

# **PUBLIC DISCLOSURE**

June 15, 2009

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Whitaker Bank, Incorporated  
RSSD # 1445943

2001 Pleasant Ridge Drive  
Lexington, KY 40509

Federal Reserve Bank of Cleveland  
P.O. Box 6387  
Cleveland, OH 44101-1387

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

I.	Institution Rating	
a.	Overall Rating.....	1
b.	Performance Test Ratings Table.....	1
c.	Summary of Major Factors Supporting Rating.....	2
II.	Institution	
a.	Description of Institution .....	3
b.	Scope of Examination .....	7
c.	Conclusions with Respect to Performance Tests .....	9
III.	Kentucky Nonmetropolitan East (full scope review)	
a.	Description of Institution’s Operations.....	12
b.	Conclusions with Respect to Performance Tests .....	16
IV.	Lexington-Fayette, Kentucky MSA 30460 (full scope review)	
a.	Description of Institution’s Operations.....	25
b.	Conclusions with Respect to Performance Tests .....	28
V.	Kentucky Nonmetropolitan West (limited scope review)	
a.	Description of Institution’s Operations.....	36
b.	Conclusions with Respect to Performance Tests .....	38
VI.	Appendices	
a.	Scope of Examination .....	39
b.	CRA Core Tables .....	41
c.	Glossary .....	45
d.	Assessment Area Maps .....	49

**INSTITUTION'S CRA RATING**

**INSTITUTION'S CRA RATING: "Satisfactory"**

The following table indicates the performance level of Whitaker Bank, Incorporated (Whitaker) with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	Whitaker Bank		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory			X
Needs to Improve		X	
Substantial Noncompliance			

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

Major factors supporting the institution's rating include:

- Whitaker's lending levels reflect a good responsiveness to assessment areas credit needs;
- A substantial majority of loans are made in the assessment areas;
- The geographic distribution of loans reflects a good penetration throughout the assessment areas;
- Given the product lines offered, the distribution of borrowers reflects a good penetration among borrowers of different income levels and businesses and farms of different revenue sizes;
- Whitaker made an adequate level of community development loans;
- Whitaker's level of qualified investments is poor;
- Whitaker makes rare use of innovative and/or complex investments to support community development initiatives;
- Delivery systems are reasonably accessible to the bank's geographies and individuals of different income levels in its assessment areas;
- Whitaker has acquired four branches and did not close any offices since the previous evaluation. This record of opening and closing offices has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals;
- Services and business hours do not vary in a way that inconvenience its assessment areas, particularly low- and moderate-income geographies and low- and moderate-income individuals; and,
- Whitaker provides an adequate level of community development services.

Whitaker was previously rated "Satisfactory" during the May 29, 2007 CRA performance evaluation. Specifically, the lending test was rated "High Satisfactory" and the investment and service tests were rated "Low Satisfactory."

## DESCRIPTION OF INSTITUTION

Whitaker Bank, Incorporated (Whitaker) is a subsidiary of Whitaker Bank Corporation of Kentucky (Whitaker Bancorp), which is headquartered in Lexington, Kentucky. As of March 31, 2009, Whitaker had total assets of approximately \$1.4 billion, representing roughly 78.0% of the holding company's assets. Whitaker Bancorp also has another state member bank subsidiary, Peoples Bank and Trust Company of Madison County (Peoples), which had total assets of approximately \$392 million during the same time period.

Whitaker operates 41 offices in 15 counties throughout the central and eastern portions of the Commonwealth of Kentucky. Additionally, the bank operates 40 full-service ATMs and 23 cash-only ATMs throughout the overall assessment area. Since the previous evaluation, Whitaker acquired State Financial Services Inc. and its subsidiary bank, State Bank and Trust Company, with four branch offices (a full-service ATM is located at each office) located in Mercer County, Kentucky. As a result of this acquisition, Whitaker's assessment area was expanded on January 1, 2009 to include Mercer County and therefore the lending, investments, and services taking place in Mercer County were not considered as part of this evaluation. The bank's current assessment areas encompass the entire Lexington-Fayette Metropolitan Statistical Area (MSA) 30460, 25 contiguous counties within the eastern nonmetropolitan assessment area, which includes Bath, Breathitt, Clay, Estill, Fleming, Garrard, Jackson, Knott, Knox, Laurel, Lee, Leslie, Letcher, Madison, Menifee, Mercer, Montgomery, Nicholas, Owsley, Perry, Powell, Rockcastle, Rowan, Whitley, and Wolfe Counties, and the entirety of Franklin County in the western nonmetropolitan portion of its assessment area.

Assessment Area	Counties	Number of Branch Offices	Number of Full-Service ATMs	Number of Cash-Only ATMs
Lexington-Fayette MSA	6	11	12	6
Eastern Nonmetropolitan Kentucky	25	26	23	17
Western Nonmetropolitan Kentucky	1	4	5	0
Overall	32	41	40	23

Whitaker provides a full range of personal and business deposit and loan products, in addition to internet and telephone banking services. According to the FDIC's 2008 Summary of Deposits,<sup>1</sup> as of June 30, 2008, Whitaker ranked fifth in deposit share within the assessment area with approximately 7.0% of the market share of deposits. Major competitors include JPMorgan Chase Bank N.A., Central Bank & Trust Company, Fifth Third Bank, National City Bank, and Community Trust Bank, Inc., as well as several other regional and local community banks.

Market share for lending varied depending on location and product type and will be discussed within the respective assessment areas. As of March 31, 2009, the bank's assets represented 81.9% of total deposits and 63.5% of loans. Residential real estate loans comprised 36.0% of the loan portfolio. Non-farm non-residential (commercial real) estate, construction and development, and commercial and industrial loans comprised 29.8%, 10.9%, and 8.6% of the loan portfolio, respectively.

<sup>1</sup> www.fdic.gov

Key financial and demographic information regarding the institution are illustrated in the following tables. Additional information regarding the respective assessment areas are discussed in those areas of the report.

COMPOSITION OF LOAN PORTFOLIO						
Loan Type	3/31/2009		12/31/2008		12/31/2007	
	\$ (000s)	Percent	\$ (000s)	Percent	\$ (000s)	Percent
Construction and Development	98,323	10.9%	99,448	11.0%	121,739	14.3%
Secured by One- to Four- Family Dwellings	325,525	36.0%	327,046	36.1%	290,003	34.0%
Other Real Estate:						
Farmland	45,724	5.1%	44,227	4.9%	42,244	5.0%
Multifamily	29,014	3.2%	27,730	3.1%	20,483	2.4%
Nonfarm nonresidential	269,433	29.8%	257,271	28.4%	226,917	26.6%
Commercial and Industrial	77,487	8.6%	89,648	9.9%	84,734	9.9%
Loans to Individuals	53,406	5.9%	54,764	6.0%	61,275	7.2%
Agricultural Loans	5,319	0.6%	5,731	0.6%	5,397	0.6%
<i>Total</i>	<i>\$904,231</i>	<i>100.00%</i>	<i>\$905,865</i>	<i>100.00%</i>	<i>\$852,792</i>	<i>100.00%</i>

\* This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category. Contra assets are also not included in this table.

## Combined Demographics Report

Exam: Whitaker Bank

Analysis Year: 2008

Assessment Group(s): Overall

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	11	4.9	5,589	2.2	1,891	33.8	60,478	23.6
Moderate-income	73	32.3	72,033	28.1	17,375	24.1	44,240	17.3
Middle-income	95	42.0	115,090	45.0	15,496	13.5	50,555	19.7
Upper-income	46	20.4	63,324	24.7	3,771	6.0	100,763	39.4
Unknown-income	1	0.4	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>226</b>	<b>100.0</b>	<b>256,036</b>	<b>100.0</b>	<b>38,533</b>	<b>15.0</b>	<b>256,036</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	14,333	3,585	1.4	25.0	9,020	62.9	1,728	12.1
Moderate-income	114,054	69,572	27.7	61.0	32,962	28.9	11,520	10.1
Middle-income	185,398	113,936	45.4	61.5	55,564	30.0	15,898	8.6
Upper-income	95,119	63,851	25.4	67.1	25,172	26.5	6,096	6.4
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>408,904</b>	<b>250,944</b>	<b>100.0</b>	<b>61.4</b>	<b>122,718</b>	<b>30.0</b>	<b>35,242</b>	<b>8.6</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	2,052	5.4	1,753	5.1	233	8.7	66	5.1
Moderate-income	8,028	20.9	7,154	20.8	543	20.4	331	25.6
Middle-income	16,582	43.2	14,933	43.4	1,098	41.2	551	42.6
Upper-income	11,652	30.4	10,526	30.6	784	29.4	342	26.5
Unknown-income	34	0.1	22	0.1	10	0.4	2	0.2
<b>Total Assessment Area</b>	<b>38,348</b>	<b>100.0</b>	<b>34,388</b>	<b>100.0</b>	<b>2,668</b>	<b>100.0</b>	<b>1,292</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>			<b>89.7</b>		<b>7.0</b>		<b>3.4</b>	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	14	0.8	14	0.8	0	0.0	0	0.0
Moderate-income	318	17.7	314	17.8	3	10.3	1	33.3
Middle-income	837	46.5	820	46.4	16	55.2	1	33.3
Upper-income	631	35.1	620	35.1	10	34.5	1	33.3
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>1,800</b>	<b>100.0</b>	<b>1,768</b>	<b>100.0</b>	<b>29</b>	<b>100.0</b>	<b>3</b>	<b>100.0</b>
<b>Percentage of Total Farms:</b>			<b>98.2</b>		<b>1.6</b>		<b>0.2</b>	

For this evaluation, the 31 counties in which Whitaker operated during this review period were divided into the following three assessment areas: As a reminder, an analysis was not conducted on activity in Mercer County.

- Lexington-Fayette, Kentucky MSA 30460: Bourbon, Clark, Fayette, Jessamine, Scott, and Woodford Counties
- Eastern Kentucky Non-metropolitan Area (Nonmetropolitan East): Bath, Breathitt, Clay, Estill, Fleming, Garrard, Jackson, Knott, Knox, Laurel, Lee, Leslie, Letcher, Madison, Menifee, Montgomery, Nicholas, Owsley, Perry, Powell, Rockcastle, Rowan, Whitley, and Wolfe Counties
- Western Kentucky Non-metropolitan Area ( Nonmetropolitan West): Franklin County

There are a total of 226 tracts in the bank's assessment area, which is comprised of 11 (4.9%) low-income census tracts, 73 (32.3%) moderate-income census tracts, 95 (42.0%) middle-income census tracts, and 46 (20.4%) upper-income census tracts, with one (0.4%) unknown-income census tract. As of 2008, 41 middle-income census tracts within Whitaker's assessment area were classified as distressed and/or underserved as defined by the Community Development Financial Institutions Fund (CDFI). These classifications are based on factors such as unemployment, poverty, population loss, and extremely rural locations. Middle-income distressed areas are those that have unemployment rates of at least one-and-one half times greater than the national average, poverty rates of 20% or more, population losses of 10% or more between decennial census years, or net migration losses of 5% or more over the five-year period prior to the most recent census. This information can be found on the Federal Financial Institution Examination Council's (FFIEC) website.<sup>2</sup> Each of these tracts is located in the Nonmetropolitan East assessment area. More information is provided within detailed analysis of this evaluation.

The bank's assessment area complied with the requirements of the Community Reinvestment Act (CRA) and does not arbitrarily exclude low and moderate-income census tracts. The bank's asset size and financial condition indicate that it has the ability to effectively meet the credit needs of its assessment area. There are no legal or other impediments that would hamper the bank's ability to meet the credit needs of the community.

