	1,946	9,976
	0.0%	3.6%	76.9%	19.5%	**100%**

The one moderate-income designated geography, as shown in the table, is located in Marion County. By far, the largest portion of the assessment area family population resides in middle-income geographies.

Based on the 1990 U.S. Census Bureau statistics, the median family income for the assessment area was $26,212. In comparison, the Missouri non-metropolitan median family income was $24,324. More recent data made available by the Department of Housing and Urban Development (HUD) indicate that the 2001 Missouri non-metropolitan family income has increased to $39,600. The following table displays population percentages of assessment area families by income level, compared to the Missouri non-metropolitan family population as a whole.

Assessment Area Family Population by Income Level					
1990 Census Data	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area	1,862	1,551	2,219	4,344	**9,976**
	18.7%	15.5%	22.2%	43.5%	**100%**
Non-Metropolitan Missouri	91,543	80,336	99,536	177,569	**448,984**
	20.4%	17.9%	22.2%	39.5%	**100%**

Overall, the assessment area is only slightly more affluent than the Missouri non-metropolitan area as a whole. Although the first table in this section indicated that the vast majority of the assessment area families lived in middle- and upper-income geographies, the second table reveals that a significant portion of assessment area families (34.2 percent) are considered LMI, regardless of where they live. The

[4] Refer to the glossary in Appendix B for the definitions of the low-, moderate-, middle-, and upper-income categories.

assessment area has experienced a modest population growth of 2.3 percent over recent years. The assessment area's population increased from 36,158 in 1990 to 36,996 by year-end 2000.[5]

Housing in the assessment area is somewhat more affordable relative to the Missouri non-metropolitan area, as indicated by a lower median gross rent value and a higher affordability ratio.[6] The assessment area owner-occupied housing ratio as of 1990 was 63.4 percent compared to the Missouri non-metropolitan area ratio of 61.6 percent. The vacancy rate for the assessment was also somewhat lower than that of the Missouri non-metropolitan area at 11.6 percent and 15.4 percent, respectively. The median housing value for the assessment area in 1990 was $31,370 compared to the Missouri non-metropolitan area median housing value of $38,803. The 1990 median gross rent for the assessment area was $261 per month compared to $275 for the Missouri non-metropolitan area. Furthermore, the assessment area affordability ratio as of 1990 was 70.1 compared to the Missouri non-metropolitan area figure of 51.5. Therefore, even though the assessment area is statistically only slightly more affluent than the Missouri non-metropolitan area, housing still appears to be more affordable and within the reach of the population. According to one community contact interviewed as part of this evaluation, the reason for the more affordable housing cost in the assessment area is directly related to the existing supply of affordable homes. According to 1990 U.S. Census Bureau statistics, the assessment area housing stock had a median age of 34 years.

The assessment area economy, historically, has been dependent on tourism for a great deal of its support. However, efforts to create a more diverse economy that is less dependent on tourism trade has been only somewhat successful in recent years. The first such project was a $22 million retail center that included a new Wal-Mart Supercenter and 11 other retail establishments. The Wal-Mart Supercenter has had a positive influence on the area's retail trade, including the creation of 400 new jobs. Other economic development efforts include an $11 million dollar expansion of the local hospital, the completion of an industrial park, and the near completion of a massive redevelopment of the area's transportation infrastructure. The hospital expansion will bring 50 new physicians, along with their support staff, to the greater Hannibal area and incorporates a specialized cancer treatment center. Major employers of the assessment area include BASF Corporation, Dura Automotive, Inc., General Mills, Hannibal Regional Hospital, and the Hannibal School System.

The completion of a new industrial park also provides many opportunities for economic expansion and growth. However, the current dispute over a water delivery system has left the community unable to supply these services to the industrial park. In addition, the near completion of a massive redevelopment of the assessment area's transportation infrastructure provides strong possibilities for economic growth within the

[5] Projected Demographic Data provided by CACI International.

