



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

April 16, 2003

Community Reinvestment Act
Performance Evaluation

The Mt. Sterling National Bank
Charter Number: 2185

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Mount Sterling, KY 40353

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.

Table of Contents

OVERALL CRA RATING	1
DEFINITIONS AND COMMON ABBREVIATIONS	2
DESCRIPTION OF INSTITUTION	5
SCOPE OF THE EVALUATION	6
FAIR LENDING REVIEW	7
CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS	8
LENDING TEST	8
INVESTMENT TEST	11
SERVICE TEST	11
APPENDIX A: SCOPE OF EXAMINATION	A-1
APPENDIX B: MARKET PROFILES FOR FULL-SCOPE AREAS	B-1
APPENDIX C: TABLES OF PERFORMANCE DATA	C-1

Overall CRA Rating

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

The following table indicates the performance level of **The Mt. Sterling National Bank** with respect to the Lending, Investment, and Service Tests:

Performance Levels	(Name of Depository Institution) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		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:

- Satisfactory lending volume and a good percentage of loans originated in the assessment area (AA);
- Excellent borrower distribution of small loans to businesses and farms and good borrower distribution of home mortgage loans;
- Adequate levels of investments;
- Delivery systems are accessible to essentially all geographies and individuals; and
- Community development (CD) services are 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

The Mount Sterling National Bank (MSNB) is a \$97 million intrastate bank headquartered in Mount Sterling, Kentucky. The bank's market and its two banking locations are in Montgomery County, Kentucky. MSNB did not have any mergers or acquisitions during the evaluation period. The holding company is Whitaker Bank Corporation (WBC) located in Lexington, Kentucky. As of December 2002, WBC's assets were \$1.1 billion. WBC owns six financial institutions located throughout the state of Kentucky. There are no affiliate activities included in this evaluation.

MSNB's primary lending focus is home mortgage loans and consumer loans. MSNB also makes loans to small businesses and farms in the area. MSNB offers an adjustable-rate home mortgage product with a three-year fixed and a maximum twenty-year amortization. The bank also accepts home mortgage applications for a thirty-year fixed-rate product through the secondary market; however, the loan decision, funding and booking are through Whitaker Mortgage Company. As of December 2002, MSNB had net loans to total assets of 63.05 percent. In general, the loan portfolio comprised of \$29 million (45.57 percent) in residential real estate, \$17 million (27.03 percent) in commercial and commercial real estate, \$7.2 million (11.48 percent) in consumer loans, \$4.7 million (7.58 percent) in construction and land development, and \$5.2 million (8.34 percent) in farm loans.

There are no legal, financial or other factors impeding MSNB's ability to help meet the credit needs in its AA. As of December 2002, MSNB had net Tier 1 Capital of \$10 million.

MSNB was rated "Satisfactory" at its last CRA evaluation dated March 27, 1997.

Scope of the Evaluation

Evaluation Period/Products Evaluated

MSNB became a small business reporter for the year 2002 and we evaluated the bank's small business lending for that period only. The bank does not have an office located in a metropolitan statistical area (MSA), and therefore, is not subject to the Home Mortgage Disclosure Act that requires certain home mortgage data collection. For this examination, we reviewed MSNB's origination of home purchase, home improvement and home mortgage refinance loans. Community Development activities were evaluated from the date of the last CRA evaluation (March 27, 1997) to the start date of this CRA evaluation (April 16, 2003).

Data Integrity

We performed a data integrity review of MSNB's small business and farm originations for the year 2002. The review found that 19 percent of the data incorrectly listed the loan type, purpose, or census tract. The bank revised its data and the corrected data was used for examination purposes.

Selection of Areas for Full-Scope Review

We performed a full-scope review in the non-MSA (Montgomery County).

Refer to Appendix A for more information.

Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews.

MSNB's overall rating is based on Montgomery County which received a full-scope review.

Other

We contacted two community organizations to ascertain the community and credit needs in the AA. An economic development organization stated a need for expanding the local industrial park. A local political office indicated the community needed jobs and affordable mortgages. Refer to the Market Profile in appendix B for more information.

