



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

May 13, 2003

Community Reinvestment Act Performance Evaluation

**Whitaker Bank, N.A.
Charter Number: 22246**

**2001 Pleasant Ridge Drive
Lexington, Kentucky 40509**

Office of the Comptroller of the Currency

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

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Overall CRA Rating

Institution’s CRA Rating: This institution is rated “**Satisfactory**”.

The following table indicates the performance level of **Whitaker Bank, N.A.** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Whitaker Bank, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			
Low Satisfactory	X	X	X
Needs to Improve			
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- Lending levels are adequate.
- The geographic distribution of loans among geographies is adequate.
- The distribution of Whitaker’s loans among borrowers of different income levels is good. This demonstrates a good responsiveness to addressing identified credit needs.
- Flexible lending practices have a positive impact on the Lending Test.
- Community development lending has a positive impact on the Lending Test.
- Investment activity reflects an adequate responsiveness to identified community needs.
- The accessibility of Whitaker’s delivery systems to the geographies and individuals of different income levels is adequate. The bank’s performance in providing community development services is adequate.

Definitions and Common Abbreviations

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

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

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Block Numbering Area (BNA): A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts 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 Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet 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; or, activities that revitalize or stabilize low- or moderate-income geographies.

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

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

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also

include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male household and no wife present) or 'female householder' (a family with a female householder and no husband present).

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

Geography: A census tract or a block numbering area 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 offices in a metropolitan 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: such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

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

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

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

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

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

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

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

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

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA 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.

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

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

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. 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): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

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

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

Description of Institution

Whitaker Bank, N.A. (Whitaker) is a community bank headquartered in Lexington, Kentucky. It is an intrastate bank with 18 branch offices located in the State of Kentucky. Whitaker is a wholly owned subsidiary of Whitaker Bank Corporation of Kentucky (WBCK), also headquartered in Lexington, Kentucky, with total assets of approximately \$1.2 billion. WBCK is a bank holding company for six banks located in the State of Kentucky. It provides commercial, retail, and trust banking services. As of December 31, 2002, Whitaker reported total assets of \$545 million.

Merger activity has occurred since the previous CRA Public Evaluation dated January 20, 1998, when Whitaker was rated "Satisfactory". In September 2002, WBCK merged two affiliated banks into Whitaker. The banks were Powell County Bank and Trust and the Bank of Whitesburg. The banks were located in Powell and Letcher Counties, respectively.

Whitaker is a full service lender offering various loan and deposit products. Whitaker offers home mortgage loans, home improvement loans, consumer loans, and a full range of business and agricultural loans. However, its primary business focus is commercial and residential real estate lending. As of December 31, 2002, net loans represented 81 percent of total assets and consisted of real estate loans (78 percent), consumer loans (13 percent), commercial loans (8 percent), and other loans (1 percent).

There are no legal, financial, or other factors impeding Whitaker's ability to help meet the credit needs of the communities it serves. As of December 31, 2002, Whitaker reported Tier One capital of \$37 million.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period is from January 21, 1998 through December 31, 2002. However, Whitaker didn't become subject to the large bank CRA performance standards until January 1, 2002. Prior to this date, they were subject to the small bank CRA performance standards and weren't required to collect loan data with the exception of home mortgage loans as required by HMDA. Whitaker has maintained branch offices in a metropolitan statistical area (MSA) since the last CRA examination and therefore was subject to the reporting requirements of HMDA. Whitaker didn't maintain 1998 and 1999 home mortgage loan data in the proper format; therefore, it couldn't be used for analysis purposes. See the section titled "Data Integrity" for further information. Additionally, Whitaker wasn't subject to the Investment and Service Test prior to January 1, 2002. Our analysis mainly focused on home mortgage loan data from January 1, 2000 through December 31, 2002, small loans to businesses and farms from January 1, 2002 through December 31, 2002, and community development (CD) loans, the Investment Test, and Services Test from January 1, 2002 through December 31, 2002. However, we did consider qualified investments, CD services, and CD loans for the entire evaluation period.

Data Integrity

We tested Whitaker's publicly filed information for home mortgage loans (2000, 2001, and 2002 loan data) and small loans to businesses and farms (2002 loan data) for accuracy as part of this CRA evaluation. Whitaker was unable to provide us home mortgage loan data for 1998 and 1999 because the data wasn't retained in the proper format. Therefore, it couldn't be utilized for analysis purposes. Our review of the home mortgage loan data revealed significant errors pertaining to borrower income and improper geo-coding of loans. Our review of the small loans to businesses and farms revealed significant errors pertaining to improper geo-coding of loans and reporting of loans that did not meet the definition of small loans to businesses and farms. Whitaker was able to isolate the sources of the errors and corrected the data. Therefore, we were able to utilize the small loans to businesses and farms loan data and the home mortgage loan data for 2000, 2001, and 2002.

We also reviewed reported CD loans, qualified investments, and CD services that were submitted by Whitaker to verify they met the regulatory definition of CD. Some of the CD activities submitted by Whitaker did not meet the definition of CD. We excluded these activities from our review.

Selection of Areas for Full-Scope Review

Whitaker has two assessments areas (AAs) consisting of a portion of the Lexington, Kentucky MSA # 4280 and Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties. Both of these AAs were chosen for a full scope review. Refer to Appendix A for additional information.

Ratings

Whitaker's overall rating is a blend of performance from both full-scope AAs. We placed more weight on the full-scope AA of Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties because this AA has the largest percentages of the bank's deposits, branches, and loans originated/purchased.

Other

We contacted community representatives to assist in developing a market profile for both full-scope AAs. We contacted representatives from three housing agencies, two small business development centers, three chambers of commerce, one industrial authority, and a non-profit organization that is the governing body for the Lexington Enterprise Zone. We determined the opportunities for qualified investments, CD loans, and CD services are moderate in the Lexington, Kentucky MSA # 4280. However, opportunities for qualified investments other than donations and grants are somewhat limited due to competition from larger banks. The opportunities to make CD loans, qualified investments, and to provide CD services are limited in the AA of Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties. Refer to the Market Profiles in Appendix B for detailed information on AA needs.

Fair Lending Review

We found no evidence of illegal discrimination or other illegal credit practices.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Lexington, Kentucky MSA # 4280 and the AA of Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties is good and adequate, respectively.

Lending Activity

Refer to Table 1 Lending Volume for the facts and data used to evaluate the bank's lending activity.

Whitaker's lending activity in the AAs of the Lexington, Kentucky MSA # 4280 and Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties is adequate. Small loans to businesses and farms market share data for 2001 was not available for the above AAs because Whitaker was not required to collect this data until January 1, 2002.

