

# **PUBLIC DISCLOSURE**

October 19, 2015

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Whitaker Bank, Incorporated  
RSSD# 1445943

2001 Pleasant Ridge Drive  
Lexington, Kentucky 40509

Federal Reserve Bank of Cleveland

P.O. Box 6387  
Cleveland, Ohio 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 .....	6
c. Conclusions with Respect to Performance Tests .....	7
III. Non-metropolitan Kentucky (reviewed using full-scope review)	
a. Description of Institution’s Operations .....	11
b. Conclusions with Respect to Performance Tests .....	22
IV. Lexington-Fayette, Kentucky MSA 30460 (reviewed using full-scope review)	
a. Description of Institution’s Operations .....	33
b. Conclusions with Respect to Performance Tests .....	41
V. Appendix	
a. Scope of Examination Tables .....	51
b. Assessment Area Maps .....	52
c. Lending Tables .....	54
d. Glossary .....	60

**INSTITUTION'S CRA RATING**

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

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

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

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

The major factors supporting this rating include:

- A good responsiveness to credit needs;
- A substantial majority of loans are made in the bank's assessment area;
- A good geographic distribution of loans throughout the assessment area;
- An excellent distribution of loans among borrowers of different income levels and an excellent distribution to businesses of different revenue sizes;
- A leader in community development lending;
- A significant level of qualified community development investments and grants, occasionally in a leadership position;
- Retail delivery systems that are accessible to all geographies and individuals of different income levels and businesses of different revenue sizes;
- A record of opening and closing banking centers that has not adversely affected the accessibility of delivery systems;
- Banking services and hours that do not vary in a way that inconveniences any portions of the assessment areas; and,
- An adequate level of providing community development services.

### **Previous Performance Evaluation**

Whitaker received a "Satisfactory" rating as a result of a performance evaluation completed by the Federal Reserve Bank of Cleveland dated July 1, 2013. The lending and investment tests were rated "High Satisfactory", while the service test was rated "Low Satisfactory."

## DESCRIPTION OF INSTITUTION

Whitaker Bank, Incorporated (Whitaker) is a subsidiary of Whitaker Bank Corporation of Kentucky (WBC). Both Whitaker and WBC are headquartered in Lexington, Kentucky. As of March 31, 2015, Whitaker reported assets of \$1.4 billion and WBC reported consolidated assets of \$1.8 billion. WBC also owns Peoples Bank and Trust Company of Madison County, located in Berea, Kentucky.

Whitaker offers commercial, personal banking and trust activities that include demand and time deposits, cash management services, letters of credit, safety deposit boxes, funds transfer services, and full-service brokerage services. Lending activities include commercial, construction, mortgage, and personal loans. The institution also offers term loans, lines of credit, revolving lines of credit, and lease financing.

### **Description of Assessment Area**

Whitaker's assessment area is comprised of two assessment areas: Lexington-Fayette Kentucky Metropolitan Statistical Area (Lexington MSA) and Non-metropolitan Kentucky. Each assessment area consists of the entirety of the following counties: Lexington MSA comprises of six counties including Bourbon, Clark, Fayette, Jessamine, Scott, and Woodford Counties. Non-metropolitan Kentucky consists of 26 counties and include Bath, Breathitt, Clay, Estill, Fleming, Franklin, Garrard, Jackson, Knott, Knox, Laurel, Lee, Leslie, Letcher, Madison, Menifee, Mercer, Montgomery, Nicholas, Owsley, Perry, Powell, Rockcastle, Rowan, Whitley, and Wolfe Counties.

A detailed description of each assessment area is presented in subsequent sections of this performance evaluation and assessment area maps can be found in Appendix B.

The institution'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 community credit needs.

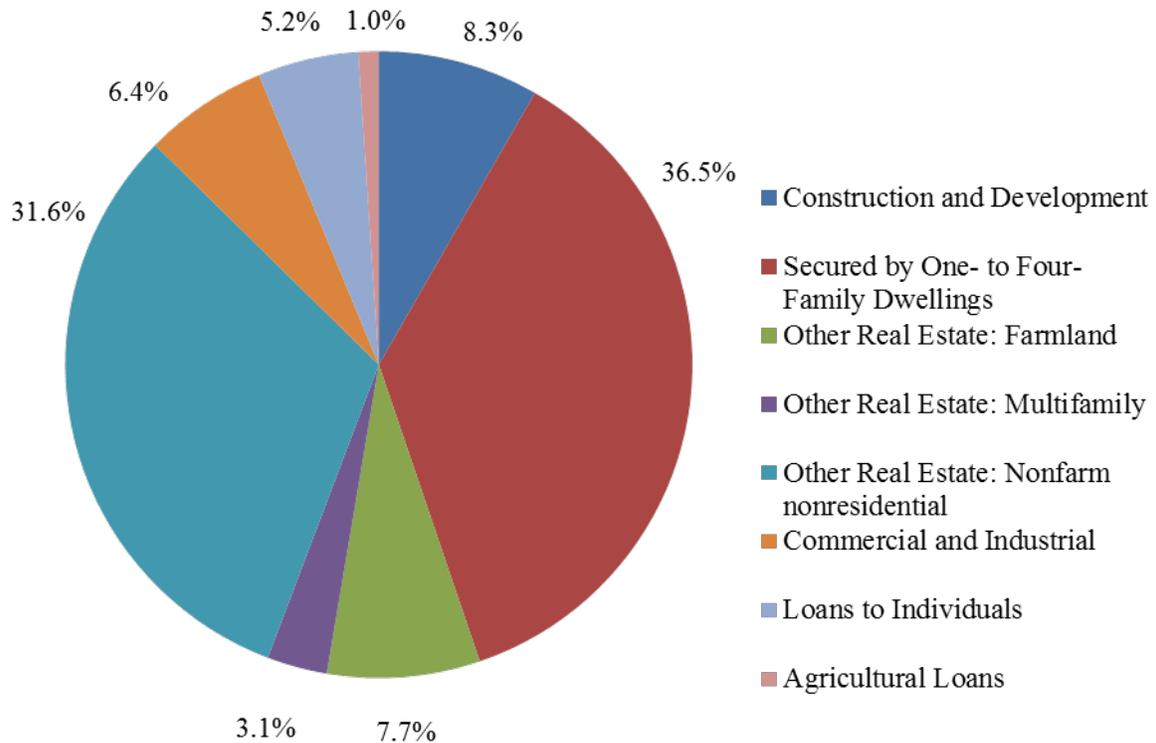
### **Financial Overview**

The following charts display Whitaker's loan portfolio composition as of March 31, 2015.

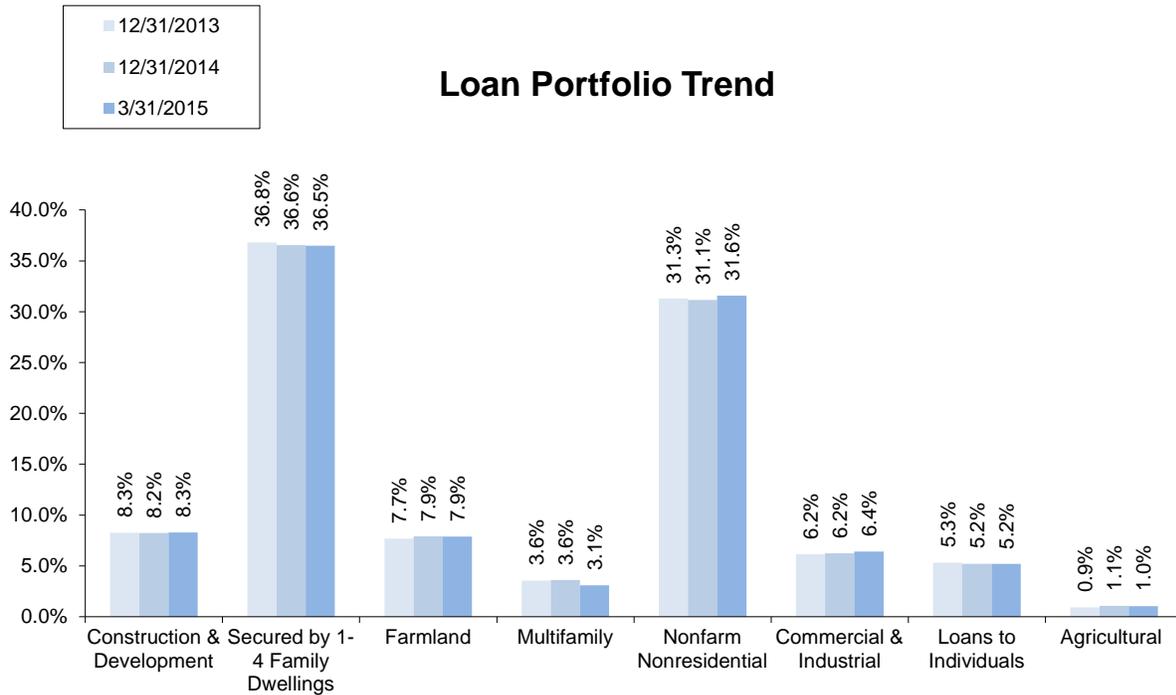
COMPOSITION OF LOAN PORTFOLIO						
Loan Type	3/31/2015		12/31/2014		12/31/2013	
	\$ (000s)	Percent	\$ (000s)	Percent	\$ (000s)	Percent
Construction and Development	56,869	8.3%	57,877	8.2%	64,428	8.3%
Secured by One- to Four- Family Dwellings	250,118	36.5%	257,044	36.6%	286,960	36.8%
Other Real Estate: Farmland	53,990	7.9%	55,711	7.9%	59,978	7.7%
Other Real Estate: Multifamily	21,274	3.1%	25,373	3.6%	27,777	3.6%
Other Real Estate: Nonfarm nonresidential	216,562	31.6%	219,018	31.1%	244,126	31.3%
Commercial and Industrial	43,872	6.4%	43,902	6.2%	48,025	6.2%
Loans to Individuals	35,594	5.2%	36,627	5.2%	41,362	5.3%
Agricultural Loans	7,184	1.0%	7,604	1.1%	7,202	0.9%
<b>Total</b>	<b>\$685,463</b>	<b>100.00%</b>	<b>\$703,156</b>	<b>100.00%</b>	<b>\$779,858</b>	<b>100.00%</b>

\* 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.

**Loan Portfolio  
as of  
3/31/2015**



The following charts display the institution’s loan portfolio trend as of March 31, 2015.



Whitaker’s investment portfolio as of March 31, 2015 was \$601 million, which represented 47.2% of total assets. Investments in U.S. Treasury and Agency Securities accounted for 52.5% of investments, while Municipal Securities account for 26.3%. The remaining percentage of investments consisted of interest-bearing bank balances and federal funds sold.

Investment Type	Percent of Total Investments
U.S. Treasuries and Agencies	52.5%
Municipal Securities	26.3%
All Other Securities	11.0%
Interest Bearing Bank Balances	1.2%
Federal Funds Sold & Resale	9.0%
All Other Investments	0.0%
<b>Total (Gross)</b>	<b>100.0%</b>

## SCOPE OF EXAMINATION

Whitaker is considered a large bank for the purpose of Regulation BB and was evaluated using the standards required for large banks. Whitaker is subject to the Home Mortgage Disclosure Act (HMDA) and submits Community Reinvestment Act (CRA) loan data to the Federal Reserve Board of Governors annually.

All of Whitaker's individual assessment areas were evaluated for the lending, investment, and service performance tests. Both the Lexington MSA and the Non-metropolitan Kentucky assessment areas were reviewed using full-scope examination procedures.

Lending test performance was based upon loan data covering January 1, 2013 through December 31, 2014. HMDA-reportable loans, including home purchase, home refinance loans, home improvement, and CRA-reportable small business and small farm loans were the major products included in the evaluation.

