



PUBLIC DISCLOSURE

JUNE 18, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**1st Bank & Trust
RSSD# 419255**

**710 South Park Drive
Broken Bow, Oklahoma 74728**

**Federal Reserve Bank of Kansas City
1 Memorial Drive
Kansas City, Missouri 64198**

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

1st Bank & Trust (the bank) has a satisfactory record of meeting the credit needs of its assessment area (AA) in a manner consistent with its resources and operating philosophy. The bank also received a satisfactory rating at its previous Community Reinvestment Act (CRA) evaluation conducted by the Federal Reserve Bank of Kansas City (Reserve Bank) on March 31, 2014.

- The bank is meeting the credit needs of its community based on an analysis of lending activity.
- The bank's net loan-to-deposit ratio (NLTD) is reasonable given the bank's size, financial condition, and the AA's credit needs.
- A substantial majority of the bank's loans are originated in the AA.
- The bank has a reasonable dispersion of lending throughout its AA.
- Lending reflects a reasonable penetration among individuals of different income levels, including low- and moderate-income (LMI) individuals, and businesses of different revenue sizes.
- Neither the bank nor the Reserve Bank received any CRA-related complaints since the previous evaluation.

SCOPE OF EXAMINATION

The bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Small Institutions*. The evaluation was performed in the context of information about the bank and its AA, such as asset size, financial condition, economic and demographic characteristics, and competition. Lending performance was assessed within the bank's single, non-Metropolitan Statistical Area (Non-MSA) AA comprised of McCurtain County, in southeastern Oklahoma. The following criteria were reviewed:

- **Net Loan-to-Deposit Ratio** – A 16-quarter average NLTD ratio was calculated for the bank and compared to five similarly situated institutions.
- **Lending in the AA, Geographic Distribution of Lending in the AA, and Lending to Borrowers of Different Incomes and to Businesses of Different Revenue Sizes** – Statistically derived samples of the bank's residential real estate loans originated from January 1, 2017 through December 31, 2017, motor vehicle-secured loans originated from July 1, 2017 through December 31, 2017, and small business

loans originated from January 1, 2016 through December 31, 2016 were reviewed to determine:

- The percentage of loans originated in the AA;
 - The extent to which the bank is making loans in geographies of different income levels; and,
 - The distribution among borrowers of different income levels, particularly those considered LMI, and to businesses of different revenue sizes.
- **Response to Substantiated Complaints** – Neither the bank nor the Reserve Bank received any CRA-related complaints since the previous evaluation.
 - **Community Contacts** – Two community representatives, one from an economic development organization and one from a housing organization, were contacted to provide insight into the needs of LMI individuals and small businesses within the AA.

DESCRIPTION OF INSTITUTION

The bank is a community bank headquartered in Broken Bow, Oklahoma. The bank’s characteristics include:

- Total assets of \$147.7 million as of December 31, 2017.
- In addition to its main office in Broken Bow, the bank has two full-service offices located in Idabel and Wright City, Oklahoma, and one limited-service office in northern Broken Bow.
- All branches have cash-only automated teller machines at their locations.
- As of December 31, 2017, the bank’s loan portfolio was primarily comprised of residential real estate, commercial, and consumer loans. Combined, these loans represented 89.8 percent of the bank’s total loans.

**TABLE 1
1ST BANK & TRUST LOAN PORTFOLIO
AS OF DECEMBER 31, 2017**

Loan Type	Amount \$(000)	Percent of Total
Residential Real Estate	31,250	34.8
Commercial	26,650	29.7
Consumer	22,755	25.3
Agricultural	7,673	8.5
Other	1,523	1.7
Gross Loans	89,851	100.0

There are no known legal, financial or other factors impeding the bank's ability to meet the credit needs of the communities it serves.

DESCRIPTION OF THE BANK'S ASSESSMENT AREA¹

The bank's AA is comprised of McCurtain County in its entirety.

- See Appendix A for an AA map.
- McCurtain County consists of three moderate- and five middle-income tracts. There are no low- or upper-income tracts in the AA.
- Due to census tract designation changes in 2017, the AA's composition has changed. The AA's composition at the March 2014 evaluation consisted of one low-, one moderate-, and six middle-income tracts. The review of 2016 small business loans was conducted using these census tract designations.
- As of June 30, 2017, the bank's combined market share of 23.7 percent of Federal Deposit Insurance Corporation (FDIC)-insured deposits in McCurtain County, ranked second of five institutions in the county. McCurtain County National Bank, with 39.2 percent market share, had the largest level of AA FDIC-insured deposits.

