



PUBLIC DISCLOSURE

July 8, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Grayson

Charter Number 12982

200 S. Carol Malone Boulevard
Grayson, Kentucky 41143

Office of the Comptroller of the Currency
Roanoke Field Office
4419 Pheasant Ridge Road, Suite 300
Roanoke, Virginia 24014

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

Table of Contents

OVERALL CRA RATING	2
DESCRIPTION OF THE INSTITUTION.....	3
SCOPE OF THE EVALUATION.....	4
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	5
STATE RATING	6
COMMONWEALTH OF KENTUCKY	6
APPENDIX A: SCOPE OF EXAMINATION	A1
APPENDIX B: DEFINITIONS AND COMMON ABBREVIATIONS	B1
APPENDIX C: TABLES OF PERFORMANCE DATA	C1

Overall CRA Rating

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

The lending test is rated: Satisfactory

The major factors that support this rating include:

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

Loan-to-Deposit Ratio

The bank's LTD ratio is reasonable, considering the bank's size, financial condition, and credit needs of the AAs. This meets the standard for satisfactory performance.

The First National Bank of Grayson's (hereinafter referred to as FNB Grayson) average quarterly net LTD ratio for the prior 20 quarters is reasonable at 68.36 percent. The bank's quarterly net LTD ratios ranged from a quarterly low of 62.50 percent at June 30, 2017 to a quarterly high of 74.35 percent as of December 31, 2018. In our review, we included LTD information of similar institutions of similar size which serve the same or similar AA. The average LTD for the similar-size institutions was 72.75 percent during the same period, ranging from quarterly high of 89.59 percent and a quarterly low of 47.77 percent. FNB Grayson ranks fourth out of six institutions in comparison to other banks in the AA.

Lending in Assessment Area

A majority of the bank's loans are inside the Kentucky Non-MSA AA (Kentucky AA). This meets the standard for satisfactory performance. The bank originated 85 percent of its total loans and 78 percent of the dollar amount of loans inside the AA during the evaluation period. This analysis is performed at the bank, rather than the AA level. The table below details the bank's lending activity within the AA and demonstrates that a majority of the lending is inside the AA.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	17	85.00	3	15.00	20	\$1,189,928	77.75	\$340,600	22.25	\$1,530,528
Total	17	85.00	3	15.00	20	\$1,189,928	77.75	\$340,600	22.25	\$1,530,528

Source: Loan sample from FNB Grayson's loan report listing loan originations from January 1, 2016 - December 31, 2018.

Description of Institution

FNB Grayson is a \$252 million locally-owned, intrastate community bank headquartered in Grayson Kentucky that serves the counties of Carter, Elliot, Morgan, and Rowan. FNB Grayson, established in 1926, is a wholly-owned subsidiary of First Grayson Bancorp, Inc., a one-bank holding company located in Grayson, Kentucky. FNB Grayson has a main office and seven branches. The main office is located in a middle-income census tract in Carter County. The Grayson, Olive Hill Depot, Rush, and Willard Branches are located in middle-income census tracts in Carter County. The Sandy Hook Branch is located in a moderate-income census tract in Elliot County. The West Liberty Branch is located in a middle-income census tract and Morgan County. The Morehead Branch is located in an upper-income census tract in Rowan County.

Full service banking is provided at the main office and at each branch, which includes drive-through and lobby services. Extended banking hours are available during the business week and on Saturday at all eight locations. Automated Teller Machines (ATMs) are located at the main office and at each branch. Three additional stand-alone ATMs are located at two gas stations/convenience stores and at a local university within the bank's AA. FNB Grayson offers checking accounts, savings accounts, CDs, and loans which are all indicative of a small community bank. The institution's Internet website, <https://fnbgrayson.com>, provides detailed information on products and services for both consumers and businesses, bank locations, and hours of operation for each office. FNB Grayson did not open or close any branches since the last CRA Performance Evaluation.

According to the bank's strategic plan and conversations with bank management, residential mortgage loans remain the bank's primary loan product. There are no variances in the bank's business strategies or product offerings across the AA.

