



## **PUBLIC DISCLOSURE**

April 16, 2018

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The First National Bank of Brooksville  
Charter Number 8830

105 Locust Street  
Brooksville, KY 41004

Office of the Comptroller of the Currency

Central Ohio Field Office  
Westlake Center  
4555 Lake Forest Drive, Suite 520  
Cincinnati, OH 45242

**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, and should not 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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## **Overall CRA Rating: Satisfactory.**

**The Lending Test is rated: Satisfactory.**

- The First National Bank of Brooksville (FNB or bank) makes a majority of their loans inside their assessment area (AA).
- Lending to borrowers of different income levels and farms of different sizes reflects excellent penetration.
- Geographic distribution of lending in moderate-income census tracts (CTs) reflects reasonable dispersion.
- FNB's quarterly average net loan-to-deposit (LTD) ratio is reasonable.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**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.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. 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 (CD):** Affordable housing (including multifamily rental 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under the U.S. Department of Housing and Urban Development (HUD) Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small

business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

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

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct 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 applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing).

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**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.

**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, and branch distribution).

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

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

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) 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 (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**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.

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

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

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

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (call report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** 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 \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

## Description of Institution

FNB is a full-service intrastate bank headquartered in Brooksville, Kentucky. FNB is wholly owned by its holding company, FNB Bancshares, Inc. The main office is located at 105 Locust Street and the limited-service drive-through branch is located at 107 East Miami Street, both in Brooksville. The bank has one automated teller machine (ATM), which is located at the branch. Both offices are in the same moderate-income CT. The bank has not opened or closed any offices since the last CRA evaluation in 2013.

FNB has designated one AA. The AA is Bracken County, Kentucky in its entirety, which is located in the Cincinnati, OH-KY-IN MSA 17140. The AA is contiguous, meets the requirements of the regulation, and does not arbitrarily exclude any low- and moderate-income areas. Refer to **“Appendix B: Community Profiles for Full-Scope Areas”** for specific details regarding the AA.

FNB offers a variety of traditional products and services to accommodate the customers in their AA. As of December 31, 2017, FNB reported total assets of \$63 million. For the same time period, the bank reported tier 1 capital of \$7 million, or 11.03 percent of total assets. The bank’s net loan portfolio totaled \$36 million, representing 57.26 percent of total assets. During the lending evaluation period (2015 – 2017), the loan mix based on dollar volume originated or purchased consisted of 57 percent in residential real estate (home loans), 19 percent in agricultural/farm (farm loans), 11 percent in commercial and commercial real estate (business loans), ten percent in consumer, and three percent in other loans. The bank’s primary lending focus is residential real estate and farm lending.

Competition in the AA is moderate to strong with state and national banks, savings banks, and branches of larger financial institutions. Financial institutions with significant activity in the area include US Bank and Citizens Deposit Bank & Trust. According to the June 30, 2017 Federal Deposit Insurance Corporation’s (FDIC) Deposit Market Share Report, three financial institutions with four offices operate in Bracken County, Kentucky. FNB holds the largest deposit market share at 58.28 percent. As of the 2016 Peer Mortgage Data (2010 U.S. Census data), the bank has a 22.47 percent lending market share in the AA and is ranked first out of 71 financial institutions with loans in the AA.

There are no financial or legal impediments that affect the bank’s ability to help meet the credit needs of its community. FNB’s prior CRA rating was “Satisfactory” as of the Performance Evaluation dated October 7, 2013.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

We conducted a full-scope CRA evaluation to assess the bank’s record of meeting the credit needs of its entire community, including low- and moderate-income areas. We

used small bank CRA evaluation procedures to assess the bank's performance. The Lending Test includes loans originated and purchased from January 1, 2015 to December 31, 2017 (lending evaluation period). Residential real estate and farm loans are the bank's primary lending products and were evaluated under the Lending Test. We used the 2010 U.S. Census data for loans originated or purchased in 2015 – 2016 and the 2015 American Community Survey (ACS) U.S. Census data for loans originated or purchased in 2017.

### **Data Integrity**

We completed a data integrity examination of the bank's home mortgage loans, as reported in the HMDA Loan Application Registers (2015 – 2017), to determine the accuracy of the data. We found the data was accurate and reliable and was used in its entirety in this evaluation. In addition, we randomly transaction tested 20 farm loans from 2015 – 2016 and 20 from 2017. We reviewed source documentation for each loan in our sample and did not note data integrity issues.

### **Selection of Areas for Full-Scope Review**

We completed a full-scope review of the bank's only AA, Bracken County, Kentucky.