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<sup>2</sup> [www.ffiec.gov](http://www.ffiec.gov)

## SCOPE OF EXAMINATION

Loan data from January 1, 2007 through December 31, 2008 was considered in this evaluation. Whitaker's performance in the Nonmetropolitan East assessment area was weighted most heavily with 80.5% of the bank's lending, followed by the Lexington MSA assessment areas with 14.0% of all lending. Lending in the Nonmetropolitan West area represented 5.5% of all lending and was weighted the least heavily. A detailed description of each assessment area is presented in subsequent sections of this performance evaluation and assessment area maps are located in Appendix C.

The loan products under the lending test include an analysis of home purchase, refinance, and home improvement loans reported under the Home Mortgage Disclosure Act (HMDA) and small business, small farm loans reported under the Community Reinvestment Act (CRA), and loans that qualify as community development. Loans were evaluated to determine the lending activity inside and outside the bank's assessment area. Loans made inside the assessment area are evaluated under a geographic and borrower distribution analysis to ensure adequate levels of lending by income category. Poverty levels were also considered in evaluating the borrower distribution analysis, which is determined by both income and family size. Generally, a larger portion of poverty level families are in the low-income category, and to a certain extent, the moderate-income category. Borrowers at poverty level often do not qualify for real-estate loans, so the percentage of families below poverty level was considered when evaluating lending performance to low- and moderate –income borrowers,

Other commercial or consumer loan products offered by the bank that are not HMDA- or CRA-reportable were not a part of this evaluation.

As part of the overall lending test, the bank's geographic distribution of loans was evaluated using census tract data from the 2000 U.S. Census Report. In addition, HMDA loans were assessed by comparing the percentage of loans made in each income category type (low-, moderate-, middle-, and upper-income) to the percentage of owner-occupied units in each income category. Small business and small farm loans were compared to the percentage of businesses and farms within each geographic income category, regardless of the entity's revenue size.

The distribution of loans made to borrowers of different income levels is based on the 2008 adjusted median family income data, made available by the United States Department of Housing and Urban Development (HUD).<sup>3</sup> The bank's levels of lending for HMDA loans were analyzed by comparing the percentage of loans made to borrowers in each income category (low-moderate-, middle-, and upper-income) to the percentage of families in each income category. Specifically, the bank's lending patterns to low- and moderate-income borrowers received the most consideration in this analysis.

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<sup>3</sup> <http://portal.hud.gov/portal/page/portal/HUD>

Whitaker's levels of lending to businesses of different revenue sizes was assessed by comparing the percentage of loans made to businesses in each revenue category (less than or equal to \$1 million or greater) to the percentage of total businesses in each revenue category. Small businesses are those with gross annual revenues of less than or equal to \$1 million. Specifically, the bank's lending performance to small businesses received the most consideration in this analysis, as it shows a particular responsiveness to the needs of small businesses in the area.

The bank's levels of lending to farms was assessed by comparing the percentage of loans made to farms in each revenue category (less than or equal to \$1 million or greater) to the percentage of total farms in each revenue category. Small farms are those with gross annual revenues of less than or equal to \$1 million. Whitaker's lending performance to small farms received the most consideration in this analysis, as it demonstrates a particular responsiveness to the needs of small farms in the area.

Community development lending, investment, and service activities from May 30, 2007 through June 15, 2009 was also considered for this evaluation. Community development lending was reviewed in order to determine the responsiveness to credit and community development needs of the bank's market. Investment performance was evaluated in order to determine if qualified investments benefit the assessment area or a broader statewide or regional area that includes the bank's assessment area. Community development services were evaluated in order to determine the extent, the innovation, and the responsiveness of the services provided. Lastly, interviews were conducted with community contacts by this Reserve Bank to ascertain the credit needs of the community.

The bank's combined lending performance in 2007 and 2008 was compared to the aggregate of all lenders required to report HMDA and CRA data within the respective assessment areas. As of the time of this evaluation, 2008 peer and market data were not publicly available and are not included within this analysis; therefore, discussions are based on 2007 peer and market data.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### Lending Test

Whitaker’s performance under the lending test is rated “High Satisfactory.”

### *Lending Activity*

Whitaker’s responsiveness to its assessment areas’ credit needs is good. As of March 31, 2009, net loans represented 63.5% of total assets. The national peer group average was 71.9%<sup>4</sup> and Whitaker’s loan-to-deposit (LTD) ratio measured 77.0% as of March 31, 2009, compared to a peer group average of 90.7%. The LTD ratio is reasonable given the bank’s size, financial condition and assessment area credit needs.

### *Assessment Area Concentration*

An analysis was performed to determine the volume of loans extended inside and outside of the bank’s assessment areas. The analysis consisted of an evaluation of the bank’s HMDA loans and small business loans. As the following table illustrates, a substantial majority (93.6%) of the bank’s loans were made within its assessment areas.

<b>Lending Inside and Outside the Assessment Area</b>								
Loan Type	Inside the Assessment Area				Outside the Assessment Area			
	# of Loans	%	\$ (000s)	%	# of Loans	%	\$ (000s)	%
Home Purchase - Conventional	756	91.3	67,167	84.3	72	8.7	12,539	15.7
Home Purchase - FHA	7	87.5	574	89.3	1	12.5	69	10.7
Home Purchase - VA	1	100.0	101	100.0	0	0.0	0	0.0
Home Improvement	931	96.6	17,506	95.9	33	3.4	743	4.1
Refinancing	1,048	93.7	77,093	86.7	71	6.3	11,800	13.3
<b>Total HMDA related</b>	<b>2,743</b>	<b>93.9</b>	<b>162,441</b>	<b>86.6</b>	<b>177</b>	<b>6.1</b>	<b>25,151</b>	<b>13.4</b>
Small Business	2,095	93.6	121,192	89.9	143	6.4	13,669	10.1
Small Farm	1,314	92.9	47,115	91.0	100	7.1	4,673	9.0
<b>Total Loans</b>	<b>6,152</b>	<b>93.6</b>	<b>330,748</b>	<b>88.4</b>	<b>420</b>	<b>6.4</b>	<b>43,493</b>	<b>11.6</b>

Note: Affiliate loans not included.

### *Geographic Distribution*

The geographic distribution of loans reflects a good penetration of lending throughout the bank’s assessment areas. However, the geographic distribution of different loan products within each assessment area ranged from adequate to excellent (see evaluations for each assessment area for further details). There were no significant gaps noted in the distribution of loans throughout the bank’s assessment area. The analysis reflects a reasonable penetration throughout the assessment area.

<sup>4</sup> Whitaker’s peer group includes all insured commercial banks having assets between \$1 billion and \$3 billion.

### *Borrower Distribution*

Whitaker's lending to borrowers of different income levels and to businesses of different revenue sizes is considered good and levels of lending were consistent throughout all the assessment areas.

### *Community Development Lending*

Overall, Whitaker makes an adequate level of community development loans within its assessment areas. Whitaker originated approximately \$4.3 million in qualified community development loans, which represents 0.3% of the bank's total assets.

### **Investment Test**

Whitaker's performance under the investment test is rated "Needs to Improve." The bank does not provide an adequate level of community development activity throughout its assessment areas. Interviews with community contacts revealed that opportunities exist for Whitaker to make qualified investments throughout the three assessment areas.

Qualified community development investments totaled approximately \$29,844.00. This represents 0.002% of the bank's total assets. These investments were in the form of grants and donations.

The following table illustrates the number and dollar amount of investments by the community development purpose for the bank's entire footprint:

<b>Qualified Investments by Community Development Purpose</b>		
<b>Community Development Activity</b>	<b># of Organizations</b>	<b>\$ Amount</b>
Affordable Housing for LMI individuals	2	\$2,600
Community Services for LMI individuals	6	\$25,244
Economic Development	1	\$2,000
<b>Total</b>	<b>9</b>	<b>\$29,844</b>

### **Service Test**

Whitaker's performance under the service test is rated "Low Satisfactory." The retail banking services are reasonably accessible to all portions of the bank's assessment area. Services, products, and hours are consistent across all branches and provide reasonable access to all in the assessment area. The bank provides an adequate level of community development services. Bank employees are involved in community development activities within the Lexington-Fayette MSA and the Nonmetropolitan East. However, no such services were noted in the Nonmetropolitan West assessment area. Specific details of community services are discussed in the respective assessment area sections of this report.

Whitaker offers a variety of consumer and business banking products and services, including, but not limited to:

- Deposit accounts, such as checking accounts, savings accounts, certificates of deposit, money market accounts, and Individual Retirement Accounts;
- ATM and debit cards;
- Consumer loans for vehicles, home improvement, debt consolidation, vacations, and other major purchases;
- Mortgage loans for purchase, refinance and construction;
- Home equity lines of credit;
- Credit cards and gift cards;
- Business loans for construction, commercial real estate, revolving lines of credit, accounts receivable financing, SBA guaranteed loans and letters of credit; and,
- Business checking, savings, certificates of deposit, account analysis, merchant accounts, business bill pay, e-statements, and pay taxes online.

These products and services are available through a branch banking network that includes lobby, drive-thru, and ATM services. The branch distribution makes these products and services accessible to geographies and individuals of different income levels throughout the assessment areas.

The hours at each branch vary, with lobbies generally opening between 8:30am – 9:30am and closing between 4:30pm – 6:00pm on Monday through Friday. Many branches have drive-thru services with extended hours and some offer Saturday morning banking. Products and services available through the branches and hours of operation do not vary in a way that inconveniences the bank's assessment areas, particularly low- and moderate-income geographies and individuals.

Many products and services are also accessible through 24-hour Internet banking and telephone banking. Internet banking allows customers to transfer funds, pay bills, and view account statements and transactions. Telephone banking allows customers to initiate fund transfers and access account information, such as balances, recent transactions, and loan payoffs.

## **COMPLIANCE WITH ANTI-DISCRIMINATION LAWS**

No violations of the substantive provisions of the anti-discrimination laws and regulations were noted. The bank continues the use of fair lending policies and procedures and has an effective fair lending training program to address fair lending issues.

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN KENTUCKY  
NONMETROPOLITAN EAST  
(Full Scope Review)**

The Nonmetropolitan East assessment area is comprised of 24 counties, which includes two (1.7%) low-income tracts, 52 (43.0%) moderate-income tracts, 53 (43.8%) middle-income tracts, and 14 (11.6%) upper-income census tracts. Of the 53 middle-income census tracts, 31 (58.5%) are designated as distressed and/or underserved areas. These distressed and/or underserved tracts span across 14 counties in this area.

According to the FDIC’s Summary of Deposits, as of June 30, 2008, Whitaker ranked second in deposit share with 10.7% of the market share of deposits. Major competitors include Community Trust Bank Inc., National City Bank, Cumberland Valley National Bank & Trust, and Traditional Bank Inc., as well as several other regional and local community banks.

As previously noted, middle-income distressed areas are those that have unemployment rates of at least one-and-one half times greater than the national average, poverty rates of 20% or more, population losses of 10% or more between decennial census years, or net migration losses of 5% or more over the five-year period prior to the most recent census.

Underserved areas are defined by the United States Department of Agriculture Economic Research Service (ERS) as those areas where the population is so small and distant from a population center that the communities have difficulty financing essential community needs. In many cases, these tracts are removed from basic amenities like hospitals or clinics and require water, sewer, health-care facilities, and other infrastructure.

For CRA purposes, middle-income geographies in nonmetropolitan areas may be considered distressed and/or underserved geographies for up to one year after the geographies are removed from the list. The following table lists those counties meeting the criteria during the evaluation period.

