



First State Bank

LIST OF BRANCHES

OHIO BRANCHES

Main Office
19230 State Route 136
Winchester, OH 45697
Census Tract: 7702.00

Winchester Branch
19230 State Route 136
Winchester, OH 45697
Census Tract: 7702.00

Seaman Branch
17851 State Route 247
Seaman, OH 45679
Census Tract: 7702.00

Peebles Branch
145 North Main Street
Peebles, OH 45660
Census Tract: 7701.00

West Union Branch
409 West Main Street
West Union, OH 45693
Census Tract: 7704.00

Manchester Branch
210 Pike Street
Manchester, OH 45144
Census Tract: 7706.00

Georgetown Branch
4928 State Route 125
Georgetown, OH 45121
Census Tract: 9518.00

OHIO Branch Opened March 12, 2024

Portsmouth LPO
1110 Gay St.
Portsmouth, OH 45662
Census Tract: 0037.00

Mount Orab Branch
501 West Main Street
Mount Orab, OH 45154
Census Tract: 9513.00

Ripley Branch
252 South Second Street
Ripley, OH 45167
Census Tract: 9517.00

Hillsboro Branch
730 Harry Sauner Road
Hillsboro, OH 45133
Census Tract: 9548.00

Washington Court House
Branch
543 Clinton Avenue
Washington Court House,
OH 43160
Census Tract: 9260.00

Fayetteville Branch
19575 US Highway 68
Fayetteville, OH 45118
Census Tract: 9512.01

Wilmington Branch
1584 Rombach Avenue
Wilmington, OH 45177
Census Tract: 9647.00

KENTUCKY BRANCHES Acquired Feb. 19, 2021

Inez Branch
41 West Main St.
Inez, KY 41224
Census Tract: 9502.00

Warfield Branch
71 River Front Rd
Warfield, KY 41267
Census Tract: 9501.00

Louisa Branch
202 East Main St.
Louisa, KY 41230
Census Tract: 9301.00

KENTUCKY LOAN PRODUCTION OFFICE Opened May 17, 2021

Ashland LPO
1627 Greenup Avenue,
Suite 209,
Ashland, KY 41101
Census Tract: 0302.00

KENTUCKY BRANCH Closed as of Dec. 31, 2021

Yatesville Branch
94 Commerce Drive
Louisa, KY 41230
Census Tract: 9301.00

OHIO BRANCH Closed as of Dec. 29, 2023

St. Bernard Branch
4901 Vine Street
Cincinnati, OH 45217
Census Tract: 0258.00

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more Assessment Areas (AAs) within which its CRA performance will be evaluated. FSB has designated three separate AAs: the Ohio Non-Metropolitan Statistical Area (Ohio Non-MSA), the Cincinnati OH-KY-IN Metropolitan Statistical Area (Cincinnati MSA) and the Kentucky Non-Metropolitan Statistical Area (Kentucky Non-MSA). Two AAs are located in the State of Ohio and one AA is located in the State of Kentucky. The Ohio Non-MSA AA consists of Adams, Highland, Fayette, Scioto and Clinton Counties. The Cincinnati MSA includes Brown County. The Kentucky Non-MSA AA consist of Lawrence and Martin Counties. The AAs conform to the regulatory requirements of the CRA regulation and do not arbitrarily exclude low- or moderate-income geographies. These areas were expanded in 2021. The AA additions were due to the bank acquiring an institution located in Lawrence and Martin Counties in Kentucky. As a result, the Kentucky Non-MSA AA was designated by FSB.

List of Census Tracts in our Assessment Area
Updated 3/28/2024 (As of 2023 FFIEC Census Report)
<https://www.ffiec.gov/census/>

Below are all of the counties and census tracts in our assessment area.

Ohio Non-MSA Assessment Area

Adams County (7 Tracts)
(7701; 7702; 7703.01; 7703.02; 7704; 7705; 7706)

Clinton County (10 Tracts)
(9643; 9644; 9645.01; 9645.02; 9646; 9647; 9648; 9649; 9650; 9651)

Fayette County (7 Tracts)
(9258; 9259; 9260; 9261; 9262; 9263; 9264)

Highland County (11 Tracts)
(9544; 9545; 9546; 9547; 9548; 9549; 9550.01; 9550.02; 9551.01; 9551.02; 9552)

Scioto County (21 Tracts)
(0021.00; 0022.00; 0023.00; 0024.00; 0025.00; 0026.00; 0027.00; 0028.00; 0029.01; 0029.02; 0030.00;
0031.00; 0032.00; 0033.00; 0034.00; 0035.00; 0036.00; 0037.00; 0038.00; 0039.00; 0040.00)

Cincinnati, OH-KY-IN MSA Assessment Area

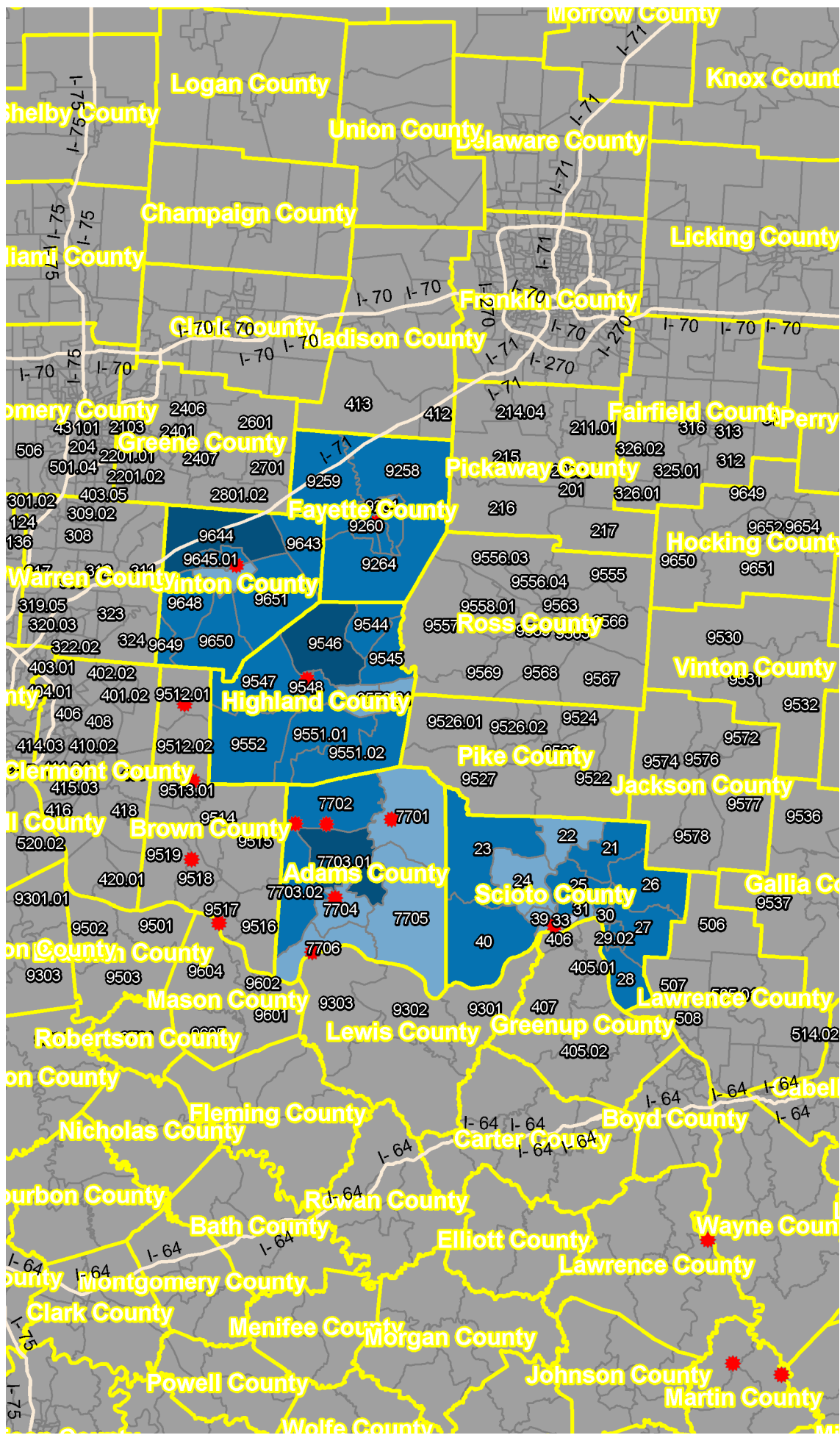
Brown County (10 Tracts)
(9512.01; 9512.02; 9513.01; 9513.02; 9514; 9515; 9516; 9517; 9518; 9519)

Kentucky Non-MSA Assessment Area

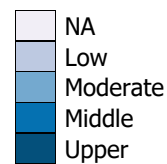
Lawrence County (6 Tracts)
(9301.01; 9301.02; 9302; 9304; 9305)