In the AA of the Lexington, Kentucky MSA # 4280, 68 percent, 26 percent, 3 percent, and 3 percent of loans originated/purchased were home mortgage loans, small loans to businesses, small loans to farms, and CD loans, respectively. In the AA of Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties, 67 percent, 22 percent, and 11 percent of the loans originated/purchased were home mortgage loans, small loans to businesses, and small loans to farms, respectively. CD loans represented less than 1 percent of total loans.

Among home mortgage loans in the AA of the Lexington, Kentucky MSA # 4280, 42 percent, 20 percent, 36 percent, and 2 percent were home purchase, home improvement, home mortgage refinance, and multifamily loans, respectively. In the AA of Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties, 33 percent, 39 percent, 27 percent, and 1 percent were home purchase, home improvement, home mortgage refinance, and multifamily loans, respectively.

In the AA of the Lexington, Kentucky MSA # 4280, Whitaker's lending activity is adequate given its deposit market share, especially considering the large number of lending competitors in the area. Whitaker ranks 11th in terms of depository institutions with a 3 percent market share. According to 2001 aggregate HMDA data, Whitaker was the 69th, 14th, and 58th largest originator/purchaser of home purchase, home improvement, and home mortgage refinance loans with a 0.2 percent, 1.6 percent, and 0.3 percent market share, respectively. While Whitaker's market share of home purchase, home improvement, and home mortgage

refinance loans was lower than its deposit market share, we considered the performance adequate given the large number (approximately 60) of mortgage lenders within this AA.

In the AA of Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe counties, Whitaker's lending activity is adequate given its deposit market share. Whitaker ranks 1st in terms of depository institutions with a 34 percent market share. According to 2001 aggregate HMDA data, Whitaker was the largest originator/purchaser of home purchase and home improvement loans and the second largest originator/purchaser of home mortgage refinance loans with a 15.8 percent, 48.9 percent, and 12.5 percent market share, respectively.

Distribution of Loans by Income Level of the Geography

The geographic distribution of Whitaker's home mortgage loans and small loans to businesses and farms in the Lexington, Kentucky MSA # 4280 and the AA of Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties is good and adequate, respectively. The number of multifamily loans originated in these two AAs and the number of small loans to farms originated in the Lexington, Kentucky MSA # 4280 were not significant enough to perform a meaningful analysis.

In evaluating the geographic distribution of loans for the Lexington, Kentucky MSA # 4280, we considered that five of the seven branch offices in this AA are not full service branches, as bank personnel in these locations do not have lending authority. The loan volume generated from these five branches is virtually non-existent. The bank's two full service branches are located in the eastern part of the county, which are not in close proximity to low- and moderate-income geographies. We also considered there is tremendous competition for loans in this AA. There are 17 other financial institutions, with 85 branch offices, located in Fayette County. Refer to the Market Profile section in Appendix B for additional information.

In the Lexington, Kentucky MSA # 4280, we placed more weight on the distribution of home purchase loans, then small loans to businesses, and then home mortgage refinance loans because they represent the largest percentage of loans originated/purchased within the AA. In the AA of Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties, we placed more weight on the distribution of home improvement loans, then home purchase loans, and then small loans to businesses because they represent the largest percentage of loans originated/purchased in the AA. As previously mentioned, 2001 small loans to businesses and farms market share data was not available because Whitaker was not required to collect this data until January 1, 2002.

Home Mortgage Loans

Refer to Tables 2, 3, 4 and 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

Home Purchase Loans

In the Lexington, Kentucky MSA # 4280, the geographic distribution of home purchase loans is adequate. The portion of home purchase loans in low-income geographies significantly exceeds the portion of owner-occupied housing units that are within those geographies. The portion of home purchase loans in moderate-income geographies is significantly lower than the

portion of owner-occupied housing units that are within those geographies. Whitaker did not originate any home purchase loans in low- and moderate-income geographies in 2001. Consequently, the bank's market share is 0 percent.

In the AA of Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties, the geographic distribution of home purchase loans is adequate. The portion of home purchase loans in low-income geographies equals the portion of owner-occupied housing units that are within those geographies. The bank's market share of loans in low-income geographies exceeds the bank's overall market share. The portion of home purchase loans in moderate-income geographies is significantly lower than the portion of owner-occupied housing units that are within those geographies. The bank's market share of loans in moderate-income geographies is significantly lower than the bank's overall market share.

Home Improvement Loans

In the Lexington, Kentucky MSA # 4280, the geographic distribution of home improvement loans is adequate. The portion of home improvement loans in low-income geographies equals the portion of owner-occupied housing units that are within those geographies. The portion of home improvement loans in moderate-income geographies is significantly lower than the portion of owner-occupied housing units that are within those geographies. However, due to low loan volume, the percentage difference is represented by one loan. Whitaker did not originate any home improvement loans in low- and moderate-income geographies in 2001. Consequently, the bank's market share is 0 percent.

In the AA of Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties, the geographic distribution of home improvement loans is adequate. The portion of home improvement loans in low-income geographies significantly exceeds the portion of owner-occupied housing units that are within those geographies. The bank's market share of loans in low-income geographies exceeds the bank's overall market share. The portion of home improvement loans in moderate-income geographies is significantly lower than the portion of owner-occupied housing units that are within those geographies. The bank's market share of loans in moderate-income geographies is lower than the bank's overall market share.

Home Mortgage Refinance Loans

In the Lexington, Kentucky MSA # 4280, the geographic distribution of home mortgage refinance loans is excellent. The portion of home mortgage refinance loans in low-income geographies is significantly lower than the portion of owner-occupied housing units that are within those geographies. However, due to low loan volume, the percentage difference is represented by one loan. Whitaker didn't originate any home mortgage refinance loans in low-income geographies in 2001. Consequently, the bank's market share is 0 percent. The portion of home mortgage refinance loans in moderate-income geographies significantly exceeds the portion of owner-occupied housing units that are within those geographies. The bank's market share of loans in moderate-income geographies significantly exceeds the bank's overall market share.

In the AA of Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties, the geographic distribution of home mortgage refinance loans is adequate. The portion of home mortgage refinance loans in low-income geographies is significantly lower than the portion of owner-

occupied housing units that are within those geographies. However, the bank's market share of loans in low-income geographies significantly exceeds the bank's overall market share. The portion of home mortgage refinance loans in moderate-income geographies is significantly lower than the portion of owner-occupied housing units that are within those geographies. The bank's market share of loans in moderate-income geographies is significantly lower than the bank's overall market share.

Small Loans to Businesses

Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

In the Lexington, Kentucky MSA # 4280, the geographic distribution of small loans to businesses is good. The portion of small loans to businesses in low-income geographies is lower than the portion of businesses that are within those geographies. The portion of small loans to businesses in moderate-income geographies exceeds the portion of businesses that are within those geographies.

