

# **PUBLIC DISCLOSURE**

January 24, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Stock Yards Bank & Trust Company  
Certificate Number: 258

1040 E. Main Street  
Louisville, Kentucky 40206

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 Outstanding.

An institution in this group has an excellent 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.

| PERFORMANCE LEVELS  | PERFORMANCE TESTS |                 |              |
|---|-------------------|-----------------|--------------|
|   | Lending Test*     | Investment Test | Service Test |
| Outstanding   | X                 | X               |              |
| High Satisfactory   |                   |                 | X            |
| Low Satisfactory  |                   |                 |              |
| Needs to Improve  |                   |                 |              |
| Substantial Noncompliance   |                   |                 |              |
| <i>*The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.</i> |                   |                 |              |

**The Lending Test is rated Outstanding.**

- Lending levels reflect excellent responsiveness to the credit needs of its assessment areas (AAs).
- A substantial majority of loans are made in the bank's AAs.
- The geographic distribution of loans reflects excellent penetration throughout the AAs.
- The distribution of borrowers reflects, given the product lines offered by the bank, good penetration among business customers of different sizes and retail customers of different income levels.
- The bank makes extensive use of innovative and/or flexible lending practices in order to serve the credit needs of its AAs.
- The bank is a leader in originating community development loans.

**The Investment Test is rated Outstanding.**

- The bank has an excellent level of qualified community development, investment, and grants, often in a leadership position, particularly those that are not routinely provided by private investors.
- The bank exhibits excellent responsiveness to credit and community development needs.
- The bank makes extensive use of innovative and/or complex investments to support community development initiatives.

**The Service Test is rated High Satisfactory.**

- Delivery systems are readily accessible to all portions of the bank’s AAs.
- The bank’s record of opening and closing branches has improved the accessibility of its delivery systems, particularly low- and moderate-income geographies, and/or low- and moderate-income individuals.
- Services, including business hours, are tailored to the convenience and needs of the AAs, particularly low- and moderate-income geographies, and/or individuals.
- The bank provides a relatively high level of community development services.

## **DESCRIPTION OF INSTITUTION**

### **Background**

Stock Yards Bank & Trust Company (SYBT) is a \$7.9 billion state-chartered commercial bank that operates in Kentucky, Ohio, and Indiana. SYBT received an “Outstanding” rating at its previous FDIC Performance Evaluation, dated April 28, 2021, using Large Institution CRA Examination Procedures.

SYBT is a wholly owned subsidiary of Stock Yards Bancorp, Inc., headquartered in Louisville, Kentucky. As of the evaluation date, SYBT subsidiaries included KB Asset Unit, LLC. SYBT’s common stock is publicly traded on the NASDAQ Stock Market.

### **Operations**

Including its main branch, SYBT operates 73 branch locations within its AAs with 60 of the branches in Kentucky, 9 in Indiana, and 4 in Ohio. Since the previous evaluation, SYBT opened, acquired, and closed branch locations due to two acquisitions. On June 30, 2021, SYBT acquired Kentucky Bank, a community bank located in central and eastern Kentucky, with headquarters in Paris, Kentucky. SYBT acquired 19 full service branches in the acquisition. On March 7, 2022, SYBT acquired Commonwealth Bank and Trust, a community bank headquartered in Louisville, Kentucky, operating 15 branches throughout Louisville, Shelby County, and Northern Kentucky. Since the acquisition, SYBT closed six branches due to the close proximity of acquired branches.

SYBT offers a full range of banking products and services for business and personal needs. Loan products include commercial, home mortgage, and consumer loans. Deposit products include checking, savings, money market, individual retirement, and certificate of deposit accounts. Business services include online banking, corporate cash management, account management sweep services, direct deposit of payroll, automated clearing-house debit originations, state and federal tax payments, merchant credit card services, wire transfers, and night deposits. Consumer services include automated teller machines (ATMs) and interactive teller machines (ITMs), online banking, online bill payment, 24-hour telephone banking, automatic transfer from deposit accounts, direct deposit, and debit cards. Other services include mobile banking, safe deposit boxes, and remote deposit capture.

### **Ability and Capacity**

According to the Consolidated Reports of Conditions and Income (Call Report) dated December 31, 2023, the bank had total assets of \$8.2 billion, total loans of \$5.8 billion, total securities of \$1.5 billion, and total deposits of \$6.5 billion.

As shown in the following table, the major categories of loans by dollar volume are commercial lending (includes commercial real estate and commercial and industrial loans) totaling 57.8 percent and 1-4 family residential loans totaling 22.2 percent.

| <b>Loan Portfolio Distribution as of 12/31/2023</b>         |                  |             |
|---|------------------|-------------|
| <b>Loan Category</b>  | <b>\$(000s)</b>  | <b>%</b>    |
| Construction, Land Development, and Other Land Loans        | 531,324          | 9.2         |
| Secured by Farmland   | 45,431           | 0.8         |
| Secured by 1-4 Family Residential Properties                | 1,284,397        | 22.2        |
| Secured by Multifamily (5 or more) Residential Properties   | 279,105          | 4.8         |
| Secured by Nonfarm Nonresidential Properties                | 2,109,925        | 36.5        |
| <b>Total Real Estate Loans</b>                              | <b>4,250,182</b> | <b>73.5</b> |
| Commercial and Industrial Loans                             | 1,230,514        | 21.3        |
| Agricultural Production and Other Loans to Farmers          | 4,521            | 0.1         |
| Consumer Loans  | 148,159          | 2.6         |
| Obligations of State and Political Subdivisions in the U.S. | 55,422           | 1.0         |
| Other Loans   | 71,784           | 1.2         |
| Lease Financing Receivable (net of unearned income)         | 15,503           | 0.3         |
| Less: Unearned Income                                       | 0                | 0.0         |
| <b>Total Loans</b>  | <b>5,776,085</b> | <b>100</b>  |
| <i>Source: Call Report</i>                                  |                  |             |

Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet the needs of its AAs.

## **DESCRIPTION OF ASSESSMENT AREAS**

The Community Reinvestment Act (CRA) requires each financial institution to define one or more AAs within which its performance is evaluated. In accordance with CRA, SYBT delineated six separate AAs within four rated areas. The AAs do not arbitrarily exclude any low- and moderate-income (LMI) census tracts (CTs), do not reflect illegal discrimination, and otherwise meet the requirements of the CRA regulations.

The following table provides a brief description of each of the bank’s rated areas, including the counties and number of census tracts and branches. The rated areas of this evaluation include a more detailed discussion of each AA, including economic and demographic data, competition, and community contacts.

| <b>Description of Rated Areas</b> |  |                 |                      |
|-----------------------------------|--|-----------------|----------------------|
| <b>Rated Areas</b>                | <b>Counties Rated Area</b>   | <b># of CTs</b> | <b># of Branches</b> |
| Louisville MSA                    | KY: Bullitt, Jefferson, Oldham, and Shelby<br>IN: Clark and Floyd  | 312             | 39                   |
| State of Kentucky                 | Lexington CSA: Bourbon, Clark, Fayette, Jessamine,<br>Madison, Scott, and Woodford<br>KY Non MSA: Elliott, Harrison, Nelson, and Rowan | 194             | 21                   |
| Cincinnati MSA                    | KY: Boone, Campbell, and Kenton<br>OH: Hamilton  | 325             | 7                    |
| State of Indiana                  | Indianapolis MSA: Hamilton, Hendricks, Marion, and<br>four CTs in Boone<br>IN Non MSA: Scott   | 350             | 6                    |
| <i>Source: Bank Data</i>          |  |                 |                      |

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated April 28, 2021, to the current evaluation dated January 24, 2024. Examiners used the Large Institution CRA Examination Procedures to evaluate the bank’s CRA performance. These procedures include the Lending Test, Investment Test, and Service Test. Of these, the Lending Test received the most weight in the overall conclusions. Examiners assigned ratings for each state and multistate Metropolitan Statistical Area (MSA), as well as the bank overall. The Appendix contains information on the criteria used for each of the tests. This evaluation does not include any affiliate lending activity.

In conducting this performance evaluation, examiners relied on records provided by the bank, 2015 American Community Survey (ACS) five-year estimates, 2020 U.S. Census data, 2021 and 2022 D&B demographic data, information provided by community contacts, and loan information reported under the Home Mortgage Disclosure Act (HMDA) and CRA Small Business Loan Data for 2021 and 2022.

As shown below, SYBT conducts a majority of its business in the Louisville MSA AA, including a substantial portion of its loans, deposits, and branches; therefore, examiners weighted performance in this AA the most heavily when assigning overall ratings.

| AA Breakdown of Loans, Deposits, and Branches |                  |              |                      |              |                  |              |           |              |
|---|------------------|--------------|----------------------|--------------|------------------|--------------|-----------|--------------|
| AA  | HMDA Loans       |              | Small Business Loans |              | Deposits         |              | Branches  |              |
|   | \$(000s)         | %            | \$(000)              | %            | \$(000s)         | %            | #         | %            |
| Louisville MSA                                | 584,148          | 58.4         | 606,404              | 56.3         | 4,358,474        | 70.2         | 39        | 53.4         |
| Lexington CSA                                 | 233,809          | 23.4         | 68,700               | 6.4          | 699,772          | 11.3         | 15        | 20.5         |
| Kentucky Non MSA                              | 40,196           | 4.0          | 19,254               | 1.8          | 280,034          | 4.5          | 6         | 8.2          |
| Cincinnati MSA                                | 86,353           | 8.6          | 226,482              | 21.0         | 602,706          | 9.7          | 7         | 9.7          |
| Indianapolis MSA                              | 53,227           | 5.3          | 155,067              | 14.4         | 241,080          | 3.9          | 5         | 6.8          |
| Indiana Non MSA                               | 2,761            | 0.3          | 284                  | 0.1          | 27,160           | 0.4          | 1         | 1.4          |
| <b>Total</b>                                  | <b>1,000,494</b> | <b>100.0</b> | <b>1,076,191</b>     | <b>100.0</b> | <b>6,209,226</b> | <b>100.0</b> | <b>73</b> | <b>100.0</b> |

*Source: Bank Data; 2021-2022 HMDA and CRA Small Business loan data; FDIC Summary of Deposits (6/30/2023)*

### **Activities Reviewed**

Based on the origination volume of lending by number and dollar during the evaluation period, examiners determined that small business and home mortgage loans represented SYBT’s primary lending products. SYBT’s record of originating small business loans contributed slightly more weight to overall conclusions due to the bank’s business strategy and the number volume of loans originated during the review period. Examiners did not review small farm or consumer loans because they represent a nominal portion of the loan portfolio during the review period.

Examiners used small business loan data for 2021 and 2022 collected and reported pursuant to the CRA data collection requirements. In 2021, SYBT originated or purchased 4,141 small business loans totaling \$685.3 million. In 2022, SYBT originated or purchased 2,339 small business loans totaling \$534.3 million, reflecting a decrease in lending volumes. The 2021 loan volume included 117 Paycheck Protection Program (PPP) loans totaling \$4.6 million, which comprised 0.7 percent of the bank’s small business lending. D&B data for 2021 and 2022 and aggregate data for 2021 provided standards for comparison for the small business loans. CRA aggregated data for 2022 was not available as of the date of this evaluation.

Examiners analyzed 2021 and 2022 home mortgage loans reported under HMDA data collection requirements. In 2021, SYBT originated or purchased 2,620 home mortgage loans totaling \$601.8 million. In 2022, SYBT originated or purchased 2,697 home mortgage loans totaling \$645.3 million, indicating a slight increase in lending volume. Home mortgage lending includes home purchase, home improvement, and refinance transactions for 1-4 family residential real estate and multi-family dwellings as defined by HMDA. The 2015 ACS data, 2020 U.S Census data, and 2021 and 2022 aggregate lending data provided standards for comparison for home mortgage loans.

Examiners presented data for both 2021 and 2022 in the evaluation tables because anomalies in the loan volumes when comparing the two years required presentation and discussion within the evaluation. For the Lending Test, examiners reviewed and presented the number and dollar volume of small business and home mortgage lending; however, examiners emphasized performance by number of loans because it is a better indicator of the number of businesses and individuals served.

The evaluation includes community development loans, investments, and services originated or renewed from April 29, 2021, through January 24, 2024; however, for newly acquired AAs, the acquisition date serves as the start date. Investments made prior to the evaluation date that remain



outstanding are included at the current book values as prior period investments. Examiners evaluated the quantitative levels of community development loans, investments, and services based on the financial capacity of SYBT, as well as the qualitative impact on the AAs.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

SYBT's Lending Test rating is Outstanding. Performances in the Louisville MSA AA and State of Kentucky are also Outstanding and support this rating. However, the Cincinnati MSA and State of IN are rated High Satisfactory.

#### **Lending Activity**

Overall, lending levels reflect excellent responsiveness to AAs' credit needs. Examiners reviewed the number and dollar volume of loans originated and purchased during the review period, as well as market share reports, aggregate lending data, and demographic data.

Although the PPP loan program implemented during the Covid-19 pandemic was discontinued since the prior evaluation, small business lending decreased only slightly by number with dollar volume remaining even. In 2019 and 2020, SYBT originated or renewed 6,858 small business loans totaling \$1.2 billion, and in 2021 and 2022, it originated or renewed 6,480 small business loans totaling \$1.2 billion.

Home mortgage lending volume increased substantially since the prior evaluation primarily due to acquisitions. In 2019 and 2020, SYBT originated or renewed 3,741 HMDA loans totaling \$731.3 million, whereas in 2021 and 2022, the bank originated or renewed 5,317 HMDA loans totaling \$1.3 billion. This represents a 42.1 percent increase by number and 77.8 percent increase by dollar volume since the previous evaluation.

A complete discussion of the performance for this criterion is in the separate assessment sections of this evaluation.

#### **AA Concentration**

As reflected in the following table, SYBT made a substantial majority of small business and home mortgage loans, by number and dollar volume, within its AAs.

| <b>Lending Inside and Outside of the AAs</b>              |                        |             |                |             |                |   |             |                |             |                       |  |
|---|------------------------|-------------|----------------|-------------|----------------|---|-------------|----------------|-------------|-----------------------|--|
| <b>Loan Category</b>                                      | <b>Number of Loans</b> |             |                |             | <b>Total #</b> | <b>Dollars Amount of Loans \$(000s)</b> |             |                |             | <b>Total \$(000s)</b> |  |
|   | <b>Inside</b>          |             | <b>Outside</b> |             |                | <b>Inside</b>                           |             | <b>Outside</b> |             |                       |  |
|   | <b>#</b>               | <b>%</b>    | <b>#</b>       | <b>%</b>    |                | <b>\$</b>                               | <b>%</b>    | <b>\$</b>      | <b>%</b>    |                       |  |
| <b>Small Business</b>                                     |                        |             |                |             |                |   |             |                |             |                       |  |
| 2021  | 3,691                  | 89.1        | 450            | 10.9        | 4,141          | 605,502                                 | 88.4        | 79,830         | 11.6        | 685,332               |  |
| 2022  | 2,066                  | 88.3        | 273            | 11.7        | 2,339          | 470,689                                 | 88.1        | 63,630         | 11.9        | 534,319               |  |
| <b>Subtotal</b>   | <b>5,757</b>           | <b>88.8</b> | <b>723</b>     | <b>11.2</b> | <b>6,480</b>   | <b>1,076,191</b>                        | <b>88.2</b> | <b>143,460</b> | <b>11.8</b> | <b>1,219,651</b>      |  |
| <b>Home Mortgage</b>                                      |                        |             |                |             |                |   |             |                |             |                       |  |
| 2021  | 2,278                  | 86.9        | 342            | 13.1        | 2,620          | 484,707                                 | 80.5        | 117,117        | 19.5        | 601,824               |  |
| 2022  | 2,404                  | 89.1        | 293            | 10.9        | 2,697          | 515,787                                 | 79.9        | 129,534        | 20.1        | 645,321               |  |
| <b>Subtotal</b>   | <b>4,682</b>           | <b>88.1</b> | <b>635</b>     | <b>11.9</b> | <b>5,317</b>   | <b>1,000,494</b>                        | <b>80.2</b> | <b>246,651</b> | <b>19.8</b> | <b>1,247,145</b>      |  |
| <b>Total</b>  | <b>10,439</b>          | <b>88.5</b> | <b>1,358</b>   | <b>11.5</b> | <b>11,797</b>  | <b>2,076,685</b>                        | <b>84.2</b> | <b>390,111</b> | <b>15.8</b> | <b>2,466,796</b>      |  |
| <i>Source: 2021 &amp; 2022 HMDA and CRA Reported Data</i> |                        |             |                |             |                |   |             |                |             |                       |  |

### **Geographic Distribution**

The geographic distribution of loans reflects excellent penetration throughout the AAs. Excellent performance in the Louisville MSA AA and the State of Kentucky AAs and good performance in the Cincinnati MSA and State of Indiana AAs support this rating. A complete discussion of the performance for this criterion is in the separate assessment sections of this evaluation.

### **Borrower Profile**

The distribution of borrowers reflects good penetration among business customers of different sizes and retail customers of different income levels. Good performance in the Louisville MSA and State of Indiana AAs, excellent performance in the State of Kentucky AAs, and adequate performance in the Cincinnati MSA AA support this conclusion. A complete discussion of the performance for this criterion is in the separate assessment sections of this evaluation.

### **Innovative or Flexible Lending Practices**

SYBT made extensive use of innovative and/or flexible lending practices in order to serve the AAs' credit needs. As illustrated in the table below, SYBT facilitated approximately 2,022 loans totaling \$317 million with innovative or flexible lending programs, including 195 activities totaling \$38 million outside the AA. This level of activity represents a significant decrease from the prior evaluation, where the bank facilitated approximately 5,210 loans totaling \$880 million. However, the decrease is primarily due to the discontinuation of the PPP loan program. Without considering the PPP loans, the bank increased innovative and/or flexible lending volume by 307 percent since the previous evaluation.

The bank's innovative or flexible loan product offerings include internally developed and government-sponsored programs that help to meet the credit needs of small businesses or LMI borrowers. Since the previous evaluation, SYBT added secured credit cards and internally developed loan products benefitting LMI borrowers and geographies. The following are brief program descriptions:

***Federal Housing Authority (FHA)/Veterans Administration (VA)/United States Department of Agriculture (USDA) Rural Housing:*** These three federal programs provide flexible terms and underwriting criteria for home mortgage loans.

***Kentucky Housing Corporation (KHC):*** The KHC is a State of Kentucky public housing corporation that include conventional, FHA, VA, and USDA Rural Housing loans that provide flexible terms and underwriting criteria for home mortgage loans directed at families and Section 8 rental properties in targeted areas of the state. In addition, the program makes down payment assistance and tax credits available to eligible homebuyers.

***Kentucky Housing Corporation Down Payment Assistance (KHC DAP):*** This program through the KHC assists potential homebuyers with down payments and closing costs.

***Home Affordable Modification Program (HAMP):*** This program offers FHA and VA homeowners, who are at risk of foreclosure, reduced monthly mortgage payments that are affordable and sustainable over the long-term.

***Freddie Mac HomeOne:*** Federal program that offers a low down payment to first time homebuyers.

***Freddie Mac Home Possible:*** Federal program that provides flexible terms and underwriting criteria for moderate-income, first time homebuyers with limited cash for down payment.

***Fannie Mae Home Ready:*** Federal program that provides flexible terms and underwriting criteria for low-income, first time, or homebuyers with limited cash for down payment.

***Federal Home Loan Bank (FHLB):*** Federal program offered through FHLB of Cincinnati that provides qualifying LMI borrowers with down payment assistance to purchase primary residences.

***Renew Indy (Indy AMP):*** Indianapolis Affordable Modification Program to refinance mortgages for those negatively affected by the COVID-19 pandemic.

***Right at Home Loan:*** Internally developed, closed-end amortizing loan product that provides flexible terms and underwriting criteria for LMI borrowers.

***Home Repair Loan:*** Internally developed, forgivable loan product for LMI borrowers.

***Secured Credit Cards:*** Secured credit card product designed to assist consumers with building their credit scores and/or building credit history. The card features no annual fees, cash back on purchases, and a zero percent introductory annual percentage rate.

***Small Business Administration (SBA):*** Federal program that offers 7a, 504, and Express loans with flexible terms and underwriting criteria to facilitate the origination of business loans to qualifying small businesses.

**SBA Paycheck Protection Program:** Emergency fund program offered to provide financial relief and assistance to small businesses experiencing financial hardship and duress due to the COVID-19 pandemic. The PPP financing features a 100 percent SBA loan guarantee for loans up to \$10 million. Additionally, businesses paid a below market fixed rate of 1.0 percent over a two-year term, which can be forgiven if the business retains the required minimum percentage of employees on the payroll. The government program launched on April 3, 2020, and continued through year-end 2021.

The following table details these innovative and/or flexible loan originations by type and year. Refer to the separate AA sections of the evaluation for activity in each AA.

| <b>Innovative or Flexible Lending Programs</b> |             |                 |             |                 |             |                 |                  |                 |               |                 |
|--|-------------|-----------------|-------------|-----------------|-------------|-----------------|------------------|-----------------|---------------|-----------------|
| <b>Type of Program</b>                         | <b>2021</b> |                 | <b>2022</b> |                 | <b>2023</b> |                 | <b>YTD 2024*</b> |                 | <b>Totals</b> |                 |
|  | <b>#</b>    | <b>\$(000s)</b> | <b>#</b>    | <b>\$(000s)</b> | <b>#</b>    | <b>\$(000s)</b> | <b>#</b>         | <b>\$(000s)</b> | <b>#</b>      | <b>\$(000s)</b> |
| FHA  | 28          | 4,447           | 57          | 11,732          | 57          | 12,890          | 5                | 937             | 147           | 30,006          |
| VA   | 16          | 3,693           | 14          | 4,731           | 22          | 6,153           | 1                | 257             | 53            | 14,834          |
| USDA Rural Housing                             | 11          | 1,775           | 11          | 2,085           | 15          | 2,861           | 0                | 0               | 37            | 6,721           |
| KHC  | 6           | 800             | 3           | 466             | 4           | 741             | 1                | 143             | 14            | 2,150           |
| KHC 2MK FHA                                    | 18          | 3,000           | 14          | 2,539           | 27          | 5,537           | 0                | 0               | 59            | 11,076          |
| KHC 2MK VA                                     | 3           | 516             | 1           | 166             | 0           | 0               | 0                | 0               | 4             | 682             |
| KHC 2MK RHS                                    | 0           | 0               | 1           | 217             | 0           | 0               | 0                | 0               | 1             | 217             |
| KHC DAP  | 21          | 118             | 16          | 93              | 32          | 312             | 2                | 20              | 71            | 543             |
| KHC MRB FHA                                    | 0           | 0               | 0           | 0               | 4           | 724             | 1                | 201             | 5             | 925             |
| HAMP FHA                                       | 0           | 0               | 0           | 0               | 12          | 1,573           | 0                | 0               | 12            | 1,573           |
| HAMP VA  | 0           | 0               | 0           | 0               | 0           | 0               | 0                | 0               | 0             | 0               |
| FreddieMac HomeOne                             | 0           | 0               | 1           | 204             | 0           | 0               | 0                | 0               | 1             | 204             |
| FreddieMac Home Possible                       | 0           | 0               | 5           | 775             | 12          | 1,868           | 0                | 0               | 17            | 2,643           |
| Fannie Mae Home Ready                          | 0           | 0               | 6           | 895             | 44          | 6,579           | 0                | 0               | 50            | 7,474           |
| FHLB Welcome Home                              | 32          | 165             | 10          | 49              | 11          | 120             | 0                | 0               | 53            | 334             |
| Right at Home                                  | 35          | 5,090           | 443         | 74,673          | 355         | 61,819          | 11               | 1,861           | 844           | 143,443         |
| Home Repair                                    | 0           | 0               | 12          | 69              | 53          | 300             | 3                | 15              | 68            | 384             |
| Renew Indy                                     | 0           | 0               | 0           | 0               | 9           | 1,180           | 0                | 0               | 15            | 1,969           |
| Secured Credit Cards                           | 0           | 0               | 0           | 0               | 257         | 193             | 33               | 15              | 290           | 208             |
| SBA  | 40          | 33,301          | 53          | 33,740          | 43          | 16,838          | 3                | 3,263           | 139           | 87,142          |
| PPP  | 142         | 4,959           | 0           | 0               | 0           | 0               | 0                | 0               | 142           | 4,959           |
| <b>Total</b>                                   | <b>355</b>  | <b>58,270</b>   | <b>650</b>  | <b>132,817</b>  | <b>957</b>  | <b>119,688</b>  | <b>60</b>        | <b>6,712</b>    | <b>2,022</b>  | <b>317,487</b>  |

Source: Bank Data 4/29/21-1/24/24 \*Includes activities outside the AAs

### **Community Development Loans**

The bank is a leader in making community development loans. The bank's excellent performance in the Louisville MSA and Cincinnati MSA, with Louisville MSA carrying the most weight, support this conclusion. SYBT originated or renewed 148 community development loans, totaling \$478 million during the evaluation period. This level of activity represents 6.1 percent of total assets and 8.5 percent of total loans.

The bank's performance compared favorably to similarly-situated banks (SSBs). Examiners selected comparable institutions based on asset size, geographic location, and lending focus. These institutions originated 5.2 percent to 10.3 percent of total loans for community development

purposes. The following tables show community development lending activity by rated area and by year. A complete discussion of the performance for this criterion is in the separate assessment sections of this evaluation.

| Community Development Lending by Rated Area |                    |               |                    |               |                      |                |                         |                |            |                |
|---|--------------------|---------------|--------------------|---------------|----------------------|----------------|-------------------------|----------------|------------|----------------|
| Rated Area                                  | Affordable Housing |               | Community Services |               | Economic Development |                | Revitalize or Stabilize |                | Totals     |                |
|   | #                  | \$(000s)      | #                  | \$(000s)      | #                    | \$(000s)       | #                       | \$(000s)       | #          | \$(000s)       |
| Louisville MSA                              | 24                 | 21,250        | 5                  | 16,645        | 20                   | 94,099         | 11                      | 37,582         | 60         | 169,576        |
| State of Kentucky                           | 13                 | 27,933        | 3                  | 8,620         | 8                    | 36,704         | 0                       | 0              | 24         | 73,257         |
| Cincinnati MSA                              | 4                  | 2,555         | 3                  | 6,339         | 6                    | 14,416         | 11                      | 56,472         | 24         | 79,782         |
| State of Indiana                            | 7                  | 8,240         | 0                  | 0             | 7                    | 18,817         | 2                       | 53,000         | 16         | 80,057         |
| <b>Subtotal</b>                             | <b>48</b>          | <b>59,978</b> | <b>11</b>          | <b>31,604</b> | <b>41</b>            | <b>164,036</b> | <b>24</b>               | <b>147,054</b> | <b>124</b> | <b>402,672</b> |
| Regional Activities                         | 11                 | 29,375        | 2                  | 8,623         | 11                   | 37,572         | 0                       | 0              | 24         | 75,570         |
| <b>Total</b>                                | <b>59</b>          | <b>89,353</b> | <b>13</b>          | <b>40,227</b> | <b>52</b>            | <b>201,608</b> | <b>24</b>               | <b>147,054</b> | <b>148</b> | <b>478,242</b> |

Source: Bank Data

| Community Development Lending by Year |                    |               |                    |               |                      |                |                         |                |            |                |
|---------------------------------------|--------------------|---------------|--------------------|---------------|----------------------|----------------|-------------------------|----------------|------------|----------------|
| Activity Year                         | Affordable Housing |               | Community Services |               | Economic Development |                | Revitalize or Stabilize |                | Totals     |                |
|                                       | #                  | \$(000s)      | #                  | \$(000s)      | #                    | \$(000s)       | #                       | \$(000s)       | #          | \$(000s)       |
| 2021*                                 | 13                 | 25,336        | 2                  | 7,120         | 10                   | 24,406         | 6                       | 10,481         | 31         | 67,343         |
| 2022                                  | 22                 | 15,500        | 7                  | 20,877        | 11                   | 33,122         | 12                      | 40,636         | 52         | 110,135        |
| 2023                                  | 13                 | 19,142        | 2                  | 3,607         | 20                   | 106,508        | 6                       | 95,937         | 41         | 225,194        |
| <b>Total</b>                          | <b>48</b>          | <b>59,978</b> | <b>11</b>          | <b>31,604</b> | <b>41</b>            | <b>164,036</b> | <b>24</b>               | <b>147,054</b> | <b>124</b> | <b>402,672</b> |

Source: Bank Data No lending activity occurred in 2024. \*4/29/2021 – 12/31/2021

Because the bank sufficiently met the credit needs of its AAs, examiners qualified 24 community development loans totaling \$75.5 million that benefit broader regional areas. Below are notable examples of SYBT’s community development lending efforts outside the AAs:

- In 2023, the bank originated an \$11 million loan to construct a hotel that will create permanent LMI job opportunities. (Economic development)
- In 2023, the bank originated a \$10 million loan to redevelop a building into a hotel that will create permanent LMI job opportunities. (Economic development)

## INVESTMENT TEST

SYBT’s Investment Test rating is Outstanding. Performance in the Louisville MSA and Cincinnati MSA supports this rating.