Martin County (4 Tracts)
(9501.00; 9502.01; 9502.02; 9503.00)

FIRST STATE BANK - 2024 HMDA - ASSESSMENT AREA INCOME MAP
2024 Ohio Non MSA*

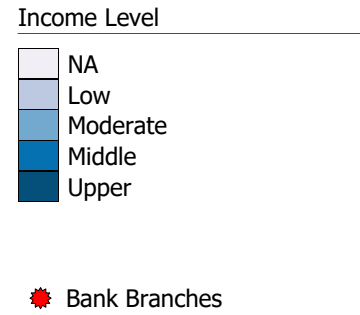


Income Level

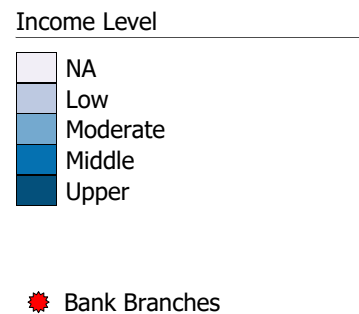


Bank Branches

2024 Cincy MSA



2024 Kentucky Non MSA



PUBLIC DISCLOSURE

September 19, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First State Bank
Certificate Number: 9437

19230 State Route 136
Winchester, Ohio 45697

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Chicago Regional Office

300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

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, nor should it 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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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The Lending Test is rated Satisfactory.

- The loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and the assessment area (AA) credit needs.
- A majority of loans are in the institution's AAs.
- The geographic distribution of loans reflects reasonable dispersion throughout the AAs.
- The distribution of borrowers reflects reasonable penetration of loans among individuals of different income levels and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Satisfactory.

The institution demonstrates adequate responsiveness to the community development (CD) needs in its AAs through CD loans, qualified investments and donations, and CD services. Examiners considered the institution's capacity and the need and availability of such opportunities for CD in the AAs.

Discriminatory or Other Illegal Credit Practices

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

DESCRIPTION OF INSTITUTION

First State Bank (FSB) is a community bank headquartered in Winchester, Ohio, and is a wholly owned subsidiary of First State Bancorp, Inc., a one-bank holding company also located in Winchester, Ohio. The bank operates throughout southern and southeastern Ohio in Adams, Brown, Clinton, Fayette, Hamilton, and Highland Counties. In addition, the bank operates in Lawrence and Martin Counties in Kentucky. FSB received a Satisfactory rating at its previous FDIC CRA Performance Evaluation based on the Interagency Intermediate Small Institution Examination Procedures, dated December 14, 2020.

FSB currently operates thirteen full-service branches in Ohio, including its main office and three full-service branches in Kentucky. Since the previous evaluation, the bank acquired four branches in Kentucky on February 19, 2021. It closed its branch located on Commerce Drive in Louisa, Kentucky on January 1, 2022. The closed branch and the acquired branches are located in the Kentucky Non-Metropolitan Statistical Area (MSA) AA. None of the changes in locations

adversely affected access to banking services in low- or moderate-income (LMI) areas. There were no merger activities since the previous evaluation.

FSB offers home mortgage, commercial, agricultural, and consumer loans, and primarily focuses on home mortgage lending. The institution provides a variety of deposit services including checking, savings, retirement savings accounts, health savings accounts, and certificates of deposit. Alternative banking services include internet and mobile banking, and electronic bill pay. FSB also operates 15 automated teller machines (ATMs). All branches have an ATM; however, none of the ATMs accepts deposits.

FSB offers a variety of home mortgage products, including secondary market programs. Loan products include several government mortgage programs, such as the U.S. Department of Veterans Affairs, Federal Housing Administration, United States Department of Agriculture Rural Development, and Small Business Administration, which demonstrates the bank's willingness and ability to serve LMI borrowers.

As of June 30, 2023, FSB's assets totaled approximately \$941.5 million, including total loans of \$445.3 million and securities totaling \$363.3 million. Also as of that date, FSB had total deposits of \$858.1 million. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 06/30/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	17,226	3.9
Secured by Farmland	32,882	7.38
Secured by 1-4 Family Residential Properties	191,690	43.1
Secured by Multifamily (5 or more) Residential Properties	18,031	4.1
Secured by Nonfarm Nonresidential Properties	132,070	29.7
Total Real Estate Loans	391,899	88.2
Commercial and Industrial Loans	9,974	2.2
Agricultural Production and Other Loans to Farmers	1,874	0.4
Consumer Loans	30,816	6.9
Other Loans	10,754	2.4
Total Loans	445,317	100.0
<i>Source: Reports of Condition and Income</i>		

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. FSB has designated three AAs: the Ohio Non-Metropolitan Statistical Area (Ohio Non-MSA), the Cincinnati OH-KY-IN Metropolitan Statistical Area (Cincinnati MSA), and the Kentucky Non-Metropolitan Statistical Area (Kentucky Non-MSA). The Ohio Non-MSA and Cincinnati MSA AAs are located in the State of Ohio. The Kentucky Non-MSA AA is located in Kentucky. The Ohio Non-MSA AA consists of Adams, Highland,

Fayette, and Clinton Counties. The Cincinnati MSA includes Brown and Hamilton Counties. The Kentucky Non-MSA AA includes Lawrence and Martin Counties. The bank expanded its AA since the previous evaluation when it acquired the branches located in its Kentucky Non-MSA AA. The other AAs are unchanged from the previous evaluation. The AAs conform to CRA requirements, consist of contiguous, whole geographies in which the bank has operates, do not reflect illegal discrimination, and do not arbitrarily exclude LMI geographies. Examiners performed full-scope reviews of all three assessment areas.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Ohio Non-MSA AA	70,074	64.5	516,933	60.2	8	50.0
Cincinnati MSA AA	36,406	33.5	199,351	23.2	5	31.2
Kentucky Non-MSA AA	2,093	1.9	141,817	16.5	3	18.8
Total	108,573	100.0	858,101	100.0	16	100.0
<i>Source: 2022 Bank Data; FDIC Summary of Deposits (06/30/2023); Due to rounding, totals may not equal 100.0%</i>						

The Ohio Non-MSA AA contributed the most weight to overall conclusions given the distribution of loans, deposits, and branch offices, as outlined in the following table. Refer to the separate AA sections of this evaluation for more detailed information.

SCOPE OF EVALUATION

General Information

This evaluation uses the Interagency Intermediate Small Institution Examination Procedures and covers the period from the previous evaluation dated December 14, 2020, to the current evaluation date of September 19, 2023. Examiners evaluated the bank's performance under the criteria noted in the Appendix. Banks must achieve at least a "Satisfactory" rating under both the Lending and Community Development Tests to obtain a "Satisfactory" or higher overall rating. Examiners did not consider affiliate or subsidiary activity during the current evaluation.

Activities Reviewed

Based on June 30, 2023 Call Report data, examiners determined the bank's major product lines are home mortgage and small business lending. This determination considered the bank's business strategy, loan portfolio composition, and number and dollar amount of loans originated during the evaluation period. No other loan types, such as small farm or consumer lending, represent a major product line; therefore, examiners did not analyze these areas, as they do not provide material support for conclusions or ratings.

Examiners considered all home mortgage loans reported on the bank's 2021 and 2022 Home Mortgage Disclosure Act (HMDA) Loan Application Registers. In 2021, FSB originated 455 home mortgage loans totaling \$70.3 billion, and 567 home mortgage loans totaling \$67.6 billion in 2022. Examiners analyzed and presented both 2021 and 2022 HMDA data under the Geographic Distribution and Borrower Profile criteria. Aggregate HMDA data, 2015 American Community Survey (ACS), and 2020 Census data served as standards of comparison in analyzing home

mortgage lending, with examiners generally focusing on the comparison to aggregate data, as it is a better indicator of market demand and lending opportunities.

Additionally, examiners analyzed samples of small business loans originated in 2021 and 2022, which represent the bank's performance during the entire evaluation period. FSB originated 153 loans totaling \$20.2 million in 2021, of which examiners sampled 115 loans totaling \$12.5 million, and 175 loans totaling \$26.9 million in 2022, of which examiners sampled 115 loans totaling \$17.1 million. Examiners noted similar performance in the two years; therefore, the various analyses under the Lending Test throughout this evaluation present only the 2022 sampled activities.

For the Lending Test, examiners analyzed and presented both the number and dollar volume of home mortgage and small business loans; however, examiners emphasized performance on the number of loans, as this is a better indicator of the number of individuals served by the institution. In evaluating the Geographic Distribution and Borrower Profile criteria, examiners only evaluated loans extended within the AAs.

For the CD test, examiners considered all applicable CD loans, qualified investments and donations, and services since December 14, 2020.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

FSB demonstrated reasonable performance under the Lending Test. Geographic Distribution and Borrower Profile performance primarily support this conclusion.

