



**PUBLIC DISCLOSURE**

August 29, 2022

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

Forcht Bank

**Charter Number 24349**

2404 Sir Barton Way  
Lexington, Kentucky 40509

Office of the Comptroller of the Currency

10200 Forest Green Blvd, 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

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

**The lending test is rated: Satisfactory**

**The community development test is rated: Outstanding**

The major factors that support this rating include:

- The Lending Test rating is based on a reasonable distribution of loans to low- and moderate-income (LMI) borrowers and businesses of different size. In addition, the geographic distribution of loans to LMI borrowers and businesses of different size reflects reasonable dispersion.
- Forcht Bank's (FB or Bank) performance relative to activities considered at the Bank-wide level is reasonable. Those include:
  - The Bank's loan-to-deposit ratio (LTD) is reasonable.
  - A substantial majority of the Bank's loans are inside the Bank's assessment areas (AAs or AA).
- The Community Development (CD) Test rating is based on FB's overall excellent responsiveness to community needs through CD loans, qualified investments, and CD services, taking into consideration the Bank's capacity, as well as the needs and available opportunities for CD in the AAs.

### Loan-to-Deposit Ratio

Considering the Bank's size, financial condition, and credit needs of the AA(s), the Bank's LTD ratio is reasonable. FB's average LTD was 74.8 percent over the past 12 quarters, with a quarterly high of 92.1 percent and quarterly low of 61.7 percent. We compared this performance to 10 banks in the combined AAs with similar asset sizes and product types. These similarly situated banks had an average LTD of 76.3 percent, with a quarterly high of 120.7 percent and a quarterly low of 47.6 percent.

### Lending in Assessment Area

A substantial majority of the Bank's loans are inside its AAs.

The Bank originated and purchased 82.6 percent of its total loans inside the Bank's AAs during the evaluation period. This analysis is performed at the Bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

<b>Lending Inside and Outside of the Assessment Area</b>										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	78	97.5	2	2.5	80	17,590	98.0	352	2.0	17,942
Home Mortgage	1,700	82.0	372	18.0	2,072	411,258	81.4	94,067	18.6	505,325
<b>Total</b>	<b>1,778</b>	<b>82.6</b>	<b>374</b>	<b>17.4</b>	<b>2,152</b>	<b>428,848</b>	<b>82.0</b>	<b>94,419</b>	<b>18.0</b>	<b>523,267</b>

## Description of Institution

FB is a multi-state financial institution headquartered in Lexington, Kentucky, in Fayette County. The Bank is wholly owned by Forcht Bancorp, Inc., a one-Bank holding company headquartered in Corbin, Kentucky. The Bank serves its communities through its offerings of traditional Banking products and services. Retail loan products include 1-4 family home purchase, home improvement, construction, and home equity lines of credit, as well as consumer loans and credit card offerings. Business products include loans secured by commercial real estate, other business-purpose term loans, working capital lines of credit, agricultural related loans, and business credit cards. FB offers a variety of personal and business checking and savings account products, and also provides online and mobile Banking services for both consumer and business customers.

<i>Loan Portfolio Summary by Loan Type December 31, 2021</i>		
<b>Loan Category</b>	<b>\$(000)</b>	<b>% of total loans</b>
<b>Loans Secured by Real Estate</b>	\$756,236	90.6
<b>Consumer Loans</b>	18,514	2.2
<b>Commercial Loans</b>	\$40,186	4.8
<b>Agricultural Loans</b>	\$16,059	1.9
<b>Other Loans</b>	\$3,353	0.5
<b>Total Loans</b>	\$834,348	100.0

As of December 31, 2021, the Bank reported \$1.5 billion in total assets, \$1.3 billion in deposits, \$834 million in total loans, and \$127 million in tier 1 capital. The primary lending focus over the assessment period was business-related and home mortgage loans. This conclusion is derived from FB's loan portfolio mix shown above.

FB designated four AAs for CRA purposes. AA1 is Fayette County, Kentucky, located in the Lexington-Fayette, Kentucky Metropolitan Statistical Area (MSA). AA2 is Jefferson County, Kentucky, located in the Louisville-Jefferson County, Kentucky-Indiana MSA. AA3 is in the Cincinnati-Middletown multistate metropolitan statistical area (MMSA) in Ohio, Kentucky, and Indiana. AA3 includes the Kentucky Counties of Boone, Grant, and Kenton and Ohio counties of Hamilton and Clermont. AA4 is the combination of all Non-MSAs located in south-central Kentucky. This AA includes Pulaski, Knox, Whitley, Laurel, Green, Taylor, and Madison counties in Kentucky. FB acquired Cincinnati, Ohio-based Watch Hill Bank (WHB), during the fourth quarter of 2018. Complete consolidation of business operations occurred on March 11, 2019. We examined FB's performance based on the State of Kentucky for AA1, AA2, and AA4, and the newly formed for the Bank, Cincinnati-Middletown MMSA for AA3.

FB closed one branch location in AA 4 during the CRA evaluation period. As a result, the Bank now serves its community through 23 locations and two loan production offices (LPO) within 13 counties throughout Kentucky and Ohio. Three of the 23 locations are located in moderate-income tracts, and eight are in underserved or distressed middle-income communities. All offices are equipped with drive-up facilities. Twenty-one of the branch locations are equipped with Interactive Teller Machines (ITMs). One branch has an Automated Teller Machine (ATM).

Competition in the AAs is strong. In Kentucky, there are 57 financial institutions with 455 branches, including offices of large national and regional banks within the Bank's AAs. In the Cincinnati-Middletown MMSA, there are 47 financial institutions with 413 branches, also including offices of large national and regional banks.

Based on 18 community contacts located throughout FB's four AAs, quality employment, affordable housing, road improvements, start-up business loans, home improvement loans, public transportation, business and home mortgage financing in LMI census tracts (CT) are primary AA needs. Before and after school childcare was also cited as an AA need. Additional information from community contacts can be found in the *Description of Institution's Operations in Kentucky* and *Description of Operations in Cincinnati-Middletown MMSA* sections.

There are no legal or financial impediments affecting FB'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 July 8, 2019. The Bank received a Satisfactory Rating.

