



## **PUBLIC DISCLOSURE**

April 22, 2019

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

#### **THE SALYERSVILLE NATIONAL BANK CHARTER NUMBER 8905**

200 East Maple Street  
Salyersville, Kentucky 41465

Office of the Comptroller of the Currency

Roanoke Field Office  
4419 Pheasant Ridge Road  
Suite 300  
Roanoke, Virginia 24014

**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

**Institution’s CRA Rating:** This institution is rated Satisfactory.

**The lending test is rated:** Satisfactory.

The major factors that support this rating include:

- The bank’s average quarterly net loan-to-deposit ratio is reasonable given the bank’s size, financial condition, and assessment area (AA) credit needs;
- A majority of loans, by number and dollar volume, are originated inside the bank’s AA;
- The distribution of loans reflects reasonable penetration among borrowers of different incomes; and,
- The geographic distribution of loans reflects reasonable dispersion throughout census tracts of different income levels.

### Loan-to-Deposit (LTD) Ratio

Considering the bank’s size, financial condition, and credit needs of the AA, the LTD ratio is reasonable. This meets the standard for satisfactory performance. We reviewed the quarterly net LTD ratios for the 20 quarters since the bank’s previous Community Reinvestment Act (CRA) Performance Evaluation (PE).

Salyersville National Bank’s ((hereinafter referred to as SNB) average quarterly net LTD ratio for the 20 quarters is reasonable at 49.67 percent. The bank’s quarterly net LTD ratios ranged from a quarterly low of 37.78 percent at March 31, 2016, to a quarterly high of 64.06 percent at March 31, 2019. The peer average quarterly net LTD ratio for this same time period is 67.10 percent. The average LTD ratio for similarly situated banks in Magoffin County was 65.04 percent for the same time period, ranging from a high average LTD ratio of 70.40 percent to a low average LTD ratio of 59.69 percent.

### Lending in Assessment Area

A majority of the SNB’s loans are inside its AA. This supports satisfactory performance. The bank originated 60 percent of its total loans and 52.50 percent of the dollar amount of loans inside the AA during the evaluation period. This analysis is performed at the bank, rather than the AA, level. The table below details the bank’s lending activity within the AA and demonstrates that a majority of the lending is inside the AA.

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		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	13	65.00	7	35.00	20	1,633	51.73	1,523	48.27	3,156
Consumer	11	55.00	9	45.00	20	197	59.65	133	40.35	330
<b>Total</b>	<b>24</b>	<b>60.00</b>	<b>16</b>	<b>40.00</b>	<b>40</b>	<b>1,830</b>	<b>52.50</b>	<b>1,656</b>	<b>47.50</b>	<b>3,486</b>

## Description of Institution

SNB is a \$109 million intrastate community bank, established in 1902. The bank is wholly owned by Salyersville National Bancorp, Inc. of Salyersville, Kentucky, a one-bank holding company.

SNB operates one full-service facility and one branch location in Magoffin County, which constitutes the only AA. The bank’s main office is located at 200 Maple Street in Salyersville, Kentucky. The bank’s only branch office is located at 519 Parkway Drive, Salyersville, Kentucky. The main office and the branch office are in a middle-income census tract in Magoffin County, Kentucky.

The bank offers normal business hours during the week and also offers Saturday lobby and drive-in hours at its branch location in Salyersville. Customers are provided with 24 hour access to deposits through the bank’s ATM network. ATMs are located at the bank’s branch in Salyersville and a stand-alone ATM is located in the building adjacent to the main bank office. SNB has not opened or closed any branches since the last CRA evaluation.

As of March 31, 2019, SNB's gross loans totaled \$56 million, total deposits totaled \$87 million, and Tier 1 *Capital* was \$17 million. Gross loans represented 64.37 percent of total assets. The table below indicates the dollar amount outstanding, and percentage to total loans of each loan category.