PERMORMANCE CONTEXT

- See Appendix B for demographic information.
- As of 2015, McCurtain County has a population of 33,143.
- Population in McCurtain County remained stable from 2010 to 2015, while the state of Oklahoma population experienced slight growth during this same time period.

Area	2010 Population	2011-2015 Population	Percentage Change (%)
McCurtain County	33,151	33,143	0.0
State of Oklahoma	3,751,351	3,849,733	2.6

Based on U.S. Census Bureau Decennial Census.

¹ The following demographic data is based on 2010 U.S. Census, 2011-2015 ACS five-year estimate data, and 2016 D&B data. Additional demographic data was also utilized based on Local Area Unemployment Statistics from the Bureau of Labor Statistics.

- Median family income (MFI) declined 3.5 percent in the AA, while MFI across the state increased by 8.2 percent between 2006 and 2016 based on U.S. Census Bureau’s American Community Survey (ACS) data.
- In addition, the MFI in the AA was significantly lower than the MFI averages for other rural Oklahoma counties and the state as a whole.

**TABLE 3
MCCURTAIN COUNTY MEDIAN FAMILY INCOME CHANGE
2010 AND 2015**

Area	2006-2010 Median Family Income (\$)	2011-2015 Median Family Income (\$)	Percentage Change (%)
McCurtain County	42,404	40,936	(3.5)
Other Rural Oklahoma Counties	47,749	51,698	8.3
State of Oklahoma	53,607	58,029	8.2

Based on U.S. Census Bureau Decennial Census and ACS.

- According to 2011-2015 ACS data, the housing affordability ratio² for the AA was 43.9 percent. Housing in the AA was comparable to the ratio for other rural Oklahoma counties at 44.0 percent, and the housing affordability ratio compared favorably to the 39.8 percent figure for the entire state of Oklahoma.

**TABLE 4
MCCURTAIN COUNTY HOUSING COSTS CHANGE**

Area	Median Housing Value		Percentage Change (%)	Median Gross Rent		Percentage Change (%)
	2006-2010	2011-2015		2006-2010	2011-2015	
McCurtain County	71,500	73,700	3.1	511	556	8.8
Other Rural Oklahoma Counties	81,740	91,975	12.5	552	636	15.2
State of Oklahoma	104,300	117,900	13.0	633	727	14.8

Based on U.S. Census Bureau Decennial Census and American Community Survey.

- Although the AA’s unemployment rate exceeded the unemployment rate for the state of Oklahoma in 2017, it has consistently trended downward over the last four years.
- According to a community contact, this could be attributed to recent hiring influxes from local employers. In addition, increases in tourism have created more employment opportunities, contributing to the declining unemployment rate.

² The housing affordability ratio is calculated by dividing the median family income by the median housing value. A higher affordability ratio means more affordable housing.

**TABLE 5
MCCURTAIN COUNTY UNEMPLOYMENT RATES (%)**

Area	2013	2014	2015	2016	2017
McCurtain County	9.0	8.0	7.9	7.2	6.3
State of Oklahoma	5.4	4.5	4.4	4.9	4.3

Based on Bureau of Labor Statistics: Local Area Unemployment Statistics.

- The major employers in the AA are largely comprised of manufacturing and service fields. The location quotient data, which measures industry concentrations in relation to county, state, and national industry concentrations, indicates that McCurtain County has higher relative concentrations in the goods-producing, manufacturing, and natural resources and mining industries than elsewhere in the state and United States.
- Major employers in McCurtain County include Weyerhaeuser (timber), Tyson Foods (poultry processing), and International Paper (paper mill).

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Net Loan-to-Deposit Ratio

The bank’s NLTD ratio is reasonable given its size, financial condition, AA credit needs, and comparison to several similarly situated FDIC-insured institutions.

**TABLE 6
COMPARATIVE NET LOAN-TO-DEPOSIT RATIOS**

Institution	NLTD Ratio (%)
	16-Quarter Average
1st Bank & Trust	63.0
Competitors	
Ameristate Bank	83.6
Farmers State Bank	52.6
First Texoma National Bank	82.3
Idabel National Bank	66.9
McCurtain County National Bank	57.8

Assessment Area Concentration

A substantial majority of the bank’s loans, by number, are originated inside the AA (90.8 percent); which is similar to the previous evaluation when it totaled 93.2 percent by number.