Loan-to-Deposit (LTD) Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and assessment areas' credit needs. The LTD ratio, calculated from Call Report data, averaged 52.3 percent over the past 11 quarters, from December 31, 2020, to June 30, 2023. The ratio remained steady during the evaluation period and ranged from a high of 59.4 percent on December 31, 2020, to a low of 49.9 percent on September 30, 2021. In order to assess the adequacy of the bank's ratio, examiners reviewed the results relative to three other similarly situated institutions that were selected primarily based on asset size and geographic location.

As shown in the following table, FSB maintained a ratio that was mid-range relative to those of similarly situated institutions. FSB's performance was deemed reasonable, as the bank sells a large volume of its loans on the secondary market, so its overall lending volume relative to these other banks is comparable when considering those loans that are not maintained in its portfolio.

LTD Ratio Comparison		
Bank	Total Assets as of 06/30/2023 (\$000s)	Average Net LTD Ratio (%)
FSB	941,487	52.3
Similarly-Situated Institution #1	825,245	59.0
Similarly-Situated Institution #2	722,682	47.6
Similarly-Situated Institution #3	771,780	88.1
<i>Source: Reports of Condition and Income 12/31/2020 - 06/30/2023</i>		

Assessment Area Concentration

As shown in the following table, FSB made a majority of its home mortgage and small business loans, by number, within the AAs. The bank made a majority of its home mortgage loans, by dollar volume, within the AAs; however, the bank made a similar amount of its small business loans by dollar volume inside and outside its AA.

Lending Inside and Outside of the AA										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2021	391	85.9	64	14.1	455	58,559	83.3	11,764	16.7	70,323
2022	500	88.2	67	11.8	567	56,856	84.1	10,742	15.9	67,598
Subtotal	891	87.2	131	12.8	1,022	115,415	83.7	22,506	16.3	137,921
Small Business	79	68.7	36	31.3	115	8,547	49.9	8,585	50.1	17,132
Source: HMDA Reported Data; 2022 Bank Data										

Geographic Distribution

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the AAs. This conclusion is supported by consistent performance in the three rated areas. Additional details regarding FSB's performance within the three AAs are detailed in subsequent sections.

Borrower Profile

The distribution of borrowers reflects reasonable penetration of loans among individuals of different income levels throughout the AAs. This conclusion is supported by consistent performance in all rated areas. Additional details regarding FSB's performance within the three AAs are detailed in subsequent sections.

In order to serve LMI populations, FSB continues to participate in a variety of down payment assistance programs, including the Federal Home Loan Bank's Welcome Home Program, the Ohio Save the Dream Program, and the Kentucky Homeowner Assistance Fund.

Response to Complaints

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

FSB demonstrated adequate responsiveness to the CD needs of its AAs through qualified loans, investments, and services. Examiners considered the institution's capacity, need and availability of such opportunities, as well as similarly situated banks' performance. Examiners selected similar banks based on asset size, geographic location, and lending focus. This conclusion is supported by consistent performance in all rated areas. Refer to subsequent sections of this evaluation for specific AA performance.

Community Development Loans

FSB originated or renewed 13 community development loans totaling approximately \$15.7 million since December 14, 2020. Because the institution sufficiently met the credit needs of its AAs, examiners qualified three CD loans totaling \$7.7 million, which benefited an area outside of the assessment areas (but in the broader statewide area). This level of CD lending represents 1.7 percent of total assets and 3.5 percent of total loans.

FSB's performance is in line with those of five similarly situated institutions (SSIs) whose community development loans ranged from 0.2 to 4.1 percent of total assets and from 0.3 to 5.7 percent of total loans. Additionally, FSB continues to participate in the Federal Home Loan Bank of Cincinnati's Welcome Home Program. This program allows financial institutions to secure grants for down payment assistance and closing costs for the purchase of owner-occupied housing used as primary residences by LMI borrowers. Although financial institutions do not get CD credit for participating in this program, examiners recognize that the bank's participation helps LMI individuals become homeowners. During the evaluation period, FSB secured \$35,000 in grant money for six borrowers in its AAs.

CD loans as a percent of total loans has decreased since the previous evaluation. The following table displays the bank's overall lending activity by AA.

Community Development Lending by AA										
AA	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Ohio Non-MSA AA	--	--	3	338	--	--	3	2,607	6	2,945
Cincinnati MSA AA	--	--	--	--	1	1,460	3	3,605	4	5,065
Kentucky Non-MSA AA	--	--	--	--	--	--	--	--	--	--
Statewide Activities	3	7,731	--	--	--	--	--	--	3	7,731
Total	3	7,731	3	338	1	1,460	6	6,212	13	15,741
Source: Bank Data										

Qualified Investments

FSB made 48 qualified investments and donations totaling approximately \$9.9 million. This represents a decrease in the total number of CD investments, but an increase in the dollar volume of investments since the prior evaluation where the bank made 51 investments inside the AA totaling \$0.1 million and 10 investments outside the AA. This dollar amount of qualified investments equates to 1.1 percent of total assets and 2.7 percent of total securities. FSB's performance was

comparable to five SSIs whose percentages ranged from 0.3 to 6.9 percent of total securities. The median percentage of qualified investments to total securities of the SSIs was approximately 2.7 percent. The following table displays the bank's overall investment activity by AA and purpose.

Qualified Investments by AA										
AA	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Ohio Non-MSA AA	16	1,429	11	45	2	1,050	--	--	29	2,524
Cincinnati MSA AA	4	966	4	1,111	--	--	--	--	8	2,077
Kentucky Non-MSA AA	1	500	7	275	--	--	--	--	8	775
Statewide Regional Areas	--	--	3	4,525	--	--	--	--	3	4,525
Total	21	2,895	25	5,956	2	1,050	--	--	48	9,901

Source: Bank Data

Community Development Services

During the evaluation period, bank employees provided 75 instances of CD services including providing financial expertise or technical assistance to CD organizations. This represents an increase in the number of CD services performed since the previous evaluation. Of the total activities, 41 supported community services and 20 related to economic development targeted to LMI people and/or areas.

Community Development Services by AA					
Rated Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Ohio Non-MSA AA	7	38	10	5	60
Cincinnati MSA AA	2	3	3	--	8
Kentucky Non-MSA AA	--	--	7	--	7
Total	9	41	20	5	75

Source: Bank Data

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

OHIO NON-MSA AA – Full-Scope Review

CRA RATING FOR STATE OF OHIO: SATISFACTORY

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN OHIO NON-MSA AA

Examiners performed a full-scope review of FSB's performance in this AA, which includes all CTs in Adams, Clinton, Fayette, and Highland Counties. Most of the bank's branches, loans, and deposits are within this AA. This AA accounted for 64.5 percent of total loans, 60.2 percent of total deposits, and 50.0 percent of the bank's branches.

Economic and Demographic Data

FSB operates eight full-service branches within this AA. The AA consists of 28 CTs with the following income designations according to the 2020 U.S. Census data: 0 low-income tracts; 8 moderate-income tracts; 17 middle-income tracts; and 3 upper-income tracts. The following table illustrates select demographic characteristics of the AA.

Demographic Information of the Ohio Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	28	0.0	28.6	60.7	10.7	0.0
Population by Geography	112,812	0.0	25.4	61.3	13.3	0.0
Housing Units by Geography	50,466	0.0	27.4	60.2	12.4	0.0
Owner-Occupied Units by Geography	30,254	0.0	22.3	62.3	15.4	0.0
Occupied Rental Units by Geography	13,630	0.0	32.0	61.2	6.9	0.0
Vacant Units by Geography	6,582	0.0	41.3	48.3	10.4	0.0
Businesses by Geography	7,609	0.0	26.7	58.7	14.6	0.0
Farms by Geography	717	0.0	14.2	64.6	21.2	0.0
Family Distribution by Income Level	30,047	25.1	17.7	20.1	37.0	0.0
Household Distribution by Income Level	43,884	28.3	16.1	17.3	38.3	0.0
Median Family Income Non-MSAs - OH		\$66,684	Median Housing Value			\$126,421
Families Below Poverty Level		13.1%	Median Gross Rent			\$683
Source: 2020 U.S. Census and 2022 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.						

According to the 2020 U.S. Census data, the AA contains 50,466 housing units, of which 60.0 percent are owner-occupied, 28.0 percent are rental units, and 13.0 percent are vacant. The Geographic Distribution criterion compares the bank's home mortgage lending to the distribution of owner-occupied housing units in the AA.

According to 2022 D&B data, there were 7,609 non-farm businesses within the AA with the following gross annual revenue (GAR) levels: 85.0 percent of non-farms have GARs of \$1.0 million or less, 3.4 percent of non-farms have GARs of more than \$1.0 million, and 11.7 percent of non-farms have unknown GARs. D&B data from 2022 shows that the largest industries in the AA include Services (31.2 percent), followed by Non-Classifiable Establishments (19.5 percent), and Retail Trade (11.3 percent). Within the AA, 89.4 percent of businesses operate from a single location, and 64.5 percent have four or fewer employees.