## **Scope of the Evaluation**

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

We conducted an evaluation of FB's CRA performance under the OCC's Intermediate Small Bank (ISB) procedures. The ISB procedures include a Lending Test and a CD test. The Lending Test evaluated the Bank's record of meeting the credit needs of its AAs through its lending activities from January 1, 2019 through December 31, 2021. The review included all home mortgage loans reported in the Home Mortgage Disclosure Act (HMDA) Loan Application Registers for 2019, 2020, and 2021. We also reviewed Bank compiled CRA data files on small business lending for 2019, 2020, and 2021 to assess performance under the Lending Test. The assessment of performance under the Lending Test was based on the Bank's primary loan products, home mortgage and small loans to businesses as these categories represent a significant majority of FBs loan originations in both number of loans and dollar volume over the evaluation period. The CD test evaluated the Bank's CD lending, qualified investments, and CD service activities during the same time period. Lending and CD test data were verified for accuracy.

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

In each state where the Bank has an office, one or more of AAs within that state were selected for a full-scope review. For purposes of this evaluation, Bank-delineated AAs located within the same MSA, MMSA, or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, Bank-delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the "Scope" section under

each state rating for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

## **Ratings**

The Bank's overall rating is a blend of the state ratings, and where applicable, multistate ratings.

The MMSA rating and state ratings are based on performance in all Bank AAs. The Bank's overall rating is based on the State of Kentucky rating and the Cincinnati-Middletown MMSA rating as the Bank operated in both Kentucky and Ohio during the evaluation period. The ratings are based on the full-scope reviews of FB's four AAs. In assessing performance, more weight was given to the non-MSA AA (AA4). Twelve of the 23 branches are located in AA4, and a significant portion of the Bank's loans and deposits are within this AA. In addition, more weight was given to the distribution of loans by income level of borrower and gross annual revenue of businesses than the geographic distribution of loans. This was due to the relatively low number of low-income CTs in the Bank's AAs over the evaluation period. Refer to the *Description of Institution's Operations in Kentucky* and *Description of Operations in Cincinnati-Middletown MMSA* for additional details regarding how the areas were weighted in arriving at the respective ratings.

## **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 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 this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

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

# Multistate Metropolitan Statistical Area Rating

## Cincinnati-Middletown MMSA

**CRA rating for the Cincinnati-Middletown<sup>1</sup>: Satisfactory**

**The Lending Test is rated: Satisfactory**

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

The major factors that support this rating include:

- FB exhibits a reasonable distribution of loans to borrowers of different income levels and businesses of different sizes.
- The geographic distribution of loans over the evaluation period reflects reasonable dispersion.
- FB exhibits excellent responsiveness to CD needs in the Cincinnati-Middletown MMSA through qualified investments, CD services, and CD loans, as appropriate, taking into consideration the Bank's capacity, as well as the need and available opportunities for CD in the Bank's AA.

### Description of Institution's Operations in Cincinnati-Middletown MMSA

As indicated earlier, FB's AAs are separated in two rating areas; the state of Kentucky and the Cincinnati-Middletown MMSA. A description of FB's operations can be found under the *Description of the Institution* and *Scope of Evaluation* on page 2.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Cincinnati-Middletown MMSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	211	13.3	21.3	34.6	28.9	1.9
Population by Geography	843,758	7.9	18.7	39.9	32.7	0.7
Housing Units by Geography	377,393	10.1	20.1	39.4	30.0	0.4
Owner-Occupied Units by Geography	210,783	4.1	15.4	42.4	38.0	0.1
Occupied Rental Units by Geography	124,679	15.8	26.2	37.0	20.5	0.6
Vacant Units by Geography	41,931	24.0	25.9	31.5	17.8	0.9
Businesses by Geography	75,783	6.5	19.0	34.1	39.9	0.5
Farms by Geography	1,879	3.9	16.2	44.9	35.0	0.1
Family Distribution by Income Level	207,602	21.4	16.0	19.3	43.3	0.0
Household Distribution by Income Level	335,462	26.0	15.0	16.4	42.6	0.0
Median Family Income MSA - 17140 Cincinnati, OH-KY-IN MSA		\$69,949	Median Housing Value			\$173,447
			Median Gross Rent			\$759
			Families Below Poverty Level			10.1%

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

Source: 2015 ACS and 2021 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.

**2015 U.S. Census data:** FB's AA3 consists of Hamilton and Clermont Counties in Ohio and Boone, Grant, and Kenton Counties in the Northern Kentucky in the Cincinnati-Middletown, Kentucky-Indiana MMSA. The AA does not include the Kentucky counties of Bracken, Campbell, Gallatin, or Pendleton or any of the Indiana counties located in the MMSA. There are 211 census tracts in the AA: 28 are low-income tracts; 45 are moderate-income; 73 are middle-income; and 61 are upper-income. Four income tracts are designated as NA. Two of FB's branches in the AA are in moderate-income CTs, and the remaining four are located in middle-income CTs.

**Economic Data:** Economic conditions in the AA prior to and during the COVID-19 pandemic have compared favorably to conditions in the state Kentucky. With the exception of Grant County in 2020, the AA's annual unemployment rate in the Kentucky counties fell below the statewide rate for years 2019-2021. For the counties in the state of Ohio, the AA's unemployment rate for Clermont and Hamilton counties fell below the statewide rate for years 2019-2021.

<b>Average Annual Unemployment Rate</b>			
	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Kentucky</b>	3.6	4.7	3.9
<i>Boone</i>	2.7	4.0	3.0
<i>Grant</i>	3.3	4.8	3.6
<i>Kenton</i>	3.0	4.5	3.3
<b>Ohio</b>	4.0	5.9	3.6
<i>Clermont</i>	3.5	4.9	3.0
<i>Hamilton</i>	3.5	5.8	3.2

The local economy is primarily supported by service industries. Major employers include Fidelity Investments, Comair, Citicorp Credit Services, and Toyota Motors. These companies employ over 20,000 individuals.

Based on June 30, 2021, FDIC deposit market share data, approximately 7.1 percent of FB's deposits were derived from Clermont and Hamilton County, Ohio. FB's deposits of \$91,840 rank the Bank 28<sup>th</sup> out of 41 deposit-taking institutions with a .07% market share. Approximately 29 percent of FB's deposits were derived from Boone, Grant, and Kenton Counties in Kentucky. FB's deposits of \$288 million rank the Bank 9<sup>th</sup> out of 20 deposit-taking institutions in the AA, a 3.56 percent market share.

As part of our evaluation, we obtained information from a representative of a local CD organization. Affordable housing and down payment assistance were cited as AA needs. The contact also noted that second chance checking accounts, grants for non-profits for rehabilitation/repair of homes, and general operating support are needs. In general, the contact expressed the willingness of local banks to both lend and donate to community projects.



