

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners reviewed the institution’s compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

KENTUCKY NON-MSA AA – Full-Scope Review

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

Examiners performed a full-scope review of FNB’s performance in this AA, which includes all census tracts in Graves, McCracken, Marshall, and Calloway counties. The Kentucky Non-MSA AA accounted for 91.5 percent of sampled small business loans and 76.8 percent of 2021 home mortgage loans, 76.7 percent of total deposits, and 80.0 percent of the institution’s branches.

Economic and Demographic Data

Examiners compared the small business loan sample to 2020 U.S. Census data (noted in the table below). Based on the 2020 U.S. Census Data, the AA is comprised of 50 census tracts designated as follows: 1 low-, 7 moderate-, 16 middle-, 24 upper-income. The Kentucky Non-MSA AA also includes two non-assigned census tracts.

Examiners compared home mortgage lending activities to 2015 ACS data (noted in the table below). Based on the 2015 ACS, the Kentucky Non-MSA AA was comprised of 41 census tracts designated as follows: 1 low-, 6 moderate-, 17 middle-, and 17 upper-income. According to the 2015 ACS, 12.1 percent of families in this AA had incomes below the poverty level.

Demographic Information of the Kentucky Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts) - 2021	41	2.4	14.6	41.5	41.5	0.0
Geographies (Census Tracts) - 2022	50	2.0	14.0	32.0	48.0	4.0
Population by Geography - 2021	172,197	1.0	11.4	40.5	47.1	0.0
Population by Geography - 2022	173,286	1.7	8.5	32.4	55.9	1.6
Housing Units by Geography - 2021	82,230	1.1	12.7	41.6	44.7	0.0
Housing Units by Geography - 2022	84,252	2.9	8.7	32.6	53.8	2.0
Owner-Occupied Units by Geography - 2021	48,365	0.4	6.5	40.2	52.9	0.0
Owner-Occupied Units by Geography - 2022	49,276	0.5	5.5	31.4	61.1	1.4
Occupied Rental Units by Geography - 2021	20,975	2.3	26.5	38.8	32.4	0.0

Demographic Information of the Kentucky Non-MSA AA Continued						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Vacant Units by Geography - 2021	12,890	1.1	13.8	51.3	33.8	0.0
Vacant Units by Geography - 2022	13,452	5.6	9.6	36.8	44.2	3.9
Businesses by Geography - 2021	14,732	1.2	13.9	37.5	47.5	0.0
Businesses by Geography - 2022	15,991	1.6	12.3	28.1	55.1	2.8
Family Distribution by Income Level - 2021	44,394	16.6	14.0	19.0	50.3	0.0
Family Distribution by Income Level - 2022	44,398	16.4	15.3	18.2	50.1	0.0
Household Distribution by Income Level - 2021	69,340	21.7	13.6	16.0	48.6	0.0
Household Distribution by Income Level - 2022	70,800	22.6	14.9	15.1	47.4	0.0
Median Family Income Non-MSAs – KY 2021		\$45,986	Median Housing Value - 2021			\$114,869
Median Family Income Non-MSAs – KY 2022		\$54,327	Median Housing Value - 2022			\$131,152
			Median Gross Rent - 2021			\$596
			Median Gross Rent - 2022			\$699
			Families Below Poverty Level - 2021			12.1%
			Families Below Poverty Level - 2022			10.6%
<i>Source: 2015 ACS, 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.</i>						

The analysis of small business loans under the Borrower Profile criterion compares the distribution of lending by the borrower’s GAR level. According to 2022 D&B data, there were 15,991 businesses within the AA. GARs for these businesses are as follows: 85.8 percent with \$1 million or less; 3.7 percent with more than \$1 million; and 10.5 percent with revenues not reported. Additionally, 63.7 percent of businesses operate with four or fewer employees and 89.9 percent operate from a single location. The most dominant industries in the Kentucky Non-MSA AA include the service industry at 34.1 percent; non-classifiable establishments at 19.1 percent; retail trade at 12.6 percent; and finance, insurance, and real estate at 10.2 percent.

The Geographic Distribution criterion compares the institution’s home mortgage lending to the distribution of owner-occupied housing units by tract income category. According to the 2015 ACS data, the AA had 82,230 housing units, of which 58.8 percent were owner-occupied, 25.5 percent were occupied rentals, and 15.7 percent were vacant.