Counties	Distressed		Underserved	
	2007	2008	2007	2008
Bath		X		
Breathitt	X	X	X	X
Estill	X	X		
Knott	X	X	X	X
Knox	X	X		
Laurel	X	X		
Letcher	X	X	X	X
Menifee	X	X		
Nicholas		X	X	X
Perry	X	X	X	X
Powell	X	X		
Rockcastle	X	X		
Rowan	X	X		
Whitley	X	X		

## **Population**

This assessment area has a total population of 492,766. The population is comprised of approximately 96% White, not-Hispanic and has a total minority population slightly less than 4.0%, below the Commonwealth of Kentucky's total minority population of about 11.0%. Over half (52.4%) of the nonmetropolitan area's total population is in the 25-64 age range, which is comparable to the Commonwealth's total population in that same range. Approximately 12.0% of the assessment area's population is age 65 and over, which is comparable to the state's 12.5% of the population in the same range.

The median family income for the assessment area was \$51,133, which is higher than the Commonwealth of Kentucky at \$40,939. The assessment area poverty rate of 21.0% is significantly higher than both the Commonwealth of Kentucky poverty rate of 12.7% and the nation's poverty rate of 12.6%.

## **Housing**

There were 212,233 housing units in the assessment area as of the 2000 Census. Approximately, 67.5% are one to four family housing units, 5.5% are units with five families or more, 26.9% were mobile homes, and the remaining 0.15% were other types of units. The majority of the units (66.0%) in the assessment area were owner-occupied. The median of the housing stock was 24 years, which is comparable to the Commonwealth of Kentucky's median of 27 years.

## **Labor, Employment and Economic Characteristics**

According to Workforce Kentucky<sup>5</sup> labor market information, the annual unadjusted unemployment rates in 2008 for a significant sample of the counties in this assessment area were as follows: Bath – 9.0%, Breathitt – 7.3%, Clay – 10.3%, Estill – 7.9%, Fleming – 7.2%, Garrard – 6.6%, Jackson – 11.4%, Knott – 6.7%, Knox – 7.7%, Laurel – 6.5%, Lee – 7.4%, Leslie – 8.5%, Letcher – 6.9%, Madison – 5.5%, Menifee – 9.8%, Montgomery – 7.4%, Nicholas – 7.4%, Owsley – 8.1%, Perry – 6.9%, Powell – 8.8%, Rockcastle – 7.8%, Rowan – 5.7%, Whitley – 7.0 % and Wolfe – 10.5%, which exceeded the 2008 Kentucky unadjusted unemployment figure of 6.4% and substantially exceeded the 2008 national unadjusted unemployment rate of 5.8%.

Some of the main employers throughout this assessment area include, but are not limited to, the following: various local healthcare providers, local governments, and local school systems, in addition to CSX/GE Transportation, First Image, Wal-Mart, Childers Oil Company, UPS, Columbia Gas Transmission, Allison Abrasives, Feldman Lumber Co., Inc., Garrard Wood Products, Inc., Progressive Machine & Tool, Inc., Nestle, KDMK (a Japanese auto parts plant), Quality Cabinets, Lee-Lynn Machining, and various coal companies.

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<sup>5</sup> [www.workforcekentucky.ky.gov](http://www.workforcekentucky.ky.gov)

### **Community Contacts**

One community contact from an agency promoting affordable housing was conducted in conjunction with this evaluation. The needs identified by the contact included a need for banks to partner with non-profit organizations by offering technical assistance and creative solutions to assist staff with continuing education requirements for the licenses they maintain. The need remains for financial institutions to continue to provide construction financing and for the development of affordable housing. The contact noted that some banks have been good partners by donating residential real estate that has been foreclosed on with little to no market value. These homes are subsequently demolished and replaced with new energy efficient affordable homes.

The following table illustrates the demographic data regarding this assessment area.

## Combined Demographics Report

Exam: Whitaker Bank

Analysis Year: 2008

Assessment Area(s): Non-MSA 1

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	2	1.7	1,073	0.8	419	39.0	37,414	27.1
Moderate-income	52	43.0	48,389	35.1	14,189	29.3	24,257	17.6
Middle-income	53	43.8	69,173	50.1	12,391	17.9	25,883	18.7
Upper-income	14	11.6	19,417	14.1	2,033	10.5	50,498	36.6
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>121</b>	<b>100.0</b>	<b>138,052</b>	<b>100.0</b>	<b>29,032</b>	<b>21.0</b>	<b>138,052</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	1,660	905	0.6	54.5	580	34.9	175	10.5
Moderate-income	73,705	50,066	35.8	67.9	15,255	20.7	8,384	11.4
Middle-income	107,352	70,260	50.2	65.4	25,714	24.0	11,378	10.6
Upper-income	29,516	18,737	13.4	63.5	8,384	28.4	2,395	8.1
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>212,233</b>	<b>139,968</b>	<b>100.0</b>	<b>66.0</b>	<b>49,933</b>	<b>23.5</b>	<b>22,332</b>	<b>10.5</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	28	0.2	26	0.2	1	0.1	1	0.1
Moderate-income	4,348	26.3	3,873	26.0	239	23.9	236	35.3
Middle-income	8,846	53.4	7,961	53.5	553	55.3	332	49.6
Upper-income	3,335	20.1	3,028	20.3	207	20.7	100	14.9
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>16,557</b>	<b>100.0</b>	<b>14,888</b>	<b>100.0</b>	<b>1,000</b>	<b>100.0</b>	<b>669</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>			<b>89.9</b>		<b>6.0</b>		<b>4.0</b>	
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	1	0.1	1	0.1	0	0.0	0	0.0
Moderate-income	177	22.4	175	22.3	2	33.3	0	0.0
Middle-income	416	52.6	412	52.6	3	50.0	1	100.0
Upper-income	197	24.9	196	25.0	1	16.7	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>791</b>	<b>100.0</b>	<b>784</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>
<b>Percentage of Total Farms:</b>			<b>99.1</b>		<b>0.8</b>		<b>0.1</b>	

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN KENTUCKY  
NONMETROPOLITAN EAST  
(Full Scope Review)**

**Lending Test**

The assessment area's lending performance is considered good. Generally, the bank's performance for both geographic and borrower distributions is either comparable to or exceeded the aggregate of all lenders and is mostly comparable to or slightly above the proxies within this assessment area.

Because there were enough loans to make a meaningful analysis, this evaluation includes an analysis of each individual product type. Home improvement loans were given the greatest weight due to loan volume and largest dollar, followed closely by both home refinance and home purchase loans.

***Lending Activity***

Whitaker's responsiveness to the assessment area's credit needs with regard to lending is good, considering the 21% poverty rate in this assessment area.

Lending in the Nonmetropolitan East represented 80.5% of total lending for the evaluation period, which is significantly more than the approximately 63.7% of deposits generated in this assessment area.

During the evaluation period, Whitaker did not originate any loans in one low-income and 12 moderate-income tracts; however 76.3% of the housing units in the low-income tract are rentals, with an overall vacancy rate of 18.2%. In addition, the moderate-income tracts contain 174 families, accounting for 0.01% of the families within the entire assessment area and 19.8% of the housing units are rentals, with an overall vacancy rate of 11.2%. Families in these tracts represent 9.4% of all families in the assessment area. Whitaker originated loans in the remaining 40 moderate-income tracts, representing a 76.9% penetration rate in moderate-income tracts. As a result of this analysis, there are no significant lending gaps.

In 2007, Whitaker ranked first out of 281 banks with 9.2% of the market share of HMDA loans originated in this assessment area. During this period, Whitaker ranked fourth out of 53 banks, with 10.3% of the market share of small business and small farm loans originated in this assessment area.

### *Geographic Distribution*

The geographic distribution of loans reflects a good penetration throughout this assessment area. There was only one (home purchase) loan made in the low-income tracts. The percentage of owner-occupancy is less than 1.0% and the aggregate of all lenders also made less than 1.0% of its loans within the low-income tracts. In addition, there were no small business loans and small farm loans made in the low-income tracts; however the percentage of small businesses and small farms is less than 1%. Therefore there is little opportunity for lending in these tracts.

Moderate-income census tracts comprise of 43% of the geographies in this assessment area, with only two low-income tracts (1.7%). Lending in middle-income geographies comprised of 59% of distressed and/or underserved census tracts. Generally, the bank's performance is comparable to or exceeded the aggregate of all lenders and the percentage of owner-occupied housing units contained within various income category census tracts used to estimate demand for residential mortgage lending within such census tracts

### *Home Improvement Loans*

Whitaker originated 205 home improvement loans (24.0%) in moderate-income tracts, which is slightly lower than the aggregate of all lenders at 27.0% and significantly lower than the 35.8% of owner-occupied housing units located in moderate-income tracts. This reflects an adequate penetration of loans within moderate-income tracts.

Whitaker originated 575 loans (67.6%) in middle-income tracts, which exceeds the aggregate of all lenders at 53.7% and the owner-occupied housing units at 50.2%. Loans originated in upper-income tracts represented 8.3% of total loans, which is substantially lower than the aggregate of all lenders at 18.7% and owner-occupied housing units at 13.4%

### *Home Refinance Loans*

Whitaker originated 168 home refinance loans (22.2%) in moderate-income tracts, which is slightly higher than the aggregate of all lenders at 20.1% and significantly lower than the 35.8% owner-occupied housing units located in moderate-income tracts. This reflects an adequate penetration of lending within moderate-income tracts.

Whitaker originated 512 loans (67.5%) in middle-income tracts, which is significantly more than the aggregate of all lenders at 54.1% and owner-occupied housing units at 50.2%. Loans originated in upper-income tracts represented 10.3% of total loans, which is significantly lower than the aggregate of all lenders at 24.8% and slightly lower than owner-occupied housing units at 13.4%.

### *Home Purchase Loans*

Whitaker originated one home purchase loan (0.2%) in a low-income tract, which is comparable to the aggregate of all lenders who made 0.3% of their loans in these tracts, yet slightly lower than the 0.6% of owner-occupied housing units located in low-income tracts. Based on this analysis, lending in the low-income tracts is considered adequate.

Whitaker originated 111 loans (19.3%) in moderate-income tracts, which is higher than the aggregate of all lenders at 15.9% but substantially lower than the 35.8% of owner-occupied housing units located in moderate-income tracts. This reflects an adequate penetration of loans within moderate-income tracts.

Whitaker originated 379 (66.0%) loans in middle-income tracts, which exceeds both the aggregate of all lenders at 53.8% and the owner-occupied housing units at 18.8%. Loans originated in upper-income tracts represented 14.5% of total loans, which is substantially lower than the aggregate of all lenders at 29.7%, but higher than the owner-occupied housing units at 13.4%

### *Small Business Loans*

Whitaker originated 268 small business loans (15.8%) in moderate-income tracts, which is less than the aggregate of all lenders at 19.9% and significantly lower than the 26.0% of businesses located in moderate-income tracts. This reflects an adequate penetration of loans within moderate-income tracts.

Whitaker originated 968 loans (56.9%) in middle-income tracts, which is higher than the aggregate of all lenders at 50.7% and the 53.4% of businesses located in middle-income tracts. Loans originated in upper-income tracts represented 27.3% of total loans, which is higher than the aggregate of all lenders at 24.6% and the 20.3% of businesses located in upper-income tracts.

### *Small Farm Loans*

Whitaker originated 177 small farm loans (16.6%) in moderate-income tracts, which exceeds the aggregate of all lenders at 9.7%, but is lower than the 22.4% of farms located in moderate-income tracts. This reflects a good penetration of lending within moderate-income tracts.

The bank originated 661 loans (61.9%) in middle-income tracts, which is higher than the aggregate of all lenders at 59.8% and the 52.6% of farms located in middle-income tracts. Loans originated in upper-income tracts represented 21.5% of total loans, which is less than the aggregate of all lenders at 29.8% and the 24.9% of farms located in upper-income tracts.

### *Distribution by Borrower Income and Revenue Size of Business*

The distribution of borrowers reflects a good penetration among borrowers of different income levels especially when considering that 21.0% of families in the assessment area live below the poverty level. The bank's performance is generally comparable or slightly above the family income proxies. The bank's distribution of lending to small businesses and small farms with revenues of \$1 million or less is considered good.