## **Scope of the Evaluation**

A description of the scope of our evaluation can be found in the *Scope of Evaluation* on page 2.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN Cincinnati-Middletown MMSA**

### **LENDING TEST**

The Bank's performance under the Lending Test in the Cincinnati-Middletown MMSA is rated Satisfactory.

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

The Bank exhibits reasonable geographic distribution of loans in the MMSA.

#### ***Home Mortgage Loans***

Refer to Table O in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the Bank's home mortgage loan originations and purchases.

*AA3*

Lending to geographies of different income levels in the AA reflects reasonable dispersion. The Bank originated 2.5 percent of home mortgage loans in low-income tracts. This was below the 4.8 percent of owner-occupied housing units located in the AA and slightly below the aggregate comparator of 3.4 percent. The Bank originated 35.9 percent of home mortgage loans in moderate-income CTs. This was well above the number of owner-occupied housing units located in the AA at 17.7 percent and the aggregate comparator at 13.9 percent. Low-income tracts only account for 13.3 percent of the AA contributing to the difficulty to originate loans in these areas.

#### ***Small Loans to Businesses***

Refer to Table Q in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the Bank's originations and purchases of small loans to businesses.

*AA3*

Lending to geographies of different income levels in the AA reflects excellent dispersion. The Bank originated 10.0 percent of small business loans in low-income CTs. This was above 6.5 percent of businesses located in the low-income CTs and the aggregate lending comparator of 6.9 percent. The Bank originated 20.0 percent of small business loans in moderate-income CTs. This was above 19.0 percent of businesses located in moderate-income CTs and the aggregate lending comparator of 19.5 percent.

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

The Bank exhibits a less than reasonable distribution of loans to individuals of different income levels and businesses of different sizes, given the product lines offered by the Bank.

### ***Home Mortgage Loans***

Refer to Table P in the “MMSA” section of appendix D for the facts and data used to evaluate the borrower distribution of the Bank’s home mortgage loan originations and purchases.

#### ***AA3***

The overall distribution of home mortgage loans to borrowers of different income levels is less than reasonable in AA3. FB’s percentage of home mortgage loans to low-income borrowers was 5.8 percent. This was below the percentage of low-income families at 24.2 and slightly below the percentage of home mortgage loans reported by all lenders 7.4 percent. FB’s percentage of home mortgage loans to moderate-income borrowers was 11.2 percent. This was below the percentage of low-income families and percentage of home mortgage loans reported by all lenders at 16.4 and 17.6 percent, respectively. FB faces several challenges in home mortgage lending to low- and moderate-income borrowers. As detailed in the *Description of Institution’s Operations in the Cincinnati-Middletown MMSA* section, median housing values continue to rise and are now 2.5 times the annual median family income. In addition, FB’s very small market share in this AA, and strong competition, both also the Bank’s home mortgage lending ability to LMI borrowers. Additionally, low- and moderate-income families only account for 37.4 percent of the population, also contributing to Bank’s difficulty to lend to LMI individuals in the AA.

### ***Small Loans to Businesses***

Refer to Table R in the “MMSA” section of appendix D for the facts and data used to evaluate the borrower distribution of the Bank’s originations and purchases of small loans to businesses.

FB’s distribution of loans to businesses of different sizes is reasonable in AA3. The Bank originated 65.0 percent of loans to businesses with revenues of less than \$1 million. While this is below the 82.5 percent of small businesses in the AA, it is greater than the aggregate lending comparator of 44.7 percent.

### **Responses to Complaints**

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

## **COMMUNITY DEVELOPMENT TEST**

The Bank’s performance under the Community Development Test in the Cincinnati-Middletown MMSA is rated Outstanding.

The evaluation period for CD activities was January 1, 2019, through December 31, 2021. The conclusions are based on a full-scope review of the AA. The Bank exhibits excellent responsiveness to

CD needs in the MMSA through CD loans, qualified investments, and CD services, as appropriate, considering the Bank's capacity and the need and availability of such opportunities for CD in the Bank's AA.

### Number and Amount of Community Development Loans

Refer to the Community Development Loan Table below for the facts and data used to evaluate the Bank's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

<i>Community Development Loans</i>				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
<b><i>AA3</i></b>				
Affordable Housing	6	37.5	4,667	24.2
Economic Development	2	12.5	2,883	14.9
LMI Community Service	4	25.0	3,634	18.8
Revitalization	2	12.5	608	3.2
PPP	2	12.5	7,493	38.9
<b><i>Grand Total</i></b>	16	100.0	19,285	100.0

FB's responsiveness to CD lending in the MMSA is excellent. During the evaluation period, the Bank originated or renewed 16 CD loans totaling \$19.3 million or 13.8 percent of tier 1 capital within the MMSA. Included in this are six loans totaling \$4.7 million for affordable housing, an AA need. Another two loans totaling \$2.9 million to promote economic development, four loans totaling \$3.6 were to organizations focusing on LMI community services, two loans totaling \$608,000 to support LMI revitalization/stabilization, and two Paycheck Protection Program (PPP) loans totaling \$7.5 million.

For example, during the evaluation period, FB provided a \$1.2 million loan to purchase 22 investment properties located in an opportunity zone to redevelop them for residential and retail. The project received \$200,000 in Housing and Urban Development (HUD) 108 funds from the city of Covington and \$50,000 from Connetic Ventures.

### Number and Amount of Qualified Investments

Assessment Area	Current Period		Total			
	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$
<b><i>AA3</i></b>	3	\$3,100	3	100.0	\$3,100	100.0

\* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The Qualified Investment Table, shown above, sets forth the information and data used to evaluate the Bank's level of qualified CD investments. This table includes all CD investment, including prior period investments that remain outstanding as of the examination date.

FB's amount of qualified CD investments continues to demonstrate adequate responsiveness to the development needs in the AA.

FB purchased an affordable housing bond from a United States Government Sponsored Entity (GSE) and two local school district bonds supporting schools where the majority of students qualify for free or reduced-price meals under the United States Department of Agriculture (USDA) School Lunch Program. In total, FB made \$3.1 million in qualified CD investments.

In addition to the above investments, FB made \$650 in donations to qualified community organizations and donated an additional \$12,307 to various charities nationwide outside of the AA. The donations went to places such as local food pantries, health care providers, and other charitable organizations providing services for LMI individuals.

