

PUBLIC DISCLOSURE

July 8, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Farmers Bank & Savings Company
RSSD #58225
211 West Second Street
Pomeroy, OH 45769

Federal Reserve Bank of Cleveland
P.O. Box 6387
Cleveland, OH 44101-1387

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

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

The major factors and criteria contributing to this rating include:

- Reasonable loan-to-deposit ratio considering competition of larger lenders in the area and other lending-related activities;
- Majority of loans and other lending-related activities are in the assessment area;
- More than reasonable geographic distribution of loans dispersed throughout the assessment area;
- More than reasonable penetration among individuals of different income levels;
- More than reasonable penetration among businesses of different revenue sizes;
- More than reasonable penetration among farms of different revenue sizes; and
- There have been no complaints files against the bank since the previous CRA examination

The previous CRA examination on June 29, 1998 resulted in a "Satisfactory" performance rating.

DESCRIPTION OF INSTITUTION

The Farmers Bank & Savings Company ("Farmers Bank") is a full-service retail bank serving Gallia and Meigs Counties and portions of Southern Athens County in the State of Ohio. In addition, the assessment area includes portions of Northern Mason County in the State of West Virginia. The bank's main office is located in Pomeroy, Ohio, a community located in southeast Ohio, boarding the State of West Virginia. The bank is an affiliate of Farmers Bancshares holding company. As of March 31, 2002, Farmers Bank had total assets of \$117.7 million.

Farmers Bank operates three branches throughout its assessment area. A further discussion of the bank's operations is contained within the assessment area discussions.

The bank offers a range of retail, commercial, and some agricultural banking products and services, including: residential mortgage loans, commercial loans, consumer loans, and secured and unsecured lines of credit. Loans constitute approximately 69% of total assets. The bank is predominately a retail lender, with residential real estate loans accounting for approximately 74% of the loan portfolio, loans to individuals account for approximately 17%, and commercial loans accounting for approximately 9% of the loan portfolio. Approximately 21% of the bank's total assets are investments in U.S. Treasury, Agency, Municipal, and Other Securities.

A table illustrating the bank's loan distribution can be found in *Table 1*. This table shows Farmers Bank's loan distribution by dollar amount and percent of loans as of March 31, 2002.

Currently, Farmers Bank has one assessment area located in a non-metropolitan area in the States of Ohio and West Virginia. However, since the bank has no banking offices in the State of West Virginia, and because the counties within the assessment area are contiguous, the overall evaluation encompasses all the counties under one assessment area, and are therefore considered appropriate under the CRA guidelines. The non-MSA areas in the State of Ohio include portions of Southern Athens County and all of Gallia and Meigs Counties. In the State of West Virginia, Farmers Bank's assessment area includes portions of Northern Mason County.

Farmers Bank competes with several national and regional financial institutions in providing retail-banking services within its assessment area. Additional details concerning the assessment areas are contained later in this report.

The following table presents several key financial ratios for the bank. Farmers Bank has a Return on Average Assets comparable to peer as of March 31, 2002. Historically, the bank has maintained an ROAA equivalent to peer. Accordingly, based on Farmers Bank's Net

Loan & Leases to Total Deposit ratio, the bank has demonstrated their ability to meet the credit needs of its assessment area by placing back into the community a substantial majority of their deposits in the form of residential real estate, commercial, and consumer loans.

Key Financial Ratios As of March 31, 2002	
Return of Average Assets	1.19%
Net Loans & Leases to Average Assets	68.89%
Investments to Average Assets	24.09%
Total Deposits to Average Assets	87.07%
Net Loans & Leases to Total Deposits	79.43%
1-4 Family Residential Loans to Average Loans	55.41%
Consumer Loans to Average Loans	17.63%
Commercial Loans to Average Loans	25.65%
Agricultural Loans to Average Loans	.51%

Based on Farmers Bank’s asset size and financial condition, the bank appears to have the ability to meet the credit needs of its assessment area. There are no legal or other impediments that would hamper the bank’s ability to meet the community’s credit needs.