Examiners considered unemployment data when evaluating the bank's ability to lend within the AA. According to the U.S. Bureau of Labor Statistics, this AA experienced decline in unemployment levels, ranging from 3.8 to 6.4 percent, likely due to recovery from the COVID-19 pandemic. Even though there has been a decrease in the unemployment levels in this AA, the unemployment rates are higher than those for the State of Ohio and National Average, indicating potential difficulties in lending opportunities.

Unemployment Rates in Ohio Non-MSA AA			
Area	2021	2022	As of August 2023
	%	%	%
Adams County	6.4	5.4	4.6
Clinton County	5.5	4.4	4.2
Fayette County	4.8	3.9	3.8
Highland County	5.8	4.9	4.4
State of Ohio	5.1	4.0	3.7
National Average	5.4	3.6	3.8
<i>Source: Bureau of Labor Statistics</i>			

Examiners used the Federal Financial Institutions Examination Council (FFIEC) median family income estimates to analyze home mortgage lending under the Borrower Profile criterion. The following table outlines the ranges for the AA during the evaluation period.

Median Family Income Ranges in Ohio Non-MSA AA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
OH NA Median Family Income (99999)				
2022: \$74,900	<\$37,450	\$37,450 to <\$59,920	\$59,920 to <\$89,880	≥\$89,880
<i>Source: FFIEC</i>				

Competition

There is a moderate level of competition for financial services in the AA. As of June 30, 2023, the FDIC deposit market share data showed 17 financial institutions operate 52 offices within Adams, Clinton, Fayette, and Highland Counties. Of these, FSB ranks 4th with 9.4 percent of the deposit market share.

There is a moderate level of competition in the AA for home mortgage lending from local, regional, and national financial institutions as well as national mortgage lenders. Aggregate HMDA data for 2022, the most recent year with aggregate data available, provides insight into competition for home mortgage loans within the AA. In 2022, 216 lenders reported 3,098 originated or purchased loans. Of reporting institutions, FSB ranked 2nd with a market share of 9.5 percent. The three most prominent home mortgage lenders accounted for 25.2 percent of total market share.

Although FSB is not subject to CRA data collection and reporting requirements for small business loan activity, the aggregate data provides a useful indicator of potential demand in the local area. The most recent aggregate data for 2021 shows that 69 institutions reported 2,149 small business loans in the AA, indicating a moderate degree of competition for this product. The three most prominent business lenders accounted for 31.3 percent of total market share.

Community Contact

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying credit and CD needs and opportunities, including the bank's responsiveness to those needs. Examiners interviewed a representative from a private, not-for-profit social services agency dedicated to providing assistance to low-income Adams County residents. The organization offers a wide variety of services such as utility assistance and housing assistance. The contact stated that there is an affordable housing crisis in the area for both LMI housing and rental properties. In addition, the contact stated that most small businesses in the area closed due to the effects of the COVID-19 pandemic.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that opportunities exist in this AA for small business lending and affordable housing.

CONCLUSIONS ON PERFORMANCE CRITERIA IN OHIO NON-MSA AA

LENDING TEST

FSB demonstrated reasonable performance under the Lending Test. Performance in the Geographic Distribution and Borrower Profile criteria primarily supports this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion of home mortgage and small business lending throughout the Ohio Non-MSA AA. This AA does not contain any low-income CTs; therefore, examiners focused on the bank's record of lending in moderate-income CTs.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the AA. As shown in the following table, FSB's lending in moderate-income CTs exceeded the percentage of owner-occupied homes and the aggregate data in both years.

Geographic Distribution of Home Mortgage Loans in Ohio Non-MSA AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2021	31.4	30.1	100	40.2	11,815	34.6
2022	22.3	21.1	93	31.7	8,412	27.3
Middle						
2021	64.3	64.8	148	59.4	22,114	64.8
2022	62.3	65.0	161	54.9	17,769	57.7
Upper						
2021	4.3	5.1	1	0.4	177	0.5
2022	15.4	13.8	39	13.3	4,616	15.0
Totals						
2021	100.0	100.0	249	100.0	34,106	100.0
2022	100.0	100.0	293	100.0	30,797	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2021 & 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the AA. As shown in the following table, based on the sample of small business loans, FSB's lending within the moderate-income CTs was similar to the percentage of businesses.

Geographic Distribution of Small Business Loans in Ohio Non-MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	26.7	15	27.3	1,898	44.0
Middle	58.7	30	54.5	2,026	47.0
Upper	14.6	10	18.2	386	9.0
Total	100.0	55	100.0	4,310	100.0
<i>Source: 2022 D&B Data; 2022 Bank Data</i>					

Borrower Profile

Overall, the distribution of loans reflects reasonable penetration among borrowers of different income levels and businesses of different sizes. Examiners focused on the percentages of home

mortgage loans to LMI borrowers and small business loans to entities with GARs of \$1.0 million or less.

Home Mortgage Loans

FSB's distribution of home mortgage loans to individuals of different income levels, including LMI borrowers, reflects reasonable penetration within the AA. The following table illustrates the distribution of home mortgage loans by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level in Ohio Non-MSA AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	*25.9	7.7	22	8.8	1,475	4.3
2022	*25.1	10.0	24	8.2	1,395	4.5
Moderate						
2021	19.3	20.7	58	23.3	5,601	16.4
2022	25.1	10.0	24	8.2	1,395	4.5
Middle						
2021	20.6	22.7	67	26.9	8,202	24.0
2022	20.1	25.8	76	25.9	7,307	23.7
Upper						
2021	34.3	30.3	94	37.8	17,370	50.9
2022	37.0	26.7	101	34.5	13,772	44.7
Not Available						
2021	0.0	18.6	8	3.2	1,458	4.3
2022	0.0	14.5	23	7.9	2,719	8.8
Totals						
2021	100.0	100.0	249	100.0	34,106	100.0
2022	100.0	100.0	293	100.0	30,797	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2021 & 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%. *Families Below Poverty Level is 13.1 percent.</i>						

FSB's lending to low-income borrowers is below the percentage of families; however, this category includes families with incomes below the poverty level, which represents 13.1 percent of all families in the AA. These particular families likely face difficulty qualifying for loans in amounts necessary to finance homes in the AA. The bank's lending to low-income borrowers is slightly above the HMDA aggregate data for 2021 and slightly below the HMDA aggregate data for 2022, which is a better measurement of demand from qualified low-income borrowers. The bank's lending to moderate-income borrowers is above both demographic data and aggregate performance in 2021; however, it trails both demographic data and aggregate performance in 2022. Overall the bank's performance in this AA is reasonable.

Small Business Loans

The distribution of the sampled small business loans reflects reasonable penetration to businesses with GARs of \$1.0 million or less. As shown in the following table, FSB's performance is on par with demographic data for lending to businesses with GARs of \$1.0 million or less.

Distribution of Small Business Loans by GAR Category in Ohio Non-MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤ \$1,000,000	85.0	48	87.3	2,674	62.0
> \$1,000,000	3.4	7	12.7	1,636	38.0
Revenue Not Available	11.7	--	0.0	--	0.0
Total	100.0	55	100.0	4,310	100.0
<i>Source: 2022 D&B Data; 2022 Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

COMMUNITY DEVELOPMENT TEST

FSB demonstrates adequate responsiveness to CD needs in the Ohio Non-MSA AA through loans, qualified investments, and CD services. Examiners considered the institution's capacity and the need and availability of such opportunities. The Ohio Non-MSA AA received the most weight in the overall conclusions given the volume of branches, loans, and deposits in this AA.

Community Development Loans

FSB originated six CD loans totaling approximately \$2.9 million, three of which financed community service activities targeted for LMI areas or LMI people in this AA. In addition, three loans were financed to revitalize and stabilize improvement projects in LMI areas. Notable examples of qualified CD loans includes a \$2.1 million loan to finance the improvement of a water system in a moderate-income CT and a \$176,000 loan to purchase equipment to benefit a community in a moderate-income CT. The following table illustrates the bank's activity by year.

Community Development Lending in the Ohio Non-MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021	--	--	--	92	--	--	1	2,150	2	2,242
2022	--	--	--	--	--	--	1	271	1	271
YTD 2023	--	--	2	246	--	--	1	186	3	432
Total	--	--	3	338	--	--	3	2,607	6	2,945
<i>Source: Bank Data</i>										

Qualified Investments

FSB made three qualified investments totaling \$2.4 million during the evaluation period, two of which were an investment into an equity fund to create affordable housing opportunities targeted toward LMI borrowers using the Low-Income Housing Tax Credit program. The bank's performance in this AA was higher than during the previous evaluation when the bank made 44 qualified grants and donations totaling \$74,000 and no qualified investments.