Whitaker's lending performance was compared to the 2013 and 2014 aggregate performance of all lenders required to report HMDA and CRA data within the respective assessment areas.

Community development activities for the period between July 1, 2013 and October 19, 2015 were reviewed as part of this evaluation. Community development loans funded by Whitaker since the previous evaluation were reviewed as part of the lending test, in addition to investment activities. Community development services provided since the previous evaluation were evaluated for the service test.

Non-metropolitan Kentucky received the greatest weight in this CRA evaluation based on the percentage of branch offices, the percentage of institution deposits, and the percentage of HMDA and CRA loans in these assessment areas. This assessment area represents 73.7% of the branch offices, 73.9% of total deposits and 82.0% of total lending at Whitaker Bank, Inc.

Assessment Area	Number of Branches	Percent of Branches	Percent of Deposits (as of June 30, 2014)	Percent of Loans (2013-2014)
Non-metropolitan Kentucky	28	73.7%	73.9%	82.0%
Lexington-Fayette MSA	10	26.3%	26.1%	18.0%
<b>TOTAL</b>	<b>38</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Lastly, four community contact interviews were used to provide additional information regarding some of the credit needs and opportunities throughout Whitaker's delineated CRA footprint. Details from interviews are presented in subsequent sections of this evaluation.

Refer to Appendix A for a summary of the scope of the examination.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Whitaker Bank’s performance under the lending test is rated “High Satisfactory.” Lending performance in Non-metropolitan Kentucky is considered “High Satisfactory.” Lending in the Lexington MSA is also considered “High Satisfactory.”

Throughout this performance evaluation, references are made to the institution’s and peer’s lending distribution by geography and borrower income or revenue. Detailed information about the percentage of HMDA-reportable and CRA-reportable loans can be found in Appendix C.

### *Lending Activity*

Given the number and dollar amounts of HMDA and small business loans originated, as well as the institution’s strategic objectives, economic conditions, and competitive factors, Whitaker demonstrated a good responsiveness to local credit needs. Communities in Whitaker’s assessment area continue to be impacted by challenging economic times, but are experiencing some recovery.

### *Assessment Area Concentration*

Whitaker’s HMDA, small business, and small farm lending were analyzed to determine the volume of lending inside and outside the institution’s assessment area. Of Whitaker’s total loans, 93.3% by volume and 92.5% by dollar amount were made inside the assessment area.

The table below shows the distribution of loans inside and outside the bank’s assessment area.

### Lending Inside and Outside the Assessment Area

Exam: Whitaker 2015

Loan Type - Description	Inside				Outside				Total	
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	\$(000s)
AC - Other Loan Data	5	100.0	2,455	100.0	0	0.0	0	0.0	5	2,455
MV - Motor Vehicle	27	100.0	5,802	100.0	0	0.0	0	0.0	27	5,802
<b>Total Consumer related</b>	<b>32</b>	<b>100.0</b>	<b>8,257</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>32</b>	<b>8,257</b>
CV - Home Purchase - Conventional	485	95.3	36,628	93.8	24	4.7	2,438	6.2	509	39,066
HI - Home Improvement	541	95.9	10,134	94.1	23	4.1	634	5.9	564	10,768
MF - Multi-Family Housing	13	100.0	7,820	100.0	0	0.0	0	0.0	13	7,820
RF - Refinancing	344	93.7	38,337	94.9	23	6.3	2,045	5.1	367	40,382
<b>Total HMDA related</b>	<b>1,383</b>	<b>95.2</b>	<b>92,919</b>	<b>94.8</b>	<b>70</b>	<b>4.8</b>	<b>5,117</b>	<b>5.2</b>	<b>1,453</b>	<b>98,036</b>
SB - Small Business	1,314	91.9	80,852	89.9	116	8.1	9,081	10.1	1,430	89,933
<b>Total Small Bus. related</b>	<b>1,314</b>	<b>91.9</b>	<b>80,852</b>	<b>89.9</b>	<b>116</b>	<b>8.1</b>	<b>9,081</b>	<b>10.1</b>	<b>1,430</b>	<b>89,933</b>
SF - Small Farm	713	91.9	26,419	90.6	63	8.1	2,748	9.4	776	29,167
<b>Total Small Farm related</b>	<b>713</b>	<b>91.9</b>	<b>26,419</b>	<b>90.6</b>	<b>63</b>	<b>8.1</b>	<b>2,748</b>	<b>9.4</b>	<b>776</b>	<b>29,167</b>
<b>TOTAL LOANS</b>	<b>3,442</b>	<b>93.3</b>	<b>208,447</b>	<b>92.5</b>	<b>249</b>	<b>6.7</b>	<b>16,946</b>	<b>7.5</b>	<b>3,691</b>	<b>225,393</b>

A substantial majority of Whitaker’s loans were made within the institution’s CRA delineated footprint.

### ***Geographic and Borrower Distribution***

Geographic and borrower distribution received equal weight based on the overall assessment area's percentage of low- and moderate-income population at 28.5% compared to the percentage of low- and moderate-income geographies at 33.2%.

Overall, the geographic distribution of loans is considered good and reflects a comparable performance to the distribution of loans among different income tracts and is excellent for borrowers of different income levels and businesses of different revenue sizes. Additionally, there were no substantial gaps in lending. Refer to the respective assessment area analyses for further details.

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

During the review period, Whitaker originated 27 community development loans totaling \$21.7 million, which is considered a leader in making community development loans. In this period, 23 loans were originated in Non-metropolitan Kentucky in the amount of \$2.7 million, resulting in a high level of community development lending and four loans in the amount of \$19.0 million were originated in the Lexington MSA, resulting in Whitaker being considered a leader in community development lending activity. The majority of these loans supported community service efforts targeted to low- and moderate-income individuals and families.

In addition, six of the 27 community development loans totaling \$19.7 million supported revitalization and stabilization efforts in the institution's assessment area.

Refer to the respective assessment area analyses for further details regarding community development lending.

### **Investment Test**

Whitaker's performance under the investment test is rated "High Satisfactory." In Non-metropolitan Kentucky, investment performance is considered good. Whitaker's investment performance in the Lexington MSA is also considered good. Whitaker had 63 investments and donations totaling \$3.3 million during this evaluation period. The investment dollars (\$3.2 million) were municipal bonds made to support community services to local school districts in which the majority of the students are low- and moderate-income individuals.

The remaining investments consist of donations and other charitable contributions. The donations supported affordable housing, community services to low- and moderate-income individuals, and revitalization/stabilization of low- and moderate-income and distressed/underserved middle-income geographies.

Refer to the respective assessment area analysis for further details.

## **Service Test**

Overall, Whitaker's performance under the service test is rated "Low Satisfactory." In Non-metropolitan Kentucky, service performance is considered "High Satisfactory." Whitaker's service performance in the Lexington MSA is considered to be "Low Satisfactory," as no services were submitted for this assessment area for consideration.

### ***Retail Services***

Retail delivery systems are accessible to all geographies, including low- and moderate-income geographies, individuals of different income levels, and businesses of different revenue sizes. Since the previous evaluation, Whitaker opened one new banking center in the Lexington MSA in an upper-income tract and closed four branch offices: three in Lexington MSA and one located in Non-metropolitan Kentucky, in addition to a drive-thru ATM located in a middle-income tract. The one branch location located in Non-metropolitan Kentucky was designated as being underserved. Whitaker's record of opening and closing banking centers did not adversely affect the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals in the Lexington MSA and has not adversely affected the accessibility of its delivery systems in the remaining assessment areas.

Banking services and business hours do not vary in a way that inconveniences any portion of Whitaker's assessment area. Banking centers are generally open six days a week, with full days Monday through Friday and half days on Saturday. The institution also provides services through internet banking, mobile banking, and telephone banking.

### ***Community Development Services***

Overall, Whitaker provides an adequate level of community development services. Whitaker is a leader in providing community development services in the Non-metropolitan Kentucky area. However, Whitaker provides few, if any, community services in the Lexington MSA.

The institution's directors, officers, and staff members provided their financial expertise to the community by engaging in activities that promoted or facilitated affordable housing, services for low- and moderate-income individuals, and economic development in low- and moderate-income areas.

### ***Board and Committee Memberships***

Whitaker's employees provided financial expertise through their involvement with community development organizations throughout the assessment areas. Examples of board and committee membership positions held include directors, presidents, vice presidents, treasurers and members.

### *Financial Education*

Whitaker continued its involvement in providing financial education programs through partnerships with schools, local organizations, government agencies, and businesses. Examples of topics taught were general financial literacy and opening of deposit accounts.

### *Technical Assistance*

The institution's employees provided technical assistance to community development and non-profit organizations. Technical assistance included accounting and bookkeeping, applying for government grants, and reviewing loan application requests.

### **Fair Lending or Other Illegal Credit Practices Review**

No evidence of discrimination or other illegal credit practices inconsistent with helping to meet community credit needs was identified during this evaluation.

## DESCRIPTION OF INSTITUTION'S OPERATIONS IN NON-METROPOLITAN KENTUCKY

The Non-metropolitan Kentucky assessment area consists of the entireties of Bath, Breathitt, Clay, Estill, Fleming, Franklin, Garrard, Jackson, Knott, Knox, Laurel, Lee, Leslie, Letcher, Madison, Menifee, Mercer, Montgomery, Nicholas, Owsley, Perry, Powell, Rockcastle, Rowan, Whitley, and Wolfe Counties. The assessment area is comprised of seven low-, 40 moderate-, 67 middle-, and 31 upper-income tracts. Of the 145 total tracts, 63 (43.5%) middle-income tracts are considered to be underserved remote rural geographies and distressed due to poverty and unemployment in 2014.

As of June 30, 2014, Whitaker ranked second of 48 institutions, with 11.2% of the deposit market share in the assessment area, followed by Farmers Bank & Capital Trust Company (6.0%) and Cumberland Valley National Bank & Trust Company (4.7%). Community Trust Bank was first with 12.0% of the deposit market share. Deposits in this assessment area account for 73.9% of the institution's total deposits.

During the period of January 1, 2013 through December 31, 2014, Whitaker originated 1,147 HMDA loans and 1,648 CRA loans, which represented 82.9% and 81.3%, respectively, of total loans originated during the evaluation period. This assessment area had the highest CRA and HMDA loans originated during the evaluation period.

In 2014, Whitaker ranked fourth of 257 HMDA reporters in the assessment area. JPMorgan Chase, Wells Fargo, and Community Trust Bank were the top three HMDA lenders in the assessment area. Whitaker ranked second of 56 CRA reporters in the assessment area. The top CRA lender was American Express Bank FSB.

One community contact interview provided additional demographic and economic information regarding the assessment area. The contact, representing a non-profit organization that promotes economic growth and development in the assessment area, stated that the economic condition is stagnant, but stable. Business growth is emerging more in the eastern portion of Kentucky and in the urban areas of Lexington, where business growth is slow in the smaller cities.

The contact stated the banking needs of the community are being met, especially in lower-populated areas and that there is a good degree of involvement by banks to assist low- to moderate-income areas of the community.

A second community contact involved in housing stated residents are mostly low- to moderate-income and that some residents are third generation of families on welfare. Demographics have not changed for the area, with the exception of a slight increase in those of Hispanic descent. Employment is the most pressing concern, as a significant portion of people work outside of the county and most likely shop and bank there, as well.

The contact stated that lending opportunities for this area is limited. The market for mobile homes has increased; however, clients in this area have difficulty with down payment requirements. Certain organizations specialize in more flexible guidelines and can work with clients more often than banks. The contact indicated that this could limit the lending opportunities for banks.