### Investment and Grant Activity

The bank has an excellent level of qualified community development, investment, and grants, often in a leadership position, particularly those that are not routinely provided by private investors. Consistent performance in the Louisville MSA rated area supports this rating.

The community development investments shown in the table below include approximately \$145 million in unfunded commitments; these account for 50.0 percent (by dollar) of qualified community development investments. The level of qualified investment activity within the AAs represents 3.1 percent of total assets and 16.5 percent of total securities. This is a significant increase from the previous evaluation when the bank originated or retained 204 investments totaling \$45 million, representing 1.0 percent of total assets and 7.7 percent of total securities. The bank's performance compared favorably to that of SSBs. Examiners selected comparable institutions based on asset size, geographic location, and lending focus. Such institutions originated 0.0 to 11.7 percent of total investments, by dollar, for community development purposes. In addition, SYBT made qualifying investments to broader statewide and regional activities.

The following tables illustrate qualified investment activity by rated area and year. A complete discussion of the performance for this criterion is included in the separate assessment sections of this evaluation.

| <b>Qualified Investments by Rated Area</b> |                           |                 |                           |                 |                             |                 |                                |                 |               |                 |
|--|---------------------------|-----------------|---------------------------|-----------------|-----------------------------|-----------------|--------------------------------|-----------------|---------------|-----------------|
| <b>Rated Area</b>                          | <b>Affordable Housing</b> |                 | <b>Community Services</b> |                 | <b>Economic Development</b> |                 | <b>Revitalize or Stabilize</b> |                 | <b>Totals</b> |                 |
|  | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                    | <b>\$(000s)</b> | <b>#</b>                       | <b>\$(000s)</b> | <b>#</b>      | <b>\$(000s)</b> |
| Louisville                                 | 27                        | 109,262         | 108                       | 6,050           | 6                           | 509             | 6                              | 6,200           | 147           | 122,021         |
| Kentucky                                   | 23                        | 34,928          | 93                        | 7,765           | 5                           | 5,372           | 0                              | 0               | 121           | 48,065          |
| Cincinnati                                 | 19                        | 36,989          | 27                        | 1,926           | 3                           | 591             | 1                              | 165             | 50            | 39,671          |
| Indiana                                    | 17                        | 31,478          | 16                        | 16              | 3                           | 9               | 0                              | 0               | 36            | 31,502          |
| <b>Subtotal</b>                            | <b>86</b>                 | <b>212,657</b>  | <b>244</b>                | <b>15,757</b>   | <b>17</b>                   | <b>6,481</b>    | <b>7</b>                       | <b>6,365</b>    | <b>354</b>    | <b>241,259</b>  |
| Regional Activities                        | 3                         | 7,624           | 72                        | 28,684          | 1                           | 1,709           | 6                              | 5,024           | 82            | 43,042          |
| <b>Total</b>                               | <b>89</b>                 | <b>220,281</b>  | <b>316</b>                | <b>44,441</b>   | <b>18</b>                   | <b>8,190</b>    | <b>13</b>                      | <b>11,389</b>   | <b>436</b>    | <b>284,301</b>  |

*Source: Bank Data*

| <b>Qualified Investments by Year – Only AAs</b> |                           |                 |                           |                 |                             |                 |                                |                 |               |                 |
|---|---------------------------|-----------------|---------------------------|-----------------|-----------------------------|-----------------|--------------------------------|-----------------|---------------|-----------------|
| <b>Activity Year</b>                            | <b>Affordable Housing</b> |                 | <b>Community Services</b> |                 | <b>Economic Development</b> |                 | <b>Revitalize or Stabilize</b> |                 | <b>Totals</b> |                 |
|   | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                    | <b>\$(000s)</b> | <b>#</b>                       | <b>\$(000s)</b> | <b>#</b>      | <b>\$(000s)</b> |
| Prior Period                                    | 50                        | 33,374          | 25                        | 14,659          | 3                           | 1,060           | 1                              | 469             | 79            | 49,562          |
| 2021*   | 5                         | 7,826           | 0                         | 0               | 0                           | 0               | 2                              | 625             | 7             | 8,451           |
| 2022  | 6                         | 11,964          | 0                         | 0               | 0                           | 0               | 2                              | 4,500           | 8             | 16,464          |
| 2023  | 16                        | 159,473         | 3                         | 176             | 2                           | 5,367           | 2                              | 770             | 23            | 165,786         |
| YTD 2024  | 0                         | 0               | 0                         | 0               | 0                           | 0               | 0                              | 0               | 0             | 0               |
| <b>Subtotal</b>                                 | <b>77</b>                 | <b>212,637</b>  | <b>28</b>                 | <b>14,835</b>   | <b>5</b>                    | <b>6,427</b>    | <b>7</b>                       | <b>6,364</b>    | <b>117</b>    | <b>240,263</b>  |
| Qualified Grants & Donations                    | 9                         | 20              | 216                       | 922             | 12                          | 54              | 0                              | 0               | 237           | 996             |
| <b>Total</b>                                    | <b>86</b>                 | <b>212,657</b>  | <b>244</b>                | <b>15,757</b>   | <b>17</b>                   | <b>6,481</b>    | <b>7</b>                       | <b>6,364</b>    | <b>354</b>    | <b>241,259</b>  |

*Source: Bank Data \*4/29/2021–12/31/2021*

### **Responsiveness to Credit and Community Development Needs**

The bank exhibits excellent responsiveness to credit and community development needs. A substantial majority of qualified investments support affordable housing initiatives, which

community contacts identified as a need in all rated areas. A complete discussion of the performance for this criterion is in the separate assessment sections of this evaluation.

**Community Development Initiatives**

The bank makes extensive use of innovative and/or complex investments to support community development initiatives. Many of the bank’s investments exhibit complex characteristics. By dollar, approximately 66.0 percent of the community development initiatives consist tax credit investments, such as Low Income Housing Tax Credit (LIHTC). A complete discussion of the performance for this criterion is in the separate assessment sections of this evaluation.

**SERVICE TEST**

SYBT’s Service Test rating is High Satisfactory. Performance in Louisville MSA AA, Cincinnati MSA, and State of Kentucky rated areas supports this rating.

**Accessibility of Delivery Systems**

Delivery systems are readily accessible to all portions of SYBT’s AAs. The bank demonstrated good performance in the Louisville MSA and State of Kentucky. The following table illustrates branch and ATM/ITM locations by census tract income level. The bank has 15 branches located in LMI census tracts, which is an increase from the previous evaluation where the bank had 10 branches in LMI geographies.

| <b>Branch and ATM/ITM Distribution by Geography Income Level</b> |                      |              |                   |              |                 |              |                  |              |
|--|----------------------|--------------|-------------------|--------------|-----------------|--------------|------------------|--------------|
| <b>Tract Income Level</b>  | <b>Census Tracts</b> |              | <b>Population</b> |              | <b>Branches</b> |              | <b>ATMs/ITMs</b> |              |
|  | <b>#</b>             | <b>%</b>     | <b>#</b>          | <b>%</b>     | <b>#</b>        | <b>%</b>     | <b>#</b>         | <b>%</b>     |
| Low  | 134                  | 11.3         | 378,981           | 8.1          | 3               | 4.1          | 3                | 2.7          |
| Moderate   | 279                  | 23.6         | 1,039,092         | 22.2         | 12              | 16.4         | 18               | 16.2         |
| Middle   | 403                  | 34.2         | 1,654,912         | 35.5         | 28              | 38.4         | 45               | 40.6         |
| Upper  | 333                  | 28.2         | 1,529,048         | 32.7         | 29              | 39.7         | 42               | 37.8         |
| Not Available  | 32                   | 2.7          | 71,508            | 1.5          | 1               | 1.4          | 3                | 2.7          |
| <b>Total</b>   | <b>1,181</b>         | <b>100.0</b> | <b>4,673,541</b>  | <b>100.0</b> | <b>73</b>       | <b>100.0</b> | <b>111</b>       | <b>100.0</b> |

*Source: 2020 U.S. Census Data; Bank Data*

In addition to branch locations, SYBT offers a variety of alternative delivery systems for customers to access banking products and services. These systems are consistent across all AAs, which further promote the accessibility of banking services for LMI customers; they include 111 ATM/ITMs, online banking with bill pay, a mobile banking app, mobile check deposit, debit cards, and telephone banking services.

**Changes in Branch Locations**

SYBT’s record of opening and closing branches has improved the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals. During the evaluation period, SYBT acquired 35 branches throughout the AA, closed 3 branches, and consolidated 3 branches. Overall, SYBT acquired nine new branches in LMI geographies, with four branches having ITMs, improving the accessibility of its delivery systems in these census tracts.

**Reasonableness of Business Hours and Services**

The bank tailored services, including business hours, to the convenience and needs of the AAs, particularly in LMI geographies and to LMI individuals. Of the 73 branches, 33 operate on Saturdays to ensure adequate service to customers. Business hours are convenient and comparable to other financial institutions.

**Community Development Services**

SYBT provides a relatively high level of community development services. Excellent performance in the Louisville MSA and consistent performance in the Cincinnati MSA, and States of Kentucky and Indiana rated areas support this rating. Bank officials provided 1,916 instances of financial expertise or technical assistance, totaling 4,849 hours, to community development-related organizations throughout the Assessment and Regional Areas. A majority were recurring activities such as employees serving, participating in, and attending multiple Board, advisory and/or finance-related committee meetings.

The bank's performance compared favorably when considering SSBs. Examiners selected comparable institutions based on asset size, geographic location, and lending focus. Such institutions participated in 130 to 1,914 instances of services.

In addition to the community development services shown in the following table, bank officials assisted individuals in obtaining 142 grants and down payment assistance as reflected in the Innovative or Flexible Lending Practices section above. The following tables illustrate qualified investment activity by rated area. A complete discussion of the performance for this criterion is in the separate assessment sections of this evaluation.

| <b>Community Development Services by Rated Area</b> |                           |              |                           |              |                             |              |                                |              |               |              |
|---|---------------------------|--------------|---------------------------|--------------|-----------------------------|--------------|--------------------------------|--------------|---------------|--------------|
| <b>Rated Area</b>                                   | <b>Affordable Housing</b> |              | <b>Community Services</b> |              | <b>Economic Development</b> |              | <b>Revitalize or Stabilize</b> |              | <b>Totals</b> |              |
|   | <b>#</b>                  | <b>Hours</b> | <b>#</b>                  | <b>Hours</b> | <b>#</b>                    | <b>Hours</b> | <b>#</b>                       | <b>Hours</b> | <b>#</b>      | <b>Hours</b> |
| Louisville  | 241                       | 521          | 658                       | 2,334        | 146                         | 298          | 0                              | 0            | <b>1,045</b>  | <b>3,153</b> |
| Kentucky  | 110                       | 149          | 281                       | 544          | 25                          | 80           | 0                              | 0            | <b>416</b>    | <b>773</b>   |
| Cincinnati  | 1                         | 1            | 142                       | 335          | 37                          | 54           | 26                             | 35           | <b>206</b>    | <b>425</b>   |
| Indiana   | 99                        | 186          | 103                       | 198          | 43                          | 70           | 0                              | 0            | <b>245</b>    | <b>454</b>   |
| <b>Subtotal</b>                                     | <b>451</b>                | <b>857</b>   | <b>1,184</b>              | <b>3,411</b> | <b>251</b>                  | <b>502</b>   | <b>11</b>                      | <b>35</b>    | <b>1,912</b>  | <b>4,805</b> |
| Regional Activities                                 | 0                         | 0            | 2                         | 19           | 2                           | 25           | 0                              | 0            | <b>4</b>      | <b>44</b>    |
| <b>Total</b>  | <b>451</b>                | <b>857</b>   | <b>1,186</b>              | <b>3,430</b> | <b>253</b>                  | <b>527</b>   | <b>26</b>                      | <b>35</b>    | <b>1,916</b>  | <b>4,849</b> |
| <i>Source: Bank Data</i>                            |                           |              |                           |              |                             |              |                                |              |               |              |



## **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 overall CRA rating.

**LOUISVILLE MSA AA  
(Full-Scope Review)**

**CRA RATING FOR LOUISVILLE MSA: Outstanding**

**The Lending Test is rated: Outstanding**

**The Investment Test is rated: Outstanding**

**The Service Test is rated: Outstanding**

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN LOUISVILLE-  
JEFFERSON COUNTY, KY-IN MULTISTATE MSA**

The Louisville MSA AA consists of all portions of Bullitt, Jefferson, Oldham, and Shelby Counties in Kentucky, and Clark and Floyd Counties in Indiana. SYBT operates 39 branches, including the main branch, within this AA, of which 2 are in low-, 5 are in moderate-, 17 are in middle-, and 15 are in upper-income census tracts. SYBT acquired 13 branches in the Louisville MSA AA with the acquisition of Commonwealth Bank & Trust; however, SYBT closed two of these branches and consolidated three other branches after the acquisition. No other branch openings or closings have occurred in this AA since the previous evaluation. The AA accounts for 56.3 percent of small business loans, 58.4 percent of home mortgage loans, 70.2 percent of deposits, and 52.8 percent of branches.

**Economic and Demographic Data**

Based on 2020 Census data, the Louisville MSA AA is comprised of 312 census tracts with the following designations: 30 low-, 74 moderate-, 119 middle-, and 81 upper-income. The AA also includes 8 census tracts that do not have an income designation due to nominal populations. The following table illustrates relevant demographic characteristics of the AA considered within this evaluation.

| Demographic Information of the Louisville MSA AA  |           |               |                              |                  |                 |               |
|---|-----------|---------------|------------------------------|------------------|-----------------|---------------|
| Demographic Characteristics   | #         | Low<br>% of # | Moderate<br>% of #           | Middle<br>% of # | Upper<br>% of # | NA*<br>% of # |
| Geographies (Census Tracts)   | 312       | 9.6           | 23.7                         | 38.1             | 26.0            | 2.6           |
| Population by Geography   | 1,182,435 | 6.3           | 22.4                         | 40.2             | 30.2            | 0.9           |
| Housing Units by Geography  | 503,521   | 7.1           | 23.1                         | 40.4             | 28.0            | 1.2           |
| Owner-Occupied Units by Geography   | 303,725   | 3.1           | 18.1                         | 42.8             | 35.5            | 0.4           |
| Occupied Rental Units by Geography  | 154,974   | 12.8          | 31.1                         | 37.4             | 16.0            | 2.7           |
| Vacant Units by Geography   | 44,822    | 14.9          | 29.7                         | 34.7             | 18.9            | 1.8           |
| Businesses by Geography   | 135,921   | 5.9           | 17.9                         | 37.9             | 36.8            | 1.5           |
| Farms by Geography  | 3,592     | 2.5           | 14.1                         | 40.9             | 41.9            | 0.6           |
| Family Distribution by Income Level   | 287,724   | 20.5          | 18.2                         | 20.2             | 41.0            | 0.0           |
| Household Distribution by Income Level  | 458,699   | 23.1          | 16.6                         | 18.5             | 41.8            | 0.0           |
| Median Family Income MSA - 31140<br>Louisville/Jefferson County, KY-IN MSA                            |           | \$77,584      | Median Housing Value         |                  |                 | \$191,393     |
|   |           |               | Median Gross Rent            |                  |                 | \$885         |
|   |           |               | Families Below Poverty Level |                  |                 | 8.4%          |
| <i>Source: 2020 U.S. Census and 2022 D&amp;B Data. 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> |           |               |                              |                  |                 |               |

According to 2022 D&B data, there were 135,921 businesses operating in the Louisville MSA AA with the following gross annual revenues (GARs): 89.1 percent with \$1 million or less, 3.5 percent with more than \$1 million, and 7.4 percent with unknown revenues. The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR levels.

The services industry represented the largest portion of businesses at 34.2 percent, followed by non-classifiable establishments at 25.5 percent, and finance, insurance, and real estate at 12.2 percent. In addition, 60.5 percent of total businesses had four or fewer employees, and 92.5 percent operated from a single location, indicating opportunity to lend to small businesses.

According to the 2020 Census data, the AA contained 503,521 housing units, with 60.3 percent owner occupied, 30.8 percent occupied rental, and 8.9 percent vacant units. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

Examiners used 2021 and 2022 Federal Financial Institutions Examination Council (FFIEC) Median Family Income (MFI) levels to analyze home mortgage lending under the Borrower Profile criterion. The following table illustrates the income categories for the Louisville MSA AA.

| <b>Louisville/Jefferson County, KY-IN MSA MFI (31140)</b> |                        |                                    |                                   |                        |
|---|------------------------|------------------------------------|-----------------------------------|------------------------|
| <b>MFI</b>  | <b>Low<br/>&lt;50%</b> | <b>Moderate<br/>50% to &lt;80%</b> | <b>Middle<br/>80% to &lt;120%</b> | <b>Upper<br/>≥120%</b> |
| 2021: \$75,500  | <\$37,750              | \$37,750 to <\$60,400              | \$60,400 to <\$90,600             | ≥\$90,600              |
| 2022: \$84,700  | <\$42,350              | \$42,350 to <\$67,760              | \$67,760 to <\$101,640            | ≥\$101,640             |
| <i>Source: FFIEC</i>                                      |                        |                                    |                                   |                        |

Examiners considered unemployment data when evaluating SYBT’s ability to lend within the AA. According to 2021 and 2022 U.S. Bureau of Labor Statistics data, the AA annual unemployment levels were 4.2 percent to 3.5 percent, respectively. Examiners attributed the higher unemployment rate in 2021 to the COVID-19 pandemic. In 2022, employment rates improved. Throughout the evaluation period, the Louisville MSA AA unemployment rates were lower than the State of Kentucky (3.8 percent to 4.4 percent) and the United States (3.6 percent to 5.3 percent), but higher than the State of Indiana (3.1 percent to 3.3 percent).

**Competition**

SYBT operates in a highly competitive market for financial services. According to the June 30, 2023, FDIC Deposit Market Share data, 35 financial institutions operate 311 full-service branches within the Louisville MSA AA. Of these institutions, SYBT operated 41 branches with 11.0 percent of the deposit market share.

Aggregate small business lending data for 2022 also identified a high level of competition for small business lending within the AA. In 2022, 132 lenders originated or purchased 24,998 small business loans, with the top three lenders originating 50.5 percent of these loans, indicating a highly concentrated market. SYBT ranked sixth among these lenders, with 4.8 percent of the market share.

Aggregate HMDA data indicated a high level of competition for home mortgage lending within the AA. In 2022, 589 lenders originated or purchased 62,524 home mortgage loans, with the top three lenders originating 13.8 percent of these loans. SYBT ranked fifth among these lenders, with 3.7 percent of the 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, as well as the bank’s responsiveness to those needs.

Examiners contacted a representative with a local economic development organization in Jefferson County, Kentucky. This individual stated that economic conditions in Jefferson County are favorable for small business and home mortgage lending; however, the market remains highly competitive for local financial institutions. Small business lending needs include access to working capital through either lines of credit or commercial credit cards. Other credit needs include the funding of a permanent loan guarantee program and working with local Community Development Financial Institutions that make loans to small businesses. The representative stated that affordable housing remains in high demand, but is limited in availability due to low housing stock and increasing home prices.

### **Credit and Community Development Needs and Opportunities**

Considering information from community contacts, bank management, and demographic and economic data, examiners determined small business and home mortgage lending, specifically affordable housing, represent the primary credit needs of the Louisville MSA AA.

## **SCOPE OF EVALUATION – LOUISVILLE MSA AA**

Examiners conducted a full-scope review of the Louisville MSA AA. This AA was given the greatest weight in evaluating the bank’s performance considering the volume of loans extended, the number of branches, and the amount of deposits within the AA.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN LOUISVILLE MSA AA**

### **LENDING TEST**

The Lending Test is rated Outstanding for this AA. This rating reflects excellent performance in meeting the credit and community development needs in the AA.

### **Lending Activity**

Lending levels reflect excellent responsiveness to the Louisville MSA AA credit needs, taking into account the number and dollar volume of loans originated and purchased during the review period. In 2021 and 2022, SYBT originated or renewed 3,235 small business loans totaling \$606.4 million, and 2,981 home mortgage loans totaling \$584.1 million in this AA.

### **Geographic Distribution**

The geographic distribution of loans reflects excellent penetration throughout the AA. Because small business lending performance received more weight than home mortgage lending, the excellent geographic distribution of small business lending primarily supports this conclusion.

### ***Small Business Loans***

The geographic distribution of small business loans reflects excellent penetration of small business loans throughout the Louisville MSA AA. As noted in the table below, SYBT’s performance in the low-income census tracts exceeded aggregate and demographic data in 2021 and 2022. In moderate-income census tracts, SYBT’s performance was comparable to aggregate data in 2021 and 2022, but trailed demographic data slightly in both years. Overall, examiners considered SYBT’s performance excellent.

| Geographic Distribution of Small Business Loans – Louisville MSA AA   |             |                 |                              |              |              |                |              |
|---|-------------|-----------------|------------------------------|--------------|--------------|----------------|--------------|
| Tract Income Level  |             | % of Businesses | Aggregate Performance % of # | #            | %            | \$(000s)       | %            |
| Low   |             |                 |                              |              |              |                |              |
|   | 2021        | 7.6             | 6.8                          | 237          | 10.8         | 44,215         | 12.8         |
|   | 2022        | 5.9             | 4.6                          | 110          | 9.1          | 24,498         | 9.4          |
| Moderate  |             |                 |                              |              |              |                |              |
|   | 2021        | 15.1            | 14.0                         | 305          | 13.9         | 61,164         | 17.7         |
|   | 2022        | 17.9            | 16.4                         | 195          | 16.1         | 44,208         | 16.9         |
| Middle  |             |                 |                              |              |              |                |              |
|   | 2021        | 34.0            | 33.2                         | 635          | 28.8         | 101,048        | 29.3         |
|   | 2022        | 37.9            | 38.4                         | 416          | 34.3         | 90,151         | 34.5         |
| Upper   |             |                 |                              |              |              |                |              |
|   | 2021        | 40.0            | 42.8                         | 917          | 41.6         | 119,921        | 34.7         |
|   | 2022        | 36.8            | 39.3                         | 456          | 37.6         | 92,620         | 35.4         |
| Not Available   |             |                 |                              |              |              |                |              |
|   | 2021        | 3.2             | 3.2                          | 108          | 4.9          | 18,758         | 5.4          |
|   | 2022        | 1.5             | 1.3                          | 36           | 3.0          | 9,821          | 3.8          |
| <b>Totals</b>   |             |                 |                              |              |              |                |              |
|   | <b>2021</b> | <b>100.0</b>    | <b>100.0</b>                 | <b>2,202</b> | <b>100.0</b> | <b>345,106</b> | <b>100.0</b> |
|   | <b>2022</b> | <b>100.0</b>    | <b>100.00</b>                | <b>1,213</b> | <b>100.0</b> | <b>261,298</b> | <b>100.0</b> |
| <i>Source: 2021 and 2022 D&amp;B Data; Bank Data; 2021 and 2022 CRA Aggregate Data. Due to rounding, totals may not equal 100.0%.</i> |             |                 |                              |              |              |                |              |

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects good penetration throughout the Louisville MSA AA. As reflected in the table below, SYBT’s performance in the low-income geographies exceeded aggregate data in 2021 and 2022, slightly trailed demographic data in 2021, and was comparable to demographic data in 2022. SYBT’s performance in the moderate-income geographies trailed aggregate in 2021, was comparable to aggregate in 2022, and trailed demographic data in both years. Given SYBT’s performance to aggregate data for both years, examiners considered the overall performance good.

| <b>Geographic Distribution of Home Mortgage Loans – Louisville MSA AA</b>   |  |                                     |              |              |                 |              |
|---|--|-------------------------------------|--------------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>   | <b>% of Owner-Occupied Housing Units</b> | <b>Aggregate Performance % of #</b> | <b>#</b>     | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>Low</b>  |  |                                     |              |              |                 |              |
| 2021  | 4.4                                      | 2.8                                 | 50           | 3.7          | 9,488           | 3.8          |
| 2022  | 3.1                                      | 3.2                                 | 54           | 3.3          | 24,056          | 7.2          |
| <b>Moderate</b>   |  |                                     |              |              |                 |              |
| 2021  | 14.1                                     | 11.5                                | 135          | 10.0         | 22,862          | 9.2          |
| 2022  | 18.1                                     | 16.8                                | 268          | 16.5         | 39,884          | 11.9         |
| <b>Middle</b>   |  |                                     |              |              |                 |              |
| 2021  | 43.6                                     | 41.5                                | 531          | 39.3         | 82,601          | 33.1         |
| 2022  | 42.8                                     | 42.3                                | 639          | 39.2         | 104,167         | 31.1         |
| <b>Upper</b>  |  |                                     |              |              |                 |              |
| 2021  | 37.9                                     | 44.0                                | 632          | 46.7         | 132,756         | 53.2         |
| 2022  | 35.5                                     | 37.3                                | 655          | 40.2         | 164,291         | 49.1         |
| <b>Not Available</b>  |  |                                     |              |              |                 |              |
| 2021  | 0.1                                      | 0.1                                 | 4            | 0.3          | 1,867           | 0.7          |
| 2022  | 0.4                                      | 0.4                                 | 13           | 0.8          | 2,176           | 0.7          |
| <b>Totals</b>   |  |                                     |              |              |                 |              |
| <b>2021</b>   | <b>100.0</b>                             | <b>100.0</b>                        | <b>1,352</b> | <b>100.0</b> | <b>249,575</b>  | <b>100.0</b> |
| <b>2022</b>   | <b>100.0</b>                             | <b>100.0</b>                        | <b>1,629</b> | <b>100.0</b> | <b>334,573</b>  | <b>100.0</b> |
| <i>Source: 2015 ACS; 2020 U.S. Census Data; Bank Data; 2021 &amp; 2022 HMDA Aggregate Data.<br/>Due to rounding, totals may not equal 100.0%.</i> |  |                                     |              |              |                 |              |

### **Borrower Profile**

SYBT’s distribution of loans to businesses of different sizes and individuals of different income levels is good. Good performance in small business lending and excellent performance in home mortgage lending supports this conclusion.