Data obtained from the U. S. Bureau of Labor and Statistics indicates the average 2022 unemployment rate for the state of Kentucky was 3.9 percent, which is slightly higher than the national unemployment rate of 3.6 percent at year-end. The 2022 average unemployment rate for Graves County was 4.3 percent, McCracken County was 4.1 percent, Marshall County was 4.1 percent, and Calloway County was 4.1 percent. Unemployment rates for all four counties in the

Kentucky Non-MSA AA were on par with the statewide unemployment and slightly higher than national unemployment rates in 2022.

Due to the pandemic, average unemployment rates nationally, state level, and county level fluctuated significantly. The average national unemployment rate in 2020 was 8.1 percent, which was higher than the Kentucky unemployment rate in 2020 of 6.5 percent. Graves County (5.7 percent), Calloway County (6.0 percent), Marshall County (6.0 percent), and McCracken County (6.9 percent) unemployment rates in 2020 were on par with the state average. In 2021, the average unemployment rate nationally (5.4 percent), in Kentucky (4.4 percent), and at the county level was significantly lower than the unemployment rate in 2020.

Examiners used the FFIEC Median Family Income (MFI) ranges to evaluate home mortgage lending under the Borrower Profile criterion. The following table provides the MFI levels for the Kentucky Non-MSA AA.

MFI Ranges - Kentucky Non-MSA AA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2021 (\$52,600)	<\$26,300	\$26,300 to <\$42,080	\$42,080 to <\$63,120	≥\$63,120
<i>Source: FFIEC</i>				

Competition

The Kentucky Non-MSA AA is highly competitive in the market for financial services. According to FDIC Deposit Market Share data as of June 30, 2022, 15 institutions operated 65 offices in Graves, McCracken, Marshall, and Calloway counties. Of these institutions, FNB ranked fifth, with 9.7 percent of market share.

The institution is not required to collect or report its small business loan data, and it has not elected to do so; therefore, the analysis of small business loans does not include comparisons against aggregate data. However, the aggregate data is useful to gauge the level of competition for small business loans. Aggregate data for 2021 indicates that 81 lenders reported 3,293 small business loans in the Kentucky Non-MSA AA, indicating a high degree of competition for this product.

There is a high level of competition for home mortgage loans among institutions, credit unions, and non-depository mortgage lenders. In 2021, 257 lenders reported 5,243 residential mortgage loans originated or purchased. FNB ranked ninth out of this group of lenders, with 2.9 percent market share.

Community Contact

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying credit and community development needs and opportunities, including the bank’s responsiveness to those needs.

Examiners reviewed a recent community contact with an economic development agency that serves multiple counties in the AA. The agency focuses on recruitment and retention efforts of local businesses that provide employment for community members. The contact stated the area has

experienced significant growth since 2020 with a vibrant and robust workforce, with many employment opportunities in manufacturing, healthcare, education, and transportation industries.

The contact stated local institutions perform well and have strong partnerships with the community. Specifically, institutions in the area have interest in collaborating with economic development organizations and small businesses to expand technology, cash management, and other essential financial services.

Credit and CD Needs and Opportunities

Examiners considered information from the community contact, CRA Public Evaluations of other institutions operating in the area, institution management, and demographic and economic data, and determined that small business and home mortgage lending represent the primary credit needs for the Kentucky Non-MSA AA. Furthermore, based on information provided by the community contact, and demographic and economic data, the AA has CD needs that include economic development and affordable housing.

Given the substantial similarities between the Kentucky Non-MSA AA and the Clarksville, TN-KY MSA AA, examiners concluded similar credit and CD needs and opportunities for both AAs.

CONCLUSIONS ON PERFORMANCE CRITERIA IN KENTUCKY NON-MSA AA

LENDING TEST

FNB demonstrated reasonable performance under the Lending Test in the Kentucky Non-MSA AA. Geographic Distribution and Borrower Profile performance supports this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion of small business and home mortgage loans. Examiners focused on the percentage by number of loans in LMI census tracts.

Small Business Loans

The geographic distribution of sampled small business loans reflects reasonable dispersion throughout the Kentucky Non-MSA AA. Examiners focused on the comparison to the percent of businesses in each tract income level. The following table reflects FNB's performance compared to the percentage of businesses located within each tract category.