**Population Characteristics**

According to the 2010 U.S. Census data, the population in the assessment area was 580,352. The percentage of the population living in low-income tracts is 2.7% and 24.2% in moderate-income tracts. In addition, 77.2% of the population was 18 years of age or older, which is the legal age to enter into a contract.

The following table shows the population in the assessment area by county for 2010 and 2014, with the percentage of the population increase or decrease; overall, the assessment area’s population decreased 0.4%. Bath and Madison Counties experienced the greatest amount of growth with a 5.3% increase, while Letcher and Lee Counties experienced the greatest decline of 4.7% and 3.7%.<sup>1</sup>

County	2010 Population	2014 Population	Population Percent Change
Bath	11,591	12,206	5.3%
Breathitt	13,878	13,409	-3.4%
Clay	21,730	21,147	-2.7%
Estill	14,672	14,447	-1.5%
Fleming	14,348	14,545	1.4%
Franklin	49,285	49,880	1.2%
Garrard	16,912	16,858	-0.3%
Jackson	13,494	13,289	-1.5%
Knott	16,346	15,892	-2.8%
Knox	31,883	31,798	-0.3%
Laurel	58,849	60,015	2.0%
Lee	7,887	7,594	-3.7%
Leslie	11,310	10,918	-3.5%
Letcher	24,519	23,359	-4.7%
Madison	82,916	87,340	5.3%
Menifee	6,306	6,287	-0.3%
Mercer	21,331	21,319	-0.1%
Montgomery	26,499	27,474	3.7%
Nicholas	7,135	7,041	-1.3%
Owsley	4,755	4,508	-5.2%

1 Population Estimates derived from U.S. Census Data (April 1, 2010 – July 1, 2012): <http://www.census.gov/popest/data/counties/totals/2012/CO-EST2012-01.html>

County	2010 Population	2014 Population	Population Percent Change
Perry	28,712	27,597	-3.9%
Powell	12,613	12,434	-1.4%
Rockcastle	17,056	16,826	-1.3%
Rowan	23,333	23,655	1.4%
Whitley	35,637	35,503	-0.4%
Wolfe	7,355	7,214	-1.9%
<b>Total</b>	<b>580,352</b>	<b>582,555</b>	<b>0.4%</b>

### Income Characteristics

Based on the 2010 U.S. Census data, the median family income in the assessment area was \$42,068, which was significantly below the median family income for Kentucky at \$52,046. The median family incomes ranged from a low of \$22,489 in Wolfe County to a high of \$61,086 in Franklin County. As shown in the following table, the median family income for Non-metropolitan Kentucky was \$45,900, which increased slightly from 2013. Although the HUD-estimated median family is not classified by county, given the 2010 U.S. Census information, it is evident that the majority of the counties within the assessment area are less than Kentucky's estimated median family income.

#### **Borrower Income Levels Kentucky State Non-Metro**

HUD Estimated Median Family Income		Low 0 - 49.99%	Moderate 50% - 79.99%	Middle 80% - 119.99%	Upper 120% - & above
<b>2013</b>	<b>\$44,700</b>	0 - \$22,349	\$22,350 - \$35,759	\$35,760 - \$53,639	\$53,640 - & above
<b>2014</b>	<b>\$45,900</b>	0 - \$22,949	\$22,950 - \$36,719	\$36,720 - \$55,079	\$55,080 - & above

In 2010, the assessment area contained 219,003 households, of which 149,829 (68.4%) were families. Of the total families in the assessment area, 41.8% were low- and moderate-income families. Wolfe County had the highest percentage of low- and moderate-income families, representing 68.6%, followed by Owsley (66.6%) and Breathitt Counties (60.5%).

As shown in the following table, poverty rates varied in each county in the assessment area from 2010 to 2013, with the exception of Leslie (0.0%) and Jackson (0.3%) Counties. Rowan (12.7%), Laurel (12.7), and Madison (7.5%) Counties demonstrated the largest declines.<sup>2</sup> Clay County had the highest poverty rate in 2013 of 38.0%, while Fleming experienced the largest increase of 22.8%.

<sup>2</sup> United States Department of Agriculture Economic Research Service Poverty Rates (for 1999 and 2012): [http://www.ers.usda.gov/data-products/county-level-data-sets/poverty.aspx?reportPath=/State\\_Fact\\_Sheets/PovertyReport&fips\\_st=51](http://www.ers.usda.gov/data-products/county-level-data-sets/poverty.aspx?reportPath=/State_Fact_Sheets/PovertyReport&fips_st=51)

County	2010 Poverty Rate	2013 Poverty Rate	Change
Bath	27.8%	26.5%	-4.7%
Breathitt	28.3%	33.9%	19.8%
Clay	38.0%	42.8%	12.6%
Estill	28.7%	28.1%	-2.1%
Fleming	18.9%	23.2%	22.8%
Franklin	16.0%	16.9%	5.6%
Garrard	17.0%	19.3%	13.5%
Jackson	30.2%	30.3%	0.3%
Knott	26.4%	28.3%	7.2%
Knox	33.9%	35.2%	3.8%
Laurel	24.0%	22.2%	-7.5%
Lee	37.3%	36.1%	-3.2%
Leslie	29.2%	29.2%	0.0%
Letcher	23.2%	27.1%	16.8%
Madison	21.4%	19.8%	-7.5%
Menifee	28.4%	28.3%	-0.4%
Mercer	15.3%	16.4%	7.2%
Montgomery	19.2%	20.0%	4.2%
Nicholas	18.7%	20.6%	10.2%
Owsley	40.1%	42.0%	4.7%
Perry	28.7%	26.9%	-6.3%
Powell	25.2%	29.6%	17.5%
Rockcastle	23.9%	25.6%	7.1%
Rowan	28.3%	24.7%	-12.7%
Whitley	26.2%	26.3%	0.4%
Wolfe	31.8%	36.4%	14.5%
<b>Kentucky</b>	<b>18.9%</b>	<b>18.8%</b>	<b>-0.5%</b>
<b>United States</b>	<b>15.3%</b>	<b>15.8%</b>	<b>3.3%</b>

Poverty rates in majority of the counties in the assessment area continue to be higher than Kentucky and the nation's overall poverty rate for both years. It is expected that the loan demand would be marginal given these high poverty rates.

## Housing Characteristics

There were 258,777 housing units in the assessment area, as of the 2010 U.S. Census. The owner-occupancy rate was 60.21%, with a high of 67.1% in Jackson County and a low of 48.3% in Menifee County. From an income perspective, 27.0% of housing units and 26.1% of owner-occupied units were located in moderate-income tracts. Multi-family dwellings only comprised 6.4% of the housing within the assessment area, with 9.1% of multi-family dwellings in low- and moderate-income tracts. In addition, vacant units comprise 15.4% of the housing units in the assessment area, with 40.6% of these dwellings in low- and moderate-income tracts. These numbers indicate that the demand for home mortgage lending would likely be concentrated in the middle- and upper-income tracts.

As of the 2010 U.S. Census, the median age of housing stock in the assessment area was 32 years old, with 13.4% of the stock built before 1950. The oldest housing stock was in Franklin County with a median of 37 years and the newest was 23 years in Laurel and Madison Counties. The age of the housing stock is notably older than 25 years and may indicate an opportunity for home improvement and rehabilitation loans.

The median housing value in the assessment area was \$86,175, with an affordability ratio of 38.5%. The affordability ratio is derived by dividing the median household income by the median housing value. The higher the affordability ratio, the more affordable a home is considered. The ratios ranged from a low of 28.3% in Owsley County to a high of 60.7% in Letcher County.

Based on the 2014 median family income for the assessment area, about 48.1% of the homes valued up to \$84,125 would be considered affordable for low-income individuals and approximately 70.0% of the homes valued up to \$134,600 would be considered affordable for moderate-income individuals. These percentages were calculated assuming an average mortgage payment equal to 28.0% of gross income for a 4.0% fixed-rate, 30-year loan.

The median gross rent in the assessment area was \$522 as of 2010. The lowest median gross rent was \$291 in Wolfe County, while the highest was \$612 in Powell County. The lowest rents (those less than \$350) comprised 15.8% of the rental units, while 22.3% of units had rental costs between \$350 and \$500. Further, 40.8% of renters had rental costs greater than 30.0% of their income. About 46.0% of the housing units in low- and moderate-income tracts are comprised of rental units. In addition, vacant units in low- and moderate-income tracts make up 22.4% and 18.2%, respectively. These numbers indicate that demand for single-family home loans would be limited in low- and moderate-income tracts and more concentrated in middle-income and upper-income tracts.

The following table contains information about foreclosure filings and the number of properties in foreclosure.<sup>3</sup>

---

3 RealtyTrac: <http://www.realtytrac.com/statsandtrends/foreclosures>

Geography Name	Ratio of Properties Receiving Foreclosure Filings in September 2015
Bath	NA
Breathitt	NA
Clay	1:7,747
Estill	1:3,430
Fleming	1:1,284
Franklin	1:4,717
Garrard	NA
Jackson	1:1,177
Knott	NA
Knox	1:5,073
Laurel	1:3,396
Lee	NA
Leslie	NA
Letcher	1:2,099
Madison	1:8,552
Menifee	NA
Mercer	1:8,860
Montgomery	1:4,636
Nicholas	1:3,331
Owsley	NA
Perry	NA
Powell	1:694
Rockcastle	NA
Rowan	1:8,533
Whitley	1:13,034
Wolfe	NA
<b>Kentucky</b>	<b>1:2,777</b>
<b>United States</b>	<b>1:1,210</b>

All counties had information related to the ratio of foreclosures in September 2015, with the exception of Bath, Breathitt, Garrard, Knott, Lee, Leslie, Owsley, Perry, Rockcastle and Wolfe. The foreclosure ratio in Fleming, Jackson, Letcher and Powell Counties were above that of Kentucky's for that time frame, while slightly above the nationwide ratio for Jackson and Powell Counties.

Building permits in the assessment area, Kentucky, and the United States are included in the following table for 2013 and 2014.<sup>4</sup>

<b>Geography Name</b>	<b>2013</b>	<b>2014</b>	<b>% Change</b>
Bath	0	0	-
Breathitt	1	1	0.0%
Clay	0	0	-
Estill	0	0	-
Fleming	1	1	0.0%
Franklin	21	49	133.3%
Garrard	0	0	-
Jackson	0	0	-
Knott	NA	NA	-
Knox	0	0	-
Laurel	8	1	-87.5%
Lee	NA	NA	-
Leslie	NA	NA	-
Letcher	0	0	-
Madison	33	30	-9.1%
Menifee	NA	NA	-
Mercer	0	0	-
Montgomery	56	42	-25.0%
Nicholas	0	1	-
Owsley	NA	NA	-
Perry	6	5	-16.7%
Powell	NA	NA	-
Rockcastle	NA	NA	-
Rowan	8	7	-12.5%
Whitley	16	13	-18.8%
Wolfe	NA	NA	-
<b>Kentucky</b>	<b>8,955</b>	<b>9,536</b>	<b>6.5%</b>
<b>United States</b>	<b>990,822</b>	<b>1,046,363</b>	<b>5.6%</b>

<sup>4</sup> U.S. Census Bureau Building Permits Survey: <http://censtats.census.gov>

Overall building permits showed a negative trend from 2013 to 2014. Laurel County experienced the most significant decline (87.5%). Positive growth occurred in Franklin County (133.3%), while a slight increase occurred in Kentucky and the nation during the same time period.