SCOPE OF EXAMINATION

The data collected for the examination includes loan data from November 2001 through April 2002, and was reviewed to determine the geographic distribution of the bank's lending, as well as the distribution of loans to borrowers of different incomes and businesses of different revenue sizes.

This analysis was conducted on consumer loans, small farm loans, and small business loans originated by Farmers Bank. Consumer loans include motor vehicle loans, secured and unsecured loans, real estate and home equity loans. The consumer secured loans reviewed in this evaluation are loans primarily secured by real estate; however, there are other loans secured with other types of collateral. The category of consumer unsecured loans is comprised of personal loans. In addition, the bank is also engaged in some commercial lending.

Farmers Bank currently has one assessment area located in Gallia and Meigs County and portions of Southern Athens County in the State of Ohio, as well as portions of Northern Mason County in the State of West Virginia. Although there are no low- and upper-income tracts in the assessment area, the bank does have nine moderate-income tracts and 10 middle-income tracts, accounting for 47% and 52% of the assessment area tracts, respectively. Therefore, although the geographic distribution of lending was reviewed, the emphasis for this analysis was placed on borrower distribution, to ensure lending to low- and moderate-income individuals.

A detailed analysis of the assessment area is contained in the assessment area description section of this public evaluation. Consideration for the evaluation was given to the size of the institution, lending opportunities within the assessment area, and competition with other institutions.

DESCRIPTION OF ASSESSMENT AREA

Farmers Bank is located in Pomeroy, Ohio, in a non-metropolitan area, which includes Meigs and Gallia Counties and portions of Southern Athens County in the State of Ohio. In addition the bank has portions of Northern Mason County in the State of West Virginia. The block numbering area ("BNA") in Meigs County includes 9641, 9642, 9643, 9644, 9645, and 9646; Gallia County includes 9535, 9536, 9537, 9538, 9539, 9540, and 9541; Athens County includes 9736, 9737, and 9738; Mason County includes BNA 9548, 9549 and 9550. The assessment area consists of nine moderate-income tract, ten middle-income tracts. There are no low- and upper-income tracts in the bank's assessment area.

Farmers Bank operates three offices within its assessment area. The main office is located at 211 West Second Street in Pomeroy, Ohio; one branch is located at 42124 State Route 7 in Tupper's Plains, Ohio; and one branch is located at 164 Upper River Road in Gallipolis, Ohio. There is one automated teller machine ("ATM") at the main office, one and at the Gallipolis branch. In addition, Farmers Bank has 13 cash dispensing machines located throughout the assessment area.

Meigs County is located in the southeast portion of the State of Ohio, bordering on West Virginia. The Shade River flows into the Ohio River at the Meigs County eastern border. The county seat is located in Pomeroy City. During the Civil War, the only battle fought in the State of Ohio or north of the Ohio River took place on Buffington Island in Meigs County.

Gallia County is located southwest and contiguous with Meigs County. The county seat is Gallipolis City.

Athens County is directly north of Meigs County. The county seat is Athens City.

Mason County is south and contiguous with Meigs County. The Ohio River flows between the two counties. Point Pleasant is the county seat.

Major employers within the assessment area include, but are not limited to, Eastern Local Board of Education, Extencicare/Rocksprings Rehab Ctr., AEP/Ohio Power Co., Athens Board of Education, Doctors Hospital of Nelsonville, and Holzer Clinic.

According to the FDIC/OTS Summary of Deposits¹ as of June 30, 2001, Farmers Bank's overall deposit share throughout its assessment area was 8.42%, which ranks Farmers Bank fifth of 14 financial institutions in market share. When analyzing the county markets, it should be noted that Farmers Bank is a small bank with assets of less than \$250 million.

¹ www.2.fdic.gov

Most of the bank's major competitors within the county are financial institutions with assets of more than \$250 million. Some of the bank's competitors include, but are not limited to, Ohio Valley Bank, Peoples Bank, NA, Hocking Valley Bank, and Bank One, NA.