[6] This figure 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 geography. Values closer to 100 percent indicate greater affordability.

next two or three years. Discussion held with senior management of the bank revealed that tourism, once a major source of revenue for the area, has seen a steady decline during this period. Management added that the decline has been steady over the past five or six years and that Hannibal no longer enjoys the economic benefit of 300,000 tourists per year. Management further stated that a current popular opinion attributes this, in part, to the lack of a gaming casino on the Hannibal riverfront, which many feel is an ingredient necessary to capture today's tourism dollars. In addition, senior management acknowledged that the Hannibal-LaGrange College, a fully-accredited, four-year liberal arts college, has been the beneficiary of several multi-million dollar expansion projects over the past few years. The most recent of these projects was a new field house which was completed four or five years ago, and plans are well under way for a new $6 million fine arts building scheduled to begin construction early next year. Although bank management does not consider the college as a major employer, management does acknowledge that the college provides approximately 200 full- and part-time jobs at all levels of income. The completion of a new elementary school and the need for more new schools in Hannibal, along with the construction of a new church near the schools, could be interpreted as an economic indicator of a family-oriented population resurgence in the area. As of October 2001, the Missouri Department of Economic Development reported an unemployment rate of 4.2 percent for the assessment area, which was well below the nationwide unemployment rate of 5.3 percent.

When all of these factors are considered collectively, the assessment area appears to have all of the right ingredients to support a full economic revitalization; however, that one unknown catalyst to boost the economy into recovery seems to be lacking.

Community contacts categorized the economy as stable with low growth. Longer selling time periods for residential homes was noted as an indication of the economic stagnation in the residential sector. One contact, a local realtor, stated that the majority of new homes being constructed in the Hannibal area exceeded the median home price, which may be extending the selling time for newer homes. In addition, these contacts revealed pertinent information regarding the credit needs of the assessment area's residents and businesses. These comments were useful in determining the context in which to evaluate the bank's performance for this assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Farmers & Merchants Bank meets the criteria for a satisfactory rating, based upon its lending performance as measured by the CRA small bank performance standards. This lending performance was based upon statistical samples of 1-4 family residential real estate loans, consumer automobile loans, and commercial loans originated during the six-month period immediately preceding the start of this examination. These three loan categories are considered the bank's primary lines of business, based upon lending volume by number and dollar amounts. Therefore, loan activity represented by these credit products is deemed indicative of the overall lending performance of the bank.

The CRA small bank performance standards evaluate the following five criteria as applicable:

- The geographic distribution of loans;
- The distribution of loans by borrower income and business revenue;
- The bank's average loan-to-deposit ratio;
- The level of lending within the assessment area; and
- A review of written complaints.

The remaining sections of this evaluation are based upon analyses of the bank's lending performance under these five performance criteria.

Geographic Distribution

As previously described, the bank's assessment area contains no low-income geographies, one moderate-income geography, nine middle-income geographies, and two upper-income geographies. The analysis in this section illustrates the distribution of the bank's loan activity across these geographies. The following table displays the geographic distribution of the bank's 1-4 family residential real estate loans, in comparison to owner-occupied housing statistics for the assessment area.

Distribution of Loans (Number and Dollar Volume in $000s) Inside Assessment Area by Income Level of Geography					
Loan Type	**Geography Income Classification**				**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	
1-4 Family Residential	0	4	34	26	**64**
	0.0%	6.3%	53.1%	40.6%	**100%**
	$ 0	$ 167	$ 1,780	$ 1,944	**$ 3,891**
	0.0%	4.3%	45.7%	50.0%	**100%**
Owner-Occupied Housing	0.0%	3.0%	76.9%	20.1%	**100%**

The analysis of 1-4 family residential real estate loans reflects favorably upon the bank's lending performance under the CRA. The bank's penetration of 1-4 family residential real estate loans to LMI geographies represents 6.3 percent of the total for this product, by number. In comparison, 3.0 percent of the owner-occupied housing units are located in LMI geographies. In addition, the bank's lending performance, by dollar volume, also compares favorably with the percent of owner-occupied housing units located in LMI geographies. The above table indicates that 4.3 percent (by dollar volume) of 1-4 family residential real estate loans to applicants inside the bank's assessment area were made to applicants residing in LMI geographies. Consequently, the geographic distribution of loans based upon this consumer loan category reflects a reasonable penetration throughout the assessment area.

Similarly, the geographic distribution of consumer automobile loan activity reflects positively upon the bank's CRA performance as displayed in the following table.