Geographic Distribution of Small Business Loans – Kentucky Non-MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	1.6	-	0.0	-	0.0
Moderate	12.3	5	2.6	1,023	7.9
Middle	28.2	137	70.3	7,256	56.2
Upper	55.1	53	27.1	4,636	35.9
NA	2.8	-	0.0	-	0.0
Total	100.0	195	100.0	12,915	100.0

Source: 2020 U.S Census; 2022 D&B Data; Institution Data

The Kentucky Non-MSA AA contains one low-income census tract, located in Murray, Calloway County. Calloway County currently has 10 financial institutions with 16 offices, which shows the level of competition in the area. Therefore, it is reasonable that FNB did not originate any of the sampled small business loans in the sole low-income tract.

Five of the seven moderate-income census tracts located in this AA are located in and around Paducah, McCracken County. McCracken County currently has 10 financial institutions with 28 offices, and FNB only maintains 2.8 percent deposit market share. Given the significant competition in the area with most of the moderate-income census tracts, it is reasonable that FNB had minimal penetration in these areas.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the Kentucky Non-MSA AA. Examiners focused comparisons on aggregate performance data, because it is more indicative of the level of lending opportunity in a given area. The following table illustrates the geographic distribution of home mortgage loans throughout this AA.

Geographic Distribution of Home Mortgage Loans – Kentucky Non-MSA AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	0.4	0.4	1	0.7	80	0.3
Moderate	6.5	6.5	26	17.1	5,394	19.6
Middle	40.2	37.0	56	36.8	6,844	24.9
Upper	52.9	56.1	69	45.4	15,158	55.2
Total	100.0	100.0	152	100.0	27,476	100.0

Source: 2015 ACS; Institution Data, 2021 HMDA Aggregate Data.

FNB’s lending performance in LMI census tracts exceeds aggregate data. The institution’s lending volume by number in moderate-income census tracts in 2021 exceeded aggregate performance by 10.6 percent. Additionally, of the 235 secondary market loans originated in 2021, 6.4 percent were in LMI tracts. This further demonstrated the bank’s commitment to facilitating home mortgage lending in LMI areas.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among businesses of different sizes and individuals of different income levels in the Kentucky Non-MSA AA. Examiners focused on small businesses with GARs of \$1 million or less and the number of home mortgage loans to LMI borrowers.

Small Business Loans

The distribution of small business loans reflects excellent penetration among businesses of different sizes. Examiners compared the bank’s performance to the percentage of businesses within each income designation. In 2022, FNB originated all loans in the sample to businesses with GARs of \$1 million or less. When compared to the demographics of businesses in this revenue category in the AA, this reflects excellent performance. The following table illustrates the distribution of small business loans by size of the business in the Kentucky Non-MSA AA.

Distribution of Small Business Loans by GAR Category – Kentucky Non-MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	85.8	195	100.0	12,915	100.0
>\$1,000,000	3.7	-	0.0	-	0.0
Revenue Not Available	10.5	-	0.0	-	0.0
Totals	100.0	195	100.0	12,915	100.0

Source: 2022 D&B Data and Bank Data.

Home Mortgage Loans

FNB’s overall distribution of home mortgage loans to individuals of different income levels, including LMI borrowers, reflects reasonable penetration within the Kentucky Non-MSA AA. Examiners compared the institution’s performance to the aggregate data, because this provides a better picture of demand and actual opportunities. The following table illustrates the distribution of loans by borrower income level throughout the Kentucky Non-MSA AA.

Distribution of Home Mortgage Loans by Borrower Income Level – Kentucky Non-MSA AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	16.6*	3.5	8	5.3	540	2.0
Moderate	14.0	12.3	11	7.2	592	2.2
Middle	19.1	17.4	13	8.6	1,309	4.8
Upper	50.3	47.8	70	46.1	12,505	45.5
Not Available	0.0	19.0	50	32.9	12,531	45.6
Totals	100.0	100.0	152	100.0	27,476	100.0

*Source: 2015 ACS; Institution Data, 2021 HMDA Aggregate Data, Due to rounding, totals may not equal 100.0% *Families below poverty equal 12.1 percent.*

FNB’s lending to low-income borrowers was higher than aggregate performance within the Kentucky Non-MSA AA. The institution’s lending volume by number to low-income borrowers in 2021 exceeded aggregate performance by 1.8 percent. According to demographic data, of the 16.6 percent of low-income families in the AA, 12.1 percent live below the poverty level, which can create a lack of lending opportunities. Due to their limited financial resources, families below the poverty level generally do not have the capacity to support a home mortgage loan, limiting the demand and opportunity to lend to low-income borrowers. Additionally, a low-income family with an income of less than \$26,300 may not qualify for a mortgage under conventional underwriting standards, given the area median housing value of \$114,869. Additionally, of the 235 secondary market loans facilitated in 2021, 1.7 percent was to low-income borrowers in the Kentucky Non-MSA AA.