### ***Small Business Loans***

The distribution of small business loans reflects good penetration among businesses with GARs of \$1 million or less. As shown in the table below, SYBT’s performance in 2021 and 2022 trailed demographic data but was in line with aggregate data. Aggregate data provides a more accurate reflection of the demand for a loan category, and supports the bank’s performance among businesses of different sizes.

| <b>Distribution of Small Business Loans by Gross Annual Revenue Category – Louisville MSA AA</b>  |                        |                                     |              |              |                 |              |
|---|------------------------|-------------------------------------|--------------|--------------|-----------------|--------------|
| <b>Gross Revenue Level</b>  | <b>% of Businesses</b> | <b>Aggregate Performance % of #</b> | <b>#</b>     | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>≤\$1,000,000</b>   |                        |                                     |              |              |                 |              |
| 2021  | 87.9                   | 46.3                                | 1,205        | 54.7         | 103,818         | 30.1         |
| 2022  | 89.1                   | 50.3                                | 558          | 46.0         | 84,963          | 32.5         |
| <b>&gt;\$1,000,000</b>  |                        |                                     |              |              |                 |              |
| 2021  | 3.9                    | --                                  | 851          | 38.6         | 237,520         | 68.8         |
| 2022  | 3.5                    | --                                  | 643          | 53.0         | 176,168         | 67.4         |
| <b>Revenue Not Available</b>  |                        |                                     |              |              |                 |              |
| 2021  | 8.2                    | --                                  | 146          | 6.6          | 3,768           | 1.1          |
| 2022  | 7.5                    | --                                  | 12           | 1.0          | 167             | 0.1          |
| <b>Totals</b>   |                        |                                     |              |              |                 |              |
| <b>2021</b>   | <b>100.0</b>           | <b>100.0</b>                        | <b>2,202</b> | <b>100.0</b> | <b>345,106</b>  | <b>100.0</b> |
| <b>2022</b>   | <b>100.0</b>           | <b>--</b>                           | <b>1,213</b> | <b>100.0</b> | <b>261,298</b>  | <b>100.0</b> |
| <i>Source: 2021 and 2022 D&amp;B Data; Bank Data; 2021 CRA Aggregate Data; "--" data not available.<br/>Due to rounding, totals may not equal 100.0%.</i> |                        |                                     |              |              |                 |              |

### ***Home Mortgage Loans***

The distribution of home mortgage loans to individuals of different income levels, including LMI individuals, is excellent. As shown in the table below, SYBT’s performance in 2021 and 2022 to low-income borrowers exceeded aggregate, but trailed demographic data. However, examiners considered the performance excellent based on demographic and economic characteristics of the AA. In 2021, 10.5 percent of low-income families and in 2022, 8.4 percent of low-income families lived below the poverty level. Due to their limited financial resources, families with income below the poverty level often do not have the capacity to support a traditional home mortgage, thereby limiting the demand and opportunity to lend to low-income borrowers. SYBT’s performance to moderate-income borrowers exceeded aggregate and demographic data in 2021 and 2022. Given SYBT’s performance compared to aggregate data for both years, the bank’s performance is excellent.



| <b>Distribution of Home Mortgage Loans by Borrower Income Level – Louisville MSA AA</b>  |                      |                                     |              |              |                 |              |
|--|----------------------|-------------------------------------|--------------|--------------|-----------------|--------------|
| <b>Borrower Income Level</b>   | <b>% of Families</b> | <b>Aggregate Performance % of #</b> | <b>#</b>     | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>Low*</b>  |                      |                                     |              |              |                 |              |
| 2021   | 20.9                 | 8.7                                 | 159          | 11.8         | 16,966          | 6.8          |
| 2022   | 20.5                 | 11.3                                | 253          | 15.5         | 29,277          | 8.8          |
| <b>Moderate</b>  |                      |                                     |              |              |                 |              |
| 2021   | 17.3                 | 20.6                                | 316          | 23.4         | 40,436          | 16.2         |
| 2022   | 18.2                 | 21.9                                | 397          | 24.4         | 61,869          | 18.5         |
| <b>Middle</b>  |                      |                                     |              |              |                 |              |
| 2021   | 20.1                 | 20.5                                | 292          | 21.6         | 42,467          | 17.0         |
| 2022   | 20.2                 | 21.1                                | 252          | 15.5         | 35,687          | 10.7         |
| <b>Upper</b>   |                      |                                     |              |              |                 |              |
| 2021   | 41.6                 | 33.1                                | 515          | 38.1         | 115,731         | 46.4         |
| 2022   | 41.0                 | 32.5                                | 575          | 35.3         | 145,299         | 43.4         |
| <b>Not Available</b>   |                      |                                     |              |              |                 |              |
| 2021   | 0.0                  | 17.1                                | 70           | 5.2          | 33,975          | 13.6         |
| 2022   | 0.0                  | 13.2                                | 152          | 9.3          | 62,441          | 18.7         |
| <b>Totals</b>  |                      |                                     |              |              |                 |              |
| <b>2021</b>  | <b>100.0</b>         | <b>100.0</b>                        | <b>1,352</b> | <b>100.0</b> | <b>249,575</b>  | <b>100.0</b> |
| <b>2022</b>  | <b>100.0</b>         | <b>100.0</b>                        | <b>1,629</b> | <b>100.0</b> | <b>334,573</b>  | <b>100.0</b> |
| <i>Source: 2015 ACS; 2020 U.S. Census Data; Bank Data; 2021 &amp; 2022 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.<br/>*In 2021, 10.5 percent of low-income families and in 2022, 8.4 percent of low-income families lived below the poverty level.</i> |                      |                                     |              |              |                 |              |

### **Innovative or Flexible Lending Practices**

The bank makes extensive use of innovative and/or flexible lending practices to serve AA credit needs. The table below shows the total flexible lending products are 64.0 percent by number and 60.0 percent by dollar volume. Refer to prior sections for additional details about programs listed.

| <b>Innovative and Flexible Lending Programs - Louisville MSA AA</b> |              |                 |             |                 |             |                 |               |                 |               |                 |
|---|--------------|-----------------|-------------|-----------------|-------------|-----------------|---------------|-----------------|---------------|-----------------|
| <b>Type of Program</b>  | <b>2021*</b> |                 | <b>2022</b> |                 | <b>2023</b> |                 | <b>2024**</b> |                 | <b>Totals</b> |                 |
|   | <b>#</b>     | <b>\$(000s)</b> | <b>#</b>    | <b>\$(000s)</b> | <b>#</b>    | <b>\$(000s)</b> | <b>#</b>      | <b>\$(000s)</b> | <b>#</b>      | <b>\$(000s)</b> |
| FHA   | 22           | 3,474           | 29          | 5,780           | 29          | 6,513           | 3             | 544             | <b>83</b>     | <b>16,311</b>   |
| VA  | 7            | 1,333           | 10          | 2,898           | 8           | 2,178           | 0             | 0               | <b>25</b>     | <b>6,409</b>    |
| RHS   | 3            | 478             | 3           | 641             | 3           | 440             | 0             | 0               | <b>9</b>      | <b>1,559</b>    |
| HAMP - FHA  | 0            | 0               | 0           | 0               | 9           | 1,264           | 0             | 0               | <b>9</b>      | <b>1,264</b>    |
| KHC   | 6            | 800             | 3           | 466             | 2           | 322             | 1             | 143             | <b>12</b>     | <b>1,731</b>    |
| KHC DAP   | 17           | 94              | 12          | 70              | 13          | 127             | 1             | 10              | <b>43</b>     | <b>301</b>      |
| KHC -2MK-FHA  | 12           | 1,979           | 9           | 1,860           | 13          | 2,737           | 0             | 0               | <b>34</b>     | <b>6,576</b>    |
| KHC-2MK-RHS   | 0            | 0               | 1           | 217             | 0           | 0               | 0             | 0               | <b>1</b>      | <b>217</b>      |
| KHC-2MK-VA  | 1            | 217             | 1           | 166             | 0           | 0               | 0             | 0               | <b>2</b>      | <b>383</b>      |
| Home Repair   | 0            | 0               | 4           | 23              | 6           | 38              | 0             | 0               | <b>10</b>     | <b>61</b>       |
| FHLB Welcome Home   | 28           | 145             | 10          | 49              | 11          | 120             | 0             | 0               | <b>49</b>     | <b>314</b>      |
| Right at Home   | 15           | 2,314           | 343         | 58,358          | 270         | 46,805          | 9             | 1,452           | <b>637</b>    | <b>108,929</b>  |
| Freddie Mac Home Possible   | 0            | 0               | 3           | 475             | 8           | 1,164           | 0             | 0               | <b>11</b>     | <b>1,639</b>    |
| Fannie Mae Home Ready   | 0            | 0               | 1           | 194             | 16          | 2,285           | 0             | 0               | <b>17</b>     | <b>2,479</b>    |
| Secured Credit Card   | 0            | 0               | 0           | 0               | 182         | 137             | 27            | 11              | <b>209</b>    | <b>148</b>      |
| SBA   | 15           | 9,643           | 34          | 20,891          | 24          | 8,186           | 0             | 0               | <b>73</b>     | <b>38,720</b>   |
| PPP   | 69           | 3,416           | 0           | 0               | 0           | 0               | 0             | 0               | <b>69</b>     | <b>3,416</b>    |
| <b>Totals</b>   | <b>195</b>   | <b>23,893</b>   | <b>463</b>  | <b>92,088</b>   | <b>594</b>  | <b>72,316</b>   | <b>41</b>     | <b>2,160</b>    | <b>1,293</b>  | <b>190,457</b>  |

*\*April 29-December 31, 2021. \*\*January 1-January 24, 2024*

### **Community Development Loans**

SYBT is a leader in making community development loans in the Louisville MSA AA. Activity by dollar represents 2.2 percent of total assets and 3.0 percent of total loans. This evaluation compared SYBT’s performance to the performance of SSBs, based on retail structure and presence in the market. The SSB’s performance of community development loans to total loans ranged from 0.2 to 3.3 percent of total assets and 0.3 to 4.7 of total loans within the Louisville MSA AA. SYBT performance exceeded a majority of these banks. The following table illustrates the lending activities by year and purpose within the AA.

| <b>Community Development Lending – Louisville MSA AA</b> |                           |                 |                           |                 |                             |                 |                                |                 |               |                 |
|--|---------------------------|-----------------|---------------------------|-----------------|-----------------------------|-----------------|--------------------------------|-----------------|---------------|-----------------|
| <b>Activity Year</b>                                     | <b>Affordable Housing</b> |                 | <b>Community Services</b> |                 | <b>Economic Development</b> |                 | <b>Revitalize or Stabilize</b> |                 | <b>Totals</b> |                 |
|  | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                    | <b>\$(000s)</b> | <b>#</b>                       | <b>\$(000s)</b> | <b>#</b>      | <b>\$(000s)</b> |
| 2021*  | 8                         | 8,501           | 0                         | 0               | 5                           | 15,650          | 3                              | 6,205           | <b>16</b>     | <b>30,356</b>   |
| 2022   | 11                        | 8,293           | 4                         | 16,438          | 7                           | 27,060          | 8                              | 31,377          | <b>30</b>     | <b>83,168</b>   |
| 2023   | 5                         | 4,456           | 1                         | 207             | 8                           | 51,389          | 0                              | 0               | <b>14</b>     | <b>56,052</b>   |
| <b>Total</b>   | <b>24</b>                 | <b>21,250</b>   | <b>5</b>                  | <b>16,645</b>   | <b>20</b>                   | <b>94,099</b>   | <b>11</b>                      | <b>37,582</b>   | <b>60</b>     | <b>169,576</b>  |

*Source: Bank Data. No lending occurred in 2024. \*4/29/2021–12/31/2021*

Below are notable examples of community development loans the bank originated in the Louisville MSA AA:

- A \$1.4 million loan for the purchase a business and equipment located in a low-income tract, which saved 20 LMI jobs. (Economic Development)
- A \$9 million loan for the construction of a new facility to educate and help create meaningful employment opportunities for adults with disabilities, where majority are LMI. (Community Service)
- A \$10 million loan to refinance a hotel, retaining an estimated 39 permanent full-time jobs with majority of positions being LMI. (Economic Development)

## INVESTMENT TEST

The Investment Test is rated Outstanding for this AA. This performance reflects excellent performance in meeting the investment and community development needs in the AA.

### Investment and Grant Activity

The bank had an excellent level of qualified community development investment and grants, often in a leadership position, particularly those not routinely provided by private investors.

Activity (by dollar) in the Louisville MSA AA represents 1.5 percent of total assets and 8.3 percent of total securities, and accounts for approximately 42.9 percent of total qualified investments. The bank's performance exceeded SSBs having a range of 0.0 to 4.0 percent of total securities. This level of activity is consistent with the size of the bank's operations in the AA and represents a significant increase in dollar volume since the previous evaluation. The following table illustrates qualified investment activity by year and purpose, and includes approximately \$101 million in unfunded commitments.

| Qualified Investments by Year – Louisville MSA |                    |                |                    |              |                      |            |                         |              |            |                |
|--|--------------------|----------------|--------------------|--------------|----------------------|------------|-------------------------|--------------|------------|----------------|
| Activity Year                                  | Affordable Housing |                | Community Services |              | Economic Development |            | Revitalize or Stabilize |              | Totals     |                |
|  | #                  | \$(000s)       | #                  | \$(000s)     | #                    | \$(000s)   | #                       | \$(000s)     | #          | \$(000s)       |
| Prior Period                                   | 14                 | 10,611         | 4                  | 5,281        | 2                    | 483        | 1                       | 470          | 21         | 16,844         |
| 2021*  | 1                  | 1,436          | 0                  | 0            | 0                    | 0          | 1                       | 460          | 2          | 1,897          |
| 2022   | 2                  | 5,241          | 0                  | 0            | 0                    | 0          | 2                       | 4,500        | 4          | 9,741          |
| 2023   | 8                  | 91,964         | 0                  | 0            | 0                    | 0          | 2                       | 770          | 10         | 92,734         |
| YTD 2024                                       | 0                  | 0              | 0                  | 0            | 0                    | 0          | 0                       | 0            | 0          | 0              |
| <b>Subtotal</b>                                | <b>25</b>          | <b>109,252</b> | <b>4</b>           | <b>5,281</b> | <b>2</b>             | <b>483</b> | <b>6</b>                | <b>6,200</b> | <b>37</b>  | <b>121,216</b> |
| Qualified Grants & Donations                   | 2                  | 10             | 104                | 769          | 4                    | 26         | 0                       | 0            | 110        | 805            |
| <b>Total</b>                                   | <b>27</b>          | <b>109,262</b> | <b>108</b>         | <b>6,050</b> | <b>6</b>             | <b>509</b> | <b>6</b>                | <b>6,200</b> | <b>147</b> | <b>122,021</b> |
| <i>Source: Bank Data *4/29/202–12/31/2021</i>  |                    |                |                    |              |                      |            |                         |              |            |                |

Below are notable examples of community development investments the bank made in the Louisville MSA AA:

- Invested in seven affordable housing tax credit projects totaling \$96 million. (Affordable Housing)

- Made three donations totaling \$150,000 to a school focused on providing tuition-free education and enrichment opportunities to LMI students. (Community Service)
- Donated \$43,000 to a community service organization to install high-speed Wi-Fi access in a park located in a LMI area. (Community Service)

### **Responsiveness to Credit and Community Development Needs**

The bank exhibits excellent responsiveness to credit and community development needs. A substantial majority of qualified investments support affordable housing initiatives, which demonstrates the bank's responsiveness to the community development needs identified by a community contact.

### **Community Development Initiatives**

SYBT made extensive use of innovative and/or complex qualified investments to support community development activities. Investments during the current evaluation period consisted of mortgage-backed securities, tax credits (historic and low income). By dollar, approximately 56.0 percent of community development initiatives in this AA consist of LIHTC investments. SYBT made tax credit investments in the current period, including LIHTC, which are generally complex and require a higher than average level of expertise to execute. Underlying residential mortgages securing the mortgage-backed securities are made to LMI borrowers and help provide affordable housing.

### **SERVICE TEST**

The Service Test is rated Outstanding for this AA. This performance reflects excellent performance in meeting the service and community development needs of the AA.

### **Accessibility of Delivery Systems**

Delivery systems are readily accessible to all portions of the AA. As illustrated in the following table, of the 39 branches in the AA, SYBT operates two branches in low-income census tracts and five branches in moderate-income census tracts. Twenty of the 39 branches are also open for business on Saturdays. An ATM operates at each branch location, with eleven additional ITMs located at select branch locations throughout the AA. ITMs provide customers with the ability to conduct more transactions than a typical ATM, and demonstrate service innovativeness. Five of the eleven ITMs, including two in moderate-income census tracts, are available on Saturdays. In addition, SYBT operates four offsite ATMs and two offsite ITMs within this AA.

| <b>Branch and ATM/ITM Distribution by Geography Income Level – Louisville MSA AA</b> |                      |              |                   |              |                 |              |                  |              |
|--|----------------------|--------------|-------------------|--------------|-----------------|--------------|------------------|--------------|
| <b>Tract Income Level</b>  | <b>Census Tracts</b> |              | <b>Population</b> |              | <b>Branches</b> |              | <b>ATMs/ITMs</b> |              |
|  | <b>#</b>             | <b>%</b>     | <b>#</b>          | <b>%</b>     | <b>#</b>        | <b>%</b>     | <b>#</b>         | <b>%</b>     |
| Low  | 30                   | 9.6          | 74,604            | 6.3          | 2               | 5.2          | 2                | 3.6          |
| Moderate   | 74                   | 23.7         | 264,409           | 22.4         | 5               | 12.8         | 7                | 12.5         |
| Middle   | 119                  | 38.1         | 474,846           | 40.2         | 16              | 41.0         | 23               | 41.1         |
| Upper  | 81                   | 26.0         | 357,435           | 30.2         | 16              | 41.0         | 24               | 42.8         |
| Not Available  | 8                    | 2.6          | 11,141            | 0.9          | 0               | 0.0          | 0                | 0.0          |
| <b>Total</b>   | <b>312</b>           | <b>100.0</b> | <b>1,182,435</b>  | <b>100.0</b> | <b>39</b>       | <b>100.0</b> | <b>56</b>        | <b>100.0</b> |

*Source: 2020 U.S. Census Data; Bank Data*

**Changes in Branch Locations**

SYBT’s record of opening and closing branches in the Louisville MSA AA improved the accessibility of its delivery systems, particularly in LMI geographies and individuals. During the evaluation period, SYBT acquired a bank with 14 branches in the Louisville MSA AA. SYBT closed two of the branches and consolidated three other branches with existing SYBT branches. The locations of the closed and/or consolidated branches included two middle- and three upper-income census tracts. The locations of the remaining acquired branches includes three in moderate-one in middle-, and five in upper-income census tracts.

**Reasonableness of Business Hours and Services**

The bank tailored its services, including business hours, to the convenience and needs of the AA, particularly LMI geographies and individuals. Of the 39 branches, 19 operate on Saturdays, including three locations in LMI geographies. Business hours are convenient and comparable to other financial institutions within the AA.

**Community Development Services**

SYBT is a leader in providing community development services in the AA. The table below illustrates community services bank officials provided. Services in the Louisville MSA AA account for 54.7 percent by number and 65.6 percent by hour of the bank’s total qualified activities. This level of activity is a significant increase compared to the previous evaluation.

| <b>Community Development Services - Louisville MSA AA</b> |                           |              |                           |              |                             |              |                                |              |               |              |
|---|---------------------------|--------------|---------------------------|--------------|-----------------------------|--------------|--------------------------------|--------------|---------------|--------------|
| <b>Activity Year</b>                                      | <b>Affordable Housing</b> |              | <b>Community Services</b> |              | <b>Economic Development</b> |              | <b>Revitalize or Stabilize</b> |              | <b>Totals</b> |              |
|   | <b>#</b>                  | <b>Hours</b> | <b>#</b>                  | <b>Hours</b> | <b>#</b>                    | <b>Hours</b> | <b>#</b>                       | <b>Hours</b> | <b>#</b>      | <b>Hours</b> |
| 2021*   | 36                        | 80           | 118                       | 379          | 55                          | 129          | 0                              | 0            | <b>209</b>    | <b>588</b>   |
| 2022  | 97                        | 227          | 316                       | 1,449        | 52                          | 120          | 0                              | 0            | <b>465</b>    | <b>1,796</b> |
| 2023  | 106                       | 207          | 222                       | 500          | 38                          | 46           | 0                              | 0            | <b>366</b>    | <b>753</b>   |
| YTD 2024  | 2                         | 7            | 2                         | 6            | 1                           | 3            | 0                              | 0            | <b>5</b>      | <b>16</b>    |
| <b>Total</b>  | <b>241</b>                | <b>521</b>   | <b>658</b>                | <b>2,334</b> | <b>146</b>                  | <b>298</b>   | <b>0</b>                       | <b>0</b>     | <b>1,045</b>  | <b>3,153</b> |

*Source: Bank Data \*4/29/202–12/31/2021*

Below are notable examples of the bank’s qualified services in the Louisville MSA AA:

- Throughout the review period, an employee served on the Board of Directors and Advocacy Committee of an affordable housing trust fund committee. (Affordable Housing)
- In 2023, multiple employees assisted an affordable housing organization in applying for a FHLB Zero Interest Fund loan, which promotes both affordable housing and economic development. (Affordable Housing)

## **STATE OF KENTUCKY (Full-Scope Review)**

**CRA RATING FOR STATE OF KENTUCKY: Outstanding**

**The Lending Test is rated: Outstanding**

**The Investment Test is rated: High Satisfactory**

**The Service Test is rated: High Satisfactory**

## **DESCRIPTION OF OPERATIONS IN THE STATE OF KENTUCKY**

SYBT operates 21 of its 73 branches in the Kentucky rated areas. Approximately 8.2 percent of SYBT’s small business loans, 27.4 percent of home mortgage loans, and 15.8 percent of total deposits are in the two Kentucky AAs.

## **SCOPE OF EVALUATION – STATE OF KENTUCKY**

The scope of the evaluation in the Kentucky rated area is the same as the overall scope of evaluation for the bank. The performance in the Lexington CSA AA carried more weight as this AA has more loan activity, deposits, and branch locations. The State of Kentucky carried the second most weight in the overall evaluation ratings due to loan volume, deposits, and number of branches.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN STATE OF KENTUCKY**

### **LENDING TEST**

The Lending Test rating is Outstanding for the State of Kentucky rated area. Performance was generally consistent across the two AAs. Lending activities support this conclusion. Examiners provide details of the Lending Test for each AA under the individual AA sections below.

#### **Lending Activity**

SYBT's lending levels reflect excellent responsiveness to the credit needs in the Kentucky AAs. The bank's excellent performance in the Lexington CSA AA supports this conclusion.

#### **Geographic Distribution**

The geographic distribution of loans reflects excellent penetration throughout the Kentucky AAs, particularly to LMI geographies. Excellent performance in the Lexington CSA AA and the Kentucky Non-MSA AA supports this conclusion.

#### **Borrower Profile**

The distribution of loans to borrowers reflects, given the product lines offered by SYBT, excellent penetration among business customers of different size and retail customers of different income levels. Excellent performance in the Lexington CSA AA supports this conclusion.

#### **Innovative or Flexible Lending Practices**

SYBT makes use of innovative and/or flexible lending practices to serve the Kentucky AAs credit needs. SYBT originated 351 innovative and/or flexible loans, totaling approximately \$22 million, representing 17.7 percent (by number) and 70 percent (by dollar) of the total innovative and/or flexible loans. Performance in Lexington CSA AA and in the Kentucky Non-MSA AA supports this conclusion.

#### **Community Development Loans**

SYBT made a relatively high level of community development loans. The bank originated 24 loans totaling \$73 million in the Kentucky rated area, which represents 16 percent, by both number and dollar, of the bank's total community development lending.

### **INVESTMENT TEST**

SYBT's Investment Test rating is High Satisfactory for the Kentucky rated area. Performance was generally consistent across the two AAs. Examiners provide details of the Investment Test for each AA under the individual AA sections below.

#### **Investment and Grant Activity**

The bank has a significant level, occasionally in a leadership position, of qualified community investments and grants. SYBT made 121 qualified investments totaling \$48 million in the Kentucky rated area, including unfunded tax credits. This level of activity represents 34.2 percent by number and 19.9 percent by dollar of the bank's qualified investment and grant activity.

### **Responsiveness to Credit and Community Development Needs**

SYBT exhibits excellent responsiveness to the credit and community development needs in the Kentucky rated area. SYBT qualified investments in the Lexington CSA AA supports this conclusion.

### **Community Development Initiatives**

SYBT makes significant use innovative and/or complex investments to support community development initiatives in the Kentucky rated area. Good performance in the Lexington CSA AA supports this conclusion.

## **SERVICE TEST**

The Service Test rating is High Satisfactory for the Kentucky rated area. Performance was generally consistent across the two AAs. Accessibility of delivery systems community development performance in the Lexington MSA AA supports the rating. Examiners provide details of the Service Test for both AAs under the individual AA sections below.

### **Accessibility of Delivery Systems**

Delivery systems are readily accessible to all portions of the Kentucky AAs. SYBT operates one branch in a low-income census tract and four branches in moderate-income census tracts. SYBT also operates 31 ATMs throughout the AA.

### **Changes in Branch Locations**

SYBT's record of opening branches in the Kentucky AAs has improved the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals. The 15 branches in the Lexington CSA AA and 4 branches in the Kentucky Non-MSA AA were acquired since the prior evaluation. Of the 19 acquired branches, one was located in a low-income geography and four were located in moderate-income geographies. SYBT closed no branches during the evaluation period in the Kentucky AAs.

### **Reasonableness of Business Hours and Services**

The bank tailored services, including business hours, to the convenience and needs of the AA, particularly LMI geographies and individuals. Of the 21 branches in the Kentucky AAs, 13 operate on Saturdays to ensure customers receive adequate service. Business hours are convenient and comparable to other financial institutions.

### **Community Development Services**

SYBT provided a relatively high level of community development services in the Kentucky AAs. During the evaluation period, bank officials provided 416 instances totaling 773 hours of financial expertise or technical assistance to community development-related organizations in the AA. Most of the bank's community development services by hours within the State of Kentucky were in the Kentucky Non-MSA AA. Of these services, most supported the provision of community services for LMI individuals. Refer to the separate assessment area sections of the evaluation for more information.



## **LEXINGTON CSA AA (Full-Scope Review)**

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN LEXINGTON CSA AA**

The Lexington CSA AA is new since the previous evaluation. The Lexington CSA AA consists of all portions of Bourbon, Clark, Fayette, Jessamine, Madison, Scott, and Woodford Counties, Kentucky. These seven counties are contiguous with six of the seven counties located in the Lexington MSA. Madison County is not located in the MSA, but is contiguous to Fayette County and is part of the Lexington-Fayette-Richmond-Franklin Combined Statistical Area (CSA), which is similar to the other counties located in the MSA. SYBT operates 15 branches in this AA.

On June 30, 2021, SYBT merged with Kentucky Bank and acquired 15 branches, all of which have remained open. SYBT did not open or close any other branches in this AA. The Lexington CSA AA consists of whole geographies, does not arbitrarily exclude LMI geographies, and includes all geographies where the bank's branches and deposit-taking ATMs are located. The Lexington CSA AA accounts for 6.4 percent of small business loans, 23.4 percent of the home mortgage loans, 11.3 percent of all deposits, and 20.5 percent of all branches. Given the volume of loans, deposits, and branch locations within this AA, examiners placed more weight on this AA for the State of Kentucky rating.

#### **Economic and Demographic Data**

Based on the 2020 U.S. Census data, the Lexington CSA AA is comprised of 169 census tracts with the following designations: 11 low-income, 37 moderate-income, 65 middle-income, and 53 upper-income census tracts. The AA also includes three census tracts that do not have an income designation due to nominal populations. The following table illustrates select demographic characteristics of the AA.

| <b>Demographic Information of the Lexington CSA AA</b>  |          |                       |                              |                          |                         |                       |
|---|----------|-----------------------|------------------------------|--------------------------|-------------------------|-----------------------|
| <b>Demographic Characteristics</b>  | <b>#</b> | <b>Low<br/>% of #</b> | <b>Moderate<br/>% of #</b>   | <b>Middle<br/>% of #</b> | <b>Upper<br/>% of #</b> | <b>NA*<br/>% of #</b> |
| Geographies (Census Tracts)   | 169      | 6.5                   | 21.9                         | 38.5                     | 31.4                    | 1.8                   |
| Population by Geography   | 609,512  | 5.5                   | 20.8                         | 39.5                     | 32.6                    | 1.5                   |
| Housing Units by Geography  | 259,169  | 5.6                   | 21.7                         | 39.9                     | 31.3                    | 1.5                   |
| Owner-Occupied Units by Geography   | 142,404  | 2.6                   | 16.5                         | 41.6                     | 39.0                    | 0.3                   |
| Occupied Rental Units by Geography  | 95,437   | 9.2                   | 28.7                         | 37.7                     | 21.2                    | 3.2                   |
| Vacant Units by Geography   | 21,328   | 9.4                   | 24.7                         | 38.5                     | 25.6                    | 1.9                   |
| Businesses by Geography   | 67,172   | 4.2                   | 18.3                         | 37.2                     | 36.2                    | 4.2                   |
| Farms by Geography  | 3,145    | 2.3                   | 13.6                         | 45.2                     | 37.3                    | 1.6                   |
| Family Distribution by Income Level   | 147,983  | 21.4                  | 16.4                         | 20.0                     | 42.1                    | 0.0                   |
| Household Distribution by Income Level  | 237,841  | 23.7                  | 16.1                         | 17.0                     | 43.3                    | 0.0                   |
| Median Family Income MSA - 30460<br>Lexington-Fayette, KY MSA   |          | \$78,944              | Median Housing Value         |                          |                         | \$197,867             |
| Median Family Income Non-MSAs - KY  |          | \$54,327              | Median Gross Rent            |                          |                         | \$868                 |
|   |          |                       | Families Below Poverty Level |                          |                         | 9.8%                  |
| <i>Source: 2020 U.S. Census and 2022 D&amp;B Data. 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> |          |                       |                              |                          |                         |                       |

According to 2022 D&B data, approximately 89.0 percent of the 67,172 businesses within the AA had GARs of \$1 million or less, 2.9 percent had more than \$1 million, and 8.1 percent had unknown revenues. Additionally 61.3 percent of the AA businesses had four or fewer employees, and 92.0 percent operated from a single location, indicating there was opportunity to serve small businesses within the AA. The services industry represented the largest portion of businesses at 34.9 percent, followed by non-classifiable establishments at 24.5 percent, and finance, insurance, and real estate at 11.5 percent.