In the AA of Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties, the geographic distribution of small loans to businesses is poor. Whitaker didn't originate any small loans to businesses in low-income geographies. However, as discussed in the Market Profile in Appendix B, the actual number of businesses located in low-income geographies is minimal. The portion of small loans to businesses in moderate-income geographies is significantly lower than the portion of businesses that are within those geographies.

Small Loans to Farms

Refer to Table 7 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

The number of originated small loans to farms in the Lexington, Kentucky MSA # 4280 was not significant enough to perform a meaningful analysis. In the AA of Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties, the geographic distribution of small loans to farms is adequate. The portion of small loans to farms in moderate-income geographies is significantly lower than the portion of farms that are within those geographies. Whitaker did not originate any small loans to farms in low-income geographies. However, this isn't a concern given that Dunn and Bradstreet data indicates only two farms are located in the two low-income geographies. .

Lending Gap Analysis

We reviewed lending activity and didn't identify any unexplained conspicuous gaps.

Inside/Outside Ratio

A majority (82 percent) of home mortgage loans originated/purchased by Whitaker during the evaluation period was within the bank's AAs. Whitaker originated/purchased 78 percent, 88 percent, 80 percent, and 90 percent of home purchase, home improvement, home mortgage refinance, and multifamily loans respectively, within all of its AAs. The bank

originated/purchased 81 percent and 86 percent of small loans to businesses and farms, respectively, within all of its AAs. All CD loans were originated within its AAs. We gave positive consideration to this record of lending within the AAs when drawing conclusions relative to the overall geographic distribution of lending by income level of geography.

Distribution of Loans by Income Level of the Borrower

The borrower distribution of Whitaker's home mortgage loans and small loans to businesses and farms reflects adequate and good dispersion among borrowers of different income levels in the Lexington, Kentucky MSA # 4280 and the AA of Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties, respectively.

In the Lexington, Kentucky MSA # 4280, we place more weight on the distribution of home purchase loans, then small loans to businesses, and then home mortgage refinance loans because they represent the largest percentage of loans originated/purchased within the AA. In the AA of Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties, we placed more weight on the distribution of home improvement loans, then home purchase loans, and then small loans to businesses because they represent the largest percentage of loans originated/purchased in the AA. As previously mentioned, 2001 small loans to businesses and farms market share data was not available because Whitaker was not required to collect this data until January 1, 2002.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

In evaluating the borrower distribution of home mortgage loans, we considered the percentage of families that live below the poverty level and the barriers this might have on home ownership.

Home Purchase Loans

In the Lexington, Kentucky MSA # 4280, Whitaker has done an adequate job of addressing the low- and moderate-income borrower credit needs for home purchase loans, an identified credit need. When assessing the bank's performance, we took into consideration the percentage of families (11 percent) that live below the poverty level. The portion of home purchase loans to low-income borrowers is significantly lower than the portion of AA families who are low income. Whitaker did not originate any home purchase loans to low-income families in 2001. Consequently, the bank's market share is 0 percent. The portion of home purchase loans to moderate-income borrowers is lower than the portion of AA families who are moderate-income. However, the bank's market share of loans to moderate-income borrowers equals its overall market share.

In the AA of Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties, Whitaker has done an adequate job of addressing the low- and moderate-income borrower credit needs for home purchase loans, an identified credit need. When assessing the bank's performance, we took into consideration the percentage of families that live below the poverty level. The percentage of families that live below the poverty level range from 15 percent in Garrard County to 41

percent in Wolfe County. The portion of home purchase loans to low-income borrowers is significantly lower than the portion of AA families who are low-income. However, the bank's market share of loans to low-income borrowers exceeds its overall market share. The portion of home purchase loans to moderate-income borrowers is lower than the portion of AA families who are moderate-income. The bank's market share of loans to moderate-income borrowers is significantly lower than its overall market share.

Home Improvement Loans

In the Lexington, Kentucky MSA # 4280, Whitaker has done an adequate job of addressing the low- and moderate-income borrower credit needs for home improvement loans, an identified credit need. When assessing the bank's performance, we took into consideration the percentage of families that live below the poverty level, as previously discussed. The portion of home improvement loans to low-income borrowers is significantly lower than the portion of AA families who are low income. However, the bank's market share of loans to low-income borrowers equals its overall market share. The portion of home improvement loans to moderate-income borrowers is lower than the portion of AA families who are moderate-income. Whitaker did not originate any home improvement loans to moderate-income families in 2001. Consequently, the bank's market share is 0 percent.

In the AA of Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties, Whitaker has done an excellent job of addressing the low- and moderate-income borrower credit needs for home improvement loans, an identified credit need. When assessing the bank's performance, we took into consideration the percentage of families that live below the poverty level, as previously discussed. The portion of home improvement loans to low-income borrowers is significantly lower than the portion of AA families who are low-income. However, the bank's market share of loans to low-income borrowers exceeds its overall market share. The portion of home improvement loans to moderate-income borrowers significantly exceeds the portion of AA families who are moderate-income. The bank's market share of loans to moderate-income borrowers exceeds its overall market share.

Home Mortgage Refinance Loans

In the Lexington, Kentucky MSA # 4280, Whitaker has done an adequate job of addressing the low- and moderate-income borrower credit needs for home mortgage refinance loans. When assessing the bank's performance, we took into consideration the percentage of families that live below the poverty level, as previously discussed. The portion of home mortgage refinance loans to low-income borrowers exceeds the portion of AA families who are low income. The bank's market share of loans to low-income borrowers significantly exceeds its overall market share. The portion of home mortgage refinance loans to moderate-income borrowers is significantly lower than the portion of AA families who are moderate-income. Whitaker did not originate any home mortgage refinance loans to moderate-income families in 2001. Consequently, the bank's market share is 0 percent.

In the AA of Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties, Whitaker has done a good job of addressing the low- and moderate-income borrower credit needs for home mortgage refinance loans. When assessing the bank's performance, we took into consideration the percentage of families that live below the poverty level, as previously discussed. The portion of home mortgage refinance loans to low-income borrowers is

significantly lower than the portion of AA families who are low-income. However, the bank's market share of loans to low-income borrowers significantly exceeds its overall market share. The portion of home improvement loans to moderate-income borrowers is lower than the portion of AA families who are moderate-income. The bank's market share of loans to moderate-income borrowers is lower than its overall market share.

Small Loans to Businesses

Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

In the Lexington, Kentucky MSA # 4280, the borrower distribution of small loans to businesses is excellent. The portion of Whitaker's loans extended to businesses with revenues of \$1 million or less significantly exceeds the portion of area businesses that have revenues of \$1 million or less.