**Labor, Employment, and Economic Characteristics**

According to the Kentucky Cabinet for Economic Development, the following are the top employment sectors and non-government employers in the 26 counties in the assessment area.<sup>5</sup>

County	Primary Employment Sectors	Major Employers
Bath	Services; Trade, Transportation, and Utilities; and Manufacturing	Custom Food Products LLC, Southern States Cooperative Inc; Olympia Lumber & Post
Breathitt	Services; Trade, Transportation, and Utilities; and Public Administration	Appalachian Regional Manufacturing; The Wells Group LLC; Combs Custome Manufacturing; Dotweld; and The Jackson Breathitt County Times Voice
Clay	Trade, Transportation, and Utilities; Public Administration and Services	Phillips Diversified Mfg Inc; Kentucky Mountain Industries; Manchester Enterprise
Estill	Services; Trade, Transportation, and Utilities; and Public Administration	Carhartt Inc; Carhartt Inc, Estill Wood Products Inc
Fleming	Trade, Transportation, and Utilities; Services; Manufacturing	Toyo Seat USA Corp; A Raymond Tinnerman Manufacturing Inc; Greentree Forest Products Inc
Franklin	Public Administration; Services; and Trade, Transportation and Utilities	Montaplast of North America; Buffalo Trace Distillery; TOPY America Inc
Garrard	Services; Trade, Transportation and Utilities; and Manufacturing	Allison Abrasives Incorporated; Rocky Top Log Furniture Inc; Feldman Lumber Co Inc
Jackson	Manufacturing; Trade, Transportation, and Utilities; and Services;	Phillips Diversified Mfg inc; Phoenix Products Inc; The Allen Company
Knott	Services; Trade, Transportation and Utilities; and Public Administration	Design De Sign; Troublesome Creek Times
Knox	Services; Trade, Transportation and Utilities; and Public Administration	CSC; Jackson WWS Inc; Forest Products Inc
Laurel	Services; Trade, Transportation, and Utilities; and Manufacturing	General Dynamics Information Technology; SERCO; Wal Mart Distribution Center 6097
Lee	Services; Trade, Transportation and Utilities; and Public Administration	Xerox; Lee County Wood Products; Three Forks Tradition
Leslie	Mining; Trade, Transportation and Utilities; and Public Administration	BPM Lumber LLC; 4M Lumber LLC; Leslie County News

<sup>5</sup> Kentucky Cabinet for Economic Development: <http://thinkkentucky.com/>

County	Primary Employment Sectors	Major Employers
Letcher	Trade, Transportation, and Utilities; Services; and Public Administration	BPM Lumber LLC; Ferus LP; Mountain Aggregates Pine Mountain Quarry
Madison	Services; Trade, Transportation and Utilities; and Manufacturing	Hitachi Automotive Systems Americas Inc; NACCO Materials Handling Group; Novelis Corporation
Menifee	Public Administration; Manufacturing; and Trade, Transportation and Utilities	Boneal Inc; Ferrell's Logging & Lumber Inc; King Bag & Manufacturing Co
Mercer	Manufacturing; Services; Trade, Transportation and Utilities	Hitachi Automotive Systems Americas Inc; Wausau Paper Corp; Corning Incorporated
Montgomery	Manufacturing; Trade, Transportation and Utilities; and Services	Nestle Prepared Foods; Cooper Standard Automotive; Kyosan Denso Manufacturing Kentucky LLC (KDMK)
Nicholas	Services; Trade, Transportation and Utilities; and Public Administration	Lee-Lynn Machining Inc; Fryman's Welding LLC; Carlisle Mercury
Owsley	Services; Public Administration and Financial Activities	Wolfe Creek Metal; Booneville Sentinel Inc
Perry	Trade, Transportation and Utilities; Services; and Public Administration	Sykes Enterprises Inc; Whayne Supply; AAA Mine Service
Powell	Trade, Transportation and Utilities; Services; and Public Administration	Heritage Millworks LLC; Scott Archery Manufacturing; Stantek Manufacturing LLC
Rockcastle	Services; Trade, Transportation and Utilities; and Information	SOURCEHOV Inc; EST Tool & Maching Inc; B&H Tool Works Inc of Rockcastle County
Rowan	Trade, Transportation and Utilities; Services; and Manufacturing	SRG Global; Family Dollar Stores Inc; Regal Beloit America Inc
Whitley	Services; Trade, Transportation and Utilities; and Manufacturing	Firestone Industrial Products; Williamsburg Plastics; Jamies Interiors; TEKSwork
Wolfe	Trade, Transportation and Utilities; Public Administration; and Services	Lion Distribution; JSW Farm the Chop Shop; S & S Lumber Co

The following table illustrates the average unemployment rates for 2013 and 2014 for the counties in the assessment area, Kentucky, and the nation.<sup>6</sup>

<sup>6</sup> National Unemployment Rates from the Bureau of Labor Statistics: <http://data.bls.gov/timeseries/LNS14000000>

**Unemployment Rates**  
**Assessment Area: Non Metro Kentucky**

Area	Years - Annualized	
	2013	2014
Bath Co.	9.5	7.9
Breathitt Co.	13.5	9.9
Clay Co.	12.6	9.0
Estill Co.	8.4	5.7
Fleming Co.	8.9	6.2
Franklin Co.	5.7	4.0
Garrard Co.	7.4	5.0
Jackson Co.	10.5	9.1
Knott Co.	14.3	8.6
Knox Co.	11.2	7.8
Laurel Co.	8.5	6.0
Leslie County	16.3	9.3
Letcher Co.	15.3	10.3
Lee Co.	11.1	7.9
Madison Co.	5.5	3.9
Menifee Co.	11.0	8.3
Mercer Co.	6.8	4.9
Montgomery Co.	8.0	6.3
Nicholas Co.	8.7	6.4
Owsley Co.	11.5	8.5
Perry Co.	12.9	8.4
Powell Co.	9.7	7.3
Rockcastle Co.	7.6	6.1
Rowan Co.	7.2	5.5
Whitley Co.	9.6	6.7
Wolfe Co.	13.0	10.2
<b>Kentucky</b>	<b>7.0</b>	<b>5.1</b>

Not Seasonally Adjusted  
Data as of June 2015

Unemployment rates declined in all of the counties in the assessment area from 2013 to 2014. The highest unemployment rate was in Letcher County (10.3%), while Madison County (3.9%) had the lowest unemployment rate in 2014. The majority of the counties in the assessment area had unemployment rates higher than Kentucky's rate for all years.

## Combined Demographics Report

Assessment Area(s): Non Metro KY 2014

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	7	4.8	3,334	2.2	1,247	37.4	38,528	25.7
Moderate-income	40	27.6	35,979	24	10,527	29.3	24,118	16.1
Middle-income	67	46.2	75,359	50.3	13,621	18.1	26,065	17.4
Upper-income	31	21.4	35,157	23.5	3,341	9.5	61,118	40.8
Unknown-income	0	0	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>145</b>	<b>100.0</b>	<b>149,829</b>	<b>100.0</b>	<b>28,736</b>	<b>19.2</b>	<b>149,829</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	6,048	3,324	2.1	55	1,372	22.7	1,352	22.4
Moderate-income	63,891	37,363	24	58.5	14,879	23.3	11,649	18.2
Middle-income	130,019	77,653	49.8	59.7	32,126	24.7	20,240	15.6
Upper-income	58,819	37,462	24	63.7	14,824	25.2	6,533	11.1
Unknown-income	0	0	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>258,777</b>	<b>155,802</b>	<b>100.0</b>	<b>60.2</b>	<b>63,201</b>	<b>24.4</b>	<b>39,774</b>	<b>15.4</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	259	1.3	228	1.2	17	1.6	14	1.6
Moderate-income	3,763	18.5	3,421	18.6	182	16.6	160	18.8
Middle-income	10,752	52.8	9,661	52.4	626	57.2	465	54.5
Upper-income	5,607	27.5	5,124	27.8	269	24.6	214	25.1
Unknown-income	0	0	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>20,381</b>	<b>100.0</b>	<b>18,434</b>	<b>100.0</b>	<b>1,094</b>	<b>100.0</b>	<b>853</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>90.4</b>		<b>5.4</b>		<b>4.2</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	15	1.3	15	1.3	0	0	0	0
Moderate-income	268	22.8	268	22.9	0	0	0	0
Middle-income	538	45.7	531	45.5	7	77.8	0	0
Upper-income	356	30.2	354	30.3	2	22.2	0	0
Unknown-income	0	0	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>1,177</b>	<b>100.0</b>	<b>1,168</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>	<b>0</b>	<b>.0</b>
<b>Percentage of Total Farms:</b>				<b>99.2</b>		<b>.8</b>		<b>.0</b>

2014 FFIEC Census Data and 2014 D&B Information

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NON-METROPOLITAN KENTUCKY

### **Lending Test**

Within the assessment area, Whitaker's lending levels reflect an adequate responsiveness to the credit needs of the community. In addition, the bank made a relatively high amount of community development loans in the area and had a moderate amount of lending gaps during the review period. Whitaker made a good geographic distribution of loans in the area and an excellent distribution among borrowers of different income levels and to businesses and farms of different revenue sizes. This results in a good record of serving the credit needs of highly economically disadvantaged areas in its assessment area, low-income individuals, or businesses with gross annual revenues of \$1 million or less, consistent with safe and sound operations.

Greater weight was given to the evaluation of small business lending based on the overall volume of lending, followed by small farm, home improvement, home purchase, and home refinance. There were not enough multi-family loans to conduct meaningful analyses. Further, geographic distribution received equal consideration to borrower distribution based on the level of low- and moderate-income tracts and percentage of low- and moderate-income population in the assessment area.

Details of the bank's residential mortgage and small business lending, as well as information regarding lending by peers, can be found in Appendix D.

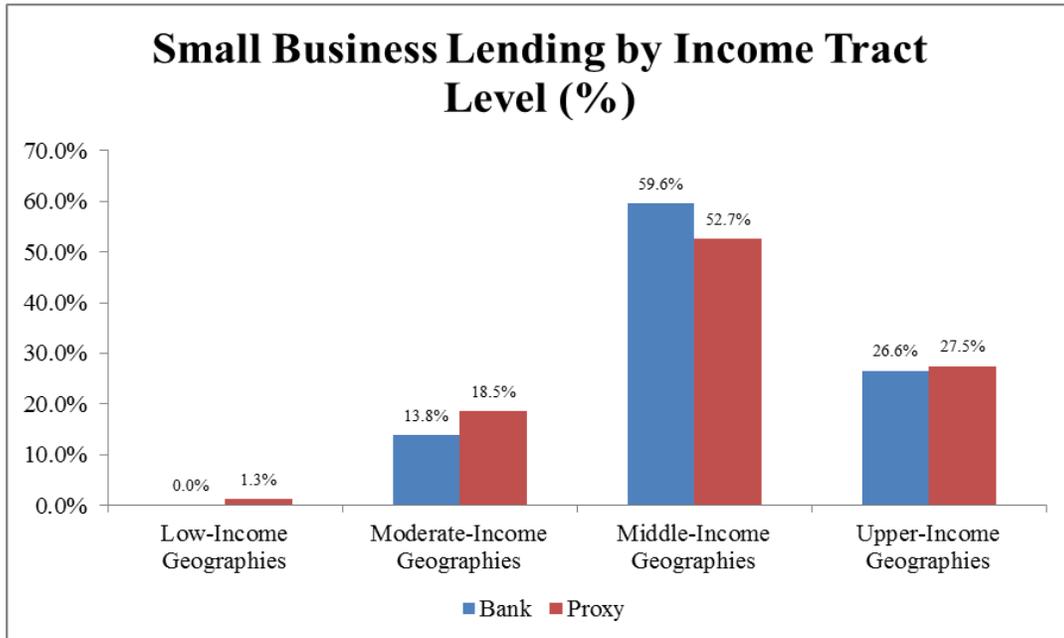
### ***Lending Activity***

Lending activity reflects an adequate responsiveness to the credit needs within the assessment area. Whitaker originated 1,060 small business loans, 588 small farm loans, 494 home improvement loans, 374 home purchase loans, 271 home refinance loans, eight multi-family loans, and 23 community development loans during the evaluation period. The percentage of the bank's total lending at 82.0% is comparable to the percentage of total deposits at 73.9% in this area. Moderate gaps in lending were noted. During the evaluation period, Whitaker originated loans in 78.6% of its census tracts and penetrated loans in 84.3% of its low- and moderate-income tracts.

