

PUBLIC DISCLOSURE

September 24, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Bank of Cadiz and Trust Company
RSSD #904845**

**79 Main Street
Cadiz, Kentucky 42211**

Federal Reserve Bank of St. Louis

**P.O. Box 442
St. Louis, Missouri 63166-0442**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of the 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'S CRA RATING: This institution is rated SATISFACTORY.

Bank of Cadiz and Trust Company meets the criteria for a Satisfactory rating based on the evaluation of the bank's lending activity. The factors supporting the institution's rating include:

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment areas.
- A substantial majority of loans and other lending-related activities are in the assessment areas.
- The distribution of loans to borrowers reflects excellent penetration among individuals of different income levels (including low- and moderate-income [LMI]).
- The geographic distribution of loans reflects poor dispersion throughout the assessment areas.
- No CRA-related complaints were filed against the bank since the previous CRA evaluation.

SCOPE OF EXAMINATION

The bank’s CRA performance was reviewed using the Federal Financial Institutions Examination Council’s (FFIEC’s) Examination Procedures for small institutions. The bank operates in two separate assessment areas, both of which are located in southwest Kentucky. The bank’s primary assessment area is comprised of Trigg and Christian Counties, two of the four counties that make up the Clarksville, Tennessee-Kentucky metropolitan statistical area (Clarksville MSA). This assessment area was analyzed using full-scope review procedures. The second, smaller assessment area is comprised of Calloway County, located in a nonmetropolitan statistical area portion of Kentucky. Calloway County is adjacent to Trigg County but is separated from Trigg County and the Clarksville MSA by Lake Barkley, Kentucky Lake, and the Land Between the Lakes National Recreation Area. This assessment area was analyzed using limited-scope review procedures.

The following table details the number of branch offices, breakdown of deposits, and the CRA review procedures applicable to each assessment area completed as part of this evaluation. Deposit information in the following table and throughout this evaluation is taken from the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2018.

Assessment Area	Offices		Deposits as of June 30, 2018		Assessment Area Reviews		
	#	%	\$ (000s)	%	Full Scope	Limited Scope	TOTAL
Clarksville MSA	4	80.0%	\$92,958	96.0%	1	0	1
Calloway County	1	20.0%	\$3,825	4.0%	0	1	1
OVERALL	5	100%	\$96,783	100%	1	1	2

In light of branch structure, loan and deposit activity, and the bank’s CRA evaluation history, CRA performance in the Clarksville MSA was given primary consideration, as it contains the substantial majority of the bank’s loan and deposit activity.

Home Mortgage Disclosure Act (HMDA) loans were used to evaluate the bank’s lending performance, since this loan category is considered the bank’s core business line based on lending volume. Therefore, the loan activity represented by this credit product is deemed indicative of the bank’s overall lending performance. The following table details the performance criterion and the corresponding time periods used in each analysis.

Performance Criterion	Time Period
LTD Ratio	September 30, 2014 – June 30, 2018
Assessment Area Concentration	January 1, 2015 – December 31, 2017
Geographic Distribution of Loans	January 1, 2015 – December 31, 2017
Loan Distribution by Borrower’s Profile	January 1, 2015 – December 31, 2017
Response to Written CRA Complaints	July 7, 2014 – September 23, 2018

Lending Test analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on HMDA and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2015 U.S. Census data. When analyzing bank performance by comparing lending activity to both demographic data and aggregate lending data, greater emphasis is generally placed on the aggregate lending data, because it is expected to describe many factors impacting lenders within an assessment area. Aggregate lending datasets are also updated annually and are, therefore, expected to predict more relevant comparisons. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating within the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from \$80.0 million to \$310.1 million as of June 30, 2018.

To augment this evaluation, two community contact interviews were conducted with members of the local community to ascertain specific credit needs, opportunities, and local market conditions in the bank's assessment areas. Information from these interviews also assisted in evaluating the bank's responsiveness to identified community credit needs and community development opportunities. Key details from these interviews are included in the *Description of Assessment Area* section for the Clarksville MSA.

DESCRIPTION OF INSTITUTION

Bank of Cadiz and Trust Company is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is wholly owned by Cadiz Bancorp, Inc., a one-bank holding company headquartered in Cadiz, Kentucky. The bank's branch network consists of five offices (including the main office), all of which have cash-dispensing automated teller machines (ATM). Three offices are located in Trigg County within the city of Cadiz, including the main office and a drive-up facility. In addition, one office is located in Christian County in the city of Hopkinsville and another in Calloway County in the city of Murray. The bank also operates three stand-alone cash-dispensing ATMs, two of which are located in Cadiz and the third in Hopkinsville. One of the ATMs in Cadiz was installed during this review period; however, the bank did not open or close any branch offices since the prior examination. Based on this branch network and other service delivery systems, the bank is adequately positioned to deliver financial services to both of its assessment areas.