#### *Home Improvement Loans*

Whitaker originated 174 home improvement loans (20.4%) to low-income borrowers, which exceeds the aggregate of all lenders at 11.6%, but is lower than the 27.1% of low-income families residing in the assessment area. This reflects a good penetration among low-income borrowers.

Whitaker originated 134 loans (15.7%) to moderate-income borrowers, which is slightly less than the aggregate of all lenders at 17.6% and 17.6% of moderate-income families living in the assessment area. This reflects a good penetration among moderate-income borrowers.

The bank originated 168 loans (19.7%) to middle-income borrowers, which is comparable to the aggregate of all lenders at 19.8% and slightly less than the 18.7% of middle-income families located in the assessment area.

Loans originated to upper-income borrowers represented 41.7% of total loans, which is less than aggregate of all lenders at 49.5%, but higher than the 36.6% of upper-income families located in the assessment area.

Income figures were unknown for 20 home purchase loans (2.4%), as compared to the unknown aggregate of all lenders' performance of 1.4%.

#### *Home Refinance Loans*

Whitaker originated 54 home refinance loans (7.1%) to low-income borrowers, which exceeds the aggregate of all lenders at 5.1%, but is substantially lower than the 27.1% of low-income families living in the assessment area. This reflects an adequate penetration among low-income borrowers.

Whitaker originated 101 loans (13.3%) to moderate-income borrowers, which is comparable to the aggregate of all lenders at 13.0% yet lower than the 17.6% of moderate-income families living in the assessment area. This reflects an adequate penetration among moderate-income borrowers.

The bank originated 142 loans (18.7%) to middle-income borrowers, which is slightly less than the aggregate of all lenders at 19.9% and comparable to the 18.7% of middle-income families located in the assessment area.

Loans originated to upper-income borrowers represented 52.9% of total loans, which is slightly less than the aggregate of all lenders at 55.5% and is substantially higher than the 36.6% of upper-income families located in the assessment area.

Income figures were unknown for 60 refinance loans (7.9%), as compared to the unknown aggregate of all lenders' performance of 6.6%.

#### *Home Purchase Loans*

Whitaker originated 42 home purchase loans (7.3%) to low-income borrowers, which is higher than the aggregate of all lenders at 3.7%, but substantially lower than the 27.1% of low-income families living in the assessment area. This reflects an adequate penetration among low-income borrowers.

Whitaker originated 72 loans (12.5%) to moderate-income borrowers, which is lower than the aggregate of all lenders at 14.1% and the 17.6% of moderate-income families residing in the assessment area. This reflects an adequate penetration among moderate-income borrowers.

Whitaker originated 97 loans (16.9%) to middle-income borrowers, which is less than the aggregate of all lenders at 21.7% and slightly less than the 18.7% of middle-income families living in the assessment area.

Loans originated to upper-income borrowers represented 54.9% of total loans, which is comparable to the aggregate of all lenders at 53.9% and significantly more than the 36.6% of upper-income families living in the assessment area.

Income figures were unknown for 48 home purchase loans (8.4%) compared to the unknown aggregate of all lenders' performance of 7.1%.

#### *Small Business Loans*

Whitaker originated 1,521 small business loans (89.5%) to businesses with revenues of \$1 million or less, which is significantly higher than aggregate of all lenders at 43.4%, and comparable to the 89.7% of business with revenues of \$1 million or less in this assessment area. 86.3% of loans originated (regardless of business size) were for \$100,000 or less.

The bank has a good distribution of small business loans to businesses of different revenue sizes in this assessment area.

#### *Small Farm Loans*

Whitaker originated 1,019 loans (95.5%) to farms with revenues of \$1 million or less, which is comparable to the aggregate of all lenders at 95.7%, and slightly less than the 99.1% of farms with revenues of \$1 million or less in this assessment area. There were 91.2% of loans originated for \$100,000 or less regardless of farm size.

The bank has a good distribution of small farm loans to farms of different revenue sizes in this assessment area.

### ***Community Development Lending***

The level of community development loans originated during this evaluation period is good. Whitaker originated \$4.3 million qualified community development loans in this assessment area, which represents 100% of total qualified community development lending.

### **Investment Test**

The bank's investment in the Nonmetropolitan East is considered poor. Qualified community development investments totaled \$765 in this assessment area, which represents 2.6% of total qualified community development investments. The bank's investments were in the forms of grants and donations for community services to the following community development organizations within this nonmetropolitan area:

- Mount Sterling Rotary Club – donation to support activities for students, of which 67% are eligible for the free or reduced school lunch program
- Kentucky Sheriff's Ranch – donation to support summer camp for children primarily from low- and moderate-income families
- Blue Grass Community Action Partnership – donation to an event to raise funds to provide transportation for low- and moderate-income individuals

In addition, an investment was made to Goodwill Industries of Kentucky to assist in creating jobs and providing job training for individuals with disabilities, primarily from low- and moderate-income families throughout the Commonwealth of Kentucky.

### **Service Test**

The service test is considered adequate, which is primarily based upon the retail distribution of branches. While the bank is involved in providing community development services, these services are concentrated in six of the 25 counties in this assessment area and does not impact the rating.

***Retail Services***

Whitaker’s delivery systems are reasonably accessible to the geographies and individuals of different income levels within this assessment area. The bank operates 26 branches in this assessment area, which represents 63.4% of the bank’s 41 branches. With the exception of three branches (two located in middle-income tracts and one located in an upper-income tracts), all branches have a full-service ATM located at the branch. In addition, Whitaker operates 17 cash-only ATMs throughout this area. The 23 ATMs in this assessment area represent 57.5% of the bank’s total ATM network. The availability of retail services throughout this area is analyzed by comparing the distribution of branches and full-service ATMs by census tract level, to the percentage of families living within the respective income tracts. The following table illustrates Whitaker’s distribution of branches and ATMs throughout this assessment area:

<b>Geography</b>	<b>Number of Branches</b>	<b>Percent</b>	<b>Number of Full-service ATMs</b>	<b>Percent</b>	<b>Percent Families by Tract Income</b>
Low-income	0	0.0%	0	0.0%	27.1%
Moderate-income	4	15.4%	4	17.4%	17.6%
Middle-income	17	65.4%	15	65.2%	18.7%
Upper-income	5	19.2%	4	17.4%	36.6%
<b>TOTALS</b>	<b>26</b>	<b>100.0%</b>	<b>23</b>	<b>100.0%</b>	<b>100.0%</b>

As illustrated above, there are no branches or full-service ATMs located in the low-income tracts within this area. While this is below the percentage of families (27.1%) living in the low-income tracts, there are only two low-income tracts (1.7%) within this area, 1.5% of the population in the area live in these tracts, and 0.01% of the housing units in the area are in these tracts. Therefore, it is reasonable that the bank does not have any branches or ATMs located in low-income tracts in this area.

There are four branches (15.4%) and four full-service ATMs (17.4%) in the moderate-income census tracts. The distribution of branches is less than the percentage of families (17.6%) living in the moderate-income tracts. The distribution of full-service ATMs is comparable to the percentage of families (17.6%) living in the moderate-income tracts. This reflects a good distribution of branches and ATMs in the moderate-income geographies.

There are 17 branches (65.4%) and 15 full-service ATMs (65.2%) in the middle-income census tracts. Of the 17 branches located in middle-income census tracts, 11 (42.3%) are located in areas designated as distressed and/or underserved tracts; as a result, there are 15 (57.7%) branches in middle-income census tracts designated as distressed and/or underserved. In addition, ten full-service ATMs (43.5%) are located in middle income census tracts designated as underserved and/or distressed tracts. This distribution of branches and full service ATMs exceeds the percentage of families (18.8%) living in middle-income tracts.

There are five branches (19.2%) and four full-service ATMs (17.4%) in the upper-income census tracts. The distribution of branches and ATMs in upper-income census tracts is below the percentage of families (36.6%) living in upper income-tracts.

No branches or full-service ATMs were opened or closed in this assessment area since the previous evaluation. The bank's record of opening and closing offices has not adversely affected the accessibility of its services, particularly to low- and moderate-income individuals and in low- and moderate-income geographies.

Based on the details above, Whitaker's branch and ATM distribution adequately represents the overall makeup of geographies within this assessment area.

### *Community Development Services*

Whitaker provides an adequate level of community development services in this assessment area. Bank personnel utilize their financial expertise to provide technical assistance to community service organizations regarding fund raising activities for health services; to promote economic development; and to provide education on banking, finances, and grant writing. The majority of services were provided within Powell County. No services were noted for Bath, Breathitt, Clay, Estill, Fleming, Jackson, Knott, Knox, Laurel, Leslie, Letcher, Menifee, Nicholas, Owsley, Perry, Rockcastle, and Whitley Counties.

- Habitat for Humanity (Garrard & Rowan Counties) – Bank employees provide grant writing expertise to assist in the financing and development of affordable housing in each of these counties. In addition, a bank employee provides financial expertise to families working with the organization in Rowan County.
- Powell County High School Bank – A bank employee provides technical assistance to the management of this school program.
- Powell County Middle School Youth Service Center – A bank employee provides technical assistance to the management of this school program. The budget for this program is based upon the number of students eligible for the free and reduced lunch programs.
- Clay City Family Resource Center (Powell County) – A bank employee serves as an advisory council member and provides financial expertise for this program that provides community services to low- and moderate-income individuals
- Powell County High School Youth Service Center – A bank employee serves on the board and provides financial expertise to the management of this school program that provides financial assistance to low- and moderate-income families of students that attend the school.
- Powell County Lions Club – A bank employee serves on the board and provides financial expertise to assist the Lions Club in providing community services to low-income individuals.
- Powell County Higher Education – A bank employee serves on the board and provides financial expertise to attract a college campus to the community that would provide easy access to higher education for low- and moderate-income individuals residing in the area.

- Red Cross (Powell County) – A bank employee provides financial expertise for the financial assistance and education provided to low-income individuals.
- Bluegrass Area Development District (Powell County) – A bank branch participated in a program to hire a student as a teller from a school district where the majority of students participate in the free and reduced lunch programs.
- Wolfe County Lung Coalition – A bank employee provided financial expertise to form a committee to apply for a grant to obtain nicotine patches for low-income individuals as a means of addressing the high rate of lung cancer among residents of the community.
- Wolfe County Emergency Food and Shelter Program – A bank employee serves the on board and provides financial expertise to allow the program to provide financial assistance to low-income individuals.
- Wolfe County Extension Board – A bank employee serves as treasurer that provides educational activities for children of low-income families.
- Kiwanis Club (Montgomery County) – A bank employee serves on the board of the Mt. Sterling Kiwanis Club and provides financial expertise for raising funds to provide community services to low-and moderate-income individuals.
- Kentucky River Foothills Development Council (Madison County) – A bank officer provides grant writing expertise to assist in the financing and development of affordable housing.
- Powell Lions Club (Powell County) – A bank employee provides financial expertise to the club in order to assist LMI individuals in meeting their vision needs.

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN LEXINGTON-FAYETTE,  
KENTUCKY MSA 30460  
(Full Scope Review)**

There are 95 total census tracts in the Lexington-Fayette, KY MSA area. Specifically, the assessment area has nine (9.5%) low-income census tracts, 21 (22.1%) moderate-income census tracts, 41 (43.2%) middle-income census tracts, and 23 (24.2%) upper-income census tracts; one (1.1%) census tract had no reported income.

According to the FDIC's Summary of Deposits, as of June 30, 2008, Whitaker ranked eighth in deposit share within the assessment area with 3.45% of the market share of deposits. Major competitors include JPMorgan Chase Bank, Central Bank & Trust Company, Fifth Third Bank, National City Bank, Traditional Bank, Inc., Branch Banking & Trust Co., Kentucky Bank, as well as several other regional and local community banks.

