



PUBLIC DISCLOSURE

August 29, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Brooksville
Charter Number: 8830

105 Locust Street
Brooksville, KY 41004

Office of the Comptroller of the Currency

Central Ohio – Indiana Office
Westlake Center
4555 Lake Forest Drive, Suite 520
Blue Ash, OH 45242-3760

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 major factors that support this rating include:

- The Lending Test rating is based on the state rating and the following overall conclusions:
 - The loan-to-deposit (LTD) ratio is reasonable.
 - A substantial majority of the bank's loans are inside the assessment area (AA).
 - The bank exhibits an overall reasonable geographic distribution of loans in its AA.
 - The bank exhibits an excellent distribution of loans to individuals of different incomes and farms of different sizes given the product lines offered by the bank.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AA, the bank's LTD ratio is reasonable.

The First National Bank of Brooksville's (hereafter FNB or bank) quarterly average LTD ratio over the 18 quarters since the previous Community Reinvestment Act (CRA) evaluation (March 31, 2018, to June 30, 2022) is 58.6 percent. The ratio ranged from a high of 68.4 percent as of September 30, 2018, to a low of 50.9 percent as of December 31, 2021. The bank's quarterly average LTD ratio is reasonable when compared to financial institutions of similar size headquartered in Bracken, Mason, and Kenton Counties in Kentucky, which includes four financial institutions with total assets less than \$250 million. FNB's average LTD ratio is ranked fourth out of these similarly situated financial institutions. The other four financial institutions have an average LTD ratio of 73.1 percent, ranging from 57.2 percent to 94.8 percent.

The bank does not sell home mortgage loans on the secondary market. Total loans and leases remained relatively stable since the previous CRA evaluation. However, total deposits grew about 25 percent from March 31, 2018 (\$55 million) to June 30, 2022 (\$69 million). Some of the growth can be attributed to stimulus received in 2020 and 2021 due to the global COVID-19 pandemic in 2020, as well as growth from customer attrition from another financial institution in the community when it was acquired by a different financial institution.

Lending in Assessment Area

A substantial majority of the bank's loans are inside its AA.

The bank originated and purchased 83.7 percent of its total loans inside the bank's AA during the evaluation period. This analysis is performed at the bank, rather than the AA, level.

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 (2019)	32	78.0	9	22.0	41	1,735	64.2	967	35.8	2,702
Home Mortgage (2020-21)	30	75.0	10	25.0	40	3,073	75.6	992	24.4	4,065
Small Farm (2019-21)	56	93.3	4	6.7	60	752	92.2	64	7.8	816
Total	118	83.7	23	16.3	141	5,560	73.3	2,023	26.7	7,583

*Source: Bank Data. Evaluation Period: 1/1/19 – 12/31/21.
Due to rounding, totals may not equal 100.0%*

Description of Institution

FNB is a full-service intrastate bank wholly owned by a one-bank holding company, FNB Bancshares, Inc. Both the bank and holding company are headquartered in Brooksville, Kentucky, approximately 45 miles southeast of Cincinnati, Ohio. As of December 31, 2021, total assets were \$74.8 million, with \$34 million in net loans and leases, \$66.7 million in total deposits, and \$7.5 million in tier 1 capital. There was no merger or acquisition activity that affected the scope of the bank's operations during the evaluation period.

The bank operates one full-service banking office (main office) and one limited-service drive-through branch, both in Brooksville, Kentucky in Bracken County. The bank has one automated teller machine (ATM), which is located at the branch. Both offices are open during normal business hours. As of the 2015 American Community Survey (ACS) U.S. Census Data, both offices are in the same middle-income census tract (CT). The bank has not opened or closed any offices since the previous CRA evaluation in 2018.

FNB is a single-state financial institution with one rating area (Kentucky) and one AA in Kentucky. The AA is contiguous, meets the requirements of the regulation, and does not reflect illegal discrimination, nor does it arbitrarily exclude any low- and moderate-income (LMI) areas. The AA is Bracken County, Kentucky (Bracken County AA) in its entirety, which is in the Cincinnati, OH-KY-IN Metropolitan Statistical Area (MSA) 17140. The AA is described in the "Scope of the Evaluation" and "Description of Institution's Operation in Kentucky" sections in the performance evaluation.