For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credit needs of its customers, and the bank appeared capable of meeting the credit needs of its assessment areas based on its available resources and financial products. As of June 30, 2018, the bank reported total assets of \$106.3 million. As of the same date, loans and leases outstanding were \$64.3 million (60.1 percent of total assets), and deposits totaled \$96.8 million. The bank's loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans as of June 30, 2018		
Credit Category	Amount (\$000s)	Percentage of Total Loans
Construction and Development	\$5,719	8.9%
Commercial Real Estate	\$10,181	15.8%
Multifamily Residential	\$354	0.6%
1-4 Family Residential	\$34,753	54.1%
Farmland	\$5,268	8.2%
Farm Loans	\$4	0.0%
Commercial and Industrial	\$4,477	7.0%
Loans to Individuals	\$3,162	4.9%
Total Other Loans	\$344	0.5%
TOTAL	\$64,262	100%

As indicated in the table above, a significant portion of the bank's lending resources is directed to loans secured by 1-4 family residential properties.

The bank received a Satisfactory rating at its previous CRA evaluation conducted on July 7, 2014, by this Reserve Bank.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Bank of Cadiz and Trust Company meets the standards for a Satisfactory rating under the small bank procedures, which evaluate bank performance under the following five criteria as applicable.

Loan-to-Deposit (LTD) Ratio

One indication of the bank’s overall level of lending activity is its LTD ratio. The table below displays the bank’s average LTD ratio compared to that of regional peers. The average LTD ratio represents a 16-quarter average, dating back to the bank’s last CRA evaluation.

LTD Ratio Analysis			
Name	Headquarters	Asset Size (\$000s) on June 30, 2018	Average LTD Ratio
Bank of Cadiz and Trust Company	Cadiz, Kentucky	\$106,301	65.8%
Regional Banks	Fredonia, Kentucky	\$80,007	83.5%
	Hopkinsville, Kentucky	\$219, 122	85.1%
	Murray, Kentucky	\$310,101	68.7%

Based on data from the previous table, the bank’s level of lending is below that of other banks in the region. During the review period, the bank’s quarterly LTD ratio experienced a generally decreasing trend, with a 16-quarter average of 65.8 percent. Comparatively, the average LTD ratios for the regional peers were higher and had generally stable or increasing trends. Notably, lending opportunities for 1–4 family residential real estate loans in the Christian County part of the Clarksville MSA assessment area are limited due to high levels of rental housing units and the poverty level. Considering that the bank’s key loan product by dollar amount is 1–4 family residential real estate loans, coupled with the aforementioned lending constraints, the average LTD ratio is considered reasonable.

Assessment Area Concentration

For the loan activity reviewed as part of this evaluation, the following table displays the number and dollar volume of loans inside and outside the bank’s assessment areas.

Lending Inside and Outside of Assessment Areas						
January 1, 2015 through December 31, 2017						
Loan Type	Inside Assessment Areas		Outside Assessment Areas		TOTAL	
HMDA	131	93.6%	9	6.4%	140	100%
	\$12,735	96.0%	\$534	4.0%	\$13,269	100%
TOTAL LOANS	131	93.6%	9	6.4%	140	100%
	\$12,735	96.0%	\$534	4.0%	\$13,269	100%

A substantial majority of HMDA loans were made in the bank’s assessment areas. As shown in the preceding table, 93.6 percent of the total HMDA loans were made inside the assessment areas, accounting for 96.0 percent of the dollar volume of total loans.

Loan Distribution by Borrower’s Profile

As shown in the following table, the bank’s overall performance by borrower’s income profile is excellent, based on the analysis of lending in the bank’s assessment areas.

Assessment Area	Loan Distribution by Borrower’s Profile
Clarksville MSA	Excellent
Calloway County	Below
OVERALL	EXCELLENT

As previously stated, the Calloway County assessment area was reviewed using limited-scope review procedures. Therefore, lending performance to LMI borrowers in Calloway County was compared directly to bank performance in the Clarksville MSA assessment area. The borrower distribution performance in Calloway County is below that of the Clarksville MSA; however, performance in the limited-scope assessment area did not affect the overall conclusion.

Additional details regarding the loan distribution by borrower’s profile are included later in this evaluation under the sections applicable to individual assessment area analysis.

