



Office of the  
Comptroller of the Currency  
Washington, DC 20219

# INTERMEDIATE SMALL BANK

## PUBLIC DISCLOSURE

March 25, 2019

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First & Farmers National Bank, Inc.  
Charter Number 6769

100 Public Square, Somerset, Kentucky 42501

Office of the Comptroller of the Currency

10200 Forest Green Boulevard, Suite 501, Louisville, Kentucky 40223

**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: This institution is rated Satisfactory**

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

**The Community Development Test is rated: Outstanding.**

First & Farmers National Bank, Inc. (F&F or Bank) has a satisfactory record of meeting the credit needs of its community. This conclusion is based on the following:

- F&F's loan-to-deposit (LTD) ratio is reasonable.
- A majority of F&F's loans were originated within its designated assessment areas (AAs).
- F&F's distribution of loans to low- and moderate-income (LMI) individuals reflects reasonable penetration.
- The distribution of loans to small businesses reflects excellent penetration.
- The geographic distribution of loans reflects excellent dispersion in moderate-income census tracts.
- F&F's performance under the Community Development Test is outstanding.

## 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 MA/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:** 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 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 MA/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:** 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 examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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

**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 One 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

F&F is an intrastate bank headquartered in Somerset, Kentucky. The Bank is wholly owned by Albany Bancorp, Inc., a single-bank holding company. As of December 31, 2018, the Bank had approximately \$511 million in total assets, \$424 million in deposits, \$303 million in loans, and \$53 million in tier 1 capital.

The Bank serves its community through 12 locations within four counties in southeastern Kentucky. The main office is located in Somerset, Kentucky in Pulaski County. There are five branches in Pulaski County, two in Clinton County, three in Adair County, and one in Cumberland County. Ten locations offer automated teller machines (ATMs). F&F also operates a stand-alone ATM in Lindsey Wilson College in Adair County. Five locations offer Saturday hours.

F&F has delineated two AAs. Competition in the AAs is strong. There are 16 financial institutions with 46 branches, including three offices of a large national bank. Primary competitors are: The Citizens National Bank of Somerset (7 offices, 16.9 percent market share), The Monticello Banking Company (3 offices, 10.2 percent market share), and Cumberland Security Bank, Inc. (4 offices, 9.6 percent market share).

F&F offers traditional banking products and services for individuals and businesses. Its retail services include checking and savings accounts, NOW and money market accounts, and certificates of deposit. Consumer lending products include home mortgage, home equity, construction, and installment loans. Additionally, the Bank offers commercial, commercial real estate, and agriculture loans. Mobile banking and bill pay are also offered.

The Bank's primary lending focus during the evaluation period was residential mortgage and small business loans. As of December 31, 2018, net loans represented 56.7 percent of average assets. The loan portfolio mix was as follows: one-to-four family residential real estate loans (48.3 percent), commercial real estate loans (24 percent), farmland (11.9 percent), construction and development loans (3.3 percent), commercial loans (5.8 percent), consumer loans (5.0 percent), agriculture loans (1.5 percent), and all other loans (0.2 percent).

There are no legal or financial impediments affecting F&F's ability to meet the credit needs of its AAs. The last CRA evaluation was performed by the Office of the Comptroller of the Currency (OCC) on August 3, 2015. The Bank received a Satisfactory Rating.



## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

F&F was evaluated under the Intermediate Small Bank examination procedures. These procedures evaluate the Bank's performance based upon a Lending Test and a Community Development (CD) Test. The Lending Test evaluates F&F's record of meeting the credit needs of its AAs through its lending activities. The CD Test evaluates F&F's responsiveness to CD needs in its AAs through qualified CD lending, investments and donations, and services.

The evaluation period for the CD test is from August 3, 2015, the date of the last CRA evaluation, through December 31, 2018. The evaluation period for the Lending Test is January 1, 2016 through December 31, 2018. Conclusions regarding the Bank's lending performance were based on a random sample of primary loan product originations during this period. Based on both the number and dollar volume of loan origination data supplied by the Bank, the primary loans products were residential real estate and business loans. Residential real estate loans represented 40 percent of the dollar volume and 17.1 percent of the number of loan originations. Business loans represented 29.5 percent of the dollar volume and 13 percent of the number of loan originations.

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

F&F has identified two non-metropolitan statistical area AAs. The first consists of Pulaski County, Kentucky. The second AA consists of the contiguous Kentucky counties of Adair, Clinton, and Cumberland. Both AAs are located in southeastern Kentucky and do not arbitrarily exclude low- or moderate-income geographies. We performed a full-scope review of these combined non-metropolitan statistical areas. Please refer to *Appendix A* for a description of the AAs.

