



## **PUBLIC DISCLOSURE**

September 17, 2018

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Citizens Federal Savings & Loan Association  
Charter Number 700375

433 Madison Ave.  
Covington, KY 41011-1519

Office of the Comptroller of the Currency

Central Ohio Field Office  
Westlake Center  
4555 Lake Forest Drive, Suite 520  
Cincinnati, OH 45242-3760

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

## Table of Contents

<b>OVERALL CRA RATING .....</b>	<b>3</b>
<b>DEFINITIONS AND COMMON ABBREVIATIONS .....</b>	<b>4</b>
<b>DESCRIPTION OF INSTITUTION .....</b>	<b>8</b>
<b>SCOPE OF THE EVALUATION.....</b>	<b>9</b>
<b>DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW .....</b>	<b>10</b>
<b>CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS.....</b>	<b>11</b>
<b>LENDING TEST .....</b>	<b>11</b>
<b>APPENDIX A: SCOPE OF EXAMINATION.....</b>	<b>A-1</b>
<b>APPENDIX B: COMMUNITY PROFILES FOR FULL-SCOPE AREAS .....</b>	<b>B-1</b>

## **Overall CRA Rating: Satisfactory.**

**The Lending Test is rated: Satisfactory.**

- The Citizens Federal Savings & Loan Association (Citizens, FSA, or thrift) makes a majority of their loans inside their assessment area (AA).
- Lending to borrowers of different income levels reflects reasonable distribution.
- Geographic distribution of lending in low- and moderate-income census tracts (CTs) is reasonable.
- Citizens' quarterly average net loan-to-deposit (LTD) ratio is reasonable.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**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.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under the U.S. Department of Housing and Urban Development Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing).

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual 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.

**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 Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

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

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

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

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

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

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA evaluation. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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

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

**Rated Area:** A rated area is a state or multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

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

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

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

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

## Description of Institution

Citizens is a federally-chartered, mutual savings association with total assets of \$39.4 million as of June 30, 2018. Citizens operates one office located in Covington, Kentucky. The CT of the office location changed from an upper-income CT as of the 2010 U.S. Census to a moderate-income CT as of the 2015 American Community Survey (ACS) U.S. Census. The FSA has not opened or closed any offices since the previous CRA evaluation in 2013.

The lobby and drive-in are open for business from 8:30 a.m. to 4:30 p.m., Monday through Thursday, and open until 6:00 p.m. on Friday. Citizens is not open on Saturday or Sunday. Citizens does not operate an Automated Teller Machine (ATM).

Citizens has designated one AA. The AA is Kenton County, Kentucky (Kenton County AA) in its entirety, which is located in the Cincinnati, OH-KY-IN MSA 17140. The AA is contiguous, meets the requirements of the regulation, and does not arbitrarily exclude any low- and moderate-income CTs. As of the 2010 U.S. Census, four CTs were low-income, 11 were moderate-income, 17 were middle-income, and nine were upper-income. As of the 2015 ACS U.S. Census, seven CTs were low-income, ten were moderate-income, 18 were middle-income, and six were upper-income. Refer to **“Appendix B: Community Profiles for Full-Scope Areas”** for specific details regarding the AA.

As a traditional savings association, Citizens has concentrated its operations in the origination of mortgage loans and the acceptance of deposits. As of June 30, 2018, net loans and leases totaled \$22.5 million, representing 57.2 percent of the total assets. Tier 1 capital was \$10.3 million, or 26.2 percent of total assets, for the same time period. During the lending evaluation period (2015 – 2017), the loan mix, based on dollar volume originated or purchased, consisted of 80.1 percent in residential real estate (owner-occupied single family) and 19.9 percent in non-owner occupied real estate (commercial real estate). The FSA’s primary lending focus is residential real estate lending (owner-occupied single family).

Citizens offers conventional fixed- and adjustable-rate first and second mortgages for the purchase, refinance, and home improvement, as well as for the construction/rehabilitation, of single-family residences. Loans secured by customer deposits, multi-family, and home equity loans are also available. The FSA maintains all of its mortgage loan production in its portfolio. Citizens offers a traditional array of deposit products (checking, savings, CDs, and IRAs).