**TABLE 7
LENDING INSIDE AND OUTSIDE THE BANK'S AA**

Bank Loans	Inside				Outside			
	#	\$(000)	#%	\$%	#	\$(000)	#%	\$%
Motor Vehicle Loans	109	1,528	90.1	90.3	12	165	9.9	9.7
Residential Loans	60	5,060	92.3	90.1	5	555	7.7	9.9
Small Business Loans	39	2,023	90.7	92.4	4	167	9.3	7.6
Total Lending	208	8,611	90.8	90.7	21	887	9.2	9.3

Distribution by Income Level of Geographies

The bank's geographic distribution of loans reflects a reasonable dispersion throughout the AA.

Residential Real Estate Loans

The geographic distribution of residential real estate lending is reasonable.

- The bank's lending performance in the AA's moderate-income census tracts was comparable with the percentage of owner-occupied units in these tracts.

**TABLE 8
DISTRIBUTION OF 2017 RESIDENTIAL REAL ESTATE LOANS
BY INCOME LEVEL OF GEOGRAPHY
MCCURTAIN COUNTY AA**

Census Tract Income Level	Residential Real Estate Loans				% of Owner- Occupied Units ¹
	#	\$(000)	#%	\$%	
Low	0	0	0.0	0.0	0.0
Moderate	19	1,127	31.7	22.3	27.9
Middle	41	3,933	68.3	77.7	72.1
Upper	0	0	0.0	0.0	0.0

¹ The percentage of owner-occupied housing by tract is based on 2017 FFIEC Census tract definitions and 2015 ACS five-year estimate data.
(NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)

Motor Vehicle-Secured Loans

The geographic distribution of motor vehicle-secured lending is excellent.

- The bank's lending performance in moderate-income tracts significantly exceeded the percentage of households located in these tracts.

**TABLE 9
DISTRIBUTION OF 2017 MOTOR VEHICLE-SECURED LOANS
BY INCOME LEVEL OF GEOGRAPHY
MCCURTAIN COUNTY AA**

Census Tract Income Level	Motor Vehicle-Secured Loans				% of Households ¹
	#	\$(000)	#%	\$%	
Low	0	0	0.0	0.0	0.0
Moderate	48	607	44.0	39.7	34.5
Middle	61	921	56.0	60.3	65.5
Upper	0	0	0.0	0.0	0.0

¹ The percentage of households by tract is based on 2017 FFIEC Census tract definitions and 2015 ACS five-year estimate data. (NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)

Small Business Loans

The geographic distribution of small business lending is reasonable.

- In 2016, the bank did not originate any loans in the AA's one low-income census tract. However, this is considered reasonable performance as the opportunity to lend in this census tract was relatively limited with only 8.0 percent or 82 businesses operating in this area. Competition from other financial institutions may also explain the lower level of lending in this tract.
- In addition, the bank's lending performance in the AA's moderate-income census tract exceeded the percentage of businesses in that census tract by both number and dollar volume.

**TABLE 10
DISTRIBUTION OF 2016 SMALL BUSINESS LOANS
BY INCOME LEVEL OF GEOGRAPHY
MCCURTAIN COUNTY AA**

Census Tract Income Level	Small Business Loans				% of Businesses ¹
	#	\$(000)	#%	\$%	
Low	0	0	0.0	0.0	8.0
Moderate	15	1,115	38.5	55.1	33.5
Middle	24	908	61.5	44.9	58.6
Upper	0	0	0.0	0.0	0.0

¹ The percentage of businesses by tract is based on 2016 FFIEC Census tract definitions and 2016 D&B data. (NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)

Distribution by Borrower Income and Revenue Size of Businesses:

The bank has a reasonable distribution of lending among individuals of different income levels (including LMI) and businesses of different revenue sizes.

Residential Real Estate Loans

The borrower distribution of residential real estate lending is reasonable.

- While lending performance to low-income borrowers was significantly below the percentage of low-income families in the AA, the bank's lending compared more favorably to the lending performance of aggregate lenders in the AA, 15.8 percent by number volume to LMI borrowers.
- In comparison, the bank's lending performance to moderate-income borrowers was above the percentage of moderate-income families in the AA.