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

CD services provided by Bank officers and employees demonstrated excellent responsiveness to AA needs. Officers and employees serve on boards or in other capacities providing technical or financial expertise to different CD organizations. Positions held by Bank officers and employees at CD organizations include, but are not limited to, board member, treasurer, and committee member. Examples of FB involvement in CD services are provided below.

- A FB employee served as an advisory member for the Grant County Chamber of Commerce and Economic Development, which connects business and civic communities in the Northern Kentucky region. They support public policy and infrastructure initiatives and attract new jobs for the area.
- A FB employee served as a board member for the St. Elizabeth Healthcare Foundation, which supports the unmet health needs of the underprivileged in the Northern Kentucky community including the counties of Kenton, Boone, and Grant.
- A FB employee served on the finance committee for Transitions, Inc., which provides life-saving treatment to those with substance use disorders for over 40 years. Their mission is to help individuals, families, and communities to break the cycles of substance abuse, family abuse, violence, crime, and poverty.
- A FB employee served as a board member for the Kentucky Housing Authority. Their mission is to invest in quality housing solutions for families and communities across Kentucky.

## State Rating

### State of Kentucky

#### CRA rating for the State of Kentucky<sup>2</sup>: Satisfactory

**The Lending Test is rated: Satisfactory**

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

The major factors that support this rating include:

- FB exhibits a reasonable distribution of loans to borrowers of different income levels and businesses of different sizes.
- The geographic distribution of loans over the evaluation period reflects reasonable dispersion.
- FB exhibits excellent responsiveness to CD needs in the state of Kentucky through qualified investments, CD services, and CD loans, as appropriate, taking into consideration the Bank's capacity, as well as the need and available opportunities for CD in the Bank's AAs.

### Description of Institution's Operations in Kentucky

As indicated earlier, FB's AAs are separated in two ratings areas; the state of Kentucky and the Cincinnati-Middletown MMSA. A description of FB's operations can be found under the *Description of the Institution* and *Scope of Evaluation* on page 2.

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<sup>2</sup> This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the MMSA.

## AA1: Lexington-Fayette MSA

The following table shows demographic information covering FB's AA1.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Lexington-Fayette KY MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	82	12.2	22.0	34.2	31.7	0.0
Population by Geography	308,306	11.6	22.4	33.3	32.7	0.0
Housing Units by Geography	137,885	11.7	23.8	33.8	30.7	0.0
Owner-Occupied Units by Geography	68,194	6.3	16.2	35.2	42.3	0.0
Occupied Rental Units by Geography	57,558	17.0	32.2	32.0	18.7	0.0
Vacant Units by Geography	12,133	16.7	26.3	34.5	22.6	0.0
Businesses by Geography	36,729	7.8	16.1	39.8	36.2	0.0
Farms by Geography	1,222	6.9	10.0	43.3	39.9	0.0
Family Distribution by Income Level	72,466	23.3	15.7	18.3	42.6	0.0
Household Distribution by Income Level	125,752	26.9	15.4	15.7	42.1	0.0
Median Family Income MSA - 30460 Lexington-Fayette, KY MSA		\$66,800	Median Housing Value			\$180,124
			Median Gross Rent			\$781
			Families Below Poverty Level			12.1%
<i>Source: 2015 ACS and 2021 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>						

**2015 U.S. Census data:** The total population for the Lexington-Fayette MSA was 308,306. The Lexington-Fayette MSA AA is located in Central Kentucky. The AA does not include Bourbon, Clark, Jessamine, Scott, or Woodford counties in the Lexington MSA, as the Bank does not have branches within them. The AA consisted of 82 CTs, including 10 low-income tracts, 18 moderate-income tracts, 28 middle-income, and 26 upper-income tracts. The Bank has three locations in the AA. Two of the three locations are located in upper-income CTs and the third is located in a middle-income CT.

**Economic Data:** Economic conditions in the AA prior to and during the COVID-19 pandemic have compared favorably to conditions in the state of Kentucky. According to the Bureau of Labor Statistics, the AA's annual unemployment rate for the years 2019-2021 was 3.1 percent, 5.6 percent, and 3.9 percent, respectively. This was well below the statewide unemployment rates of 4.1 percent, 6.4 percent, and 4.7 percent.

The major industries in the AA include health care, education, manufacturing, and retail. Major employers include the University of Kentucky, Fayette County Public Schools, Kentucky One Health, and Xerox.

Based on June 30, 2021, FDIC deposit market share data, approximately 13 percent of FB's deposits were derived from this AA. FB's deposits of \$171 million rank the Bank 20th out of 38 deposit-taking institutions in the AA, with a 1.1 percent market share.

As part of our evaluation, we obtained information from a representative of a local CD organization. Affordable housing was cited as an AA need. The contact also noted down-payment assistance and financial education as AA needs. In general, the contact expressed the willingness of local banks to both lend and donate to community projects.

## AA2: Louisville-Jefferson County, Kentucky/Indiana MSA (Jefferson County)

The following table shows demographic information covering FB's AA2.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Louisville-Jefferson County KY-IN MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	191	16.2	23.0	29.8	29.8	1.0
Population by Geography	755,809	12.5	21.2	34.1	31.7	0.5
Housing Units by Geography	340,132	12.9	22.2	33.8	30.5	0.6
Owner-Occupied Units by Geography	189,914	6.0	17.8	36.8	39.2	0.1
Occupied Rental Units by Geography	117,001	20.5	28.0	30.7	19.6	1.2
Vacant Units by Geography	33,217	25.4	26.2	27.3	19.3	1.8
Businesses by Geography	86,504	9.2	16.4	28.0	41.9	4.5
Farms by Geography	1,751	6.2	13.4	33.5	45.4	1.4
Family Distribution by Income Level	185,758	23.0	17.5	19.1	40.4	0.0
Household Distribution by Income Level	306,915	26.3	16.3	17.6	39.8	0.0
Median Family Income MSA - 31140 Louisville/Jefferson County, KY-IN MSA		\$64,965	Median Housing Value			\$162,334
			Median Gross Rent			\$748
			Families Below Poverty Level			11.8%
<i>Source: 2015 ACS and 2021 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>						

**2015 U.S. Census data:** The total population for the Jefferson County was 755,809. The AA is located in north-central Kentucky. The AA does not include Kentucky counties of Bullitt, Henry, Meade, Nelson, Oldham, Shelby, Spencer, and Tremble counties or any of the Indiana counties located in the MSA, as FB does not have any branches within them. The AA consists of 191 CTs, including 31 low-income tracts, 44 moderate-income tracts, 57 middle-income, and 57 upper-income tracts. The Bank has two branches in the AA. Both branches are located in middle-income census tracts.