Since the previous CRA examination in June 1998, Farmers Bank has closed three cash dispensing ATM's within the assessment area, but has opened several others in various locations. The following is a listing of ATM's the bank has opened in the State of Ohio:

- ✓ State Route 325 North in Rio Grande;
- ✓ State Route 7 North in Tupper's Plains;
- ✓ Pearl Street in Middleport;
- ✓ Jackson Pike in Gallipolis;
- ✓ State Route 7 South in Gallipolis;
- ✓ Ohio River Plaza in Gallipolis;
- ✓ State Route 50 in Guysville; and
- ✓ East Main Street in Jackson.

No branch offices have been opened or closed since the previous CRA examination.

PERFORMANCE CONTEXT

Demographic Characteristics

The population of the assessment area, as of the 1990 census, was 83,899, which is 60.5% of the population of the four counties in the assessment area. *Table 2* illustrates the demographic and economic characteristics of this assessment area.

Income Characteristics

The Community Reinvestment Act divides income levels into four categories: low-, moderate-, middle-, and upper-income. Since the bank's assessment area is not located in a metropolitan statistical area, the categorization of a borrower of BNA's income is determined relative to the statewide non-metropolitan median family income.

The 1990 median family income for the assessment area was \$24,605, which was comparable to the average median family income of the four counties within the assessment area at \$24,299, an average of the following incomes per county: Meigs County median family income-\$21,884; Gallia County median family income- \$25,081; Athens County median family income- \$ 25,704; and Mason County median family income-\$24,129.

Families comprise 75.4% of the total households in the assessment area. Families living below the poverty level constitute 18.6% of that figure. Of the families residing in the

assessment area, 27.8% are low-income families, 19.3% are moderate-income families, 20.6% are middle-income families, and 32.3% are upper-income families.

Housing Characteristics

As of the 1990 census, there were 35,086 housing units in the assessment area, of which 73.4% were one-to-four family units, 3.5% were five or more family units, 22.1% were mobile homes, and the remaining one- percent was other units, including boarded-up units. Of the housing units in the assessment area, 68.4% were owner-occupied. The median age of the housing stock in the assessment area was 28 years old, which is a comparable to housing stock community of the four counties. The average age of the housing stock of the four counties of the assessment was 25 years old.

Labor, Employment and Economic Characteristics

According to the Ohio Job and Family Services² and the State of West Virginia County Data³, the average unemployment rate across the assessment area for the month of April 2002 was 7.5%. This was higher than both the State of Ohio and the State of West Virginia at 5.4% and 6.1%, respectively, for the same time frame. The national unadjusted rated for April 2002 was 5.7%. The following is a listing of the unemployment rates of each respective county in the assessment area:

- Meigs County - 9.4%
- Gallia County - 6.1%
- Athens County - 4.1%
- Mason County - 10.5%

² Ohio Department of Job and Family Services in cooperation w/U.S. Dept. of Labor
³ www.state.wv.us/bep/lmi

CONCLUSION WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

Farmers Bank's net loan-to-deposit (NLTD) ratio is reasonable based on its size, financial condition, assessment area credit needs, and competition. The bank's NLTD ratio has fluctuated slightly over the past eight quarters from 78.1% at June 30, 2000, to 79.4% at March 31, 2002 with an average of 78.8%. The NLTD ratio for the peer group during the same time frame ranged from 78.9 to 75.7% with an average of 77.3%.

The peer group for Farmers Bank is banks with three or more banking offices, located in a non-metropolitan area, with assets between \$100 and \$300 million.

Loans Inside and Outside the Assessment Area:

The table below illustrates that the percentage of loans made inside the bank's assessment areas was approximately 94% during the evaluation period. This table depicts that a substantial majority of loans by number and a majority of loans by dollar amount were originated inside the bank's assessment area. This is considered satisfactory due to the location of the branches, which are located in Meigs and Gallia Counties, the bank's size, and competition throughout the assessment area.