Geographic Distribution of Loans

As displayed in the following table, the bank’s overall distribution of lending by income level of census tract reflects poor penetration throughout the bank’s assessment areas.

Assessment Area	Geographic Distribution of Loans
Clarksville MSA	Poor
Calloway County	Consistent With
OVERALL	POOR

As noted previously, the Calloway County assessment area was reviewed under the limited-scope review procedures. Therefore, lending performance to LMI geographies in Calloway County were compared directly to the performance in the Clarksville MSA assessment area. As shown above, the geographic distribution of loans in the Clarksville MSA is poor. Furthermore, the geographic distribution in the Calloway County assessment area is consistent with the performance in the Clarksville MSA assessment area.

Responses to Complaints

No CRA-related complaints were filed against the bank during this review period (July 7, 2014–September 23, 2018).

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Based on findings from the Consumer Affairs examination, including a fair lending analysis performed under Regulation B – Equal Credit Opportunity and the Fair Housing Act requirements, conducted concurrently with this CRA evaluation, no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

PARTIAL CLARKSVILLE, TENNESSEE-KENTUCKY MSA ASSESSMENT AREA

(Full-Scope Review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE CLARKSVILLE MSA ASSESSMENT AREA

Bank Structure

The bank operates four of its five offices (80.0 percent) in this assessment area, including a drive-up facility. The main office located in Cadiz, Kentucky, a city within Trigg County. Of the four offices, one is located in a low-income census tract and three are located in middle-income census tracts. Each of the branches in the assessment area have cash-dispensing ATMs. In addition, the bank has three stand-alone ATMs in the assessment area: two in Cadiz and one in Hopkinsville. All three stand-alone ATMs are located in middle-income census tracts. Since the previous examination, the bank did not open or close any branch offices in this assessment area. Based on its branch network and other service delivery systems, the bank is well positioned to deliver financial services to substantially all of the assessment area.

General Demographics

The assessment area is comprised of Trigg and Christian Counties in their entirety, which are located in the Kentucky portion of the Clarksville MSA. As of the 2015 U.S. Census, the assessment area population was 88,409. Of the seven FDIC-insured depository institutions with a branch presence in this assessment area, the bank ranked fifth in deposit market share, encompassing 7.6 percent of total deposit dollars.

Credit needs in the assessment area vary and include a mix of consumer, business, and agricultural loan products. Other particular credit needs in the assessment area, noted primarily from community contacts, include loan programs designed to make 1–4 family residential real estate loans more accessible to the elderly. Additionally, contacts noted a need for financing new small businesses, particularly for businesses with minimal financial history.

Income and Wealth Demographics

The bank's assessment area consists of the 24 census tracts comprising Trigg and Christian Counties. The following table displays the number and family population of the census tracts within the assessment area in each income category.

Assessment Area Demographics by Geography Income Level						
Dataset	Low-	Moderate-	Middle-	Upper-	Unknown	TOTAL
Census Tracts	2	5	10	3	4	24
	8.3%	20.8%	41.7%	12.5%	16.7%	100%
Family Population	1,587	4,976	11,766	3,892	0	22,221
	7.1%	22.4%	52.9%	17.5%	0.0%	100%

As shown above, the largest portion of the assessment area family population resides in middle-income census tracts. However, a significant portion of the family population lives in LMI census tracts.

Based on 2015 U.S. Census data, the median family income for the assessment area was \$47,972. At the same time, the median family income for the entire Clarksville MSA was \$53,918. More recently, the FFIEC estimates the entire Clarksville MSA median family income to be \$55,400 in 2015, \$57,300 in 2016, and \$55,800 in 2017. The following table displays population percentages of assessment area families by income level compared to the entire Clarksville MSA family population as a whole.

Family Population by Income Level					
Dataset	Low-	Moderate-	Middle-	Upper-	TOTAL
Assessment Area	5,459	4,460	4,643	7,659	22,221
	24.6%	20.1%	20.9%	34.5%	100%
Clarksville MSA	13,477	12,358	14,682	26,350	66,867
	20.2%	18.5%	22.0%	39.4%	100%

As shown in the table above, 44.7 percent of families within the assessment area were considered LMI, which is higher than the LMI family percentage of 38.7 percent in the Clarksville MSA as a whole. The percentage of families living below the poverty level in the assessment area is 14.8 percent, while the Clarksville MSA as a whole has 13.1 percent of families below the poverty level. Considering these factors, the assessment area is less affluent than the Clarksville MSA as a whole.