### ***Geographic Distribution***

Whitaker's overall distribution of lending among geographies is considered good. Small business lending, which was the largest loan category, is considered good, while small farm, home improvement, home purchase, and home refinance loans are all also considered good.

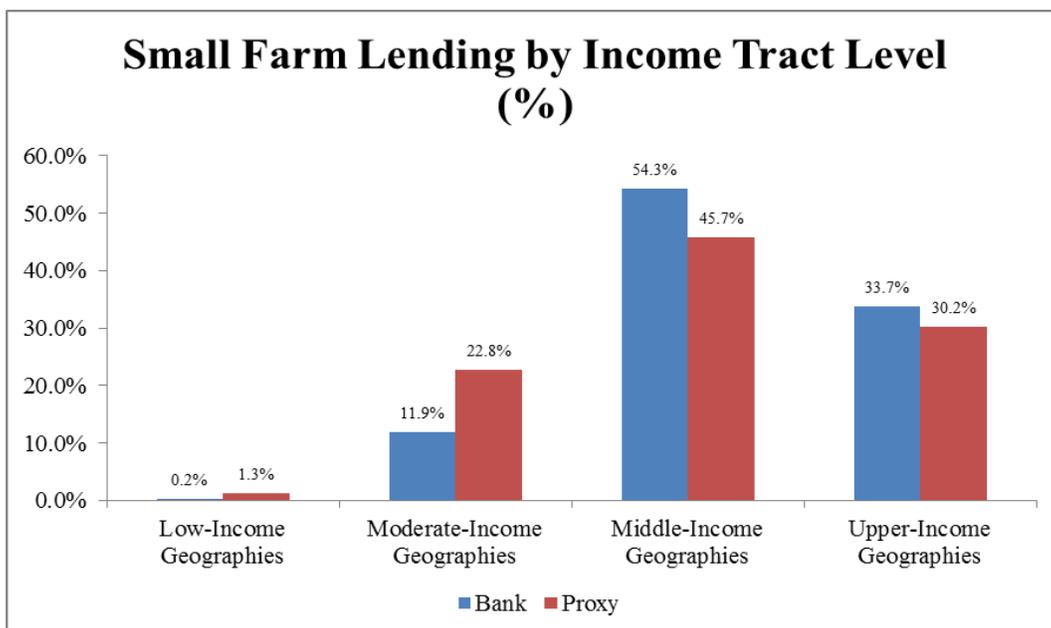
*Small Business Lending*



As shown in the chart above, small business lending in low- and moderate-income tracts was less than the percentage of small businesses located in low- and moderate-income tracts (proxy) and peer in the review period. The institution was above proxy and peer in the middle-income tract and slightly below proxy and peer for upper-income tracts.

Overall, the geographic distribution of small business lending is good.

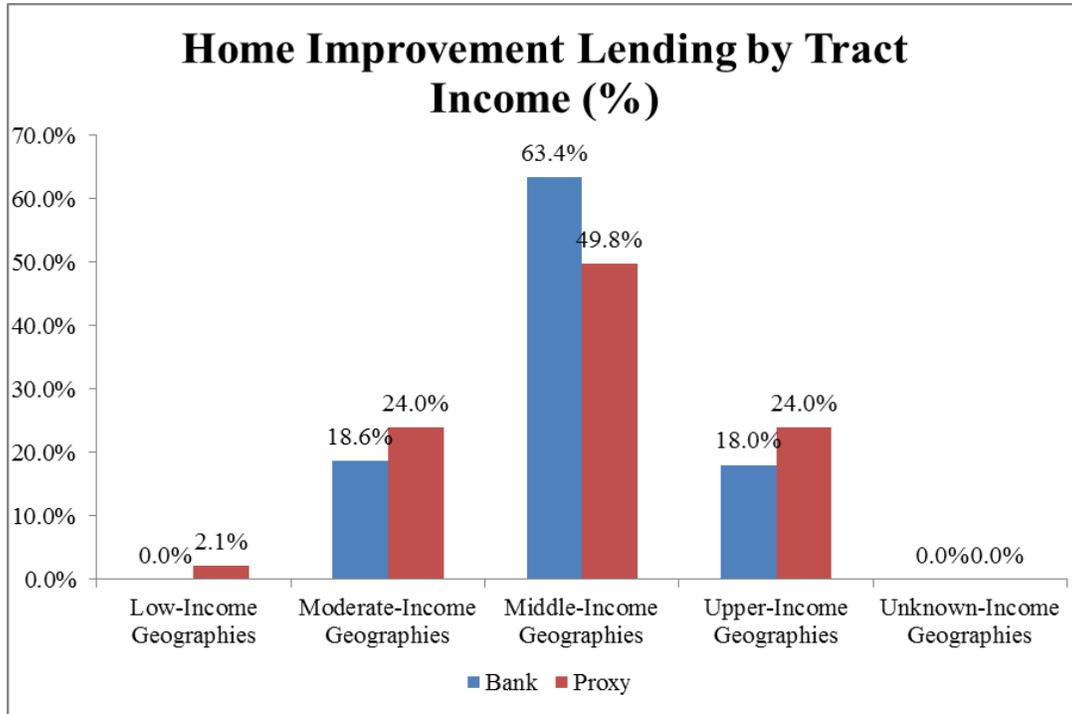
*Small Farm Lending*



As shown in the previous chart, small farm lending in low- and moderate-income tracts was less than the percentage of small farms located in low- and moderate-income tracts (proxy) and slightly less than peer in the review period. The institution was above proxy and peer in the middle- and upper-income tracts.

Overall, the geographic distribution of small farm lending is good.

*Home Improvement*

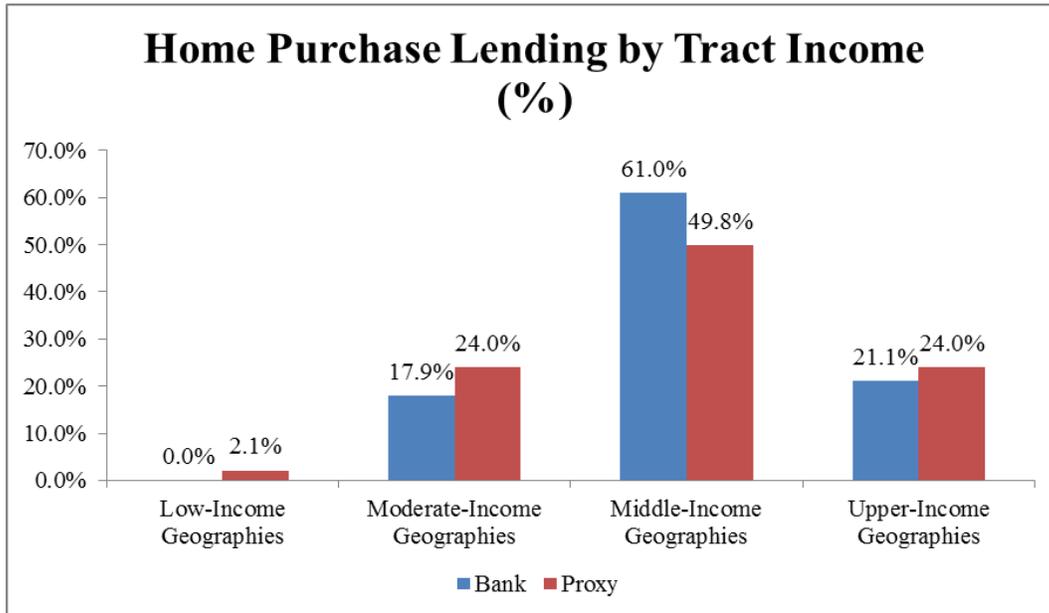


Whitaker’s home improvement lending was below the percentage of owner-occupied units (proxy) and slightly below peer in low- and moderate-income tracts. The institution was well above proxy and peer in middle-income tracts and slightly below proxy and peer in upper-income tracts.

As evidenced by the lack of owner-occupied units (proxy) in lower-income tracts, home improvement lending opportunities were limited, but available. It is significant to note the institution’s lending numbers in middle-income geographies that are distressed and underserved is 94.0% of the tracts due to poverty and unemployment.

Overall, the geographic distribution of home improvement lending is good.

Home Purchase

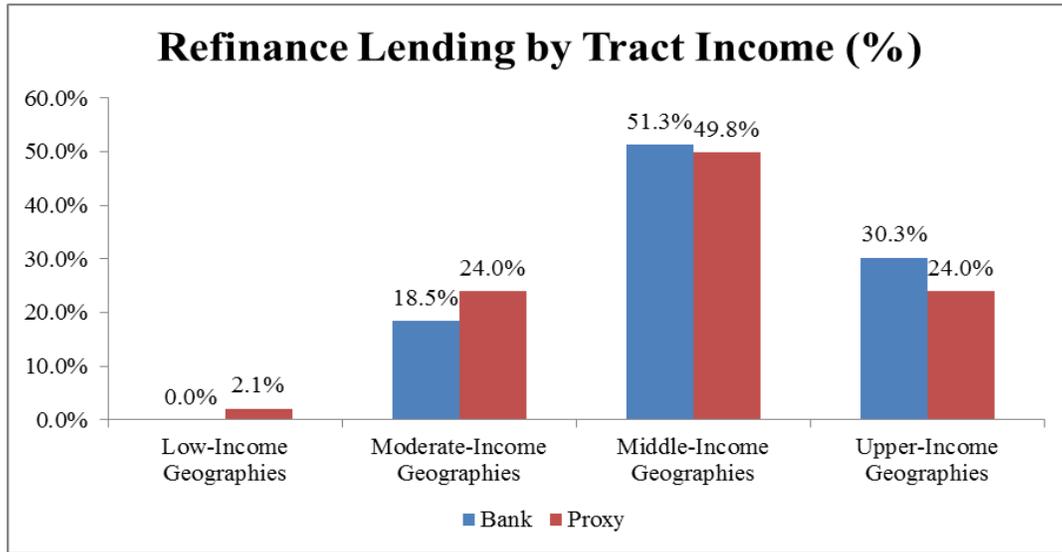


The institution's home purchase lending was below the percentage of owner-occupied units (proxy) and slightly below peer in low-income tracts, while slightly below proxy and above peer in moderate-income tracts. Home purchase lending was well above proxy in middle-income tracts, but slightly below proxy in upper-income tracts.

As evidenced by the lack of owner-occupied units (proxy) in low-income tracts, home purchase lending opportunities were limited, but available. As previously mentioned, it is significant to note the institution's lending numbers in middle-income geographies that are distressed and underserved in 94.0% of the tracts due to poverty and unemployment.

Overall, the geographic distribution of refinance loans is good.

*Refinance*



The level of home refinance lending in low- and moderate-income tracts was slightly below the percentage of owner-occupied homes in low- and moderate-income tracts (proxy) however, similar to peer. Home refinance lending in middle-income tracts was above the percentage of owner-occupied homes (proxy) located in middle-income tracts and peer. Lending in upper-income tracts was above proxy, but below peer.