### **Ratings**

The Bank's overall rating is based solely on the full-scope review. More weight was given to the borrower distribution criterion than the geographic distribution in assessing performance as there are no low-income census tracts in the AAs.

## **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 [or any affiliate whose loans have been considered as part of the institution's lending performance] 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**

F&F's performance under the lending test is Satisfactory.

- The LTD is reasonable.
- F&F originated a majority of loans inside the AAs.
- The distribution of loans to LMI individuals reflects reasonable penetration.
- The distribution of loans to small businesses reflects excellent penetration.
- The geographic distribution of loans reflects excellent dispersion in LMI census tracts.

### **Loan-to-Deposit Ratio**

F&F's net LTD ratio is reasonable, given its size and financial condition.

F&F's LTD ratio averaged 64.6 percent over the last 14 quarters, with a quarterly high of 71.4 percent and a quarterly low of 59.7 percent. We compared this performance to six banks in the combined AAs with similar asset size and product types. These similarly situated banks had average LTDs ranging from 73.6 percent to 93.9 percent.

F&F's performance is reasonable due to several factors:

- During the assessment period, F&F sold \$25 million in loans on the secondary market. Had F&F retained those loans, the quarterly average LTD ratio would be more consistent with the similarly situated institutions.
- Nearly half of the Bank's loans were originated in Pulaski County where F&F has six locations. As of December 31, 2018, the LTD ratio in that market was 83.3 percent. LTD ratios for the Bank's Adair locations exceeded 70 percent during the evaluation period.
- Two of the comparable banks are headquartered in Cumberland and Clinton Counties, where F&F has a limited presence.

### **Lending in Assessment Area**

F&F originated a majority of its primary loan products within the AAs. Our Bank wide sample showed 77.5 percent of the total number and 57.0 percent of the total dollar volume of these loans were originated within the AAs.

**Table D - Lending Inside and Outside of the Assessment Area**

Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Residential	15	75.0	5	25.0	20	1,096	59.0	762	41.0	1,858
Business	16	80.0	4	20.0	20	444	52.8	398	47.2	842
<b>Total</b>	<b>31</b>	<b>77.5</b>	<b>9</b>	<b>22.5</b>	<b>40</b>	<b>1,540</b>	<b>57.0</b>	<b>1,160</b>	<b>43.0</b>	<b>2,700</b>

Source: January 1, 2016 - December 31, 2018 Bank Data

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

Refer to Tables P and R in *Appendix C* for the facts and data used to evaluate the borrower distribution of the Bank's loan originations and purchases.

F&F's distribution of residential loans to individuals of different income levels reflects reasonable penetration, given the demographics of the AAs, and taking into consideration the volume of residential loans to LMI borrowers sold on the secondary market. During the assessment period, F&F sold \$9.1 million of residential loans to LMI borrowers to various secondary market participants. The Bank's distribution of loans to small businesses reflects excellent penetration.

### Residential Loans

#### 2016

The overall borrower distribution of residential loans originated in 2016 was reasonable. This analysis took into consideration the limited opportunities to lend to low-income families. Those factors include the cost of housing compared to the AA's low median family income level and percentage of households below the poverty level.

While F&F's residential lending performance exceeded the 2016 HMDA aggregate comparator for LMI borrowers, the Bank's distribution of residential loans to low-income borrowers was well below the demographic comparator. The distribution of residential loans to moderate-income borrowers, however, compared favorably to the percentage of moderate-income families in the AAs. Furthermore, the \$9.1 million in residential loans to LMI borrowers sold on the secondary market are not included in Table P of *Appendix C*.

#### 2017-2018

The overall borrower distribution of residential loans originated in 2017-2018 was reasonable. Loan originations to low-income borrowers were comparable to the demographic comparator and significantly exceeded the 2017 HMDA aggregate data.

Loan originations to moderate-income borrowers exceeded both the demographic comparator and aggregate data.

### **Business Loans**

Table R in Appendix C shows F&F demonstrated an excellent distribution of loans to small businesses during the assessment period. The percentage of loans originated to small businesses exceeded the demographic comparators, and significantly exceeded CRA aggregate data.

### **Geographic Distribution of Loans**

F&F's overall geographic distribution of residential and business loans reflects excellent dispersion among different income tracts in the AAs. We analyzed the Bank's lending activity over the evaluation period and did not identify any unexplained, conspicuous lending gaps in the AAs. In assessing performance, less weight was assigned to these results as there are no low-income CTs in the AAs. Refer to Tables O and Q in *Appendix C*.