Housing Demographics

As displayed in the following table, homeownership in the assessment area appears to be more affordable compared to the Clarksville MSA as a whole. However, the percentage of owner-occupied housing units in the assessment area (45.7 percent) is slightly lower than the MSA as a whole (49.9 percent). Low percentages of owner-occupied housing units is likely due, in part, to the Fort Campbell Army Base, which is located on the Kentucky-Tennessee border south of Hopkinsville, Kentucky, and occupies southern portions of Christian and Trigg counties.

Housing Demographics			
Dataset	Median Housing Value	Affordability Ratio	Median Gross Rent (Monthly)
Assessment Area	\$110,335	36.5%	\$741
Clarksville MSA	\$137,491	33.9%	\$837

The median housing value for the assessment area is \$110,335, which is below the MSA value of \$137,491. A potential cause of this difference is that housing stock in the assessment area is significantly older than that of the MSA as a whole. The median home age in the assessment area is 42 years, compared to 26 years for the MSA. In addition, the median gross rent for the assessment area of \$741 per month is more affordable compared to \$837 per month in the MSA. Although housing appears to be more affordable in the assessment area than the MSA, when considering income and poverty levels, housing still appears to be difficult to afford. While the affordability ratio of 36.5 percent is slightly higher than that of the MSA rate of 33.9 percent, it is still low enough to indicate that LMI families may have difficulty purchasing homes.

Industry and Employment Demographics

The assessment area economy is supported by various industries, including manufacturing and service-oriented industries. According to the U.S. Census Bureau’s 2016 County Business Patterns, there are 26,262 paid employees in the assessment area. By percentage of employees, the three largest job categories in the assessment area are manufacturing (27.3 percent), retail trade (14.1 percent), and healthcare and social services (12.9 percent). The table below details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area compared to the state of Kentucky.

Unemployment Levels for the Assessment Area		
Time Period (Annual Average)	Assessment Area	Kentucky
2014	7.5%	6.5%
2015	6.3%	5.3%
2016	5.9%	5.0%
2017	6.1%	5.0%

As shown above, unemployment levels for the assessment area and the state of Kentucky have shown a relatively stable trend; however, the unemployment levels in the assessment area have consistently been higher than unemployment levels for the state.

Community Contact Information

Information from two community contact interviews was used to help shape the performance context in which the bank’s activities in this assessment area were evaluated. Of these community contact interviews, one was with an individual specializing in small business and economic development and one was with an individual representing an organization that provides social services. One contact noted that the Great Recession affected the assessment area greatly, so the

four counties that comprise Southwestern Kentucky began pursuing a joint economic development strategy. The joint effort has been effective since a large portion of the population commute to other counties for work. Both contacts classified the assessment area's economic condition as improving during the last few years, which they credited to the major local industries and the overall improving national economy. Contacts noted that the Southwestern Kentucky region has not seen any major employers enter the market over the last five years, with economic growth consisting primarily of existing businesses expanding. As the area grows, economic developers and civic groups are attempting to rebrand the region as more friendly to young professionals.

Although the region's economic conditions have improved, one contact acknowledged that the biggest credit needs in the area include loan programs designed to make 1–4 family residential real estate loans more accessible to the elderly and financial literacy initiatives. The other contact noted the most significant barriers to starting small businesses are low credit scores and lack of collateral. A community contact suggested local banks could invest in large-scale development projects and offer loans (for purchases and improvements) specifically within urban communities that have struggled to spur investment in their neighborhoods. Despite these needs, both contacts stated that banks do a good job of providing credit to the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN THE CLARKSVILLE MSA ASSESSMENT AREA

The bank’s Lending Test rating in the Clarksville MSA assessment area is Satisfactory. Overall, the bank’s distribution by borrower’s profile reflects excellent penetration among borrowers of different income levels. Conversely, the geographic distribution of loans reflects poor penetration throughout the assessment area.

Loan Distribution by Borrower’s Profile

The bank’s loan distribution by borrower’s profile is excellent, based on performance from the HMDA loan category.

HMDA loans were reviewed to determine the bank’s lending levels to borrowers of different income levels. Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the applicable median family income as estimated by the FFIEC (\$55,800 for the Clarksville MSA as a whole for 2017). The following table shows the distribution of HMDA loans by borrower income level compared to family population income demographics for the assessment area, as well as 2015, 2016, and 2017 HMDA aggregate data.

