



PUBLIC DISCLOSURE

December 18, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Mid-Southern Savings Bank, FSB
Charter Number 704817
300 North Water Street
Salem, IN 47167

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

The institution is rated: **Satisfactory**.

Mid-Southern Savings Bank, FSB (MSSB or Bank) has a **satisfactory** record of meeting community credit needs. Our conclusion is primarily based on the distribution of loans to borrowers of different incomes and the geographic dispersion of loans throughout the Bank's assessment areas (AAs).

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

The major factors supporting the rating for the Bank include the following:

- The loan-to-deposit (LTD) ratio meets standards for satisfactory performance.
- MSSB originates a majority of loans within the Bank's AAs.
- MSSB's borrower distribution reflects reasonable penetration among borrowers of different income levels and businesses of different sizes.
- The geographic distribution of MSSB's residential and business loans throughout the AAs is more than 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 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

MSSB is a \$176 million stock thrift, headquartered in Salem, Indiana. The Bank operates three branches, including the main branch in Washington County (Salem, Indiana), full-service branches within Orange and Lawrence Counties, and one loan production office (LPO) in New Albany, Indiana. Mid-Southern Mutual Holding Company remains the majority owner of the Bank at 71 percent ownership while the remaining shares are widely held and traded over-the-counter (ticker: MSVB).

MSSB is a full-service lender offering traditional, noncomplex products and services. The Bank offers residential and commercial real estate loans, home equity lines of credit, commercial, agricultural, and consumer loans. Deposit products include personal checking and savings, money market, business checking, public funds checking, and certificates of deposit.

Competition from other financial institutions is strong. The Bank's competitors consist of several community banks and branches of large regional banks. According to June 30, 2017 Federal Deposit Insurance Corporation (FDIC) data, 14 banks with 23 offices operated within the Bank's two AAs. Two of the 14 Banks have offices in both AAs. These branches held a combined total of \$949.64 million in deposits. MSSB ranked first with a 16.11 percent market share.

As of the September 30, 2017 call report, MSSB reported \$151 million in total deposits, \$117 million in total loans, and \$24 million in Tier One Capital. The loan portfolio breakdown is as follows:

Loan Portfolio Summary by Loan Type September 30, 2017		
Loan Category	\$ (000)	% of total loans
Loans Secured by Real Estate	111,640	95.24
Consumer Loans	2,010	1.71
Commercial Loans	2,933	2.50
Agriculture Loans	185	0.16
Other Loans	452	0.39
Total Loans	\$ 117,220	100.00%

There were no legal or financial circumstances that impacted MSSB's ability to meet the credit needs of its community. The last CRA evaluation was performed by the Office of the Comptroller of the Currency (OCC) on August 23, 2012. MSSB received a satisfactory rating.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated MSSB’s CRA performance using Small Bank procedures, which assess an institution’s record of meeting the credit needs of its AAs through lending activities. Based on the dollar volume of loan origination data supplied by the Bank, the primary lending products are residential real estate loans and business loans. Although MSSB originated a large number of consumer loans during the assessment period, these loans made up a significantly smaller dollar volume in comparison to other loan types.

Loan Originations by Loan Type from January 1, 2015 through December 31, 2016				
Loan Category	\$ (000)	%	#	%
Business Loans	14,183	31.53	79	18.54
Residential Loans	26,495	58.91	176	41.31
Agricultural Loans	2,104	4.68	8	1.88
Consumer Loans	2,195	4.88	163	38.27
Total Originations	\$ 44,977	100.00%	426	100.00%

Source: Bank records from January 1, 2015 – December 31, 2016

Data Integrity

We relied on the Bank’s 2015 and 2016 HMDA-LAR reports and the Bank’s loan trail balance. For this evaluation, the HMDA LARs were reviewed for accuracy.

Selection of Areas for Full-Scope Review

MSSB has two AAs, consisting of a non-MSA made up of Lawrence and Orange Counties, IN (AA1) and Washington County, IN, which is in the Louisville-Jefferson County, KY-IN MSA (AA2). Refer to Appendices B-1 and B-2 for a profile of each AA. We completed a full-scope review for each AA. Refer to the table in Appendix A for more information.

Ratings

The Bank’s overall rating is based on the volume of residential real estate and business loans originated or purchased in the two AAs. The Bank is headquartered in AA2, and conducts the majority of its loan and deposit activity in AA2. As a result, our conclusions placed more reliance on the analysis within AA2.