The institution’s performance with moderate-income individuals was lower than aggregate performance. FNB’s lending to moderate-income borrowers trailed the aggregate by 5.1 percent and the demographic by 6.8 percent in 2021. However, of the 235 secondary market loans facilitated in 2021, 12.3 percent were to moderate-income borrowers in the Kentucky Non-MSA AA. The institution’s performance for moderate-income individuals is therefore reasonable. The institution's overall home mortgage lending to LMI individuals is reasonable.

CD TEST

FNB demonstrated excellent responsiveness to the CD needs of its assessment area. Excellent CD loans, qualified investments, and CD services performance support this conclusion.

CD Loans

FNB originated or renewed 20 CD loans, totaling approximately \$43.0 million in the Kentucky Non-MSA AA since the previous evaluation. This level of total activities represents 87.0 percent of total CD lending, which is reasonable to the size of its operations in this AA. The following table illustrates the institution’s CD loans by year and purpose. The institution did not originate any CD loans in the Kentucky-Non MSA AA for year-to-date 2023.

Community Development Lending – Kentucky Non-MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020 (Partial)*	-	-	-	-	1	3,050	-	-	1	3,050
2021	2	454	4	5,452	2	1,922	-	-	8	7,828
2022	3	2,130	-	-	7	19,954	1	10,000	11	32,084
Totals	5	2,584	4	5,452	10	24,926	1	10,000	20	42,962

Source: Bank Data 3/20/2020-3/06/2023

Below are notable examples of FNB’s qualified CD loans in the Kentucky Non-MSA AA:

- In 2020, FNB made a \$3 million contribution to a \$6 million participation loan pool to finance the construction of a new business that will provide employment opportunities to LMI individuals in the AA (Economic Development).
- In 2021, FNB originated a \$5 million loan to a municipal entity to fund electric meters

throughout the AA, including LMI census tracts (Community Services).

- In 2022, FNB was the lead participant of a \$10 million line of credit to finance the rehabilitation of an electric plant that sustained substantial damage during a recent natural disaster, providing essential services to all residents of the AA, including LMI individuals and families (Revitalization and Stabilization).

Qualified Investments

FNB made 96 qualified investments, totaling approximately \$7.8 million since the previous evaluation in Kentucky Non-MSA AA. This level of activity represents 70.6 percent of the total qualified investment activity, which is appropriate given the bank’s presence in this area. The following table illustrates the institution’s CD investments by year and purpose. The institution has not made any qualified investments for year-to-date in 2023.

Qualified Investments by Year – Kentucky Non-MSA AA										
Activity	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	Year	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#
2020 (Partial)*	-	-	13	6,101	-	-	-	-	13	6,101
2021	-	-	2	490	-	-	-	-	2	490
2022	-	-	5	815	-	-	-	-	5	815
Subtotals	-	-	20	7,406	-	-	-	-	20	7,406
Qualified Grants & Donations	-	-	60	315	10	64	6	19	76	398
Totals	-	-	80	7,721	10	64	6	19	96	7,804
<i>Source: Bank Data 3/20/2020-3/06/2023</i>										

In addition to the investments and donations detailed above, FNB facilitated multiple community fundraisers to support tornado relief efforts for Graves County individuals, families, and schools, totaling approximately \$282,000 in community donations.

Below are notable examples of FNB’s qualified investments in the Kentucky Non-MSA AA:

- In 2022, FNB made five investments, totaling \$815,000, to support financing of enhancements for two local elementary schools in which a majority of the students are eligible to receive free or reduced-price lunches (Community Services).
- In 2022, FNB made two investments, totaling \$490,000, to support financing of enhancements to a heating, ventilation, and air-conditioning system for a local elementary school in which a majority of the students are eligible to receive free or reduced-price lunches (Community Services).

CD Services

FNB employees and officers provided 2,363 hours of financial expertise, financial literacy, or technical assistance to community development-related organizations in the Kentucky Non-MSA

AA since the previous evaluation. This level of activity represents 92.7 percent of the total service activity, which is appropriate given the bank’s presence in this area.