As of the December 31, 2021, Consolidated Reports of Condition and Income (Call Report) and Uniform Bank Performance Report, FNB's total loans was approximately \$34.4 million representing 46 percent of total assets. The bank offers a variety of traditional lending and deposit products to accommodate its customers, including business, farm, home mortgage, and consumer loans. Deposit products include standard checking, savings, and certificates of deposit (CDs). The bank also offers online and mobile banking. The main office offers other services that are not available at the drive-through branch, such as safe deposit boxes and some loan products. However, the main office is approximately one block away from the drive-through branch.

The bank's primary lending focus is residential real estate (home mortgage) and agriculture (small farm) lending. The bank's loan portfolio, as of the December 31, 2021, Call Report, is comprised of home

mortgage loans of 62.7 percent, small farm loans of 25.3 percent, consumer loans of 4.5 percent, commercial and industrial and commercial real estate loans (business) of 7.1 percent, and other loans of 0.4 percent. The bank's loan originations and purchases, based on the number of loans originated or purchased during the evaluation period, are 36.2 percent small farm, 17.4 percent home mortgage, 13.4 percent business, and 33 percent consumer loans. The bank's loan originations and purchases, based on the dollar amount of loans originated or purchased during the evaluation period, are 33.2 percent small farm, 43.5 percent home mortgage, 9.4 percent business, and 13.9 percent consumer loans.

The COVID-19 pandemic in 2020 impacted the local economy, including unemployment data. The Small Business Administration's (SBA) Paycheck Protection Program (PPP) provided loans to help businesses keep their workforces employed during the COVID-19 crisis. The bank was particularly responsive to the SBA's PPP and originated a significant volume of PPP loans in 2020 (14 PPP loans totaling \$339,000) and 2021 (174 PPP loans totaling \$1.4 million) given the bank's size and capacity.

Presently, there are no financial, legal, or other factors impeding FNB's ability to help meet the credit needs of its AA. FNB's prior CRA rating was "Satisfactory" as of the Performance Evaluation (PE) dated April 16, 2018.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The Office of the Comptroller of the Currency (OCC) conducted a CRA performance evaluation to assess the bank's record of meeting the credit needs of its entire community, including LMI areas. The OCC used small bank CRA evaluation procedures to assess the bank's performance under the Lending Test. The evaluation period was January 1, 2019, to December 31, 2021.

The OCC evaluated the bank's lending performance based on their primary lending products, home mortgage and small farm lending. While the bank offers other lending products, these products were not a primary product during the evaluation period. As a result, the OCC did not consider these as part of the performance evaluation, as an analysis of this data would not be meaningful. FNB's primary lending products are discussed under the "Description of Institution" section in this PE. For the Lending Test, the OCC evaluated home mortgage loans reported under the Home Mortgage Disclosure Act (HMDA) for 2019 and transaction tested 20 home mortgage loans per year for years 2020 and 2021 as the bank was exempt from HMDA reporting for those years. For the small farm loans, the OCC transaction tested 20 loans per year during the evaluation period. The OCC relied on internal bank reports for the transaction testing of home mortgage loans and small loans to farms originated or purchased during the evaluation period.

For analysis purpose, the OCC compared the bank's lending performance with demographic data from the 2015 ACS U.S. Census data and 2021 Dun and Bradstreet (D&B) data. Refer to the table in appendix A, Scope of the Examination, for more information on the scope of the review.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of the AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated AAs located within the same MSA,

multistate 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 the state of Kentucky 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.

FNB has one AA, Bracken County, Kentucky, as described above under the “Description of Institution” section. The OCC completed a full-scope review of the Bracken County AA. A description of the AA is also provided in the “Description of Institution’s Operations in Kentucky” section of this evaluation.

Ratings

The bank’s overall rating is a blend of the state ratings. The Bracken County AA is in the Cincinnati, OH-KY-IN MSA 17140; however, the bank only has branches in Kentucky. Therefore, there is only one rating area, the state of Kentucky.

The rating is based on performance in the Bracken County AA. By product type, home mortgage and small loans to farms received equal weight. Based on the number of loan originations and purchases during the evaluation period, FNB originated more farm loans than any other loan product at 36.2 percent. Based on dollar volume of loan originations and purchases during the evaluation period, FNB originated more home mortgage loans than any other loan product at 43.5 percent. Therefore, the OCC placed equal weight on these two products. The OCC discussed the primary products with bank management and management agreed with these as primary products. Refer to the “Scope” section under the state rating for 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 (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 performance evaluation.