Qualified Investments in Ohio Non-MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021	1	359	--	--	1	1,050	--	--	2	1,409
2022	1	1,000	--	--	--	--	--	--	1	1,000
YTD 2023	--	--	--	--	--	--	--	--	--	--
Subtotal	2	1,359	--	--	1	1,050	--	--	3	2,409
Qualified Grants & Donations	14	70	12	46	1	--	--	--	27	116
Total	16	1,429	12	46	2	1,050	--	--	30	2,525
<i>Source: Bank Data</i>										

Community Development Services

During the evaluation period, bank employees provided 38 instances of financial expertise or technical assistance for qualified purposes in this AA. The following table illustrates the bank's CD services by year and purpose.

Community Development Services in Ohio Non-MSA AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021	2	13	5	1	21
2022	2	17	1	3	23
YTD 2023	3	8	4	1	16
Total	7	38	10	5	60
<i>Source: Bank Data</i>					

Notable examples of qualified CD services include:

- One employee served on the board of an organization that provides medical resources for LMI individuals.
- One employee served on a committee of a government non-profit organization that services the housing needs of LMI individuals.

CINCINNATI MSA AA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN CINCINNATI MSA AA

Examiners performed a full-scope review of FSB's performance in this AA, which includes all CTs in Brown and Hamilton Counties. This AA accounted for 33.5 percent of total loans, 23.2 percent of total deposits, and 31.2 percent of the bank's branches. Given the volume of branches, loans, and

deposits within this AA, it did not receive as much weight in overall performance conclusions as the Ohio Non-MSA AA.

Economic and Demographic Data

FSB operates five full-service branches within this AA. The AA consists of 236 CTs with the following income designations according to the 2020 U.S. Census data: 31 low-income tracts; 68 moderate-income tract; 68 middle-income tracts; 57 upper-income tracts; and 12 NA tracts (revenue not reported). The total number of CTs have increased since the previous CRA evaluation from 231 CTs to 236 CTs. In addition, at the previous evaluation, the AA was comprised of 41 low-income CTs; 64 moderate-income CTs; 64 middle-income CTs; 59 upper-income CTs; and 3 NA tracts. The following table illustrates select demographic characteristics of the AA.

Demographic Information of the Cincinnati MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	236	13.1	28.8	28.8	24.2	5.1
Population by Geography	874,315	9.7	29.8	30.1	27.5	2.9
Housing Units by Geography	400,438	11.0	30.5	29.2	25.9	3.4
Owner-Occupied Units by Geography	214,614	4.8	25.8	34.0	34.1	1.3
Occupied Rental Units by Geography	147,785	17.6	36.5	24.0	16.6	5.3
Vacant Units by Geography	38,039	20.6	33.1	22.3	16.0	7.9
Businesses by Geography	127,325	7.2	23.4	28.7	38.6	2.1
Farms by Geography	2,297	4.4	25.5	34.5	34.0	1.6
Family Distribution by Income Level	210,057	25.1	17.6	19.8	37.5	0.0
Household Distribution by Income Level	362,399	29.4	16.2	16.9	37.6	0.0
Median Family Income MSA - 17140 Cincinnati, OH-KY-IN MSA		\$84,990	Median Housing Value			\$181,165
Families Below Poverty Level		10.4%	Median Gross Rent			\$847
Source: 2020 U.S. Census and 2022 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.						

According to the 2020 U.S. Census data, the AA contains 400,438 housing units, of which 53.6 percent are owner-occupied, 39.4 percent are rental units, and 9.5 percent are vacant. The Geographic Distribution criterion compares the bank's home mortgage lending to the distribution of owner-occupied housing units in the AA.

According to 2022 D&B data, there were 127,325 non-farm businesses within the AA with the following GAR levels: 90.0 percent of non-farms have GARs of \$1.0 million or less, 3.3 percent of non-farms have GARs of more than \$1.0 million, and 6.7 percent of non-farms have unknown GARs. D&B data from 2022 shows that the largest industries in the AA include Non-Classifiable Establishments (33.1 percent), followed by Services (31.2 percent), and Retail Trade (12.2 percent). Within the AA, 92.9 percent of businesses operate from a single location, and 54.2 percent have four or fewer employees.

Examiners considered unemployment data when evaluating the bank's ability to lend within the AA. According to the U.S. Bureau of Labor Statistics, this AA experienced a 3.6 to 5.4 percent decline in unemployment levels between 2021 and August 2023, likely due to recovery from the COVID-19 pandemic. Even though there has been a decrease in the unemployment levels in this AA, the unemployment rates remain at or above the State of Ohio and National Average for Brown County, indicating potential difficulties in lending opportunities.

Unemployment Rates in Cincinnati MSA AA			
Area	2021	2022	As of August 2023
	%	%	%
Brown County	5.4	4.5	4.0
Hamilton County	4.9	3.6	3.6
State of Ohio	5.1	4.0	3.7
National Average	5.4	3.6	3.8
<i>Source: Bureau of Labor Statistics</i>			

Examiners used the FFIEC median family income estimates to analyze home mortgage lending under the Borrower Profile criterion. The following table outlines the ranges for the AA during the evaluation period.

Median Family Income Ranges in Cincinnati MSA AA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Cincinnati, OH-KY-IN MSA Median Family Income (17140)				
2022: \$97,400	<\$48,700	\$48,700 to <\$77,920	\$77,920 to <\$116,880	≥\$116,880
<i>Source: FFIEC</i>				

Competition

There is a high level of competition for financial services in the AA. As of the June 30, 2023 FDIC deposit market share data, 39 financial institutions operate 264 offices within Brown and Hamilton Counties. Of these, FSB ranks 15th with 0.1 percent of the deposit market share.

There is a high level of competition within the AA for home mortgage lending from local, regional, and national financial institutions as well as national mortgage lenders. Aggregate HMDA data for 2022, the most recent year with aggregate data available, provides insight into competition for home mortgage loans within the AA. In 2022, 477 lenders reported 28,430 originated or purchased loans. Of reporting institutions, FSB ranked 45th with a market share of 0.5 percent. The three most prominent home mortgage lenders accounted for 17.6 percent of the total market share.

Although FSB is not subject to CRA data collection and reporting requirements for small business loan activity, the aggregate data provides a useful indicator of potential demand in the local area. The most recent aggregate data for 2021 shows that 142 institutions reported 21,218 small business loans in the AA, indicating a high degree of competition for this product. The three most prominent business lenders accounted for 42.1 percent of total market share.

Community Contact

Examiners used information obtained from a recent community contact whose representative is familiar with the real estate market in the AA. The contact stated there is an affordable housing crisis in the Cincinnati area that significantly worsened due to the COVID-19 pandemic. The contact stated there is a substantial gap in LMI homeownership, and that roughly 30 percent of LMI individuals spend 30 to 40 percent of their income on housing. Additionally, the contact stated in LMI areas, there is a high concentration of rental units versus homeownership. Nevertheless, there is still a shortage of available rental units in LMI areas.

The contact expressed the need for investments to build affordable housing, as well as down payment assistance programs, and loans for home preservation for LMI families.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that the primary credit needs in the AA are affordable housing and small business loans.

CONCLUSIONS ON PERFORMANCE CRITERIA IN CINCINNATI MSA AA

LENDING TEST

FSB demonstrated reasonable performance under the Lending Test. Performance in the Geographic Distribution and Borrower Profile criteria primarily supports this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion of home mortgage and small business lending throughout the Cincinnati MSA AA.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the AA. As shown in the following table, FSB's lending in the low-income CTs was lower than demographic data and aggregate performance over the review period; however, there was a slight increase in performance by the bank from 2021 to 2022. FSB's moderate-income CTs significantly exceeded the percentage of owner-occupied homes and the aggregate data in both years.

Geographic Distribution of Home Mortgage Loans in Cincinnati MSA AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						

2021	5.7	5.6	1	0.8	409	1.7
2022	4.8	4.7	4	2.6	1,028	5.4
Moderate						
2021	22.2	20.2	79	59.4	12,151	51.8
2022	25.8	26.9	77	50.3	8,948	46.9
Middle						
2021	33.9	33.3	45	33.8	7,757	33.0
2022	34.0	34.5	63	41.2	6,812	35.7
Upper						
2021	38.0	40.7	7	5.3	3,082	13.1
2022	34.1	32.4	8	5.2	2,175	11.4
Not Available						
2021	0.1	0.2	1	0.8	78	0.3
2022	1.3	1.4	1	0.7	135	0.7
Totals						
2021	100.0	100.0	133	100.0	23,477	100.0
2022	100.0	100.0	153	100.0	19,098	100.0
Source: 2015 ACS; Bank Data, 2021 & 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.						

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the AA. As shown in the following table, based on the sample of small business loans, FSB's lending within the low-income CTs was slightly below demographic data; however, the bank's performance in the moderate-income CTs significantly exceeded the percentage of businesses. Overall, the bank's performance is considered reasonable in the AA.