As of December 31, 2018, FNB Grayson reported \$163 million in net loans, \$220 million in total deposits, and Tier One capital of \$28 million. The bank had total assets of \$252 million for a net loans to total assets ratio of 64.94 percent. Deposits represent 87 percent of total assets. The table below indicates the dollar amount outstanding along with the percentage of total loans of each loan category.

Distribution of Loan Portfolio*		
TYPE OF LOAN	Balance Outstanding (\$000's)	% of Total Portfolio
1-4 Family Residential	60,658	36.59
Consumer	38,553	23.25
Non-farm Non-Residential	27,756	16.74
Construction and Land Development	15,297	9.23
Commercial & Industrial	13,144	7.93
Multi-family Residential	5,977	3.60
Loans to farmers/secured by farmland	2,494	1.51
Other Loans	1,904	1.15
Gross Loans	\$ 165,783	100.00

*Data obtained from the Consolidated Reports of Condition and Income for a bank with Domestic Offices Only – FFIEC 051 as of December 31, 2018

There are no financial, legal constraints, or other conditions that would hinder the bank's ability to help meet the credit needs of its AA. A satisfactory CRA rating was assigned during the prior CRA performance evaluation dated January 27, 2014.

Scope of the Evaluation

Evaluation Period/Products Evaluated

FNB Grayson was evaluated using Small Bank CRA procedures. This Performance Evaluation assesses the bank's performance under the Lending Test for the period January 1, 2012 through December 31, 2018. We selected home mortgage loans as the primary loan product based on total loans originated during the evaluation period and discussions with bank management. During the evaluation period, home mortgage originations accounted for 37 percent of total loans, representing the largest portion of the loan portfolio in dollars. We sampled home mortgage loans originated between January 1, 2016 and December 31, 2018 as this was representative of the bank's lending strategy since the last CRA evaluation.

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

We evaluated the bank's 2017 and 2018 lending performance separately from the bank's 2016 lending performance due to changes in demographic data effective January 1, 2017. The Lending Test analysis is based on the bank's performance during the evaluation period, using comparative demographic data from the 2010 U.S. Census for loan originations during year 2016. We used comparative demographic data from the 2015 American Community Survey (ACS) U.S. Census for loan originations during years 2017 and 2018.

Selection of Areas for Full-Scope Review

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

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

Ratings

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

Discriminatory or Other Illegal Credit Practices Review

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

The OCC has not identified that 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 evaluation.

State Rating

Commonwealth of Kentucky

CRA rating for the State of Kentucky¹: Satisfactory

The Lending Test is rated: Satisfactory

The major factors that support this rating include:

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

Description of Institution's Operations in Kentucky

FNB Grayson is a \$252 million locally-owned intrastate community bank headquartered in Grayson Kentucky that serves the counties of Carter, Elliot, Morgan, and Rowan. FNB Grayson, established in 1926, is a wholly-owned subsidiary of First Grayson Bancorp, Inc., in Grayson, Kentucky, a one-bank holding company.

As stated under the "Description of Institution", full-service banking is provided at the main office and at each branch, which includes drive through and lobby services. FNB Grayson offers a variety of deposit products to meet consumer and commercial banking needs. The automated Telephone Banking system is available to all customers 24 hours a day, and offers a full array of services including the ability to retrieve balances and transfer funds. Personal computer banking services are also offered (currently at no charge) to all FNB Grayson customers. The bank's Internet Banking system allows customers to retrieve balances, transfer funds, print statements, e-mail the Bank, access account histories, view check images, and utilize bill payment services. FNB Grayson also offers mobile banking and merchant remote deposit capture. The bank's website at <https://fnbgrayson.com> provides detailed information of all products and services for consumers and businesses.

Community Contact

As part of our review, we reached out to a local community contact for an assessment of the local market area and the community development needs for low-, and moderate-income and at-risk communities. We contacted a local organization, the FIVCO Area Development District, for comment but were unable to speak directly with a contact. FIVCO Area Development District serves several northeastern counties in Kentucky, including Carter and Elliot County, and provides assistance on homecare, regional transportation, revolving loan funds, tourism, workforce development, and disability services. Based upon our review of their 2018 Comprehensive Economic Development Strategy Update, the local market area and assessment of the major local community development organizations, we identified economic development as the primary need in the AA. Specific economic development is identified for targeted growth areas in the county, where utilities and services can be most efficiently provided.