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 CRA performance rating was not lowered as a result of these findings. We considered the nature, extent, and strength of the evidence of the practices; the extent to which institution had policies and procedures in place to prevent the practices; and the extent to which the institution has taken or has committed to take corrective action, including voluntary corrective action resulting from self-assessment; and other relevant information.

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

MSSB's performance under the lending test is satisfactory.

- The LTD ratio is reasonable.
- MSSB originates a majority of loans inside the AAs.
- The distribution of loans to borrowers of different income levels and businesses of different sizes is reasonable.
- The geographic distribution of MSSB's residential and business loans reflects more than reasonable dispersion throughout the AAs.

Loan-to-Deposit Ratio

MSSB's average LTD ratio is reasonable given the Bank's size, financial condition, funding makeup, and the credit needs of its AAs. The Bank's LTD ratio averaged 76.02 percent over the last 12 quarters, with a quarterly high of 86.49 percent and quarterly low of 70.55 percent. MSSB ranked third among three similarly-situated banks serving its AA. The other two banks LTD ratios averaged 92.54 percent, ranging from 88.46 percent to 100.67 percent, over the same 12 quarters.

Lending in Assessment Area

MSSB originates a majority of loans inside the AAs. Over the assessment period, the Bank originated 75.56 percent of HMDA-reported loans and 80.00 percent of commercial loans, by number, within the AAs. The table below details MSSB's lending within the AAs by number and dollars of loans originated or purchased during the evaluation period.

Table 1 - Lending in All Assessment Areas Residential and Commercial Loan Originations January 1, 2015 – December 31, 2016										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA-Reported	102	75.56	33	24.44	135	12,235	54.14	10,362	45.86	22,597
Business	16	80.00	4	20.00	20	2,342	45.74	2,778	54.26	5,119
Totals	118	76.13	37	23.87	155	14,577	52.59	13,140	47.41	27,716

Sources: HMDA data for residential loans originated between January 1, 2015 and December 31, 2016. Random sample of business purpose loans, originated between January 1, 2015 and December 31, 2016 from the Bank's loan records.

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

The distribution of loans reflects a reasonable percentage to low- and moderate-income families and business entities with annual revenues of less than \$1 million. As indicated earlier, more weight was placed on the bank's performance in AA2 as the bank is headquartered in AA2, and generates the majority of its loans and deposits in that AA.

Indiana Non-MSA

MSSB has a reasonable percentage of loans to low- and moderate-income borrowers in AA1. The Bank originated 16.67 percent to low-income and 41.67 percent to moderate-income borrowers for residential loans. Performance was slightly below the 2010 U.S. Census demographic data for low-income families but well above for moderate-income families.

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	21.18	25.00	21.77	25.00	21.22	0.00	35.83	50.00
Home Improvement	21.18	50.00	21.77	0.00	21.22	0.00	35.83	50.00
Home Refinance	21.18	0.00	21.77	66.67	21.22	35.83	25.83	8.73
Total	21.18	16.67	21.77	41.67	21.22	8.33	25.83	33.33

Source: HMDA data for residential loans originated between January 1, 2015 and December 31, 2016 and 2010 U.S. Census data

The distribution of loans to businesses reflects a reasonable percentage among businesses of different sizes. MSSB originated the majority of its business loans to businesses with revenues of \$1 million or less. The percentage of Bank loans in AA1 by number is well above the Dun and Bradstreet data.

Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	79.61	4.20	16.19	100%
% of Bank Loans in AA by #	87.50	12.50	0.00	100%
% of Bank Loans in AA by \$	67.64	32.26	0.00	100%

Source: Loan sample between January 1, 2015 and December 31, 2016 of 16 loans; 2015 Dun and Bradstreet data.

Washington County portion of the Louisville-Jefferson County KY-IN MSA

MSSB has a reasonable percentage of residential loans to low- and moderate-income families in AA2. The Bank originated 14.61 and 22.47 percent of residential loans to

low- and moderate-income families, respectively. These percentages are slightly below demographic comparators but within reasonable ranges.

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	27.68	9.38	24.61	25.00	21.42	31.25	26.28	34.38
Home Improvement	27.68	12.50	24.61	25.00	21.42	31.25	26.28	31.25
Home Refinance	27.68	19.51	24.61	19.51	21.42	34.15	26.28	26.83
Total	27.68	14.61	24.61	22.47	21.42	32.58	26.28	30.34

Source: HMDA data for residential loans originated between January 1, 2015 and December 31, 2016 and 2010 U.S. Census data.