Farmers Bank & Savings Company								
November 2001 – April 2002								
Loan Type	Inside the Assessment Area				Outside the Assessment Area			
	# of Loans	%	\$ (000's)	%	# of Loans	%	\$ (000's)	%
<i>Consumer</i>	466	94.0	7,903	92.9	30	6.0	607	7.1
<i>Small Business</i>	21	87.5	715	22.9	3	12.5	2,403	77.1
<i>Small Farm</i>	10	100	54	100	0	0	0	0
<i>Total</i>	497	93.8	8,672	74.2	33	6.2	3,010	25.8

The table below illustrates the bank’s consumer lending volume, made in the assessment area, broken out into more specific categories. These categories include motor vehicle, unsecured and secured loans, real estate, and home equity loans. The number of motor vehicle loans comprise approximately 28% of the consumer lending volume, while the dollar amount of the real estate loans make up approximately 63% of all consumer loans. Unsecured and secured consumer loans and home equity loans represent the remaining consumer loan volume.

LENDING VOLUME State: Ohio & West Virginia						Evaluation Period: November 2001 to April 2002					
Motor Vehicle		Consumer Unsecured		Consumer Secured		Real Estate		Home Equity		Total Consumer Loans	
#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)
132	1,406	121	296	112	1,081	93	5,007	8	113	466	7,903
93.0	92.1	94.5	86.8	92.6	89.9	97.9	97.9	80.0	35.0	94.0	92.9

Geographic Distribution

The geographic distribution of loans made within the Farmers Bank assessment is excellent. Lending in the moderate-income geographies exceeded the percentage of owner-occupied units or percentage of households in these geographies, although the percentage of lending in the middle-income geographies of all product categories is less than the percentage of households in the middle-income geographies. In reviewing the bank's lending of the middle-income geography tracts, there was no activity in two of the 10 tracts. One tract is located in Athens County in the State of Ohio, which is approximately 18 miles from the Tappers Plain branch and the other tract is located in Mason County in the State of West Virginia, which is approximately 7 miles from the Gallipolis branch. However, based on the loans reviewed for this evaluation, approximately 400 loans were not able to be geo-coded due to P.O. Box and rural route numbers. Of these, 106 loans were in the State of West Virginia and located in middle-income tracts. Therefore, based on this information and the fact that there are other financial institutions within the assessment area which may be more convenient for some consumers, the overall geographic distribution is considered more than reasonable.

For this evaluation period, Farmers Bank originated 466 consumer loans inside its assessment area, which were able to be geo-coded. Farmers Bank's distribution of consumer loans is more than reasonable when compared to the percentage of households

within the moderate- and middle-income geographies. When evaluating the percentage of loans originated in the moderate-income geographies, the economic conditions and competition within the assessment area are also taken into consideration. Additional financial institutions include, but are not limited to, City National Bank of West Virginia, Home National Bank, and Oak Hill Banks.

Lending in the moderate-income geographies was 72% of total consumer lending, with 41% of the households in these geographies. The percentage of bank loans in the middle-income geographies was 28%, with the percentage of households at 59%. Additionally, approximately 42% of the population resides in the moderate-income geographies, with the remaining 58% residing in the middle-income geographies. The population is based on the 1990 census figures. Therefore, Farmers Bank's geographic distribution of consumer loans reflects more than reasonable lending throughout its assessment area.

During this review period, Farmers Bank originated 21 small loans to businesses inside its assessment area. Of these loans, 67% were originated in the moderate-income geographies and the remaining 33% were originated in the middle-income geographies. The distribution of businesses within the assessment area includes 33% of all businesses in the moderate-income geographies and 67% in the middle-income geographies. Of the total loan volume generated by the bank for this evaluation, small business loans represent approximately 5% of the bank's loan portfolio, and is considered reasonable.