**TABLE 11
DISTRIBUTION OF 2017 RESIDENTIAL REAL ESTATE LOANS
BY BORROWER INCOME LEVELS
MCCURTAIN COUNTY AA**

Borrower Income Level	Residential Real Estate Loans				% of Families ¹
	#	\$(000)	#%	\$%	
Low	6	211	10.0	4.2	31.8
Moderate	12	586	20.0	11.6	18.7
Middle	14	898	23.3	17.7	21.7
Upper	28	3,366	46.7	66.5	27.8

¹ The percentage of borrowers by income levels is based on 2015 ACS five-year estimate data.
(NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)

Motor Vehicle-Secured Loans

The borrower distribution of motor vehicle-secured loans is reasonable.

- The bank's lending to low-income borrowers was consistent with the percentage of low-income households in the AA.
- The bank's lending performance to moderate-income borrowers was above the demographic figure or percent of moderate-income households in the AA.

**TABLE 12
DISTRIBUTION OF 2017 MOTOR VEHICLE-SECURED LOANS
BY BORROWER INCOME LEVELS
MCCURTAIN COUNTY AA**

Borrower Income Level	Motor Vehicle-Secured Loans				% of Households ¹
	#	\$(000)	#%	\$%	
Low	39	452	35.8	29.6	32.2
Moderate	26	362	23.9	23.7	18.3
Middle	20	324	18.3	21.2	16.7
Upper	24	390	22.0	25.5	32.8

¹ The percentage of households by income levels is based on 2015 ACS five-year estimate data.
(NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)

Small Business Loans

The borrower distribution of small business lending is reasonable.

- The bank’s lending to small businesses, or those with gross annual revenues of \$1 million or less, by number volume exceeded the percentage of small businesses in the AA.
- In addition, approximately 97.4 percent of small business loans were originated in loan amounts of \$250,000 or less, indicating the bank’s willingness to meet the credit needs of small businesses. Typically, smaller businesses do not have the need or the capacity to borrow large amounts; as such, smaller loan amounts are used as a proxy to estimate the support of small entities.