**Economic Data:** Economic conditions in the AA prior to and during the COVID-19 pandemic have compared favorably to conditions in the state of Kentucky. According to the Bureau of Labor Statistics,

the AA's annual unemployment rate for the years 2019-2021 was 3.1 percent, 4.8 percent, and 4.0 percent, respectively. This was well below the statewide unemployment rates of 4.1 percent, 6.4 percent, and 4.7 percent.

The major industries in the AA include service, manufacturing, and transportation industries. Major employers include the UPS, Norton Healthcare, The Kroger Company, and GE appliances.

Based on June 30, 2021, FDIC deposit market share data, approximately 10.4 percent of FB's deposits were derived from this AA. FB's deposits of \$135 million rank the Bank 17th out of 26 deposit-taking institutions in the AA, a 0.45 percent market share.

As part of our evaluation, we obtained information from a representative of a local CD organization. Affordable housing was cited as an AA need. The contact also it would be helpful if the banks provide career training or a career track for local residents. In general, the contact expressed the willingness of local banks to both lend and donate to community projects.

#### **AA4: Nonmetropolitan AA of South-Central Kentucky (McCreary, Pulaski, Knox, Whitley, Laurel, Green, Taylor, and Madison Counties)**

The following table shows demographic information covering FB's AA4.

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Non-MSA South-Central KY</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	71	0.0	23.9	57.7	18.3	0.0
Population by Geography	312,969	0.0	20.7	61.4	17.9	0.0
Housing Units by Geography	138,238	0.0	21.2	62.0	16.8	0.0
Owner-Occupied Units by Geography	79,198	0.0	19.4	61.1	19.5	0.0
Occupied Rental Units by Geography	41,392	0.0	21.3	65.1	13.6	0.0
Vacant Units by Geography	17,648	0.0	29.1	59.2	11.7	0.0
Businesses by Geography	22,768	0.0	13.9	65.3	20.8	0.0
Farms by Geography	1,082	0.0	11.0	64.4	24.6	0.0
Family Distribution by Income Level	80,925	24.5	16.6	18.6	40.3	0.0
Household Distribution by Income Level	120,590	26.8	15.3	16.3	41.6	0.0
Median Family Income Non-MSAs - KY		\$45,986	Median Housing Value			\$106,417
			Median Gross Rent			\$601
			Families Below Poverty Level			18.9%
<i>Source: 2015 ACS and 2021 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>						

**2015 U.S. Census data:** The total population for the AA4 was 312,969. FB's Non-MSA AA4 consists of Pulaski, Knox, Whitley, Laurel, Green, Taylor, and Madison Counties in south-central Kentucky.



There are 71 census tracts in AA4: 17 are moderate-income; 41 are middle-income; and 13 are upper-income. For 2019, 30 of the census tracts were distressed and 4 were underserved. For 2020, 26 CTs were distressed and four were underserved. For 2021, 15 CTs were distressed and six were underserved. The Bank has 12 branches in the AA. One branch is located in a moderate-income CT, nine are located in middle-income CTs, and two are located in upper-income CTs.

<b>Average Annual Unemployment Rate</b>			
	2019	2020	2021
<i>Kentucky</i>	4.1	6.4	4.7
<i>Pulaski</i>	4.5	7.1	4.9
<i>Knox</i>	5.6	8.0	6.2
<i>Whitley</i>	4.9	6.9	5.0
<i>Laurel</i>	4.6	6.7	4.5
<i>Green</i>	3.9	3.6	3.1
<i>Taylor</i>	3.2	3.7	3.2
<i>Madison</i>	3.6	5.9	4.1

**Economic Data:** Economic conditions in the AA during the COVID-19 pandemic were consistently trailing conditions in the state of Kentucky. For 2019-2020, with the exception of Green, Taylor, and Madison counties, the AA exceeded the statewide rate. Similarly for 2021, with the exception of Laurel, Green, Taylor, and Madison counties, the AA's unemployment rate exceeded the statewide rate. Knox, Laurel, and Whitley Counties were designated as distressed during the entire evaluation period. Nineteen percent of families live below the poverty level, exceeding the national average of 11.4 percent. The AA's 2020 median household income of \$45,986 was 32 percent lower than the national median household income of \$67,521.

The major industries in the AA include service, manufacturing, and transportation industries. Major employers include UPS, Norton Healthcare, The Kroger Company, and GE appliances.

Based on June 30, 2021, FDIC deposit market share data, approximately 38 percent of FB's deposits were derived from this AA. FB's deposits of \$467 million rank the Bank 4th out of 22 deposit-taking institutions in the AA, with a 10.3 percent market share.

As part of our evaluation, we obtained information from a representative of a local CD organization. Public transportation, affordable housing, and affordable childcare were cited as an AA need. The contact also stated that general operating support would be most impactful (for those emergency expenses not covered by government funds). In general, the contact expressed the willingness of local banks to both lend and donate to community projects.

## Scope of the Evaluation

A description of the scope of our evaluation can be found in the *Scope of Evaluation* on page 2.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN KENTUCKY

### LENDING TEST

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

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

The Bank exhibits reasonable geographic distribution of loans in the State.

#### *Home Mortgage Loans*

Refer to Table O in the state of Kentucky section of appendix D for the facts and data used to evaluate the geographic distribution of the Bank's home mortgage loan originations and purchases.

#### *AA1*

Lending to geographies of different income levels in the AA reflects less than reasonable dispersion. The Bank originated 3.9 percent of home mortgage in low-income CTs. This was below 6.3 percent of owner-occupied housing units located in the low-income CTs but above the aggregate lending comparator of 3.7 percent. The Bank originated 5.2 percent of home mortgage in moderate-income CTs. This was well below 16.2 percent of owner-occupied housing units located in the moderate-income CTs and the aggregate lending comparator of 13.0 percent. Low- and moderate-income CTs make up 12.2 and 22.0 percent, respectively, of the AA contributing to the difficulty to originate loans in these areas. Further, strong competition in the AA also contributes to the difficulty lending in these areas.