The bank originated 10 small loans to farms inside its assessment area during this review period. Of these loans, 90% were originated in the moderate-income geographies and the remaining 10% were made to farms in middle-income geographies. The distribution of farms within the assessment area includes 53% in the moderate-income geographies and 47% in the middle-income geographies. Due to the low volume of small loans to farms, the distribution of these loans is considered reasonable. Small loans to businesses originated by the bank for this review represent approximately 2% of the bank's loan portfolio.

Due to the low percentage of lending of small loans to businesses and farms, more weight was placed on consumer lending for the geographic distribution analysis.

Borrower Distribution of Different Income and Revenue Size of Business or Farm

The table below illustrates the number of consumer loans originated during the review period. Since consumer loans represent approximately 94% of the bank's lending for this evaluation period, more weight was placed on consumer lending than that of the any other loan products originated during this review period.

The bank's percentage of total consumer loans to low- and moderate-income borrowers was higher than the percentage of households in the assessment area. When consideration is given to the percentage of families below the poverty level (18.6%) and the

competition of the assessment area, the bank’s level of consumer lending to low-and moderate-income borrowers is more than reasonable. While poverty level is based upon income level and family size, generally these families are in the low-income category.

Further, the bank’s percentage of consumer loans to middle-income borrowers also exceeded the percentage of middle-income households in the assessment area. However, loans made to the upper-income borrower were less than the percentage of households in these areas.

The percentage of lending for consumer loans is more than a reasonable reflection of the demographic characteristics of individuals within the assessment area. Although lending to low-, moderate, and middle-income borrowers exceeded the percentage of households, lending to upper-income borrowers was less. In evaluating lending to borrowers within the assessment area, this evaluation took into consideration lending to borrowers of all different income levels. Therefore, the borrower distribution of lending of Farmers Bank is considered excellent.

Borrower Distribution of Consumer Loans

Borrower Distribution		State: Ohio & West Virginia					Evaluation Period: November 2001 to April 2002			
Total Consumer Loans		Borrower Distribution								
		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		
	#	% of Total	% of Hhlds	% BANK Loans	% of Hhlds	% BANK Loans	% of Hhlds	% BANK Loans	% of Hhlds	% BANK Loans
Motor Vehicle	132	28.3	32.2	43.9	15.9	29.6	17.2	10.6	34.7	7.6
Other Unsecured	121	26.0	32.2	42.2	15.9	28.9	17.2	14.9	34.7	6.6
Other Secured	112	24.0	32.2	33.9	15.9	31.3	17.2	18.8	34.7	9.8
Real Estate	93	20.0	32.2	10.8	15.9	21.5	17.2	40.9	34.7	19.4
Home Equity	8	1.7	32.2	12.5	15.9	0	17.2	50.0	34.7	25.0
TOTAL	466	100	32.2	33.8	15.9	27.6	17.2	20.3	34.7	10.5

Of the percentage of bank loans 7.8% had no reported income

The table below illustrates that the percentage of loans to businesses with revenues of \$1 million or less. As depicted in the table below, all 21-business loans made within the assessment area were made to businesses with revenues of \$1 or less. In addition, regardless of business size, 90% of the business loans were for loan amounts less than

\$100,000. Although the bank does not originate a significant number of business loans, the data does show that the bank has a more than reasonable responsive to the credit needs of small businesses, despite the banking competition within the assessment area. Small business loans represent approximately 4% of the bank's loan portfolio for this analysis.

Borrower Distribution of Small Loans to Businesses

Borrower Distribution Small Loans to Businesses				Evaluation Period: January 2001 - December 2001		
Total Small Loans To Businesses		Businesses with Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size		
#	% of Total	% of Businesses**	% BANK Loans***	\$100,000 or Less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000
21	100	88.4	100	19	2	0

(*) Number of small business loans originated within the assessment area.
 (**) Businesses with revenues of \$1 million or less as a percentage of all businesses. PCI Services, Inc. 2000
 (***) Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses.