Distribution of Loans Inside Assessment Area by Borrower Income												
January 1, 2015 through December 31, 2017												
	Borrower Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Home Purchase	0	0.0%	10	18.5%	11	20.4%	21	38.9%	12	22.2%	54	100%
Refinance	5	13.9%	3	8.3%	8	22.2%	17	47.2%	3	8.3%	36	100%
Home Improvement	13	36.1%	9	25.0%	4	11.1%	8	22.2%	2	5.6%	36	100%
Multifamily	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	100.0%	1	100%
TOTAL HMDA	18	14.2%	22	17.3%	23	18.1%	46	36.2%	18	14.2%	127	100%
Family Population	24.6%		20.1%		20.9%		34.5%		0.0%		100%	
2015 HMDA Aggregate	5.3%		15.3%		20.2%		35.5%		23.7%		100%	
2016 HMDA Aggregate	5.3%		15.3%		21.6%		31.4%		26.4%		100%	
2017 HMDA Aggregate	4.7%		14.6%		21.7%		33.4%		25.6%		100%	

As displayed in the table above, the bank’s percentage of lending to low-income borrowers of 14.2 percent is below the low-income family population figure of 24.6 percent but compares favorably when considering the aggregate lending data over the period reviewed. While the bank’s lending is below the demographic performance, the comparison does not take into account the elevated level of rental units in Christian County (45.3 percent) and the level of poverty in the assessment area (14.8 percent). Considering the elevated levels of rental housing units and poverty, the opportunities to originate residential real estate loans using traditional financing are limited in Christian County.

Given this context and the bank’s favorable comparison to aggregate lending to low-income borrowers in all three years, the bank’s performance is considered excellent.

Similarly, the bank’s level of lending to moderate-income borrowers of 17.3 percent is below the moderate-income family population percentage of 20.1 percent but is commensurate to the aggregate lending data for the period, reflecting reasonable performance. Overall, the bank’s combined lending distribution to LMI borrowers of 31.5 percent compared favorably to combined aggregate lending data for all three years; therefore, bank performance is considered excellent.

Geographic Distribution of Loans

As noted in the *Description of Institution’s Operations in the Clarksville MSA Assessment Area* section, the assessment area contains two low-income census tracts, five moderate-income census tracts, ten middle-income census tracts, three upper-income census tracts, and four unknown-income census tracts. This represents a decrease in moderate-income census tracts from prior to 2017, where there was 1 low-income census tract, 7 moderate-income census tracts, 12 middle-income census tracts, 0 upper-income census tracts, and 4 unknown-income census tracts. Given the change that occurred in the middle of the review period, the geographic distribution of 2015–2016 HMDA loans and 2017 HMDA loans was reviewed separately.

Overall, the bank’s geographic distribution of loans reflects poor dispersion throughout the assessment area, based on the HMDA loan category. The following table displays the geographic distribution of 2015 and 2016 HMDA loans compared to owner-occupied housing demographics and HMDA aggregate data for that time period.

Distribution of Loans Inside Assessment Area by Income Level of Geography												
January 1, 2015 through December 31, 2016												
	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Home Purchase	0	0.0%	3	7.7%	36	92.3%	0	0.0%	0	0.0%	39	100%
Refinance	0	0.0%	0	0.0%	23	100.0%	0	0.0%	0	0.0%	23	100%
Home Improvement	0	0.0%	0	0.0%	25	100.0%	0	0.0%	0	0.0%	25	100%
Multifamily	0	0.0%	0	0.0%	1	100.0%	0	0.0%	0	0.0%	1	100%
TOTAL HMDA	0	0.0%	3	3.4%	85	96.6%	0	0.0%	0	0.0%	88	100%
Owner-Occupied Housing	2.7%		23.4%		73.9%		0.0%		0.0%		100%	
2015 HMDA Aggregate	0.4%		23.6%		75.9%		0.0%		0.0%		100%	
2016 HMDA Aggregate	1.1%		24.3%		74.6%		0.0%		0.0%		100%	

The bank made zero loans in low-income census tracts during 2015 and 2016. The percentage of owner-occupied housing in low-income census tracts in the assessment area for 2015–2016 was 2.7 percent. Although the bank’s performance in low-income census tracts is below the demographic

data, it is commensurate to aggregate lending performance levels in 2015 and 2016. Therefore, bank performance in low-income geographies for 2015 and 2016 is considered reasonable.

Similarly, the bank’s performance in moderate-income census tracts of 3.4 percent was significantly below the percentage of owner-occupied housing in moderate-income census tracts of 23.4 percent. In addition, the bank’s performance in moderate-income census tracts does not compare favorably to aggregate lending data for 2015 and 2016. Therefore, the bank’s performance in moderate-income geographies for 2015 and 2016 is very poor.

The following table displays the geographic distribution of 2017 HMDA loans compared to owner-occupied housing demographics and HMDA aggregate data for that time period.