State Rating

State of Kentucky

CRA rating for the State of Kentucky: Satisfactory.

The Lending Test is rated: Satisfactory.

The major factors that support this rating include:

- FNB exhibits an excellent distribution of loans to individuals of different income levels and farms of different sizes given the product lines offered by the bank.
- FNB exhibits a reasonable geographic distribution of loans in its AA.
- The bank has not received any complaints about its CRA performance in helping to meet the AA's credit needs during the evaluation period.

Description of Institution's Operations in Kentucky

FNB designated one AA in the state of Kentucky, the Bracken County AA. The bank selected the AA based on their targeted lending area and office locations. The AA is contiguous, meets the requirements of the regulation, and does not reflect illegal discrimination, nor does it arbitrarily exclude any LMI areas.

Bracken County AA

Demographic Information of the Assessment Area						
Assessment Area: Bracken County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	3	0.0	33.3	66.7	0.0	0.0
Population by Geography	8,425	0.0	28.5	71.5	0.0	0.0
Housing Units by Geography	3,827	0.0	29.3	70.7	0.0	0.0
Owner-Occupied Units by Geography	2,517	0.0	26.4	73.6	0.0	0.0
Occupied Rental Units by Geography	786	0.0	33.1	66.9	0.0	0.0
Vacant Units by Geography	524	0.0	38.0	62.0	0.0	0.0
Businesses by Geography	504	0.0	34.5	65.5	0.0	0.0
Farms by Geography	71	0.0	39.4	60.6	0.0	0.0
Family Distribution by Income Level	2,147	34.2	16.5	21.2	28.1	0.0
Household Distribution by Income Level	3,303	36.5	18.9	16.0	28.6	0.0
Median Family Income MSA - 17140 Cincinnati, OH-KY-IN MSA		\$69,949	Median Housing Value			\$99,370
			Median Gross Rent			\$556

	Families Below Poverty Level	15.4%
<i>Source: 2015 ACS and 2021 D&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>		

The AA includes Bracken County, Kentucky, in its entirety. There are three CTs in the county (9501, 9502, and 9503). FNB has the main office and one limited-service drive-through branch in Bracken County in the same middle-income CT (9503). The offices are located within a block of each other. The bank has one ATM, which is located at the branch.

According to the 2015 ACS U.S. Census Data, the population of the AA is 8,425, with 28.5 percent living in moderate-income CTs and 71.5 percent living in middle-income CTs. There are no low- or upper-income CTs in the AA. The AA comprises three CTs, of which 33.3 are moderate-income and 66.7 percent are middle-income. The AA includes 2,147 families and 3,303 households. The Federal Financial Institutions Examination Council's (FFIEC) weighted average median family income (updated for each year) for the Cincinnati, OH-KY-IN MSA 17140 was \$76,700 for 2019, \$80,100 for 2020, and \$81,900 for 2021. There were no CT classification changes and no designated distressed or underserved CTs in the AA during the evaluation period (2019 – 2021).

According to the 2015 ACS U.S. Census Data, the median housing value in the AA was \$99,370. Based on the weighted average of Census MSA Median Family Income of \$69,949 in the table above, low-income families make less than \$34,975 and moderate-income families make at least \$34,975 but less than \$55,959 annually. Median housing values are at least 2.8 times the annual income of low-income families and 1.8 times the annual income of moderate-income families. The housing costs relative to income may have a limiting effect on mortgage demand among some LMI families. As of the 2015 ACS U.S. Census, there are 3,827 total housing units in the AA, of which 65.8 percent are owner-occupied, 20.5 percent are non-owner-occupied rental units, and 13.7 are vacant units. The median age of housing stock is approximately 48 years overall and 62 years in low-income CTs and 43 years in moderate-income CTs. The cost of homeownership in older housing stock is typically higher than in newer housing; thus, the median age of housing in LMI geographies is also a significant barrier to mortgage lending in those CTs. Additionally, 15.4 percent of the families live below the poverty level. Families below the poverty level make it especially difficult for this segment of the population to afford and maintain a home or qualify for a loan.