#### *AA2*

Lending to geographies of different income levels in the AA reflects reasonable dispersion. The Bank originated 5.2 percent of home mortgage in low-income CTs. This was slightly below 6.0 percent of owner-occupied housing units located in the low-income CTs, but above the aggregate lending comparator of 2.8 percent. The Bank originated 15.6 percent of home mortgage in moderate-income CTs. This was slightly below 17.9 percent of owner-occupied housing units located in the low-income CTs, but above the aggregate lending comparator of 12.3 percent.

#### *AA4*

Lending to geographies of different income levels in the AA reflects reasonable dispersion. There are no low-income census tracts in AA3. The Bank originated 17.9 percent of home mortgage in moderate-income CTs. This was slightly below 19.4 percent of owner-occupied housing units located in the moderate-income CTs and above the aggregate lending comparator of 12.1 percent.

***Small Loans to Businesses***

Refer to Table Q in the state of Kentucky section of appendix D for the facts and data used to evaluate the geographic distribution of the Bank's loans to small businesses originations and purchases.

***AA1***

Lending to geographies of different income levels in the AA reflects reasonable dispersion. The Bank originated 5.3 percent of small business loans in low-income CTs. This was below 7.8 percent of businesses located in the low-income CTs and the aggregate lending comparator of 8.0 percent. The Bank originated 31.6 percent of small business loans in moderate-income CTs. This was well above 16.1 percent of businesses located in the moderate-income CTs and the aggregate lending comparator of 15.2 percent. Low-income CTs only make up 12.2 percent of the AA contributing to the difficulty to originate loans in these areas.

***AA2***

Lending to geographies of different income levels in the AA reflects reasonable dispersion. The Bank did not originate any small business loans in low-income CTs. This was below 9.2 percent of businesses located in the low-income CTs and the aggregate lending comparator of 8.4 percent. The Bank originated 25.0 percent of small business loans in moderate-income CTs. This was well above 16.4 percent of businesses located in the moderate-income CTs and the aggregate lending comparator of 14.6 percent. Competition was especially strong in the AA, creating difficulty to lend in the market area.

***AA4***

Lending to geographies of different income levels in the AA reflects excellent dispersion. There are no low-income CTs in the AA. The Bank originated 20.0 percent of small business loans in moderate-income CTs. This was above 13.9 percent of businesses located in the moderate-income CTs and the aggregate lending comparator of 16.0 percent.

**Distribution of Loans by Income Level of the Borrower**

The Bank exhibits a reasonable distribution of loans to individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the bank.

***Home Mortgage Loans***

Refer to Table P in the state of Kentucky section of appendix D for the facts and data used to evaluate the geographic distribution of the Bank's home mortgage loan originations and purchases.

***AA1***

The overall distribution of home mortgage loans to borrowers of different income levels in AA1 is less than reasonable. FB's percentage of home mortgage loans to low-income borrowers was 2.6 percent. This was well below the percentage of low-income families and percentage of home mortgage loans reported by all lenders at 23.3 and 6.8 percent. FB's percentage of home mortgage loans to moderate-income borrowers was 11.7 percent. This was below the percentage of low-income families and

percentage of home mortgage loans reported by all lenders at 15.7 and 18.6 percent. The percentage of families living at or below the poverty level, the median housing value in relation to low- and moderate-income levels, the percentage of rental units in relation to owner-occupied units, and FB's relatively small presence in this AA in relation to other financial institutions, all impact FB's ability to lend to low- and moderate-income families (refer to the *Description of Institution's Operations in Kentucky* section for details).

#### AA2

The overall distribution of home mortgage loans to borrowers of different income levels reflects reasonable penetration in AA2. Similar to AA1, FB faces several challenges in home mortgage lending to low-income borrowers. FB's percentage of home mortgage loans to low-income borrowers was 5.9 percent. This was well below the percentage of low-income families and percentage of home mortgage loans reported by all lenders at 23.0 and 8.7 percent. FB's percentage of home mortgage loans to moderate-income borrowers was 17.0 percent. This was just below the percentage of low-income families and percentage of home mortgage loans reported by all lenders at 17.5 and 18.5 percent, respectively. As detailed in the *Description of Institution's Operations in Kentucky* section, median housing values are 2.5 times the annual median family income. The percentage of families below the poverty level, volume of rental units in relation to owner-occupied units, and FB's very small market share in this AA, all impact the Bank's home mortgage lending ability to LMI borrowers.

#### AA4

FB exhibits a reasonable distribution of home mortgage loans to borrowers of different income levels in AA4, the AA where FB has their greatest presence in terms of market share. FB's percentage of home mortgage loans to low-income borrowers was 3.8 percent. This was well below the percentage of low-income families at 24.5 percent and above the percentage of home mortgage loans reported by all lenders at 2.7 percent. FB's percentage of home mortgage loans to moderate-income borrowers was 14.2 percent. This was well below the percentage of low-income families, but above the percentage of home mortgage loans reported by all lenders at 16.6 and 11.8 percent, respectively. As detailed in the *Description of Institution's Operations in Kentucky* section, the percentage of families with income below the poverty level is high in relation state and national averages. This, coupled with median housing values in relation to low-income family earnings, creates challenges to lend to low-income families.

### ***Small Loans to Businesses***

Refer to Table R in the state of Kentucky section of appendix D for the facts and data used to evaluate the geographic distribution of the Bank's home mortgage loan originations and purchases.

#### AA1

FB's distribution of loans to businesses of different sizes is reasonable in AA1. The Bank originated 55.0 percent of loans to businesses with revenues of less than \$1 million. While this is below the 87.1 percent of small businesses in the AA, it is greater than the aggregate lending comparator of 40.3 percent.

*AA2*

FB's distribution of loans to businesses of different sizes is reasonable in AA2. The Bank originated 70.0 percent of loans to businesses with revenues of less than \$1 million. While this is below the 87.7 percent of small businesses in the AA, it is greater than the aggregate lending comparator of 36.1 percent.

*AA4*

FB's distribution of loans to businesses of different sizes is reasonable in AA4. The Bank originated 75.0 percent of loans to businesses with revenues of less than \$1 million. While this is below the 85.6 percent of small businesses in the AA, it is greater than the aggregate lending comparator of 33.2 percent.

**Responses to Complaints**

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

**COMMUNITY DEVELOPMENT TEST**

The Bank's performance under the Community Development Test in the state of Kentucky is rated Outstanding.