The table below depicts the percentage of loans to farms with revenues of \$1 million or less. As illustrated, all 10-farm loans originated within the bank assessment area were made to farms with revenues of \$1 million or less. In addition, regardless farm size, 100% of the small farm loans were for loan amounts of less than \$100,000. Although the bank does not originate a significant number of farm loans, the data does show that the bank has a more than reasonable responsive to the credit needs of small farms, despite the banking competition within the assessment area. Small farm loans represent 2% of the bank's loan portfolio reviewed for this analysis.

Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS				Evaluation Period: January 1, 2001 to December 31, 2001			
Total Small Farm Loans		Farms with Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			
#****	% of Total***	% of Farms*	% BANK Loans**	\$100,000 or Less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	
10	100	95.7	100	10	0	0	

(*) Farms with revenues of \$1 million or less as a percentage of all farms. PCI Services, Inc. 2000
 (**) Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms.
 (***) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
 (****) Number of loans originated within the assessment area

Complaints

Neither Farmers Bank nor the Federal Reserve Bank of Cleveland has received any complaints regarding performance under the Community Reinvestment Act.

Compliance with Antidiscrimination Laws

No violations of the substantive provisions of the anti-discrimination laws and regulations were identified. The bank has implemented fair lending policies, procedures and training programs and regularly conducts internal reviews for compliance with policies and procedures.

Community Contacts

One community contact was conducted in connection with is performance evaluation. Information provided was taken into account in developing this performance context for the institution.

Qualified Loans and Investments

Although the bank is involved in several community development activities within its' assessment area, the qualified investments, community services, and retail services reviewed were not substantial to improve the rating to an outstanding.

APPENDIX A

TABLES

Table 1

<i>Loan Distribution as of March 31, 2002</i>		
<i>Loan Type</i>	<i>Dollar Amount (000s)</i>	<i>Percent of Total Loans (%)</i>
<i>Construction and Land Development</i>	1,177	1.43
<i>Secured by Farmland</i>	0	0
<i>1-4 Family Residential</i>	45,555	55.43
<i>Multi-Family (5 or more) Residential</i>	0	0
<i>Commercial</i>	13,356	16.25
<i>Total Real Estate Loans</i>	60,088	73.11
<i>Commercial and Industrial</i>	7,148	8.70
<i>Agricultural</i>	384	.47
<i>Consumer</i>	14,016	17.05
<i>Other</i>	546	.67
<i>Less: Unearned Income</i>	0	0
<i>Total Loans</i>	82,182	100

Table 2

Demographics Farmers Bank & Savings Company								
Non-MSA Assessment Area								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0	0	0	0	0	6,572	27.8
Moderate-income	9	47.4	9,925	41.9	2,157	49.0	4,562	19.3
Middle-income	10	52.6	13,748	58.1	2,243	51.0	4,884	20.6
Upper-income	0	0	0	0	0	0	7,655	32.3
Total Assessment Area	10	100.0	23,673	100.0	4,400	100.0	23,673	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0	0	0	0	0	0
Moderate-income	12,816	10,066	42.0	78.5	2,766	21.6	1,659	12.9
Middle-income	18,579	13,916	58.9	74.9	4,659	25.1	2,020	10.9
Upper-income	0	0	0	0	0	0	0	0
Total Assessment Area	31,395	23,982	100.0	76.4	7,425	23.7	3,679	11.7
	Total Businesses by Tract				Businesses by Tract & Revenue Size			
					Under \$1 million		Over \$1 million	
	#	%	#	%	#	%	#	%
Low-income	0	0	0	0	0	0	0	0
Moderate-income	900	30.0	785	32.5	35	27.8		
Middle-income	1,829	63.1	1,630	67.5	91	72.2		
Upper-income	0	0	0	0	0	0		
Tract not reported	*N/A	6.9	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A
Total Assessment Area	2,729	100.0	2,415	100.0	126	100.0	5.0	
Percentage of Total Businesses:						95.0	5.0	

* tract not reported data is not available by revenue size of businesses, however 188 businesses that did not report revenues are included in the total businesses by tract in the assessment area

APPENDIX B

CRA 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 nonmetropolitan 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 a 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 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.

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.

APPENDIX C

MAPS