In the AA of Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties, the borrower distribution of small loans to businesses is excellent. The portion of Whitaker's loans extended to businesses with revenues of \$1 million or less exceeds the portion of area businesses that have revenues of \$1 million or less.

Small Loans to Farms

Refer to Table 12 in the Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to farms.

The number of originated small loans to farms in the Lexington, Kentucky MSA # 4280 was not significant enough to perform a meaningful analysis. In the AA of Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties, the borrower distribution of small loans to farms is excellent. The portion of Whitaker's loans extended to farms with revenues of \$1 million or less exceeds the portion of area farms that have revenues of \$1 million or less.

Community Development Lending

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of CD lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans. CD lending has a positive impact on the Lending Test for the Lexington, Kentucky MSA # 4280 and the AA of Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties.

Lexington, Kentucky MSA # 4280

Whitaker originated five CD loans for \$18.5 million during the evaluation period. A summary of these loans is detailed below.

- Whitaker originated a \$10 million loan with proceeds used to purchase and renovate an existing shopping center located in a moderate-income geography. The shopping center

employs approximately 250 individuals with over 50 percent of the individuals considered to be low- and moderate-income. This loan assisted in revitalizing and stabilizing a moderate-income geography as it primarily employs and serves low- and moderate-income individuals.

- Whitaker originated a \$6 million loan with loan proceeds used to construct a 112-unit hotel located in a low-income geography in a designated Enterprise Zone. Low-income tax credits were obtained to help fund this project under the condition that at least 40 percent of the hotel workers hired are low-income individuals. The hotel is presently under construction and it is expected the hourly wage of employees will be \$8 per hour. This loan will assist in revitalizing and stabilizing a low-income geography, as the hotel will employ low-income individuals.
- Whitaker originated a \$1.95 million loan with proceeds used to purchase and renovate an 83-unit multifamily apartment complex located in a moderate-income geography. The rents are affordable and the tenants are mainly low- and moderate-income individuals.
- Whitaker originated two loans totaling \$544 thousand with proceeds used to construct six single-family residences in a low-income housing project known as “The Arbors”. The Lexington Fayette Urban County government sponsored the housing project.

Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties

- Whitaker originated a \$325 thousand unsecured loan to the Nicholas County Board of Health. Loan proceeds and proceeds from other sources were used to construct a new health facility. The Nicholas County Board of Health provides free medical services to approximately 1,000 low- and moderate-income individuals a year.

Product Innovation and Flexibility

Whitaker used three non-proprietary affordable mortgage loan programs to meet an identified credit need of affordable housing for low- and moderate-income individuals residing in the Lexington, Kentucky MSA # 4280 and the AA of Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties. The loan programs are through the Kentucky Housing Corporation, Resource Education and Assistance for Community Housing (REACH), and the Federal Home Loan Bank (FHLB). Flexible loan underwriting standards for the three loan programs are detailed below.

Kentucky Housing Corporation

- The use of nontraditional credit history.
- No down payment or reduced down payment costs depending upon the type of the loan.
- Second mortgage for five years to assist with down payment and closing costs.
- Below market interest rate.

REACH

- Two-year lease purchase option in which REACH buys the house and leases it to the client. Client has option to buy the house after the 2-year period has expired.

- Client may receive a second mortgage up to \$15,000 at 0 percent interest rate to serve as a principal reduction.
- Client may receive a third mortgage at 5 percent interest rate to help pay for closing costs.

FHLB

- The use of nontraditional credit history.
- Below market interest rate or 0 points.
- Grants up to \$7,500 for down payment and closing costs.

Whitaker originated four (\$276,900) Kentucky Housing Corporation loans and one (\$77,400) REACH loan in the Lexington, Kentucky MSA # 4280. They also originated nine (\$192,630) FHLB loans and one (\$68,400) Kentucky Housing Corporation loan in the AA of Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Lexington, Kentucky MSA # 4280 and the AA of Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties is adequate.

Refer to Table 13 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

Lexington, Kentucky MSA # 4280

Whitaker's volume of qualified investments and responsiveness to identified credit and non-credit needs is adequate. In drawing our conclusion relative to this AA, we placed a significant weight on the fact that opportunities to make qualified investments other than donations and grants do exist, but are somewhat limited due to competition from ten larger banks in the AA. Refer to the Market Profile in Appendix B. Whitaker made \$72 thousand of qualified investments during the evaluation period.

The primary qualified investment consisted of a three-year \$50 thousand certificate of deposit placed with the LexLinc Community Development Federal Credit Union located in Lexington, Kentucky. The credit union opened for business in November 2002. The credit union's mission "is to provide low- and moderate-income residents of Lexington a conveniently located, locally owned and democratically managed financial institution dedicated to serving the financial, banking and economic development needs of the community". It primarily serves individuals residing in the central and north central part of Lexington. It provides low cost loans, deposits, and other financial services.

Additionally, Whitaker donated \$22 thousand to 16 organizations that have a CD purpose. Whitaker made donations to organizations that provide affordable housing, assist in paying utility bills, and provide other social programs to low- and moderate-income individuals.

Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties

Whitaker's volume of qualified investments and responsiveness to identified credit and non-credit needs is adequate. In drawing our conclusion relative to this AA, we placed significant weight on the fact that opportunities to make qualified investments are limited and that opportunities for qualified investments other than donations and grants are extremely limited. Refer to the Market Profile in Appendix B. Whitaker donated \$14 thousand of qualified investments during the evaluation period.

The qualified investments consisted of donations to 46 organizations that have a CD purpose. Whitaker made donations to organizations that provide food, clothing, eyeglasses, educational activities, affordable housing rehabilitation services, adult day care, and other social programs primarily to low- and moderate-income individuals.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Lexington, Kentucky, MSA # 4280 and the AA of Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties is adequate.

Retail Banking Services

Refer to Table 14 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Whitakers' delivery systems are reasonably accessible to geographies and individuals of different income levels throughout the AAs of the Lexington, Kentucky MSA # 4280 and Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties.

Lexington, Kentucky MSA # 4280

Whitaker has seven branch offices in the Lexington, Kentucky MSA # 4280. However, only two branches are full service, freestanding structures located in middle- and upper-income geographies in the eastern part of the county. The other five branches are located in grocery stores and a shopping mall. These five branches are not full service branches, as bank personnel do not have lending authority. Any loan applications received from these five branches are sent to one of the other two branches in which the credit decision is made.