As stated above, FNB's primary business focus includes home mortgage lending. FNB ranks first out of 62 lenders in the AA in residential home mortgage volume based on 2019 Peer Mortgage Data and 2015 ACS U.S. Census Data. FNB had 17.7 percent of the lending market share as of the 2019 Peer Mortgage Data Report, lending \$1.8 million (32 loans). Top mortgage lenders in the AA include U.S. Bank, National Association (N.A.) and Citizens Deposit Bank & Trust with a combined market share of 21.5 percent. FNB was exempt from filing HMDA data in 2020 and 2021; therefore, the bank was not included in the 2020 and 2021 Peer Mortgage Data reports. However, as of the 2021 Peer Mortgage Data, the top five institutions were U.S. Bank, N.A., Rocket Mortgage, Fifth Third Bank, N.A., AmeriFirst Financial Corp., and Peoples Bank of Kentucky, Inc., with a combined market share of 39.4 percent.

Small farm lending is a primary product in the AA. According to the D&B data as of June 2021, 98.6 percent of the farms located in the AA have gross annual revenue of \$1 million or less. According to the 2019 Peer Small Farm Data, four lenders originated or purchased a total of 15 small farm loans in

Bracken County, Kentucky. These lenders included U.S. Bank, N.A., John Deere Financial, Federal Savings Bank (F.S.B.), Wesbanco Bank Inc., and Wells Fargo Bank, N.A. According to the 2020 Peer Small Farm Data, three lenders originated or purchased a total of nine small farm loans in Bracken County, Kentucky. These lenders included U.S. Bank, N.A., John Deere Financial, and Farmers National Bank. Aggregate data for 2021 is not available. FNB is not included in the peer small farm data report as the bank is not required to report CRA small farm loan data.

Competition in the AA is moderate to strong with state and national banks and branches of larger financial institutions. Financial institutions, other than FNB, with significant deposit activity in the area include U.S. Bank, N.A. and Citizens Deposit Bank & Trust. According to the June 30, 2021, Federal Deposit Insurance Corporation's (FDIC) Deposit Market Share Report, three financial institutions with four offices operate in Bracken County, Kentucky. FNB holds the largest deposit market share at 56.1 percent.

During 2019, the economic conditions in the AA were overall stable. For 2020 - 2021, COVID-19 was challenging to the economy with higher unemployment rates. According to bank management, the local economic conditions are now overall stable. The "not seasonally adjusted" unemployment rate as of December 2021 was 3.8 percent in Bracken County, which is reasonable when compared with the Kentucky unemployment rate of 3.9 percent (U.S. Bureau of Labor Statistics, December 2021).

The AA is primarily rural with agriculture, trade, and government as major industries. Many individuals in Bracken County commute to jobs in surrounding areas, including Cincinnati, Northern Kentucky, and Maysville. According to management, primary employers in Bracken County include the local school systems and the Bracken County government offices.

As part of the CRA performance evaluation, the OCC reviewed information provided from one interview with a representative from a community organization. The contact did not identify any unmet needs in the community. In general, local financial institutions are adequately meeting the credit and community development needs of the community.

Scope of Evaluation in Kentucky

The OCC performed a full-scope review for the Bracken County AA. The data in this AA was analyzed and presented as one AA for the purposes of this evaluation. Home mortgage loans and small loans to farms are the bank's primary lending products and were evaluated under the Lending Test. As discussed above, the OCC used 2019 HMDA data and transaction tested 20 home mortgage loans per year for years 2020 and 2021 and 20 loans per year for small loans to farms.

The rating is based on performance in the Bracken County AA. By product type, home mortgage and small loans to farms received equal weight, as discussed above under the "Scope of the Evaluation" section.

Lending Test

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

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Bracken County AA is good.

Distribution of Loans by Income Level of the Geography

The bank exhibits a reasonable geographic distribution of loans in the State.

The bank's Bracken County AA includes three CTs, with one moderate-income CT (9501) and two middle-income CTs (9502 and 9503). There are no low-income CTs in the AA. Both bank's offices are in CT 9503, a middle-income CT.

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.

The OCC compared the percentage of home mortgage loans originated or purchased by the bank to the percentage of owner-occupied housing units (demographic data) in the four geographic income categories, placing emphasis on the LMI geographies. The OCC also compared the bank's performance against the percentage of home mortgage loans of other mortgage lenders (aggregate data) in the AA, as demonstrated by HMDA aggregate data.