Distribution of Loan Portfolio*		
TYPE OF LOAN	Balance Outstanding (000's)	% of Total Loans
1-4 Family Residential	19,502	34.82
Multi-family Residential	3,431	6.13
Non-Farm/Non-Residential	18,380	32.81
Construction & Land Development	6,434	11.49
Loans to Individuals	3,131	5.59
Commercial and Industrial	3,653	6.52
Loans to farmers/secured by farmland	1,261	2.25
Other Loans	328	0.59
Total Gross Loans	56,120	100.20
Less unearned income on loans	(109)	(0.20)
<b>Total</b>	<b>\$56,011</b>	<b>100.00</b>

\*Data obtained from Consolidated Reports of Condition and Income for a bank with Domestic Offices Only - FFIEC 051 as of March 31, 2019.

During the evaluation period, SNB has not undergone any significant changes in its corporate structure. There are no legal or financial impediments to SNB’s ability to meet the credit needs of its assessment area. The bank received a “Satisfactory” rating at the last CRA examination dated June 24, 2014.

## **Scope of the Evaluation**

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

SNB was evaluated using the Small Bank CRA procedures. This Performance Evaluation assesses the bank's performance under the Lending Test for the period of January 1, 2014 through December 31, 2018. We selected home mortgage loans and consumer loans as the primary loan products based on total loans originated during the evaluation period and discussions with bank management. During the evaluation period, home mortgage and consumer loan originations represented the largest portion of the loan portfolio in both dollars and number of loans. Home mortgage loans accounted for 30.77 percent of number of loans. Consumer loans totaled 49.57 percent of the number of loans. We sampled loans originated between January 1, 2016 and December 31, 2018 as this was representative of the bank's lending strategy since the last CRA evaluation.

Our analysis was based on the sample of home mortgage loans and consumer loans originated during the evaluation period. The sample was selected based on judgmental sampling guidelines. Small loans to businesses and small farm loans were not a primary loan product for this evaluation period because the bank originated a minimal number of these loans. Therefore, we did not complete a loan sample of these loan products for analysis.

Due to changes in census data effective in 2017, we evaluated the bank's 2017 and 2018 lending performance separately from the bank's 2016 lending performance. The Lending Test analysis is based on the bank's performance during the evaluation period using comparative demographic data from the 2010 U.S. Census for loan originations during Year 2016. We used the comparative demographic data from the 2015 American Community Survey (ACS) U.S. Census for loan originations during Years 2017 and 2018.

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

For purposes of this evaluation, we completed a full-scope review for SNB's one AA consisting of all census tracts in Magoffin County in the Commonwealth of Kentucky. The assessment area meets regulatory requirements and does not arbitrarily exclude any low- or moderate-income census tracts.

Refer to appendix A, Scope of Examination, for the list of census tracts in the full-scope AA.

### **Ratings**

The bank's overall rating is based primarily on those areas that received full-scope reviews, thus ratings for this CRA evaluation are based primarily on the results of the full-scope area, the Magoffin County AA.

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

Pursuant to 12 CFR 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 AA 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 Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that SNB 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.

## State Rating

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### Commonwealth of Kentucky

**CRA rating for Kentucky<sup>1</sup>: Satisfactory**  
**The Lending Test is rated Satisfactory**

The major factors that support this rating include:

- The distribution of loans reflects reasonable penetration among borrowers of different incomes; and,
- The geographic distribution of loans reflects reasonable dispersion throughout census tracts of different income levels.

### Description of Institution's Operations in Kentucky

SNB is a \$109 million intrastate community bank, established in 1902. The bank is wholly owned by Salyersville National Bancorp, Inc. of Salyersville, Kentucky, a one-bank holding company.

The lobby hours for the main office are Monday - Friday from 9 AM to 3 PM; and closed on Saturday. Drive-up hours are Monday - Friday from 8 AM to 3 PM; and closed on Saturday. The branch office lobby hours are Monday - Friday from 9 AM to 3 PM; and closed on Saturday. Drive-up hours are Monday - Friday from 8 AM to 5 PM; and from 9 AM to 12 PM on Saturday.