Whitaker's distribution of branches throughout low-income geographies significantly exceeds the distribution of the population living in low-income geographies. Whitaker has no branches in moderate-income geographies with this AA. However, Whitaker has met the credit needs of individuals and businesses in moderate-income geographies as evidenced by the bank's good performance in their geographic distribution of loans. There are 17 other financial institutions in Fayette County with a total of 85 branch offices, many of which serve moderate-income geographies. There were no branch closings in this AA during the evaluation period; however, there were two branch openings in middle- and upper-income geographies. Whitaker does not

offer any alternative delivery systems for providing retail-banking services to low- and moderate-income individuals. None of the bank's nine automatic teller machines (ATMs) are located in low- or moderate-income geographies.

Whitaker's hours and services offered throughout the AA are adequate. The branches located in the grocery stores and the shopping mall are open from 9:30 A.M. to 8:00 P.M. Monday through Friday and 9:30 A.M. to 4:00 P.M. on Saturdays. The two full service branches in the freestanding structures are open from 8:30 A.M. to 4:00 P.M. Monday through Thursday and until 5:00 P.M. on Fridays. They are open from 9:00 A.M. to 1:00 P.M. on Saturdays.

Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties

Whitaker has 11 full service branches in this AA. Whitaker does not have any branches in low-income geographies. However, only 2 percent of the AA's population resides in low-income geographies. Whitaker's distribution of branches throughout moderate-income geographies is lower than the distribution of the population living in moderate-income geographies. However, Whitaker has met the credit needs of individuals and businesses in moderate-income geographies as evidenced by the bank's adequate performance in its geographic distribution of loans. There were no branch closings in this AA during the evaluation period; however, there were two branch openings in moderate-income geographies.

Whitaker's hours and services offered throughout the AA are adequate. Office hours and services do not vary in a way that inconveniences its AA, particularly in low- and moderate-income geographies. Whitaker provides banking hours and services Monday through Thursday from 8:30 A.M. to 3:30 P.M. or 4:00 P.M. and until 5:00 P.M. or 6:00 P.M. on Fridays. Saturday hours are available at 10 of the 11 branch offices. There are no material differences in the services offered at branches in moderate-income geographies versus branches in middle-income geographies. There are no branches in upper-income geographies. Whitaker's ATM's network offers an alternative delivery system for providing retail-banking services to low- and moderate-income individuals and in low- and moderate-income geographies. In this AA, the percentage of full service ATMs in low- and moderate-income geographies equals the percentage of the population residing in those geographies.

Community Development Services

Whitaker's performance in providing CD services to the Lexington, Kentucky MSA # 4280 and Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties was poor and good, respectively.

Lexington, Kentucky MSA # 4280

Whitaker has not provided any CD services in this AA during the evaluation period.

Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties

Whitaker has provided a good level of CD services in response to community needs given the limited opportunities for CD services in this AA.

Whitaker's CD services have met identified needs of affordable housing and medical services primarily for low- and moderate-income individuals. Whitaker has also provided CD services relating to economic development. A summary of these CD services is detailed below.

Affordable Housing

- **Kentucky River Foothills Development Council, Inc.:** This community action agency provides a wide range of social services, including affordable housing, to low- and moderate-income individuals. A Whitaker representative assisted in applying for and obtaining a \$35 thousand grant from the FHLB for the construction of a seven unit-housing complex located in Powell County. These units are for individuals that are between 51 percent and 60 percent of the county's median income. As part of Whitaker's participation in the grant, Whitaker is required to monitor activities of the complex and file status reports regarding the use of the grant money.
- **Garrard County Habitat for Humanity:** This non-profit organization provides affordable owner occupied housing for low-income families. A Whitaker representative assisted in applying for and obtaining two separate grants from the FHLB totaling \$44 thousand. As part of the application process, the Whitaker representative gathered and provided information pertaining to county demographic data, financial information on the local Habitat chapter, information on the prospective targeted families, and housing site information. Grant proceeds were combined with proceeds from other sources to construct six single-family owner occupied houses for low-income individuals. As part of Whitaker's participation in the grant, Whitaker is required to file quarterly status reports for each housing project.
- **Welcome Home Program with the FHLB:** This program uses grants from the FHLB to create homeownership opportunities for low-income homebuyers. Grant proceeds may be used to fund down payment and closing costs associated with a home loan. Whitaker representatives assisted nine individuals in obtaining over \$55 thousand in grant money from the FHLB. In order to qualify for the grant, individual's income must be at or below 80 percent of the Department of Housing and Urban Development (HUD) median family income, individuals must contribute at least \$500 of their own funds toward down payment or closing costs, Whitaker must provide some form of measurable contribution towards the mortgage such as lower points or a reduced interest rate, and the individual must complete a homebuyer counseling program.

Social Services – Medical Services

- **Nicholas County Board of Health:** This organization's purpose is to serve the public health needs of citizens of Nicholas County. Approximately 1 thousand low- and moderate-income individuals are served each year. A Whitaker representative is a board member of this organization. As a board member, he participates in setting the public health tax on an annual basis, in setting the necessary expenditures for the major and minor repairs to the health center, and was involved in applying for and obtaining an \$800 thousand grant from the State of Kentucky for the construction of a new health facility. As part of the grant application process, he reviewed construction plans, interviewed contractors, obtained temporary financing, prepared a needs assessment, and developed cost projections.

Economic Development

- **Carlisle – Nicholas County Industrial Development Authority:** The purpose of this organization is to aid in the acquisition, retention, and development of industrial and commercial enterprises within the county to stimulate the economy and to provide job opportunities for individuals residing within the county. A Whitaker representative is a board member of this organization and he used his financial expertise to promote economic development. As a board member, he assisted in bringing in a local manufacturer, PanelMaster-Carlisle, LLC (PanelMaster), in December 2002 that is categorized as a small business by the Small Business Administration Development Company (SBDC). This company provided permanent jobs for fourteen low- and moderate-income individuals with an hourly wage of approximately \$10 per hour. This Whitaker representative assisted in applying for and obtaining an \$800 thousand Community Development Block Grant that was used to acquire the former Jockey International, Inc. facility and purchase equipment that was leased backed to PanelMaster.
- **Powell County Industrial Development Authority:** The purpose of this organization is to aid in the acquisition, retention, and development of industrial and commercial enterprises within the county to stimulate the economy and to provide job opportunities for individuals residing within the county. Two Whitaker representatives hold the position of Chairman and Secretary / Treasurer of this organization. These two individuals used their financial expertise to promote economic development by assisting in saving jobs at the Red River Hardwoods manufacturing company and by bringing in a new manufacturer (All Service Plastic Molding, Inc.). Both companies are categorized as small businesses by the SBDC. These two Whitaker representatives assisted in locating a new owner for Red River Hardwoods in 1998 when the company was having financial problems and on the verge of bankruptcy. They also assisted in applying for and obtaining a \$200 thousand forgivable loan from the Kentucky Cabinet for Economic Development. The loan is forgivable if the company provides a minimum of 40 permanent jobs by October 2004. The average hourly wage is \$8.50 per hour. Additionally, these two Whitaker representatives used their financial expertise to negotiate a building lease and government assistance for All Service Plastic Molding, Inc. This company presently employees approximately 50 low- and moderate-income individuals with an average wage of \$7.00 per hour.