According to the 2020 U.S. Census data, the AA contained 259,169 housing units with 55.0 percent owner-occupied, 36.8 occupied rental, and 8.2 vacant units, indicating the opportunity level for home mortgage lending.

Examiners used 2020 and 2021 FFIEC-updated MFI levels to analyze home mortgage loans under the Borrower Profile criterion. The following table illustrates the income categories.

| <b>MFI Ranges – Lexington CSA AA</b>           |                        |                                    |                                   |                        |
|--|------------------------|------------------------------------|-----------------------------------|------------------------|
| <b>MFI</b>                                     | <b>Low<br/>&lt;50%</b> | <b>Moderate<br/>50% to &lt;80%</b> | <b>Middle<br/>80% to &lt;120%</b> | <b>Upper<br/>≥120%</b> |
| <b>Lexington-Fayette, KY MSA #30460</b>        |                        |                                    |                                   |                        |
| 2021: \$75,500                                 | <\$37,750              | \$37,750 to <\$60,400              | \$60,400 to <\$90,600             | ≥\$95,640              |
| 2022: \$87,300                                 | <\$43,650              | \$43,650 to <\$69,840              | \$69,840 to <\$104,760            | ≥\$104,760             |
| <b>Madison County, Kentucky Non-MSA #99999</b> |                        |                                    |                                   |                        |
| 2021: \$26,300                                 | <\$26,300              | \$26,300 to <\$42,080              | \$42,080 to <\$63,120             | ≥\$63,120              |
| 2022: \$61,700                                 | <\$30,850              | \$30,850 to <\$49,360              | \$49,360 to <\$74,040             | ≥\$74,040              |
| <i>Source: FFIEC</i>                           |                        |                                    |                                   |                        |

Examiners considered unemployment data when evaluating the bank’s ability to lend within the AA. According to 2021, 2022, and 2023 U.S. Bureau of Labor Statistics data, the Lexington MSA unemployment rate ranged from 3.1 percent to 3.7 percent during the review period and Madison County ranged slightly higher from 3.6 percent to 3.9 percent. Both the Lexington MSA and Madison County unemployment rate were lower than both the State of Kentucky (3.8 percent to 4.4 percent) and the United States (3.6 percent to 5.3 percent). The highest rates of unemployment occurred in 2021 due to the COVID-19 pandemic.

**Competition**

SYBT operates in a highly competitive market for financial services when considering geographic size and population of the Lexington CSA AA. According to the FDIC Deposit Market Share data as of June 30, 2023, 40 financial institutions operate 212 branch locations in the AA. Of these institutions, SYBT ranks ninth with 4.2 percent of the deposit market share.

Market share data provides a measurement of the level of competition for small business loans among banks, credit unions, and non-depository lenders in the Lexington CSA AA. According to the 2022 Peer Small Business Data report, 106 lenders reported 14,386 loan originations or purchases, indicating a high degree of competition for this product. SYBT ranked twelfth, accounting for 1.9 percent of the total market share.

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in the AA. In 2022, 474 lenders reported 29,102 home mortgage loans originated or purchased in the AA. SYBT ranked twelfth with 2.1 percent of the market share.

**Community Contact**

Examiners contacted a representative from a local economic development organization to assist in identifying community development needs. The representative reported that the area’s unemployment is low, with many employers struggling to find and retain employees to fill open positions. Recent projects in the area include expansions of several large manufacturers and distilleries and a large affordable housing project. This project involved several local lenders, including SYBT. Affordable housing remains a credit need in the area; however, home sales decreased due to the lack of available properties, increased home prices, and increased interest rates.

### **Credit and Community Development Needs and Opportunities**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business and home mortgage lending represent the primary credit needs of the AA. Examiners also identified affordable housing as the primary community development need of the AA.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN LEXINGTON CSA AA**

### **LENDING TEST**

The Lending Test is rated Outstanding for this AA. This performance reflects excellent performance in meeting the credit and community development needs in the AA.

### **Lending Activity**

Lending levels reflect excellent responsiveness to the Lexington CSA AA credit needs, taking into account the number and amount of small business and home mortgage loans originated or purchased. Between June 2021 and year-end 2022, SYBT funded 500 small business loans totaling \$68,700 and 919 home mortgage loans totaling \$233.8 million in this AA. SYBT is new to this AA since the June 2021 acquisition.

### **Geographic Distribution**

The geographic distribution of loans reflects excellent penetration throughout the Lexington CSA AA. Excellent performance in both small business and home mortgage lending supports this conclusion.

### ***Small Business Loans***

The geographic distribution of small business loans reflects excellent penetration in the Lexington CSA AA. As noted in the table below, SYBT's 2021 lending in low-income census tracts trailed aggregate and demographic data; however, in 2022 performance exceeded both. The bank's performance in moderate-income tracts exceeded aggregate and demographic data in both years. Overall, examiners considered SYBT's performance to be excellent.

| <b>Geographic Distribution of Small Business Loans – Lexington CSA AA</b>   |                        |                                     |            |              |                 |              |
|---|------------------------|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>   | <b>% of Businesses</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>Low</b>  |                        |                                     |            |              |                 |              |
| 2021  | 5.2                    | 4.7                                 | 10         | 3.7          | 1,990           | 7.4          |
| 2022  | 4.2                    | 4.2                                 | 16         | 7.0          | 2,964           | 7.1          |
| <b>Moderate</b>   |                        |                                     |            |              |                 |              |
| 2021  | 18.3                   | 17.8                                | 65         | 23.9         | 6,132           | 22.8         |
| 2022  | 18.3                   | 16.7                                | 62         | 27.2         | 9,291           | 22.3         |
| <b>Middle</b>   |                        |                                     |            |              |                 |              |
| 2021  | 42.5                   | 43.2                                | 134        | 49.3         | 12,449          | 46.2         |
| 2022  | 37.2                   | 38.9                                | 78         | 34.2         | 10,362          | 24.8         |
| <b>Upper</b>  |                        |                                     |            |              |                 |              |
| 2021  | 34.1                   | 34.3                                | 63         | 23.2         | 6,380           | 23.7         |
| 2022  | 36.2                   | 36.9                                | 61         | 26.8         | 15,258          | 36.5         |
| <b>Not Available</b>  |                        |                                     |            |              |                 |              |
| 2021  | 0.0                    | 0.0                                 | 0          | 0.0          | 0               | 0.0          |
| 2022  | 4.2                    | 3.2                                 | 11         | 4.8          | 3,874           | 9.3          |
| <b>Totals</b>   |                        |                                     |            |              |                 |              |
| <b>2021</b>   | <b>100.0</b>           | <b>100.0</b>                        | <b>272</b> | <b>100.0</b> | <b>26,951</b>   | <b>100.0</b> |
| <b>2022</b>   | <b>100.0</b>           | <b>100.0</b>                        | <b>228</b> | <b>100.0</b> | <b>41,749</b>   | <b>100.0</b> |
| <i>Source: 2021 and 2022 D&amp;B Data; Bank Data; 2021 &amp; 2022 CRA Aggregate Data.<br/>Due to rounding, totals may not equal 100.0%.</i> |                        |                                     |            |              |                 |              |

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects excellent penetration throughout the AA. As noted in the table below, SYBT’s lending performance in low-income census tracts was comparable to both aggregate performance and demographic data in 2021 and 2022. The bank’s performance in moderate-income census tracts exceeded aggregate and demographic data in both years. Given SYBT’s performance in the moderate-income census tracts, examiners consider the bank’s performance to be excellent.

| <b>Geographic Distribution of Home Mortgage Loans – Lexington CSA AA</b>  |  |                                     |            |              |                 |              |
|---|--|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>   | <b>% of Owner-Occupied Housing Units</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>Low</b>  |  |                                     |            |              |                 |              |
| 2021  | 3.8                                      | 2.8                                 | 16         | 3.2          | 10,024          | 7.2          |
| 2022  | 2.6                                      | 2.9                                 | 8          | 1.9          | 882             | 0.9          |
| <b>Moderate</b>   |  |                                     |            |              |                 |              |
| 2021  | 17.2                                     | 16.0                                | 104        | 20.5         | 21,596          | 15.6         |
| 2022  | 16.5                                     | 15.1                                | 96         | 23.3         | 18,696          | 19.6         |
| <b>Middle</b>   |  |                                     |            |              |                 |              |
| 2021  | 42.1                                     | 39.5                                | 233        | 46.0         | 61,417          | 44.3         |
| 2022  | 41.6                                     | 41.3                                | 149        | 36.2         | 27,527          | 28.9         |
| <b>Upper</b>  |  |                                     |            |              |                 |              |
| 2021  | 37.0                                     | 41.8                                | 154        | 30.4         | 45,450          | 32.8         |
| 2022  | 39.0                                     | 40.2                                | 157        | 38.1         | 47,640          | 50.0         |
| <b>Not Available</b>  |  |                                     |            |              |                 |              |
| 2021  | 0.0                                      | 0.0                                 | 0          | 0.0          | 0               | 0.0          |
| 2022  | 0.3                                      | 0.4                                 | 2          | 0.5          | 576             | 0.6          |
| <b>Totals</b>   |  |                                     |            |              |                 |              |
| <b>2021</b>   | <b>100.0</b>                             | <b>100.0</b>                        | <b>507</b> | <b>100.0</b> | <b>138,488</b>  | <b>100.0</b> |
| <b>2022</b>   | <b>100.0</b>                             | <b>100.0</b>                        | <b>412</b> | <b>100.0</b> | <b>95,321</b>   | <b>100.0</b> |
| <i>Source: 2015 ACS; 2020 U.S. Census Data; Bank Data; 2021 &amp; 2022 HMDA Aggregate Data.<br/>Due to rounding, totals may not equal 100.0%.</i> |  |                                     |            |              |                 |              |

### **Borrower Profile**

The distribution of borrowers reflects excellent penetration among businesses of different sizes and borrowers of different income levels. Excellent performance in both small business and home mortgage lending supports this conclusion.

### ***Small Business Loans***

SYBT's distribution of small business loans reflects excellent penetration among businesses of different sizes. The table below illustrates the bank's small business lending for 2021 and 2022. In 2021, SYBT's performance trailed aggregate and demographic data; however, the disparity is largely attributable to the volume of loans categorized as Revenue Not Available. Specifically, SYBT participated in the PPP loan program in 2021, which had a disproportionate adverse effect on the distribution of small business loans because the bank did not collect revenue on these loans. Adjusting performance to exclude these loans from the analysis, SYBT's lending to businesses with revenue at or below \$1 million increases to 71.8 percent. Although the adjusted percentage exceeded aggregate, it was still below demographic data. In 2022, SYBT's performance improved, and exceeded aggregate, but was still below demographic data.

As previously discussed, this AA is highly competitive for small business loans. The majority of businesses operating in this AA are small. Businesses of this size often seek alternative lending solutions rather than small business loans, such as credit cards, which are not included in CRA data. Overall, examiners considered SYBT's performance excellent.

| <b>Distribution of Small Business Loans by Gross Annual Revenue Category – Lexington CSA AA</b>   |                        |                                     |            |              |                 |              |
|---|------------------------|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Gross Revenue Level</b>  | <b>% of Businesses</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>≤\$1,000,000</b>   |                        |                                     |            |              |                 |              |
| 2021  | 87.6                   | 51.6                                | 125        | 46.0         | 13,855          | 51.4         |
| 2022  | 89.0                   | 53.7                                | 136        | 59.6         | 20,152          | 48.3         |
| <b>&gt;\$1,000,000</b>  |                        |                                     |            |              |                 |              |
| 2021  | 3.5                    | --                                  | 49         | 18.0         | 11,488          | 42.6         |
| 2022  | 2.9                    | --                                  | 88         | 38.6         | 21,559          | 51.6         |
| <b>Revenue Not Available</b>  |                        |                                     |            |              |                 |              |
| 2021  | 8.9                    | --                                  | 98         | 36.0         | 1,608           | 6.0          |
| 2022  | 8.1                    | --                                  | 4          | 1.8          | 38              | 0.1          |
| <b>Totals</b>   |                        |                                     |            |              |                 |              |
| <b>2021</b>   | <b>100.0</b>           | <b>--</b>                           | <b>272</b> | <b>100.0</b> | <b>26,951</b>   | <b>100.0</b> |
| <b>2022</b>   | <b>100.0</b>           | <b>--</b>                           | <b>228</b> | <b>100.0</b> | <b>41,749</b>   | <b>100.0</b> |
| <i>Source: 2021 and 2022 D&amp;B Data; Bank Data; 2021&amp; 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i> |                        |                                     |            |              |                 |              |

### ***Home Mortgage Loans***

SYBT's distribution of home mortgage loans to individuals of different income levels, including LMI borrowers, reflects excellent penetration. As noted in the table below, SYBT's lending to low-income borrowers exceeded aggregate and was less than demographic data in 2021 and 2022. Although the bank's performance to low-income borrowers was below demographic data in both years, examiners considered families with incomes below the poverty level, at 12.2 percent in 2021 and 9.8 percent in 2022, when comparing SYBT's performance to demographic data. Due to their limited financial resources, families with incomes below the poverty level often do not have the capacity to support a traditional home mortgage, limiting demand and opportunity for banks to extend loans. SYBT's lending to moderate-income borrowers exceeded aggregate and demographic data in both years. Overall, examiners considered SYBT's performance to be excellent.

| <b>Distribution of Home Mortgage Loans by Borrower Income Level – Lexington CSA AA</b>   |                      |                                     |            |              |                 |              |
|--|----------------------|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Borrower Income Level</b>   | <b>% of Families</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>Low*</b>  |                      |                                     |            |              |                 |              |
| 2021   | 22.8                 | 6.2                                 | 40         | 7.9          | 4,476           | 3.2          |
| 2022   | 21.4                 | 7.9                                 | 69         | 16.7         | 7,052           | 7.4          |
| <b>Moderate</b>  |                      |                                     |            |              |                 |              |
| 2021   | 15.6                 | 17.1                                | 111        | 21.9         | 15,256          | 11.0         |
| 2022   | 16.4                 | 18.1                                | 97         | 23.5         | 15,702          | 16.5         |
| <b>Middle</b>  |                      |                                     |            |              |                 |              |
| 2021   | 18.9                 | 20.2                                | 96         | 18.9         | 16,360          | 11.8         |
| 2022   | 20.0                 | 21.4                                | 55         | 13.4         | 7,512           | 7.9          |
| <b>Upper</b>   |                      |                                     |            |              |                 |              |
| 2021   | 42.7                 | 38.7                                | 201        | 39.6         | 51,966          | 37.5         |
| 2022   | 42.1                 | 37.3                                | 156        | 37.9         | 40,365          | 42.3         |
| <b>Not Available</b>   |                      |                                     |            |              |                 |              |
| 2021   | 0.0                  | 17.7                                | 59         | 11.6         | 50,429          | 36.4         |
| 2022   | 0.0                  | 15.2                                | 35         | 8.5          | 24,690          | 25.9         |
| <b>Totals</b>  |                      |                                     |            |              |                 |              |
| <b>2021</b>  | <b>100.0</b>         | <b>100.0</b>                        | <b>507</b> | <b>100.0</b> | <b>138,488</b>  | <b>100.0</b> |
| <b>2022</b>  | <b>100.0</b>         | <b>100.0</b>                        | <b>412</b> | <b>100.0</b> | <b>95,321</b>   | <b>100.0</b> |
| <i>Source: 2015 ACS; 2020 U.S. Census Data; Bank Data, 2021 &amp; 2022 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.<br/>*Families with incomes below the poverty level totaled 12.2 percent in 2021 and 9.8 percent in 2022.</i> |                      |                                     |            |              |                 |              |

### **Innovative or Flexible Lending Practices**

SYBT made use of innovative and/or flexible lending practices in order to serve the Lexington CSA AA credit needs. The table below illustrates the bank’s innovative and/or flexible lending, which represents approximately 13.0 percent by number and 10.0 percent by dollar of the total flexible lending products. Refer to previous sections for additional details regarding the listed programs.



| Innovative and Flexible Lending Programs - Lexington CSA AA |           |              |           |               |            |               |          |            |            |               |
|---|-----------|--------------|-----------|---------------|------------|---------------|----------|------------|------------|---------------|
| Type of Program   | 2021*     |              | 2022      |               | 2023       |               | 2024**   |            | Totals     |               |
|   | #         | \$(000s)     | #         | \$(000s)      | #          | \$(000s)      | #        | \$(000s)   | #          | \$(000s)      |
| FHA   | 3         | 472          | 8         | 1,605         | 5          | 1,305         | 0        | 0          | 16         | 3,382         |
| VA  | 4         | 1,062        | 1         | 1,056         | 3          | 789           | 0        | 0          | 8          | 2,907         |
| RHS   | 2         | 407          | 0         | 0             | 0          | 0             | 0        | 0          | 2          | 407           |
| KHC DAP   | 1         | 6            | 0         | 0             | 4          | 38            | 1        | 10         | 6          | 54            |
| KHC MRB FHA   | 0         | 0            | 0         | 0             | 2          | 447           | 1        | 201        | 3          | 648           |
| KHC -2MK-FHA  | 1         | 250          | 0         | 0             | 3          | 637           | 0        | 0          | 4          | 887           |
| Home Repair   | 0         | 0            | 0         | 0             | 0          | 47            | 1        | 6          | 9          | 53            |
| Right at Home   | 12        | 1,631        | 67        | 10,591        | 41         | 7,110         | 1        | 230        | 121        | 19,562        |
| Freddie Mac Home Possible                                   | 0         | 0            | 0         | 0             | 2          | 371           | 0        | 0          | 2          | 371           |
| Fannie Mae Home Ready                                       | 0         | 0            | 1         | 66            | 12         | 1,560         | 0        | 0          | 13         | 1,626         |
| Secured Credit Card   | 0         | 0            | 0         | 0             | 31         | 20            | 2        | 1          | 33         | 21            |
| SBA   | 0         | 0            | 2         | 1,242         | 4          | 393           | 0        | 0          | 6          | 1,635         |
| PPP   | 28        | 631          | 0         | 0             | 0          | 0             | 0        | 0          | 28         | 631           |
| <b>Totals</b>   | <b>51</b> | <b>4,459</b> | <b>79</b> | <b>14,560</b> | <b>115</b> | <b>12,717</b> | <b>6</b> | <b>448</b> | <b>251</b> | <b>32,184</b> |

\*April 29-December 31, 2021 \*\*January 1-January 24, 2024

### Community Development Loans

SYBT made a relatively high level of community development loans in the Lexington CSA AA. Activity (by dollar) represents 0.3 percent of total assets and 0.42 percent of total loans. The SSBs' performance of community development loans to total loans ranged from 0.03 to 1.3 percent of total assets and 0.04 to 2.3 percent of total loans within the Lexington CSA AA. SYBT performance exceeded a majority of these banks. The following table illustrates lending activities by year and purpose within the AA.

| Community Development Lending Lexington CSA AA |                    |               |                    |              |                      |              |                         |          |           |               |
|--|--------------------|---------------|--------------------|--------------|----------------------|--------------|-------------------------|----------|-----------|---------------|
| Activity Year                                  | Affordable Housing |               | Community Services |              | Economic Development |              | Revitalize or Stabilize |          | Totals    |               |
|  | #                  | \$(000s)      | #                  | \$(000s)     | #                    | \$(000s)     | #                       | \$(000s) | #         | \$(000s)      |
| 2021*  | 1                  | 2,083         | 1                  | 2,720        | 0                    | 0            | 0                       | 0        | 2         | 4,803         |
| 2022   | 3                  | 2,210         | 0                  | 0            | 2                    | 3,433        | 0                       | 0        | 5         | 5,643         |
| 2023   | 4                  | 6,288         | 1                  | 3,400        | 2                    | 3,286        | 0                       | 0        | 7         | 12,974        |
| <b>Total</b>                                   | <b>8</b>           | <b>10,581</b> | <b>2</b>           | <b>6,120</b> | <b>4</b>             | <b>6,719</b> | <b>0</b>                | <b>0</b> | <b>14</b> | <b>23,420</b> |

Source: Bank Data There was no lending activity in 2024. \*4/29/2021-12/31/2021

Below are notable examples of community development loans the bank originated in the Lexington CSA AA:

- A \$2.3 million loan for the refinance and renovations of an apartment complex where rents are less than fair market rent. (Affordable Housing)
- A \$2.7 million loan for the purchase and relocation of a medical center that primarily serves LMI individuals. (Community Services)

- A \$9.1 million loan to purchase a retail center adjacent to a low-income census tract which will provide new jobs and retain majority LMI jobs. (Economic Development)

## INVESTMENT TEST

The Investment Test is rated High Satisfactory for this AA. This performance reflects good performance in meeting the investment and community development needs in the AA.

### Investment and Grant Activity

The bank has a significant level of qualified community development investment and grants, occasionally in a leadership position, particularly those not routinely provided by private investors.

Activity (by dollar) in the Lexington CSA AA represents 0.5 percent of total assets and 2.6 percent of total securities, and accounts for 13.6 percent of total qualified investments. The bank's performance was consistent with SSBs' average of 2.2 percent, having a range of 0.5 to 6.35 percent of total securities. This level of activity is consistent with the size of the bank's operations in the AA. The following table illustrates qualified investment activity by year and purpose, which include \$13 million in unfunded commitments.

| Qualified Investments by Year – Lexington CSA |                    |               |                    |              |                      |          |                         |          |           |               |
|---|--------------------|---------------|--------------------|--------------|----------------------|----------|-------------------------|----------|-----------|---------------|
| Activity Year                                 | Affordable Housing |               | Community Services |              | Economic Development |          | Revitalize or Stabilize |          | Totals    |               |
|   | #                  | \$(000s)      | #                  | \$(000s)     | #                    | \$(000s) | #                       | \$(000s) | #         | \$(000s)      |
| Prior Period                                  | 13                 | 15,245        | 3                  | 3,764        | 0                    | 0        | 0                       | 0        | 16        | 19,009        |
| 2021*   | 1                  | 1,468         | 0                  | 0            | 0                    | 0        | 0                       | 0        | 1         | 1,468         |
| 2022  | 2                  | 3,785         | 0                  | 0            | 0                    | 0        | 0                       | 0        | 2         | 3,785         |
| 2023  | 2                  | 14,421        | 0                  | 0            | 0                    | 0        | 0                       | 0        | 2         | 14,421        |
| YTD 2024                                      | 0                  | 0             | 0                  | 0            | 0                    | 0        | 0                       | 0        | 0         | 0             |
| <b>Subtotal</b>                               | <b>18</b>          | <b>34,919</b> | <b>3</b>           | <b>3,764</b> | <b>0</b>             | <b>0</b> | <b>0</b>                | <b>0</b> | <b>21</b> | <b>38,683</b> |
| Qualified Grants & Donations                  | 5                  | 9             | 39                 | 28           | 3                    | 6        | 0                       | 0        | 47        | 43            |
| <b>Total</b>                                  | <b>23</b>          | <b>34,928</b> | <b>42</b>          | <b>3,792</b> | <b>3</b>             | <b>6</b> | <b>0</b>                | <b>0</b> | <b>68</b> | <b>38,726</b> |

*Source: Bank Data \*4/29/2021–12/31/2021*

Below are notable examples of community development investments in the Lexington CSA AA:

- A \$13 million investment in a LIHTC designated for affordable housing related projects in the AA. (Affordable Housing)
- In 2022, SYBT purchased a mortgage backed security totaling \$2.9 million, which is comprised of home mortgage loans originated to LMI borrowers in Lexington-Fayette AA. (Affordable Housing)

### Responsiveness to Credit and Community Development Needs

The bank exhibits excellent responsiveness to the credit and community development needs of the AA. A substantial majority of qualified investments support affordable housing initiatives, which demonstrates the bank's responsiveness to the community development needs identified by a community contact.

**Community Development Initiatives**

SYBT makes significant use of innovative and/or complex investments to support community development initiatives. Qualifying investments consist of mortgage-backed securities and tax credits. Some of the more complex or innovative uses of investments include the use of a tax credit-eligible LIHTC to help support affordable housing initiatives and support revitalization and stabilization efforts. Since the previous evaluation, SYBT has invested in a LIHTC project totaling \$11.5 million benefiting the AA.

**SERVICE TEST**

The Service Test is rated High Satisfactory for this AA. This performance reflects good performance in meeting the service and community development needs in the AA.

**Accessibility of Delivery Systems**

SYBT’s delivery systems are readily accessible to all portions of the AA. The following table illustrates branch and ATM/ITM locations by tract income level. Additionally, SYBT operates three offsite ATMs, including one in a moderate-income geography.

| <b>Branch and ATM Distribution by Geography Income Level – Lexington CSA AA</b> |                      |              |                   |              |                 |              |                  |              |
|---|----------------------|--------------|-------------------|--------------|-----------------|--------------|------------------|--------------|
| <b>Tract Income Level</b>   | <b>Census Tracts</b> |              | <b>Population</b> |              | <b>Branches</b> |              | <b>ATMs/ITMs</b> |              |
|   | <b>#</b>             | <b>%</b>     | <b>#</b>          | <b>%</b>     | <b>#</b>        | <b>%</b>     | <b>#</b>         | <b>%</b>     |
| Low   | 11                   | 6.5          | 33,599            | 5.5          | 1               | 6.7          | 1                | 4.4          |
| Moderate  | 37                   | 21.8         | 126,977           | 20.9         | 2               | 13.3         | 3                | 13.0         |
| Middle  | 65                   | 38.5         | 240,808           | 39.5         | 7               | 46.6         | 11               | 47.8         |
| Upper   | 53                   | 31.4         | 198,773           | 32.6         | 4               | 26.7         | 5                | 21.7         |
| NA  | 3                    | 1.8          | 9,355             | 1.5          | 1               | 6.7          | 3                | 13.1         |
| <b>Total</b>  | <b>169</b>           | <b>100.0</b> | <b>609,512</b>    | <b>100.0</b> | <b>15</b>       | <b>100.0</b> | <b>23</b>        | <b>100.0</b> |

*Source: 2020 U.S. Census Data; Bank Data*

**Changes in Branch Locations**

SYBT’s record of opening and closing branches has improved the accessibility of its delivery systems, particularly in LMI geographies and among LMI individuals. As previously mentioned, SYBT acquired all fifteen branches in this AA through the acquisition of Kentucky Bank. The bank did not close any branches in this AA during the evaluation period.

**Reasonableness of Business Hours and Services**

The bank tailored services, including business hours, to the convenience and needs of the AA, particularly LMI geographies and individuals. Of the 15 branches, nine operate on Saturdays, including one branch in a low-income geography, to ensure the bank serves customers adequately. Business hours are convenient and comparable to other financial institutions in the AA.