Customers are provided with 24 hour access to deposits through the bank's ATM network. ATMs are located at the bank's branch in Salyersville and a stand-alone ATM located in the building adjacent to the main bank office. SNB has not opened or closed any branches since the last CRA evaluation.

SNB offers a variety of deposit products to meet consumer and commercial banking needs. The automated Telephone Banking system is available to all customers 24 hours a day, and offers a full array of services including the ability to retrieve balances and transfer funds. Personal computer banking services are also offered (currently at no charge) to all SNB customers. SNB's Internet Banking system allows customers to retrieve balances, transfer funds, print statements, e-mail the Bank, access account histories, view check images, and utilize bill payment services. SNB offers mobile banking and merchant remote deposit capture. The bank's Internet website, [www.salyersvillebank.com](http://www.salyersvillebank.com), provides detailed information on products and services for both consumers and businesses.

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<sup>1</sup> This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within a MMSA.

## Magoffin County Assessment Area

Demographic Information of the Assessment Area						
Assessment Area: Magoffin County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	4	0.0	75.0	25.0	0.0	0.0
Population by Geography	12,979	0.0	53.8	46.2	0.0	0.0
Housing Units by Geography	5,932	0.0	53.1	46.9	0.0	0.0
Owner-Occupied Units by Geography	3,628	0.0	51.8	48.2	0.0	0.0
Occupied Rental Units by Geography	1,368	0.0	52.3	47.7	0.0	0.0
Vacant Units by Geography	936	0.0	59.0	41.0	0.0	0.0
Businesses by Geography	538	0.0	29.7	70.3	0.0	0.0
Farms by Geography	12	0.0	16.7	83.3	0.0	0.0
Family Distribution by Income Level	3,481	29.6	20.8	16.9	32.7	0.0
Household Distribution by Income Level	4,996	33.8	16.6	16.4	33.2	0.0
Median Family Income Non-MSAs - Kentucky		\$45,920	Median Housing Value			\$54,251
			Median Gross Rent			\$487
			Families Below Poverty Level			23.8%

Source: 2015 ACS Census and 2017 D&B Data  
 Due to rounding, totals may not equal 100.0  
 (\*) The NA category consists of geographies that have not been assigned an income classification.

The bank's Magoffin County AA is located in Kentucky within the Eastern Coal Field Region. Salyersville, the county seat, is located along the Licking River. Competition within Magoffin County consists of another national bank and a savings association with branches operating within the bank's AA. According to the June 30, 2018 FDIC Summary of Deposits Market Share Report, SNB was ranked first out of 3 institutions in their AA with 65.55% of the deposits. Citizens Bank of Kentucky, Inc. ranked second with 20.08% of the deposits, and The First Commonwealth Bank of Prestonsburg, Inc. ranked third with 14.37% of the market share for deposits.

Magoffin County consists of two moderate-income census tracts and two middle-income census tracts, according to the 2010 U.S. Census. The 2015 American Community Survey Census reported changes to the census tracts for Magoffin County, which now consists of three moderate-, and one middle-income census tract(s). The economic conditions in Magoffin County are stagnant with little industry and very limited tourism opportunities. According to the Bureau of Labor Statistics, the unemployment rate for Magoffin County was 12.3 percent as of March 31, 2019, which is well above the unemployment rate of 4.1 percent for the Commonwealth of Kentucky and the national unemployment of 3.8 percent for the same month.

Located in Central Appalachia, and the eastern coalfields of Kentucky, Magoffin County has been significantly impacted by changes in the economy including decreased coal production, and loss of jobs. However from 2016 to 2017, employment in Magoffin County, Kentucky grew at a rate of 3.16 percent,



from 3,600 employees to 3,720 employees. The most common employment sectors for those who live in Magoffin County, Kentucky, are Health Care & Social Assistance (856 people), Educational Services (545 people), and Construction (470 people). Sixty-two percent of the residents of Magoffin County commute to work outside the county. Additionally, 9.69 percent of the population have "super commutes" in excess of 90 minutes.