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test (excludes CD Loans): Home mortgage loans – 1/1/00 to 12/31/02 Small loans to business and farms – 1/1/02 to 12/31/02 Investment and Service test and CD Loans: 1/21/1998 to 12/31/02	
Financial Institution	Products Reviewed	
Whitaker Bank, N.A. (Whitaker) Lexington, Kentucky	Home mortgage loans, small loans to businesses and farms, and CD loans.	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None	NA	NA
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties	Full-Scope	
Lexington, KY MSA # 4280 (Portion of Fayette County)	Full-Scope	

Appendix B: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

Lexington, Kentucky MSA # 4280	B-2
Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties	B-5

Lexington, Kentucky MSA # 4280

Demographic Information for Full-Scope Area: Lexington, Kentucky MSA # 4280						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	45	9%	27%	29%	33%	2%
Population by Geography	170,647	8%	27%	31%	34%	0%
Owner-Occupied Housing by Geography	36,586	4%	19%	33%	44%	0%
Businesses by Geography	14,598	5%	30%	31%	34%	0%
Farms by Geography	411	3%	14%	40%	43%	0%
Family Distribution by Income Level	42,909	21%	16%	20%	43%	0%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	15,891	14%	37%	31%	18%	0%
Median Family Income = \$32,687		Median Housing Value = \$77,673				
HUD Adjusted Median Family Income for 2002 = \$56,300		Unemployment Rate (December 2002) = 3.5%				
Households Below the Poverty Level = 15.0%						

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 1990 U.S. Census, and 2002 HUD updated MFI.

This AA consists of a portion of Fayette County, which is part of the Lexington, Kentucky MSA. The AA excludes census tracts 34.03, 34.04, 34.05, 35.01, 35.02, 37.00, 40.01, 40.02, 41.01, and 41.02. The AA also excludes Bourbon, Clark, Jessamine, Madison, Scott, and Woodford Counties, which are the other six counties in the MSA. Whitaker has seven branch offices, six full service ATMs, and three cash dispense only ATMs located in the AA. Only two branches are full service, freestanding structures, located in the eastern part of the county. The other five branches are not full service facilities, as bank personnel at these locations do not have lending authority. Any loan applications received from these five branches are sent to one of the two full service branches in which the credit decision is made. However, loans can be closed at these five branch offices. Loan volume from these five branches is virtually non-existent. The full service ATMs are located at six of the seven branch offices and the three cash dispense only ATMs are located at off premise sites.

As of June 30, 2002, 22 percent of Whitaker’s deposits were derived from this AA. Over the evaluation period, 8 percent of home mortgage loans, 10 percent of small loans to businesses, and 2 percent of small loans to farms were derived from this AA. Whitaker’s deposits in Fayette County total approximately \$95 million. Based on FDIC deposit market share data as of June 30, 2002, this equates to a 3 percent deposit market share, which ranks Whitaker as the 11th largest deposit taking institution in the MSA.

Fayette County is located in east central Kentucky. The local economy is fair to good. As of December 2002, the unemployment rate for the AA was low at 3.5 percent, compared to 5.2 percent for the State of Kentucky. Non-agricultural wage and salaried employment increased

moderately from 224,272 in 1993 to 243,805 in 2002 for the entire MSA, an increase of 9 percent. Employment within Fayette County is distributed among the services (39 percent), trade (25 percent), manufacturing (11 percent), and other (25 percent) sectors. In 2000, the average weekly earnings for all industrial groups was \$600. The major employers are University of Kentucky, Lexmark International, Inc., and Trane Company. Some large manufacturing firms have reduced their staff in recent years. These include Lexmark International, Inc., Parker Seal Company, and General Electric Company.

In Whitaker's AA, approximately 11 percent of families were living below the poverty level as of 1990. It is especially difficult for this segment of the population to afford and maintain a home.

Housing in the AA is not affordable. Based on current interest rates, the updated HUD median family income of \$56,300, and traditional lending terms, an individual who earns 50 percent of the median family income would be able to afford to purchase a \$95,000 home within the MSA. In 2002, the average sales price of a home in the entire Lexington MSA was \$150,347. A total of 1,575 (21 percent) of the 7,482 homes that sold in 2002 were for \$95,000 or less. In 2002, according to the National Low Income Housing Coalition (NLIHC), approximately one-third of the renters paid more than 30 percent of their income for housing costs. An individual would either need to earn 210 percent of the federal minimum wage (based on a 40-hour workweek) or work an 84-hour workweek to afford the fair market rent of \$563.

The major barriers to the development of affordable housing are the lack of available land and the high cost of land. The high land cost in new areas precludes the development of housing for low-income families without the use of subsidies. Furthermore, the low-income census tracts are in close proximity to the University of Kentucky and Transylvania University. Private investors quickly purchase these properties when they are placed on the market and convert them into lucrative student housing. This has adversely impacted the availability of affordable housing within the inner city. Additionally, there are numerous vacant and/or neglected structures, most of which are located in low-income census tracts.

This AA has four low-income census tracts (2.00, 3.00, 4.00 and 9.00). Dunn and Bradstreet data indicates that 12 farms are located in these four census tracts. Three of these tracts (2.00, 3.00, and 4.00) are located in downtown Lexington and contain no farms. The fourth tract (9.00) consists mostly of commercial warehouses and a horse harness racing track and contains few if any farms. Consequently, the opportunity to make small loans to farms in these four census tracts is minimal.

Whitaker's AA includes a Kentucky designated Enterprise Zone which is located in close proximity to downtown Lexington. There are numerous state tax incentives offered to businesses and individuals that reside within the zone. These include the following:

- Building materials used in remodeling, rehabilitation, or new construction within the zone are exempt from sales and use taxes.
- Machinery, equipment, and commercial vehicles purchased, leased, or rented by qualified businesses located within the zone are exempt from sales, use, and motor vehicle usage tax.

- Qualified businesses are allowed a tax credit equal to 10 percent of the wages paid to each employee who has been unemployed for at least 90 days or who has received public assistance benefits for at least 90 days prior to being employed, up to \$1,500 per employee.

We identified the following credit and non-credit related needs in this AA.