Distribution of Loans (Number and Dollar Volume in $000s) Inside Assessment Area by Income Level of Geography					
Loan Type	**Geography Income Classification**				**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	
Consumer Automobile	0	2	37	14	**53**
	0.0%	3.8%	69.8%	26.4%	**100%**
	$ 0	$ 39	$ 306	$ 110	**$ 455**
	0.0%	8.6%	67.3%	24.2%	**100%**
Household Population	0.0%	4.3%	75.9%	19.9%	**100%**

The bank originated 3.8 percent of loans in this product type to individuals residing in LMI geographies, which is slightly lower than the household population percentage of 4.3 percent. However, the dollar volume of the bank's lending activities in this category is 8.6 percent, which is substantially higher than the LMI household population. Consequently, the geographic distribution of loans based upon this consumer loan category reflects a reasonable penetration throughout the assessment area.

As with the two consumer loan categories, the bank's geographic distribution of business loans was also reviewed. The following table displays the results of this review, along with estimated percentages of business institutions located in each geography income category used for comparison.[7]

Distribution of Loans (Number and Dollar Volume in $000s) Inside Assessment Area by Income Level of Geography					
Loan Type	**Geography Income Classification**				**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	
Business	0	11	20	21	**52**
	0.0%	21.2%	38.5%	40.4%	**100%**
	$ 0	$ 623	$ 980	$ 797	**$ 2,400**
	0.0%	26.0%	40.8%	33.2%	**100%**
Business Institutions	0.0%	12.7%	70.7%	16.5%	**100%**

Analysis of the business lending activity revealed strong lending performance in relation to data used for comparison purposes. As displayed in the above table, most of the bank's business lending activity occurred in middle-income geographies, along with a significant portion of lending in the one moderate-income geography. This performance

[7] These statistics are derived from Business Geo-demographic Data for the assessment area, as reported by Dun and Bradstreet (for the year 2001).

level is significantly higher than business geo-demographic data, which estimate that the majority of all business institutions in the assessment area, are located in middle-income geographies. Further, the bank's lending performance appears excellent in light of market performance for the assessment area. The 2001 CRA Aggregate Data[8] indicate that only 7.0 percent (by number) and 14.0 percent (by dollar volume) of all small business loans made within the assessment area were located in LMI geographies. Based on this analysis, the bank's geographic distribution of business lending reflects excellent penetration throughout the assessment area.

Lastly, based on reviews from all three-loan categories, Farmers & Merchants Bank had loan activity in 91.4 percent of all assessment area geographies, including the one LMI geography. Consequently, the geographic distribution of loans, based on activity from all three loan categories reviewed, reflects an excellent dispersion throughout the assessment area and exceeds the standard for satisfactory performance under this performance criterion.

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

The small bank performance standards evaluate the bank's lending to borrowers of various income levels. Borrowers are classified into low-, moderate-, middle- and upper-income categories by comparing their reported income to the most recent non-metropolitan Missouri median family income figure as estimated by HUD ($39,600 in 2001). The following table shows the distribution of 1-4 family residential real estate loans by income level of the borrower.

Distribution of Loans (Number and Dollar Volume) Inside Assessment Area by Income Level of Borrower

Loan Type	Borrower Income Classification				TOTAL
	Low-	Moderate-	Middle-	Upper-	
1-4 Family Residential	1	14	15	34	**64**
	1.6%	21.9%	23.4%	53.1%	**100%**
	$ 7	$ 434	$ 904	$ 2,546	**$ 3,891**
	0.2%	11.2%	23.2%	65.4%	**100%**
Family Population	18.7%	15.5%	22.2%	43.5%	**100%**

Although slightly below the family population of the assessment area, the bank's distribution of 1-4 family residential real estate loans to LMI borrowers appears reasonable. Data in the above table reveal the bank's lending to low-income borrowers, by number, is weak in relation to lending to borrowers in other income categories. However, in light of the assessment area population living below the poverty level, this

[8] Under CRA a small business is considered to be one in which gross annual revenues for the preceding calendar year are $1 million or less.

does not appear unreasonable.[9] Therefore, it is likely that such a significant portion of the population living below the poverty level will reduce lending opportunities to low-income individuals. Overall, the table indicates that 23.5 percent of the 64, 1-4 family residential real estate loans analyzed, were originated to LMI borrowers. In addition, the bank's figures compare relatively similarly to 2000 HMDA Aggregate Data (less this bank), which indicate 22.2 percent of all HMDA loans were made to LMI applicants. Therefore, the bank's distribution of 1-4 family residential real estate loans to LMI borrowers appears adequate in comparison to demographic and competitor data.