## **Scope of Evaluation in Kentucky**

SNB has designated Magoffin County, Kentucky as the bank's AA. For 2016, the AA consisted of two moderate- and two middle-income tracts. The 2015 ACS U.S. Census changes resulted in census tract changes, effective January 1, 2017. Therefore, for 2017 and 2018 the AA consisted of three moderate-, and one middle-income tracts.

Magoffin County AA will receive a full-scope review since it is the only AA for the bank. Home mortgage loans and consumer loans received equal weighting for the geographic and borrower distribution tests.

### **LENDING TEST**

The bank's performance under the Lending Test in Kentucky is rated Satisfactory.

Based on full-scope review of the Magoffin County AA, the bank's lending performance in Kentucky is reasonable.

The analysis for borrower and geographic distribution is based on loan originations of home mortgage and consumer loans during the evaluation period. We did not include loan originations of small business or small farm loans because the bank originated a minimal number of these loans during the evaluation period.

### **Distribution of Loans by Income Level of the Geography**

The bank exhibits reasonable geographic distribution of loans in the AA. Lending patterns during the evaluation period indicate a reasonable dispersion of loans throughout the AA, particularly CTs designated as moderate-income. There are no low-income geographies in the AA.

SNB's performance meets the standard for satisfactory performance. No conspicuous gaps or areas of low penetration were identified.

### **Home Mortgage Loans**

Refer to Table 1 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations. Based on the data in Table 1 for 2016 and 2017 - 2018, located in Appendix C, we concluded the geographic distribution of the bank's home mortgage loan originations is reasonable.

SNB's geographic dispersion of home mortgage loans is excellent. For 2016, the distribution of loans to borrowers in moderate income geographies exceeds the percentage of owner-occupied housing in moderate-income tracts. The bank's performance also considers the bank's lending in the two underserved

and/or distressed middle-income geographies for 2016. The percentage of loans originated in the middle-income geographies during 2016 was near to the percentage of owner-occupied units in middle-income census tracts. The bank's home mortgage lending was stronger than the aggregate distribution of loans to moderate-income borrowers and near to the aggregate distribution of loans to middle-income borrowers.

For 2017 and 2018, the bank's record of originating home mortgage loans to borrowers of different income geographies was not inconsistent within the performance in 2016. The percentage of home mortgage loans originated in moderate-income geographies exceeds the percentage of owner-occupied housing in moderate-income tracts in the AA. The percentage of loans originated in the middle-income geographies during 2017 and 2018 was near to the percentage of owner-occupied units in middle-income census tracts. The bank's home mortgage lending was stronger than the aggregate distribution of loans to moderate-income borrowers and near to the aggregate distribution of loans to middle-income borrowers.

## **Consumer Loans**

Refer to Table 3 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations. Based on the data in Table 3 for 2016 and 2017 - 2018, located in Appendix C, and the following performance context considerations, we concluded the geographic distribution of consumer loan originations reflects reasonable dispersion among different income tracts in the AA.

Dispersion analysis is based upon SNB's performance in the moderate-income geographies. Consideration is given to the loan originations in the middle-income geographies since these census tracts are designated as underserved and/or distressed based on poverty levels, population loss, and remote rural location.

For 2016, the distribution of consumer loans to borrowers in moderate income geographies is poor. The loan originations in moderate-income geographies is significantly below the percentage of households in moderate-income tracts. The percentage of loans originated in the middle-income geographies during the 2016 evaluation period exceeded the percentage of households in middle-income census tracts.