**Population**

The Lexington-Fayette MSA is comprised of Bourbon, Clark, Fayette, Jessamine, Scott, and Woodford Counties. Whitaker's assessment area includes the entire MSA, which has a total population of 408,326.

The population is comprised of approximately 83.8% White, not-Hispanic individuals and has a significant total minority population of 16.2%, which exceeds the Commonwealth of Kentucky's total minority population of 10.7%. Slightly over half of the MSA's total population (53.9%) is in the 25-64 age range, which is comparable to the Commonwealth's total population (52.9%) in that same range. Approximately 10.3% of the assessment area's population is age 65 and over, versus 12.5% of the Commonwealth's total population in that same range.

According to the 2000 U.S. Census Report, the median family income for the assessment area was \$51,365, which was significantly higher than the Commonwealth of Kentucky's median family income of \$40,939. The percentage of households in the assessment area living below poverty level (8.2%) is lower than both the Commonwealth of Kentucky's poverty rate of 12.7% and the 2007 national poverty rate of 9.8%.

**Housing**

Based on the 2000 U.S. Census Report, there were 175,262 housing units in the assessment area; 76.8% of these are one-to-four family units, 19.3% are housing units with five families or more, and 3.9% were mobile homes. The majority of the units (56.0%) in the assessment area were owner-occupied. The median age of housing stock in this assessment area was 26 years, which was comparable to the Commonwealth of Kentucky's median of 27 years.

### **Labor, Employment and Economic Characteristics**

According to Workforce Kentucky labor market information, the annual unadjusted unemployment rates in 2008 for the counties in this assessment area were as follows: Bourbon – 5.8%, Clark – 6.3%, Fayette – 4.8%, Jessamine – 5.5%, Scott – 5.5%, and Woodford – 4.8%, all of which fell below the 2008 Kentucky unadjusted unemployment figure of 6.4%.

The main employers in this assessment area are the University of Kentucky, Lexmark International, Toyota Motor Manufacturing, IBM, Lexington Medical Center and other healthcare facilities, and the local government.

### **Community Contacts**

One community contact from a group that provides assistance to small businesses was conducted in connection with this evaluation. This contact stated that there are needs for small business financing in this area. The contact also indicated there are limited opportunities for banks to participate in economic development opportunities and those that are available are satisfied by large regional financial institutions.

The following table illustrates demographic data regarding this assessment area.

### Combined Demographics Report

Exam: Whitaker Bank

Analysis Year: 2008

Assessment Area(s): Lexington MSA 30460

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	9	9.5	4,516	4.3	1,472	32.6	21,702	20.6
Moderate-income	21	22.1	23,644	22.5	3,186	13.5	18,666	17.8
Middle-income	41	43.2	45,205	43.0	2,950	6.5	22,738	21.6
Upper-income	23	24.2	31,788	30.2	1,002	3.2	42,047	40.0
Unknown-income	1	1.1	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>95</b>	<b>100.0</b>	<b>105,153</b>	<b>100.0</b>	<b>8,610</b>	<b>8.2</b>	<b>105,153</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	12,673	2,680	2.7	21.1	8,440	66.6	1,553	12.3
Moderate-income	40,349	19,506	19.9	48.3	17,707	43.9	3,136	7.8
Middle-income	76,549	43,092	43.9	56.3	29,134	38.1	4,323	5.6
Upper-income	45,691	32,798	33.4	71.8	10,497	23.0	2,396	5.2
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>175,262</b>	<b>98,076</b>	<b>100.0</b>	<b>56.0</b>	<b>65,778</b>	<b>37.5</b>	<b>11,408</b>	<b>6.5</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	2,024	10.3	1,727	9.8	232	15.2	65	13.1
Moderate-income	3,680	18.8	3,281	18.7	304	19.9	95	19.1
Middle-income	7,620	38.9	6,878	39.1	535	35.0	207	41.6
Upper-income	6,249	31.9	5,672	32.3	449	29.3	128	25.8
Unknown-income	34	0.2	22	0.1	10	0.7	2	0.4
<b>Total Assessment Area</b>	<b>19,607</b>	<b>100.0</b>	<b>17,580</b>	<b>100.0</b>	<b>1,530</b>	<b>100.0</b>	<b>497</b>	<b>100.0</b>
Percentage of Total Businesses:			89.7		7.8		2.5	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	13	1.4	13	1.4	0	0.0	0	0.0
Moderate-income	141	14.8	139	15.0	1	4.5	1	50.0
Middle-income	420	44.2	407	43.9	13	59.1	0	0.0
Upper-income	377	39.6	368	39.7	8	36.4	1	50.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>951</b>	<b>100.0</b>	<b>927</b>	<b>100.0</b>	<b>22</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>
Percentage of Total Farms:			97.5		2.3		0.2	

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN LEXINGTON-  
FAYETTE, KENTUCKY MSA 30460**  
*(Full Scope Review)*

**Lending Test**

Whitaker's lending performance in this assessment area is considered good. Generally, the bank's performance for both geographic and borrower distributions was either comparable or exceeded the aggregate of all lenders and comparable to the demographics of the assessment area.

The bank originated sufficient loans to make a meaningful analysis; therefore, this evaluation includes an analysis of the following product types: home refinance loans, home purchase, home improvement loans, small business loans, and small farm loans. Home refinance loans were weighted the most heavily because these products represented the institution's largest concentration of loans by volume and dollar amount. Based on loan volume and dollar amount, home purchase loans received the next greatest weighting, and home improvement loans received the least weight.

***Lending Activity***

Whitaker's lending activity reflects a good responsiveness the credit needs within this assessment area.

Lending in this assessment area represented 14.0% of total lending for the examination period, which is significantly less than the approximate 30.8% of deposits generated in this assessment area.

During the evaluation period, Whitaker did not originate any loans in five low-income and six moderate-income tracts; 68.9% of the housing units in these low-income tracts are rental with an overall vacancy rate of 10.3%. In addition, these tracts contain 0.7% of the families within the entire assessment area. Overall, 54.5% of low-income tracts were penetrated. Also, 43.3% of the housing units in these moderate-income tracts are rental with an overall vacancy rate of 7.0%. Whitaker originated loans in the remaining 67 moderate-income tract representing a 91.8% penetration rate in moderate-income tracts. As a result, there are no significant lending gaps.

In 2007, Whitaker ranked 26<sup>th</sup> out of 358 reporting institutions in HMDA lending in this assessment area. This represented approximately 1.0% of the market share of HMDA loans originated in this assessment area. During this period, Whitaker also ranked 15<sup>th</sup> out of 69 reporting institutions in CRA lending in this area. This represented approximately 2.1% of the market share of small business and small farm loans originated in this assessment area.

***Geographic Distribution***

The geographic distribution of loans reflects a good penetration throughout this assessment area.

The bank's lending performance is comparable to or exceeded the percentages of owner-occupied housing units and the aggregate of all lenders.

### *Home Refinance Loans*

Whitaker originated three home refinance loans (1.3%) in low-income tracts, which is lower than the aggregate of all lenders at 2.9% and the percentage (2.7%) of owner-occupied housing units located in low-income tracts. This reflects a poor penetration of lending within this area's low-income tracts.

Whitaker originated 56 home refinance loans (25.1%) in moderate-income tracts, which is higher than the aggregate of all lenders at 18.1% and the percentage of owner-occupied housing units at 19.9% located in moderate-income tracts. This reflects an excellent penetration of lending within this area's moderate-income tracts.

Loans originated in middle-income tracts represented 50.2% of total loans, which exceeds the aggregate of all lenders at 39.3% and the percentage (43.9%) of owner-occupied housing units. Home purchase loans originated in upper-income tracts represented 23.3% of total loans, which is lower than the aggregate of all lenders at 39.6% and the percentage (33.4%) of owner-occupied housing units.

### *Home Purchase Loans*

Whitaker originated four home purchase loans (2.4%) in low-income tracts, which is lower than the aggregate of all lenders at 3.2% yet comparable to the owner-occupied housing units of 2.7%. This reflects a good penetration of lending within this area's low-income tracts.

Whitaker originated 38 home purchase loans (23.2%) in moderate-income tracts, which is higher than the aggregate of all lenders at 15.9% and the 19.9% of owner-occupied housing units located in moderate-income tracts. This reflects an excellent penetration of lending within this area's moderate-income tracts.

Loans originated in middle-income tracts represented 44.5% of total loans, which is higher than the aggregate of all lenders at 36.8% and higher than the owner-occupied housing units of 43.9%. Home purchase loans originated in upper-income tracts represented 29.9% of total loans, which is less than the aggregate of all lenders at 44.1% and slightly less than the percentage (33.4%) of owner-occupied housing units.

### *Home Improvement Loans*

Whitaker originated three home improvement loans (10.0%) in low-income tracts, which is higher than the aggregate of all lenders at 2.7% and the percentage (2.7%) of owner-occupied housing units located in low-income tracts. This reflects an excellent penetration of lending within this area's low-income tracts.

Whitaker originated seven loans (23.3%) in moderate-income tracts, which is higher than aggregate of all lenders at 20.8% and the owner-occupied housing units at 19.9% located in moderate-income tracts. This reflects an excellent penetration of lending within this area's moderate-income tracts.

Loans originated in middle-income tracts represented 46.7% of total loans, which is slightly higher than the aggregate of all lenders at 42.6% and owner-occupied housing units at 43.9%. Loans originated in upper-income tracts represented 20.0% of total loans, which is lower than the aggregate of all lenders at 33.9% and the percentage (33.4%) of owner-occupied housing units.

#### *Small Business Loans*

Whitaker originated ten business loans (3.9%) in low-income tracts, which is significantly less than the aggregate of all lenders at 8.1% and the percentage of businesses at 10.3% located in low-income tracts. This reflects a poor penetration of lending within this area's low-income tracts.

The bank originated 66 business loans (25.5%) in moderate-income tracts, which is significantly higher than the aggregate of all lenders at 15.2% and the percentage of businesses located in the moderate-income tracts at 18.8%. This reflects an excellent penetration of lending within this area's moderate-income tracts.

Loans originated in middle-income tracts represented 44.0% of total loans, which exceeds the aggregate of all lenders at 36.3% and the percentage (38.9%) of businesses located in middle-income tracts. Whitaker originated 26.6% of this area's business loans in upper-income tracts, which is less than the aggregate of all lenders at 39.0% and the percentage (31.9%) of businesses located in upper-income tracts.

#### *Small Farm Loans*

Whitaker did not originate any farm loans in low-income tracts. This is lower than the aggregate of all lenders at 3.1% and the percentage (1.4%) of farms located in low-income tracts. This reflects a poor penetration of lending within this area's low-income tracts.

The bank originated 22 loans (11.8%) in moderate-income tracts, which is slightly less than the aggregate of all lenders at 13.6% and the percentage of farms located in the moderate-income tracts at 14.8%. This reflects a good penetration of lending within this area's moderate-income tracts.

Loans originated in middle-income tracts represented 64.0% of total loans, which is significantly higher than the aggregate of all lenders at 50.4% and the percentage (44.2%) of farms located in middle-income tracts. Whitaker originated 24.2% of total loans in upper-income tracts, which is less than the aggregate of all lenders at 31.4% and the percentage (39.6%) of farms located in upper-income tracts.

### *Distribution by Borrower Income and Revenue Size of Business*

Given significant levels of poverty (8.2%) in this assessment area and the deteriorating national and regional economies over the past several years, Whitaker's distribution of lending to borrowers of different income levels and to businesses of different revenue sizes is good. The bank's performance of lending to borrowers of different income levels ranged from poor to excellent when evaluating the bank to the aggregate of all lenders as well as the percentages of the proxies.