Based on the full scope review the Bank exhibits excellent responsiveness to CD needs in the state through CD loans, qualified investments, and CD services, as appropriate, considering the Bank's capacity and the need and availability of such opportunities for CD in the Bank's AAs.

**Number and Amount of Community Development Loans**

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the Bank's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

<i>Community Development Loans</i>				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
<i>AA1</i>				
Affordable Housing	1	100.0	\$182	100.0
<b><i>AA1 Total</i></b>	1	3.0	\$182	0.5
<i>AA2</i>				
Affordable Housing	7	70.0	\$3,064	30.6
PPP	3	30.0	\$6,965	69.4
<b><i>AA2 Total</i></b>	10	30.3	\$10,029	26.2
<i>AA4</i>				
Affordable Housing	3	13.6	\$1,160	4.1
LMI Community Service	12	57.1	\$17,794	63.5
Revitalization	2	9.1	\$600	2.1
PPP	4	18.2	\$8,307	30.3
<b><i>AA4 Total</i></b>	21	66.7	\$28,021	73.3
<b><i>Grand Total</i></b>	32	100.0	\$38,232	100.0

FB demonstrated excellent responsiveness to the CD needs of the AAs through CD loans. During the evaluation period the Bank originated 32 qualifying CD loans totaling \$38.2 million or 29.6 percent of tier 1 capital. Included in this are 11 loans totaling \$4.41 million for affordable housing, an AAs need. Another 12 loans totaling \$17.8 million to organizations focusing on LMI community services, seven loans for PPP totaling \$15.3 million, and two loans totaling \$600,000 to support LMI revitalization/stabilization.

For example, FB provided a \$1.84 million loan for the purpose of a non-profit paying their employees so they can continue to provide necessary services. The non-profit organization's mission is to provide the means and assistance necessary to break the chain of poverty binding the residents of Southeastern Kentucky for generations. In addition, this facility is located in a moderate-income census tract.

## Number and Amount of Qualified Investments

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
<b>Statewide</b>	26	12,522	0	0	26	59.0	12,522	50.0	0	0
<b>Fayette County</b>	0	0	2	1,749	2	4.5	1,749	7.0	0	0
<b>Jefferson County</b>	0	0	3	3,540	3	7.0	3,540	14.2	0	0
<b>Non-MSA (Kentucky)</b>	9	5,252	4	1,970	13	29.5	7,222	28.8	0	0
<b>Total</b>	35	17,774	9	7,259	44	100.0	25,033	100.0	0	0

\* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The Qualified Investment Table, shown above, set forth the information and data used to evaluate the Bank's level of qualified CD investments. These tables include all CD investment, including prior period investments that remain outstanding as of the examination date.

FB's amount of qualified CD investment continues to demonstrate adequate responsiveness to the development needs in the AA.

### AA1

FB's level of qualified investments in the Fayette County AA is adequate. FB purchased 2 CD qualified investments during the evaluation period totaling \$1.8 million. These included an affordable housing bond supporting LMI needs and a local school district bond where the majority of students qualify for free or reduced-price meals under the United States Department of Agriculture's (USDA) School Lunch Program.

### AA2

The level of qualified investment in the Jefferson County AA is adequate. FB invested in affordable housing bonds from two United States government-sponsored entities (GSE) as well as a local school district bond where the majority of students qualify for free meals under the USDA School Lunch Program. Together these CD investments totaled \$3.5 million.

### AA4

FB's level of qualified investments in AA4 was excellent. The Bank purchased four new local school district bonds totaling \$2.0 million. These represented investments in schools where the majority of students qualify for free or reduced-price meals under the USDA School Lunch Program. In addition, the Bank maintained 9 prior period CD qualified investments, in similarly situated local school districts, totaling \$5.3 million.

In addition to the above investments, FB made \$21,680 in donations to qualified community organizations and donated an additional \$12,307 to various charities nationwide outside of the AA. The donations went to places such as local food pantries, health care providers, and other charitable organizations providing services for LMI individuals.

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

CD services provided by Bank officers and employees demonstrated excellent responsiveness to AAs needs. Officers and employees serve on boards or in other capacities providing technical or financial expertise to different CD organizations. Positions held by Bank officers and employees at CD organizations include, but are not limited to, board member, treasurer, secretary, bookkeeper, and committee member. Examples of FB involvement in CD services are provided below.

- A FB employee used their financial expertise to provide bookkeeping services for a backpack program for Taylor County Schools through the Feeding America Program. The Taylor County School District is 79.77 percent free/reduced lunch.
- A FB employee served as a board member for the Somerset Pulaski Development Foundation which works with numerous economic development organizations at the local, regional and state level to help evaluate the needs of clients considering the area as a potential business location.
- A FB employee served as a board member for the Taylor County Agency for Substance Abuse Prevention whose mission is to develop a long-term strategy that is designed to reduce the occurrence of youth and adult alcohol, tobacco and other drug use and addiction by the implementation of prevention, intervention, and treatment strategies.
- A FB employee served as treasurer for Green River Ministries which is a homeless shelter in Campbellsville, Kentucky.



## 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 MSA(s) and non-MSA(s) 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>	01/01/2019 to 12/31/2021	
<b>Bank Products Reviewed:</b>	Home mortgage and small business loans Community development loans, qualified investments, and community development services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
<i>Not applicable</i>		
<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>MMSA(s)</b>		
Cincinnati-Middletown MMSA (AA3)	Full-Scope	<i>Hamilton and Clermont Counties in Ohio Boone, Grant, and Kenton Counties in Kentucky</i>
<b>Kentucky</b>		
Lexington- Fayette MSA (AA1)	Full-Scope	<i>Fayette County</i>
Louisville-Jefferson County MSA (AA2)	Full-Scope	<i>Jefferson County</i>
Non-MSA (AA4)	Full-Scope	<i>Green, Knox, Laurel, Madison, Pulaski, Taylor, and Whitley Counties</i>

## Appendix B: Summary of MMSA and State Ratings

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RATINGS: Forcht Bank			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
Forcht Bank	Satisfactory	Outstanding	Satisfactory
MMSA or State:			
Cincinnati-Middletown MMSA	Satisfactory	Outstanding	Satisfactory
Kentucky	Satisfactory	Outstanding	Satisfactory

(\*) The Lending Test and Community Development Test carry equal weight in the overall rating.

## Appendix C: 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 15. 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:** 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.