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

Kentucky Non-MSA Assessment Area (Kentucky AA)

Demographic Information of the Assessment Area Assessment Area: Kentucky non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	18	0.0	22.2	72.2	5.6	0.0
Population by Geography	72,087	0.0	16.5	76.6	6.9	0.0
Housing Units by Geography	31,605	0.0	17.2	75.7	7.1	0.0
Owner-Occupied Units by Geography	19,241	0.0	18.6	73.5	7.9	0.0
Occupied Rental Units by Geography	7,346	0.0	12.0	82.8	5.2	0.0
Vacant Units by Geography	5,018	0.0	19.6	73.6	6.8	0.0
Businesses by Geography	3,594	0.0	12.0	78.8	9.2	0.0
Farms by Geography	147	0.0	15.0	70.7	14.3	0.0
Family Distribution by Income Level	17,950	23.7	18.3	19.1	38.9	0.0
Household Distribution by Income Level	26,587	26.4	15.8	17.2	40.7	0.0
Median Family Income Non-MSAs – KY		\$45,920	Median Housing Value			\$88,311
			Median Gross Rent			\$548
			Families Below Poverty Level			16.9%
Source: 2015 ACS Census and 2018 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.						

FNB Grayson has defined the contiguous counties of Carter, Elliot, Morgan, and Rowan as its AA. Management added Rowan County to the AA after the opening of a branch in Morehead, KY on January 2, 2015. The bank's AA totals 18 census tracts located in eastern Kentucky near the West Virginia and Ohio state borders. The table above reported census tract (CT) delineations based on the 2015 ACS US Census, which consists of four moderate-income tracts (22 percent), thirteen middle-income tracts (72 percent), and one upper-income tract (6 percent). There are no low-income tracts in the AA. A breakdown by county reported Carter County contains seven middle-income CTs; Elliot County contains two moderate-income CTs; Morgan County contains two moderate- and three middle-income CTs; and Rowan County contains one upper- and three middle-income CTs. Thirteen of the middle-income CTs in the AA are designated as distressed or underserved due to poverty, unemployment and rural locations. The AA complies with the regulation and does not arbitrarily exclude low- or moderate-income areas.

The 2010 U.S. Census for the AA reported six moderate-income; eight middle-income, and four upper-income census tracts. Carter County consisted of one moderate-income, five middle-income, and one upper-income CTs. Elliott County consisted of two moderate-income CTs. Morgan County consisted of one moderate-income, three middle-income, and one upper income CTs. Rowan County consisted of two moderate-income and two upper-income CTs.

The local economy of the bank's AA is currently stagnant but diverse with retail, manufacturing, and service industries providing the majority of employment opportunities. A state penitentiary located in West Liberty, in Morgan County, is a strong contributor to the local economy. The bank's AA is also located within commutable distances to employment sources in Ohio and West Virginia. According to the

Bureau of Labor Statistics, the unemployment rate for Carter County, Elliot County, Morgan County, and Rowan County were 8.3 percent, 7.6 percent, 6.1 percent, and 5.3 percent, respectively as of March 31, 2019. Unemployment rates for each county in the AA are above the average unemployment rate for the state of Kentucky which was 4 percent, and the national unemployment rate of 3.8 percent, as of March 31, 2019.

Numerous national, state, and savings banks provide deposit and lending competition within the AA. According to the Federal Depository Institution Corporations (FDIC) Deposit Market Share Report, as of June 30, 2018, FNB Grayson ranked first out of 12 institutions in the AA with 23.87 percent of deposits. Competitors in this market include The Commercial Bank of Grayson, ranking second with 15.69 percent of deposits and U.S. Bank National Association headquartered in Ohio, ranking third with 11.53 percent of deposits.

Scope of Evaluation in Kentucky

FNB Grayson has designated the four contiguous counties of Carter, Elliot, Morgan, and Rowan County as the bank's AA. The bank is not part of a MSA², so all counties were combined, analyzed, and presented as one AA for the purposes of this evaluation. Due to census tract changes during the evaluation period, the AA for 2016 consisted of six moderate-, eight middle-, and four upper-income tracts. The 2015 ACS U.S. Census changes resulted in census tract changes, effective January 1, 2017. Therefore, for 2017 and 2018 the AA consisted of four moderate-, thirteen middle-, and one upper-income tract.