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

MSNB's performance under the lending test is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in Montgomery County is good.

Lending Activity

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

MSNB's lending activity is considered satisfactory based on MSNB being a fairly high deposit taker and having a high loan-to-deposit ratio.

Within the AA, MSNB has the third largest deposit market share (18.18 percent) of all financial institutions. The financial institution that dominates the deposit market share at 54.58 percent is headquartered in Mount Sterling, Kentucky and has assets of \$483 million.

Small Business lending market data for 2002 is not yet available.

We utilized the Uniform Bank Performance Report (UBPR) to gauge MSNB's general lending activity since the last CRA examination in 1997, which included twenty-one quarters. The UBPR is a regulatory report that provides quarterly data on similarly situated institutions. The UBPR was used to research loan-to-deposit ratios of the financial institutions located within the AA of Montgomery County as well as other financial institutions that are considered to be similarly situated in regards to size (i.e. asset and deposit size) and type of rural location. We reviewed seven institutions, one of which was MSNB. The average loan-to-deposit ratios for these institutions ranged from 41 percent to a high 93 percent. MSNB's average loan-to-deposit ratio for this period of review was 91.74 percent.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

Refer to Tables 2, 3, 4, 5, and 6 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases and loans to small businesses and farms.

The main focus of this analysis is to analyze the bank's geographic distribution of lending among low- and moderate-income geographies. There are five census tracts in the AA, four of which are middle income tracts and one upper income tract, an analysis of the bank's loan distribution by geography would not provide a meaningful analysis. However, it is noted that the bank has made loans in all tracts in the AA.

Lending Gap Analysis

There are no low- or moderate-income geographies in the AA. No unexplained conspicuous gaps were identified in the AA receiving a full scope review.

Inside/Outside Ratio

The analysis of the Inside/Outside Ratio was performed at the bank level as opposed to the AA level. MSNB originated 84.21 percent of its small business originations in its AA and 66.67 percent of its small farm originations in the AA. MSNB originated 90 percent of its home purchase originations, 80 percent of its home improvement originations, and 67.50 percent of its refinance originations in its AA. The bank did an adequate level of lending in its AA that will be factored into the overall conclusion regarding geographic distribution.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

Refer to Tables 7, 8, and 9 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

MSNB's borrower distribution of home mortgage originations is good. MSNB's performance to moderate-income borrowers exceeded the percentage of moderate-income families. A high percentage of households living below the poverty level, the percentage that receive social security benefits in the AA and the lack of affordable homes available for purchase were taken into consideration when evaluating the bank's performance to low-income borrowers.

Small Loans to Businesses

Refer to Table 10 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.

MSNB's borrower distribution of originations of small loans to businesses is excellent.

MSNB's percentage of originations to small businesses with revenues of less than \$1 million significantly exceeds the percentage of small businesses with revenues of less than \$1 million located in the AA. MSNB originated a substantial percentage of its small loans to businesses in amounts of less than \$100 thousand.

Small Loans to Farms

Refer to Table 11 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.

MSNB's borrower distribution of originations of small loans to farms is excellent.

MSNB's percentage of originations to small farms with revenues of less than \$1 million significantly exceeds the percentage of small farms with revenues of less than \$1 million

located within the AA. MSNB originated a substantial percentage of its small loans to farms in amounts of less than \$100 thousand.

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. Since the bank reported no CD loans, CD lending performance has a neutral effect on the overall lending test conclusions.

Product Innovation and Flexibility

MSNB did not present any innovative or flexible loan products for consideration.

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 Montgomery County is adequate.

Refer to Table 12 in appendix C for the facts and data used to evaluate the bank's level of qualified investments.

We reviewed the bank's investments in relation to the available opportunities in the AA and the bank's capacity. We determined there is a low level of opportunity for investments in the AA. See the Market Profile in appendix B for detail.

MSNB did not provide any qualified investments for consideration.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in Montgomery County is good.