**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 D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of 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 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 MMSA/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 that were 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) in those geographies. Because aggregate 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 (loans less than or equal to \$1 million) originated and purchased by the Bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

<b>Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography</b>																				<b>2019-21</b>	
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		
Lexington-Fayette KY MSA	154	53,673	13.3	17,145	6.3	3.9	3.7	16.2	5.2	13.0	35.2	35.1	32.6	42.3	55.8	50.7	0.0	0.0	0.0		
Louisville-Jefferson County KY-IN MSA	270	64,970	23.2	42,628	6.0	5.2	2.8	17.9	15.6	12.3	36.8	44.1	33.3	39.2	35.2	51.4	0.1	0.0	0.1		
Non-MSA South-Central KY	738	116,641	63.5	10,535	0.0	0.0	0.0	19.4	17.9	12.1	61.1	69.1	55.1	19.5	13.0	32.8	0.0	0.0	0.0		
<b>Total</b>	<b>1,162</b>	<b>235,285</b>	<b>100.0</b>	<b>70,308</b>	<b>4.7</b>	<b>1.7</b>	<b>2.6</b>	<b>17.9</b>	<b>15.7</b>	<b>12.5</b>	<b>42.2</b>	<b>58.8</b>	<b>36.4</b>	<b>35.2</b>	<b>23.8</b>	<b>48.5</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>		

*Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data, 2020 HMDA Aggregate Data, Due to rounding, totals may not equal 100.0%*

<b>Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography</b>																				<b>2019-21</b>	
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		
Cincinnati-Middletown MSA	555	181,366	100.0	74,662	4.8	2.5	3.4	17.7	35.9	13.9	41.9	32.3	41.6	35.5	29.4	41.1	0.1	0.0	0.1		
<b>Total</b>	<b>555</b>	<b>181,366</b>	<b>100.0</b>	<b>74,662</b>	<b>4.8</b>	<b>2.5</b>	<b>3.4</b>	<b>17.7</b>	<b>35.9</b>	<b>13.9</b>	<b>41.9</b>	<b>32.3</b>	<b>41.6</b>	<b>35.5</b>	<b>29.4</b>	<b>41.1</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>		

*Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data, 2020 HMDA Aggregate Data, Due to rounding, totals may not equal 100.0%*



<b>Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower</b>																				<b>2019-21</b>
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	
Lexington-Fayette KY MSA	154	53,673	13.3	17,145	23.3	2.6	6.8	15.7	11.7	18.6	18.3	14.9	20.2	42.6	47.4	40.0	0.0	23.4	14.3	
Louisville-Jefferson County KY-IN MSA	270	64,970	23.2	42,628	23.0	5.9	8.7	17.5	17.0	18.5	19.1	14.4	19.7	40.4	46.3	38.9	0.0	16.3	14.3	
Non-MSA South-Central KY	738	116,641	63.5	10,535	24.5	3.8	2.7	16.6	14.2	11.8	18.6	20.2	19.7	40.3	49.9	45.6	0.0	11.9	20.1	
<b>Total</b>	<b>1,162</b>	<b>235,285</b>	<b>100.0</b>	<b>70,308</b>	<b>23.4</b>	<b>4.1</b>	<b>7.3</b>	<b>16.9</b>	<b>14.5</b>	<b>17.5</b>	<b>18.8</b>	<b>18.2</b>	<b>19.8</b>	<b>40.8</b>	<b>48.7</b>	<b>40.1</b>	<b>0.0</b>	<b>14.5</b>	<b>15.2</b>	

Source: 2015 ACS ; 01/01/2019 - 12/31/2021 Bank Data, 2020 HMDA Aggregate Data, Due to rounding, totals may not equal 100.0%

<b>Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower</b>																				<b>2019-21</b>
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	
Cincinnati-Middletown MSA	555	181,366	100.0	74,662	24.2	5.8	7.4	16.4	11.2	17.6	19.4	17.3	19.6	40.0	45.2	39.2	0.0	20.5	16.2	
<b>Total</b>	<b>555</b>	<b>181,366</b>	<b>100.0</b>	<b>74,662</b>	<b>24.2</b>	<b>5.8</b>	<b>7.4</b>	<b>16.4</b>	<b>11.2</b>	<b>17.6</b>	<b>19.4</b>	<b>17.3</b>	<b>19.6</b>	<b>40.0</b>	<b>45.2</b>	<b>39.2</b>	<b>0.0</b>	<b>20.5</b>	<b>16.2</b>	

Source: 2015 ACS ; 01/01/2019 - 12/31/2021 Bank Data, 2020 HMDA Aggregate Data, 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																			2019-21		
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			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	% Businesses	% Bank Loans	Aggregate		
Lexington-Fayette KY MSA	20	12,019	33.3	8,529	7.8	5.3	8.0	16.1	31.6	15.2	39.8	30.3	40.5	36.2	16.3	36.2	0.0	0.0	0.0		
Louisville-Jefferson County KY-IN MSA	20	10,120	33.3	18,179	9.2	0.0	8.4	16.4	25.0	14.6	28.0	30.0	27.5	41.9	45.0	44.3	4.5	0.0	5.2		
Non-MSA South-Central KY	20	6,592	33.3	3,594	0.0	0.0	0.0	13.9	20.0	16.1	65.3	70.0	62.2	20.8	10.0	21.7	0.0	0.0	0.0		

Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data.  
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																			2019-21		
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			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	% Businesses	% Bank Loans	Aggregate		
Cincinnati-Middletown MSA	20	7,131	100.0	21,131	6.5	10.0	6.9	19.0	20.0	19.5	34.1	45.0	32.3	39.9	25.0	41.0	0.5	0.0	0.3		

Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data.  
Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2019-21	
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	
Lexington-Fayette KY MSA	20	12,019	33.3	8,529	87.1	55.0	40.3	3.8	45.0	9.1	0.0	
Louisville-Jefferson County KY-IN MSA	20	10,120	33.3	18,179	87.7	70.0	36.1	4.1	30.0	8.1	0.0	
Non-MSA South-Central KY	20	6,592	33.3	3,594	85.6	75.0	33.2	3.5	25.0	10.8	0.0	
<i>Source: 2021 D&amp;B Data; 01/01/2019 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, Due to rounding, totals may not equal 100.0%</i>												

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2019-21	
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	
Cincinnati-Middletown MSA	20	7,131	100.0	21,131	82.5	65.0	44.7	5.9	35.0	11.6	0.0	
<i>Source: 2021 D&amp;B Data; 01/01/2019 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, Due to rounding, totals may not equal 100.0%</i>												