Competition in the AA is strong with 18 other financial institutions located in the thrift’s AA. Competition comes from state and national banks, savings banks, and branches of larger financial institutions. Institutions with top deposits in the county include Branch Banking and Trust Company, Fifth Third Bank, The Huntington National Bank, and U.S. Bank, N.A. Citizens had approximately 0.9 percent of the deposit market share in Kenton County, which represents the thirteenth largest deposit market share percentage in comparison to the 18 competing institutions in Kenton County, as of the



June 30, 2016, Federal Deposit Insurance Corporation's (FDIC) Deposit Market Share Report. As of the June 30, 2017, FDIC's Deposit Market Share Report, the thrift was ranked fourteenth out of 18 financial institutions with the same 0.9 percent deposit market share.

There are no financial or legal impediments that affect Citizens' ability to help meet the credit needs of its community. Citizens' previous CRA rating was "Satisfactory" as of August 19, 2013.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

We conducted a full-scope CRA evaluation to assess the FSA's record of meeting the credit needs of its entire community, including low- and moderate-income areas. We used the small savings association CRA evaluation procedures to assess the FSA's performance. The Lending Test includes loans originated and purchased from January 1, 2015, to December 31, 2017, (lending evaluation period). Residential real estate loans are the thrift's primary lending product and were evaluated under the Lending Test. Citizens originated or purchased a total of 47 home mortgage loans (owner-occupied single family) during the lending evaluation period. We included an analysis of all 47 loans in this CRA evaluation, with 25 loans originated/purchased inside the AA and 22 loans originated/purchased outside the AA. For the **"Lending to Borrowers of Different Incomes"** and the **"Geographic Distribution of Loans"** analyses, we used all 25 loans originated/purchased inside the AA. We used the 2010 U.S. Census data for loans originated and purchased in 2015 – 2016 and the 2015 ACS U.S. Census data for loans originated and purchased in 2017.

### Data Integrity

The thrift is not a HMDA or CRA loan data reporter. We reviewed source documentation for each loan in the sample, and did not note any data integrity issues. Citizens is located in a MSA, but is not subject to HMDA due to the total assets size threshold.

### Selection of Areas for Full-Scope Review

We completed a full-scope review of the FSA's only AA, Kenton County, Kentucky, as described within the **"Description of the Institution"** section of this Performance Evaluation (PE).

### Ratings

Citizens' overall rating is based on the full-scope review of their only AA, Kenton County, Kentucky.

## **Discriminatory or Other Illegal Credit Practices Review**

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

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

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

## Conclusions with Respect to Performance Tests

### LENDING TEST

Citizens' lending performance is satisfactory.

#### Loan-to-Deposit Ratio

Citizens' LTD ratio is reasonable given its size, financial condition, and AA credit needs. The FSA's average LTD ratio over 20 quarters since the prior CRA examination (September 2013 through June 2018) is 86.1 percent. The ratio ranged from a high of 97.1 percent to a low of 77.1 percent during this period. The ratio has been trending up over the past ten quarters due to increased loan demand (LTD ratio of 92.3 percent at June 30, 2018), but remains well within the quarterly peer average range of similar financial institutions in Kenton County, Kentucky (63.4 percent to 109.8 percent). The quarterly peer average LTD ratio was 82.2 percent, with the asset size of peer institutions in the AA ranging from \$26.1 million to \$782.1 million.

#### Lending in Assessment Area

Citizens originated or purchased the majority of its loans inside its AA. As outlined in the ***"Description of Institution"*** above, the FSA's primary lending product is residential real estate lending. During the lending evaluation period, Citizens originated or purchased 53.2 percent of its loans by number or 50.6 percent by dollar amount inside its AA. Refer to Table 1 for the number and dollar volume of loans originated or purchased inside the AA.

Table 1 - Lending in the Kenton County AA										
Loan Type	Number of Loans					Dollars of Loans (in 000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential Real Estate Loans	25	53.2	22	46.8	47	5,372	50.6	5,236	49.4	10,608
Totals	25	53.2	22	46.8	47	5,372	50.6	5,236	49.4	10,608

Source: Loan sample; all residential real estate loans originated or purchased in 2015, 2016, and 2017.