#### *Home Refinance Loans*

Whitaker originated 31 home refinance loans (13.9%) to low-income borrowers, which is higher than the aggregate of all lenders at 6.8% yet lower than the percentage of low-income families at 20.6% located in the assessment area. This reflects an adequate penetration of lending among low-income borrowers in this assessment area.

Whitaker originated 41 loans (18.4%) to moderate-income borrowers, which is comparable to the aggregate of all lenders at 18.2% and higher than the percentage of moderate-income families at 17.8% located in the assessment area. This reflects an excellent penetration among moderate-income borrowers.

Loans originated to middle-income borrowers represented 16.1% of total loans, which is less than the aggregate of all lenders at 22.8% and the percentage (21.6%) of middle-income families located in the assessment area. Loans originated to upper-income borrowers represented 41.3% of total loans, which is slightly higher than aggregate of all lenders at 40.8% and slightly above the percentage (40.0%) of upper-income families located in the assessment area.

Income figures were unknown for 23 (10.3%) of the refinance loans as compared to the unknown aggregate of all lenders performance at 11.4%.

#### *Home Purchase Loans*

Whitaker originated ten home purchase loans (6.1%) to low-income borrowers, which is above the aggregate of all lenders at 5.6%, but significantly lower than the percentage of low-income families at 20.6%. This reflects an adequate level of lending to low-income borrowers within this area.

Whitaker originated 24 loans (14.6%) to moderate-income borrowers, which is lower than the aggregate of all lenders at 19.1% and the percentage of moderate-income families at 17.8% located in the assessment area. This reflects an adequate penetration of lending among moderate-income borrowers within this area.

Loans originated to middle-income borrowers represented 16.5% of total loans, which is less than the aggregate of all lenders at 23.8% and the percentage of middle-income families at 21.6% located in the assessment area. Loans originated to upper-income borrowers represented 44.5% of total loans, which is higher than the aggregate of all lenders at 39.2% and the percentage (40.0%) of upper-income families located in the assessment area.

Income figures were unknown for 30 (18.3%) of the home purchase loans as compared to the loans made to the unknown income borrower by the aggregate of all lenders at 12.4%.

### *Home Improvement Loans*

Whitaker originated six home improvement loans (20.0%) to low-income borrowers, which is significantly higher than the aggregate of all lenders at 9.6%. This level of lending aligns with the percentage of low-income families at 20.6% located in the assessment area. This reflects an excellent penetration of lending among low-income borrowers in this area.

Whitaker originated five loans (16.7%) to moderate-income borrowers, which is lower than the aggregate of all lenders at 19.0% and the percentage of moderate-income families at 17.8% located in the assessment area. This reflects adequate good penetration among moderate-income borrowers.

Loans originated to middle-income borrowers represented 16.7% of total loans, which is less than the aggregate of all lenders at 24.3% and the percentage of middle-income families at 21.6% located in the assessment area. Loans originated to upper-income borrowers represented 33.3% of total loans, which is lower than aggregate of all lenders at 43.3% and lower than the percentage (40.0%) of upper-income families located in the assessment area.

Income figures were unknown for four (13.3%) of the home improvement loans as compared to the loans made to the unknown income borrowers by the aggregate of all lenders performance of 3.8%.

### *Small Business Loans*

Whitaker originated 202 loans (78.0%) to businesses with revenues of \$1 million or less. This is significantly higher than the aggregate of all lenders at 36.2% yet less than the percentage of businesses at 89.7% with revenues of \$1 million or less in this assessment area. Also, 85.7% of Whitaker's originated business loans, regardless of the entity's size, were for amounts of \$100,000.00 or less, which was below the aggregate of 94.0%. However, smaller size loans are generally commensurate with the borrowing needs of smaller businesses. This level of lending activity demonstrates that Whitaker is appropriately meeting the credit needs of small businesses.

The distribution of lending to businesses of different revenue sizes throughout this assessment area is good.

### *Small Farm Loans*

Whitaker originated 162 loans (87.1%) to farms with revenues of \$1 million or less. This is higher than the aggregate of all lenders at 74.8%, but is less than the percentage of farms at 97.5% with revenues of \$1 million or less in this assessment area. Also, 91.4% of Whitaker's originated farm loans, regardless of the entity's size, were for amounts of \$100,000.00 or less, which significantly exceeded the aggregate of 66.1%.

Smaller size loans are generally commensurate with the borrowing needs of smaller farms. Therefore, these levels of lending indicate that Whitaker is appropriately meeting the credit needs of small farms.

The distribution of lending to farms of different revenue sizes throughout this assessment area is considered good.

***Community Development Lending***

The bank made no community development loans in this assessment area.

**Investment Test**

The bank’s investment levels in this assessment area are considered poor. Qualified community development investments totaled approximately \$24,079 in this assessment area, which represents 80.7% of total qualified community development investments. The total investments include an investment made to Goodwill Industries of Kentucky to assist in creating jobs and providing job training for individuals with disabilities, primarily from low- and moderate-income families throughout the Commonwealth of Kentucky.

The bank’s investments were in the form of grants and donations to the following community development organizations in Lexington-Fayette MSA:

- Salvation Army (Lexington MSA) – Donations to purchase an emergency disaster mobile kitchen and sponsorship of a fundraising event where the proceeds were used to support the organization’s community services to low- and moderate-income individuals.
- Lexington Strides Ahead (Lexington MSA) – Grant to fund projects for three economic development agencies.
- Volunteers of America (Fayette County) – Donation to raise funds for the organization’s efforts to assist homeless individuals.
- Resources Education Assistance for Community Housing (Lexington MSA) – Donation to support the organization’s efforts to provide affordable housing.
- Community Medical Mission (Scott County) – Donation to support providing no-cost medical services to low income individuals without medical insurance.

The following table breaks out the number and dollar amount of investments in the Lexington-Fayette MSA:

<b>Qualified Investments by Community Development Purpose</b>		
<b>Community Development Activity</b>	<b># of Organizations</b>	<b>\$ Amount</b>
Affordable housing for LMI individuals	2	\$2,600
Community Services for LMI individuals	3	\$19,479
Economic Development	1	\$2,000
<b>Total</b>	<b>6</b>	<b>\$24,079</b>

**Service Test**

The bank provides an adequate level of service throughout this assessment area. While the bank’s retail services are reasonably accessible, the community development services are limited to two of the six counties within assessment area.

***Retail Services***

Whitaker’s delivery systems are reasonably accessible to the geographies and individuals of different income levels within this assessment area. The bank operates 12 branches in this assessment area, representing 29.3% of the bank’s 41 branches. There is one full-service ATM located at each branch. In addition, to the full-service ATMs at the branches, Whitaker operates two stand-alone full-service ATMs and six cash-only ATMs throughout this area. The 18 ATMs in this assessment area represent 28.6% of the bank’s total ATM network. The availability of retail services throughout this area is analyzed by comparing the distribution of branches and full-service ATMs by census tract level, to the percentage of families living within the respective income tracts. The following table illustrates Whitaker’s distribution of branches and ATMs throughout this assessment area:

<b>Geography</b>	<b>Number of Branches</b>	<b>Percent</b>	<b>Number of Full-service ATMs</b>	<b>Percent</b>	<b>Percent Families by Tract Income</b>
Low-income	0	0.0%	0	0.0%	4.3%
Moderate-income	3	25.0%	3	25.0%	22.5%
Middle-income	6	50.0%	5	41.6%	43.0%
Upper-income	3	25.0%	4	33.4%	30.2%
<b>TOTALS</b>	<b>12</b>	<b>100.0%</b>	<b>12</b>	<b>100.0%</b>	<b>100.0%</b>

As illustrated above, there are no branches or full-service ATMs located in the low-income tracts, which is below the percentage of families (4.3%) living in the low-income tracts. However, there are three cash-only stand-alone ATMs (not illustrated in the table above) located inside of Rupp Arena in downtown Lexington. Rupp Arena is located in a low-income tract. However, those cash-only ATMs are concentrated in one location and serve patrons of Rupp Arena and not necessarily the residents of the low-income tracts in this area. This reflects a poor distribution of branches and ATMs in this area’s low-income geographies.

There are three (25.0%) branches and three (25.0%) full-service ATMs in the moderate-income tracts. The distribution of branches in moderate-income tracts exceeds the percentage of families (22.5%) living in moderate-income tracts. The distribution of full-service ATMs at 25.0% is below the percentage of families living at 22.5% in moderate-income tracts. This reflects an excellent distribution of branches and ATMs in this assessment area area’s moderate-income geographies.

There are six (50.0%) branches and five (27.8%) full-service ATMs in the middle-income tracts. The distribution of branches in middle-income tracts exceeds the percentage of families (43.0%) living in middle-income tracts. The distribution of ATMs is below the percentage of families (43.0%) living in middle-income tracts.

There are three (25.0%) branches and four (22.2%) full-service ATMs in the upper-income tracts. The distribution of branches and ATMs in upper-income tracts is below the percentage of families (30.2%) of families living in upper-income tracts.

No branches or full-service ATMs were opened or closed in this assessment area since the previous evaluation. The bank's record of opening and closing offices has not adversely affected the accessibility of its services, particularly to low- and moderate-income individuals and in low- and moderate-income geographies.

Based on the details above, Whitaker's branch and ATM distribution adequately represents the overall makeup of geographies within this assessment area.

### *Community Development Services*

While Whitaker provides a limited level of community development services in this assessment area, activities were limited to Fayette and Scott Counties. No services were noted during the review period for the other counties (Bourbon, Clark, Jessamine and Woodford) in the assessment area. Bank personnel utilize their financial expertise to provide technical assistance to the following community service organizations:

- Yates Elementary School – A bank employee provides education to students promoting financial responsibility at this school located in Lexington, where 59% of students are eligible for the federal free lunch program.
- Scott County Habitat for Humanity – A bank employee serves on the board and provides financial expertise to assist the organization in securing a grant from the Federal Home Loan Bank of Cincinnati. The organization develops affordable housing for low- and moderate-income individuals.
- Special Olympics Kentucky – A bank employee serves as a treasurer for this organization that provides year-round sports training and athletic competition in a variety of Olympic-type sports for children and adults with intellectual disabilities.
- Georgetown Kiwanis Club of Scott County – A bank employee serves as treasurer for this organization that works with children within the community through education and community service activities.

## DESCRIPTION OF INSTITUTION'S OPERATIONS IN NONMETROPOLITAN WEST (*Limited Scope Review*)

This assessment area has no low-income tracts, no moderate-income tracts, one (10.0%) middle-income tract, and nine (90.0%) upper-income tracts for a total distribution of ten income tracts.

According to the FDIC's Summary of Deposit, as of June 30, 2008, Whitaker ranked third in deposit share within the assessment area with 12.0% of the market share of deposits. Major competitors include Farmer Bank & Capital, American Founders, and First Federal Savings of Frankfort, as well as several other regional and local community banks.

The Nonmetropolitan West assessment area is comprised of Franklin County, which has a total population of 47,687.

The population is comprised of approximately 87% White, not-Hispanic and has a minority population of about 13%, which slightly exceeds the Commonwealth of Kentucky's total minority population of about 11%. Slightly over half of this non-metropolitan area's total population (55.41%) is in the 25-64 age range, which is slightly higher than the Commonwealth's total population in that same range. A little over 12.0% of the assessment area's population is age 65 and over, which is comparable to 12.5% of the state's total population in that same range.

The median family income for the assessment area was \$51,133, which is significantly higher than for the Commonwealth of Kentucky at \$40,939. The assessment area's poverty rate of 6.9% is significantly lower than both the Commonwealth of Kentucky's poverty rate of 12.7% and the nation's poverty rate of 17.3%.