**Community Development Services**

SYBT provided an adequate level of community development services in the AA. The following table illustrates the community development services bank officials provided. Services in the

Lexington CSA AA account for 51.2 percent by number and 37.8 percent by hour of the State of Kentucky rated area.

| <b>Community Development Services - Lexington CSA AA</b> |                           |              |                           |              |                             |              |                                |              |               |              |
|--|---------------------------|--------------|---------------------------|--------------|-----------------------------|--------------|--------------------------------|--------------|---------------|--------------|
| <b>Activity Year</b>                                     | <b>Affordable Housing</b> |              | <b>Community Services</b> |              | <b>Economic Development</b> |              | <b>Revitalize or Stabilize</b> |              | <b>Totals</b> |              |
|  | <b>#</b>                  | <b>Hours</b> | <b>#</b>                  | <b>Hours</b> | <b>#</b>                    | <b>Hours</b> | <b>#</b>                       | <b>Hours</b> | <b>#</b>      | <b>Hours</b> |
| 2021*  | 10                        | 18           | 6                         | 23           | 0                           | 0            | 0                              | 0            | 16            | 41           |
| 2022   | 44                        | 64           | 23                        | 30           | 0                           | 0            | 0                              | 0            | 67            | 94           |
| 2023   | 50                        | 61           | 78                        | 92           | 0                           | 0            | 0                              | 0            | 128           | 153          |
| YTD 2024   | 0                         | 0            | 1                         | 2            | 1                           | 2            | 0                              | 0            | 2             | 4            |
| <b>Total</b>   | 104                       | 143          | 108                       | 147          | 1                           | 2            | 0                              | 0            | 213           | 292          |
| <i>Source: Bank Data *4/29/2021–12/31/2021</i>           |                           |              |                           |              |                             |              |                                |              |               |              |

Below are notable examples of the bank’s qualified services in the Lexington CSA AA:

- In partnership with a non-profit organization, multiple employees assisted in developing an innovative forgivable home-improvement loan program. (Affordable Housing)
- Throughout the review period, an employee served on the Board of an affordable housing organization providing affordable housing opportunities through education and financial assistance options. (Affordable Housing)

## **KENTUCKY NON-MSA AA (Full-Scope Review)**

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

The Kentucky Non-MSA AA consists of the entirety of Elliott, Harrison, Nelson, and Rowan Counties. SYBT operates six branches in this AA, four of which were a result of the June 2021 acquisition. SYBT did not open or close any branches since the previous evaluation. The Kentucky Non-MSA AA consists of whole geographies, does not arbitrarily exclude LMI geographies, and includes all geographies where the bank’s branches and deposit-taking ATMs are located. According to 2020 U.S. Census data, two branches are located in moderate-income, two in middle-income, and two upper-income census tracts. The AA accounts for 1.8 percent of small business loans, 4.0 percent of home mortgage loans, 4.5 percent of deposits, and 8.2 percent of branches.

#### **Economic and Demographic Data**

Based on 2020 U.S. Census data, the Kentucky Non-MSA AA is comprised of 25 census tracts with the following designations: no low-, 4 moderate-, 6 middle-, and 15 upper-income tracts. Two of the six middle-income census tracts included distressed/underserved designations. The following table illustrates relevant demographic characteristics of the AA considered within the evaluation.

| Demographic Information Kentucky Non-MSA AA   |          |                              |                    |                  |                 |               |
|---|----------|------------------------------|--------------------|------------------|-----------------|---------------|
| Demographic Characteristics   | #        | Low<br>% of #                | Moderate<br>% of # | Middle<br>% of # | Upper<br>% of # | NA*<br>% of # |
| Geographies (Census Tracts)   | 25       | 0.0                          | 16.0               | 24.0             | 60.0            | 0.0           |
| Population by Geography   | 97,446   | 0.0                          | 11.3               | 20.9             | 67.8            | 0.0           |
| Housing Units by Geography  | 41,381   | 0.0                          | 13.4               | 22.0             | 64.6            | 0.0           |
| Owner-Occupied Units by Geography   | 26,461   | 0.0                          | 10.0               | 19.7             | 70.3            | 0.0           |
| Occupied Rental Units by Geography  | 10,163   | 0.0                          | 11.8               | 31.0             | 57.2            | 0.0           |
| Vacant Units by Geography   | 4,757    | 0.0                          | 35.5               | 15.9             | 48.6            | 0.0           |
| Businesses by Geography   | 7,503    | 0.0                          | 8.8                | 20.0             | 71.2            | 0.0           |
| Farms by Geography  | 480      | 0.0                          | 6.3                | 21.5             | 72.3            | 0.0           |
| Family Distribution by Income Level   | 24,513   | 15.6                         | 13.5               | 18.7             | 52.2            | 0.0           |
| Household Distribution by Income Level  | 36,624   | 19.5                         | 13.0               | 15.7             | 51.7            | 0.0           |
| Median Family Income Non-MSAs - KY  | \$54,327 | Median Housing Value         |                    |                  |                 | \$142,654     |
|   |          | Median Gross Rent            |                    |                  |                 | \$701         |
|   |          | Families Below Poverty Level |                    |                  |                 | 10.3%         |
| <i>Source: 2020 U.S. Census and 2022 D&amp;B Data; 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> |          |                              |                    |                  |                 |               |

According to 2022 D&B data, there were 7,503 businesses operating in the AA; 87.3 percent of these businesses had GARs of \$1 million or less, 2.8 percent had GARs greater than \$1 million, and 9.9 percent had unknown revenues. The services industry represented the largest portion of AA businesses at 32.5 percent, followed by non-classifiable establishments at 21.1 percent, and retail trade at 11.1 percent. In addition, 63.5 percent of total businesses had four or fewer employees, and 90.9 percent operated from a single location, indicating the opportunity to lend to small businesses.

According to the 2020 U.S. Census data above, the AA contains 41,381 housing units, with 63.9 owner-occupied, 24.6 occupied rental, and 11.5 vacant units, indicating the opportunity level for home mortgage lending.

Examiners used 2020 and 2021 FFIEC updated MFI levels to analyze home mortgage loans under the Borrower Profile criterion. The following table illustrates the income categories.

| MFI – Kentucky Non-MSA AA |             |                         |                        |                |
|---------------------------|-------------|-------------------------|------------------------|----------------|
| MFI                       | Low<br><50% | Moderate<br>50% to <80% | Middle<br>80% to <120% | Upper<br>≥120% |
| 2021: \$52,600            | <\$26,300   | \$26,300 to <\$42,080   | \$42,080 to <\$63,120  | ≥\$63,120      |
| 2022: \$61,700            | <\$30,850   | \$30,850 to <\$49,360   | \$49,360 to <\$74,040  | ≥\$74,040      |
| <i>Source: FFIEC</i>      |             |                         |                        |                |

Examiners considered unemployment data when evaluating the bank's ability to lend within the AA. The following table reflects unemployment levels in 2021 and 2022 for each county in the AA, the

State of Kentucky, and National Average. According to 2021 and 2022 U.S. Bureau of Labor Statistics data, the annualized unemployment levels for the Harrison and Nelson Counties trended lower than the National and State of Kentucky unemployment rate in 2021 and 2022. Elliott County unemployment trailed the National and State levels for both years. Rowan County trended higher than the State levels in both years, but trended lower than the National rate in 2021. This could indicate potential difficulties and weaknesses in the labor force and lending opportunities in Elliott and Rowan Counties.

| <b>Unemployment Rates – Kentucky Non-MSA AA</b> |             |             |
|---|-------------|-------------|
| <b>Area</b>                                     | <b>2021</b> | <b>2022</b> |
|   | <b>%</b>    | <b>%</b>    |
| Elliott   | 7.9         | 8.0         |
| Harrison  | 3.7         | 3.3         |
| Nelson  | 4.1         | 3.8         |
| Rowan   | 5.0         | 4.6         |
| State of Kentucky                               | 4.4         | 3.9         |
| National Average                                | 5.3         | 3.6         |

**Competition**

SYBT operates in a moderately competitive environment with other competing institutions. According to the June 30, 2023, FDIC Deposit Market Share data, 15 financial institutions operate 31 branches within the AA. Of these institutions, SYBT ranked third, and operates six branches with 14.5 percent of the deposit market share.

Aggregate small business lending data for 2022 also reflects a moderate level of competition for small business lending within the AA. In 2022, 65 lenders originated or purchased 1,509 small business loans, with the top three lenders originating 48.4 percent of these loans. SYBT ranked sixth among these lenders, with 9.5 percent of the market share.

Aggregate HMDA data indicates a moderate level of competition for home mortgage lending within the AA. In 2022, 252 lenders originated or purchased 3,978 home mortgage loans, with SYBT ranking third among these lenders having 4.5 percent of the market share.

**Community Contact**

Examiners reviewed an existing community contact with an economic development leader in Nelson County. The contact stated the area is growing economically and has seen growth in business and industry in the area, with primary industries being automotive suppliers and bourbon distilleries. The demographics include a growing number of retirees and middle-aged workers attracted to the area due to corporate jobs. Affordable housing and multifamily developments are the primary credit need of the community.

**Credit and Community Development Needs and Opportunities**

Examiners considered information from the community contact, bank management, and demographic and economic data, and determined that small business and home mortgage lending represent the primary credit needs for the AA. Furthermore, the AA has community development

needs that include affordable housing based on information provided by the community contact and demographic and economic data.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN KENTUCKY NON-MSA AA**

### **LENDING TEST**

The Lending Test is rated High Satisfactory for this AA. This performance reflects good performance in meeting the credit and community development needs in the AA.

#### **Lending Activity**

Lending levels reflect good responsiveness to the Kentucky Non-MSA AA credit needs. Examiners reviewed the number and dollar volume of loans originated and purchased during the review period, as well as market share reports, aggregate lending data, and demographic data.

SYBT small business and home mortgage lending increased from the previous evaluation likely due to the acquisition of additional branches. In 2021 and 2022, SYBT originated or purchased 194 small business loans totaling \$17.6 million and 266 home mortgage loans totaling \$40.2 million in this AA. In 2019 and 2020, SYBT originated and purchased 41 small business loans totaling \$2.2 million and 44 home mortgage loans totaling \$3.7 million.

#### **Geographic Distribution**

Overall, geographic distribution of loans reflects excellent penetration throughout the AA. Excellent performance in small business and home mortgage lending supports this conclusion.

#### ***Small Business Loans***

The geographic distribution of small business loans reflects excellent penetration in the Kentucky Non-MSA AA. As noted in the table below, in 2021, SYBT's lending in the moderate-income census tracts exceeded aggregate data, but trailed demographic data. In 2022, SYBT's performance exceeded aggregate and demographic data. Examiners consider SYBT's performance excellent.

| <b>Geographic Distribution of Small Business Loans – Kentucky Non-MSA AA</b>  |                        |                                     |            |              |                 |              |
|---|------------------------|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>   | <b>% of Businesses</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>Moderate</b>   |                        |                                     |            |              |                 |              |
| 2021  | 10.0                   | 7.2                                 | 14         | 8.9          | 687             | 8.8          |
| 2022  | 8.8                    | 7.0                                 | 10         | 15.6         | 426             | 3.7          |
| <b>Middle</b>   |                        |                                     |            |              |                 |              |
| 2021  | 46.9                   | 51.6                                | 106        | 67.5         | 4,106           | 52.6         |
| 2022  | 20.0                   | 17.5                                | 13         | 20.3         | 1,422           | 12.4         |
| <b>Upper</b>  |                        |                                     |            |              |                 |              |
| 2021  | 43.2                   | 41.2                                | 37         | 23.6         | 3,008           | 38.6         |
| 2022  | 71.2                   | 75.4                                | 41         | 64.1         | 9,605           | 83.9         |
| <b>Totals</b>   |                        |                                     |            |              |                 |              |
| <b>2021</b>   | <b>100.0</b>           | <b>100.0</b>                        | <b>102</b> | <b>100.0</b> | <b>6,137</b>    | <b>100.0</b> |
| <b>2022</b>   | <b>100.0</b>           | <b>100.0</b>                        | <b>64</b>  | <b>100.0</b> | <b>11,453</b>   | <b>100.0</b> |
| <i>Source: 2021 and 2022 D&amp;B Data; Bank Data; 2021 &amp; 2022 CRA Aggregate Data.<br/>Due to rounding, totals may not equal 100.0%.</i> |                        |                                     |            |              |                 |              |

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects excellent penetration throughout the AA. As noted in the table below, SYBT’s lending performance in moderate-income census tracts exceeded aggregate data in 2021 and 2022, and trailed demographic data in 2021, but exceeded in 2022. Examiners consider SYBT’s performance excellent.



| <b>Geographic Distribution of Home Mortgage Loans – Kentucky Non-MSA AA</b>  |  |                                     |            |              |                 |              |
|--|--|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>  | <b>% of Owner-Occupied Housing Units</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>Moderate</b>  |  |                                     |            |              |                 |              |
| 2021   | 11.7                                     | 4.7                                 | 12         | 7.1          | 1,810           | 6.4          |
| 2022   | 10.0                                     | 5.3                                 | 16         | 16.3         | 1,589           | 13.5         |
| <b>Middle</b>  |  |                                     |            |              |                 |              |
| 2021   | 49.0                                     | 46.3                                | 91         | 54.2         | 14,227          | 50.0         |
| 2022   | 19.7                                     | 19.3                                | 21         | 21.4         | 2,313           | 19.7         |
| <b>Upper</b>   |  |                                     |            |              |                 |              |
| 2021   | 39.3                                     | 49.0                                | 65         | 38.7         | 12,430          | 43.7         |
| 2022   | 70.3                                     | 75.4                                | 61         | 62.2         | 7,828           | 66.7         |
| <b>Totals</b>  |  |                                     |            |              |                 |              |
| <b>2021</b>  | <b>100.0</b>                             | <b>100.0</b>                        | <b>168</b> | <b>100.0</b> | <b>28,466</b>   | <b>100.0</b> |
| <b>2022</b>  | <b>100.0</b>                             | <b>100.0</b>                        | <b>98</b>  | <b>100.0</b> | <b>11,730</b>   | <b>100.0</b> |
| <i>Source: 2015 ACS; 2020 U.S. Census Data; Bank Data; 2021 &amp; 2022 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%</i> |  |                                     |            |              |                 |              |

### **Borrower Profile**

Overall, the distribution of borrowers reflects good penetration among businesses of different sizes and borrowers of different income levels. Adequate performance in small business lending and excellent performance in home mortgage lending supports this conclusion.

### ***Small Business Loans***

SYBT's distribution of small business loans reflects adequate penetration among businesses of different sizes. As noted in the table below, in 2021, SYBT's performance compared to aggregate, but was significantly below demographic data. In 2022, SYBT's performance trailed aggregate and demographic data.

As previously discussed, this AA is highly competitive for small business loans. The majority of businesses operating in this AA are small. Businesses of this size often seek alternative lending solutions rather than small business loans, such as credit cards, which are not included in CRA data. Overall, examiners considered SYBT's performance adequate.

| <b>Distribution of Small Business Loans by Gross Annual Revenue Category – Kentucky Non-MSA AA</b>  |                        |                                     |            |              |                 |              |
|---|------------------------|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Gross Revenue Level</b>  | <b>% of Businesses</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>≤\$1,000,000</b>   |                        |                                     |            |              |                 |              |
| 2021  | 85.8                   | 51.5                                | 80         | 51.0         | 3,390           | 43.5         |
| 2022  | 87.3                   | 54.0                                | 45         | 26.6         | 5,665           | 49.5         |
| <b>&gt;\$1,000,000</b>  |                        |                                     |            |              |                 |              |
| 2021  | 3.3                    | --                                  | 10         | 6.4          | 3,591           | 46.0         |
| 2022  | 2.8                    | --                                  | 17         | 26.6         | 5,782           | 50.5         |
| <b>Revenue Not Available</b>  |                        |                                     |            |              |                 |              |
| 2021  | 10.9                   | --                                  | 67         | 42.7         | 820             | 10.5         |
| 2022  | 9.9                    | --                                  | 2          | 3.1          | 6               | 0.1          |
| <b>Totals</b>   |                        |                                     |            |              |                 |              |
| <b>2021</b>   | <b>100.0</b>           | <b>100.0</b>                        | <b>157</b> | <b>100.0</b> | <b>7,801</b>    | <b>100.0</b> |
| <b>2022</b>   | <b>100.0</b>           | <b>--</b>                           | <b>64</b>  | <b>100.0</b> | <b>11,453</b>   | <b>100.0</b> |
| <i>Source: 2021 and 2022 D&amp;B Data; Bank Data; 2021 &amp; 2022 CRA Aggregate Data; "--" data not available.<br/>Due to rounding, totals may not equal 100.0%</i> |                        |                                     |            |              |                 |              |

### ***Home Mortgage Loans***

The penetration of home mortgage loans to individuals of different income levels is excellent. As noted in the table below, SYBT’s lending to low-income borrowers exceeded aggregate performance and trailed demographic data in 2021 and 2022. However, examiners considered SYBT’s performance excellent based on demographic and economic characteristics of the AA. Of the low-income families, 15.6 percent in 2021 and 10.3 percent in 2022 lived below the poverty level, which can create a lack of lending opportunities. Due to their limited financial resources, families with income below the poverty level often do not have the capacity to support a traditional home mortgage, limiting the demand and opportunity to lend to low-income borrowers.

In moderate-income census tracts, SYBT trailed aggregate and demographic data in 2021, but exceeded aggregate and demographic data in 2022. Overall, examiners considered SYBT’s performance excellent.

| <b>Distribution of Home Mortgage Loans by Borrower Income Level – Kentucky Non-MSA AA</b>   |                      |                                     |            |              |                 |              |
|---|----------------------|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Borrower Income Level</b>  | <b>% of Families</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>Low*</b>   |                      |                                     |            |              |                 |              |
| 2021  | 20.0                 | 2.8                                 | 11         | 6.5          | 783             | 2.8          |
| 2022  | 15.6                 | 3.6                                 | 4          | 4.1          | 198             | 1.7          |
| <b>Moderate</b>   |                      |                                     |            |              |                 |              |
| 2021  | 14.8                 | 12.3                                | 17         | 10.1         | 1,955           | 6.9          |
| 2022  | 13.5                 | 15.9                                | 19         | 19.4         | 2,075           | 17.7         |
| <b>Middle</b>   |                      |                                     |            |              |                 |              |
| 2021  | 16.6                 | 20.9                                | 41         | 24.4         | 5,324           | 18.7         |
| 2022  | 18.7                 | 25.5                                | 31         | 31.6         | 2,696           | 23.0         |
| <b>Upper</b>  |                      |                                     |            |              |                 |              |
| 2021  | 48.6                 | 44.5                                | 87         | 51.8         | 16,168          | 56.8         |
| 2022  | 52.2                 | 41.7                                | 43         | 43.9         | 6,591           | 56.2         |
| <b>Not Available</b>  |                      |                                     |            |              |                 |              |
| 2021  | 0.0                  | 19.4                                | 12         | 7.1          | 4,236           | 14.9         |
| 2022  | 0.0                  | 13.3                                | 1          | 1.0          | 170             | 1.4          |
| <b>Totals</b>   |                      |                                     |            |              |                 |              |
| <b>2021</b>   | <b>100.0</b>         | <b>100.0</b>                        | <b>168</b> | <b>100.0</b> | <b>28,466</b>   | <b>100.0</b> |
| <b>2022</b>   | <b>100.0</b>         | <b>100.0</b>                        | <b>98</b>  | <b>100.0</b> | <b>11,730</b>   | <b>100.0</b> |
| <i>Source: 2015 ACS; 2020 U.S. Census Data; Bank Data; 2021 and 2022 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.</i> |                      |                                     |            |              |                 |              |
| <i>*Families living below poverty level equaled 15.6 percent in 2021 and 10.3 percent in 2022.</i>  |                      |                                     |            |              |                 |              |

### **Innovative or Flexible Lending Practices**

The bank made use of innovative and/or flexible lending practices in order to serve the AA credit needs. The table below illustrates the bank’s innovative and/or flexible lending, which represents approximately 5.0 percent by number and 3.0 percent by dollar of the total flexible lending products. Refer to previous sections for additional details regarding the listed programs.

| <b>Innovative and Flexible Lending Programs – Kentucky Non-MSA AA</b> |              |                 |             |                 |             |                 |               |                 |               |                 |
|---|--------------|-----------------|-------------|-----------------|-------------|-----------------|---------------|-----------------|---------------|-----------------|
| <b>Type of Program</b>  | <b>2021*</b> |                 | <b>2022</b> |                 | <b>2023</b> |                 | <b>2024**</b> |                 | <b>Totals</b> |                 |
|   | <b>#</b>     | <b>\$(000s)</b> | <b>#</b>    | <b>\$(000s)</b> | <b>#</b>    | <b>\$(000s)</b> | <b>#</b>      | <b>\$(000s)</b> | <b>#</b>      | <b>\$(000s)</b> |
| FHA   | 1            | 187             | 3           | 709             | 2           | 543             | 1             | 187             | 7             | 1,626           |
| VA  | 0            | 0               | 1           | 405             | 2           | 693             | 0             | 0               | 3             | 1,779           |
| RHS   | 4            | 681             | 1           | 129             | 1           | 212             | 0             | 0               | 6             | 341             |
| KHC   | 0            | 0               | 0           | 0               | 1           | 295             | 0             | 0               | 1             | 295             |
| KHC DAP   | 0            | 0               | 2           | 11              | 2           | 20              | 0             | 0               | 4             | 31              |
| KHC -2MK-FHA  | 0            | 0               | 3           | 379             | 1           | 158             | 0             | 0               | 4             | 537             |
| Home Repair   | 0            | 0               | 0           | 0               | 10          | 53              | 1             | 6               | 11            | 59              |
| Fannie Mae Home Ready   | 0            | 0               | 0           | 0               | 3           | 420             | 0             | 0               | 3             | 420             |
| Right at Home   | 6            | 905             | 10          | 1,493           | 4           | 505             | 0             | 0               | 20            | 2,903           |
| Secured Credit Card   | 0            | 0               | 0           | 0               | 17          | 22              | 1             | 1               | 18            | 23              |
| SBA   | 0            | 0               | 0           | 0               | 2           | 274             | 0             | 0               | 2             | 274             |
| PPP   | 21           | 265             | 0           | 0               | 0           | 0               | 0             | 0               | 21            | 265             |
| <b>Totals</b>   | <b>32</b>    | <b>2,038</b>    | <b>20</b>   | <b>3,126</b>    | <b>45</b>   | <b>3,195</b>    | <b>3</b>      | <b>194</b>      | <b>100</b>    | <b>8,553</b>    |

*\*April 29-December 31, 2021 \*\*January 1-January 24, 2024*

### **Community Development Loans**

SYBT is a leader in making community development loans in the Kentucky Non-MSA AA. Community development lending represents 0.63 percent of total assets and 0.89 percent of total loans. The SSB’s performance of community development loans to total loans ranged from 0.28 to 0.30 percent of total assets and 0.48 to 0.55 of total loans within the Kentucky Non-MSA AA. The following table illustrates these lending activities by year and purpose within the AA.

| <b>Kentucky Non-MSA Community Development Lending</b> |                           |                 |                           |                 |                             |                 |                                |                 |               |                 |
|---|---------------------------|-----------------|---------------------------|-----------------|-----------------------------|-----------------|--------------------------------|-----------------|---------------|-----------------|
| <b>Activity Year</b>                                  | <b>Affordable Housing</b> |                 | <b>Community Services</b> |                 | <b>Economic Development</b> |                 | <b>Revitalize or Stabilize</b> |                 | <b>Totals</b> |                 |
|   | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                    | <b>\$(000s)</b> | <b>#</b>                       | <b>\$(000s)</b> | <b>#</b>      | <b>\$(000s)</b> |
| 2021*   | 2                         | 14,508          | 0                         | 0               | 0                           | 0               | 0                              | 0               | 2             | 14,508          |
| 2022  | 2                         | 2,242           | 1                         | 2,500           | 0                           | 0               | 0                              | 0               | 3             | 4,742           |
| 2023  | 1                         | 602             | 0                         | 0               | 4                           | 29,985          | 0                              | 0               | 5             | 30,587          |
| <b>Total</b>  | <b>5</b>                  | <b>17,352</b>   | <b>1</b>                  | <b>2,500</b>    | <b>4</b>                    | <b>29,985</b>   | <b>0</b>                       | <b>0</b>        | <b>10</b>     | <b>49,837</b>   |

*Source: Bank Data There was no lending activity in 2024. \*4/29/2021–12/31/2021*

Below are notable examples of community development loans the bank originated in the Kentucky Non-MSA AA:

- A \$9.1 million loan for the purchase of a retail center that houses 15 businesses where the majority of jobs are LMI. (Economic Development)
- Two loans totaling \$20.8 million to a small business for the rehabilitation of a hotel building, which will create approximately 38 permanent full-time LMI wage positions. (Economic Development)

## INVESTMENT TEST

The Investment Test is rated High Satisfactory for this AA. This performance reflects good performance in meeting the investment and community development needs in the AA.

### Investment and Grant Activity

The institution has an excellent level of qualified community development investment and grants, often in a leadership position, particularly those not routinely provided by private investors.

Activity (by dollar) in the Kentucky Non-MSA AA represents 0.1 percent of total assets and 0.6 percent of total securities, and accounts for 3.3 percent of total qualified investments. The bank's performance exceeds SSBs having a range of 0.0 to 0.1 percent of total securities. This level of activity is consistent with the size of the bank's operations in the AA. The following table illustrates qualified investment activity by year and purpose, which includes \$3 million in unfunded commitments.

| Qualified Investments by Year – Kentucky Non-MSA AA |                    |          |                    |              |                      |              |                         |          |           |              |
|---|--------------------|----------|--------------------|--------------|----------------------|--------------|-------------------------|----------|-----------|--------------|
| Activity Year                                       | Affordable Housing |          | Community Services |              | Economic Development |              | Revitalize or Stabilize |          | Totals    |              |
|   | #                  | \$(000s) | #                  | \$(000s)     | #                    | \$(000s)     | #                       | \$(000s) | #         | \$(000s)     |
| Prior Period  | 0                  | 0        | 10                 | 3,719        | 0                    | 0            | 0                       | 0        | 10        | 3,719        |
| 2021*   | 0                  | 0        | 0                  | 0            | 0                    | 0            | 0                       | 0        | 0         | 0            |
| 2022  | 0                  | 0        | 0                  | 0            | 0                    | 0            | 0                       | 0        | 0         | 0            |
| 2023  | 0                  | 0        | 3                  | 176          | 2                    | 5,367        | 0                       | 0        | 5         | 5,543        |
| YTD 2024  | 0                  | 0        | 0                  | 0            | 0                    | 0            | 0                       | 0        | 0         | 0            |
| <b>Subtotal</b>                                     | <b>0</b>           | <b>0</b> | <b>13</b>          | <b>3,895</b> | <b>2</b>             | <b>5,367</b> | <b>0</b>                | <b>0</b> | <b>15</b> | <b>9,262</b> |
| Qualified Grants & Donations                        | 0                  | 0        | 38                 | 79           | 0                    | 0            | 0                       | 0        | 38        | 79           |
| <b>Total</b>  | <b>0</b>           | <b>0</b> | <b>51</b>          | <b>3,974</b> | <b>2</b>             | <b>5,367</b> | <b>0</b>                | <b>0</b> | <b>53</b> | <b>9,341</b> |

*Source: Bank Data \*4/29/2021–12/31/2021*

Below are notable examples of community development investments in the Kentucky Non-MSA AA:

- A \$3 million investment in a tax credit project for the rehabilitation of a hotel, which will create numerous LMI jobs. (Economic Development)
- Throughout the review period, SYBT donated approximately \$51,000 to a medical center where funds will support healthcare services in underserved and distressed areas. (Community Development)

### Responsiveness to Credit and Community Development Needs

The bank exhibits good responsiveness to credit and community development needs. Two of the four counties in the AA are designated as distressed or underserved middle-income tracts due to poverty, unemployment, and being remote or rural areas. A substantial majority of qualified investments support community services and economic development, which demonstrates the bank's responsiveness to the community development needs.

**Community Development Initiatives**

SYBT occasionally uses innovative and/or complex investments to support community development initiatives. Some of the more complex or innovative uses of investments include the use of an economic development tax credit-eligible investment totaling \$3 million befitting the AA.

**SERVICE TEST**

The Service Test is rated High Satisfactory for this AA. This performance reflects good performance in meeting the service and community development needs in the area.