### **Ratings**

The bank's overall rating is based on the full-scope review of the bank's only AA, Bracken County, Kentucky.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## Conclusions with Respect to Performance Tests

### LENDING TEST

The bank's lending performance is satisfactory.

#### Loan-to-Deposit Ratio

The bank's LTD ratio is reasonable given the bank's size, financial condition, and AA credit needs. FNB's quarterly average net LTD ratio averaged 72.20 percent over 18 quarters from September 30, 2013 to December 31, 2017. The quarterly LTD ratios ranged from a low of 64.81 percent to a high of 79.36. FNB's quarterly average LTD ratio slightly exceeds other community banks and thrifts of similar size and location. The average LTD ratio for similarly situated banks with total assets less than \$150 million and located in Bracken, Mason, and Kenton counties was 71.95 percent for the same time period, ranging from 63.60 percent to 85.43 percent.

#### Lending in Assessment Area

FNB originated or purchased a majority of its loans inside its AA. As outlined in the *"Description of Institution"* above, the bank's primary lending products are residential real estate and farm loans. During the lending evaluation period, the bank originated or purchased 75 percent of its loans (by number) inside its AA. Refer to Table 1 for the number and dollar volume of loans originated or purchased inside the AA.

Table 1 - Lending in the Assessment Area										
Loan Type	Number of Loans					Dollars of Loans (in 000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	118	65.19	63	34.81	181	8,181	55.17	6,647	44.83	14,828
Home Improvement	112	85.50	19	14.50	131	1,687	71.03	688	28.97	2,375
Home Refinance	37	78.72	10	21.28	47	3,468	80.50	840	19.50	4,308
Farm Loans	18	90.00	2	10.00	20	478	97.75	11	2.25	489
Totals	285	75.20	94	24.80	379	13,814	62.79	8,186	37.21	22,000

Source: Loan sample; FNB's HMDA loan data from January 1, 2015 to December 31, 2017.

#### Lending to Borrowers of Different Incomes and to Farms of Different Sizes

Lending to borrowers of different income levels and farms of different sizes reflects excellent penetration.

Information as of the 2010 U.S. Census Data, Loans originated/purchased in 2015 – 2016

FNB’s distribution of home loans originated or purchased in 2015 – 2016 reflects excellent penetration among borrowers of different income levels. Forty-six percent of the home loan originations or purchases were home improvement loans, with 37 percent as home purchases. Refinance loans made up 17 percent of originations/purchases. The bank’s lending to moderate-income borrowers reflects excellent penetration when compared to the percentage of moderate-income families in the AA, with the bank’s level of lending exceeding the percentage of families in the AA for home purchase and home improvement loans. The distribution of loans to low-income families is lower than the percentage of low-income families in the AA, but is overall reasonable. We note that the 15.95 percent overall poverty rate for families below poverty in the AA limits lending opportunities, as residents of limited income may encounter difficulty meeting credit underwriting standards. Refer to **“Appendix B: Community Profiles for Full-Scope Areas”** for more details and Table 2 for the distribution of home loans among borrowers of different income levels.

FNB’s lending to farms of different sizes is excellent. FNB originated 100 percent of the farm loans in our sample to small farms with annual gross revenues less than \$1 million. Refer to Table 3 for details on the borrower distribution of farm loans in our sample.

Table 2 - Borrower Distribution of Residential Real Estate Loans in the AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	35.65	28.89	20.54	28.89	21.26	24.44	22.55	17.78
Home Improvement		30.36		28.57		30.36		10.71
Home Refinance		15.79		5.26		36.84		42.11

Source: Data reported under HMDA for years 2015 and 2016; 2010 U.S. Census data. The above numbers are as a percentage of loans with borrower income information available.

Table 3 - Borrower Distribution of Loans to Farms in the AA				
Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Farms	100.00	0.00	0.00	100.00
% of Bank Loans in AA by #	100.00	0.00	0.00	100.00
% of Bank Loans in AA by \$	100.00	0.00	0.00	100.00

Source: Loan sample; Dun and Bradstreet data as of June 2016; 2010 U.S. Census data.