Distribution of Loans Inside Assessment Area by Income Level of Geography												
January 1, 2017 through December 31, 2017												
	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Home Purchase	1	6.7%	0	0.0%	11	73.3%	3	20.0%	0	0.0%	15	100%
Refinance	1	7.7%	2	15.4%	10	76.9%	0	0.0%	0	0.0%	13	100%
Home Improvement	0	0.0%	0	0.0%	11	100.0%	0	0.0%	0	0.0%	11	100%
Multifamily	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	100%
TOTAL HMDA	2	5.1%	2	5.1%	32	82.1%	3	7.7%	0	0.0%	39	100%
Owner-Occupied Housing	4.8%		8.4%		64.8%		22.0%		0.0%		100%	
2017 HMDA Aggregate	3.0%		5.7%		68.2%		23.1%		0.1%		100%	

The bank made two loans in low-income census tracts during 2017, which represents 5.1 percent of all HMDA lending in 2017. The percentage of owner-occupied housing in low-income census tracts in the assessment area for 2017 was 4.8 percent. Bank performance in low-income census tracts is similar to the demographic data and compares favorably to aggregate lending performance levels in 2017. Therefore, bank performance in low-income geographies for 2017 is considered reasonable.

The bank’s performance in moderate-income census tracts of 5.4 percent was below the percentage of owner-occupied housing in moderate-income census tracts of 8.4 percent. Conversely, the bank’s performance in moderate-income census tracts is commensurate to aggregate lending data for 2017. Therefore, the bank’s geographic distribution of HMDA loans in moderate-income census tracts is reasonable.

When considering the bank’s combined geographic distribution to LMI geographies over the entire review period (3.4 percent for 2015–2016 and 10.2 percent for 2017) in relation to demographic and aggregate performance, the bank’s overall performance for geographic distribution is considered poor.

NONMSA KENTUCKY ASSESSMENT AREA

(Limited-Scope Review)

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE CALLOWAY COUNTY ASSESSMENT AREA

This assessment area includes the entirety of Calloway County, Kentucky. The bank operates one branch office in this assessment area, which is located in Murray, Kentucky. The tables below detail key demographics relating to this assessment area.

Assessment Area Demographics by Population Income Level					
Demographic Type	Population Income Level				TOTAL
	Low	Moderate	Middle	Upper	
Family Population	1,574	1,259	1,469	4,259	8,561
	18.4%	14.7%	17.2%	49.7%	100%
Household Population	4,260	1,796	2,278	6,500	14,834
	28.7%	12.1%	15.4%	43.8%	100%

Assessment Area Demographics by Geography Income Level						
Dataset	Geography Income Level					TOTAL
	Low	Moderate	Middle	Upper	Unknown	
Census Tracts	0	2	4	3	0	9
	0.0%	22.2%	44.4%	33.3%	0.0%	100%
Family Population	0	1,696	2,870	3,995	0	8,561
	0.0%	19.8%	33.5%	46.7%	0.0%	100%
Household Population	0	4,182	4,908	5,744	0	14,384
	0.0%	28.2%	33.1%	38.7%	0.0%	100%

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE CALLOWAY COUNTY ASSESSMENT AREA

Overall, the bank’s Lending Test performance in this assessment area is below the bank’s Lending Test performance in the Clarksville MSA assessment area. The Calloway County assessment area was reviewed using limited-scope review procedures and received less weight in determining the overall rating. Notably, borrower distribution was weighted more heavily than geographic distribution based on the levels of LMI borrowers relative to the levels of LMI geographies in the assessment area. The bank’s performance in the Calloway County assessment area is detailed in the table below. See the tables in *Appendix A* for more detailed information relating to the bank’s Lending Test performance in this assessment area.

Lending Test Criteria	Performance
Distribution of Loans by Borrower’s Profile	Below
Geographic Distribution of Loans	Consistent
OVERALL	Below