For 2017 and 2018, the bank's record of originating consumer loans to borrowers of different incomes was not inconsistent with the performance in 2016. The distribution of loans to borrowers in moderate income geographies is significantly below the percentage of households in moderate-income tracts. The percentage of loans originated in the middle-income geographies exceeded the percentage of households in middle-income census tracts.

Although the proportion of loans to borrowers in moderate-income geographies is significantly below the percentage of households, the bank's performance was impacted by the percentage of households below poverty level; and/or the percentage of households on fixed income, i.e. social security, public assistance, or retirement. For 2016, there were 33.55 percent of the households below poverty level. Households receiving social security, public assistance, or retirement were 40.51 percent, 2.59 percent, and 17.62 percent respectively. For 2017-18, there were 30.54 percent of the households below poverty level. Households receiving social security, public assistance, or retirement were 41.97 percent, 3.28 percent, and 17.03 percent respectively.

## **Lending to Borrowers of Different Incomes**

The bank exhibits reasonable penetration of loans to individuals of different income levels, given the product lines offered by the bank. The penetration of loans strongly represents the income demographics of residents within each CT. Since the bank is a non-HMDA reporter, some table data fields are unavailable.

### **Home Mortgage Loans**

Refer to Table 2 Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations. Based on the data in Table 2 for 2016 and 2017 - 2018, located in Appendix C, and the following performance context considerations, we concluded the borrower distribution of the bank's home mortgage loan originations and purchases is reasonable.

SNB's borrower penetration of home mortgage loans is reasonable. In our analysis of lending to low-income borrowers, we took into consideration the lack of affordability for low-income individuals to purchase a home.

During the evaluation period, the percent of bank loans to low-income borrowers was significantly lower than the number of families residing in these geographies and did not meet the standard for satisfactory performance. In 2016, the bank did not originate any home mortgage loans to low-income borrowers, based on the sample. The percentage of home mortgage loans originated to moderate-income borrowers was near to the percentage of moderate-income families in the AA. The bank's home mortgage lending was weaker than the aggregate distribution of loans to low-income borrowers and near to the aggregate distribution of loans to moderate-income borrowers.

The bank's performance also considers the bank's lending in the two underserved and/or distressed middle-income geographies for 2016. The percentage of loans originated to middle-income borrowers during 2016 exceeded the percentage of middle-income families in the AA. The bank's home mortgage lending was near to the aggregate distribution of loans to middle-income borrowers.

For 2017 and 2018, the bank's record of originating home mortgages to borrowers of different income levels was better than 2016. The percentage of home mortgage loans granted to low-income borrowers was below the percentage of low-income families in the AA. The percentage of home mortgage loans to moderate-income borrowers exceeded the percentage of lending to moderate-income borrowers in the AA. The bank's home mortgage lending exceeded the aggregate distribution of loans to low-income borrowers and the aggregate distribution of loans to moderate-income borrowers.

The bank's performance also considers the bank's lending in the two underserved and/or distressed middle-income geographies for 2017 and 2018. The percentage of loans originated to middle-income borrowers during 2017 and 2018 exceeded the percentage of middle-income families in the AA. The bank's home mortgage lending was somewhat below the aggregate distribution of loans to middle-income borrowers.

Although the proportion of loans to low-income borrowers is significantly weaker than the proportion of low-income families for all three years, the bank and industry performance was impacted by the ratio of median housing value to income in the AA. The high median housing value constrains lending opportunities to LMI borrowers, as the proportion of properties affordable to LMI borrowers is limited.

The median housing value in the AA ranged from \$47,107 in 2016, to 54,251 in 2017. Using the highest median family income of \$49,400 for the AA in 2017, the maximum income level for low-income borrowers is below \$25 thousand, making the median housing value greater than two times over the maximum low-income level.

## **Consumer Loans**

Refer to Table 4 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations. Based on the data in Table 4 for 2016 and 2017 - 2018, located in Appendix C, and the following performance context considerations, we concluded the borrower distribution of the bank's consumer loan originations is reasonable.