### **Residential Loans**

The distribution of residential real estate loans to geographies of different income levels reflects excellent dispersion for 2016 and 2017-2018. The Bank's lending within moderate-income CTs significantly exceeded demographic comparators and aggregate data.

### **Business Loans**

The Bank's distribution of loans to small businesses within the moderate-income CTs reflects excellent dispersion over the assessment period. Lending to businesses in moderate-income CTs significantly exceeded both demographic comparators and aggregate data.

### **Responses to Complaints**

F&F did not receive any written complaints regarding its CRA performance during the evaluation period.

## **COMMUNITY DEVELOPMENT TEST**

The Bank's performance under the CD test is Outstanding.

### **Number and Amount of Community Development Loans**

F&F demonstrated outstanding responsiveness to the CD needs of the AAs through community development loans. During the evaluation period, the Bank originated 32

qualifying CD loans to 12 borrowers totaling \$10.6 million. Of these funds, approximately 25 percent were targeted to affordable housing initiatives, which is a primary need of the AAs as identified through communication with community contacts. The remaining CD loans supported economic development and revitalization/stabilization efforts in distressed geographies.

Notable examples of F&F's CD loans include:

- \$1 million to help maintain low-cost rental properties geared towards LIM borrowers in distressed Pulaski County. Nine of the 13 properties rent for less than HUDs 2018 Fair Market Rent.
- \$1 million for low-cost rental units in distressed Adair County. All properties rent for less than HUDs Fair Market Rent value.
- \$5 million originated to a local college in distressed Adair County.

### **Number and Amount of Qualified Investments**

F&F's amount of qualified CD investments demonstrated outstanding responsiveness to the CD needs of the AAs.

During the evaluation period, the Bank purchased 13 school district bonds and educational development board bonds within the AAs totaling \$2.4 million. The vast majority of these bonds were used to finance improvements at schools with greater than 50 percent enrollment from LMI families. The Bank also made \$195,941 in donations to CD organizations within the AAs. Recipients of these donations included a women's shelter, food pantries serving LMI individuals, and organizations serving distressed areas.

### **Extent to Which the Bank Provides Community Development Services**

F&F provided a significant number of community development services in its AAs. During the evaluation period, Bank employees served as members of 19 different community development-related organizations. Examples of Bank employee involvement in providing CD services include:

- two Bank employees served on the Board of Directors of a local Habitat for Humanity.
- a Bank employee serves on the Board of an affordable housing authority for seniors in Clinton County.
- two Bank employees provide technical assistance on financial and other matters for the Columbia – Adair County Economic Development Authority.

- a Bank employee serves on the Board of a development corporation that focuses on converting underutilized buildings in downtown Somerset into revenue-producing businesses.

Additionally, Bank employees held 15 financial literacy training sessions to schools serving primarily low- and moderate-income students.

F&F participates in special credit programs designed to help meet the credit needs of LMI borrowers and small businesses. These include

- Federal Home Loan Bank of Cincinnati Welcome Home Program. This program offers up to \$5,000 in assistance to LMI home buyers for closing costs.
- Kentucky Unemployment Bridge Loan Program. This foreclosure prevention program provides assistance to LMI individuals experiencing recent job loss.
- Kentucky Housing Corporation which offers secondary market mortgages to LMI individuals.

### **Responsiveness to Community Development Needs**

F&F's CD activities, as a whole, demonstrate excellent responsiveness to the CD needs of the AAs through lending, investment, and service activities.

## 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): (01/01/2016 to 12/31/2018) Investment and Service Tests and CD Loans: (08/3/2015 to 12/31/2018)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
First & Farmers National Bank, Inc. (F&F) Somerset, Kentucky	Residential and business loans Community Development loans, investments, and services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Not Applicable		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Kentucky - Pulaski County - Clinton, Adair, and Cumberland Counties	Full-Scope Full-Scope	



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

Table A – Demographic Information of the Combined Assessment Areas						
Assessment Area: First & Farmers Non-MSA AAs - 2018						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	26	0.0	23.1	69.2	7.7	0.0
Population by Geography	99,482	0.0	16.8	71.4	11.8	0.0
Housing Units by Geography	48,715	0.0	20.0	69.5	10.5	0.0
Owner-Occupied Units by Geography	27,719	0.0	17.4	70.3	12.3	0.0
Occupied Rental Units by Geography	11,523	0.0	15.5	73.7	10.8	0.0
Vacant Units by Geography	9,473	0.0	33.2	61.7	5.1	0.0
Businesses by Geography	5,542	0.0	14.4	73.0	12.6	0.0
Farms by Geography	388	0.0	16.0	76.8	7.2	0.0
Family Distribution by Income Level	26,478	25.8	16.9	19.6	37.7	0.0
Household Distribution by Income Level	39,242	29.4	14.8	16.3	39.5	0.0
Median Family Income Non-MSAs - KY		\$45,920	Median Housing Value			\$93,542
			Median Gross Rent			\$554
			Families Below Poverty Level			19.1%
<i>Source: 2015 ACS Census and 2018 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