There were 21,409 housing units in the assessment area as of the 2000 Census; 86.0% of these units are one-to-four family units, 13.1% five families or more housing units, 6.8% are mobile homes, and the remaining 0.1% are other types of units. The majority of the units (60.3%) in the assessment area were owner-occupied. The median of the housing stock is 28 years, which is comparable to the Commonwealth of Kentucky's median of 27 years.

According to Workforce Kentucky labor market information, the annual unadjusted unemployment rates in 2008 for Franklin County was 5.8%, which fell below the 2008 Commonwealth of Kentucky figure of 6.4% and was equal to the 2008 national unadjusted unemployment rate of 5.8%.

Frankfort, which is located in Franklin County, is the capital of the Commonwealth of Kentucky. As a result, the Commonwealth is the largest employer in Franklin County.

### **Community Contact**

One community contact was conducted with a non-profit community group that assists low-and moderate income individuals with affordable housing and community services. Although there are no low-and moderate income tracts within Franklin County, there is a need for affordable housing, especially for multi-unit properties that house five or more families. In addition, there is a need to provide technical assistance to low- and moderate-income individuals to improve their credit histories.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN  
NONMETROPOLITAN WEST  
(Limited Scope Review)**

Although there are no low-and moderate-income census tracts within the Nonmetropolitan West assessment area, the bank's lending in the middle- and upper-income tracts is consistent with the demographics of the area and reflects the lending patterns of the other assessment areas.

One of the bank's investments benefitted portions of this assessment; however no other qualified community development investments were made. Whitaker operates 4 branches in this assessment area, which represents 9.8% of the bank's 41 branches and considered reasonably accessible to the geographies and individuals of different income levels. The retail banking services in this assessment area are consistent with the services Whitaker provides to the other assessment areas. However, the bank is not involved in providing community development services throughout this assessment area. This evaluation of the Nonmetropolitan West assessment area does not change the rating for the institution.

Assessment Area	Lending Test	Investment Test	Service Test
Nonmetropolitan West	Consistent	Below	Below

**APPENDIX A**

**SCOPE OF EXAMINATION**

Large institutions with multiple assessment areas or affiliates subject to examination may warrant the use of charts that convey information regarding the scope of the examination. The following chart may be used as a supplement to the discussion of the scope or in lieu thereof.

<b>SCOPE OF EXAMINATION</b>			
<b>TIME PERIOD REVIEWED</b>		January 1, 2007 – December 31, 2008 (Lending) June 1, 2007 – June 15, 2009 (CD Lending, Investments & Services)	
<b>FINANCIAL INSTITUTION</b> Whitaker Bank – Lexington, KY			<b>PRODUCTS REVIEWED</b> Home Purchase Loans Home Refinance Loans Home Improvement Loans Small Business Small Farm
<b>AFFILIATE(S)</b>	<b>AFFILIATE RELATIONSHIP</b>		<b>PRODUCTS REVIEWED</b> -
None			

There is a statutory requirement that the written evaluation of a multistate institution's performance must list the individual branches examined in each state.

<b>LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</b>			
<b>ASSESSMENT AREA</b>	<b>TYPE OF EXAMINATION</b>	<b>BRANCHES VISITED</b>	<b>OTHER INFORMATION</b>
<b>EASTERN KENTUCKY</b>  <b>Non-metropolitan Area 1</b>	<b>Full-scope review</b>	100 W Main St, Corbin, KY 40701  39 Public Square, Lancaster, KY 40444  130 S Main St, Stanton, KY 40380	None
<b>KENTUCKY</b>  <b>MSA 30460 Lexington-Fayette</b>	<b>Full-scope review</b>	2001 Pleasant Ridge Dr, Lexington, KY 40509	None
<b>WESTERN KENTUCKY</b>  <b>Non-metropolitan Area 2</b>	<b>Limited-scope review</b>	None	None

**APPENDIX B**  
**CRA CORE TABLES**

**Bank and Peer Comparison - HMDA, Small Business & Small Farm**  
Assessment Area/Group: Overall

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank (2007 & 2008)		Peer (2007)			Bank (2007 & 2008)		Peer (2007)		
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
<b>Home Purchase</b>										
Low	5	0.7%	0.5%	2.3%	2.3%	54	7.1%	2.7%	4.9%	3.0%
Moderate	149	19.5%	14.4%	15.3%	11.6%	97	12.7%	8.1%	17.3%	12.9%
Middle	454	59.4%	55.1%	40.3%	35.9%	126	16.5%	13.1%	23.0%	19.9%
Upper	156	20.4%	30.0%	42.1%	50.1%	398	52.1%	58.7%	44.0%	53.0%
Unknown	0	0.0%	0.0%	0.1%	0.1%	89	11.6%	17.3%	10.8%	11.3%
<b>Total</b>	<b>764</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>764</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Refinance</b>										
Low	3	0.3%	0.7%	1.8%	1.8%	86	8.2%	3.4%	5.9%	3.0%
Moderate	224	21.4%	18.2%	17.9%	13.2%	148	14.1%	8.6%	15.9%	10.5%
Middle	629	60.0%	57.8%	42.9%	37.4%	188	17.9%	13.5%	21.6%	17.3%
Upper	192	18.3%	23.3%	37.1%	47.4%	533	50.9%	61.8%	47.2%	55.9%
Unknown	0	0.0%	0.0%	0.3%	0.2%	93	8.9%	12.8%	9.5%	13.3%
<b>Total</b>	<b>1,048</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1,048</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Home Improvement</b>										
Low	3	0.3%	0.2%	1.4%	2.7%	190	20.4%	6.3%	10.2%	4.6%
Moderate	212	22.8%	20.7%	22.6%	16.4%	144	15.5%	6.9%	18.0%	12.1%
Middle	594	63.8%	68.5%	45.8%	39.0%	181	19.4%	14.1%	21.9%	19.5%
Upper	122	13.1%	10.6%	30.0%	41.5%	390	41.9%	65.0%	47.2%	58.3%
Unknown	0	0.0%	0.0%	0.2%	0.4%	26	2.8%	7.7%	2.7%	5.6%
<b>Total</b>	<b>931</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>931</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>HMDA Totals</b>										
Low	11	0.4%	0.6%	2.1%	2.4%	330	12.0%	3.4%	5.7%	2.9%
Moderate	585	21.3%	16.9%	17.0%	12.6%	389	14.2%	8.2%	16.7%	11.4%
Middle	1,677	61.1%	57.8%	41.8%	36.3%	495	18.0%	13.4%	22.2%	18.1%
Upper	470	17.1%	24.7%	38.9%	48.6%	1,321	48.2%	60.8%	45.5%	53.0%
Unknown	0	0.0%	0.0%	0.2%	0.2%	208	7.6%	14.1%	9.9%	14.5%
<b>Total</b>	<b>2,743</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>2,743</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>SMALL BUSINESS</b>										
<b>By Tract Income</b>										
Low	10	0.5%	0.4%	5.0%	8.0%	0	0.0%	0.0%	1.3%	3.3%
Moderate	334	15.9%	19.0%	16.3%	12.9%	199	15.1%	13.5%	11.3%	9.0%
Middle	1,086	51.8%	51.3%	40.1%	36.4%	780	59.4%	61.0%	55.8%	50.9%
Upper	665	31.7%	29.3%	36.1%	41.5%	335	25.5%	25.5%	30.6%	36.7%
Unknown	0	0.0%	0.0%	0.0%	0.1%	0	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>2,095</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1,314</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>By Revenue</b>										
\$1 Million or Less	1,830	87.4%	72.9%	38.8%	51.4%	1,237	94.1%	95.6%	87.1%	70.4%
<b>By Loan Size</b>										
\$100,000 or less	1,811	86.4%	32.3%	95.1%	36.4%	1,201	91.4%	54.5%	82.5%	27.9%
\$100,001-\$250,000	168	8.0%	22.2%	2.5%	16.7%	96	7.3%	32.7%	11.2%	31.3%
\$250,001-\$1 Million-\$500k (Farm)	116	5.5%	45.5%	2.4%	46.9%	17	1.3%	12.8%	6.3%	40.8%
<b>Total</b>	<b>2,095</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1,314</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>SMALL FARM</b>										

**Bank and Peer Comparison - HMDA, Small Business & Small Farm**

Assessment Area/Group: MSA 30460

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank (2007 & 2008)			Peer (2007)		Bank (2007 & 2008)			Peer (2007)	
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
<b>Home Purchase</b>										
Low	4	2.4%	1.7%	3.2%	2.9%	10	6.1%	3.8%	5.6%	3.4%
Moderate	38	23.2%	16.5%	15.9%	12.0%	24	14.6%	11.4%	19.1%	14.4%
Middle	73	44.5%	38.0%	36.8%	33.4%	27	16.5%	15.2%	23.8%	20.6%
Upper	49	29.9%	43.8%	44.1%	51.7%	73	44.5%	52.0%	39.2%	49.1%
Unknown	0	0.0%	0.0%	0.0%	0.0%	30	18.3%	17.6%	12.4%	12.5%
<b>Total</b>	<b>164</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>164</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Refinance</b>										
Low	3	1.3%	2.4%	2.9%	2.6%	31	13.9%	5.1%	6.8%	3.4%
Moderate	56	25.1%	17.4%	18.1%	13.0%	41	18.4%	12.5%	18.2%	11.6%
Middle	112	50.2%	49.9%	39.3%	33.6%	36	16.1%	15.8%	22.8%	17.8%
Upper	52	23.3%	30.3%	39.6%	50.7%	92	41.3%	56.4%	40.8%	51.3%
Unknown	0	0.0%	0.0%	0.1%	0.1%	23	10.3%	10.2%	11.4%	15.8%
<b>Total</b>	<b>223</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>223</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Home Improvement</b>										
Low	3	10.0%	5.4%	2.7%	4.0%	6	20.0%	12.1%	9.6%	4.3%
Moderate	7	23.3%	21.8%	20.8%	14.7%	5	16.7%	9.0%	19.0%	13.3%
Middle	14	46.7%	44.7%	42.6%	37.1%	5	16.7%	4.7%	24.3%	20.8%
Upper	6	20.0%	28.2%	33.9%	44.1%	10	33.3%	33.4%	43.3%	54.6%
Unknown	0	0.0%	0.0%	0.0%	0.0%	4	13.3%	40.8%	3.8%	7.0%
<b>Total</b>	<b>30</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>30</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>HMDA Totals</b>										
Low	10	2.4%	2.1%	3.1%	3.3%	47	11.3%	4.6%	6.3%	3.3%
Moderate	101	24.2%	17.1%	17.1%	12.6%	70	16.8%	12.0%	18.6%	12.7%
Middle	199	47.7%	44.4%	38.1%	33.3%	68	16.3%	15.4%	23.3%	18.8%
Upper	107	25.7%	36.5%	41.6%	50.9%	175	42.0%	54.1%	40.0%	48.6%
Unknown	0	0.0%	0.0%	0.0%	0.1%	57	13.7%	14.0%	11.8%	16.6%
<b>Total</b>	<b>417</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>417</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>SMALL BUSINESS</b>										
<b>By Tract Income</b>										
Low	10	3.9%	2.8%	8.1%	11.1%	0	0.0%	0.0%	3.1%	4.5%
Moderate	66	25.5%	31.5%	15.2%	13.2%	22	11.8%	9.7%	13.6%	10.3%
Middle	114	44.0%	33.8%	36.3%	32.8%	119	64.0%	69.1%	50.4%	48.9%
Upper	69	26.6%	31.9%	39.0%	42.2%	45	24.2%	21.2%	31.4%	36.3%
Unknown	0	0.0%	0.0%	0.0%	0.2%	0	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>259</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>186</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>By Revenue</b>										
\$1 Million or Less	202	78.0%	67.4%	36.2%	47.6%	162	87.1%	88.8%	74.8%	61.3%
<b>By Loan Size</b>										
\$100,000 or less	222	85.7%	36.3%	94.0%	32.5%	170	91.4%	59.9%	66.1%	16.0%
\$100,001-\$250,000	19	7.3%	21.6%	2.9%	16.7%	16	8.6%	40.1%	18.8%	30.2%
\$250,001-\$1 Million-\$500k (Farm)	18	6.9%	42.2%	3.0%	50.8%	0	0.0%	0.0%	15.1%	53.9%
<b>Total</b>	<b>259</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>186</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**Bank and Peer Comparison - HMDA, Small Business & Small Farm**  
Assessment Area/Group: Non-MSA 1

