



PUBLIC DISCLOSURE

May 18, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Federal Savings and Loan Association
Charter Number 706902

211 West Main Street
Morehead, Kentucky 40351

Office of the Comptroller of the Currency

10200 Forest Green Boulevard
Suite 501
Louisville, Kentucky 40223

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

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Overall CRA Rating

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

The lending test is rated: Outstanding

The major factors that support this rating include:

- The loan-to-deposit (LTD) ratio is more than reasonable given First Federal Savings and Loan Association's (FFS&LA or Bank) size, financial condition, and the credit needs of the Bank's assessment area (AA).
- A majority of the Bank's loans are originated within its AA.
- The Bank's distribution of loans to borrowers of different income levels is excellent.

Loan-to-Deposit Ratio

Considering the Bank's size, financial condition, and credit needs of the AA, the Bank's loan-to-deposit ratio is more than reasonable. FFS&LA's LTD ratio averaged 115.7 percent over the 16 quarters since the prior Community Reinvestment Act (CRA) evaluation, with a quarterly high of 130.8 percent and a quarterly low of 98.4 percent. The average LTD is on par with findings at the Bank's prior CRA evaluation. FFS&LA had a significantly higher LTD ratio than the other similarly situated bank serving its AA, which had an average LTD ratio of 81.3 percent over the same period.

Lending in Assessment Area

A majority of the Bank's loans are inside its AA. The Bank originated and purchased 61.7 percent of its total loans inside the Bank's AA during the evaluation period.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	14	70.0	6	30.0	20	963,580	61.7	597,269	38.3	1,561

Source: Random sample of home mortgage loans from Bank records that were originated between January 1, 2019 and December 31, 2021. Totals may reflect negligible variances due to rounding.

Description of Institution

FFS&LA is an intrastate, mutual federal savings association headquartered in, and operating out of, a single location in Morehead, Kentucky. The Bank's sole AA for CRA purposes consists of the entirety of Rowan County, Kentucky and does not reflect illegal discrimination. The Bank has not opened or closed any branches or made any significant changes to its corporate structure since the prior CRA evaluation.

As a traditional thrift, FFS&LA focuses on residential mortgage loans for the purchase, refinance, improvement, or construction of one-to-four family homes. As of December 31, 2021, FFS&LA reported \$36.2 million in total assets with \$26.9 million in net loans. Net loans represented 74.0 percent of average assets and loans secured by one-to-four family residential mortgages comprised 71.1 percent of net loans. The Bank offers only non-transactional deposit accounts. The main office has a drive-thru but does not offer an Automated Teller Machine.

Competition from other financial institutions is strong. FFS&LA competes with six other banks within the AA, including branches of large community and regional banks. According to the FDIC, as of June 30, 2021, seven banks with 11 offices, including FFS&LA, operated within the Bank's AA. These branches held a combined total of \$444.3 million in deposits. Of the combined deposits, FFS&LA ranked fifth, with a market share of 5.6 percent.

There are no legal or financial impediments to FFS&LA's ability to meet the credit needs of its AA. The last CRA evaluation was performed by The Office of the Comptroller of the Currency (OCC) on April 9, 2018. FFS&L received a Satisfactory rating.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We conducted an evaluation of the Bank's CRA performance using the OCC's Small Bank CRA examination procedures. These procedures assess an institution's record of meeting credit needs through its lending activities. Conclusions regarding the Bank's lending performance were based on a random sample of the Bank's primary lending product originated between January 1, 2019, and December 31, 2021. Our determination of primary products was based on both dollar volume and number of loans originated during the evaluation period. Home mortgage loans accounted for 68.9 percent of originations by dollar volume and 51.7 percent by number.

Selection of Areas for Full-Scope Review

FFS&LA has a single AA, the entirety of Rowan County, Kentucky, which received a full-scope review. Refer to appendix A, *Scope of Examination*, for more information.

Ratings

The Bank's overall rating is based on the State of Kentucky rating. The State rating is based on the full-scope review of FFS&LA's single AA. In assessing performance, we focused solely on borrower income distribution as there are no low- or moderate-income census tracts (CT) in the AA.

Discriminatory or Other Illegal Credit Practices Review

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

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

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

State Rating

State of Kentucky

CRA rating for the State of Kentucky: Outstanding

The Lending Test is rated: Outstanding

The major factors that support this rating include:

- FFS&LA's LTD ratio is more than reasonable given the institution's size, financial condition, and credit needs of the AA.
- A majority of the Bank's loans are within its AA.
- The Bank's distribution of loans among borrowers of different income levels is excellent.

Description of Institution's Operations in Kentucky

As previously noted, the Bank operates a single location within its sole AA, Rowan County, Kentucky. Rowan County includes four complete CTs, none of which are designated as low- or moderate-income geographies. A description of the Bank and its operations in Kentucky can be found in the *Description of the Institution* section of this evaluation.