In determining the ratings, the OCC weighed demographic factors of the AA that could affect the bank's ability to lend. These factors include competition from larger financial institutions, the number of moderate-income geographies, branch presence, area demographics, and the location of most owner-occupied housing.

The bank exhibits an excellent geographic distribution of home mortgage loans in the Bracken County AA. For 2019, the percentage of home mortgage loans originated or purchased by the bank in moderate-income CTs is excellent. The bank's percentage of home mortgage loans in the moderate-income CTs exceeded aggregate data of other HMDA reporters and was just slightly below demographic data (percentage of owner-occupied housing units). In 2020 – 2021, the bank's percentage of home mortgage loans equaled aggregate data of other HMDA reporters and exceeded demographic data, demonstrating an overall excellent performance.

Small Loans to Farms

Refer to Table S in the state of Kentucky 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 farms.

The OCC compared the percentage of the number of small loans to farms originated or purchased by the bank in the four geographic income categories (low-, moderate-, middle-, and upper-income) to the distribution of farms throughout those geographies (demographic data), placing emphasis on the LMI geographies. Aggregate CRA data was not available for 2021.

In determining the conclusions, the OCC gave consideration for opportunities to lend based on the number of CTs in each income level, the level of competition, and the number farms located in the moderate-income CTs within the AA.

The bank's geographic distribution of small loans to farms is overall reasonable given the demographics of the AA. The percentage of small loans to farms originated or purchased by the bank in moderate-income CTs is significantly below demographic data. According to the 2019 Peer Small Farm Data, aggregate farm data included 15 small farm loans originated or purchased by four lenders. According to the 2020 Peer Small Farm Data, aggregate farm data included only nine small farm loans originated or purchased by three lenders. Aggregate data for 2021 was not available. The volume of small farm loans originated or purchased by CRA lenders (aggregate data) was insufficient for a meaningful analysis due to the low volume of loans. Competition for farm loans remains strong in the AA. However, according to internal bank reports, FNB originated approximately 366 small farm loans during the three-year evaluation period, which would be more loans than CRA aggregate data.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans to individuals of different income levels 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 borrower distribution of the bank's home mortgage loan originations and purchases.

The OCC compared the percentage of home mortgage loans originated or purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level (demographic data), placing emphasis on lending to LMI families. The OCC also compared the bank's performance against home mortgage loans of other home mortgage lenders (aggregate data), as demonstrated by HMDA aggregate data.

The bank's distribution of home mortgage loans among borrowers of different income levels is overall excellent.

In evaluating the borrower distribution of home mortgage loans, the OCC considered the level of competition and its effect on limiting the bank's ability to lend to borrowers of different incomes, as well as the economic conditions in the AA, especially during the COVID-19 pandemic. The OCC also considered the percentage of families that live below the poverty level, and the barriers this creates for these families to qualify for home mortgage financing.

In 2019, FNB's percentage of home mortgage loans to low-income borrowers equaled aggregate data of other HMDA reporters but was below demographic data (percentage of families). The bank's percentage of home mortgage loans to moderate-income borrowers significantly exceeded both demographic and aggregate data.

In 2020-2021, FNB's percentage of home mortgage loans to low-income borrowers was below both demographic and aggregate data. However, the bank's percentage of home mortgage loans to moderate-income borrowers significantly exceeded both demographic and aggregate data.

The OCC considered other factors in the bank's performance during the evaluation period, including the cost of homeownership in the AA as an obstacle for low-income borrowers. As stated above, overall median housing values are 2.8 times the weighted average of median family income of low-income

families in the AA. This obstacle may result in fewer opportunities to originate mortgage loans to low-income families. Additionally, 15.4 percent of the families in the AA live below poverty. As noted above in the Description of Institution's Operations in Kentucky section, FNB ranks first out of 62 lenders in the AA in residential home mortgage volume based on 2019 Peer Mortgage Data and 2015 ACS U.S. Census Data. FNB had 17.7 percent of the lending market share as of the 2019 Peer Mortgage Data Report, lending \$1.8 million (32 loans). FNB was not included in the 2020 and 2021 Peer Mortgage Data Reports as the bank was exempt from HMDA reporting for those years.