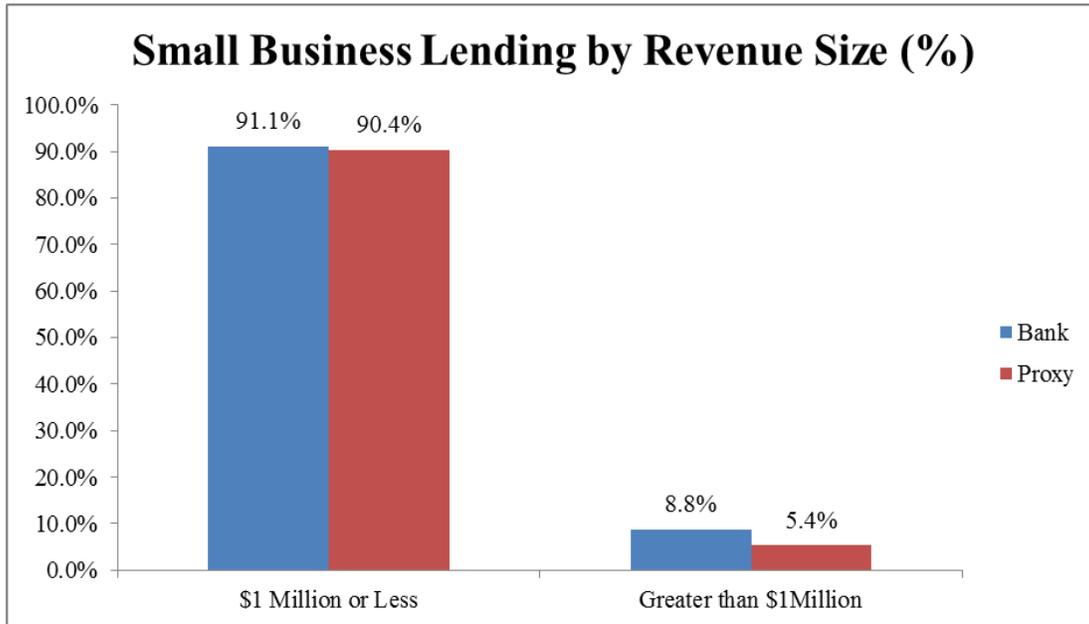
As evidenced by the lack of owner-occupied units (proxy) in moderate-income tracts, home refinance lending opportunities were limited, but available. As previously mentioned under home improvement, it is significant to note the institution's lending numbers in middle-income geographies that are distressed and underserved in 94.0% of the tracts due to poverty and unemployment.

Overall, the geographic distribution of refinance loans is good.

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

Overall, the distribution of loans is excellent based on borrower's income and businesses of different revenue sizes. Most businesses within the bank's assessment area have annualized revenues less than \$1 million. Majority of the poverty rates throughout the assessment area are well above the poverty rate of Kentucky (18.8%). Given the high poverty rates in the area, it is expected that loan demand would be depressed.

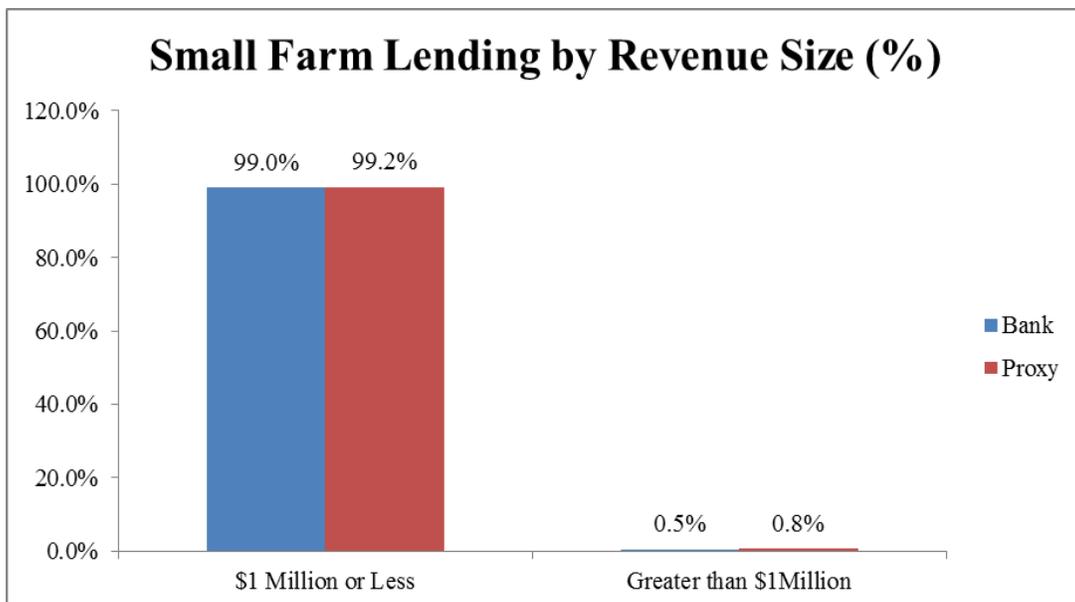
*Small Business Lending*



Whitaker originated 91.1% of small business loans to businesses with annual revenues less than \$1 million. Although this was slightly above the percentage of small businesses in the assessment area with annual revenues less than \$1million (proxy), it was significantly above peer.

Overall, the distribution of loans based on the revenue size of businesses is excellent.

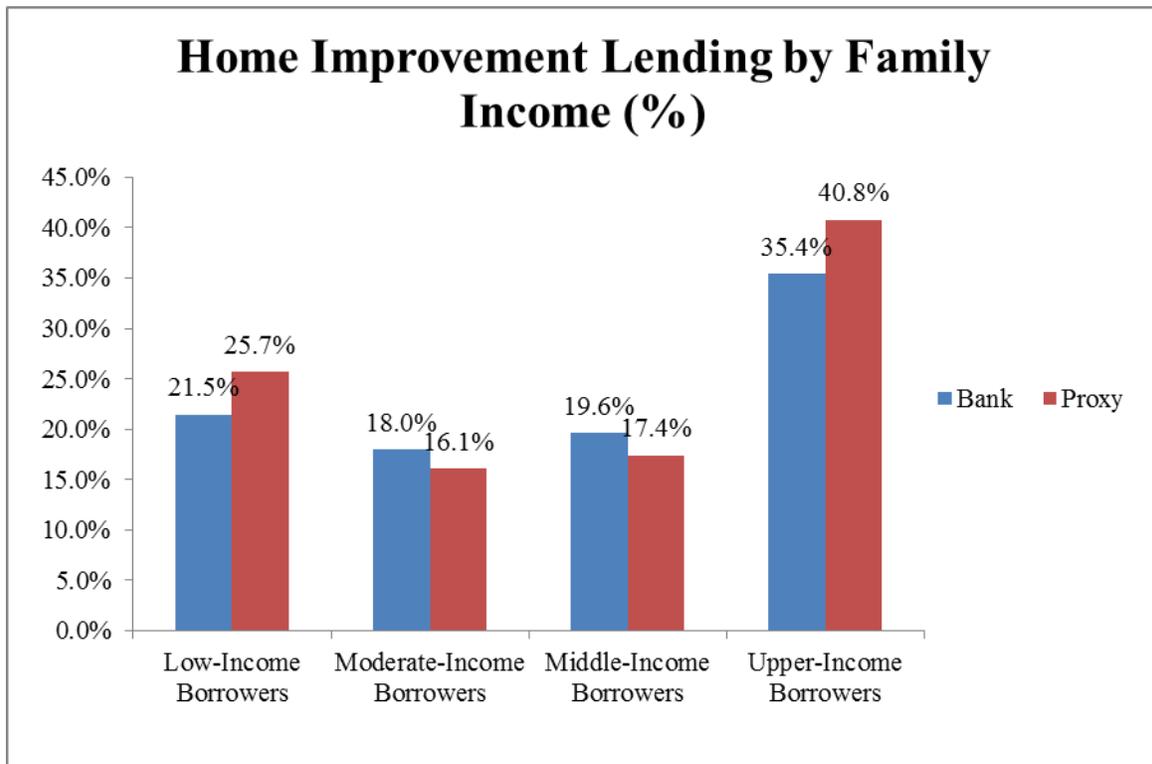
*Small Farm Lending*



Whitaker originated 99.0% of loans to small farms with annual revenues less than \$1 million. This was similar to the percentage of small farms in the assessment area with annual revenues less than \$1million (proxy), and was significantly above peer.

Overall, the distribution of loans based on the revenue size of small farms is excellent.

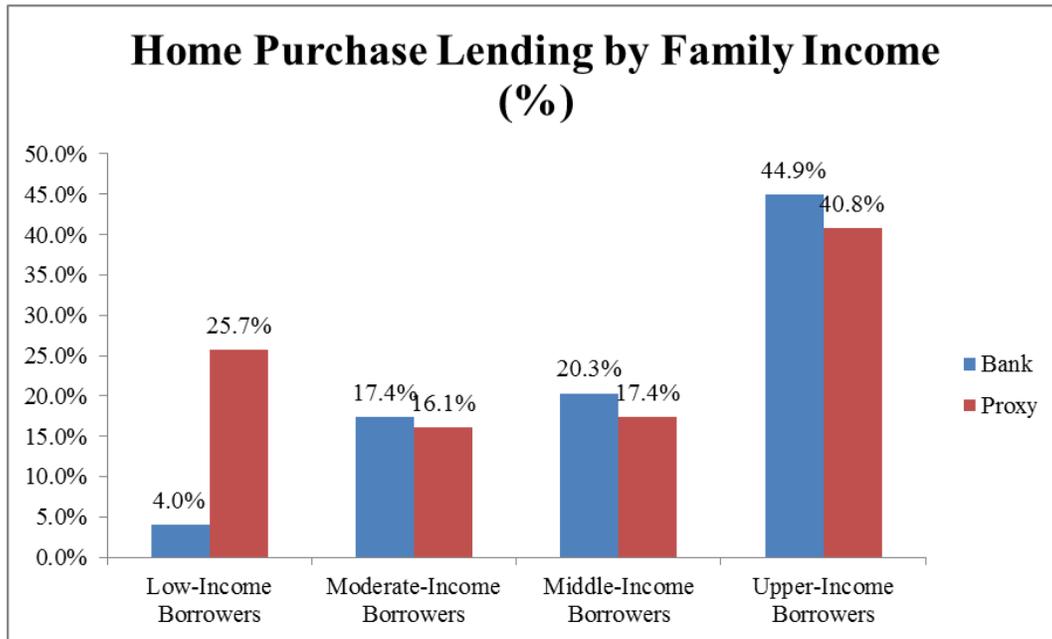
### Home Improvement



The level of home improvement lending to low-income borrowers was slightly below the percentage of low-income families (proxy), but significantly above peer. Home improvement lending to moderate- income borrowers was above both proxy and peer. Lending to middle-income borrowers is above the percentage of middle-income families (proxy) and slightly below peer. Home improvement lending to upper-income borrowers was below proxy and peer.

Overall, the distribution of home improvement loans to borrowers of different income levels is good.