Retail Banking Services

Refer to Table 13 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.

MSNB's delivery systems are accessible to essentially all geographies and individuals of different income levels in the AA. Full financial services are offered at each branch and business hours do not vary in a manner that inconveniences any portion of the AA. The bank has an adequate level of CD services. The bank has the highest number of branches (two) of all of the locally headquartered financial institutions in the AA. The bank did not open or close any branches during the evaluation period.

There are no low- or moderate-income geographies in the AA. MSNB has its main office and one of its branches located in two separate middle-income geographies with the remaining branch being located in upper-income geography. Twenty one percent and 16 percent of the low-income families live in the middle and upper-income tracts, respectively. Approximately 18 percent and 15 percent of moderate-income families live in the middle and upper-income geographies.

MSNB's hours of operations are reasonable. Monday through Thursday the bank has lobby hours between 9:00 a.m. and 3:00 p.m. with extended lobby hours on Friday. The main office and both branches are also open on Saturday morning 9:00 a.m. to 12:00 noon. Drive-through

banking is available at both of the branches with extended hours offered in the morning and evening.

MSNB has a total of four ATMs with three of these ATMs being full service. The remaining ATM is a cash-dispensing unit only. Three of the ATMs are located in middle-income geographies and one is located in the upper-income geography. Two out of the four ATMs are located at a non-bank location (i.e. food mart) in order to provide convenient access to residents of all income levels, including low- and moderate-income.

MSNB has various checking and deposit products for all its customers, including Internet banking service, and PhoneSmart, a toll free, 24-hour service provides customer account access including funds transfers, account verification, and deposit verification. In addition, the bank also offers 24-hour night drops at all locations for after-hours transactions, bank by mail, and free check cashing of government checks for bank customers. Non-customers may cash government checks for a minimal fee.

Since the bank could not provide specific information on how low- and moderate-income individuals are impacted by Internet banking service or PhoneSmart, significant weight was not placed on alternate delivery systems when drawing conclusions in the AA.

Community Development Services

MSNB's community development services are adequate. Employees of MSNB have served on several organizations in the community that provide general services to low-and moderate-income individuals. Organizations that MSNB participated with includes, but is not limited to:

- The Mount Sterling-Montgomery County Chamber of Commerce which is active in promoting, establishing, and maintaining businesses in Mount Sterling, most of which are small businesses. One of the bank's officers served as President of the Chamber of Commerce.
- The Mount Sterling-Montgomery County Industrial Authority which has as its main purpose to recruit business and industry to the county, most of which is small business. The industrial Authority also brings in factories that employ mostly low- and moderate-income individuals. A senior bank officer attends the monthly meetings of the committee.
- The local chapter of the Kiwanis Club which provides several services that benefit low- and moderate-income families. During the year, they provide shoes to needy children through the Family Resource Center. They also give a \$5,000 scholarship with income being the number one criteria for receiving the scholarship. They buy uniforms and pay camp fees for needy children and they participate in Operation Happiness, which distributes food at Christmas to low-and moderate-income families. The bank has several employees involved in this program.

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): 01/01/01 to 12/31/02 Investment and Service Tests and CD Loans: 01/01/02 to 12/31/02	
Financial Institution	Products Reviewed	
The Mount Sterling National Bank (MSNB) Mount Sterling, Kentucky	Home mortgage loans, small loans to businesses and small loans to farms.	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Not applicable		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Montgomery County Non-metropolitan Statistical Area	Full Scope Review	

Appendix B: Market Profiles for Full-Scope Areas

Table of Contents

Market Profiles for Areas Receiving Full-Scope Reviews

Montgomery County.....	B-2
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Montgomery County - Kentucky