Table A below provides demographic information regarding FFS&LA's AA. The AA's median family income is slightly below the \$52,600 median figure for the State of Kentucky. According to the Bureau of Labor Statistics, the annual unemployment rates for Rowan County in 2019, 2020, and 2021 were 5.0, 7.2, and 5.3 percent, respectively. These numbers were modestly higher than statewide figures across the same period.

One community contact, whose focus is on business and growth, identified affordable housing as an immediate and long-term need for the area. Home mortgage loans are the Bank's primary product as demonstrated by the Bank's lending activity across the evaluation period. Providing financing to support home ownership is reflective of the Bank's chartered purpose.

Rowan County

Table A – Demographic Information of the Assessment Area						
Assessment Area: Rowan County - 2021 - Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	4	0.0	0.0	75.0	25.0	0.0
Population by Geography	23,608	0.0	0.0	79.0	21.0	0.0
Housing Units by Geography	10,107	0.0	0.0	77.8	22.2	0.0
Owner-Occupied Units by Geography	5,302	0.0	0.0	71.3	28.7	0.0
Occupied Rental Units by Geography	3,240	0.0	0.0	88.2	11.8	0.0
Vacant Units by Geography	1,565	0.0	0.0	78.1	21.9	0.0
Businesses by Geography	1,720	0.0	0.0	73.7	26.3	0.0
Farms by Geography	61	0.0	0.0	59.0	41.0	0.0
Family Distribution by Income Level	5,171	23.0	14.6	17.1	45.3	0.0
Household Distribution by Income Level	8,542	27.7	13.1	16.2	43.0	0.0
Median Family Income Non-MSAs - KY		\$45,986	Median Housing Value			\$112,491
			Median Gross Rent			\$607
			Families Below Poverty Level			17.7%
<i>Source: 2015 ACS and 2021 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Scope of Evaluation in Kentucky

The Bank's overall rating is based on a full-scope review of its performance in the Rowan County AA. Please refer to appendix A, *Scope of Examination*, for a description of the AA and the loans products reviewed. In assessing FFS&LA's performance at meeting the credit needs of its sole AA, we relied solely on the Bank's distribution of loans to borrowers of different income levels. This is due to the AA having no low- or moderate-income CTs.

LENDING TEST

The Bank's performance under the Lending Test in Kentucky is rated Outstanding.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the Bank's performance in Rowan County is excellent.

Distribution of Loans by Income Level of the Geography

No meaningful analysis was possible, as there are no low- or moderate-income CTs in the AA.

Distribution of Loans by Income Level of the Borrower

The Bank exhibits an excellent distribution of loans to individuals of different income levels, given the product lines offered by the Bank.

Home Mortgage Loans

Refer to Table P in appendix D for the facts and data used to evaluate the borrower distribution of the Bank's home mortgage loan originations and purchases.

FFS&LA's lending to low- and moderate-income families in its AA is excellent. Management originated 17.6 and 12.4 percent of its home mortgage loans to low- and moderate-income families, respectively. The Bank's percentage of loans to low-income borrowers is slightly lower than the percentage of low-income families in the AA (23.0 percent) but significantly exceeds the aggregate (1.9 percent) comparator. The Bank's percentage of loans to moderate-income borrowers is on par with both the percentage of moderate-income families in the AA (14.6 percent) and the aggregate (11.1 percent) comparator.

Responses to Complaints

FFS&LA did not receive any written complaints regarding its CRA performance during the evaluation period.

Appendix A: Scope of Examination

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

Time Period Reviewed:	January 1, 2019 - December 31, 2021	
Bank Products Reviewed:	Home mortgage loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
<i>Not Applicable</i>	<i>Not Applicable</i>	<i>Not Applicable</i>
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
Kentucky		
Rowan County	Full-Scope	

Appendix B: Summary of MMSA and State Ratings

RATINGS		First Federal Savings and Loan Association	
Overall Bank:		Lending Test Rating	
First Federal Savings & Loan Association		Outstanding	
State:			
Kentucky		Outstanding	

Appendix C: Definitions and Common Abbreviations

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

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

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

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

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

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

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

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

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

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

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

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

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

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

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

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

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

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

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

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

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

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

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

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

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

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “Bank” include activities of any affiliates that the Bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower - Compares the percentage distribution of the number of loans originated and purchased by the Bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2019-2021		
	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers					
	#	\$	% of Total	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate			
Rowan County	20	1,923	100.0	23.0	17.6	1.9	14.6	12.4	11.1	17.1	17.0	19.9	45.3	53.0	48.0	0.0	0.0	19.1			

Source: 2015 ACS Census; 01/01/2019 - 12/31/2021 Bank Data, 2019 HMDA Aggregate Data
 Due to rounding, totals may not equal 100.0%