The distribution of consumer loans reflects reasonable penetration among borrowers of different income levels. SNB's record of consumer lending to borrowers of different incomes meets the standard for satisfactory performance.

For 2016, the percentage of consumer loans made to low-income borrowers is somewhat below the percentage of low-income households in the AA. The percentage of consumer loans made to moderate-income borrowers is near to the percentage of moderate-income households in the AA.

For 2017 and 2018, the bank's record of originating consumer loans to borrowers of different income levels was not inconsistent with the performance in 2016. The percentage of consumer loans made to low-income borrowers is significantly below the percentage of low-income households in the AA. The percentage of consumer loans made to moderate-income borrowers exceeds the percentage of moderate-income households in the AA.

Although the proportion of loans to borrowers to low-income borrowers is significantly below the percentage of households, the bank's performance was impacted by the percentage of households below poverty level; and/or the percentage of households on fixed income, i.e. social security, public assistance, or retirement. For 2016, there were 33.55 percent of the households below poverty level. Households receiving social security, public assistance, or retirement were 40.51 percent, 2.59 percent, and 17.62 percent respectively. For 2017-18, there were 30.54 percent of the households below poverty level. Households receiving social security, public assistance, or retirement were 41.97 percent, 3.28 percent, and 17.03 percent respectively.

## **Responses to Complaints**

SNB did not receive any complaints about its performance in helping to meet credit needs in the AA during this evaluation period. This has a neutral impact on the bank's CRA assessment.

## Appendix A: Scope of Examination

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 MSAs and non-MSAs 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>	1/1/2016 to 12/31/2018																					
<b>Bank Products Reviewed:</b>	Home Mortgage Loans Consumer Loans																					
<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>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>																				
<b>Kentucky</b>																						
Magoffin County AA	Full-scope	<b>All Census tracts in Magoffin County, Kentucky</b> <b>For 2016:</b> <table border="0"> <tr> <td><b>Tract Code</b></td> <td><b>Tract Income Level</b></td> </tr> <tr> <td>9701.00</td> <td>Moderate</td> </tr> <tr> <td>9702.00</td> <td>Middle</td> </tr> <tr> <td>9703.00</td> <td>Middle</td> </tr> <tr> <td>9704.00</td> <td>Moderate</td> </tr> </table> <b>For 2017-18:</b> <table border="0"> <tr> <td><b>Tract Code</b></td> <td><b>Tract Income Level</b></td> </tr> <tr> <td>9701.00</td> <td>Moderate</td> </tr> <tr> <td>9702.00</td> <td>Middle</td> </tr> <tr> <td>9703.00</td> <td>Moderate</td> </tr> <tr> <td>9704.00</td> <td>Moderate</td> </tr> </table>	<b>Tract Code</b>	<b>Tract Income Level</b>	9701.00	Moderate	9702.00	Middle	9703.00	Middle	9704.00	Moderate	<b>Tract Code</b>	<b>Tract Income Level</b>	9701.00	Moderate	9702.00	Middle	9703.00	Moderate	9704.00	Moderate
<b>Tract Code</b>	<b>Tract Income Level</b>																					
9701.00	Moderate																					
9702.00	Middle																					
9703.00	Middle																					
9704.00	Moderate																					
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9701.00	Moderate																					
9702.00	Middle																					
9703.00	Moderate																					
9704.00	Moderate																					

## Appendix B: Definitions and Common Abbreviations

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The following terms and abbreviations are used in 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. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending (Aggt.):** The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Census Tract (CT):** A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

**Combined Statistical Area (CSA):** A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least fifteen. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

**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; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, 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, 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-Scope 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), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

**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-Scope 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:** Individual income that is less than 50 percent of the area median income.

**Low Income Geography:** A census tract with a median family income that is less than 50 percent.

**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 state/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. The median is the point at which half of the families have income above, and half below, a range of incomes. 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, and half below, a range of incomes.