Geographic Distribution of Small Business Loans in Cincinnati MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	7.2	1	5.0	400	16.4
Moderate	23.3	12	60.0	1,120	46.0
Middle	28.7	6	30.0	215	8.8
Upper	38.6	--	0.0	--	0.0
Not Available	2.1	1	5.0	700	28.7
Total	100.0	20	100.0	2,435	100.0
Source: 2022 D&B Data; 2022 Bank Data. Due to rounding, totals may not equal 100.0%					

Borrower Profile

Overall, the distribution of loans reflects reasonable penetration among borrowers of different income levels and businesses of different sizes. Examiners focused on the percentages of home

mortgage loans to LMI borrowers and small business loans to entities with GARs of \$1.0 million or less.

Home Mortgage Loans

FSB's distribution of home mortgage loans to individuals of different income levels, including LMI borrowers, reflects reasonable penetration within the AA. The following table illustrates the distribution of home mortgage loans by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level in Cincinnati MSA AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	*27.0	8.6	16	12.0	1,240	5.3
2022	*25.1	13.3	27	17.6	2,256	11.8
Moderate						
2021	16.4	19.7	33	24.8	3,920	16.7
2022	17.6	21.8	38	24.8	2,848	14.9
Middle						
2021	18.2	20.0	25	18.8	4,634	19.7
2022	19.8	19.3	33	21.6	3,599	18.8
Upper						
2021	38.4	36.4	45	33.8	8,071	34.4
2022	37.5	29.7	34	22.2	4,621	24.2
Not Available						
2021	0.0	15.3	14	10.5	5,610	23.9
2022	0.0	16.0	21	13.7	5,775	30.2
Totals						
2021	100.0	100.0	133	100.0	23,475	100.0
2022	100.0	100.0	153	100.0	19,099	100.0
<i>Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.</i> <i>*Families Below Poverty Level is 10.4 percent.</i>						

FSB's lending to low-income borrowers is below the percentage of families; however, this category includes families with incomes below the poverty level, which represents 10.4 percent of all families in the AA. These particular families likely face difficulty qualifying for loans in amounts necessary to finance homes in the AA. The bank's lending to low-income borrowers is above the HMDA aggregate data for 2021 and 2022, which is a better measurement of demand from qualified low-income borrowers. The bank's lending to moderate-income borrowers is above both demographic data and aggregate performance in 2021 and 2022. The bank's performance in this AA is reasonable.

Small Business Loans

The distribution of the sampled small business loans reflects excellent penetration of businesses with GARs of \$1.0 million or less. As shown in the following table, FSB originated all the sampled small business loans to businesses with GARs of \$1.0 million or less.

Distribution of Small Business Loans by GAR Category in Cincinnati MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤ \$1,000,000	90.0	20	100.0	2,436	100.0
> \$1,000,000	3.3	--	0.0	--	0.0
Revenue Not Available	6.7	--	0.0	--	0.0
Total	100.0	20	100.0	2,436	100.0
<i>Source: 2022 D&B Data; 2022 Bank Data</i>					

COMMUNITY DEVELOPMENT TEST

FSB demonstrates adequate responsiveness to CD needs in the Cincinnati MSA AA through loans, qualified investments, and CD services. Examiners considered the institution's capacity and the need and availability of such opportunities.

Community Development Loans

FSB originated four CD loans totaling approximately \$5.1 million. Notable examples of qualified CD loans include two loans to finance multi-family apartment buildings in moderate-income CTs, with rents set below fair market. The following table illustrates the bank's activity by year.

Community Development Lending in the Cincinnati MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021	2	2,480	--	--	--	--	--	--	2	2,480
2022	--	--	--	--	--	--	1	1,125	1	1,125
YTD 2023	--	--	--	--	1	1,460	--	--	1	1,460
Total	2	2,480	--	--	1	1,460	1	1,125	4	5,065
Source: Bank Data										

Qualified Investments

FSB made three qualified investments totaling \$2.1 million during the evaluation period, two of which are mortgage-backed securities for community services targeted to LMI individuals. The bank's performance in this AA was higher than the previous evaluation when the bank made no qualified investments and seven donations totaling \$28,000.

Qualified Investments in Cincinnati MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021	1	952	--	--	--	--	--	--	1	952
2022	--	--	2	1,110	--	--	--	--	2	1,110
YTD 2023	--	--	--	--	--	--	--	--	--	--
Subtotal	1	952	2	1,110	--	--	--	--	3	2,062
Qualified Grants & Donations	3	14	2	1	--	--	--	--	5	14
Total	4	966	4	1,111	--	--	--	--	8	2,076
<i>Source: Bank Data</i>										

Community Development Services

During the evaluation period, bank employees provided 17 instances of financial expertise or technical assistance for qualified purposes in this AA. The following table illustrates the bank's CD services by year and purpose.

Community Development Services in Cincinnati MSA AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021	1	1	1	--	3
2022	--	1	1	--	2
YTD 2023	1	1	1	--	3
Total	2	3	3	--	8
<i>Source: Bank Data</i>					

Notable examples of qualified CD services include:

- One employee served on the Board of a non-profit organization that provides resources to finance economic development activities in LMI CTs.
- Three employees served on a committee of a non-profit organization that provides financial expertise to LMI residents.

KENTUCKY NON-MSA AA – Full Scope Review

CRA RATING FOR STATE OF KENTUCKY: SATISFACTORY

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

DESCRIPTION OF INSTITUTION’S OPERATIONS IN KENTUCKY NON-MSA AA

Examiners performed a full-scope review of FSB's performance in this AA, which includes all CTs in Lawrence and Martin Counties. This AA accounted for 1.9 percent of total loans, 16.5 percent of total deposits, and 18.8 percent of the bank's branches. Given the volume of branches, loans, and deposits within this AA, it did not receive as much weight in overall performance conclusions as the Ohio Non-MSA and Cincinnati MSA AAs.

Economic and Demographic Data

FSB operates three full-service branches within this AA. The AA consists of 10 CTs with the following income designations according to the 2020 U.S. Census data: 0 low-income tracts; 3 moderate-income tracts; 7 middle-income tracts; and 0 upper-income tracts. The following table illustrates select demographic characteristics of the AA.

Demographic Information of the Kentucky Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	10	0.0	30.0	70.0	0.0	0.0
Population by Geography	27,580	0.0	25.6	74.4	0.0	0.0
Housing Units by Geography	12,743	0.0	27.0	73.0	0.0	0.0
Owner-Occupied Units by Geography	7,327	0.0	24.5	75.5	0.0	0.0
Occupied Rental Units by Geography	2,301	0.0	29.8	70.2	0.0	0.0
Vacant Units by Geography	3,115	0.0	30.8	69.2	0.0	0.0
Businesses by Geography	1,345	0.0	16.7	83.3	0.0	0.0
Farms by Geography	44	0.0	29.5	70.5	0.0	0.0
Family Distribution by Income Level	6,559	28.0	16.1	23.3	32.5	0.0
Household Distribution by Income Level	9,628	31.4	15.4	17.6	35.6	0.0
Median Family Income Non-MSAs - KY		\$54,327	Median Housing Value			\$80,772
Families Below Poverty Level		18.2%	Median Gross Rent			\$623
Source: 2020 U.S. Census and 2022 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.						

According to the 2020 U.S. Census data, the AA contains 12,743 housing units, of which 57.5 percent are owner-occupied, 20.2 percent are rental units, and 24.4 percent are vacant. The

Geographic Distribution criterion compares the bank's home mortgage lending to the distribution of owner-occupied housing units in the AA.

According to 2022 D&B data, there were 1,345 non-farm businesses within the AA with the following GAR levels: 80.4 percent of non-farms have GARs of \$1.0 million or less, 4.1 percent of non-farms have GARs of more than \$1.0 million, and 15.5 percent of non-farms have unknown GARs. D&B data from 2022 shows that the largest industries in the AA include Services (36.2 percent), followed by Retail Trade (15.9 percent), and Non-Classifiable Establishments (15.8 percent). Within the AA, 84.6 percent of businesses operate from a single location, and 63.4 percent have four or fewer employees.

Examiners considered unemployment data when evaluating the bank's ability to lend within the AA. According to the U.S. Bureau of Labor Statistics, this AA's unemployment levels decreased slightly then increased over the review period. The unemployment rates remain above the State of Ohio and National Average, indicating potential difficulties in lending opportunities.

Unemployment Rates in Kentucky Non-MSA AA			
Area	2021	2022	As of August 2023
	%	%	%
Lawrence County	6.1	5.3	5.9
Martin County	8.6	7.3	9.4
State of Kentucky	4.4	3.9	4.3
National Average	5.4	3.6	3.8
<i>Source: Bureau of Labor Statistics</i>			

Examiners used the FFIEC median family income estimates to analyze home mortgage lending under the Borrower Profile criterion. The following table outlines the income ranges for the AA during the evaluation period.