The Kentucky Non-MSA AA will receive a full scope review since it is the only AA for the bank. Home mortgage loans received equal weighting for the geographic and borrower distribution analysis.

LENDING TEST

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

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

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

² Carter County was added to the Huntington/Ashland MSA as if September 2018.

Distribution of Loans by Income Level of the Geography

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

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

Home Mortgage Loans

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

FNB Grayson's geographic dispersion of home mortgage loans is excellent. For 2016, the percentage of loans to borrowers in moderate-income geographies exceeds the percentage of owner-occupied housing units; and the aggregate lending performance in the moderate-income tracts in the AA.

For 2017 and 2018, the bank's record of originating home mortgage loans to borrowers of different income geographies was weaker than the 2016 lending performance in comparison to the percentage of owner-occupied housing units in moderate-income geographies. The percentage of home mortgage loans originated in moderate-income geographies for 2017-2018 is below the percentage of owner-occupied housing units in moderate-income tracts within the AA. However, the percentage of home mortgage loans originated in moderate-income geographies for 2017-2018 exceeds the aggregate lending performance in the moderate-income tracts in the AA.

We considered the demographic characteristics of moderate-income geographies in evaluating geographic distribution of mortgage loans in the AA. We considered the decrease in the number of moderate-income census tracts and the decrease in the percentage of owner-occupied housing units in moderate-income geographies in the AA; and the number of competitors making loans in this market. The number of moderate-income CTs decreased from six to four due to the 2015 ACS U.S. Census; and the resulting decrease in owner-occupied housing units from 30.1 percent to 18.6 percent.

The bank's performance is considered reasonable when taking into consideration the relatively low level of owner-occupied housing units in moderate-income tracts; the competition from other institutions; the limited road networks in mountainous regions of southern Elliot and southwestern Morgan counties; the location of the bank's branches in relation to the moderate-income geographies; and the bank's lending in the eleven underserved and/or distressed middle-income geographies.

Distribution of Loans by Income Level of the Borrower

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

Home Mortgage Loans

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

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

For 2016, the percentage of loans to low-income borrowers was significantly below the percentage of low-income families in the AA, however; the percentage of loans to low-income borrowers exceeds the percentage of aggregate lending performance in the AA. The percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA and exceeds the aggregate lending performance in the AA.

For 2017 and 2018, the bank's record of originating home mortgage loans to borrowers in different income levels was weaker than performance in 2016. The percentage of home mortgage loans to low-income borrowers was well below the percentage of low-income families in the AA; however, it exceeded the aggregate lending performance in the AA. The percentage of home mortgage loans to moderate-income borrowers is below the percentage of moderate-income families and is below the aggregate lending performance in the AA.

Although the proportion of loans to low-income borrowers is significantly weaker than the proportion of low-income families for all three years, the bank and industry performance was impacted by the ratio of median housing value to income in the AA. The high median housing value constrains lending opportunities to Low and Moderate Income (LMI) borrowers, as the proportion of properties affordable to LMI borrowers is limited based on the 2015 ACS US Census data displayed in Table A. The median housing value in the AA was \$88,311. The median family income for the AA is \$45,920, therefore, the maximum income level for low-income borrowers is below \$22,960, making the median housing value greater than three times over the maximum low-income level.