Information as of the 2015 ACS U.S. Census Data, Loans originated/purchased in 2017

FNB’s distribution of home loans originated or purchased in 2017 reflects excellent penetration among borrowers of different income levels. Fifty-seven percent of the home loan originations or purchases were home improvement loans, with 33 percent as

home purchases. Refinance loans made up ten percent of originations. The bank's lending to moderate-income borrowers reflects excellent penetration when compared to the percentage of moderate-income families in the AA, with the bank's level of lending significantly exceeding the percentage of families for home loans. The distribution of loans to low-income families is lower than the percentage of low-income families in the AA, but is overall reasonable. We note that the 15.37 percent overall poverty rate for families below poverty in the AA limits lending opportunities, as residents of limited income may encounter difficulty meeting credit underwriting standards. The poverty level for families in moderate-income CTs was 17.04 percent. Refer to **"Appendix B: Community Profiles for Full-Scope Areas"** for more details and Table 4 for the distribution of home loans among borrowers of different income levels.

FNB's lending to farms of different sizes is excellent. FNB originated 100 percent of the farm loans in our sample to small farms with annual gross revenues less than \$1 million. Refer to Table 5 for details on the borrower distribution of farm loans in our sample.

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	34.23	30.00	16.49	30.00	21.19	25.00	28.09	15.00
Home Improvement		20.00		28.57		40.00		11.43
Home Refinance		33.33		50.00		16.67		0.00

Source: Data reported under HMDA for year 2017; 2015 ACS U.S. Census data. The above numbers are as a percentage of loans with borrower income information available.

Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Farms	100.00	0.00	0.00	100.00
% of Bank Loans in AA by #	100.00	0.00	0.00	100.00
% of Bank Loans in AA by \$	100.00	0.00	0.00	100.00

Source: Loan sample; Dun and Bradstreet data as of June 2017; 2015 ACS U.S. Census data.

### **Geographic Distribution of Loans**

The geographic distribution of loans reflects reasonable dispersion throughout the AA. As of the 2010 U.S. Census data, all three CTs in the AA were moderate-income. As of the 2015 ACS U.S. Census data, two CTs are moderate-income and one CT is middle-income (9502). The geographic distribution reflects lending in all CTs in the AA, with no gaps in lending in moderate-income geographies.

Information as of the 2010 U.S. Census Data, Loans originated/purchased in 2015 – 2016

We did not perform a geographic distribution analysis as part of the review for home and farm loans originated or purchased in 2015 – 2016, as the entire AA is comprised of moderate-income geographies. A distribution of credit review would not be meaningful for loans originated in 2015 – 2016 based on the 2010 U.S. Census data.

Information as of the 2015 ACS U.S. Census Data, Loans originated/purchased in 2017

The geographic distribution of home loans in the AA reflects reasonable dispersion. Fifty-seven percent of the home loan originations were home improvement loans and 33 percent were home purchases. The bank only originated six home refinance loans during the lending evaluation period. The bank’s level of lending in moderate-income CTs was greater than the percentage of AA owner occupied housing for home improvement loans, representing excellent dispersion. However, the level of lending in moderate-income CTs was reasonable for home purchase and refinance loans. Refer to Table 6 for the geographic distribution of home loans originated or purchased in 2017.

The geographic distribution of farm loans in our sample reflects reasonable dispersion. The bank originated 65 percent of the farm loans in our sample in moderate-income CTs which is overall reasonable. The loan sample was limited to 20 loans. CT 9502 is now middle-income, but it was a moderate-income CT for loans originated in 2015 and 2016. Refer to Table 7 for the geographic distribution of farm loans.

<b>Table 6 - Geographic Distribution of Residential Real Estate Loans in the AA</b>				
Census Tract Income Level	Moderate-Income		Middle-Income	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	76.40	75.00	23.60	25.00
Home Improvement		80.00		20.00
Home Refinance		50.00		50.00

Source: Data reported under HMDA for year 2017; 2015 ACS U.S. Census data.

<b>Table 7 - Geographic Distribution of Loans to Farms in the AA</b>				
Census Tract Income Level	Moderate-Income		Middle-Income	
Loan Type	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans
Farm Loans	77.63	65.00	22.37	35.00

Source: Loan sample; Dun and Bradstreet data as of June 2017; 2015 ACS U.S. Census data.

## **Responses to Complaints**

FNB has not received any complaints about its performance in helping to meet the AA credit needs during the evaluation period.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): 01/01/15 to 12/31/17 Investment and Service Tests and CD Loans: Not applicable (NA)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
The First National Bank of Brooksville (FNB) Brooksville, KY	Residential real estate and farm loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
<i>None</i>		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Cincinnati, OH-KY-IN MSA 17140 Bracken County, KY	Full-Scope	