**LENDING PERFORMANCE TABLES FOR
LIMITED-SCOPE REVIEW ASSESSMENT AREAS**

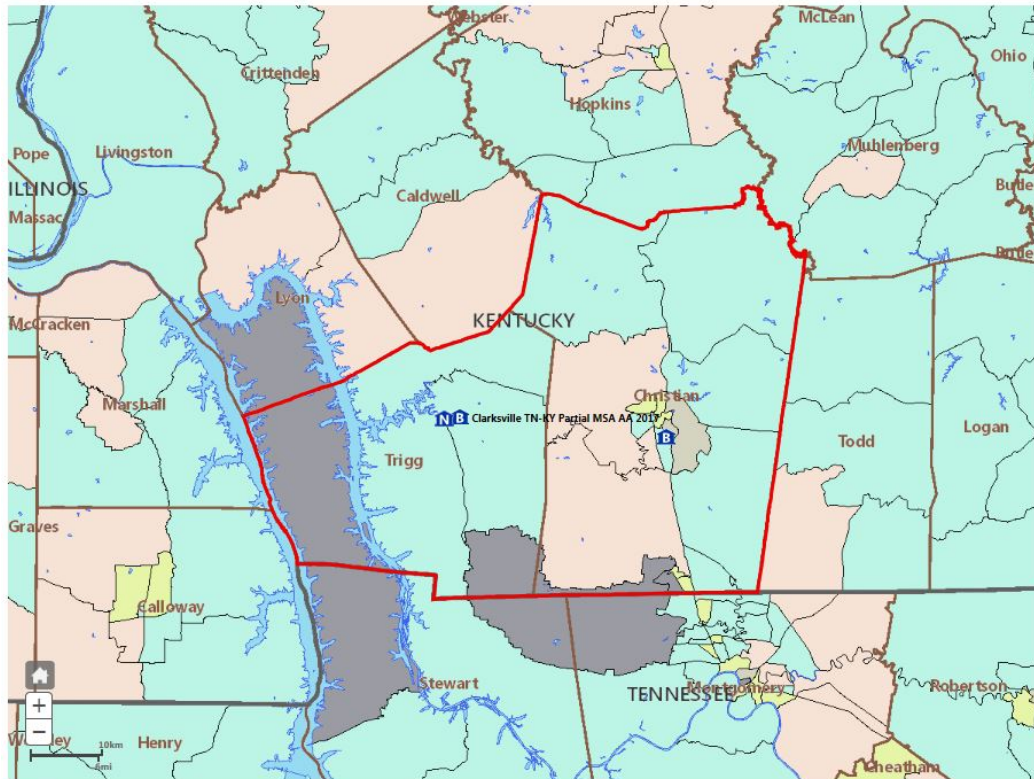
Calloway County, Kentucky Assessment Area

Distribution of Loans Inside Assessment Area by Borrower Income												
January 1, 2015 through December 31, 2017												
	Borrower Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Home Purchase	0	0.0%	0	0.0%	0	0.0%	2	100.0%	0	0.0%	2	100%
Refinance	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	100.0%	1	100%
Multifamily	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	100.0%	1	100%
TOTAL HMDA	0	0.0%	0	0.0%	0	0.0%	2	50.0%	2	50.0%	4	100%
Family Population	18.4%		14.7%		17.2%		49.7%		0.0%		100%	
2015 HMDA Aggregate	3.4%		12.3%		18.8%		48.5%		17.0%		100%	
2016 HMDA Aggregate	3.3%		11.9%		21.1%		45.6%		18.1%		100%	
2017 HMDA Aggregate	2.5%		12.9%		20.7%		47.3%		16.6%		100%	

Distribution of Loans Inside Assessment Area by Income Level of Geography												
January 1, 2015 through December 31, 2017												
	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Home Purchase	0	0.0%	0	0.0%	2	100.0%	0	0.0%	0	0.0%	2	100%
Refinance	0	0.0%	0	0.0%	1	100.0%	0	0.0%	0	0.0%	1	100%
Multifamily	0	0.0%	0	0.0%	0	0.0%	1	100.0%	0	0.0%	1	100%
TOTAL HMDA	0	0.0%	0	0.0%	3	75.0%	1	25.0%	0	0.0%	4	100%
Owner-Occupied Housing	0.0%		11.4%		37.4%		51.2%		0.0%		100%	
2015 HMDA Aggregate	0.0%		0.0%		54.3%		45.7%		0.0%		100%	
2016 HMDA Aggregate	0.0%		0.0%		52.9%		47.1%		0.0%		100%	
2017 HMDA Aggregate	0.0%		11.3%		40.0%		48.7%		0.0%		100%	