Responses to Complaints

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

Appendix A: Scope of Examination

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

Time Period Reviewed:	1/1/2016 to 12/31/2018					
Bank Products Reviewed:	Home Mortgage					
Affiliate(s)	Affiliate Relationship	Products Reviewed				
Not applicable						
	List of Assessment Areas and Type of Examination					
Rating and Assessment Areas	Type of Exam	Other Information				
Kentucky Non-MSA AA (Kentucky AA)	Full-scope	All Census tracts in the following counties within Kentucky				
		County	For 2016 (source – 2010 US Census)		For 2017-2018 (source – 2015 ACS US Census)	
			Tract Code	Tract income level	Tract Code	Tract income level
		Carter	9601.00	Middle	9601.00	Middle
			9602.00	Middle	9602.00	Middle
			9603.00	Moderate	9603.00	Middle
			9604.00	Middle	9604.00	Middle
			9605.00	Upper	9605.00	Middle
			9606.00	Middle	9606.00	Middle
			9607.00	Middle	9607.00	Middle
		Elliott	9201.00	Moderate	9201.00	Moderate
			9202.00	Moderate	9202.00	Moderate
		Morgan	9501.00	Middle	9501.00	Moderate
			9502.00	Moderate	9502.00	Moderate
			9503.00	Middle	9503.00	Middle
			9504.00	Middle	9504.00	Middle
			9505.00	Upper	9505.00	Middle
		Rowan	9501.00	Upper	9501.00	Upper
			9502.00	Upper	9502.00	Middle
			9503.00	Moderate	9503.00	Middle
			9504.00	Moderate	9504.00	Middle

Appendix B: Definitions and Common Abbreviations

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

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

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

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

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

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

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

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

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

Appendix C: Tables of Performance Data

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 30th 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 A. 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 B. 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 A: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography**2016**

	Total Home Mortgage Loans			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$ (000)	% of Total	% of Owner-Occupied Housing Units	% Bank Loans	Aggt.	% of Owner-Occupied Housing Units	% Bank Loans	Aggt.	% of Owner-Occupied Housing Units	% Bank Loans	Aggt.	% of Owner-Occupied Housing Units	% Bank Loans	Aggt.	% of Owner-Occupied Housing Units	% Bank Loans	Aggt.
Kentucky AA	20	1,923	100.0	0.0	0.0	0.0	30.1	35.0	22.6	42.7	50.0	34.8	27.1	15.0	42.6	0.0	0.0	0.0

Source: 2010 U.S Census; 1/1/2016 – 12/31/2016 Bank Data; - Due to rounding, totals may not equal 100.0

Table A: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography**2017-2018**

	Total Home Mortgage Loans			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$ (000)	% of Total	% of Owner-Occupied Housing Units	% Bank Loans	Aggt.	% of Owner-Occupied Housing Units	% Bank Loans	Aggt.	% of Owner-Occupied Housing Units	% Bank Loans	Aggt.	% of Owner-Occupied Housing Units	% Bank Loans	Aggt.	% of Owner-Occupied Housing Units	% Bank Loans	Aggt.
Kentucky AA	29	2,667	100.0	0.0	0.0	0.0	18.6	13.7	10.3	73.5	75.8	73.4	7.9	10.3	16.4	0.0	0.0	0.0

Source: 2015 ACS U.S Census; 01/01/2017 – 12/31/2018 Bank Data; - Due to rounding, totals may not equal 100.0

Table B: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																		2016
	Total Home Mortgage			Low-Income Borrowers		Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers		Not Available-Income Borrowers				
	#	\$ (000)	% of Total	% of Families	% Bank Loans	Aggt. Performance %	% of Families	% Bank Loans	Aggt. Performance %	% of Families	% Bank Loan	Aggt. Performance %	% of Families	% Bank Loans	Aggt. Performance %	% of Families	% Bank Loans	Aggt. Performance %
Kentucky AA	20	1,923	100.0	25.1	10.0	3.7	18.2	20.0	14.8	16.9	30.0	17.4	39.8	40.0	46.2	0.0	0.0	0.0
Source: 2010 U.S Census; 1/1/2016 – 12/31/2016 Bank Data; Due to rounding, totals may not equal 100.0																		

Table B: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																		2017-2018
	Total Home Mortgage			Low-Income Borrowers		Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers		Not Available-Income Borrowers				
	#	\$ (000)	% of Total	% of Families	% Bank Loans	Aggt. Performance %	% of Families	% Bank Loans	Aggt. Performance %	% of Families	% Bank Loans	Aggt. Performance %	% of Families	% Bank Loans	Aggt. Performance %	% of Families	% Bank Loans	Aggt. Performance %
Kentucky AA	29	2,667	100.0	23.7	13.8	3.1	18.3	13.8	16.4	19.1	13.8	19.7	38.9	58.6	44.7	0.0	0.0	16.1
Source: 2015 ACS U.S Census; 01/01/2017 – 12/31/2018 Bank Data; Due to rounding, totals may not equal 100.0																		