## Appendix B: Community Profiles for Full-Scope Areas

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### Bracken County, KY

Demographic Information for Full-Scope Area: Cincinnati, OH-KY-IN MSA 17140, Bracken County, KY, based on <b>2010 U.S. Census Data</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	3	0.00	100.00	0.00	0.00	0.00
Population by Geography	8,488	0.00	100.00	0.00	0.00	0.00
Owner-Occupied Housing by Geography	2,497	0.00	100.00	0.00	0.00	0.00
Businesses by Geography	376	0.00	100.00	0.00	0.00	0.00
Farms by Geography	78	0.00	100.00	0.00	0.00	0.00
Family Distribution by Income Level	2,244	35.65	20.54	21.26	22.55	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	1,261	0.00	100.00	0.00	0.00	0.00
Median Family Income	= 67,016	Median Housing Value		= 87,463		
FFIEC Adjusted Median Family Income for 2016	= 68,800	Unemployment Rate		= 3.09%		
Households Below the Poverty Level	= 18%					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 U.S. Census, and 2016 FFIEC updated MFI.

Demographic Information for Full-Scope Area: Cincinnati, OH-KY-IN MSA 17140, Bracken County, KY, based on <b>2015 ACS U.S. Census Data</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	3	0.00	66.67	33.33	0.00	0.00
Population by Geography	8,425	0.00	76.40	23.60	0.00	0.00
Owner-Occupied Housing by Geography	2,517	0.00	76.40	23.60	0.00	0.00
Businesses by Geography	380	0.00	79.47	20.53	0.00	0.00
Farms by Geography	76	0.00	77.63	22.37	0.00	0.00
Family Distribution by Income Level	2,147	34.23	16.49	21.19	28.09	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	1,089	0.00	80.53	19.47	0.00	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2017 Households Below the Poverty Level	= 70,589 = 73,600 = 17%	Median Housing Value Unemployment Rate				= 99,370 = 3.76%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2015 ACS U.S. Census, and 2017 FFIEC updated MFI.

FNB's AA is Bracken County, Kentucky, which is located in the Cincinnati, OH-KY-IN MSA 17140. There are three CTs in the county. As of the 2010 U.S. Census data, all three were moderate-income. As of the 2015 ACS U.S. Census data, two are moderate-income (9501 and 9503) and one is now middle-income (CT 9502). Bracken County has a population of 8,425, according to the 2015 ACS U.S. Census data. FNB operates two offices and one ATM in Brooksville, both in the same moderate-income CT.

The AA is primarily rural with farming, trade, transportation, and utilities, and education and health services as the major industries. Beef cattle and silage crops continue to contribute a significant amount of income to the local economy. All farms with operations in the AA reported annual gross revenues less than \$1 million for both the 2010 U.S. Census and 2015 ACS U.S. Census. Many individuals in Bracken County commute to jobs in surrounding cities, including Cincinnati, Northern Kentucky, and Maysville. Major employers in the AA include the local school systems and Clopay Plastic Products Co.

Competition in the AA is moderate to strong and comes from national banks, savings banks, and branches of larger financial institutions. The overall economic condition of Bracken County is stable and improving. The unemployment rate (not seasonally adjusted) in Bracken County as of February 2018 was 5.8 percent, which is higher than

the state and national levels, respectively at 4.7 percent and 4.4 percent. The source of the unemployment data is U.S. Bureau of Labor Statistics, February 2018.

According to the 2010 U.S. Census data, the median housing value in the Bracken County was \$87,463. Based on the 2016 median family income of \$68,800, low-income families make less than \$34,400 and moderate-income families make less than \$55,040. Overall median housing values are approximately 1.59 to 2.54 times the annual income of low- and moderate-income families in the AA. The housing costs relative to income may have a limiting effect on mortgage demand among some low- and moderate-income families. There are 3,848 total housing units in the AA, of which 64.89 percent are owner-occupied. Approximately 18.32 percent of the households in the AA live below the poverty level, 36.32 percent receive social security benefits, and 2.46 percent receive public assistance.

According to the 2015 ACS U.S. Census data, the median housing value in the Bracken County AA was \$99,370. Based on the 2017 median family income of \$73,600, low-income families make less than \$36,800 and moderate-income families make less than \$58,880. Overall median housing values are approximately 1.69 to 2.70 times the annual income of low- and moderate-income families in the AA. The housing costs relative to income may have a limiting effect on mortgage demand among some low- and moderate-income families. There are 3,827 total housing units in the AA, of which 65.77 percent are owner-occupied. Approximately 17.38 percent of the households in the AA live below the poverty level, 34.82 percent receive social security benefits, and 1.82 percent receive public assistance.

We contacted one community contact during this evaluation. The community contact indicated that the economic conditions in the AA are improving and identified affordable housing as a credit need in the AA. According to the contact, local financial institutions are adequately meeting the credit and community development needs of the community.