The distribution of loans to businesses reflects a reasonable percentage among businesses of different sizes. MSSB originated the majority of its business loans to businesses with revenues of \$1 million or less. The percentage of Bank loans in AA2 by number is well above the Dun and Bradstreet data.

Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	81.54	2.61	15.85	100%
% of Bank Loans in AA by #	90.00	10.00	0.00	100%
% of Bank Loans in AA by \$	84.11	15.89	0.00	100%

Source: Loan sample between January 1, 2015 and December 31, 2016 of 20 loans; 2015 Dun and Bradstreet data.

Geographic Distribution of Loans

The overall geographic distribution of residential real estate and commercial loans reflects more than reasonable distribution, which exceeds the standard for satisfactory performance. The AAs do not have any low-income CTs and seven moderate-income CTs. In assessing the Bank's geographic distribution performance, more weight was placed on performance in AA2 as the majority of MSSB lending occurs in that AA, and the Bank is headquartered in AA2.

Indiana Non-MSA

The geographic distribution of residential loans shows more than reasonable distribution. MSSB originated 61.54 percent of its residential real estate loans in the moderate-income CTs. This percentage is high compared to the percentage of owner-occupied housing located within these geographies.

Table 6 - Geographic Distribution of Residential Real Estate Loans in AA1								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.00	0.00	17.78	60.00	73.36	40.00	8.87	0.00
Home Improvement	0.00	0.00	17.78	0.00	73.36	100.00	8.87	0.00
Home Refinance	0.00	0.00	17.78	83.33	73.36	16.67	8.87	0.00
Total	0.00	0.00	17.78	61.54	73.36	38.46	8.87	0.00

Source: HMDA data for residential loans originated between January 1, 2015 and December 31, 2016 and 2010 U.S. Census data

The Geographic distribution of commercial loans shows more than reasonable distribution. MSSB originated 50.00 percent of its commercial loans in the moderate-income CTs. This percentage is well above the percentage of businesses within the moderate-income CTs.

Table 7 - Geographic Distribution of Loans to Businesses in AA1								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business	0.00	0.00	26.81	50.00	67.25	50.00	5.94	0.00

Source: Loan sample between January 1, 2015 and December 31, 2016 of 16 loans; 2015 Dun and Bradstreet data.

Washington County portion of Louisville-Jefferson County KY-IN MSA

The geographic distribution of loans within the moderate-income CTs shows more than reasonable distribution. The Bank originated 50.56 percent of residential loans to borrowers in the moderate-income CTs. The Bank's percentage of residential loans exceeds the demographic comparator of 44.35 percent.

Table 8 - Geographic Distribution of Residential Real Estate Loans in AA2								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.00	0.00	44.35	43.75	55.65	56.25	0.00	0.00
Home Improvement	0.00	0.00	44.35	56.25	55.65	43.75	0.00	0.00
Home Refinance	0.00	0.00	44.35	53.66	55.65	46.34	0.00	0.00
Total	0.00	0.00	44.35	50.56	55.65	49.44	0.00	0.00

Source: HMDA data for residential loans originated between January 1, 2015 and December 31, 2016 and 2010 U.S. Census data

The geographic distribution of business loans shows more than reasonable distribution. MSSB originated 70.00 percent of its business loans in the moderate-income CTs. This percentage exceeds the percentage of businesses located in the AA's moderate-income CTs.

Table 9 - Geographic Distribution of Loans to Businesses in AA2								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business	0.00	0.00	52.71	70.00	47.83	30.00	0.00	0.00

Source: Loan sample between January 1, 2015 and December 31, 2016 of 20 loans; 2015 Dun and Bradstreet data.

Responses to Complaints

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

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 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”).