**Metropolitan Division (MD):** 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.

**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.

**Rating Area:** A rated area is a state or multi-state metropolitan statistical 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 statistical area, the institution will receive a rating for the multi-state metropolitan statistical 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.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

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

- Table 1. 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 2. 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 MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table 3. Assessment Area Distribution of Consumer 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 households in those geographies.
- Table 4. Assessment Area Distribution of Consumer 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 households by income level in each MMSA/assessment area.

Table 1: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																2016		
	Total Home Mortgage Loans			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$ (000)	% of Total	% 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
Magoffin County	20	1,643	100	0.0	0.0	0.0	26.9	35.0	19.7	73.1	65.0	80.3	0.0	0.0	0.0	0.0	0.0	0.0

Source: 2010 U.S Census; 1/1/2016 - 1/1/2016 Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0

Table 1: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																2017-2018		
	Total Home Mortgage Loans			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$ (000)	% of Total	% 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
Magoffin County	20	2,236	100	0.0	0.0	0.0	51.8	55.0	39.0	48.2	45.0	61.0	0.0	0.0	0.0	0.0	0.0	0.0

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

Table 2: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																2016		
	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$ (000)	% of Total	% of Families	% Bank Loans	Aggregate Performance %	% of Families	% Bank Loans	Aggregate Performance %	% of Families	% Bank Loans	Aggregate Performance %	% of Families	% Bank Loans	Aggregate Performance %	% of Families	% Bank Loans	Aggregate Performance %
Magoffin County	20	1,643	100	33.3	0.0	10.6	12.5	10.0	12.1	19.6	25.0	25.8	65.0	34.7	45.5	0.0	0.0	6.1
Source: 2010 U.S. Census; 01/01/2016 - 01/01/2016 Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0																		

Table 2: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																2017-2018		
	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$ (000)	% of Total	% of Families	% Bank Loans	Aggregate Performance %	% of Families	% Bank Loans	Aggregate Performance %	% of Families	% Bank Loans	Aggregate Performance %	% of Families	% Bank Loans	Aggregate Performance %	% of Families	% Bank Loans	Aggregate Performance %
Magoffin County	20	2,236	100	29.6	10.0	4.9	20.8	30.0	13.4	16.9	20.0	28.0	32.7	40.0	43.9	0.0	0.0	9.8
Source: 2015 U.S. Census; 01/01/2017 - 01/01/2018 Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0																		

Table 3: Assessment Area Distribution of Consumer Loans by Income Category of the Geography												2016	
Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts	
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Magoffin County	20	449	100	0.0	0.0	28.0	10.0	72.0	90.0	0.0	0.0	0.0	0.0
Source: 2010 U.S Census; 01/01/2016 - 12/31/2016 Bank Data. Due to rounding, totals may not equal 100.0													

Table 3: Assessment Area Distribution of Consumer Loans by Income Category of the Geography												2017-2018	
Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts	
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Magoffin County	20	502	100	0.0	0.0	52.0	20.0	48.0	80.0	0.0	0.0	0.0	0.0
Source: 2015 ACS U.S Census; 01/01/2017 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0													

Table 4: Assessment Area Distribution of Consumer Loans by Income Category of the Borrower												2016	
Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers	
	#	\$ (000)	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Magoffin County	20	499	100	39.9	20.0	15.7	15.0	11.9	20.0	32.5	30.0	0.0	15.0
Source: 2010 U.S Census; 01/01/2016 - 12/31/2016 Bank Data. Due to rounding, totals may not equal 100.0													

Table 4: Assessment Area Distribution of Consumer Loans by Income Category of the Borrower												2017-2018	
Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers	
	#	\$ (000)	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Magoffin County	20	502	100	33.8	10.0	16.6	25.0	16.4	20.0	33.2	35.0	0.0	10.0
Source: 2015 ACS U.S Census; 01/01/2017 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0													