Demographic Information for Full-Scope Area: Montgomery County – Kentucky						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	5	0.00	0.00	80.00	20.00	0.00
Population by Geography	19,561	0.00	0.00	63.22	36.78	0.00
Owner-Occupied Housing by Geography	5,131	0.00	0.00	65.72	34.28	0.00
Businesses by Geography	1,258	0.00	0.00	56.36	43.64	0.00
Farms by Geography	98	0.00	0.00	63.27	36.73	0.00
Family Distribution by Income Level	5,668	19.27	16.71	18.95	45.07	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	2,039	0.00	0.00	69.05	30.95	0.00
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below the Poverty Level	= \$24,837 = \$36,300 = 22.47%	Median Housing Value Unemployment Rate		= \$44,108 = 4.02%		

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

MSNB delineated on AA, all of Montgomery County, in a non-metropolitan area. The AA consists of five geographies, primarily middle-income geographies. There are no low-or moderate-income geographies. The geographic makeup includes four (80 percent) middle-income areas and one (20 percent) upper-income area. The AA is legal and the bank did not arbitrarily exclude any low- and moderate-income geographies.

The bank’s primary lending focus is home mortgage loans and consumer loans. MSNB also makes loans to small businesses and farms in the AA. MSNB has its main office located in downtown Mount Sterling and has two branches located in other parts of the county.

Mount Sterling is the largest city as well as the county seat in Montgomery County. The city is located in a middle-income geography. Montgomery County is a rural county in Eastern Kentucky with a total population of 19,561 according to the U.S. Census. That number has risen to approximately 23,042 in 2001. The 1990 population of Montgomery County was comprised of 7,309 households, of which 2,777 (38 percent) are considered to have low- or moderate-incomes. In addition, the percentage of households in Montgomery County receiving public assistance is approximately 11 percent. Other significant factors to consider include: 22 percent of the households live below the poverty level and 31 percent are on social security.

The economy of the AA is considered to be strong and improving due to more manufacturing jobs now than a few years ago. Montgomery County shows stable growth in housing construction and sales with overall retail sales considered stable. Unemployment rates have decreased due to the local job market expansion and are lower than both the state and

national averages (both approximately six percent). According to the U.S. Department of Labor, the unemployment rate for the AA was 4.8 percent as of December 2002. The main industry has been a mixture of services, retail, and manufacturing. The major employers have remained relatively stable. Major employers include Nestle, Cooper Tire, and the Montgomery County school system.

Competition is considered strong and involves competition from banks and finance companies as well as mortgage companies and mortgage brokers. Local competition consists of three banks and a variety of finance companies. MSNB has the third largest market share within Montgomery County. Traditional Bank, Inc. with \$483 million in assets is the largest financial institution headquartered in Mount Sterling and maintains a significant portion of the market share (55 percent). Consequently, Traditional Bank, Inc is a major competitor.

CD opportunities are considered to be low. Most CD activities are federally and state funded. Locally, the most prominent CD organizations are considered to be Habitat for Humanity and Farmers Home Administration. Housing needs are primarily met through services provided by Kentucky Housing Corporation, a federally funded program, that serves the entire state of Kentucky. They provide home loans to low- and moderate-income individuals at below market interest rates and require little or no down payment. They also provide homeownership counseling. Habitat for Humanity is the local housing initiative that works for affordable housing. Overall, the city of Mount Sterling has not been active in offering flexible affordable housing programs.

We contacted two community organizations to ascertain the community and credit needs in the AA. The Mount Sterling-Montgomery County Industrial Authority helps bring jobs into the community by recruiting business and industry to the county, most of which are small businesses. They noted the general banking need is for affordable home mortgage loans and consumer loans. In addition, they discussed the need for expanding the local industrial park, which is currently in process. A local political office also indicated the community needs job opportunities as well as affordable home mortgages and consumer loans. No other issues were identified.

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. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) - For geographic distribution, the table 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 households within each geography. For borrower distribution, the table 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 of households by income level in each MA/assessment area.

Table 14. 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 15. 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: MONTGOMERY COUNTY												
Evaluation Period: JANUARY 1, 2001 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:												
MONTGOMERY COUNTY	100.00	114	\$4,428	32	\$953	14	\$286	0	\$0	160	\$5,667	100.00

* Loan Data as of January 2001 to December 2002 for home mortgages and January 2002 to December 2002 for small business and small farm. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is January 2002 to December 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: MONTGOMERY COUNTY					Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
MONTGOMERY COUNTY	36	100.00	0.00	0.00	0.00	0.00	65.72	77.78	34.28	22.22	NA	NA	NA	NA	NA	

* Based on Peer Mortgage Data: NA bank is not a HMDA Reporter.