**Accessibility of Delivery Systems**

Delivery systems are readily accessible to all portions of the AA. The following table illustrates branch and ATM/ITM locations by tract income level. Additionally, SYBT operates two ATMs/ITMs offsite.

| <b>Branch and ATM Distribution by Geography Income Level – Kentucky Non-MSA AA</b> |                      |              |                   |              |                 |              |                  |              |
|--|----------------------|--------------|-------------------|--------------|-----------------|--------------|------------------|--------------|
| <b>Tract Income Level</b>  | <b>Census Tracts</b> |              | <b>Population</b> |              | <b>Branches</b> |              | <b>ATMs/ITMs</b> |              |
|  | <b>#</b>             | <b>%</b>     | <b>#</b>          | <b>%</b>     | <b>#</b>        | <b>%</b>     | <b>#</b>         | <b>%</b>     |
| Moderate   | 4                    | 16.0         | 11,016            | 11.3         | 2               | 3.3          | 2                | 25.0         |
| Middle   | 6                    | 24.0         | 20,328            | 20.9         | 2               | 33.3         | 4                | 50.0         |
| Upper  | 15                   | 60.0         | 66,102            | 67.8         | 2               | 33.3         | 2                | 25.0         |
| <b>Total</b>   | <b>25</b>            | <b>100.0</b> | <b>97,446</b>     | <b>100.0</b> | <b>6</b>        | <b>100.0</b> | <b>8</b>         | <b>100.0</b> |

*Source: 2020 U.S. Census Data; Bank Data. Due to rounding, totals may not equal 100.0%*

**Changes in Branch Locations**

SYBT’s record of opening and closing branches in this AA has improved the accessibility of its delivery systems, particularly in moderate-income geographies and to LMI individuals. Since the previous evaluation, SYBT acquired four additional branches in Elliot, Harrison, and Rowan Counties, Kentucky through the acquisition of Kentucky Bank. Two of the acquired branches are located in moderate-income geographies. SYBT did not open or close any other branches within this AA.

**Reasonableness of Business Hours and Services**

The bank tailored services, including business hours, to the convenience and needs of the AA, particularly in moderate-income geographies and among LMI individuals. Of the six branches, four operate Saturday hours to ensure customers receive adequate service. Business hours are convenient and comparable to other financial institutions located in the AA.

**Community Development Services**

SYBT provided a relatively high level of community development services in the AA. The following table illustrates community development services bank officials provided. Services in the Kentucky Non-MSA AA account for approximately 48.8 percent by number and 66.2 percent by hour in the State of Kentucky rated area.

| <b>Community Development Services – Kentucky Non-MSA AA</b> |                           |              |                           |              |                             |              |                                |              |               |              |
|---|---------------------------|--------------|---------------------------|--------------|-----------------------------|--------------|--------------------------------|--------------|---------------|--------------|
| <b>Activity Year</b>  | <b>Affordable Housing</b> |              | <b>Community Services</b> |              | <b>Economic Development</b> |              | <b>Revitalize or Stabilize</b> |              | <b>Totals</b> |              |
|   | <b>#</b>                  | <b>Hours</b> | <b>#</b>                  | <b>Hours</b> | <b>#</b>                    | <b>Hours</b> | <b>#</b>                       | <b>Hours</b> | <b>#</b>      | <b>Hours</b> |
| 2021*   | 0                         | 0            | 28                        | 94           | 12                          | 38           | 0                              | 0            | <b>40</b>     | <b>132</b>   |
| 2022  | 6                         | 6            | 47                        | 202          | 12                          | 40           | 0                              | 0            | <b>65</b>     | <b>248</b>   |
| 2023  | 0                         | 0            | 97                        | 97           | 0                           | 0            | 0                              | 0            | <b>97</b>     | <b>97</b>    |
| YTD 2024  | 0                         | 0            | 1                         | 4            | 0                           | 0            | 0                              | 0            | <b>1</b>      | <b>4</b>     |
| <b>Total</b>  | <b>6</b>                  | <b>6</b>     | <b>173</b>                | <b>397</b>   | <b>24</b>                   | <b>78</b>    | <b>0</b>                       | <b>0</b>     | <b>203</b>    | <b>481</b>   |

*Source: Bank Data \*4/29/2021–12/31/2021*

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

- In 2021 and 2022, an employee served on the Board of an economic development organization to coordinate and develop economic opportunities through business development and tourism. (Economic Development)
- In partnership with a non-profit organization, an employee assisted in developing an innovative forgivable home-improvement loan program. (Affordable Housing)

### **CINCINNATI-MIDDLETON, OH-KY MULTISTATE MSA (Full-Scope Review)**

**CRA RATING FOR CINCINNATI-MIDDLETON, OH-KY MULTISTATE MSA: High Satisfactory**

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

**The Investment Test is rated: Outstanding**

**The Service Test is rated: High Satisfactory**

### **DESCRIPTION OF INSTITUTION’S OPERATIONS IN CINCINNATI KY-OH MULTISTATE MSA**

The Cincinnati-Middleton OH-KY Multistate MSA (Cincinnati MSA AA) consists of all portions of Boone, Kenton, and Campbell Counties in Kentucky and Hamilton County in Ohio. SYBT operates seven branches within this AA, which consists of four in Ohio and three in Kentucky. Two of the branches in Kentucky are located in moderate-income census tracts and the other one is located in a middle-income census tract. All four branches in Ohio are located in upper-income census tracts. SYBT acquired two of the branches in the acquisition of Commonwealth Bank & Trust on March 7, 2022, and both of these branches remain open. SYBT closed a branch in Florence, Kentucky due to its close proximity to an acquired branch. SYBT did not open any branch locations in this AA during the evaluation period. The AA accounts for 21.0 percent of small business loans, 8.6 percent of all home mortgage loans, 9.7 percent of deposits, and 9.7 percent of branches.

**Economic and Demographic Data**

Based on the 2020 U.S. Census data, the Cincinnati MSA AA consists of 325 census tracts with the following designations: 41 low-income, 80 moderate-income, 105 middle-income, and 86 upper-income census tracts. In addition, the AA includes 13 census tracts with unknown income designation due to nominal populations. The following table illustrates relevant demographic characteristics of the AA considered within the evaluation.

| <b>Demographic Information of the Cincinnati MSA AA</b>   |           |                       |                              |                          |                         |                       |
|---|-----------|-----------------------|------------------------------|--------------------------|-------------------------|-----------------------|
| <b>Demographic Characteristics</b>                        | <b>#</b>  | <b>Low<br/>% of #</b> | <b>Moderate<br/>% of #</b>   | <b>Middle<br/>% of #</b> | <b>Upper<br/>% of #</b> | <b>NA*<br/>% of #</b> |
| Geographies (Census Tracts)                               | 325       | 12.6                  | 24.6                         | 32.3                     | 26.5                    | 4.0                   |
| Population by Geography                                   | 1,228,747 | 9.0                   | 24.3                         | 34.1                     | 30.5                    | 2.1                   |
| Housing Units by Geography                                | 540,361   | 10.4                  | 25.3                         | 33.4                     | 28.4                    | 2.5                   |
| Owner-Occupied Units by Geography                         | 307,458   | 4.7                   | 20.5                         | 37.5                     | 36.3                    | 0.9                   |
| Occupied Rental Units by Geography                        | 186,262   | 17.4                  | 32.2                         | 28.1                     | 18.1                    | 4.2                   |
| Vacant Units by Geography                                 | 46,641    | 20.0                  | 29.9                         | 26.9                     | 16.8                    | 6.5                   |
| Businesses by Geography                                   | 159,532   | 7.0                   | 21.3                         | 31.6                     | 38.3                    | 1.8                   |
| Farms by Geography  | 3,097     | 4.5                   | 18.1                         | 38.1                     | 37.9                    | 1.5                   |
| Family Distribution by Income Level                       | 295,793   | 23.0                  | 17.3                         | 20.3                     | 39.4                    | 0.0                   |
| Household Distribution by Income Level                    | 493,720   | 27.2                  | 15.9                         | 17.1                     | 39.8                    | 0.0                   |
| Median Family Income MSA - 17140 Cincinnati, OH-KY-IN MSA |           | \$84,990              | Median Housing Value         |                          |                         | \$183,121             |
|   |           |                       | Median Gross Rent            |                          |                         | \$856                 |
|   |           |                       | Families Below Poverty Level |                          |                         | 9.1%                  |

*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 2022 D&B data, 89.4 percent of the 159,532 businesses within the AA had GARs of \$1 million or less, 3.3 percent had GARs of more than \$1 million, and 7.3 percent had unknown revenues. In addition, 55.7 percent of the total businesses had four or fewer employees, and 92.5 percent operated from a single location, indicating the opportunity to lend to small businesses. The services industry represented the largest portion of AA businesses at 32.0 percent, followed by non-classifiable establishments at 31.0 percent, and finance, insurance, and real estate at 12.2 percent.

According to the 2020 U.S. Census data, the AA contained 540,361 housing units, with 56.9 percent owner-occupied, 34.5 percent occupied rental, and 8.6 percent vacant units, indicating the opportunity level for home mortgage lending.

Examiners used 2021 and 2022 FFIEC MFI levels to analyze home mortgage lending. The following table illustrates the income categories for the AA.

| <b>MFI Ranges Cincinnati MSA AA</b> |                        |                                    |                                   |                        |
|-------------------------------------|------------------------|------------------------------------|-----------------------------------|------------------------|
| <b>MFI</b>                          | <b>Low<br/>&lt;50%</b> | <b>Moderate<br/>50% to &lt;80%</b> | <b>Middle<br/>80% to &lt;120%</b> | <b>Upper<br/>≥120%</b> |
| 2021: \$81,900                      | <\$40,950              | \$40,950 to <\$65,520              | \$65,520 to <\$98,280             | ≥\$98,280              |
| 2022: \$97,400                      | <\$48,700              | \$48,700 to <\$77,920              | \$77,920 to <\$116,880            | ≥\$116,880             |

*Source: FFIEC*



Similar to the state of Kentucky, state of Ohio, and across the United States, the AA experienced higher unemployment levels in 2021 due to the COVID-19 pandemic. According to the US Bureau of Labor Statistics, the unemployment percentages ranged from 4.4 in 2021 to a low of 3.5 in 2022. The AA unemployment rate was comparable to the state of Kentucky (4.4 and 3.9 percent), state of Ohio (5.1 and 4.0 percent), and the National average (5.3 and 3.6 percent) throughout the evaluation period.

### **Competition**

SYBT operates in a highly competitive market for financial services within the Cincinnati MSA AA. According to the FDIC Deposit Market Share data as of June 30, 2023, 41 financial institutions operated 364 branches within the AA. Of these institutions, SYBT ranks thirteenth, with 0.4 percent of the deposit market share. The top two lenders had 85.4 percent of the deposit market share.

Aggregate small business lending data for 2022, the most current available, also identifies a high level of competition for small business lending within the AA. In 2022, 138 lenders originated or purchased 25,888 small business loans, with the top three lenders originating 54.3 percent of these loans, indicating a highly concentrated market. SYBT ranked fifteenth among these lenders, with 1.2 percent of the market share.

There is a high level of competition for home mortgage loans banks, credit unions, and non-depository mortgage lenders within the AA. In 2022, 602 lenders reported 65,070 home mortgage loans, originated or purchased, within the AA. SYBT accounted for less than 0.1 percent of the market share, by number.

### **Community Contacts**

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also identifies what credit and community development opportunities are available in the Cincinnati MSA AA.

Examiners reviewed a previous contact with a representative of an affordable housing organization in the AA. The contact stated affordable housing is a primary credit need of the area. The representative noted that the housing inventory is low and housing costs have increased significantly, limiting the organization's ability to purchase homes for rehabilitation. This individual stated that even properties in poor condition sell quickly, and are rehabilitated and resold for a profit. Rent prices have also increased in the AA.

### **Credit and Community Development Needs and Opportunities**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business and home mortgage loans represent primary credit needs in the AA. In addition, affordable housing continues to be a primary community development need for the AA.

## **SCOPE OF EVALUATION – CINCINNATI MSA AA**

Examiners conducted a full-scope review of the Cincinnati MSA AA. Refer to the overall Scope section for additional details.

### **CONCLUSIONS ON PERFORMANCE CRITERIA IN CINCINNATI MSA AA**

#### **LENDING TEST**

The Lending Test is rated High Satisfactory for this AA. This performance reflects good performance in meeting the credit and community development needs in the AA.

#### **Lending Activity**

Lending levels reflect good responsiveness to the Cincinnati MSA AA credit needs, taking into account the number and amount of small business and home mortgage loans originated or purchased within this AA. In 2021 and 2022, SYBT funded 943 small business loans, totaling \$135.9 million and 303 home mortgage loans totaling \$86.4 million within this AA.

Small business lending volume decreased in this AA since the prior evaluation, while home mortgage lending increased. In 2019 and 2020, SYBT funded 1,036 small business loans totaling \$210.7 million and 266 home mortgage loans totaling \$64.0 million.

#### **Geographic Distribution**

Overall, the geographic distribution of loans reflects good penetration throughout the AA. Good small business performance and good home mortgage performance support this conclusion.

#### ***Small Business Loans***

The geographic distribution of small business loans reflects good penetration throughout the Cincinnati MSA AA. As noted in the table below, in 2021 and 2022, SYBT's performance in the low-income census tracts exceeded aggregate and demographic data. SYBT's performance in moderate-income census tracts in 2021 was comparable to aggregate data and exceeded demographic data. In 2022, SYBT's performance in the moderate-income census tracts slightly trailed aggregate and demographic data. Overall, examiners considered the overall performance to be good.

| <b>Geographic Distribution of Small Business Loans – Cincinnati MSA AA</b>  |                        |                                     |            |              |                 |              |
|---|------------------------|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>   | <b>% of Businesses</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>Low</b>  |                        |                                     |            |              |                 |              |
| 2021  | 7.7                    | 8.8                                 | 63         | 10.1         | 18,992          | 14.1         |
| 2022  | 7.0                    | 7.2                                 | 44         | 13.8         | 13,562          | 14.8         |
| <b>Moderate</b>   |                        |                                     |            |              |                 |              |
| 2021  | 20.6                   | 21.2                                | 131        | 21.0         | 33,242          | 24.6         |
| 2022  | 21.3                   | 21.0                                | 60         | 18.8         | 19,996          | 21.8         |
| <b>Middle</b>   |                        |                                     |            |              |                 |              |
| 2021  | 34.6                   | 33.1                                | 210        | 33.7         | 40,028          | 29.7         |
| 2022  | 31.6                   | 33.9                                | 110        | 34.5         | 30,320          | 33.1         |
| <b>Upper</b>  |                        |                                     |            |              |                 |              |
| 2021  | 36.0                   | 36.1                                | 214        | 34.3         | 41,319          | 30.6         |
| 2022  | 38.3                   | 36.1                                | 101        | 31.7         | 26,690          | 29.2         |
| <b>Not Available</b>  |                        |                                     |            |              |                 |              |
| 2021  | 1.1                    | 0.9                                 | 6          | 1.0          | 1,373           | 1.0          |
| 2022  | 1.8                    | 1.8                                 | 4          | 1.3          | 960             | 1.0          |
| <b>Totals</b>   |                        |                                     |            |              |                 |              |
| <b>2021</b>   | <b>100.0</b>           | <b>100.0</b>                        | <b>624</b> | <b>100.0</b> | <b>134,954</b>  | <b>100.0</b> |
| <b>2022</b>   | <b>100.0</b>           | <b>100.0</b>                        | <b>319</b> | <b>100.0</b> | <b>91,528</b>   | <b>100.0</b> |
| <i>Source: 2021 and 2022 D&amp;B Data; Bank Data; 2021 and 2022 CRA Aggregate Data.<br/>Due to rounding, totals may not equal 100.0%.</i> |                        |                                     |            |              |                 |              |

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects good penetration throughout the AA. As noted in the table below, SYBT’s lending performance in low-income tracts exceeded aggregate and demographic data for 2021 and 2022. For moderate-income tracts, the bank’s lending performance is consistent with aggregate data in 2021 and is less than the aggregate data in 2022. In both years, the bank’s performance is less than the demographic data. However, given the excellent performance in the low-income census tracts in 2021, examiners considered the overall home mortgage lending performance good.

| Geographic Distribution of Home Mortgage Loans – Cincinnati MSA AA  |             |                                   |                              |            |              |               |              |
|---|-------------|-----------------------------------|------------------------------|------------|--------------|---------------|--------------|
| Tract Income Level  |             | % of Owner-Occupied Housing Units | Aggregate Performance % of # | #          | %            | \$(000s)      | %            |
| Low   |             |                                   |                              |            |              |               |              |
|   | 2021        | 5.6                               | 5.0                          | 18         | 12.9         | 7,744         | 21.1         |
|   | 2022        | 4.7                               | 4.6                          | 11         | 6.7          | 3,862         | 7.8          |
| Moderate  |             |                                   |                              |            |              |               |              |
|   | 2021        | 16.3                              | 14.6                         | 19         | 13.6         | 3,304         | 9.0          |
|   | 2022        | 20.5                              | 21.2                         | 23         | 14.1         | 4,314         | 8.7          |
| Middle  |             |                                   |                              |            |              |               |              |
|   | 2021        | 41.2                              | 41.6                         | 42         | 30.0         | 7,328         | 19.9         |
|   | 2022        | 37.5                              | 37.8                         | 51         | 31.3         | 13,683        | 27.6         |
| Upper   |             |                                   |                              |            |              |               |              |
|   | 2021        | 36.8                              | 38.7                         | 61         | 43.6         | 18,400        | 50.0         |
|   | 2022        | 36.3                              | 35.5                         | 76         | 46.6         | 25,991        | 52.4         |
| Not Available   |             |                                   |                              |            |              |               |              |
|   | 2021        | 0.1                               | 0.1                          | 0          | 0.0          | 0             | 0.0          |
|   | 2022        | 0.9                               | 0.9                          | 2          | 1.2          | 1,729         | 3.5          |
| <b>Totals</b>   |             |                                   |                              |            |              |               |              |
|   | <b>2021</b> | <b>100.0</b>                      | <b>100.0</b>                 | <b>140</b> | <b>100.0</b> | <b>36,775</b> | <b>100.0</b> |
|   | <b>2022</b> | <b>100.0</b>                      | <b>100.0</b>                 | <b>163</b> | <b>100.0</b> | <b>49,578</b> | <b>100.0</b> |
| <i>Source: 2015 ACS; Bank Data; 2021 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.</i> |             |                                   |                              |            |              |               |              |

### **Borrower Profile**

Overall, the distribution of borrowers reflects adequate penetration among borrowers of different income levels and businesses of different sizes. Adequate performance in small business and home mortgage lending supports this conclusion.

### ***Small Business Loans***

The distribution of small business loans reflects adequate penetration to businesses with GARs of \$1 million or less. As noted in the table below, SYBT's 2021 performance slightly trailed aggregate and significantly trailed demographic data. In 2022, SYBT's performance significantly trailed aggregate and demographic data.

In 2021, examiners attributed SYBT's performance to PPP loans categorized as Revenue Not Available. Specifically, if loans where revenue are not available are excluded from the analysis, the bank's level lending to businesses at or below \$1 million in revenues increases to 48.2 by number, making it comparable to aggregate. In 2022, examiners considered SYBT's small business lending performance poor. Overall, the SYBT's distribution of small business lending is adequate.

| <b>Distribution of Small Business Loans by Gross Annual Revenue Category – Cincinnati MSA AA</b>  |                        |                                     |            |              |                 |              |
|---|------------------------|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Gross Revenue Level</b>  | <b>% of Businesses</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>≤\$1,000,000</b>   |                        |                                     |            |              |                 |              |
| 2021  | 82.8                   | 49.2                                | 284        | 45.5         | 37,131          | 27.5         |
| 2022  | 89.4                   | 51.7                                | 106        | 33.2         | 18,868          | 20.6         |
| <b>&gt;\$1,000,000</b>  |                        |                                     |            |              |                 |              |
| 2021  | 5.6                    | --                                  | 305        | 48.9         | 96,360          | 71.4         |
| 2022  | 3.3                    | --                                  | 210        | 65.8         | 72,545          | 79.3         |
| <b>Revenue Not Available</b>  |                        |                                     |            |              |                 |              |
| 2021  | 11.5                   | --                                  | 35         | 5.6          | 1,463           | 1.1          |
| 2022  | 7.3                    | --                                  | 3          | 0.9          | 115             | 0.1          |
| <b>Totals</b>   |                        |                                     |            |              |                 |              |
| <b>2021</b>   | <b>100.0</b>           | <b>100.0</b>                        | <b>624</b> | <b>100.0</b> | <b>134,954</b>  | <b>100.0</b> |
| <b>2022</b>   | <b>100.0</b>           | <b>--</b>                           | <b>319</b> | <b>100.0</b> | <b>91,528</b>   | <b>100.0</b> |
| <i>Source: 2021 &amp; 2022 D&amp;B Data; Bank Data; 2021 and 2022 CRA Aggregate Data; "--" data not available.<br/>Due to rounding, totals may not equal 100.0%</i> |                        |                                     |            |              |                 |              |

### ***Home Mortgage Loans***

The distribution of home mortgage loans to individuals of different income levels, including LMI borrowers, is adequate. In 2021 and 2022, SYBT’s performance to low-income borrowers significantly trailed aggregate and demographic data.

Due to the level of lending for non-owner occupied properties, examiners performed a separate analysis specific to owner-occupied housing units. Examiners adjusted the data reflected in the table below to exclude non-owner occupied housing units, thereby reflecting more accurate information. The more accurate information provides more favorable results. Specifically, the percentage of low-income borrowers in 2021 and 2022 increased to 3.9 percent and 6.2 percent, respectively. In addition, of the low-income families, 12.4 percent lived below the poverty level in 2021 and 9.1 percent in 2022 lived below the poverty level. These families often do not have the capacity to support a traditional home mortgage, limiting the demand and opportunity to lend to low-income borrowers.

In 2021 and 2022, SYBT’s performance to moderate-income borrowers was below aggregate. The bank’s performance was comparable to demographic data in 2021 and below demographic data in 2022. Adjusting for non-owner occupied properties, performance to moderate-income borrowers increased to 18.6 percent in 2021, and 17.8 percent in 2022. Overall, examiners considered SYBT’s performance adequate.

| <b>Distribution of Home Mortgage Loans by Borrower Income Level – Cincinnati MSA AA</b>   |                      |                                     |            |              |                 |              |
|---|----------------------|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Borrower Income Level</b>  | <b>% of Families</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>Low*</b>   |                      |                                     |            |              |                 |              |
| 2021  | 24.7                 | 8.3                                 | 4          | 2.9          | 392             | 1.1          |
| 2022  | 23.0                 | 12.4                                | 9          | 5.5          | 1,127           | 2.3          |
| <b>Moderate</b>   |                      |                                     |            |              |                 |              |
| 2021  | 16.4                 | 19.9                                | 23         | 16.4         | 3,763           | 10.2         |
| 2022  | 17.3                 | 22.3                                | 23         | 14.1         | 3,782           | 7.6          |
| <b>Middle</b>   |                      |                                     |            |              |                 |              |
| 2021  | 19.1                 | 20.5                                | 15         | 10.7         | 2,949           | 8.0          |
| 2022  | 20.3                 | 20.2                                | 23         | 14.1         | 3,263           | 6.6          |
| <b>Upper</b>  |                      |                                     |            |              |                 |              |
| 2021  | 39.9                 | 35.8                                | 69         | 49.3         | 19,479          | 53.0         |
| 2022  | 39.4                 | 29.6                                | 80         | 49.1         | 27,688          | 55.8         |
| <b>Not Available</b>  |                      |                                     |            |              |                 |              |
| 2021  | 0.0                  | 15.5                                | 29         | 20.7         | 10,191          | 27.7         |
| 2022  | 0.0                  | 15.5                                | 28         | 17.2         | 13,718          | 27.7         |
| <b>Totals</b>   |                      |                                     |            |              |                 |              |
| <b>2021</b>   | <b>100.0</b>         | <b>100.0</b>                        | <b>140</b> | <b>100.0</b> | <b>36,775</b>   | <b>100.0</b> |
| <b>2022</b>   | <b>100.0</b>         | <b>100.0</b>                        | <b>163</b> | <b>100.0</b> | <b>49,578</b>   | <b>100.0</b> |
| <i>Source: 2015 ACS; 2020 U.S. Census Data; Bank Data; 2021 &amp; 2022 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.</i> |                      |                                     |            |              |                 |              |
| <i>*Families living below the poverty level equaled 12.4 percent in 2021 and 9.1 percent in 2022.</i>   |                      |                                     |            |              |                 |              |

### **Innovative or Flexible Lending Practices**

The bank made use of innovative and/or flexible lending practices in order to serve the Cincinnati MSA AA credit needs. The table below illustrates the bank’s innovative and/or flexible lending, which represents approximately 4.0 percent by number and 8.0 percent by dollar amount of the total flexible lending products. Refer to previous sections for additional details regarding the listed programs. This level of activity represents a significant increase from the previous evaluation, where the bank facilitated in 11 non-PPP loans totaling approximately \$1 million.

| Innovative and Flexible Lending Programs - Cincinnati MSA AA |           |               |           |              |           |              |          |              |           |               |
|--|-----------|---------------|-----------|--------------|-----------|--------------|----------|--------------|-----------|---------------|
| Type of Program  | 2021*     |               | 2022      |              | 2023      |              | 2024**   |              | Totals    |               |
|  | #         | \$(000s)      | #         | \$(000s)     | #         | \$(000s)     | #        | \$(000s)     | #         | \$(000s)      |
| FHA  | 0         | 0             | 0         | 0            | 1         | 148          | 0        | 0            | 1         | 148           |
| HAMP-FHA   | 0         | 0             | 0         | 0            | 1         | 70           | 0        | 0            | 1         | 70            |
| Home Repair  | 0         | 0             | 1         | 6            | 20        | 109          | 1        | 3            | 22        | 118           |
| Right at Home  | 1         | 180           | 12        | 2,256        | 6         | 1,254        | 0        | 0            | 19        | 3,690         |
| Fannie Mae Home Ready  | 0         | 0             | 0         | 0            | 2         | 415          | 0        | 0            | 2         | 415           |
| SBA  | 11        | 10,652        | 8         | 6,660        | 3         | 1,714        | 3        | 3,263        | 25        | 22,289        |
| PPP  | 6         | 162           | 0         | 0            | 0         | 0            | 0        | 0            | 6         | 162           |
| <b>Totals</b>  | <b>18</b> | <b>10,994</b> | <b>21</b> | <b>8,922</b> | <b>33</b> | <b>3,710</b> | <b>4</b> | <b>3,266</b> | <b>76</b> | <b>26,892</b> |

*\*April 29-December 31, 2021 \*\*January 1-January 24, 2024*

**Community Development Loans**

SYBT is a leader in making community development loans in the Cincinnati MSA AA. Community development lending represents 1.0 percent of total assets and 1.4 percent of total loans. The SSBs’ performance of community development loans to total loans ranged from 0.2 to 1.1 percent of total assets and 0.2 to 1.8 percent of total loans within the Cincinnati MSA AA. SYBT performance exceeded a majority of these banks. The following table illustrates these lending activities by year and purpose within the AA.

| Community Development Lending – Cincinnati AA |                    |              |                    |              |                      |               |                         |               |           |               |
|---|--------------------|--------------|--------------------|--------------|----------------------|---------------|-------------------------|---------------|-----------|---------------|
| Activity Year                                 | Affordable Housing |              | Community Services |              | Economic Development |               | Revitalize or Stabilize |               | Totals    |               |
|   | #                  | \$(000s)     | #                  | \$(000s)     | #                    | \$(000s)      | #                       | \$(000s)      | #         | \$(000s)      |
| 2021*   | 0                  | 0            | 1                  | 4,400        | 4                    | 6,978         | 3                       | 4,276         | 8         | 15,654        |
| 2022  | 3                  | 1,815        | 2                  | 1,939        | 0                    | 0             | 3                       | 6,259         | 8         | 10,013        |
| 2023  | 1                  | 740          | 0                  | 0            | 2                    | 7,438         | 5                       | 45,937        | 8         | 54,115        |
| <b>Total</b>                                  | <b>4</b>           | <b>2,555</b> | <b>3</b>           | <b>6,339</b> | <b>6</b>             | <b>14,416</b> | <b>11</b>               | <b>56,472</b> | <b>24</b> | <b>79,782</b> |

*Source: Bank Data There was no lending activity in 2024. \*4/29/2021–12/31/2021*

Below are notable examples of community development loans the bank originated in the Cincinnati MSA AA:

- A \$37.5 million loan for the rehabilitation of a building receiving a Transformational Mixed-Use Development Tax Credit. The project provides a transformational economic impact on the site and surrounding area as well as a catalyst for future development in the area. (Revitalize and Stabilize).
- A \$1.7 million loan for the purchase of a vacant building, which is located adjacent to LMI tracts and will create LMI wage jobs. (Economic Development)

**INVESTMENT TEST**

The Investment Test is rated Outstanding for this AA. This performance reflects excellent performance in meeting the investment and community development needs in the AA.