ASSESSMENT AREAS DETAIL

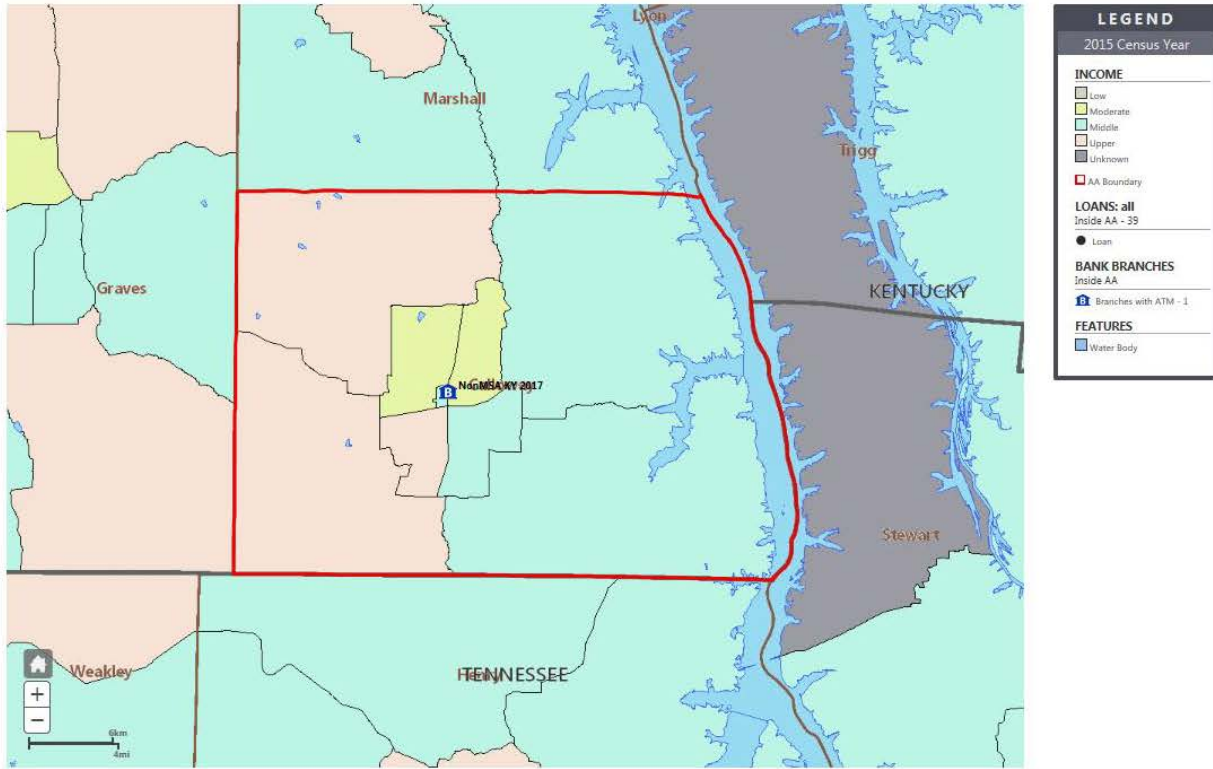
Bank of Cadiz & Trust Co - Cadiz, KY
 Clarksville TN-KY Partial MSA AA 2017



LEGEND	
2015 Census Year	
INCOME	
[Light Green]	Low
[Yellow]	Moderate
[Light Blue]	Middle
[Light Orange]	Upper
[Grey]	Unknown
[Red Line]	AA Boundary
LOANS: all	
[Black Dot]	Inside AA - 2
BANK BRANCHES	
Inside AA	
[Blue Building]	Branches with ATM - 2
[Light Blue Building]	Limited Service without ATM - 1
[Dark Blue Building]	Main Office with ATM - 1
FEATURES	
[Blue Area]	Water Body

PE Map

Bank of Cadiz & Trust Co - Cadiz, KY
 NonMSA KY AA 2017



PE Map

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.

Assessment area: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

Census tract: A small subdivision of metropolitan and nonmetropolitan counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community contact: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

Community development: An activity associated with one of the following five descriptions: (1) affordable housing (including multifamily rental housing) for low- and moderate-income (LMI) individuals; (2) community services targeted to low- or moderate-income individuals; (3) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; (4) activities that revitalize or stabilize LMI geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or (5) Neighborhood Stabilization Program (NSP) eligible activities in areas with HUD-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate-, and middle-income individuals and geographies.

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.

Demographics: The statistical characteristics of human populations (such as age, race, sex, income, etc.) used especially to identify markets.

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan 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 nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

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

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders who do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

Household: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing affordability ratio: Is calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

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

Appendix C (continued)

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

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

Median family income: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

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

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

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

Nonmetropolitan statistical area (nonMSA): Not part of a metropolitan area (see metropolitan area).

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

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

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

Performance criteria: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

Performance evaluation (PE): A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

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

Rated area: A rated area is a state or 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.

Small businesses/small farms: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were \$1 million or less.

Small loan(s) to business(es): That is, "small business loans" are included in 'loans to small businesses' as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are secured either by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

Underserved middle-income geography: A middle-income, nonmetropolitan geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate 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.