Home Purchase Lending

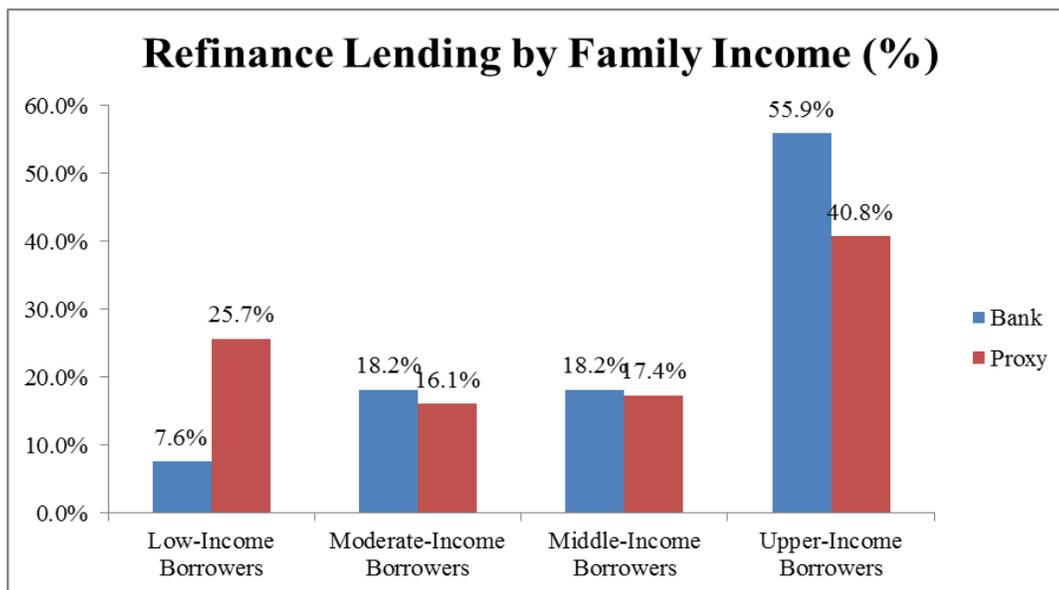


During the review period, the level of home purchase lending to low-income borrowers was significantly below the percentage of low-income families (proxy) and similar to peer. The level of home purchase lending to moderate-income borrowers was slightly above the percentage of moderate-income families (proxy) and similar to peer. Lending to middle-and upper-income borrowers is above the percentage of middle-and upper-income families (proxy), slightly below peer for middle-income families, but above peer for upper-income families.

Based on the 2014 median family income for the assessment area, about 44.0% of the homes valued up to \$77,102 would be considered affordable for low-income individuals and approximately 65.9% of the homes valued up to \$123,362 would be considered affordable for moderate-income individuals. This, coupled with high poverty rates, could factor into the lower home purchase lending to low- and moderate-income borrowers.

Overall, the distribution of home purchase loans to borrowers of different income levels is good.

*Refinance*



The level of home refinance lending to low-income borrowers was significantly below the percentage of low-income families (proxy), but similar to peer. Home refinance lending to moderate-income borrowers was above the percentage of moderate-income families (proxy) and similar to peer. Lending to middle-and upper-income borrowers is above the percentage of middle-and upper-income families (proxy), below peer for middle-income families, but above peer for upper-income families. There were a large amount of loans in which no income was reported, which was considered when comparing the percentage of Whitaker’s lending to demographic information.

As mentioned previously, the majority of the counties within the assessment area had higher poverty levels and unemployment rates higher than Kentucky, which may impact lending to low-income borrowers.

Overall, the distribution of refinance loans to borrowers of different income levels is good.

***Community Development Loans***

Whitaker originated 23 community development loans totaling \$2.7 million. Community development lending in this assessment area represented 12.4% of the total dollar volume of community development loans originated by the bank during the evaluation period. Overall, Whitaker makes a relatively high level of community development loans in this assessment area.

Of the 23 loans originated, 17 loans supported the efforts in community service, four supported revitalization and stabilization of the community, and two loans supported affordable housing and economic development efforts.

**Investment Test**

Whitaker made 6 investments totaling \$2.2 million in this assessment area. All of the investments were municipal bonds to support the efforts of local school districts. In addition, 43 donations were made totaling \$16,407. Many of these were annual donations to schools, where a large percentage of the student population receive financial assistance. In addition, the majority of these schools are located in distressed and/or underserved areas. Other donations made supported a variety of activities such as affordable housing and community services to low- and moderate-income individuals supported revitalization and stabilization efforts to help create jobs in the assessment area.

The institution made 77.8% of its total community development investments and donations in this assessment area. This is considered to be a significant level of qualified community development investments and donations; and the bank is occasionally in a leadership position.

**Service Test**

***Retail Services***

Delivery services are accessible. Whitaker did not open any offices in this assessment area since the previous evaluation, but one office and one drive-thru located in middle-income census tract were closed. Whitaker’s 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 families.

Business hours and services provided do not vary in a way that inconveniences certain portions of the assessment area, including low- and moderate-income geographies or families, and are consistent with the services and hours discussed in the institution assessment.

Whitaker had a total of 28 banking centers within this assessment area during the evaluation period, including none in low-, six in moderate-, 16 in middle-, and six in upper-income census tracts. During the same time period, Whitaker had a total of 34 ATMs within this assessment area, including zero in low-, eight in moderate-, 19 in middle-, and seven upper-income census tracts.

The following table illustrates the percentage of banking centers and ATMs in low-, moderate-, middle-, and upper-income census tracts in comparison to the percentage of tracts and the percentage of families living in those tracts.

<b>Tract Income Category</b>	<b>Percentage of Banking Centers</b>	<b>Percentage of ATMs</b>	<b>Percentage of Tracts</b>	<b>Percentage of Families in Tracts</b>
Low	0.0%	0.0%	4.8%	2.2%
Moderate	21.4%	23.5%	27.6%	24.0%
Middle	57.1%	55.9%	46.2%	50.3%
Upper	21.4%	20.6%	21.4%	23.5%

The previous table reflects a good dispersion within moderate-income tracts and a good dispersion within middle- and upper-income tracts. As previously mentioned, 94% of middle income tracts are distressed due to poverty and unemployment.

### *Community Development Services*

Whitaker was a leader in providing community development services in this assessment area. The institution's officers and staff members provided 2,930 hours of community development services, which represents 100.0% of all community development services provided. The services provided were as follows:

- Employees served on the board of directors of organizations providing affordable housing to low- and moderate-income individuals.
- Several financial literacy training sessions were provided at schools in which the majority of students receive free or reduced-price lunches.
- Served on board and committees to review loan applications of small businesses to help promote economic development and provide opportunities to farmers to promote their farming activities.
- Reviewed proposals for new ideas and projects in order to encourage downtown new business and funding to promote revitalization and stabilization within the community.

## DESCRIPTION OF INSTITUTION'S OPERATIONS IN LEXINGTON-FAYETTE KENTUCKY MSA 30460

The Lexington-Fayette Metropolitan Statistical Area 30460 (Lexington MSA) consists of the entireties of the following six counties: Bourbon, Clark, Fayette, Jessamine, Scott, and Woodford Counties. The assessment area is comprised of 12 low-, 32 moderate-, 47 middle-, and 38 upper-income tracts. There were no middle-income tracts that were considered to be underserved or distressed within this assessment area.

As of June 30, 2014, Whitaker ranked tenth of 34 institutions with 3.3% of the deposit share in the assessment area. Central Bank & Trust Co had the highest market share with 16.7% of deposits. The next two largest institutions, JPMorgan Chase Bank, National Association and Fifth Third Bank, had 14.2% and 11.8% of the market share, respectively. Deposits in this assessment area ranked second and account for 26.1% of the institution's total deposits.

During the period of January 1, 2013 through December 31, 2014, Whitaker originated 236 HMDA loans and 379 CRA loans, which represented 17.1% and 18.7%, respectively, of total loans originated during the evaluation period.

In 2014, Whitaker ranked 32<sup>th</sup> of 301 HMDA reporters in the assessment area. Wells Fargo BK NA, JPMorgan Chase BK NA, and Central B&TC were the top three HMDA lenders in the assessment area. Whitaker ranked 11th of 69 CRA reporters in the assessment area. The top five CRA lenders were American Express, Central B & TC, Chase Bank USA NA, GE Capital Retail Bank and Capital One Bank USA NA. These lenders are mostly issuers of credit cards and their CRA loans primarily consist of commercial credit card accounts.

One community contact interview was conducted to provide additional information regarding the assessment area. The contact represents a rural development organization that provides grants and loan guarantees to support essential services such as housing, economic development, health care, first responder services and equipment, and water, electric and communications infrastructure. The organization assists in promoting economic development by supporting loans to businesses through banks, credit unions and community-managed lending pools, which serves the state of Kentucky. The contact stated economic conditions are changing. The main emphasis is focused on the Appalachian region where a large part of the workforce has been unemployed due to the reduction in coal mining. Opportunities for banks to work with organizations and borrowers is available; however, credit or term limitations and the resource of time for banks is a challenge. In the end, if banks take the time to work with the organizations and borrowers, most of the time, the loans can be utilized for the bank's CRA requirements. There are many initiatives in place for economic development and revitalization and stabilization of communities throughout Kentucky.

The second community contact represented a foundation that focuses on civic engagement, economic development and education. They operate more of a “grant-making” strategy that helps make investments to improve the health of the community, also known as a ‘place-making foundation.’ The organization has an impact on a macro level, as it is currently involved in a project that is revitalizing 30 acres of property into a community park. The 30 acres is in the middle of low- to moderate- neighborhoods that was not designated as a low-income strategy project, but consequently has a positive impact to the community on all levels.

Community demographics have not changed for the area, according to the contact, who stated that opportunities for further bank involvement are available. Banking institutions can improve on educating the unbanked consumer. The contact stated that non-profit organizations do a better job at reaching out to the unbanked and lower-income community more often than the financial institutions. However, smaller banks may not have as many venues to accomplish this.

**Population Characteristics**

According to the 2010 U.S. Census data, the population in the assessment area was 472,099. The percentage of the population living in low- and moderate-income tracts was 8.6% and 26.7% respectively. In addition, 77.3% of the population was 18 years of age or older, which is the legal age to enter into a contract.

The following table shows the population in the assessment area by county for 2010 and 2014 with the percentage of the population increase or decrease; overall, the assessment area’s population increased 4.7% during this time period. Scott County experienced the greatest amount of growth, while Fayette, Jessamine and Woodford Counties also experienced increases.<sup>7</sup>

County	2010 Population	2014 Population	Population Percent Change
Bourbon	19,985	19,972	-0.1%
Clark	35,613	35,758	0.4%
Fayette	295,803	310,797	5.1%
Jessamine	48,586	50,815	4.6%
Scott	47,173	51,284	8.7%
Woodford	24,939	25,563	2.5%
<b>Total</b>	<b>472,099</b>	<b>494,189</b>	<b>4.7%</b>

<sup>7</sup> Population Estimates derived from U.S. Census Data (April 1, 2010 – July 1, 2012): <http://www.census.gov/popest/data/counties/totals/2012/CO-EST2012-01.html>

### Income Characteristics

Based on the 2010 U.S. Census data, the median family income in the assessment area was \$62,624, which was significantly higher than the median family income for Kentucky at \$52,046. The median family incomes ranged from a low of \$46,111 in Bourbon County to a high of \$68,219 in Scott County. As shown in the following table, the median family income for Lexington MSA was \$67,800, which increased moderately in 2014 from 2013. Although the HUD-estimated median family is not classified by county, given the 2010 U.S. Census information, it seems that this MSA area appears to be wealthier than many other MSA areas in Kentucky.

#### Borrower Income Levels Lexington-Fayette, KY - MSA

HUD Estimated Median Family Income		Low	Moderate	Middle	Upper
		0 - 49.99%	50% - 79.99%	80% - 119.99%	120% - & above
<b>2013</b>	<b>\$63,800</b>	0 - \$31,899	\$31,900 - \$51,039	\$51,040 - \$76,559	\$76,560 - & above
<b>2014</b>	<b>\$67,800</b>	0 - \$33,899	\$33,900 - \$54,239	\$54,240 - \$81,359	\$81,360 - & above

In 2010, the assessment area contained 188,309 households, of which 118,564 (63.0%) were families. Of the total families in the assessment area, 39.6% were low- and moderate-income families. Bourbon County had the highest percentage of low- and moderate-income families representing 54.1%, followed by Jessamine and Clark Counties with 45.5% and 44.3%.