**TABLE 13
DISTRIBUTION OF 2016 SMALL BUSINESS LOANS
BY REVENUE SIZE OF BUSINESSES
MCCURTAIN COUNTY AA**

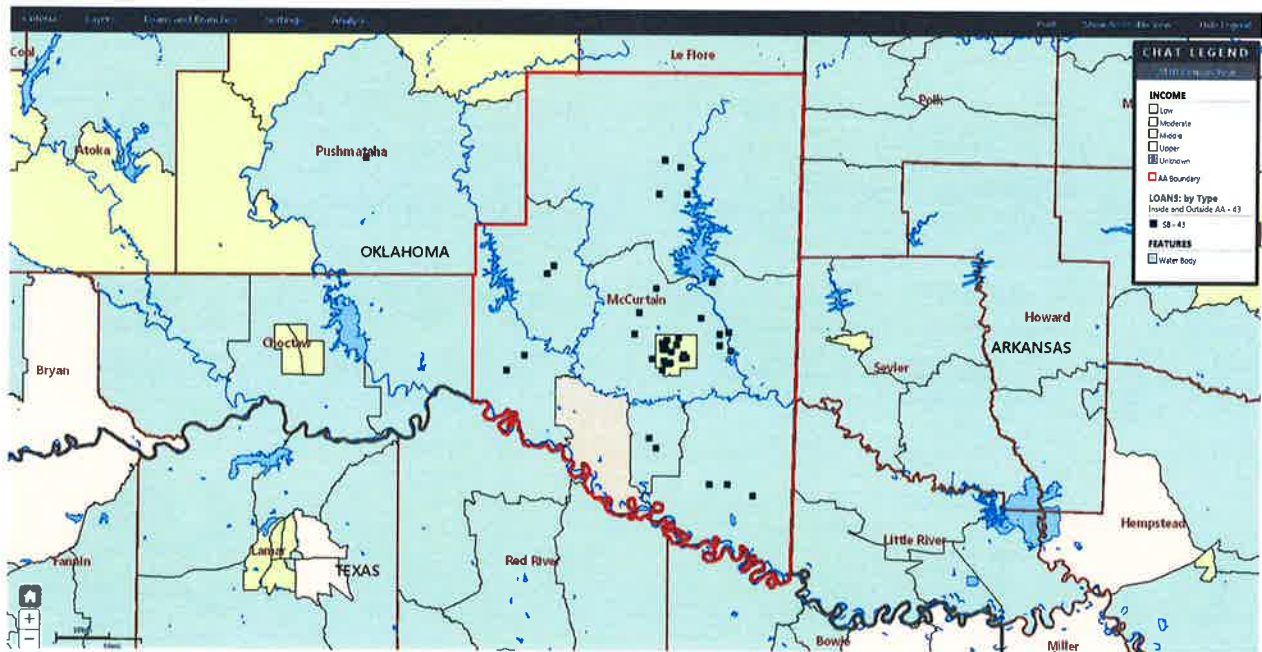
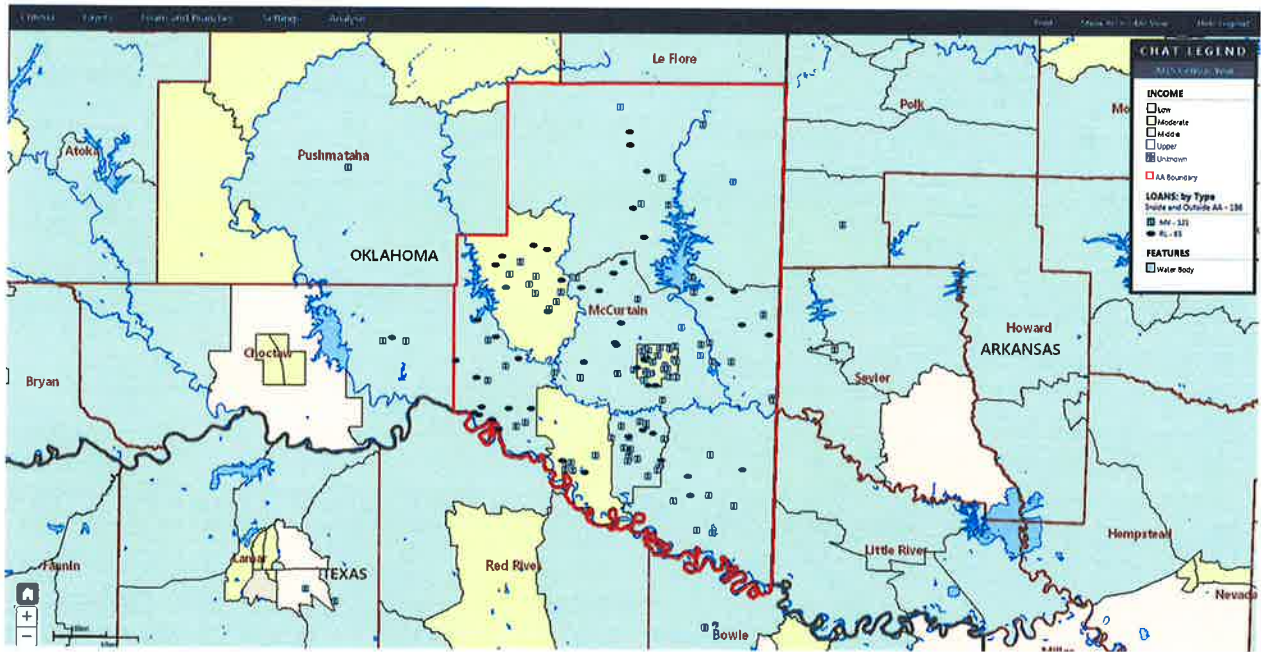
Business Revenue	Small Business Loans				% of Businesses by Revenue ¹
	#	\$(000)	#%	\$%	
\$1MM or less	36	1,446	92.3	71.5	88.9
Over \$1MM	3	577	7.7	28.5	8.5
Unknown	0	0	0.0	0.0	2.5

¹ The percentage of businesses by revenue size is based on 2016 D&B data.
(NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

An evaluation of the bank's fair lending activities was conducted during the examination to determine compliance with the substantive provisions of antidiscrimination laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act. No evidence of discriminatory or illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A – MAP OF THE ASSESSMENT AREA