Small Loans to Farms

Refer to Table T in the state of Kentucky 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 farms.

The OCC compared the percentage distribution of the number of small loans to farms originated or purchased by the bank by gross annual revenue level to farms with gross annual revenues of \$1 million or less (demographic data). Aggregate CRA data was not available for 2021.

The bank's distribution of small loans to farms of different sizes is excellent. As evidenced in Table T in the state of Kentucky section of Appendix D, the bank's percentage of small loans to farms with gross annual revenues of \$1 million or less exceeded demographic data. All borrowers in the small loans to farms transaction testing sample had gross annual revenues below \$1 million.

Responses to Complaints

FNB has not received any complaints about its performance in helping to meet the AA's credit needs during the evaluation period.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the 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:	1/1/19 – 12/31/21	
Bank Products Reviewed:	Home mortgage and small farm loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None		
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
State of Kentucky		
Bracken County AA	Full-Scope	The AA includes Bracken County, Kentucky, in its entirety. The AA is in the Cincinnati, OH-KY-IN MSA 17140. There are three CTs in Bracken County: 9501, 9502, and 9503.

Appendix B: Summary of State Ratings

RATINGS: The First National Bank of Brooksville	
Overall Bank:	Lending Test Rating
The First National Bank of Brooksville	Satisfactory
State:	
Kentucky	Satisfactory

Appendix C: 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 (MD): As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

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

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

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

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

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

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

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

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

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

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

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

Appendix D: 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 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.

- Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents aggregate peer data for the years the data is available. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank’s assessment area.
- Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues -** Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/assessment area.

State of Kentucky

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2019
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
Bracken County AA	32	1,735	100.0	181	0.0	0.0	0.0	26.4	25.0	23.2	73.6	75.0	76.8	0.0	0.0	0.0	0.0	0.0	0.0
Total	32	1,735	100.0	181	0.0	0.0	0.0	26.4	25.0	23.2	73.6	75.0	76.8	0.0	0.0	0.0	0.0	0.0	0.0

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

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2020-21
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
Bracken County AA	40	3,696	100.0	213	0.0	0.0	0.0	26.4	30.0	30.0	73.6	70.0	70.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	40	3,696	100.0	213	0.0	0.0	0.0	26.4	30.0	30.0	73.6	70.0	70.0	0.0	0.0	0.0	0.0	0.0	0.0

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

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2019
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
Bracken County AA	32	1,735	100.0	181	34.2	18.8	18.8	16.5	28.1	22.1	21.2	34.4	23.2	28.1	18.8	22.7	0.0	0.0	13.3
Total	32	1,735	100.0	181	34.2	18.8	18.8	16.5	28.1	22.1	21.2	34.4	23.2	28.1	18.8	22.7	0.0	0.0	13.3

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

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2020-21
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
Bracken County AA	40	3,696	100.0	213	34.2	12.5	19.7	16.5	27.5	23.5	21.2	47.5	22.1	28.1	12.5	21.1	0.0	0.0	13.6
Total	40	3,696	100.0	213	34.2	12.5	19.7	16.5	27.5	23.5	21.2	47.5	22.1	28.1	12.5	21.1	0.0	0.0	13.6

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

Table S - Assessment Area Distribution of Loans to Farms by Income Category of the Geography													2019-21	
Assessment Area:	Total Loans to Farms			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts		
	#	\$	% of Total	% Farms	% Bank Loans	% Farms	% Bank Loans	% Farms	% Bank Loans	% Farms	% Bank Loans	% Farms	% Bank Loans	
Bracken County AA	60	817	100.0	0.0	0.0	39.4	11.7	60.6	88.3	0.0	0.0	0.0	0.0	
Total	60	817	100.0	0.0	0.0	39.4	11.7	60.6	88.3	0.0	0.0	0.0	0.0	

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

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues												2019-21	
Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available			
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans		
Bracken County AA	60	817	100.0	--	98.6	100.0	--	0.0	0.0	1.4	0.0		
Total	60	817	100.0	--	98.6	100.0	--	0.0	0.0	1.4	0.0		

Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data, "--" data not available. (Aggregate CRA data for 2021 was not available.)
Due to rounding, totals may not equal 100.0%.