F&F has two AAs in southeastern Kentucky: Pulaski County, and the contiguous counties of Clinton, Adair, and Cumberland. The AAs have not changed since the previous evaluation. However, the income designation of some census tracts (CT) in the combined AAs changed in 2017 as a result of updated 2015 United States American Community Survey (ACS) census data. The 26 CTs in the AAs are divided into six moderate-income, 18 middle-income, and 2 upper-income classifications. There are no low-income CTs. Four of the Bank's locations are located in moderate-income CTs.

With the exception of Adair County, all AA counties were designated as distressed during the entire evaluation period (Adair County was designated distressed in 2016 and 2017 only).

- Over 19 percent of AA families live below the poverty level, exceeding the national average of 14 percent.
- The AAs' 2018 median household income of \$33,717 was 54 percent lower than the national median household income of \$62,175.

- According to the Bureau of Labor Statistics, the 2016 and 2017 unemployment rates for the AA counties were higher than the national and state averages.

<b>Average Annual Unemployment Rates</b>		
	<b>2016</b>	<b>2017</b>
United States	4.7	4.1
Kentucky	5.1	4.9
Pulaski	5.4	5.6
Clinton	7.5	6.6
Adair	6.9	6.3
Cumberland	5.6	5.3

A community contact familiar with the AAs identified the need for quality employment, affordable housing, transportation, and childcare. Elevated unemployment rates impacts the ability to afford or maintain a home. As such, rental units comprised 26.6 percent of total housing units in the AAs. As LMI persons turn to rental housing, opportunities for banks to originate home loans is reduced.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the Bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the Bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the Bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. Because small business data are not available for geographic areas smaller than counties, it may be necessary to compare Bank loan data to aggregate data from geographic areas larger than the Bank's assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the Bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the Bank by loan size, regardless of the revenue size of the business. The table also presents aggregate peer data for the years the data is available.

**Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography 2016**

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
F&F AA 2016	21	1,619	5.3	1,378	0.0	0.0	0.0	23.7	42.9	19.0	62.7	57.1	61.0	13.6	0.0	20.0	0.0	0.0	0.0

Source: 2010 U.S Census; 01/01/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0

**Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography 2017-18**

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
F&F AA 2017-2018	20	904	2.5	1,263	0.0	0.0	0.0	17.5	40.0	10.7	70.2	55.0	69.6	12.3	5.0	19.7	0.0	0.0	0.0

Source: 2015 ACS Census; 01/01/2017 - 12/31/2018 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0

**Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower**

**2016**

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
F&F AA 2016	21	1,619	5.3	1,378	24.9	9.5	5.5	18.2	19.1	15.5	21.3	38.1	17.4	35.6	33.3	40.0	0.0	0.0	21.6

Source: 2010 U.S Census; 01/01/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0

**Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower**

**2017-18**

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
F&F AA 2017-2018	20	904	2.5	1,263	25.8	25.0	5.5	16.9	25.0	15.9	19.6	15.0	20.1	37.7	35.0	39.0	0.0	0.0	19.5

Source: 2015 ACS Census; 01/01/2017 - 12/31/2018 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography														2016		
Assessment Area:	Total Loans to Small Businesses				Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
F&F AA 2016	20	1,407	6.8	823	21.5	35.0	19.3	66.2	60.0	64.2	12.3	5.0	16.5	0.0	0.0	0.0

Source: 2016 D&B Data; 01/01/2016 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography														2017-18		
Assessment Area:	Total Loans to Small Businesses				Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
F&F AA 2017-2018	20	1,286	3.3	870	14.3	45.0	12.6	73.4	45.0	73.6	12.3	10.0	13.8	0.0	0.0	0.0

Source: 2017 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2016 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0

**Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues****2016**

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
F&F AA 2016	20	1,407	6.8	823	81.4	95.0	39.5	6.0	5.0	12.6	0.00

Source: 2016 D&B Data; 01/01/2016 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0

**Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues****2017-18**

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
F&F AA 2017-2018	20	1,286	3.3	870	80.4	90.0	43.6	5.8	10.0	13.8	0.00

Source: 2017 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2016 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0