** 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: MONTGOMERY COUNTY				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
MONTGOMERY COUNTY	32	100.00	0.00	0.00	0.00	0.00	65.72	59.37	34.28	40.63	NA	NA	NA	NA	NA	

* Based on Peer Mortgage Data: NA bank is not a HMDA Reporter.

** 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 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE															Geography: MONTGOMERY COUNTY					Evaluation Period: JANUARY 1, 2001 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:																								
MONTGOMERY COUNTY	27	100.00	0.00	0.00	0.00	0.00	65.72	59.26	34.28	40.74	NA	NA	NA	NA	NA									

* Based on Peer Mortgage Data: NA bank is not a HMDA Reporter.

** 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 number of owner occupied housing units in the area based on 1990 Census information.

Table 5. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: MONTGOMERY COUNTY				Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002					Market Share (%) by Geography				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans						
Full Review:																
MONTGOMERY COUNTY	32	100.00	0.00	0.00	0.00	0.00	56.36	40.63	43.64	59.37	NA	NA	NA	NA	NA	

* Based on Peer Small Business Data: US. NA, peer data not yet available.

** 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 6. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS		Geography: MONTGOMERY COUNTY						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:															
MONTGOMERY COUNTY	14	100.00	0.00	0.00	0.00	0.00	63.27	100.00	36.73	0.00	NA	NA	NA	NA	NA

* Based on Peer Small Business Data: US. NA, peer data not yet available.

** 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 7. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: MONTGOMERY COUNTY					Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002					Market Share				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****						
Full Review:																
MONTGOMERY COUNTY	36	100.00	19.27	16.66	16.71	30.56	18.95	22.22	45.07	30.56	NA	NA	NA	NA	NA	

* Based on Peer Mortgage Data: NA, bank is not a HMDA Reporter.

** 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 8. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: MONTGOMERY COUNTY						Evaluation Period: JANUARY 1, 2001 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:															
MONTGOMERY COUNTY	32	100.00	19.27	6.25	16.71	31.25	18.95	21.87	45.07	40.63	NA	NA	NA	NA	NA

* Based on Peer Mortgage Data: NA, bank is not a HMDA Reporter.

** 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 Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: MONTGOMERY COUNTY								Evaluation Period: JANUARY 1, 2001 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:															
MONTGOMERY COUNTY	27	100.00	19.27	11.11	16.71	22.22	18.95	29.63	45.07	37.04	NA	NA	NA	NA	NA

* Based on Peer Mortgage Data: NA, bank is not a HMDA Reporter.

** 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 10. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: MONTGOMERY COUNTY 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****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
Full Review:									
MONTGOMERY COUNTY	32	100.00	74.24	100.00	93.75	0.00	6.25	NA	NA

* Based on Peer Small Business Data: US. NA, peer data not yet available.

** 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.

Table 11. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: MONTGOMERY COUNTY		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:									
MONTGOMERY COUNTY	14	100.00	95.92	100.00	92.86	7.14	0.00	NA	NA

^{*} Based on Peer Small Business Data: US. NA, peer data not yet available.

^{**} 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.

Table 12. Qualified Investments

QUALIFIED INVESTMENTS		Geography: MONTGOMERY COUNTY				Evaluation Period: JANUARY 1, 2002 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:									
MONTGOMERY COUNTY	0	\$0	0	\$0	0	\$0	100.00	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 13. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: MONTGOMERY COUNTY Evaluation Period: MARCH 5, 1997 TO APRIL 16, 2003									
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:																	
MONTGOMERY COUNTY	100.00	3	100.00	0.00	0.00	66.67	33.33	0	0	0	0	0	0	0.00	0.00	63.22	36.78