- Affordable housing (i.e. single family rental, multifamily rental, home ownership, and rehabilitation) for low- and moderate-income individuals. Public and rental assisted housing and down payment assistance were also identified as needs. The waiting list for the HUD Section 8 subsidized housing is in excess of 90 days.
- Small business working capital loans, particularly for start-up businesses.
- Social services to low- and moderate-income families including subsidized childcare and health care services, food donation, job training, and credit and home ownership counseling.

We determined these community needs by contacting representatives from a private non-profit housing agency, small business development center, governmental agency that is the governing body for the Lexington Enterprise Zone, and by reviewing CRA public evaluations for financial institutions with branch offices in the Lexington Area. We also reviewed the HUD Consolidated Strategy and Plan for Lexington – Fayette County, Kentucky. HUD Consolidated Strategies and Plans are comprehensive planning documents that identify community needs.

We determined that opportunities to make CD loans and qualified investments, and to provide CD services within this AA are moderate. These opportunities include low-income housing tax credits, community development financial institutions, a community development corporation, non-profit housing organizations, credit counseling agencies, organizations serving small business development and financing needs, affordable housing mortgage bonds, and non-profit organizations that provide social services to low- and moderate-income individuals. Whitaker's opportunities for qualified investments are abundant for providing grants and donations. However, Whitaker's opportunities for qualified investments other than donations and grants do exist, but are somewhat limited due to competition from ten larger banks in the AA.

Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties

Demographic Information for Full-Scope Area: Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	27	7%	37%	48%	4%	4%
Population by Geography	93,776	2%	31%	64%	3%	0%
Owner-Occupied Housing by Geography	25,716	2%	31%	64%	3%	0%
Businesses by Geography	4,231	1%	28%	67%	4%	0%
Farms by Geography	190	1%	20%	64%	15%	0%
Family Distribution by Income Level	26,903	30%	17%	16%	37%	0%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	12,678	4%	37%	58%	1%	0%
Median Family Income	= \$22,542	Median Housing Value				= \$33,795
HUD Adjusted Median Family Income for 2002	= \$36,300	Unemployment Rate (December 2002)				= 7.4%
Households Below the Poverty Level	= 29.7%					

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 1990 U.S. Census, and 2002 HUD updated MFI.

This AA consists of all of Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties. Whitaker has eleven full service branch offices, six full service ATMs, and five cash dispense only ATMs located in the AA. The full services ATMs are located at six of the eleven branch offices and the five cash dispense only ATMs are located at off premise sites. As of June 30, 2002, 78 percent of Whitaker’s deposits were derived from this AA. Over the evaluation period, 92 percent of home mortgage loans, 90 percent of small loans to businesses, and 98 percent of small loans to farms were derived from this AA.

Whitaker’s deposits in the AA total approximately \$345 million. Based on FDIC deposit market share data as of June 30, 2002, this equates to a 33 percent deposit market share, which ranks Whitaker as the largest deposit taking institution in the AA.

This six county area is located in eastern Kentucky. The local economy is fair in Garrard and Nicholas Counties and is poor in Letcher, Perry, Powell, and Wolfe Counties. The major industry in Letcher and Perry Counties is coal mining. The major industries in Garrard, Nicholas, Powell, and Wolfe Counties are manufacturing and agriculture. The major employers in the AA are Sanmina – SCI, Trus Joist MacMillan, Perry Manufacturing, Powell Manufacturing, and Jockey International, Inc. As of December 2002, the unemployment rate for the AA ranged from 4 percent in Garrard County to 11 percent in Letcher County as compared to 5 percent for the State of Kentucky. Non-agricultural wage and salaried employment has moderately risen from 34,831 in 1993 to 36,211 in 2002, an increase of 4 percent.

As of 1990, the percentage of families that live below the poverty level ranged from 15 percent in Garrard County to 41 percent in Wolfe County. It is especially difficult for this segment of the population to afford and maintain a home. In 2002, the average weekly earnings for all industrial groups ranged from \$346 in Wolf County to \$529 in Letcher County. In 2002, according to the NLIHC, approximately one-third of the renters paid more than 30 percent of their income for housing costs. An individual would either need to earn approximately 143 percent of the federal minimum wage (based on a 40-hour workweek) or work a 57-hour workweek to afford the fair market rent of \$383.

This AA has two low-income BNAs located in Wolfe County (BNA 9903) and Perry County (BNA 9701). Dunn and Bradstreet data indicates that 42 businesses are located in these two BSAs. However, these two BNAs are primarily residential and contain relatively few businesses. Consequently, the opportunity to make small loans to businesses in these two BNAs is minimal.

We identified the following credit and non-credit related needs in this AA.

- Affordable housing (i.e. home ownership, single family rental, and rehabilitation) for low- and moderate-income individuals. Public and rental assisted housing and down payment assistance were also identified as needs. The Kentucky River Area Development District operates the HUD Section 8 subsidized housing for an eight county area consisting of Breathitt, Estill, Knott, Lee, Leslie, Letcher, Perry, and Wolfe Counties. The waiting list for Section 8 subsidized housing is in excess of two years.
- Small dollar unsecured loans for those individuals who can't qualify for a credit card.
- Mobile home loans financed by local financial institutions for those individuals who don't own their own land.
- Small business loans in amounts of \$25,000 and less.
- Social services to low- and moderate-income individuals, including childcare services, health and dental care, food banks, homeless shelters, and financial counseling.

We determined these community needs by contacting representatives from two housing agencies, a small business development center, three chambers of commerce, and an industrial authority.

We determined that opportunities to make CD loans and qualified investments, and to provide CD services within this AA are limited. These opportunities include government and non-profit housing organizations, community action agencies, food banks, business and credit counseling agencies, government social services agencies, and non-profit organizations that provide social services to low- and moderate-income individuals. Our research revealed the opportunities to make qualified investments other than donations and grants are extremely limited. Opportunities for partnerships are also extremely limited.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table

also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm.

Market share information is presented based on the most recent aggregate market data available.

Table 13. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

Table 14. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume

LENDING VOLUME		Geography: STATE OF KENTUCKY						Evaluation Period: January 1, 2000 TO December 31, 2002				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
Lexington, KY MSA # 4280	8%	118	\$18,089	46	\$5,510	5	\$55	5	\$18,494	174	\$42,148	22%
Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties	92%	1,300	\$48,223	429	\$19,233	221	\$5,853	1	\$325	1,951	\$73,634	78%

* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is January 21, 1998 to December 31, 2002.

*** Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: STATE OF KENTUCKY								Evaluation Period: January 1, 2000 TO December 31, 2002					
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Lexington, KY MSA # 4280	50	10%	4%	6%	19%	6%	33%	58%	44%	30%	.2%	0%	0%	.3%	.2%
Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties	436	90%	2%	2%	31%	21%	64%	73%	3%	4%	15.8 %	17.7 %	8.7 %	19.6 %	4.4 %

* Based on 2001 Peer Mortgage Data: Central Region.

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT			Geography: STATE OF KENTUCKY						Evaluation Period: January 1, 2000 TO December 31, 2002							
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography [*]					
	#	% of Total ^{**}	% Owner Occ ^{***}	% BANK Loans	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units ^{***}	Over all	Low	Mod	Mid	Upp
Full Review:																
Lexington, KY MSA # 4280	23	4%	4%	4%	19%	13%	33%	39%	44%	44%	1.6%	0%	0%	1.8%	2.2%	
Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties	507	96%	2%	3%	31%	21%	64%	74%	3%	2%	48.9%	55.6%	42.6%	52.5%	16.7%	

^{*} Based on 2001 Peer Mortgage Data: Central Region.

^{**} Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

^{***} Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE											Geography: STATE OF KENTUCKY					Evaluation Period: January 1, 2000 TO December 31, 2002				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography									
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp					
Full Review:																				
Lexington, KY MSA # 4280	43	11%	4%	2%	19%	37%	33%	28%	44%	33%	.3%	0%	1.1%	.3%	.1%					
Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties	350	89%	2%	1%	31%	19%	64%	71%	3%	9%	12.5 %	40.0 %	9.3%	14.0 %	8.8%					

* Based on 2001 Peer Mortgage Data: Central Region.

** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: STATE OF KENTUCKY								Evaluation Period: January 1, 2000 TO December 31, 2002					
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full Review:															
Lexington, KY MSA # 4280	2	22%	7%	0%	35%	0%	33%	50%	25%	50%	2.5%	0%	0%	0%	11.1%
Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties	7	78%	0%	0%	23%	14%	77%	86%	0%	0%	0%	0%	0%	0%	0%

* Based on 2001 Peer Mortgage Data: Central Region.

** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

*** Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: STATE OF KENTUCKY					Evaluation Period: January 1, 2002 TO December 31, 2002				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*										
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp				
Full Review:																					
Lexington, KY MSA # 4280	46	10%	5%	4%	30%	31%	31%	37%	34%	28%	NA	NA	NA	NA	NA	NA					
Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties	429	90%	1%	0%	28%	16%	67%	78%	4%	6%	NA	NA	NA	NA	NA	NA					

* Based on 2001 Peer Small Business Data: US.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2002).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS		Geography: STATE OF KENTUCKY								Evaluation Period: January 1, 2002 TO December 31, 2002					
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Lexington, KY MSA # 4280	5	2%	3%	0%	14%	20%	40%	40%	43%	40%	NA	NA	NA	NA	NA
Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties	221	98%	1%	0%	20%	14%	64%	81%	15%	5%	NA	NA	NA	NA	NA

* Based on 2001 Peer Small Business Data: US.

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2002).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: STATE OF KENTUCKY							Evaluation Period: January 1, 2000 TO December 31, 2002						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Over all	Low	Mod	Mid	Upp
Full Review:															
Lexington, KY MSA # 4280	50	10%	21%	11%	16%	13%	20%	7%	43%	69%	.2%	0%	.2%	.1%	.4%
Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties	436	90%	30%	10%	17%	14%	16%	20%	37%	56%	17.3%	18.8%	10.6%	13.4%	22.9%

* Based on 2001 Peer Mortgage Data: Central Region.

** As a percentage of loans with borrower income information available.

*** Percentage of Families is based on the 1990 Census information.

**** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: STATE OF KENTUCKY						Evaluation Period: January 1, 2000 TO December 31, 2002							
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Over all	Low	Mod	Mid	Upp
Full Review:															
Lexington, KY MSA # 4280	23	4%	21%	10%	16%	14%	20%	19%	43%	57%	1.7%	1.7%	0%	2.9%	1.8%
Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties	507	96%	30%	20%	17%	22%	16%	23%	37%	35%	50.9%	53.2%	58.9%	37.5%	52.7%

* Based on 2001 Peer Mortgage Data: Central Region.

** As a percentage of loans with borrower income information available.

*** Percentage of Families is based on the 1990 Census information.

**** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE												Geography: STATE OF KENTUCKY					Evaluation Period: January 1, 2000 TO December 31, 2002				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*										
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Over all	Low	Mod	Mid	Upp						
Full Review:																					
Lexington, KY MSA # 4280	43	11%	21%	23%	16%	3%	20%	6%	43%	68%	.3%	.7%	0%	.1%	.5%						
Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties	350	89%	30%	9%	17%	14%	16%	23%	37%	54%	14.6 %	18.9 %	13.3 %	14.2 %	14.7 %						

* Based on 2001 Peer Mortgage Data: Central Region.

** As a percentage of loans with borrower income information available.

*** Percentage of Families is based on the 1990 Census information.

**** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: STATE OF KENTUCKY Evaluation Period: January 1, 2002 TO December 31, 2002				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
Full Review:									
Lexington, KY MSA # 4280	46	10%	68%	93%	80%	7%	13%	NA	NA
Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties	429	90%	75%	88%	90%	8%	2%	NA	NA

* Based on 2001 Peer Small Business Data: US.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2002).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 4 percent of small loans to businesses originated and purchased by the Bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: STATE OF KENTUCKY			Evaluation Period: January 1, 2002 TO December 31, 2002				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
Full Review:									
Lexington, KY MSA # 4280	5	2%	91%	80%	100%	0%	0%	NA	NA
Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties	221	98%	95%	96%	95%	5%	0%	NA	NA

* Based on 2001 Peer Small Business Data: US.

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2002).

**** Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 4 percent of small loans to farms originated and purchased by Bank.

Table 13. Qualified Investments

QUALIFIED INVESTMENTS									
		Geography: STATE OF KENTUCKY				Evaluation Period: January 21, 1998 TO December 31, 2002			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Lexington, KY MSA # 4280	0	\$0	17	\$72	17	\$72	84%	0	\$0
Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties	0	\$0	46	\$14	46	\$14	16%	0	\$0

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 14. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: STATE OF KENTUCKY Evaluation Period: January 21, 1998 TO December 31, 2002													
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of Bank Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Lexington, KY MSA # 4280	22%	7	39%	14%	0%	43%	43%	2	0	0	0	+1	+1	8%	27%	31%	34%
Garrard, Letcher, Nicholas, Perry, Powell, and Wolfe Counties	78%	11	61%	0%	18%	82%	0%	2	0	0	+2	0	0	2%	31%	64%	3%