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank (2007 & 2008)			Peer (2007)		Bank (2007 & 2008)			Peer (2007)	
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
	<b>Home Purchase</b>									
Low	1	0.2%	0.0%	0.3%	0.3%	42	7.3%	2.2%	3.7%	1.7%
Moderate	111	19.3%	14.1%	15.9%	12.3%	72	12.5%	6.9%	14.1%	9.1%
Middle	379	66.0%	65.3%	53.8%	49.9%	97	16.9%	12.4%	21.1%	17.3%
Upper	83	14.5%	20.6%	29.7%	36.9%	315	54.9%	62.8%	53.9%	64.3%
Unknown	0	0.0%	0.0%	0.3%	0.6%	48	8.4%	15.7%	7.1%	7.6%
<b>Total</b>	<b>574</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>574</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
	<b>Refinance</b>									
Low	0	0.0%	0.0%	0.3%	0.2%	54	7.1%	2.9%	5.1%	2.3%
Moderate	168	22.2%	20.5%	20.1%	16.1%	101	13.3%	7.2%	13.0%	8.5%
Middle	512	67.5%	67.7%	54.1%	52.2%	142	18.7%	12.8%	19.9%	16.3%
Upper	78	10.3%	11.8%	24.8%	30.9%	401	52.9%	64.2%	55.5%	65.2%
Unknown	0	0.0%	0.0%	0.7%	0.5%	60	7.9%	13.0%	6.6%	7.6%
<b>Total</b>	<b>758</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>758</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
	<b>Home Improvement</b>									
Low	0	0.0%	0.0%	0.1%	0.2%	174	20.4%	6.1%	11.6%	5.4%
Moderate	205	24.1%	21.7%	27.0%	22.5%	134	15.7%	7.1%	17.6%	10.2%
Middle	575	67.6%	71.9%	53.7%	48.2%	168	19.7%	14.9%	19.8%	18.1%
Upper	71	8.3%	6.4%	18.7%	27.9%	355	41.7%	65.5%	49.5%	64.1%
Unknown	0	0.0%	0.0%	0.5%	1.3%	20	2.4%	6.5%	1.4%	2.3%
<b>Total</b>	<b>851</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>851</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
	<b>HMDA Totals</b>									
Low	1	0.0%	0.0%	0.3%	0.2%	270	12.4%	3.1%	5.2%	2.1%
Moderate	484	22.2%	18.0%	19.1%	14.7%	307	14.1%	7.0%	13.9%	8.7%
Middle	1,466	67.2%	67.3%	54.0%	50.7%	407	18.6%	12.9%	20.3%	16.6%
Upper	232	10.6%	14.6%	26.2%	33.8%	1,071	49.1%	63.8%	54.1%	63.7%
Unknown	0	0.0%	0.0%	0.5%	0.6%	128	5.9%	13.2%	6.5%	9.0%
<b>Total</b>	<b>2,183</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>2,183</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
	<b>SMALL BUSINESS</b>					<b>SMALL FARM</b>				
	<b>By Tract Income</b>									
Low	0	0.0%	0.0%	0.2%	0.2%	0	0.0%	0.0%	0.0%	0.0%
Moderate	268	15.8%	18.3%	19.9%	13.4%	177	16.6%	14.8%	9.7%	5.5%
Middle	968	56.9%	57.7%	50.7%	49.1%	661	61.9%	62.5%	59.8%	56.7%
Upper	464	27.3%	24.0%	24.6%	35.2%	229	21.5%	22.8%	29.8%	37.7%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>1,700</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1,067</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
	<b>By Revenue</b>									
\$1 Million or Less	1,521	89.5%	74.8%	43.4%	62.1%	1,019	95.5%	97.0%	95.7%	96.5%
	<b>By Loan Size</b>									
\$100,000 or less	1,467	86.3%	31.1%	96.6%	46.0%	973	91.2%	52.4%	93.7%	61.6%
\$100,001-\$250,000	142	8.4%	22.8%	2.0%	17.0%	77	7.2%	31.8%	6.0%	34.8%
\$250,001-\$1 Million-\$500k (Farm)	91	5.4%	46.0%	1.5%	37.0%	17	1.6%	15.8%	0.3%	3.6%
<b>Total</b>	<b>1,700</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1,067</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**Bank and Peer Comparison - HMDA, Small Business & Small Farm**  
Assessment Area/Group: Non-MSA 2

Income Categories	HMDA									
	By Tract Income					By Borrower Income				
	Bank (2007 & 2008)			Peer (2007)		Bank (2007 & 2008)			Peer (2007)	
	#	%	% \$(000s)	%	% \$(000s)	#	%	% \$(000s)	%	% \$(000s)
	<b>Home Purchase</b>									
Low	0	0.0%	0.0%	0.0%	0.0%	2	7.7%	4.6%	1.9%	1.2%
Moderate	0	0.0%	0.0%	0.0%	0.0%	1	3.8%	2.9%	8.5%	5.7%
Middle	2	7.7%	3.2%	4.3%	2.4%	2	7.7%	7.2%	22.6%	19.2%
Upper	24	92.3%	96.8%	95.7%	97.6%	10	38.5%	37.2%	58.7%	66.2%
Unknown	0	0.0%	0.0%	0.0%	0.0%	11	42.3%	48.1%	8.3%	7.8%
<b>Total</b>	<b>26</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>26</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
	<b>Refinance</b>									
Low	0	0.0%	0.0%	0.0%	0.0%	1	1.5%	0.2%	1.6%	0.8%
Moderate	0	0.0%	0.0%	0.0%	0.0%	6	9.0%	5.1%	9.8%	5.6%
Middle	5	7.5%	2.6%	4.2%	2.5%	10	14.9%	9.7%	19.1%	14.5%
Upper	62	92.5%	97.4%	95.8%	97.5%	40	59.7%	62.7%	60.8%	66.4%
Unknown	0	0.0%	0.0%	0.0%	0.0%	10	14.9%	22.3%	8.6%	12.7%
<b>Total</b>	<b>67</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>67</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
	<b>Home Improvement</b>									
Low	0	0.0%	0.0%	0.0%	0.0%	10	20.0%	6.0%	3.4%	3.5%
Moderate	0	0.0%	0.0%	0.0%	0.0%	5	10.0%	2.5%	10.9%	6.0%
Middle	5	10.0%	17.6%	4.2%	2.6%	8	16.0%	6.2%	14.3%	8.5%
Upper	45	90.0%	82.4%	95.8%	97.4%	25	50.0%	79.0%	68.9%	75.8%
Unknown	0	0.0%	0.0%	0.0%	0.0%	2	4.0%	6.3%	2.5%	6.1%
<b>Total</b>	<b>50</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>50</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
	<b>HMDA Totals</b>									
Low	0	0.0%	0.0%	0.0%	0.0%	13	9.1%	1.9%	1.9%	1.0%
Moderate	0	0.0%	0.0%	0.0%	0.0%	12	8.4%	4.3%	9.3%	5.6%
Middle	12	8.4%	4.2%	4.2%	2.4%	20	14.0%	8.7%	20.2%	16.2%
Upper	131	91.6%	95.8%	95.8%	97.6%	75	52.4%	57.5%	60.5%	65.9%
Unknown	0	0.0%	0.0%	0.0%	0.0%	23	16.1%	27.6%	8.1%	11.3%
<b>Total</b>	<b>143</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>143</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
	<b>SMALL BUSINESS</b>					<b>SMALL FARM</b>				
	<b>By Tract Income</b>									
Low	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
Middle	4	2.9%	3.5%	3.0%	3.4%	0	0.0%	0.0%	25.0%	21.5%
Upper	132	97.1%	96.5%	95.0%	95.9%	61	100.0%	100.0%	75.0%	78.5%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>136</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>61</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
	<b>By Revenue</b>									
\$1 Million or Less	107	78.7%	58.9%	37.7%	49.6%	56	91.8%	92.8%	75.0%	34.4%
	<b>By Loan Size</b>									
\$100,000 or less	122	89.7%	39.2%	97.5%	48.4%	58	95.1%	77.8%	100.0%	100.0%
\$100,001-\$250,000	7	5.1%	14.5%	1.3%	13.2%	3	4.9%	22.2%	0.0%	0.0%
\$250,001-\$1 Million-\$500k (Farm)	7	5.1%	46.3%	1.2%	38.4%	0	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>136</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>61</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## APPENDIX C

### GLOSSARY

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

**Census tract:** 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 statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community development:** All Agencies have adopted the following language. 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.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**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 householder and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

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

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

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

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

**Household:** 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-scope review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, 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 metropolitan area/assessment area.

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

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

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

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

**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 multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Small 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.

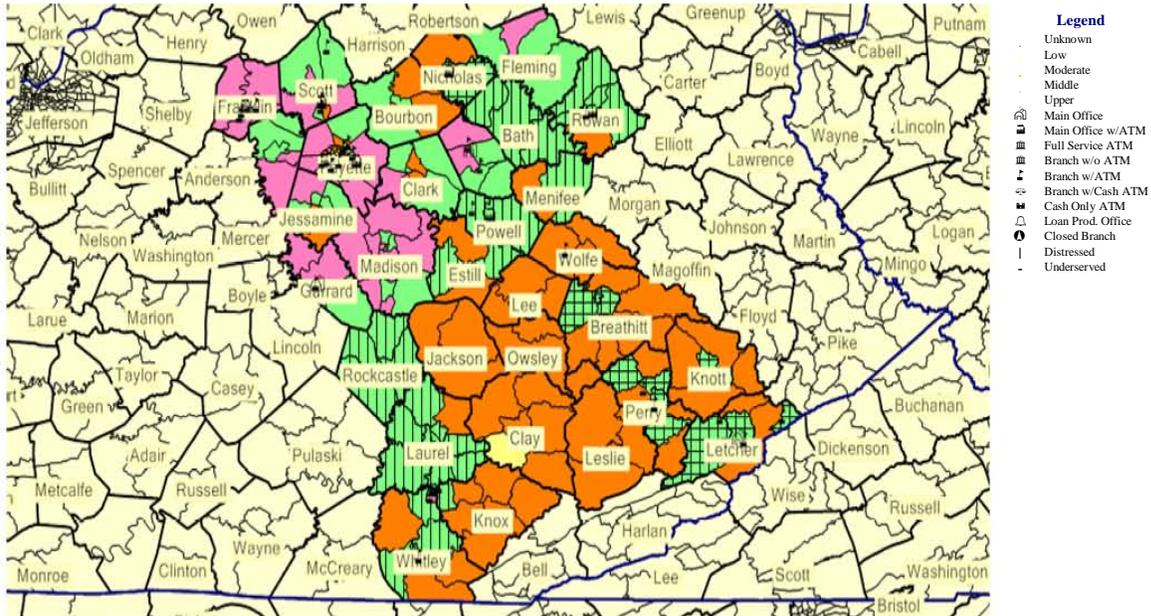
**Small loan(s) to farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans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

**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.

## APPENDIX D

### ASSESSMENT AREA MAPS

**Whitaker Bank**  
Assessment Area: Overall



**Whitaker Bank**  
Assessment Area: MSA 30460