As with the bank's 1-4 family residential real estate loan activity, the borrower distribution of consumer automobile loans was also analyzed. The following table shows the distribution of this loan product by income level of the borrower.

Distribution of Loans (Number and Dollar Volume) Inside Assessment Area by Income Level of Borrower					
Loan Type	**Borrower Income Classification**				**TOTAL**
	Low-	**Moderate-**	**Middle-**	**Upper-**	
Consumer Automobile	13	12	14	14	**53**
	24.5%	22.6%	26.4%	26.4%	**100%**
	$ 59	$ 89	$ 124	$ 183	**$ 455**
	13.0%	19.6%	27.3%	40.2%	**100%**
Household Population	21.5%	15.6%	17.9%	45.0%	**100%**

Of the 53 consumer automobile loans reviewed for this analysis, 47.1 percent were granted to LMI borrowers. In comparison, LMI households account for 37.1 percent of the assessment area population. Consequently, the borrower distribution of this loan product is considered reasonable, especially in light of the statistics describing the assessment area population living below the poverty level, as discussed earlier.

Similar to the borrower distribution analysis conducted for the two consumer loan categories, the bank's distribution of loans to small businesses of various sizes was reviewed. The following table reflects Farmers & Merchant Bank's distribution of small business loans by gross annual business revenue and loan amount.

[9] The 1990 Census Data reflect that 12.4 percent of the assessment area families live below the poverty level. This is slightly lower than the state of Missouri as a whole.

Lending Distribution by Business Revenue Level				
Gross Revenue	**Loan Origination Amount (in $000s)**			**TOTAL**
	≤ $100	**> $100 ≤ $250**	**> $250 ≤ $1,000**	
$1 Million or Less	39 75.0%	1 1.9%	0 0.0%	**40** **76.9%**
Greater Than $1 Million	8 15.4%	2 3.8%	2 3.8%	**12** **23.1%**
TOTAL	**47** **90.4%**	**3** **5.8%**	**2** **3.8%**	**52** **100%**

Based on this analysis of business loans, the bank is meeting the credit needs of small businesses.[10] The previous table demonstrates that 40 of 52 loans reviewed (76.9 percent) were made to businesses with gross annual revenues of $1 million or less. In comparison, business geodemographic data for 2001 from Dun and Bradstreet indicate that 93.8 percent of business institutions inside the assessment area are small businesses. Year 2000 CRA Aggregate Data for the assessment area reflect that 56.2 percent of business lending was to small businesses. In addition, the fact that 75.0 percent of loans to small businesses reviewed were in amounts of $100 thousand or less further indicates the bank's willingness to meet the credit needs of small businesses. Therefore, based upon the distribution of the bank's 1-4 family residential real estate, consumer automobile, and small business lending, the bank meets the standard for satisfactory performance under this performance criterion.

Loan-to-Deposit Ratio

One indication of the bank's overall level of lending activity is its loan-to-deposit (LTD) ratio. The table[11] below displays the bank's average LTD ratio[12] in comparison to that of regional competitors.

[10] Under the CRA, a small business is considered to be one in which gross annual revenues for the preceding calendar year are $1 million or less.
[11] Asset size figures in this table represent total assets as of December 31, 2001 (in $000s).
[12] The average LTD ratio represents a 16-quarter average, dating back to the bank's last CRA evaluation.

Loan-to-Deposit Ratio Analysis			
Name	**Asset Size**	**Headquarters**	**Average LTD Ratio**
Farmers & Merchants Bank and Trust Company	$ 92,468	Hannibal, Missouri	79.9%
Regional Bank Competitors	$ 121,724	Hannibal, Missouri	71.2%
	$ 63,995	Hannibal, Missouri	76.4%
	$ 110,702	Perry, Missouri	80.9%

Based on data from the above table, the bank's level of lending indicates favorable responsiveness to assessment area credit needs. For the last 16 quarters, the bank's LTD ratio has ranged from a low of 68.2 percent to a high of 84.2 percent. In comparison, the average LTD ratios for the bank's regional competitors ranged from 71.2 percent to 80.9 percent. Therefore, in light of data from local competitors as displayed in this table, the bank's average LTD ratio meets the satisfactory performance standards for this performance criterion.