As shown in the following table, a majority of the service hours supported community service efforts and activities. The following table illustrates the institution’s CD services by year and purpose.

Community Development Service Hours - Kentucky Non-MSA AA					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2020 (Partial)	21	434	150	-	605
2021	25	455	171	36	687
2022	14	567	109	234	924
2023 (YTD)	-	135	12	-	147
Total	60	1,591	442	270	2,363

Source: Bank Data 3/20/2020-3/06/2023

Below are notable examples of FNB’s CD services in the Kentucky Non-MSA AA:

- Throughout 2022, FNB employees provided immediate response to tornado relief efforts across Western Kentucky, which resulted in a declaration of a Designated Disaster Area across the AA. Employees participated in disaster recovery efforts by assisting the community, individuals, families, and businesses impacted by property and home damage, displacement, and employment loss (Community Services).
- Throughout 2022, an employee of FNB collaborated with Junior Achievement programs to provide weekly financial literacy services to a local elementary school in which a majority of the students are eligible to receive free or reduced-price lunches (Community Services).
- Throughout the review period, an employee used their financial expertise to serve on the Board of Directors for a local non-profit housing organization that provides affordable housing for LMI individuals and families in the AA (Affordable Housing).

CLARKSVILLE, TN-KY MSA AA – Limited-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN CLARKSVILLE, TN-KY MSA AA

Examiners performed a limited-scope review of FNB’s performance in this AA, which includes all census tracts in Trigg County, Kentucky. Trigg County is located in the Clarksville, TN-KY MSA. The Clarksville, TN-KY MSA AA contains two of the institution’s ten branches, and two of the institution’s ATMs. The Clarksville, TN-KY MSA AA accounted for 6.6 percent of sampled small business loans and 23.2 percent of 2021 home mortgage loans, 23.3 percent of total deposits, and 20 percent of the institution’s branches.

The table below shows demographic information for the Clarksville, TN-KY MSA AA.

Demographic Information of the Clarksville TN-KY MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts) - 2021	5	0.0	0.0	60.0	0.0	40.0
Geographies (Census Tracts) - 2022	7	0.0	14.3	57.1	0.0	28.6
Population by Geography - 2021	14,250	0.0	0.0	99.9	0.0	0.1
Population by Geography - 2022	14,061	0.0	20.7	79.2	0.0	0.0
Housing Units by Geography - 2021	7,835	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography - 2022	7,972	0.0	17.1	82.9	0.0	0.0
Owner-Occupied Units by Geography - 2021	4,946	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography - 2022	4,673	0.0	15.2	84.8	0.0	0.0
Occupied Rental Units by Geography - 2021	1,068	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography - 2022	1,243	0.0	45.1	54.9	0.0	0.0
Vacant Units by Geography - 2021	1,821	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography - 2022	2,056	0.0	4.2	95.8	0.0	0.0
Businesses by Geography - 2021	952	0.0	0.0	99.1	0.0	0.9
Businesses by Geography - 2022	1,041	0.0	26.7	72.4	0.0	0.9
Family Distribution by Income Level - 2021	4,186	20.0	19.2	18.7	42.0	0.0
Family Distribution by Income Level - 2022	3,965	21.7	15.8	25.4	37.0	0.0
Household Distribution by Income Level - 2021	6,014	26.3	16.7	17.0	40.0	0.0
Household Distribution by Income Level - 2022	5,916	27.2	16.7	19.3	36.7	0.0
MFI - Clarksville, TN-KY MSA - 2021		\$53,979	Median Housing Value - 2021			\$115,390
MFI - Clarksville, TN-KY MSA - 2022		\$65,849	Median Housing Value - 2022			\$160,079
			Median Gross Rent - 2021			\$562
			Median Gross Rent - 2022			\$619
			Families Below Poverty Level - 2021			11.3%
			Families Below Poverty Level - 2022			11.1%
Source: 2015 ACS, 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.						

As depicted in the table above, the AA’s geographic data changed slightly between the 2015 ACS and the 2020 U.S. Census. During the previous evaluation, the AA had no census tracts in LMI

geographies. With the 2020 U.S. Census, the AA now has one moderate-income census tract and six middle-income census tracts.