Median Family Income Ranges in Kentucky Non-MSA AA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
KY NA Median Family Income (99999)				
2022: \$61,700	<\$30,850	\$30,850 to <\$49,360	\$49,360 to <\$74,040	≥\$74,040
<i>Source: FFIEC</i>				

Competition

There is a moderate level of competition for financial services in the AA. As of the June 30, 2023 FDIC deposit market share data, five financial institutions operate seven offices within Lawrence and Martin Counties. Of these, FSB ranks 1st with 50.1 percent of the deposit market share. There is a moderate level of competition within the AA for home mortgage lending from local, regional, and national institutions.

Aggregate HMDA data for 2022, the most recent year with aggregate data available, provides insight into competition for home mortgage loans within the AA. In 2022, 76 lenders reported 311

originated or purchased loans. Of reporting institutions, FSB ranked 7th with a market share of 3.9 percent. The three most prominent home mortgage lenders accounted for 27.7 percent of total market share.

Although FSB is not subject to CRA data collection and reporting requirements for small business loan activity, the aggregate data provides a useful indicator of potential demand in the local area. The most recent aggregate data for 2021 shows that 32 institutions reported 207 small business loans in the AA, indicating a moderate degree of competition for this product. The three most prominent business lenders accounted for 50.3 percent of total market share.

Community Contact

Examiners interviewed a community contact familiar with the economic and demographic conditions of the area, who stated that the local economy is blighted, with a mostly low-income and aging population. The contact stated that there is a great need for housing, including rental properties. The contact stated that due to the topography of the area, there are not many resources available for local residents, especially since most lack transportation to receive help. The contact also stated local financial institutions were active and supportive in responding to the credit needs of the community.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that the AA has CD needs including affordable housing and small business lending.

CONCLUSIONS ON PERFORMANCE CRITERIA IN KENTUCKY NON-MSA AA

LENDING TEST

FSB demonstrated reasonable performance under the Lending Test. Performance in the Geographic Distribution and Borrower Profile criteria primarily supports this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion of home mortgage and small business lending throughout the Kentucky Non-MSA AA. This AA does not contain any low-income CTs; therefore, examiners focused on the bank's record of lending in moderate-income CTs.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the AA. As shown in the following table, FSB's lending in the moderate-income CTs significantly exceeded the percentage of owner-occupied homes and the aggregate data in both years.

Geographic Distribution of Home Mortgage Loans in Kentucky Non-MSA AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2021	35.8	22.5	4	44.4	536	54.9
2022	24.5	27.7	5	41.7	375	52.2
Middle						
2021	64.2	77.5	5	55.6	441	45.1
2022	75.5	72.3	7	58.3	344	47.8
Totals						
2021	100.0	100.0	9	100.0	977	100.0
2022	100.0	100.0	12	100.0	719	100.0

Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion throughout the AA. As shown in the following table, based on the sample of small business loans, FSB's lending within the moderate-income CTs significantly exceeded the percentage of businesses.

Geographic Distribution of Small Business Loans in Kentucky Non-MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	16.7	4	100.0	1,801	100.0
Middle	83.3	--	0.0	--	0.0
Upper	0.0	--	0.0	--	0.0
Total	100.0	4	10.00	1,801	100.0

Source: 2022 D&B Data; 2022 Bank Data

Borrower Profile

Overall, the distribution of loans reflects reasonable penetration among borrowers of different income levels and businesses of different sizes. Examiners focused on the percentages of home mortgage loans to LMI borrowers and small business loans to entities with GARs of \$1.0 million or less.

Home Mortgage Loans

FSB's distribution of home mortgage loans to individuals of different income levels, including LMI borrowers, reflects reasonable penetration within the AA. The following table illustrates the distribution of home mortgage loans by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level in Kentucky Non-MSA AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	*30.1	5.5	0	0.0	0	0.0
2022	*28.0	7.4	2	16.7	65	9.0
Moderate						
2021	16.5	13.2	0	0.0	0	0.0
2022	16.1	18.0	1	8.3	126	17.5
Middle						
2021	17.4	18.2	1	11.1	96	9.8
2022	23.3	26.4	1	8.3	33	4.6
Upper						
2021	36.1	40.5	8	88.9	881	90.2
2022	32.5	35.7	8	66.7	495	68.9
Not Available						
2021	0.0	22.5	0	0.0	0	0.0
2022	0.0	12.5	0	0.0	0	0.0
Totals						
2021	100.0	100.0	9	100.0	977	100.0
2022	100.0	100.0	12	100.0	719	100.0

*Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%. *Families Below Poverty Level is 18.2 percent.*

FSB did not originate any loans to low- or moderate-income borrowers in 2021, likely due to its new entry into this AA in the same year; however, the bank improved its performance the following year. The bank's performance to low-income borrowers in 2022 was significantly higher than demographic and aggregate data when we subtract the families below the poverty line. Families with incomes below the poverty level represent 18.2 percent of all families in the AA. These families likely face difficulty qualifying for loans in amounts necessary to finance homes in the AA. The bank's lending performance to moderate-income borrowers was below both demographic data and aggregate performance in 2021 and 2022. The counties in this AA have a high level of unemployment; significantly above the state and national averages, which may affect loan demand. In addition to its limited time operating in this AA and considering the community contact's description of the AA's population, the bank's overall performance in this AA is reasonable.

Small Business Loans

The distribution of the sampled small business loans reflects excellent penetration of businesses with GARs of \$1.0 million or less. As shown in the following table, FSB originated all of the sampled small business loans to businesses with GARs of \$1.0 million or less.

Distribution of Small Business Loans by GAR Category in Kentucky Non-MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤ \$1,000,000	80.4	4	100.0	1,801	100.0
> \$1,000,000	4.1	--	0.0	--	0.0
Revenue Not Available	15.5	--	0.0	--	0.0
Total	100.0	4	100.0	1,801	100.0
<i>Source: 2022 D&B Data; 2022 Bank Data</i>					

COMMUNITY DEVELOPMENT TEST

FSB demonstrates adequate responsiveness to community development needs in the Kentucky Non-MSA AA through loans, qualified investments, and CD services. Examiners considered the institution's capacity and the need and availability of such opportunities.

Community Development Loans

FSB did not originate any community development loans during the evaluation period in this AA. As previously stated, the bank added this AA in February 2021 when it acquired four branches in Kentucky. In addition, the community contact stated that the local economy is blighted, with a mostly low-income and aging population, and a great need for housing, including rental properties. Considering these factors, the bank's overall performance in this AA is reasonable.

Qualified Investments

FSB made one qualified investment totaling \$270,000 during the evaluation period, which was a bond purchased in 2022 that financed the education of LMI individuals to enable workforce development and skills training.

Qualified Investments in Kentucky Non-MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021	--	--	--	--	--	--	--	--	--	--
2022	--	--	1	270	--	--	--	--	1	270
YTD 2023	--	--	--	--	--	--	--	--	--	--
Subtotal	--	--	1	270	--	--	--	--	1	270
Qualified Grants & Donations	--	--	6	5	--	--	--	--	6	5
Total	--	--	7	275	--	--	--	--	7	275
Source: Bank Data										

Community Development Services

During the evaluation period, bank employees provided seven instances of financial expertise or technical assistance for projects targeted to the economic development of LMI areas in this AA. Notable example of qualified CD services include one employee providing financial expertise for

economic activities in Martin County. The following table illustrates the bank's CD services by year and purpose.

Community Development Services in Kentucky Non-MSA AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021	--	--	5	--	5
2022	--	--	1	--	1
YTD 2023	--	--	1	--	1
Total	--	--	7	--	7
<i>Source: Bank Data</i>					

APPENDICES

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Community Development Test	Rating
Ohio	Satisfactory	Satisfactory	Satisfactory
Kentucky	Satisfactory	Satisfactory	Satisfactory

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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. Other family 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).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, 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 do 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; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited-scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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 metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities 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 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 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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 lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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

Small Farm Loan: 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

HMDA DISCLOSURE STATEMENT

According to the guidelines of the Home Mortgage Disclosure Act First State Bank is required to compile and report loan data. A loan/application register for 2022 and 2023 was reported to the appropriate federal agency before March 1st of each year. Below is the Home Mortgage Disclosure Act Notice that is posted in the lobbies of all First State Bank branch offices.

HOME MORTGAGE DISCLOSURE ACT NOTICE

The HMDA data about our residential mortgage lending is available online for review. The data shows geographic distribution of loans and applications; ethnicity, race, gender, and income of applicants and borrowers; and information about loan approvals and denials.

This data is available online at the Consumer Financial Protection Bureau's website (www.consumerfinance.gov/hmda).

HMDA data for many other financial institutions is also available at this website.