### **Investment and Grant Activity**

The bank has an excellent level of qualified community development investment and grants, often in a leadership position, particularly those not routinely provided by private investors.

Activity (by dollar) in the Cincinnati MSA AA represents 0.1 percent of total assets and 0.5 percent of total securities, and accounts for 13.9 percent of total qualified investments. The bank's performance exceeds SSBs having a range of 0.0 to 1.1 percent of total securities. Additionally, this level of activity represents a significant increase by number and dollar since the previous evaluation. The following table illustrates qualified investment activity by year and purpose, and includes \$29 million in unfunded commitments.

| <b>Qualified Investments by Year – Cincinnati MSA</b> |                           |                 |                           |                 |                             |                 |                                |                 |               |                 |
|---|---------------------------|-----------------|---------------------------|-----------------|-----------------------------|-----------------|--------------------------------|-----------------|---------------|-----------------|
| <b>Activity Year</b>                                  | <b>Affordable Housing</b> |                 | <b>Community Services</b> |                 | <b>Economic Development</b> |                 | <b>Revitalize or Stabilize</b> |                 | <b>Totals</b> |                 |
|   | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                    | <b>\$(000s)</b> | <b>#</b>                       | <b>\$(000s)</b> | <b>#</b>      | <b>\$(000s)</b> |
| Prior Period  | 13                        | 3,121           | 8                         | 1,896           | 1                           | 578             | 0                              | 0               | 22            | 5,594           |
| 2021*   | 1                         | 1,365           | 0                         | 0               | 0                           | 0               | 1                              | 165             | 2             | 1,530           |
| 2022  | 1                         | 1,486           | 0                         | 0               | 0                           | 0               | 0                              | 0               | 1             | 1,486           |
| 2023  | 3                         | 31,017          | 0                         | 0               | 0                           | 0               | 0                              | 0               | 3             | 31,017          |
| YTD 2024  | 0                         | 0               | 0                         | 0               | 0                           | 0               | 0                              | 0               | 0             | 0               |
| <b>Subtotal</b>                                       | <b>18</b>                 | <b>36,989</b>   | <b>8</b>                  | <b>1,896</b>    | <b>1</b>                    | <b>578</b>      | <b>1</b>                       | <b>165</b>      | <b>28</b>     | <b>39,627</b>   |
| Qualified Grants & Donations                          | 1                         | 1               | 19                        | 30              | 2                           | 14              | 0                              | 0               | 22            | 45              |
| <b>Total</b>  | <b>19</b>                 | <b>36,990</b>   | <b>27</b>                 | <b>1,926</b>    | <b>3</b>                    | <b>592</b>      | <b>1</b>                       | <b>165</b>      | <b>50</b>     | <b>39,672</b>   |

*Source: Bank Data \*4/29/2021–12/31/2021*

Below are notable examples of community development investments the bank made in the Cincinnati MSA AA:

- Donated \$10,000 to a non-profit organization to attract economic and community development investment for benefit of the AA. (Economic Development).
- Invested in two LIHTC projects totaling \$30 million supporting affordable housing initiatives in the Cincinnati AA. (Affordable Housing)

### **Responsiveness to Credit and Community Development Needs**

The bank exhibits excellent responsiveness to credit and community development needs. A substantial majority of qualified investments support affordable housing initiatives, which demonstrates the bank's responsiveness to the community development needs identified by a community contact.

### **Community Development Initiatives**

SYBT made extensive use of innovative and/or complex qualified investments to support community development activities. Some of the more complex or innovative uses of investments include the use of an affordable housing tax credit-eligible investments totaling \$30 million befitting the AA.



## SERVICE TEST

The Service Test is rated Low Satisfactory for this AA. This performance reflects adequate performance in meeting the service and community development needs in the AA.

### Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the AA. The following table illustrates the branch and ATM/ITM locations by tract income level.

| <b>Branch and ATM Distribution by Geography Income Level – Cincinnati MSA AA</b> |                      |              |                   |              |                 |              |                  |              |
|--|----------------------|--------------|-------------------|--------------|-----------------|--------------|------------------|--------------|
| <b>Tract Income Level</b>  | <b>Census Tracts</b> |              | <b>Population</b> |              | <b>Branches</b> |              | <b>ATMs/ITMs</b> |              |
|  | <b>#</b>             | <b>%</b>     | <b>#</b>          | <b>%</b>     | <b>#</b>        | <b>%</b>     | <b>#</b>         | <b>%</b>     |
| Low  | 41                   | 12.6         | 110,981           | 9.1          | 0               | 0.0          | 0                | 0.0          |
| Moderate   | 80                   | 24.6         | 298,141           | 24.3         | 2               | 28.6         | 5                | 33.3         |
| Middle   | 105                  | 32.3         | 419,405           | 34.1         | 1               | 14.3         | 4                | 26.7         |
| Upper  | 86                   | 26.5         | 374,932           | 30.5         | 4               | 57.1         | 6                | 40.0         |
| Not Available  | 13                   | 4.0          | 25,288            | 2.0          | 0               | 0.0          | 0                | 0.0          |
| <b>Total</b>   | <b>325</b>           | <b>100.0</b> | <b>1,228,747</b>  | <b>100.0</b> | <b>7</b>        | <b>100.0</b> | <b>15</b>        | <b>100.0</b> |

*Source: 2020 U.S. Census Data; Bank Data.*

### Changes in Branch Locations

SYBT's record of opening and closing branches in this AA has improved the accessibility of its delivery systems, particularly in moderate-income geographies and to LMI individuals. Since the previous evaluation, SYBT acquired two additional branches in this AA with its most recent acquisition. One of the two acquired branches is located in a moderate-income census tract. SYBT also closed one branch located in a middle-income geography due to its close proximity to an acquired branch located in a moderate-income geography.

### Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the AA, particularly moderate-income geographies and LMI individuals. Of the seven branches in this AA, one branch, in a moderate-income geography, operates Saturday hours. Business hours are convenient and comparable to other financial institutions located in the AA.

### Community Development Services

SYBT provided an adequate level of community development services in the AA. The table below illustrates community development services bank officials provided. Services in the Cincinnati MSA AA account for approximately 10.8 percent by number and 8.8 percent by hour of the bank's total qualified activities.

| <b>Community Development Services - Cincinnati MSA AA</b> |                           |              |                           |              |                             |              |                                |              |               |              |
|---|---------------------------|--------------|---------------------------|--------------|-----------------------------|--------------|--------------------------------|--------------|---------------|--------------|
| <b>Activity Year</b>                                      | <b>Affordable Housing</b> |              | <b>Community Services</b> |              | <b>Economic Development</b> |              | <b>Revitalize or Stabilize</b> |              | <b>Totals</b> |              |
|   | <b>#</b>                  | <b>Hours</b> | <b>#</b>                  | <b>Hours</b> | <b>#</b>                    | <b>Hours</b> | <b>#</b>                       | <b>Hours</b> | <b>#</b>      | <b>Hours</b> |
| 2021*   | 0                         | 0            | 43                        | 176          | 17                          | 22           | 0                              | 0            | <b>60</b>     | <b>198</b>   |
| 2022  | 1                         | 1            | 58                        | 95           | 13                          | 13           | 4                              | 10           | <b>76</b>     | <b>119</b>   |
| 2023  | 0                         | 0            | 41                        | 64           | 7                           | 19           | 19                             | 19           | <b>67</b>     | <b>102</b>   |
| YTD 2024  | 0                         | 0            | 0                         | 0            | 0                           | 0            | 3                              | 6            | <b>3</b>      | <b>6</b>     |
| <b>Total</b>  | <b>1</b>                  | <b>1</b>     | <b>142</b>                | <b>335</b>   | <b>37</b>                   | <b>54</b>    | <b>26</b>                      | <b>35</b>    | <b>206</b>    | <b>425</b>   |

*Source: Bank Data \*4/29/2021–12/31/2021*

Below are notable examples of the bank’s qualified services in the Cincinnati MSA AA:

- An employee serves on the loan committee of a non-profit development organization to review and approve SBA 504 applications. (Economic Development)
- An employee serves on the Board of an economic development organization to attract investment to improve the quality of life for LMI residents. (Economic Development)

## **STATE OF INDIANA**

**CRA RATING FOR STATE OF INDIANA: Satisfactory**

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

**The Investment Test is rated: High Satisfactory**

**The Service Test is rated: Low Satisfactory**

### **DESCRIPTION OF OPERATIONS IN THE STATE OF INDIANA**

SYBT operates six of its 73 branches in the State of Indiana rated area. The State of Indiana accounts for 14.4 percent of small business loans, 5.6 percent of home mortgage loans, 4.3 percent of deposits, and 8.2 percent of branches.

### **SCOPE OF EVALUATION – STATE OF INDIANA**

Examiners gave the Indianapolis MSA AA the most weight for the State of Indiana rating. Refer to the overall Scope section for further details. The State of Indiana received the least weight in the overall evaluation ratings based on loan volume, branches, and deposits.

### **CONCLUSIONS ON PERFORMANCE CRITERIA IN STATE OF INDIANA**

#### **LENDING TEST**

The Lending Test is rated High Satisfactory for the State of Indiana. The performance reflects good performance in meeting the credit and community development needs in the AA.

### **Lending Activity**

SYBT's lending levels reflect good responsiveness to the credit needs in the Indiana AAs. Good performance in the Indianapolis MSA supports this conclusion.

### **Geographic Distribution**

The geographic distribution of loans reflects good penetration throughout the Indiana AAs. Good performance in the Indianapolis MSA AA supports this conclusion.

### **Borrower Profile**

The distribution of borrowers reflects, given the product lines offered by the bank, good penetration among business customers of different sizes and retail customers of different income levels. Good performance in the Indianapolis MSA AA supports this conclusion.

### **Innovative or Flexible Lending Practices**

SYBT make use of innovative and/or flexible lending practices to serve the Indiana AAs' credit needs. The bank originated 107 innovative and flexible loans totaling \$21 million, representing 5.3 percent (by number) and 6.7 percent (by dollar) of the total innovative and/or flexible loans. Performance in the Indianapolis MSA AA and IN Non-MSA supports this conclusion.

### **Community Development Loans**

SYBT made a relatively high level of community development loans in the Indiana AAs. The bank originated 16 loans totaling \$80 million in the Indiana rated area, which represents 10.8 percent by number and 16.7 by dollar, of the bank's total community development lending. Performance in the Indianapolis MSA AA supports this conclusion.

## **INVESTMENT TEST**

SYBT's Investment Test rating is High Satisfactory. Performance was generally consistent across the two AAs.

### **Investment and Grant Activity**

SYBT made a significant level, occasionally in a leadership position, of qualified community development investments and grants in the State of Indiana. SYBT made 36 qualified investments, totaling \$32 million in the Indiana rated area, including unfunded tax credits. This level of activity represents 8.2 percent by number and 11.1 percent by dollar of the bank's total qualified investment and grant activity. Good performance in the Indianapolis MSA AA supports this conclusion.

### **Responsiveness to Credit and Community Development Needs**

SYBT exhibits good responsiveness to the credit and community development needs in the Indiana rated area. SYBT qualified investments in the Indianapolis MSA AA supports this conclusion.

### **Community Development Initiatives**

SYBT makes significant use innovative and/or complex investments to support community development initiatives in the Indiana rated area. Good performance in the Indianapolis MSA AA supports this conclusion.

## **SERVICE TEST**

The Service Test is rated Low Satisfactory for the Indiana rated area. Accessibility of delivery systems and community development service performance in both AAs support the Low Satisfactory rating.

### **Accessibility of Delivery Systems**

SYBT's delivery systems are accessible to limited portions of the Indiana AAs. In the Indianapolis MSA AA, SYBT operates no branches or ATMs/ITMs in LMI geographies. In the IN Non-MSA AA, the bank operates one branch and one ATM in a moderate-income geography. Given the Indianapolis MSA AA carries the more weight than the IN Non-MSA AA, examiners considered the overall delivery systems rating to be accessible to limited portions of the AAs.

### **Changes in Branch Locations**

SYBT did not open or close any branches during the evaluation period in the Indiana AAs.

### **Reasonableness of Business Hours and Services**

Services, including business hours, do not vary in a way that inconveniences portions of the Indiana AAs, particularly LMI geographies or individuals. None of the six branches in the Indiana AAs operates on Saturday. However, as noted above, SYBT offers alternative delivery systems, to include mobile, telephone, and online banking, and ATMs/ITMs to serve customers after business hours. Business hours are comparable to other financial institutions.

### **Community Development Services**

SYBT provided an adequate level of community development services in the AAs. During the evaluation period, bank officials provided 245 instances, totaling 454 hours of financial expertise or technical assistance to community development-related organizations in the AAs. Services in the Indianapolis MSA AA accounted for nearly all by number and nearly all by hour of community development services in the State of Indiana rated area.

## **INDIANAPOLIS MSA AA (Full-Scope Review)**

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN INDIANAPOLIS MSA**

The Indianapolis MSA AA includes the entirety of Hamilton, Hendricks, and Marion Counties, and four census tracts in Boone County. SYBT operates five branches within this AA, of which, one is located in a middle-income and four in an upper-income census tract. The AA accounts for 14.4 percent of small business loans, 5.3 percent of all home mortgage loans, 3.9 percent of total deposits, and 6.8 percent of the branches.

### **Economic and Demographic Data**

The Indianapolis MSA AA includes 345 census tracts. Based on the 2020 U.S. Census data, the census tracts have the following income designations: 52 low-, 83 moderate-, 104 middle-, and 98 upper-income tracts. The AA also includes eight census tracts that do not have income designations

due to nominal populations. The following table illustrates relevant demographic characteristics of the AA considered within the evaluation.

| <b>Demographic Information of the Indianapolis MSA AA</b>                |           |                       |                              |                          |                         |                       |
|--|-----------|-----------------------|------------------------------|--------------------------|-------------------------|-----------------------|
| <b>Demographic Characteristics</b>                                       | <b>#</b>  | <b>Low<br/>% of #</b> | <b>Moderate<br/>% of #</b>   | <b>Middle<br/>% of #</b> | <b>Upper<br/>% of #</b> | <b>NA*<br/>% of #</b> |
| Geographies (Census Tracts)  | 345       | 15.1                  | 24.1                         | 30.1                     | 28.4                    | 2.3                   |
| Population by Geography  | 1,531,017 | 10.4                  | 21.9                         | 31.3                     | 34.7                    | 1.7                   |
| Housing Units by Geography   | 628,081   | 12.2                  | 22.8                         | 31.2                     | 32.0                    | 1.8                   |
| Owner-Occupied Units by Geography  | 356,015   | 6.1                   | 16.4                         | 34.1                     | 42.1                    | 1.2                   |
| Occupied Rental Units by Geography                                       | 215,356   | 18.9                  | 31.2                         | 28.3                     | 19.2                    | 2.5                   |
| Vacant Units by Geography  | 56,710    | 25.0                  | 31.0                         | 24.4                     | 17.0                    | 2.5                   |
| Businesses by Geography  | 226,977   | 9.5                   | 19.4                         | 30.7                     | 36.7                    | 3.7                   |
| Farms by Geography   | 4,481     | 8.0                   | 17.4                         | 37.2                     | 35.7                    | 1.7                   |
| Family Distribution by Income Level                                      | 352,945   | 21.0                  | 17.3                         | 19.5                     | 42.1                    | 0.0                   |
| Household Distribution by Income Level                                   | 571,371   | 23.6                  | 16.6                         | 18.0                     | 41.8                    | 0.0                   |
| Median Family Income MSA - 26900<br>Indianapolis-Carmel-Anderson, IN MSA |           | \$80,981              | Median Housing Value         |                          |                         | \$187,436             |
|  |           |                       | Median Gross Rent            |                          |                         | \$978                 |
|  |           |                       | Families Below Poverty Level |                          |                         | 8.4%                  |

*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 2022 D&B data, there were 226,977 businesses operating in the AA. Approximately 91.3 percent of the businesses had GARs of \$1 million or less, 2.7 percent had GARs over \$1 million, and 6.0 percent had unknown revenues. The non-classifiable establishments industry represented the largest portion of businesses at 33.0 percent, followed by services at 31.5 percent, and finance, insurance and real estate at 10.6 percent. In addition, 55.4 percent of total businesses had four or fewer employees, and 94.0 percent operated from a single location, indicating the opportunity to lend to small businesses.

According to the 2020 U.S. Census data above, the AA contained 628,081 housing units, with 56.7 percent owner-occupied, 34.3 percent occupied rental, and 9.0 percent vacant units, indicating the opportunity level for home mortgage lending.

Examiners used the 2021 and 2022 FFIEC MFI levels to analyze home mortgage lending under the Borrower Profile criterion. The following table illustrates the income categories for the AA.

| <b>MFI Ranges -Indianapolis MSA AA (26900)</b> |                        |                                    |                                   |                        |
|--|------------------------|------------------------------------|-----------------------------------|------------------------|
| <b>MFI</b>                                     | <b>Low<br/>&lt;50%</b> | <b>Moderate<br/>50% to &lt;80%</b> | <b>Middle<br/>80% to &lt;120%</b> | <b>Upper<br/>≥120%</b> |
| 2021: \$79,700                                 | <\$39,850              | \$39,850 to <\$63,760              | \$63,760 to <\$95,640             | ≥\$95,640              |
| 2022: \$91,900                                 | <\$45,950              | \$45,950 to <\$73,520              | \$73,520 to <\$110,280            | ≥\$110,280             |

*Source: FFIEC*

Examiners considered unemployment data when evaluating SYBT’s ability to lend within the AA. Unemployment rates in the AA, 3.8 percent in 2021 and 2.8 percent in 2022, outperformed both the State at 3.9 and 3.0 percent, respectively, and National rates at 5.3 and 3.6 percent, respectively.

### **Competition**

SYBT operates in a highly competitive market for financial services when considering geographic size and population in the Indianapolis MSA AA. According to FDIC Deposit Market Share data as of June 30, 2023, 38 financial institutions operate 363 branch locations within the AA. Of these institutions, SYBT ranked 23rd with 0.3 percent of the deposit market share.

There is a high level of competition for small business loans among banks, credit unions, and non-depository lenders in the Indianapolis MSA AA. Aggregate data for 2022 shows 161 lenders originated or purchased 36,692 small business loans, indicating a high degree of competition for this product. SYBT accounted for less than 0.7% of the market share by number.

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in the AA. In 2022, 684 lenders originated or purchased 87,989 home mortgage loans within the AA. SYBT accounted for 0.2 percent of the market share by number.

### **Community Contacts**

Examiners reviewed an existing contact with a representative of a community development organization that serves the AA. The contact identified small business lending as a need. The contact felt that the underwriting process for start-up business lending was taking longer than it had previously, and that some financial institutions had stopped start-up lending entirely. The contact also noted that affordable housing remains a significant problem, that housing inventory remains low, and housing prices are high.

### **Credit and Community Development Needs and Opportunities**

Considering information from community contacts, bank management, and demographic and economic data, examiners determined that small business and home mortgage lending, including affordable housing, represent primary credit needs in the AA.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN INDIANAPOLIS MSA AA**

### **LENDING TEST**

The Lending Test is rated High Satisfactory for this AA. This performance reflects good performance in meeting the credit and community development needs in the AA.

### **Lending Activity**

Lending levels reflect good responsiveness to the Indianapolis MSA AA credit needs, taking into account the number and amount of small business and home mortgage loans originated or purchased

within this AA. In 2021 and 2022, SYBT funded 670 small business loans totaling \$155.1 million and 190 home mortgage loans totaling \$53.2 million within this AA.

Small business and home mortgage lending volumes slightly decreased since the prior evaluation within the AA. In 2019 and 2020, SYBT funded 627 small business loans totaling \$166.3 and 173 home mortgage loans totaling \$59.8 million.

### **Geographic Distribution**

The geographic distribution of loans reflects good penetration throughout the AA. Good performance in small business lending and excellent performance in home mortgage lending supports this rating.

### ***Small Business Loans***

The geographic distribution of small business loans reflects good penetration throughout the Indianapolis MSA AA. As noted in the table below, SYBT’s performance in the low-income census tracts exceeded aggregate in 2021, trailed aggregate in 2022, and trailed demographic data in both years. In moderate-income census tracts, SYBT’s performance slightly trailed aggregate and demographic data in 2021, but exceeded aggregate and demographic data in 2022. Overall, examiners considered SYBT’s performance good.

| <b>Geographic Distribution of Small Business Loans – Indianapolis MSA AA</b> |                        |                                     |            |              |                 |              |
|--|------------------------|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>  | <b>% of Businesses</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>Low</b>   |                        |                                     |            |              |                 |              |
| 2021   | 12.6                   | 9.6                                 | 47         | 10.9         | 11,201          | 12.4         |
| 2022   | 9.5                    | 6.7                                 | 12         | 5.0          | 4,505           | 7.0          |
| <b>Moderate</b>  |                        |                                     |            |              |                 |              |
| 2021   | 21.5                   | 17.4                                | 71         | 16.5         | 19,781          | 21.9         |
| 2022   | 19.4                   | 15.9                                | 47         | 29.6         | 11,146          | 17.2         |
| <b>Middle</b>  |                        |                                     |            |              |                 |              |
| 2021   | 25.3                   | 25.9                                | 125        | 29.1         | 26,995          | 29.9         |
| 2022   | 30.7                   | 33.0                                | 64         | 26.7         | 20,610          | 31.9         |
| <b>Upper</b>   |                        |                                     |            |              |                 |              |
| 2021   | 40.4                   | 47.0                                | 184        | 42.8         | 31,034          | 34.3         |
| 2022   | 36.7                   | 41.8                                | 110        | 45.8         | 27,133          | 42.0         |
| <b>Not Available</b>   |                        |                                     |            |              |                 |              |
| 2021   | 0.2                    | 0.2                                 | 3          | 0.7          | 1,405           | 1.6          |
| 2022   | 3.7                    | 2.7                                 | 7          | 2.9          | 1,267           | 1.9          |
| <b>Totals</b>  |                        |                                     |            |              |                 |              |
| <b>2021</b>  | <b>100.0</b>           | <b>100.0</b>                        | <b>430</b> | <b>100.0</b> | <b>90,416</b>   | <b>100.0</b> |
| <b>2022</b>  | <b>100.0</b>           | <b>100.0</b>                        | <b>240</b> | <b>100.0</b> | <b>64,651</b>   | <b>100.0</b> |

*Source: 2021 and 2022 D&B Data; Bank Data; 2021 CRA Aggregate Data. Due to rounding, totals may not equal 100.0%.*

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects excellent penetration throughout the Indianapolis MSA AA. As noted in the table below, SYBT’s performance in the low-income census tracts exceeded aggregate and demographic data in both years. SYBT’s performance in the moderate-income census tracts exceeded aggregate in both years, and was comparable to demographic data for 2021, but exceeded in 2022.

| <b>Geographic Distribution of Home Mortgage Loans – Indianapolis MSA AA</b>                                 |  |                                     |           |              |                 |              |
|---|--|-------------------------------------|-----------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>   | <b>% of Owner-Occupied Housing Units</b> | <b>Aggregate Performance % of #</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>Low</b>  |  |                                     |           |              |                 |              |
| 2021  | 8.1                                      | 6.0                                 | 12        | 12.2         | 3,773           | 12.5         |
| 2022  | 6.1                                      | 6.0                                 | 13        | 14.1         | 1,259           | 5.5          |
| <b>Moderate</b>   |  |                                     |           |              |                 |              |
| 2021  | 17.7                                     | 14.5                                | 16        | 16.3         | 3,642           | 12.1         |
| 2022  | 16.4                                     | 15.4                                | 17        | 18.5         | 3,590           | 15.6         |
| <b>Middle</b>   |  |                                     |           |              |                 |              |
| 2021  | 28.7                                     | 26.3                                | 21        | 21.4         | 3,730           | 12.4         |
| 2022  | 34.1                                     | 35.5                                | 20        | 21.7         | 4,571           | 19.8         |
| <b>Upper</b>  |  |                                     |           |              |                 |              |
| 2021  | 45.4                                     | 53.2                                | 49        | 50.0         | 19,025          | 63.1         |
| 2022  | 42.1                                     | 42.0                                | 42        | 45.7         | 13,636          | 59.1         |
| <b>Not Available</b>  |  |                                     |           |              |                 |              |
| 2021  | 0.1                                      | 0.1                                 | 0         | 0.0          | 0               | 0.0          |
| 2022  | 1.2                                      | 1.1                                 | 0         | 0.0          | 0               | 0.0          |
| <b>Totals</b>   |  |                                     |           |              |                 |              |
| <b>2021</b>   | <b>100.0</b>                             | <b>100.0</b>                        | <b>98</b> | <b>100.0</b> | <b>30,170</b>   | <b>100.0</b> |
| <b>2022</b>   | <b>100.0</b>                             | <b>100.0</b>                        | <b>92</b> | <b>100.0</b> | <b>23,057</b>   | <b>100.0</b> |
| <i>Source: 2015 ACS; Bank Data; 2021 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.</i> |  |                                     |           |              |                 |              |

### **Borrower Profile**

Overall, the distribution of borrowers reflects good penetration among businesses of different sizes and borrowers of different income levels. Good small business and home mortgage performance supports this conclusion.

### ***Small Business Loans***

The distribution of small business loans reflects good penetration to businesses with GARs of \$1 million or less. As noted in the table below, in 2021, SYBT’s performance slightly exceeded the aggregate data, but trailed the demographic data. In 2022, SYBT’s performance trailed aggregate and demographic data. Since the aggregate data is generally a better indicator of demand, examiners gave more weight to this comparison. Considering the competition within this AA,



SYBT’s performance is reflective of good penetration among business customers of different sizes, including small businesses.

| <b>Distribution of Small Business Loans by Gross Annual Revenue Category – Indianapolis MSA AA</b>  |                        |                                     |            |              |                 |              |
|---|------------------------|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Gross Revenue Level</b>  | <b>% of Businesses</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>≤\$1,000,000</b>   |                        |                                     |            |              |                 |              |
| 2021  | 89.4                   | 45.0                                | 206        | 47.9         | 26,296          | 29.1         |
| 2022  | 91.3                   | 50.5                                | 107        | 44.6         | 16,968          | 26.2         |
| <b>&gt;\$1,000,000</b>  |                        |                                     |            |              |                 |              |
| 2021  | 3.5                    | --                                  | 211        | 49.1         | 63,708          | 70.5         |
| 2022  | 2.8                    | --                                  | 133        | 55.4         | 47,683          | 73.8         |
| <b>Revenue Not Available</b>  |                        |                                     |            |              |                 |              |
| 2021  | 7.1                    | --                                  | 13         | 3.0          | 412             | 0.5          |
| 2022  | 6.0                    | --                                  | 0          | 0.0          | 0               | 0.0          |
| <b>Totals</b>   |                        |                                     |            |              |                 |              |
| <b>2021</b>   | <b>100.0</b>           | <b>100.0</b>                        | <b>430</b> | <b>100.0</b> | <b>90,416</b>   | <b>100.0</b> |
| <b>2022</b>   | <b>100.0</b>           | <b>--</b>                           | <b>240</b> | <b>100.0</b> | <b>64,651</b>   | <b>100.0</b> |
| <i>Source: 2021 and 2022 D&amp;B Data; Bank Data; 2021 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i> |                        |                                     |            |              |                 |              |

### ***Home Mortgage Loans***

The distribution of home mortgage loans reflects good penetration among individuals of different income levels, including LMI borrowers. As noted in the table below, in 2021 and 2022, the bank’s performance to low-income borrowers exceeded aggregate performance, but trailed demographic data. However, examiners considered the bank’s performance good based on demographic and economic characteristics of the AA. Of the low-income families, 11.7 percent in 2021 and 8.4 percent in 2022 live below the poverty level, which can create a lack of lending opportunities. Due to their limited financial resources, families with income below the poverty level often do not have the capacity to support a traditional home mortgage, limiting the demand and opportunity to lend to low-income borrowers.