#### Lending to Borrowers of Different Incomes

Lending to borrowers of different income levels reflects reasonable distribution.

Information as of the 2010 U.S. Census Data, Loans originated or purchased in 2015 - 2016

During the lending evaluation period, Citizens originated or purchased 15 residential real estate loans inside their AA in 2015 – 2016, demonstrating reasonable distribution among borrowers of different income levels. The FSA’s lending to low- and moderate-income borrowers is lower than the aggregate lending data and the percentage of low- and moderate-income families in the AA, but is overall reasonable. We note that the 8.4 percent poverty rate (families below poverty level) limits lending opportunities, as residents of limited income may encounter difficulty meeting credit underwriting standards. Additionally 27.7 percent of the total housing units in the AA are occupied rental units. We also considered the median price of housing in the AA (\$147,604) relative to the maximum income of borrowers in the low- and moderate-income category, which may demonstrate a barrier to homeownership. Refer to **“Appendix B: Community Profiles for Full-Scope Areas”** for more details. Refer to Table 2 for the distribution of residential real estate loans among borrowers of different income levels.

Table 2 Borrower Distribution of Residential Real Estate Loans in the Kenton County AA 2015 – 2016 Loan Sample			
Borrower Income Level	% of Number of Residential Real Estate Loans by Thrift	% of Residential Real Estate Loans by AA Lenders – Aggregate Lending Data	% of AA Families
Low	6.7	10.0	20.1
Moderate	13.3	20.3	18.9
Middle	13.3	19.1	21.9
Upper	66.7	32.1	39.1
NA	0	18.5	0.00

Source: Loan sample; all residential real estate loans originated or purchased from January 1, 2015 through December 31, 2016 inside the AA; 2010 U.S. Census Data, 2016 HMDA Aggregate Data.

Information as of the 2015 ACS U.S. Census Data, Loans originated or purchased in 2017

During the lending evaluation period, Citizens originated or purchased 10 residential real estate loans inside their AA in 2017, demonstrating reasonable distribution among borrowers of different income levels. The FSA’s lending to low- and moderate-income borrowers is slightly lower than aggregate lending data, but is overall reasonable. The FSA’s lending to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. Additionally, we note that the 11.8 percent poverty rate (families below poverty level) limits lending opportunities, as residents of limited income may encounter difficulty meeting credit underwriting standards. Refer to Table 3 for the distribution of residential real estate loans among borrowers of different income levels and **“Appendix B: Community Profiles for Full-Scope Areas”** for more details.

<b>Table 3 Borrower Distribution of Residential Real Estate Loans in the Kenton County AA 2017 Loan Sample</b>			
<b>Borrower Income Level</b>	<b>% of Number of Residential Real Estate Loans by Thrift</b>	<b>% of Residential Real Estate Loans by AA Lenders – Aggregate Lending Data</b>	<b>% of AA Families</b>
Low	10.0	11.0	23.8
Moderate	20.0	23.9	17.6
Middle	20.0	18.9	21.2
Upper	50.0	28.2	37.4
NA	0	18.0	0.00

*Source: Loan sample; all residential real estate loans originated or purchased from January 1, 2017 through December 31, 2017 inside the AA; 2015 ACS U.S. Census Data, 2017 HMDA Aggregate Data.*

### **Geographic Distribution of Loans**

Citizens' geographic distribution of loans reflects reasonable distribution.

The majority of Citizens' AA consists of middle- and upper-income CTs. As of the 2010 U.S. Census data, 62.3 percent of the total housing units are owner occupied, with 59.0 percent owner occupied as of the 2015 ACS U.S. Census. The Kenton County AA has strong competition for loans due to a large number of financial institutions in the area. Based on discussions with management, the area also has a shortage of houses on the market. This resulted in limited opportunities to lend in low- and moderate-income CTs. The loan sample represented loans originated throughout the AA, with no conspicuous gaps.

During the lending evaluation period, the FSA originated eight residential real estate loans inside the AA in 2015, seven in 2016, and ten in 2017. Below is the geographic distribution of loans based on the loan originations inside the AA.