According to 2022 D&B data, there were 1,041 businesses within the AA. GARs for these businesses are as follows: 88.0 percent with \$1 million or less; 2.0 percent with more than \$1 million; and 10.0 percent with revenues not reported. Additionally, 66.7 percent of businesses operate with four or fewer employees and 92.3 percent operate from a single location. The most dominant industries in the Clarksville, TN-KY MSA AA include the service industry at 28.3 percent; non-classifiable establishments at 26.0 percent; retail trade at 11.3 percent; and finance, insurance, and real estate at 7.9 percent.

According to the 2015 ACS data, the AA had 7,835 housing units, of which 63.1 percent were owner-occupied, 13.6 percent were occupied rentals, and 23.2 percent were vacant.

Data obtained from the U. S. Bureau of Labor and Statistics indicates the average 2022 unemployment rate for the state of Kentucky was 3.9 percent, which is slightly higher than the National unemployment rate of 3.6 percent at year-end. The 2022 average unemployment rate for Trigg County was 4.4 percent.

Due to the pandemic, average unemployment rates nationally, state level, and county level fluctuated significantly. The average national unemployment rate in 2020 was 8.1 percent, which was higher than the Kentucky unemployment rate in 2020 of 6.5 percent. Trigg County (6.8 percent) unemployment rate in 2020 was on par with the state average. In 2021, the average unemployment rate nationally (5.4 percent), in Kentucky (4.4 percent), and in Trigg County (5.1 percent) was significantly lower than the unemployment rate in 2020.

CONCLUSIONS ON PERFORMANCE CRITERIA IN CLARKSVILLE, TN-KY MSA AA

The institution's Lending Test performance in the Clarksville, TN-KY MSA AA is consistent with the institution's lending performance in the Kentucky Non-MSA AA. In 2022, FNB originated 14 of sampled small business loans, totaling approximately \$1.1 million.

With respect to the Borrower Profile criterion, the institution's overall performance is excellent. All small business loans in the sample were to businesses with GAR of less than a million dollars. In 2021, FNB originated 10.9 percent of home loans to low-income borrowers compared to 6.1 percent aggregate performance, and 23.9 percent of home loans to moderate-income borrowers compared to 15.3 percent aggregate performance.

LENDING TEST

The institution's Lending Test performance in the Clarksville, TN-KY MSA AA is consistent with the institution's lending performance in the Kentucky Non-MSA AA. In 2022, FNB originated 14 of the sampled small business loans, totaling approximately \$1.1 million. In 2021, the institution originated 46 home mortgage loans, totaling approximately \$4.4 million. All lending activity was in middle-income census tracts, which is reasonable considering Trigg County only consists of middle-income census tracts.

With respect to the Borrower Profile criterion, the institution’s overall performance is excellent. All small business loans in the sample were to businesses with GARs of less than a million dollars. In 2021, FNB originated 10.9 percent of home loans to low-income borrowers compared to 6.1 percent aggregate performance, and 23.9 percent of home loans to moderate-income borrowers compared to 15.3 percent aggregate performance.

CD TEST

FNB’s CD Test performance in the Clarksville TN-KY MSA AA is consistent with the institution’s CD performance in the Kentucky Non-MSA AA. During the review period, the institution originated three CD loans totaling approximately \$1.6 million (one in 2021 for \$25,260 and two in 2022 for approximately \$1.6 million).

In addition, FNB made 13 qualified investments and donations totaling \$716,211. The following table illustrates the investment activity by year.

Qualified Investments - Clarksville TN-KY MSA AA		
Activity Year	Totals	
	#	\$(000s)
Prior Period	1	90
2020	2	28
2021	6	62
2022	4	536
YTD 2023	0	0
Total	13	716
<i>Source: Bank Data</i>		

For CD services, employees provided 187 hours of financial and technical assistance to various qualified CD-related organizations in the AA. The following table illustrates the service hours by year

Community Development Services – Clarksville TN-KY MSA AA	
Activity Year	Total Hours
	#
2020	32
2021	64
2022	76
YTD 2023	15
Total	187
<i>Source: Bank Data</i>	

APPENDICES

INTERMEDIATE SMALL INSTITUTION PERFORMANCE CRITERIA

Lending Test

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

- 1) The institution'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, CD loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the institution's AA(s);
- 3) The geographic distribution of the institution's loans;
- 4) The institution'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 institution's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its AA(s).

CD Test

The CD Test considers the following criteria:

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

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.