



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

March 02, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank & Trust Company
Charter No. 2927**

**101 West Main Street
Georgetown, Kentucky 40324-1379**

Office of the Comptroller of the Currency

**9200 Shelbyville Road, Suite 505
Louisville, Kentucky 40222**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **First National Bank & Trust Company** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of December 31, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated: Satisfactory record of meeting community credit needs.

- The bank's average loan-to-deposit ratio since our last examination is reasonable.
- A majority of the bank's loans are made in Scott County.
- The bank actively lends to borrowers of different income levels, including low- and moderate-income individuals.
- A substantial majority of the bank's commercial and agricultural loans are to small businesses and small farms.
- The bank's loans are reasonably distributed throughout its assessment area.

DESCRIPTION OF INSTITUTION

First National Bank & Trust Company (FNB) is a \$114 million institution with three full service branches and four automated teller machines located throughout Scott County. The bank has not opened or closed any branches since our last examination. FNB has been operating in Scott County since 1883. The bank is 100 percent owned by Whitaker Bank Corporation of Kentucky. The \$74 million loan portfolio is comprised of 40 percent commercial loans, 40 percent residential real estate loans, 10 percent consumer loans and 10 percent agricultural loans. The location of the bank's offices and hours of operation are reasonably accessible to county residents. Customers can bank daily beginning at 7:30 a.m. Monday through Friday. Offices are also open 9:00 a.m. to noon on Saturday.

DESCRIPTION OF ASSESSMENT AREA

Scott County

The bank's assessment area of Scott County, Kentucky does not arbitrarily exclude any low- or moderate-income geographies. Scott County is one of seven counties included in the Lexington Metropolitan Statistical Area (MSA) which is described below. Scott County, which is approximately one hour east of Louisville in central Kentucky, has a population over 24,000. The 1997 median family income for the county is \$42,500. The county's 1996 unemployment rate was only 2.8 percent. Manufacturing companies account for the majority of local employment. The largest employer is Toyota Motor Manufacturing USA which employs over 8,000 people.

Scott County is comprised of six census tracts: one moderate-income, four middle-income and one upper-income. There are no low-income census tracts in the bank's assessment area. The bank's main office is located in the only moderate-income census tract in Scott County. The other two offices are in middle-income tracts. There are approximately 6,700 families living in Scott County. Of these, 24 percent are low-income, 16 percent moderate-income, 23 percent middle-income and 37 percent upper-income.

Competition for financial services is provided by four banks, one savings and loan, and financial institutions in surrounding counties. There is demand for home mortgage loans, residential construction loans and consumer loans.

Lexington Metropolitan Statistical Area (MSA)

The Lexington MSA consists of seven counties with a total population of approximately 406,000. The median family income for the MSA is \$42,500. This MSA comprises approximately 11 percent of the state's population. Fayette County, the largest MSA county, has a strong economy which benefits surrounding counties. Of the 106,000 families in the MSA, 22 percent are low-income, 17 percent moderate-income, 21 percent middle-income and 40 percent upper-income. Unemployment rates for counties in this MSA are among the lowest in the state. The diversified employment base includes manufacturing, service and retail companies, state and local government, and farming.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-deposit Ratio

The bank's average quarterly loan-to-deposit ratio since our last examination is 67 percent. The average ratio for other financial institutions in Scott County is 76 percent. Although FNB's ratio trails the competition, it is reasonable and has been increasing the last five quarters.

Lending in Assessment Area

A majority of the bank's loans are in Scott County. Approximately 70 percent of the bank's loans are coded by location. During our examination, we verified the accuracy of this information. Of the coded loans, 84 percent are located in the county. Since our last examination, the bank has originated over 2,300 loans totaling over \$38 million in Scott County. The 2,300 loans in Scott County represent approximately 73 percent of the total number of loans originated since our last examination. The majority of loans located outside the county are in surrounding counties.

FNB is located in an MSA and therefore subject to the reporting requirement of the Home Mortgage Disclosure Act (HMDA). Because residential real estate loans are the bank's largest loan product, we analyzed 1996 and 1997 HMDA information. For this two year time period, the bank originated 463 loans totaling \$26.3 million. Of these loans, 87 percent of the number and 85 percent of the dollar amount are in Scott County.

1996 and 1997 HMDA Loan Originations

	Total Loans Originated		Scott County Loans	
	Number	Dollar	Number	Dollar
1996	194	\$10,959,000	172	\$9,560,000
1997	269	\$15,356,000	231	\$12,709,000
Total	463	\$26,315,000	403	\$22,269,000

Management also has ongoing contact with various local organizations. One organization the bank is actively involved with is the local housing authority. To help meet the continued need for affordable housing, the bank extended \$175,000 to the housing authority in April 1997. The money is being used to rehabilitate houses in Scott County for low and moderate-income individuals.

Geographic Distribution of Loans

The bank's loans are reasonably distributed throughout its assessment area. There are no low-income census tracts in Scott County and only one moderate-income tract. As the table below shows, 14 percent of Scott County families live in the moderate-income tract. Approximately 12 percent of the number and 10 percent of the dollar amount of the bank's Scott County loans are in this tract. Information in the table is based on the bank's internal reports which we verified for accuracy.

Income level of census tracts	# of Families*	Outstanding Loans In Scott County			
		Number	Percent	Dollar	Percent
Moderate (401)	14%	227	12%	\$4.1M	10%
Middle (402-405)	69%	1,405	72%	\$30M	69%
Upper (406)	17%	313	16%	\$9.1M	21%
Total	100%	1,945	100%	\$43.2M	100%

*Based on 1990 Census Data, U.S. Bureau of the Census

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

The bank does a reasonable job of lending to borrowers of different income levels. To analyze the bank's performance, we used 1996 and 1997 HMDA information and a sample of 16 consumer loans. As the table shows, 24 percent of Scott County families are low-income, and 31 percent of the number of consumer loans and 12 percent of HMDA reportable loans are to this segment.

	% of Families by income level	Consumer Loans		1996 & 1997 HMDA	
		Number	Percent	Number	Percent
Low	24%	5	31%	52	12%
Moderate	16%	1	6%	80	19%
Middle	23%	7	44%	78	19%
Upper	37%	3	19%	208	50%
Total	100%	16	100%	418	100%

The bank does an excellent job of lending to small businesses and small farms. Business and agricultural loans represent 50 percent of the bank's loans. We sampled 16 loans and found that 100 percent were to small businesses and small farms. Since our last examination, the bank has made over 1,000 loans to small businesses and small farms. Approximately 73 percent of these are businesses or farms in Scott County.

Response to Consumer Complaints

No consumer complaints have been received since our last examination.

Compliance with Antidiscrimination Laws and Regulations

We did not identify any violations of the substantive provisions of antidiscrimination laws and regulations.