#### Information as of the 2010 U.S. Census Data, Loans originated or purchased in 2015 - 2016

Citizens' geographic distribution of loans within the Kenton County AA is reasonable. The FSA has four low-income CTs and eleven moderate-income CTs. Geographic distribution when compared to the level of loans made by AA lenders (aggregate lending data) and to the level of owner occupied housing in low- and moderate-income CTs is overall reasonable. Refer to Table 4 for more details.

<b>Table 4 Geographic Distribution of Residential Real Estate Loans in the Kenton County AA 2015 – 2016 Loan Sample</b>			
Census Tract Income Level	% of Number of Residential Real Estate Loans by Thrift	% of Residential Real Estate loans by AA Lenders – Aggregate Lending Data	% of AA Owner Occupied Housing
Low	0.00	2.5	3.3
Moderate	13.4	17.5	20.3
Middle	53.3	59.6	53.5
Upper	33.3	20.4	22.9

*Source: Loan Sample; all residential real estate loans originated or purchased from January 1, 2015 to December 31, 2016 inside the AA; 2010 U.S. Census Data, 2016 HMDA Aggregate Data.*

Information as of the 2015 ACS U.S. Census Data, Loans originated or purchased in 2017

Citizens’ geographic distribution of loans within the Kenton County AA is excellent. The FSA has seven low-income CTs and ten moderate-income CTs. Geographic distribution, when compared to the level of loans made by AA lenders (aggregate lending data) and to the level of owner occupied housing in low- and moderate-income CTs, is excellent as the thrift’s loan originations and purchases exceeded peer. Refer to Table 5 for more details.

<b>Table 5 Geographic Distribution of Residential Real Estate Loans in the Kenton County AA 2017 Loan Sample</b>			
Census Tract Income Level	% of Number of Residential Real Estate Loans by Thrift	% of Residential Real Estate loans by AA Lenders – Aggregate Lending Data	% of AA Owner Occupied Housing
Low	20.0	6.6	6.7
Moderate	20.0	17.7	17.2
Middle	40.0	61.4	57.9
Upper	20.0	14.3	18.2

*Source: Loan Sample; all residential real estate loans originated or purchased from January 1, 2017 to December 31, 2017 inside the AA; 2015 ACS U.S. Census Data, 2017 HMDA Aggregate Data.*

**Responses to Complaints**

Citizens has not received any complaints about its performance in helping to meet the credit needs of its AA during the lending evaluation period.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): 01/01/2015 to 12/31/2017 Investment and Service Tests and CD Loans: Not applicable (NA)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Citizens Federal Savings and Loan Association (Citizens) Covington, KY	Residential Real Estate Loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
NA		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Kentucky Kenton County AA, located in the Cincinnati, OH-KY-IN MSA 17140	Full-Scope	

## Appendix B: Community Profiles for Full-Scope Areas

### Kenton County AA

Demographic Information for Full-Scope Area: Kenton County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	41	9.7	26.8	41.5	22.0	0.0
Population by Geography	159,720	5.6	21.4	50.8	22.2	0.0
Owner-Occupied Housing by Geography	42,867	3.3	20.3	53.5	22.9	0.0
Businesses by Geography	8,576	2.9	17.3	42.9	36.9	0.0
Farms by Geography	237	0.9	10.9	65.4	22.8	0.0
Family Distribution by Income Level	40,238	20.1	18.9	21.9	39.1	0.0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	15,718	9.6	32.4	45.5	12.5	0.0
Median Family Income = \$67,016		Median Housing Value = \$147,604				
FFIEC Adjusted Median Family Income for 2016 = \$68,800		Unemployment Rate in Kenton County, June 2018 = 3.9%				
Households Below the Poverty Level = 10.4%						

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 U.S. Census, and 2016 FFIEC updated MFI.