Lending in the Assessment Area

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

Lending Inside and Outside of Assessment Assessment Area			
Loan Type	**Inside Assessment Area**	**Outside Assessment Area**	**TOTAL**
1-4 Family Residential	64	4	**68**
	94.1%	5.9%	**100%**
	$ 3,891	$ 525	**$ 4,416**
	88.1%	11.9%	**100%**
Consumer Automobile	53	5	**58**
	91.4%	8.6%	**100%**
	$ 455	$ 29	**$ 484**
	94.0%	6.0%	**100%**
Business	52	7	**59**
	88.1%	11.9%	**100%**
	$ 2,400	$ 873	**$ 3,273**
	73.3%	26.7%	**100%**
TOTAL	**169**	**16**	**185**
	91.4%	**8.6%**	**100%**
	$ 6,746	**$ 1,427**	**$ 8,173**
	82.5%	**17.5%**	**100%**

The above table demonstrates that a substantial majority of loans were extended to borrowers residing inside the bank's assessment area, for all loan types reviewed. Therefore, the bank's lending practices under this performance criterion meet the standard for satisfactory performance.

Review of Complaints

No CRA related complaints were received for this institution during the time frame used for this evaluation (March 30, 1998 through April 1, 2002).

Additional Information

During the Consumer Affairs Examination conducted concurrently with this CRA evaluation, a fair lending analysis was performed to assess the bank's compliance under Regulation B (Equal Credit Opportunity) and the Fair Housing Act. The analysis concluded that the bank is in compliance with the substantive provisions of the anti-discrimination laws and regulations for the products and services reviewed.

Appendix A

Farmers & Merchants Bank and Trust Company Assessment Area				
County	**Geography Number**	**Geography Income Category**	**MSA**	**Contains Bank Office**
No Low-Income Geographies are located in the Bank's Assessment Area				
Marion	9607.00	Moderate	N/A	Yes
Marion	9601.00	Middle	N/A	No
Marion	9602.00	Middle	N/A	No
Marion	9603.00	Middle	N/A	No
Marion	9605.00	Middle	N/A	No
Marion	9608.00	Middle	N/A	No
Marion	9609.00	Middle	N/A	Yes
Ralls	9701.00	Middle	N/A	No
Ralls	9702.00	Middle	N/A	No
Ralls	9703.00	Middle	N/A	No
Marion	9604.00	Upper	N/A	Yes
Marion	9606.00	Upper	N/A	No

Appendix B

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

Block numbering area ("BNA"): Statistical subdivisions of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. BNAs do not cross county lines.

Census tract: Small subdivisions 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. They 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 development: Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals, 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; or, activities that revitalize or stabilize low-or moderate-income geographies.

Consumer loan: A loan 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 of loans: motor vehicle, credit card, home equity, other secured loan, and other unsecured loan.

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 household and no wife present) or "female householder" (a family with a female householder and no husband present).

Full review: Performance under the lending, investment, and service tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

Geography: A census tract or a block numbering area delineated by the U.S. 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 (e.g., approved, denied, and withdrawn).

Home mortgage loans: Include 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 refinancings 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.

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 geography.

Limited review: Performance under the lending, investment, and service tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution).

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 lenders in the MSA/assessment area.

Metropolitan area: Any primary metropolitan statistical area ("PMSA"), metropolitan statistical area ("MSA"), or consolidated metropolitan area ("CMSA"), as defined by the Office of Management and Budget, with a population of 250 thousand or more, and any other area designated as such by the appropriate federal financial supervisory agency.

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.

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.

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

Optional loans: Includes any unreported category of loans for which the institution collects and maintains data for consideration during a CRA examination. Also includes 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.

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

Small loans to business: 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 non-farm nonresidential properties or are classified as commercial and industrial loans.

Small loans to farms: 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 thousand 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.

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

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