First State Bank

Loan to Deposit Ratios

1st Quarter 2022 – 52.14%

2nd Quarter 2022 – 54.65%

3rd Quarter 2022 – 52.66%

4th Quarter 2022 – 55.03%

1st Quarter 2023 – 52.02%

2nd Quarter 2023 – 52.02%

3rd Quarter 2023 – 54.75%

4th Quarter 2023 – 53.44%



First State Bank

Services, Transaction Fees, and Hours of Operation

Deposit Services

Personal Interest-Bearing Checking Accounts
Personal Non-Interest Bearing Checking Accounts
Rewards Checking
Savings Accounts
Certificate of Deposits
IRAs
Business Checking Accounts
Business Savings Accounts

Loan Services

Mortgages
Home Equity
Construction Loans
Consumer Loans
Commercial Loans
Agriculture Loans

Other Services

ATMs
Telephone Banking
ATM Cards
Debit Cards
Safe Deposit Boxes (not available at the Mt. Orab Branch)
Internet Banking
Overdraft (Bounce) Protection
Mobile Banking

Miscellaneous Fees

Replace ATM Card	\$5.00
ATM Foreign Fee	\$2.00
Dollar Limit of Withdrawal at ATM within 24 hour period	\$500.00
Replace Debit Card	\$5.00
Quick Order of a Debit Card	\$30.00
Dollar limit of Purchase using a Debit Card	\$3,000.00 in point of sale transaction per day
CSH MGMNT TRANSFER CHARGE	\$5.00 per transaction
CSH MGMNT TRANSFER CHARGE IN SAVINGS	\$5.00 per transaction
Check Printing	Fee depends on style of checks ordered
Counter Checks	\$1.00
Cashier's Check	\$5.00
Money Order	\$2.00
Deposited checks returned unpaid	\$15.00
Account Activity Printout	\$3.00
Special Statement	\$4.00
Account Research/Sheet Copy	\$25 per hr./\$0.50 per copy (min. of \$25)
Copy Statement	\$3.00
Telephone Transfer from Checking or Savings	\$3.00
FIRST Banker Telephone Service	No Fee
FIRST Click Online 24 Hour Internet Service	No Fee
eStatement Available	No Fee for Viewing Online
Garnishments	\$100.00
Levies	\$100.00
Dormant Account Fee * Assessed to Checking and Savings Accounts	\$5.00 per month
Account Closing Fee *When closing within 60 days of opening date	\$20.00
<i>Non-Customer Check Cashing:</i>	
• Non-Customer Check Cashing \$200.00 or less	\$10.00
• Non-Customer Check Cashing \$200.01 or greater	5% of check amount
<i>Consumer Account Non-Sufficient Fund Charges:</i>	
• Non-Sufficient Fund Service Charge	\$33.00
• Non-Sufficient Fund Paid Service Charge	\$33.00
• Non-Sufficient Fund Return Charge	\$33.00
<i>Non-Consumer Non-Sufficient Fund Service Charge:</i>	
• Non-Sufficient Fund Service Charge	\$33.00
• Non-Sufficient Fund Paid Service Charge	\$33.00
• Non-Sufficient Fund Return Charge	\$33.00
<i>Available Monthly Statement on Compact Disk:</i>	
• 1 Month	\$7.95
• 3 Months	\$19.95
• 6 Months	\$29.95
• Consumer 12 Months	\$39.95
• Business 12 Months	\$49.95

<i>Stop Payment Fees:</i>	
• All Items	\$33.00
• Renewals	\$33.00
<i>Wire Transfers:</i>	
• Incoming Wires	\$15.00
• Outgoing Wires	\$25.00
• Outgoing International Wires	\$55.00
<i>Notary Service:</i>	
• Customer	Fee Waived
• Non-Customer	\$1.50
<i>Ohio Customer Safe Deposit Box Fees:</i>	
• Small Box	\$25.00
• Medium Box	\$30.00
• Large Box	\$40.00
• Extra Large Box	\$55.00
<i>Ohio Non-Customer Safe Deposit Box:</i>	
• Small Box	\$50.00
• Medium Box	\$60.00
• Large Box	\$80.00
• Extra Large Box	\$110.00
<i>Kentucky Customer Safe Deposit Box:</i>	
• 2 x 5	\$20.00
• 3 x 5	\$25.00
• 4 x 5	\$30.00
• 5 x 5	\$35.00
• 3 x 10	\$40.00
• 5 x 10	\$55.00
• 6 x 10	\$55.00
• 8 x 10	\$65.00
• 10 x 10	\$80.00
<i>Kentucky Non-Customer Safe Deposit Box Fees:</i>	
• Safe Deposit boxes are not available for non-customers	
<i>Safe Deposit Box Special Items</i>	
Box Drilled	\$200.00
<i>Photocopies:</i>	
Per Page	\$0.25
Per Page Duplexed	\$0.35
<i>Fax Fees:</i>	
Sending	\$3.00-1 st Page/\$1.00 for each additional page
Receiving	\$2.00-1 st Page/\$1.00 for each additional page
Incorrect Address Fee	\$2.50

Hours of Operation

Adams County, Fayetteville, Hillsboro, Washington Court House, Wilmington, Portsmouth and Kentucky Locations

Lobby

Monday	9:00 a.m. – 4:00 p.m.
Tuesday	9:00 a.m. – 4:00 p.m.
Wednesday	9:00 a.m. – 4:00 p.m.
Thursday	9:00 a.m. – 4:00 p.m.
Friday	9:00 a.m. – 5:30 p.m.
Saturday	9:00 a.m. – 12:00 p.m.

Drive - Thru

Monday	8:30 a.m. – 4:30 p.m.
Tuesday	8:30 a.m. – 4:30 p.m.
Wednesday	8:30 a.m. – 4:30 p.m.
Thursday	8:30 a.m. – 4:30 p.m.
Friday	8:30 a.m. – 5:30 p.m.
Saturday	8:30 a.m. – 12:00 p.m.

Brown County Locations (Excluding Fayetteville)

Lobby

Monday	9:00 a.m. – 4:30 p.m.
Tuesday	9:00 a.m. – 4:30 p.m.
Wednesday	9:00 a.m. – 4:30 p.m.
Thursday	9:00 a.m. – 4:30 p.m.
Friday	9:00 a.m. – 5:30 p.m.
Saturday	9:00 a.m. – 12:00 p.m.

Drive - Thru

Monday	8:30 a.m. – 4:30 p.m.
Tuesday	8:30 a.m. – 4:30 p.m.
Wednesday	8:30 a.m. – 4:30 p.m.
Thursday	8:30 a.m. – 4:30 p.m.
Friday	8:30 a.m. – 5:30 p.m.
Saturday	8:30 a.m. – 12:00 p.m.

Ashland Loan Production Office

Lobby

Monday	9:00 a.m. – 4:30 p.m.
Tuesday	9:00 a.m. – 4:30 p.m.
Wednesday	9:00 a.m. – 4:30 p.m.
Thursday	9:00 a.m. – 4:30 p.m.



First State Bank

CRA Public Comments

The Community Reinvestment Act requires that all written comments received from the public for the current year and the prior two calendar years that specifically relate to the bank's performance in helping to meet the needs of the community be included in this public file. These comments pertain to credit needs of the community, and any response to the comments by the bank will also be included. If either the comments or the responses contain statements that reflect adversely on the good name or reputation of any persons other than the bank or publication of which would violate specific provisions of law they will not be included in this file.

2021 - First State Bank did receive a comment on 10/5/2021. Please see following page.

2022 - First State Bank did not receive any comments to include in this file.

2023 - First State Bank did not receive any comments to include in this file.

CRA Public Comment – Closing of Yatesville Banking Center

Below is the content of a comment received by Mike Pell, President/CEO on 10/5/2021 in regards to the notice of closing for the Yatesville Banking Center. The comment was received by text message and the response by Mike Pell was also sent by text message on 10/5/2021.

Mike Pell notified Timothy Grooms and provided the messages on 10/6/21.

As of 10/7/21, Mike Armstrong has not attempted to reach out to Mike Pell to discuss further.

Comment by Mike Armstrong

Michael - this is Mike Armstrong here in Louisa. Please know I was disappointed to learn of your plan to close the "Yatesville" branch. It sounds to me like this was a decision made to satisfy a "bottom line" account vs. a customer friendly and customer convenient decision.

And if I may, you might remember that when we talked (back in January) I asked if you would soon be realizing anyone from Louisa/Lawrence County for your bank board. Not that this person(s) might have advocated for keeping the branch open, but without that "local" point-of-view, real local input remains lacking.

Not my intent to be mean-spirited in any way, shape, or form. That is not my style. But my comments are simply my sincere thoughts.

Thanks for this opportunity to share.

Respectfully,

Mike Armstrong

Response by Mike Pell

Thank you for reaching out. I'd be happy to discuss further. We want to provide good customer service but also be conservative and a good steward with our resources. I'm hopeful the team and facilities at downtown Louisa can serve this community well. Feel free to call anytime. Mike Pell