APPENDIX B – DEMOGRAPHIC INFORMATION

**TABLE B-1
MCCURTAIN COUNTY AA 2017 DEMOGRAPHICS**

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	2,895	31.8
Moderate	3	37.5	2,934	32.2	800	27.3	1,701	18.7
Middle	5	62.5	6,169	67.8	1,085	17.6	1,974	21.7
Upper	0	0.0	0	0.0	0	0.0	2,533	27.8
Total AA	8	100.0	9,103	100.0	1,885	20.7	9,103	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	5,141	2,483	27.9	48.3	1,970	38.3	688	13.4
Middle	10,430	6,419	72.1	61.5	2,036	19.5	1,975	18.9
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	15,571	8,902	100.0	57.2	4,006	25.7	2,663	17.1
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	452	43.8	403	43.9	40	45.5	9	34.6
Middle	579	56.2	514	56.1	48	54.5	17	65.4
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,031	100.0	917	100.0	88	100.0	26	100.0
Percentage of Total Businesses:				88.9		8.5		2.5
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	26	38.8	26	39.4	0	0.0	0	0.0
Middle	41	61.2	40	60.6	1	100.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	67	100.0	66	100.0	1	100.0	0	0.0
Percentage of Total Farms:				98.5		1.5		0.0

Based on 2017 FFIEC Census tract definitions, 2015 ACS five-year estimate data, and 2016 D&B data.
(NOTE: Total percentages may vary by 0.1 percent due to automated rounding differences.)

**TABLE B-2
MCCURTAIN COUNTY AA 2016 DEMOGRAPHICS**

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	12.5	998	11.1	362	36.3	2,880	32.1
Moderate	1	12.5	1,430	15.9	407	28.5	1,221	13.6
Middle	6	75.0	6,547	72.9	1,247	19.0	1,848	20.6
Upper	0	0.0	0	0.0	0	0.0	3,026	33.7
Total AA	8	100.0	8,975	100.0	2,016	22.5	8,975	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	1,892	885	9.9	46.8	855	45.2	152	8.0
Moderate	2,596	1,064	11.9	41.0	1,063	40.9	469	18.1
Middle	11,112	6,982	78.2	62.8	2,406	21.7	1,724	15.5
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	15,600	8,931	100.0	57.3	4,324	27.7	2,345	15.0
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	82	8.0	69	7.5	11	12.5	2	7.7
Moderate	345	33.5	314	34.2	27	30.7	4	15.4
Middle	604	58.6	534	58.2	50	56.8	20	76.9
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,031	100.0	917	100.0	88	100.0	26	100.0
Percentage of Total Businesses:				88.9	8.5	2.5		
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	7	10.4	7	10.6	0	0.0	0	0.0
Moderate	18	26.9	18	27.3	0	0.0	0	0.0
Middle	42	62.7	41	62.1	1	100.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	67	100.0	66	100.0	1	100.0	0	0.0
Percentage of Total Farms:				98.5	1.5	0.0		

Based on 2016 FFIEC Census tract definitions, 2010 ACS five-year estimate data, and 2016 D&B data.
(NOTE: Total percentages may vary by 0.1 percent due to automated rounding differences.)

APPENDIX C – SCOPE OF EXAMINATION

SCOPE OF EXAMINATION			
1ST BANK & TRUST			
Products Reviewed	Residential real estate loans, statistical sample Motor vehicle-secured loans, statistical sample Small business loans, statistical sample		
Time Period Reviewed	Residential real estate loans originated from January 1, 2017 through December 31, 2017 Motor vehicle-secured loans originated from July 1, 2017 through December 31, 2017 Small business loans originated from January 1, 2016 through December 31, 2016		
Affiliate(s)	Affiliate Relationship	Products Reviewed	
None	N/A	N/A	
List of Assessment Areas and Type of Examination			
Assessment Area	Type of Examination	Branches Visited	Other Information
McCurtain County	Full Scope	None	N/A

APPENDIX D – GLOSSARY

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Affordability ratio: To determine housing affordability, the affordability ratio is calculated by dividing median household income by median housing value. This ratio allows the comparison of housing affordability across assessment areas and/or communities. An area with a high ratio generally has more affordable housing than an area with a low ratio.

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.

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.

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 householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Fair market rent: Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program

databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

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 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 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.

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 lenders in the MSA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area: A metropolitan statistical area (**MSA**) or a metropolitan division (**MD**) as defined by the Office of Management and Budget. A 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. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area (**MMSA**). Performance within each MMSA is analyzed separately as a full-scope review and receives its own ratings under the Lending, Investment and Service Tests provided the financial institution has its main office, branch, or deposit-taking ATM located in each applicable state making up the MMSA.

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.

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.

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 nonfarm 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.

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.