In 2021, SYBT’s performance of lending to moderate-income borrowers exceeded aggregate and demographic data. However, in 2022 performance trailed aggregate and demographic data. Overall, examiners considered SYBT’s performance to be good.

| <b>Distribution of Home Mortgage Loans by Borrower Income Level – Indianapolis MSA AA</b>   |                      |                                     |           |              |                 |              |
|---|----------------------|-------------------------------------|-----------|--------------|-----------------|--------------|
| <b>Borrower Income Level</b>  | <b>% of Families</b> | <b>Aggregate Performance % of #</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>Low*</b>   |                      |                                     |           |              |                 |              |
| 2021  | 23.0                 | 8.1                                 | 8         | 8.2          | 1,016           | 3.4          |
| 2022  | 21.0                 | 10.1                                | 11        | 12.0         | 303             | 1.3          |
| <b>Moderate</b>   |                      |                                     |           |              |                 |              |
| 2021  | 16.7                 | 18.1                                | 20        | 20.4         | 3,220           | 10.7         |
| 2022  | 17.3                 | 20.9                                | 14        | 15.2         | 3,148           | 13.7         |
| <b>Middle</b>   |                      |                                     |           |              |                 |              |
| 2021  | 18.4                 | 19.7                                | 7         | 7.1          | 1,100           | 3.6          |
| 2022  | 19.5                 | 20.5                                | 10        | 10.9         | 1,052           | 4.6          |
| <b>Upper</b>  |                      |                                     |           |              |                 |              |
| 2021  | 41.9                 | 36.4                                | 47        | 48.0         | 17,078          | 56.6         |
| 2022  | 42.1                 | 33.2                                | 33        | 35.9         | 12,195          | 52.9         |
| <b>Not Available</b>  |                      |                                     |           |              |                 |              |
| 2021  | 0.0                  | 17.7                                | 16        | 16.3         | 7,755           | 25.7         |
| 2022  | 0.0                  | 15.3                                | 24        | 26.1         | 6,359           | 27.6         |
| <b>Totals</b>   |                      |                                     |           |              |                 |              |
| <b>2021</b>   | <b>100.0</b>         | <b>100.0</b>                        | <b>98</b> | <b>100.0</b> | <b>30,170</b>   | <b>100.0</b> |
| <b>2022</b>   | <b>100.0</b>         | <b>100.0</b>                        | <b>92</b> | <b>100.0</b> | <b>23,057</b>   | <b>100.0</b> |
| <i>Source: 2015 ACS; 2020 U.S. Census Data; Bank Data; 2021&amp; 2022 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.<br/>*Of the low-income families, 11.7 percent in 2021 and 8.4 percent in 2022 lived below the poverty level.</i> |                      |                                     |           |              |                 |              |

### **Innovative or Flexible Lending Practices**

The institution makes extensive use of innovative and/or flexible lending practices in order to serve the Indianapolis AA credit needs. The table below illustrates the bank’s innovative and/or flexible lending, which represents approximately 4.6 percent of the bank's total flexible lending products. Refer to previous sections for additional details regarding the listed programs.

| Innovative and Flexible Lending Programs - Indianapolis MSA AA |           |              |           |              |           |              |          |            |           |               |
|--|-----------|--------------|-----------|--------------|-----------|--------------|----------|------------|-----------|---------------|
| Type of Program  | 2021*     |              | 2022      |              | 2023      |              | 2024**   |            | Totals    |               |
|  | #         | \$(000s)     | #         | \$(000s)     | #         | \$(000s)     | #        | \$(000s)   | #         | \$(000s)      |
| FHA  | 0         | 0            | 0         | 0            | 3         | 683          | 1        | 206        | 4         | 889           |
| Home Repair  | 0         | 0            | 7         | 41           | 7         | 42           | 0        | 0          | 14        | 83            |
| Right at Home  | 0         | 0            | 4         | 875          | 19        | 3,473        | 1        | 179        | 24        | 4,527         |
| Renew Indy   | 3         | 406          | 3         | 383          | 9         | 1,180        | 0        | 0          | 15        | 1,969         |
| Freddie Mac Home Possible                                      | 0         | 0            | 0         | 0            | 1         | 120          | 0        | 0          | 1         | 120           |
| Fannie Mae Home Ready  | 0         | 0            | 0         | 0            | 4         | 893          | 0        | 0          | 4         | 893           |
| Secured Credit Card  | 0         | 0            | 0         | 0            | 8         | 4            | 1        | 1          | 9         | 5             |
| SBA  | 10        | 7,084        | 6         | 1,863        | 4         | 2,314        | 0        | 0          | 20        | 11,261        |
| PPP  | 3         | 30           | 0         | 0            | 0         | 0            | 0        | 0          | 3         | 30            |
| <b>Totals</b>  | <b>16</b> | <b>7,520</b> | <b>20</b> | <b>3,162</b> | <b>55</b> | <b>8,709</b> | <b>3</b> | <b>386</b> | <b>94</b> | <b>19,777</b> |

*\*April 29-December 31, 2021 \*\*January 1-24, 2024.*

### Community Development Loans

SYBT makes a relatively high level of community development loans in the Indianapolis MSA AA. Lending activity represents 1.0 percent of total assets and 1.4 percent of total loans. This evaluation compared SYBT's performance to the performance of other SSBs, based on retail structure and presence in the market. The SSBs' performance of community development loans to total loans ranged from 0.0 to 1.5 percent of total assets and 0.0 to 2.9 percent of total loans within the Indianapolis MSA AA. SYBT performance exceeded a majority of these banks. The following table illustrates these lending activities by year and purpose within the AA.

| Community Development Lending – Indianapolis MSA AA |                    |              |                    |          |                      |               |                         |               |           |               |
|---|--------------------|--------------|--------------------|----------|----------------------|---------------|-------------------------|---------------|-----------|---------------|
| Activity Year                                       | Affordable Housing |              | Community Services |          | Economic Development |               | Revitalize or Stabilize |               | Totals    |               |
|   | #                  | \$(000s)     | #                  | \$(000s) | #                    | \$(000s)      | #                       | \$(000s)      | #         | \$(000s)      |
| 2021*   | 2                  | 244          | 0                  | 0        | 1                    | 1,778         | 0                       | 0             | 3         | 2,022         |
| 2022  | 3                  | 940          | 0                  | 0        | 2                    | 2,629         | 1                       | 3,000         | 6         | 6,569         |
| 2023  | 2                  | 7,056        | 0                  | 0        | 4                    | 14,410        | 1                       | 50,000        | 7         | 71,466        |
| <b>Total</b>  | <b>7</b>           | <b>8,240</b> | <b>0</b>           | <b>0</b> | <b>7</b>             | <b>18,817</b> | <b>2</b>                | <b>53,000</b> | <b>16</b> | <b>80,057</b> |

*Source: Bank Data No lending activity occurred in 2024. \*4/29/2021–12/31/2021*

Below are notable examples of community development loans the bank originated in the Indianapolis MSA AA:

- A \$50 million loan to construct a mixed use building in an area targeted for revitalization. (Revitalize and Stabilize)
- A \$3 million loan for the purchase and renovation of a municipal-owned building to continue with the redevelopment initiative. (Revitalize and Stabilize)
- A \$6.9 million loan for the purchase of a 120-unit apartment complex where rents are less than HUDs fair market rents. (Affordable Housing)

## INVESTMENT TEST

The Investment Test is rated High Satisfactory for this AA. This performance reflects good performance in meeting the investment and community development needs in the AA.

### Investment and Grant Activity

The bank has a significant level of qualified community development investment and grants, occasionally in a leadership position, particularly those not routinely provided by private investors.

Activity (by dollar) represents 0.4 percent of total assets and 2.2 percent of total securities, and accounts for 11.1 percent of total qualified investments. The bank’s performance exceeds SSBs having a range of 0.0 to 1.1 percent of total securities. Additionally, this level of activity represents a significant increase in dollar volume since the previous evaluation, both by number and dollar. The following table illustrates qualified investment activity by year and purpose, which includes approximately \$20 million in unfunded commitments.

| <b>Qualified Investments by Year – Indianapolis MSA AA</b> |                           |                 |                           |                 |                             |                 |                                |                 |               |                 |
|--|---------------------------|-----------------|---------------------------|-----------------|-----------------------------|-----------------|--------------------------------|-----------------|---------------|-----------------|
| <b>Activity Year</b>                                       | <b>Affordable Housing</b> |                 | <b>Community Services</b> |                 | <b>Economic Development</b> |                 | <b>Revitalize or Stabilize</b> |                 | <b>Totals</b> |                 |
|  | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                    | <b>\$(000s)</b> | <b>#</b>                       | <b>\$(000s)</b> | <b>#</b>      | <b>\$(000s)</b> |
| Prior Period   | 10                        | 4,396           | 0                         | 0               | 0                           | 0               | 0                              | 0               | 10            | 4,396           |
| 2021*  | 2                         | 3,557           | 0                         | 0               | 0                           | 0               | 0                              | 0               | 2             | 3,557           |
| 2022   | 1                         | 1,452           | 0                         | 0               | 0                           | 0               | 0                              | 0               | 1             | 1,452           |
| 2023   | 3                         | 22,072          | 0                         | 0               | 0                           | 0               | 0                              | 0               | 3             | 22,072          |
| YTD 2024   | 0                         | 0               | 0                         | 0               | 0                           | 0               | 0                              | 0               | 0             | 0               |
| <b>Subtotal</b>  | <b>16</b>                 | <b>31,477</b>   | <b>0</b>                  | <b>0</b>        | <b>0</b>                    | <b>0</b>        | <b>0</b>                       | <b>0</b>        | <b>16</b>     | <b>31,477</b>   |
| Qualified Grants & Donations                               | 1                         | 0               | 14                        | 12              | 3                           | 9               | 0                              | 0               | 18            | 21              |
| <b>Total</b>   | <b>17</b>                 | <b>31,477</b>   | <b>14</b>                 | <b>12</b>       | <b>3</b>                    | <b>9</b>        | <b>0</b>                       | <b>0</b>        | <b>34</b>     | <b>31,498</b>   |

*Source: Bank Data \*4/29/2021–12/31/2021*

Below is a notable example of a community development investment in the Indianapolis MSA AA:

- Approximately \$21 million in a LIHTC project designated for affordable housing-related projects. (Affordable Housing)

### Responsiveness to Credit and Community Development Needs

The bank exhibits good responsiveness to credit and community development needs. A substantial majority of qualified investments support affordable housing initiatives, which demonstrates the bank's responsiveness to the community development needs identified by a community contact.

### Community Development Initiatives

SYBT made significant use of innovative and/or complex qualified investments to support community development activities. Investments during the current evaluation period consisted of mortgage-backed securities, tax credits (historic and low income). By dollar, approximately 65.0 percent of community development initiatives in this AA consist of LIHTC investments.

## SERVICE TEST

The Service Test is rated Low Satisfactory for this AA. This performance reflects adequate performance in meeting the service and community development needs in the area.

### Accessibility of Delivery Systems

Delivery systems are accessible to limited portions of the area. The table below illustrates branch and ATM/ITM locations by tract income level.

| Branch and ATM Distribution by Geography Income Level – Indianapolis MSA AA |               |              |                  |              |          |              |           |              |
|---|---------------|--------------|------------------|--------------|----------|--------------|-----------|--------------|
| Tract Income Level  | Census Tracts |              | Population       |              | Branches |              | ATMs/ITMs |              |
|   | #             | %            | #                | %            | #        | %            | #         | %            |
| Low   | 52            | 15.1         | 159,797          | 10.4         | 0        | 0.0          | 0         | 0.0          |
| Moderate  | 83            | 24.1         | 334,772          | 21.9         | 0        | 0.0          | 0         | 0.0          |
| Middle  | 104           | 30.1         | 478,918          | 31.3         | 1        | 20.0         | 3         | 37.5         |
| Upper   | 98            | 28.4         | 531,806          | 34.7         | 4        | 80.0         | 5         | 62.5         |
| Not Available   | 8             | 2.3          | 25,724           | 1.7          | 0        | 0.0          | 0         | 0.0          |
| <b>Total</b>  | <b>345</b>    | <b>100.0</b> | <b>1,531,017</b> | <b>100.0</b> | <b>5</b> | <b>100.0</b> | <b>8</b>  | <b>100.0</b> |

*Source: 2020 U.S. Census Data; Bank Data*

### Changes in Branch Locations

SYBT did not open or close any branches in the AA during the evaluation period. Therefore, this criterion did not affect the accessibility of its delivery systems, particularly in LMI census tracts or LMI borrowers.

### Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences portions of the AA, particularly LMI geographies or individuals. Alternative delivery channels such as mobile, online, and telephone banking are available to all customers.

### Community Development Services

SYBT provided an adequate level of community development services in the AA. The table below illustrates the community development services bank officials provided during the evaluation period. Services in the Indianapolis MSA AA account for 10.1 percent by number and 9.6 percent by hour of the bank's total qualified activities. This level of activity is a substantial increase compared to the previous evaluation.

| <b>Community Development Services - Indianapolis MSA AA</b> |                           |              |                           |              |                             |              |                                |              |               |              |
|---|---------------------------|--------------|---------------------------|--------------|-----------------------------|--------------|--------------------------------|--------------|---------------|--------------|
| <b>Activity Year</b>  | <b>Affordable Housing</b> |              | <b>Community Services</b> |              | <b>Economic Development</b> |              | <b>Revitalize or Stabilize</b> |              | <b>Totals</b> |              |
|   | <b>#</b>                  | <b>Hours</b> | <b>#</b>                  | <b>Hours</b> | <b>#</b>                    | <b>Hours</b> | <b>#</b>                       | <b>Hours</b> | <b>#</b>      | <b>Hours</b> |
| 2021*   | 32                        | 83           | 40                        | 94           | 19                          | 37           | 0                              | 0            | 91            | <b>214</b>   |
| 2022  | 67                        | 103          | 54                        | 86           | 16                          | 25           | 0                              | 0            | 137           | <b>214</b>   |
| 2023  | 0                         | 0            | 8                         | 8            | 8                           | 8            | 0                              | 0            | 16            | <b>16</b>    |
| YTD 2024  | 0                         | 0            | 0                         | 0            | 0                           | 0            | 0                              | 0            | 0             | <b>0</b>     |
| <b>Total</b>  | <b>99</b>                 | <b>186</b>   | <b>102</b>                | <b>188</b>   | <b>43</b>                   | <b>70</b>    | <b>0</b>                       | <b>0</b>     | <b>244</b>    | <b>444</b>   |
| <i>Source: Bank Data *4/29/2021–12/31/2021</i>              |                           |              |                           |              |                             |              |                                |              |               |              |

Below are notable examples of the bank’s qualified services in the Indianapolis MSA AA:

- An employee serves on the Board of an economic development organization that partners with leaders from private and public sectors to study, discuss, and address concerns and areas of opportunity to advance the progress of the city. (Economic Development)
- Employees assisted eligible seniors and persons with disabilities in applying to the FHLB for grants for home repairs. (Affordable Housing)

## **INDIANA NON-MSA AA (Limited-Scope Review)**

### **DESCRIPTION OF INSTITUTION’S OPERATIONS INDIANA NON-MSA AA**

The Indiana Non-MSA AA contains one of SYBT’s 73 full-service branches and 1 ATM. The AA accounts for less than 0.1 percent of small business loans, 0.3 percent of home mortgage loans, 0.4 percent of total deposits, and 1.4 percent of the branches. The following table illustrates relevant demographic characteristics of the AA considered within the evaluation.

| <b>Demographic Information of the Indiana Non-MSA AA</b>  |          |                       |                              |                          |                         |                       |
|---|----------|-----------------------|------------------------------|--------------------------|-------------------------|-----------------------|
| <b>Demographic Characteristics</b>  | <b>#</b> | <b>Low<br/>% of #</b> | <b>Moderate<br/>% of #</b>   | <b>Middle<br/>% of #</b> | <b>Upper<br/>% of #</b> | <b>NA*<br/>% of #</b> |
| Geographies (Census Tracts)   | 5        | 0.0                   | 20.0                         | 80.0                     | 0.0                     | 0.0                   |
| Population by Geography   | 24,384   | 0.0                   | 15.5                         | 84.5                     | 0.0                     | 0.0                   |
| Housing Units by Geography  | 10,667   | 0.0                   | 18.9                         | 81.1                     | 0.0                     | 0.0                   |
| Owner-Occupied Units by Geography   | 6,205    | 0.0                   | 12.9                         | 87.1                     | 0.0                     | 0.0                   |
| Occupied Rental Units by Geography  | 3,023    | 0.0                   | 26.5                         | 73.5                     | 0.0                     | 0.0                   |
| Vacant Units by Geography   | 1,439    | 0.0                   | 29.0                         | 71.0                     | 0.0                     | 0.0                   |
| Businesses by Geography   | 1,551    | 0.0                   | 10.9                         | 89.1                     | 0.0                     | 0.0                   |
| Farms by Geography  | 101      | 0.0                   | 7.9                          | 92.1                     | 0.0                     | 0.0                   |
| Family Distribution by Income Level   | 5,857    | 26.1                  | 18.4                         | 22.7                     | 32.9                    | 0.0                   |
| Household Distribution by Income Level  | 9,228    | 30.7                  | 17.3                         | 17.2                     | 34.9                    | 0.0                   |
| Median Family Income Non-MSAs - IN  |          | \$67,032              | Median Housing Value         |                          |                         | \$107,496             |
|   |          |                       | Median Gross Rent            |                          |                         | \$713                 |
|   |          |                       | Families Below Poverty Level |                          |                         | 11.3%                 |
| <i>Source: 2020 U.S. Census and 2022 D&amp;B Data. Due to rounding, totals may not equal 100.0%.</i>  |          |                       |                              |                          |                         |                       |
| <i>*The NA category consists of geographies that have not been assigned an income classification.</i> |          |                       |                              |                          |                         |                       |

The AA includes Scott County, Indiana, which consists of five census tracts, one moderate- and four middle-income census tracts. The unemployment rate for Scott County was slightly below the State averages and above the National averages throughout the evaluation period. The AA's top industry was services at 35.1 percent, followed by non-classifiable establishments at 17.9 percent, and retail trade at 12.1 percent.

## CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LIMITED SCOPE INDIANA NON-MSA AA

The following table summarized the conclusions for the Indiana Non-MSA AA review using limited-scope examination procedures. Examiners derived conclusions regarding SYTBs CRA performance within the limited scope areas from reviewing available facts and data, including performance data, aggregate lending data comparison, and demographic information. The conclusions did not alter the overall Lending, Investment, or Services tests performance ratings.

| <b>Lending Test</b> | <b>Investment Test</b> | <b>Services Test</b> |
|---------------------|------------------------|----------------------|
| Consistent          | Below                  | Below                |

Additionally, the service hours, loan and deposit products, services and branch hours do not inconvenience LMI individuals or areas.

The following table illustrates SYBT’s activity in the Indiana Non-MSA AA during the evaluation period.

| <b>Activity</b>                      | <b>#</b> | <b>\$ (000s)</b> |
|--------------------------------------|----------|------------------|
| Small Business Loans (2021 and 2022) | 8        | 284              |
| Home Mortgage Loans (2021 and 2022)  | 23       | 2,761            |
| Innovative/Flexible Loans            | 13       | 1,499            |
| Community Development Loans          | 0        | 0                |
| Investments (New)                    | 0        | 0                |
| Investments (Prior Period)           | 0        | 0                |
| Donations                            | 2        | 4                |
| CD Services (by number)              | 1        | -                |
| <i>Source: Bank Data</i>             |          |                  |

The branch distribution and alternative delivery systems for the limited-scope assessment area are consistent with the overall institution.



**Geographic Distribution and Borrower Profile**

| <b>Geographic Distribution of Small Business Loans – IN Non-MSA AA</b>  |                        |                                     |          |              |                 |              |
|---|------------------------|-------------------------------------|----------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>   | <b>% of Businesses</b> | <b>Aggregate Performance % of #</b> | <b>#</b> | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Moderate  |                        |                                     |          |              |                 |              |
| 2021  | 10.6                   | 8.6                                 | 3        | 50.0         | 95              | 34.7         |
| 2022  | 10.9                   | 11.8                                | 1        | 50.0         | 5               | 50.0         |
| Middle  |                        |                                     |          |              |                 |              |
| 2021  | 89.4                   | 91.4                                | 3        | 50.0         | 179             | 65.3         |
| 2022  | 89.1                   | 88.2                                | 1        | 50.0         | 5               | 50.0         |
| <b>Totals</b>   |                        |                                     |          |              |                 |              |
| <b>2021</b>   | <b>100.0</b>           | <b>100.0</b>                        | <b>6</b> | <b>100.0</b> | <b>274</b>      | <b>100.0</b> |
| <b>2022</b>   | <b>100.0</b>           | <b>--</b>                           | <b>2</b> | <b>100.0</b> | <b>10</b>       | <b>100.0</b> |
| <i>Source: 2021 and 2022 D&amp;B Data; Bank Data; 2021 &amp; 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0.</i> |                        |                                     |          |              |                 |              |

| <b>Geographic Distribution of Home Mortgage Loans – IN Non-MSA AA</b>  |  |                                     |           |              |                 |              |
|--|--|-------------------------------------|-----------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>  | <b>% of Owner-Occupied Housing Units</b> | <b>Aggregate Performance % of #</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Moderate   |  |                                     |           |              |                 |              |
| 2021   | 15.7                                     | 8.0                                 | 3         | 23.1         | 192             | 15.5         |
| 2022   | 12.9                                     | 16.0                                | 1         | 10.0         | 133             | 8.7          |
| Middle   |  |                                     |           |              |                 |              |
| 2021   | 84.3                                     | 92.0                                | 10        | 76.9         | 1,041           | 84.5         |
| 2022   | 87.1                                     | 84.0                                | 9         | 90.0         | 1,395           | 91.3         |
| <b>Totals</b>  |  |                                     |           |              |                 |              |
| <b>2021</b>  | <b>100.0</b>                             | <b>100.0</b>                        | <b>13</b> | <b>100.0</b> | <b>1,233</b>    | <b>100.0</b> |
| <b>2022</b>  | <b>100.0</b>                             | <b>100.0</b>                        | <b>10</b> | <b>100.0</b> | <b>1,528</b>    | <b>100.0</b> |
| <i>Source: 2015 ACS; 2020 U.S. Census; Bank Data; 2021 &amp; 2022 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.</i> |  |                                     |           |              |                 |              |

| <b>Distribution of Small Business Loans by Gross Annual Revenue Category – IN Non-MSA AA</b>  |                        |                                     |          |              |                 |              |
|---|------------------------|-------------------------------------|----------|--------------|-----------------|--------------|
| <b>Gross Revenue Level</b>  | <b>% of Businesses</b> | <b>Aggregate Performance % of #</b> | <b>#</b> | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>≤\$1,000,000</b>   |                        |                                     |          |              |                 |              |
| 2021  | 83.3                   | 46.7                                | 6        | 100.0        | 274             | 100.0        |
| 2022  | 85.0                   | 50.7                                | 2        | 100.0        | 10              | 100.0        |
| <b>&gt;\$1,000,000</b>  |                        |                                     |          |              |                 |              |
| 2021  | 3.4                    | --                                  | 0        | 0.0          | 0               | 0.0          |
| 2022  | 2.8                    | --                                  | 0        | 0.0          | 0               | 0.0          |
| <b>Revenue Not Available</b>  |                        |                                     |          |              |                 |              |
| 2021  | 13.3                   | --                                  | 0        | 0.0          | 0               | 0.0          |
| 2022  | 12.2                   | --                                  | 0        | 0.0          | 0               | 0.0          |
| <b>Totals</b>   |                        |                                     |          |              |                 |              |
| <b>2021</b>   | <b>100.0</b>           | <b>100.0</b>                        | <b>6</b> | <b>100.0</b> | <b>274</b>      | <b>100.0</b> |
| <b>2022</b>   | <b>100.0</b>           | <b>--</b>                           | <b>2</b> | <b>100.0</b> | <b>10</b>       | <b>100.0</b> |
| <i>Source: 2021 and 2022 D&amp;B Data; Bank Data; 2021 CRA Aggregate Data; "--" data not available.<br/>Due to rounding, totals may not equal 100.0%.</i> |                        |                                     |          |              |                 |              |

| <b>Distribution of Home Mortgage Loans by Borrower Income Level – IN Non-MSA AA</b>   |                      |                                     |           |              |                 |              |
|---|----------------------|-------------------------------------|-----------|--------------|-----------------|--------------|
| <b>Borrower Income Level</b>  | <b>% of Families</b> | <b>Aggregate Performance % of #</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>Low</b>  |                      |                                     |           |              |                 |              |
| 2021  | 26.6                 | 7.9                                 | 3         | 23.1         | 126             | 10.2         |
| 2022  | 26.1                 | 11.3                                | 3         | 30.0         | 331             | 21.7         |
| <b>Moderate</b>   |                      |                                     |           |              |                 |              |
| 2021  | 24.6                 | 23.6                                | 3         | 23.1         | 205             | 16.6         |
| 2022  | 18.4                 | 25.3                                | 5         | 50.0         | 857             | 56.1         |
| <b>Middle</b>   |                      |                                     |           |              |                 |              |
| 2021  | 24.3                 | 20.4                                | 3         | 23.1         | 328             | 26.6         |
| 2022  | 22.7                 | 24.8                                | 1         | 10.0         | 240             | 15.7         |
| <b>Upper</b>  |                      |                                     |           |              |                 |              |
| 2021  | 24.5                 | 26.9                                | 4         | 30.8         | 575             | 46.6         |
| 2022  | 32.9                 | 20.0                                | 1         | 10.0         | 100             | 6.5          |
| <b>Not Available</b>  |                      |                                     |           |              |                 |              |
| 2021  | 0.0                  | 21.2                                | 0         | 0.0          | 0               | 0.0          |
| 2022  | 0.0                  | 18.5                                | 0         | 0.0          | 0               | 0.0          |
| <b>Totals</b>   |                      |                                     |           |              |                 |              |
| <b>2021</b>   | <b>100.0</b>         | <b>100.0</b>                        | <b>13</b> | <b>100.0</b> | <b>1,233</b>    | <b>100.0</b> |
| <b>2022</b>   | <b>100.0</b>         | <b>100.0</b>                        | <b>10</b> | <b>100.0</b> | <b>1,528</b>    | <b>100.0</b> |
| <i>Source: 2015 ACS; 2020 U.S. Census Data; Bank Data, 2021 &amp; 2022 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.</i> |                      |                                     |           |              |                 |              |

## APPENDICES

### LARGE 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) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
  - i. The proportion of the bank's lending in the bank's assessment area(s);
  - ii. The dispersion of lending in the bank's assessment areas(s); and
  - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
  - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
  - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
  - iii. Small business and small farm loans by loan amount at origination; and
  - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

#### **Investment Test**

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

**Service Test**

The Service Test evaluates the bank’s record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank’s systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank’s retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank’s branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank’s branches, the bank’s record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank’s community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

**SCOPE OF EVALUATION**

| <b>SCOPE OF EVALUATION</b>    |                                    |
|-------------------------------|------------------------------------|
| <b>TIME PERIOD REVIEWED:</b>  | April 28, 2021 to January 24, 2024 |
| <b>FINANCIAL INSTITUTION:</b> | Stock Yards Bank and Trust         |
| <b>PRODUCTS REVIEWED:</b>     | Small Business and Home Mortgage   |

| <b>LIST OF ASSESSMENT AREAS AND TYPE OF EVALUATION</b> |                           |                         |                          |
|--|---------------------------|-------------------------|--------------------------|
| <b>ASSESSMENT AREA</b>                                 | <b>TYPE OF EVALUATION</b> | <b>BRANCHES VISITED</b> | <b>OTHER INFORMATION</b> |
| Louisville MSA AA                                      | Full-Scope                | None                    | None                     |
| Lexington CSA AA                                       | Full-Scope                | None                    | None                     |
| Kentucky Non-MSA AA                                    | Full-Scope                | None                    | None                     |
| Cincinnati MSA AA                                      | Full-Scope                | None                    | None                     |
| Indianapolis MSA AA                                    | Full-Scope                | None                    | None                     |
| Indiana Non-MSA AA                                     | Limited-Scope             | None                    | None                     |

## SUMMARY OF RATINGS FOR RATED AREAS

| Rated Area        | Lending Test      | Investment Test   | Service Test      | Rating       |
|-------------------|-------------------|-------------------|-------------------|--------------|
| Louisville MSA AA | Outstanding       | Outstanding       | Outstanding       | Outstanding  |
| State of Kentucky | Outstanding       | High Satisfactory | High Satisfactory | Satisfactory |
| Cincinnati MSA AA | High Satisfactory | Outstanding       | High Satisfactory | Satisfactory |
| State of Indiana  | High Satisfactory | High Satisfactory | Low 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 (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, 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 branches 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 (for example, 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.

**Micropolitan Statistical Area:** CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

**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.