Time Period Reviewed	Lending Test: January 1, 2015 to December 31, 2016	
Financial Institution	Products Reviewed	
Mid-Southern Savings Bank, FSB (MSSB) Salem, Indiana	1-4 Family Residential Loans Business Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
<i>Not applicable</i>	<i>Not Applicable</i>	<i>Not Applicable</i>
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Indiana: Louisville-Jefferson County KY-IN MSA (Including only Washington County) #31140 Lawrence and Orange Counties	Full-Scope for each	

Appendix B: Community Profiles for Full-Scope Areas

AA1: Indiana Non-MSA

Demographic Information for Full-Scope Area: Indiana Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	16	0	25.00	68.75	6.25	0
Population by Geography	65,974	0	19.93	72.61	7.46	0
Owner-Occupied Housing by Geography	20,778	0	17.78	73.36	8.87	0
Businesses by Geography	3,737	0	26.81	67.25	5.94	0
Farms by Geography	318	0	10.69	79.56	9.75	0
Family Distribution by Income Level	18,515	21.18	21.77	21.22	35.83	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	7,953	0	23.54	71.26	5.20	0
Median Family Income HUD Adjusted Median Family Income for 2015 Households Below the Poverty Level	= \$49,045 = \$56,700 = 4,292 or 16.17%	Median Housing Value Unemployment Rate				= 97,863 = see below

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 U.S. Census, and 2015 HUD updated MFI.

MSSB's AA1 consist of Lawrence and Orange Counties in Indiana. The AA1 is appropriate in relation to the location of the Bank's branches and does not arbitrarily exclude any low- or moderate-income CTs.

According to the 2010 U.S. Census, the total population of AA1 was 65,974. Lawrence and Orange Counties are divided into 16 CTs, no low-income CTs, four moderate-income CTs, 11 middle-income CTs, and one upper-income CT.

According to the FDIC Summary of Deposits, as of June 30, 2017, \$67.44 million, or 44.07 percent, of MSSB's total deposits are within AA1. The Bank has four major competitors in the area, two large national banks and two community state banks. There are six additional banks in the AA, each with less than 10 percent market share. MSSB ranks fifth out of 11 banks with 10.68 percent of the market share. The Bank has two branches and two ATMs within AA1.

As of September 30, 2017, Lawrence and Orange Counties unemployment rates were 4.30 and 4.0 percent, respectively, slightly above state average of 3.60 percent but consistent with national average of 4.20 percent. Major employers include:

- Lawrence County: GM Powertrain, Stone City Products, Whitney Tools, and Bedford Machine.
- Orange County: French Lick Springs Hotel, Paoli Peaks, Jasper Group, and ProFab Customer Metalworks.

AA2: Washington County portion of Louisville-Jefferson County KY-IN MSA

Demographic Information for Full-Scope Area: Washington County portion of Louisville-Jefferson County KY-IN MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	6	0	50.00	50.00	0	0
Population by Geography	28,262	0	43.71	56.29	0	0
Owner-Occupied Housing by Geography	8,564	0	44.35	55.65	0	0
Businesses by Geography	1,495	0	52.17	47.83	0	0
Farms by Geography	224	0	54.91	45.09	0	0
Family Distribution by Income Level	7,784	27.68	24.61	21.42	26.28	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	4,071	0	49.45	50.55	0	0
Median Family Income	= \$46,283	Median Housing Value		= 101,809		
HUD Adjusted Median Family Income for 2015	= \$65,400	Unemployment Rate		= 3.80%		
Households Below the Poverty Level	= 1,765 or 16.33%					

(*) The NA category consists of geographies that have not been assigned an income classification. Source: 2010 U.S. Census, and 2015 HUD updated MFI.

MSSB's AA2 consists of Washington County, Indiana. The AA2 is located in the Louisville-Jefferson County KY-IN MSA, excluding all other counties within the MSA. The AA2 is appropriate in relation to the location of the Bank's offices and does not arbitrarily exclude any low- or moderate-income CTs.

According to the 2010 U.S. Census, the total population of AA2 was 28,262. Washington County is divided into six CTs, split evenly between moderate- and middle-income CTs.

The June 30, 2017 FDIC Summary of Deposits reflected \$85.57 million, or 55.93 percent of MSSB's total deposits are within AA2. The Bank has three major competitors

in the area, one large Bank and two local community banks. MSSB ranks second among six banks with 26.88 percent of the market share. The Bank has one branch, the main office, and one ATM within this AA2.

As of September 30, 2017, Washington County's unemployment rate was 3.80 percent, slightly above state average of 3.60 percent but below national average of 4.20 percent. Major private employers in Washington County are GKN Sinter Metals, Peerless Gear, Kimball Office, and Net Shape.

We performed one community contact with an economic development corporation that serves both AA1 and AA2. The community's most pressing needs are utility and rental assistance and enrolling for government benefits. The director stated that the banks in the area are willing and able to meet the credit needs of the community.