Demographic Information for Full-Scope Area: Kenton County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	41	17.1	24.4	43.9	14.6	0.0
Population by Geography	163,007	11.5	19.4	53.4	15.7	0.0
Owner-Occupied Housing by Geography	40,956	6.7	17.2	57.9	18.2	0.0
Businesses by Geography	8,823	7.2	24.6	45.4	22.8	0.0
Farms by Geography	246	3.6	14.2	66.3	15.9	0.0
Family Distribution by Income Level	40,301	23.8	17.6	21.2	37.4	0.0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	16,709	18.4	24.5	47.5	9.6	0.0
Median Family Income = \$70,589		Median Housing Value = 145,936				
FFIEC Adjusted Median Family Income for 2017 = \$73,600		Unemployment Rate in Kenton County, June 2018 = 3.9%				
Households Below the Poverty Level = 13.7						

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2015 ACS U.S. Census, and 2017 FFIEC updated MFI.



Citizens' has one AA comprised of Kenton County, Kentucky in its entirety. Kenton County is located in northern Kentucky and is a part of the Cincinnati, OH-KY-IN MSA 17140. Kenton County includes a mix of rural and urban communities. The Kenton County AA meets the requirements of the regulation and does not arbitrarily exclude any low- and moderate-income areas. The thrift has one office located in Covington, Kentucky.

The economy of the AA is diversified and not heavily dependent upon any one industry. Overall economic conditions in the county are stable. The unemployment rate (not seasonally adjusted) in Kenton County as of June 2018 was 3.9 percent, which is lower than the state of Kentucky and national levels, respectively at 5.0 percent and 4.2 percent. The source of the unemployment data is the U.S. Bureau of Labor Statistics, June 2018. The primary employers in the northern Kentucky area include the Cincinnati/Northern Kentucky International Airport, St. Elizabeth Healthcare, Fidelity Investments, Internal Revenue Service, Kroger Co., Kenton County Schools, and Procter & Gamble.

We contacted one community contact during this evaluation. The community contact indicated that there is a need for quality, living wage employment in the area. The contact also indicated the area is looking for alternatives to payday lenders. In general, local financial institutions are adequately meeting the credit and community development needs of the community.

According to the 2010 U.S. Census data, the median housing value in the Kenton County was \$147,604. Based on the 2016 median family income of \$68,800, low-income families make less than \$34,400 and moderate-income families make less than \$55,040. Overall median housing values are approximately 2.7 to 4.3 times the annual income of low- and moderate-income families in the AA. The housing costs relative to income may have a limiting effect on mortgage demand among some low- and moderate-income families. There are 68,768 total housing units in the AA, of which 62.3 percent are owner-occupied. Approximately 10.4 percent of the households in the AA live below the poverty level, 25.6 percent receive social security benefits, and 1.9 percent receive public assistance.

According to the 2015 ACS U.S. Census data, the median housing value in the Kenton County AA was \$145,936. Based on the 2017 median family income of \$73,600, low-income families make less than \$36,800 and moderate-income families make less than \$58,880. Overall median housing values are approximately 2.5 to 4.0 times the annual income of low- and moderate-income families in the AA. The housing costs relative to income may have a limiting effect on mortgage demand among some low- and moderate-income families. There are 69,369 total housing units in the AA, of which 59.0 percent are owner-occupied. Approximately 13.7 percent of the households in the AA live below the poverty level, 27.5 percent receive social security benefits, and 2.3 percent receive public assistance.

Citizens is proactive in lending to borrowers of different income levels, include low- and moderate-income borrowers. The thrift's Executive Vice President (EVP) is currently on the Finance Committee at Housing Opportunities of Northern Kentucky (HONK). HONK attempts to assist low- and moderate-income borrowers prepare for home ownership. Citizens' EVP is also on the state and local government committee and finance committee of the Builders Industry Association, to attempt to increase home ownership in the area. Citizens has joined HOPE of Kentucky. HOPE is a subsidiary of the Kentucky Banker Association and is a

consortium of Kentucky banks formed to pool loan funds to make permanent loans on affordable housing projects financed principally using equity generated from the sale of federal tax credits allocated to the projects. HOPE works with low income housing tax credit projects. The FSA continues to work with the Federal Home Loan Bank's Welcome Home grant program. Additionally, Citizens works with the City of Covington and their down payment assistance program, which offers grants to low- and moderate-income borrowers purchasing homes in the City of Covington.