County	2010 Poverty Rate	2013 Poverty Rate	Change
Bourbon	17.0%	16.5%	-2.9%
Clark	17.4%	17.1%	-1.7%
Fayette	20.0%	19.0%	-5.0%
Jessamine	16.1%	15.4%	-4.3%
Scott	11.3%	10.5%	-7.1%
Woodford	11.2%	11.0%	-1.8%
<b>Kentucky</b>	<b>18.9%</b>	<b>18.8%</b>	<b>-0.5%</b>
<b>United States</b>	<b>15.3%</b>	<b>15.8%</b>	<b>3.3%</b>

As illustrated in the table above, poverty rates decreased in each county in the assessment area from 2010 to 2013.<sup>8</sup> Fayette County had the highest poverty rate in 2010 and 2013, which was also above the statewide and national rate. Scott County had the largest decrease, followed by Fayette and Jessamine Counties. Poverty rates in all six counties of the assessment area decreased more than Kentucky's decline of 0.5%. In 2013, three of the six counties (50.0%) had rates above the national rate and one of six counties (16.7%) was above the statewide rate.

<sup>8</sup> United States Department of Agriculture Economic Research Service Poverty Rates (for 1999 and 2012): [http://www.ers.usda.gov/data-products/county-level-data-sets/poverty.aspx?reportPath=/State\\_Fact\\_Sheets/PovertyReport&fips\\_st=51](http://www.ers.usda.gov/data-products/county-level-data-sets/poverty.aspx?reportPath=/State_Fact_Sheets/PovertyReport&fips_st=51)

Due to poverty rates declining, loan demand opportunities may rise given the decline in poverty rates in the area.

### **Housing Characteristics**

There were 205,317 housing units in the assessment area, as of the 2010 U.S. Census. The owner-occupancy rate was 55.5%, with a high of 69.1% in Woodford County and a low of 51.8% in Fayette County. From an income perspective, 36.8% of housing units and 25.8% of owner-occupied units were located in low- and moderate-income tracts. Multi-family dwellings comprised 18.1% of the housing within the assessment area, with 59.5% of multi-family dwellings in low- or moderate-income tracts. These numbers indicate that the demand for home mortgage lending would likely be concentrated in the middle- and upper-income tracts.

As of the 2010 U.S. Census, the median age of housing stock in the assessment area was 32 years old, with 13.0% of the stock built before 1950. The oldest housing stock was in Bourbon County with a median of 40 years and the newest was 19 years in Scott County. The age of the housing stock is more than 25 years old and could indicate an opportunity for home improvement and rehabilitation loans.

The median housing value in the assessment area was \$156,580, with an affordability ratio of 31.0%. The affordability ratio is derived by dividing the median household income by the median housing value. The higher the affordability ratio, the more affordable a home is considered. The ratios ranged from a low of 29.7% in Bourbon County to a high of 36.6% in Scott County.

Based on the 2014 median family income for the assessment area, about 31.9% of the homes valued up to \$124,263 would be considered affordable for low-income individuals and approximately 72.8% of the homes valued up to \$198,821 would be considered affordable for moderate-income individuals. These percentages were calculated assuming an average mortgage payment equal to 28.0% of gross income for a 4.0% fixed-rate, 30-year loan.

The median gross rent in the assessment area was \$682, as of 2010. The lowest median gross rent was \$581 in Bourbon County, while the highest was \$724 in Woodford County. The lowest rents (those less than \$350) comprised 8.7% of the rental units, while 13.4% of units had rental costs between \$350 and \$500. Further, 43.3% of renters had rental costs greater than 30.0% of their income. Furthermore, 59.9% and 47.9% of the housing units in low- and moderate-income tracts, respectively, are comprised of rental units. In addition, there are 12.7% and 9.9% vacant units in low- and moderate-income tracts, respectively. These numbers indicate that demand for single-family home loans would be limited in low- and moderate-income tracts and more concentrated in middle-income and upper-income tracts.

The following table contains information about foreclosure filings and the number of properties in foreclosure.<sup>9</sup>

---

<sup>9</sup> RealtyTrac: <http://www.realtytrac.com/statsandtrends/foreclosuresretrends>

Geography Name	Ratio of Properties Receiving Foreclosure Filings in September 2015
Bourbon	1:1,675
Clark	1:3,884
Fayette	1:3,134
Jessamine	1:2,368
Scott	1:4,532
Woodford	1:2,700
<b>Kentucky</b>	<b>1:1,758</b>
<b>United States</b>	<b>1:1,205</b>

The foreclosure ratio in Clark, Fayette, Jessamine, Scott, and Woodford Counties was lower than that of Kentucky’s for that time period, while Bourbon County was slightly higher. All counties were lower than the nation for September 2015.

Building permits in the assessment area, Kentucky, and the United States are included in the following table for 2013 and 2014.

Geography Name	2013	2014	% Change
Bourbon	25	16	-36.0%
Clark	18	0	-100.0%
Fayette	562	722	28.5%
Jessamine	132	79	-40.2%
Scott	351	308	-12.3%
Woodford	107	101	-5.6%
<b>Kentucky</b>	<b>8,955</b>	<b>9,536</b>	<b>6.5%</b>
<b>United States</b>	<b>990,822</b>	<b>1,046,363</b>	<b>5.6%</b>

Building permits in Bourbon, Clark, Jessamine, Scott and Woodford Counties decreased from 2013 to 2014 compared to the increase in the United States during this time. Robust growth occurred in Fayette County, while a slight increase occurred in Kentucky during the evaluation period.

**Labor, Employment, and Economic Characteristics**

According to the Kentucky Cabinet for Economic Development, the following are the top employment sectors and non-government employers in the four counties in the assessment area.<sup>10</sup>

<sup>10</sup> Kentucky Cabinet for Economic Development: <http://thinkkentucky.com/>

County	Primary Employment Sectors	Major Employers
Bourbon	Manufacturing; Trade, Transportation and Utilities; Services; Public Administration and Financial Activities	Avantor Performance Materials; CMWA; Pizza Wholesale of Lexington Inc; Southeastern Kentucky Rehabilitation Industries, LLC; Vermont Castings Group
Clark	Services; Manufacturing; Trade, Transportation and Utilities; Construction and Public Administration	AMZN wacs Inc; Catalent Pharma Solutions; East KY Power Cooperative Inc; Leggett & Platt; The Freeman Corporation
Fayette	Services; Trade, Trade, Transportation and Utilities; Manufacturing; Financial Activities; and Construction	Amazon.com; Lexmark International Inc; Lockheed Martin; Trane Lexington; Xerox
Jessamine	Services; Trade, Trade, Transportation and Utilities; Manufacturing; Construction; and Public Administration	Alltech Inc; Amcor Rigid Plastics; McKechnie Vehicle Components; McLane Cumberland; R J Corman Railroad Group LLC
Scott	Manufacturing; Services; Trade, Trade, Transportation and Utilities; Public Administration and Financial Activities	Aichi Forge USA Inc; Johnson Controls Inc; Qualex Manufacturing LLC; Toyota Motor Manufacturing Kentucky; Toyota Tsusho America Inc
Woodford	Services; Manufacturing; Trade, Transportation and Utilities; Public Administration and Construction	Clark Distributing Co; Osram Slyvania Inc; Pilkington North America; QuadGraphics; Yokohama Industries Americas Inc/Div 2

The following table illustrates the average unemployment rates for 2013 and 2014 for the counties in the assessment area, Kentucky, and the nation.<sup>11</sup>

**Unemployment Rates**  
**Assessment Area: KY, Lexington-Fayette MSA**

Area		
	2013	2014
Bourbon Co.	6.1	4.3
Clark Co.	6.5	4.8
Fayette Co.	4.9	3.6
Jessamine Co.	5.7	3.9
Scott Co.	5.1	3.5
Woodford Co.	4.6	3.2
Lexington-Fayette MSA	5.1	3.7
<b>Kentucky</b>	<b>7.0</b>	<b>5.1</b>

Not Seasonally Adjusted  
Data as of June 2015

<sup>11</sup> National Unemployment Rates from the Bureau of Labor Statistics: <http://data.bls.gov/timeseries/LNS14000000>

Unemployment rates declined in all of the counties in the assessment area from 2013 to 2014. The highest unemployment rates were in Clark County and the lowest were in Woodford and Scott Counties. All of the counties in the assessment area had unemployment rates below Kentucky's rate for all years.

## Combined Demographics Report

Assessment Area(s): Non Metro KY 2014

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	7	4.8	3,334	2.2	1,247	37.4	38,528	25.7	
Moderate-income	40	27.6	35,979	24	10,527	29.3	24,118	16.1	
Middle-income	67	46.2	75,359	50.3	13,621	18.1	26,065	17.4	
Upper-income	31	21.4	35,157	23.5	3,341	9.5	61,118	40.8	
Unknown-income	0	0	0	0	0	0	0	0	
<b>Total Assessment Area</b>	<b>145</b>	<b>100.0</b>	<b>149,829</b>	<b>100.0</b>	<b>28,736</b>	<b>19.2</b>	<b>149,829</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	6,048	3,324	2.1	55	1,372	22.7	1,352	22.4	
Moderate-income	63,891	37,363	24	58.5	14,879	23.3	11,649	18.2	
Middle-income	130,019	77,653	49.8	59.7	32,126	24.7	20,240	15.6	
Upper-income	58,819	37,462	24	63.7	14,824	25.2	6,533	11.1	
Unknown-income	0	0	0	0	0	0	0	0	
<b>Total Assessment Area</b>	<b>258,777</b>	<b>155,802</b>	<b>100.0</b>	<b>60.2</b>	<b>63,201</b>	<b>24.4</b>	<b>39,774</b>	<b>15.4</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	259	1.3	228	1.2	17	1.6	14	1.6	
Moderate-income	3,763	18.5	3,421	18.6	182	16.6	160	18.8	
Middle-income	10,752	52.8	9,661	52.4	626	57.2	465	54.5	
Upper-income	5,607	27.5	5,124	27.8	269	24.6	214	25.1	
Unknown-income	0	0	0	0	0	0	0	0	
<b>Total Assessment Area</b>	<b>20,381</b>	<b>100.0</b>	<b>18,434</b>	<b>100.0</b>	<b>1,094</b>	<b>100.0</b>	<b>853</b>	<b>100.0</b>	
<b>Percentage of Total Businesses:</b>				<b>90.4</b>		<b>5.4</b>		<b>4.2</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	15	1.3	15	1.3	0	0	0	0	
Moderate-income	268	22.8	268	22.9	0	0	0	0	
Middle-income	538	45.7	531	45.5	7	77.8	0	0	
Upper-income	356	30.2	354	30.3	2	22.2	0	0	
Unknown-income	0	0	0	0	0	0	0	0	
<b>Total Assessment Area</b>	<b>1,177</b>	<b>100.0</b>	<b>1,168</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>	<b>0</b>	<b>.0</b>	
<b>Percentage of Total Farms:</b>				<b>99.2</b>		<b>.8</b>		<b>.0</b>	

2014 FFIEC Census Data and 2014 D&B Information

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN LEXINGTON-FAYETTE METROPOLITAN STATISTICAL AREA #30460

Within the assessment area, Whitaker's lending levels reflect an adequate responsiveness to the credit needs of the community. In addition, the bank was a leader in making community development loans in the area and had moderate lending gaps during the review period. Whitaker has a good geographic distribution of loans in the area and an excellent distribution among borrowers of different income levels and to businesses and farms of different revenue sizes. This results in a good record of serving the credit needs of highly economically disadvantaged areas in its assessment area, low-income individuals, or businesses with gross annual revenues of \$1 million or less, consistent with safe and sound operations.

Greater weight was given to the evaluation of small business lending based on the overall volume of lending, followed by small farm, home purchase, home refinance, and home improvement. There were not enough multi-family loans to conduct meaningful analyses. Further, geographic distribution received equal consideration to borrower distribution based on the level of low- and moderate-income tracts and percentage of low- and moderate-income population in the assessment area.

Details of the bank's residential mortgage and small business lending as well as information regarding lending by peers can be found in Appendix D.

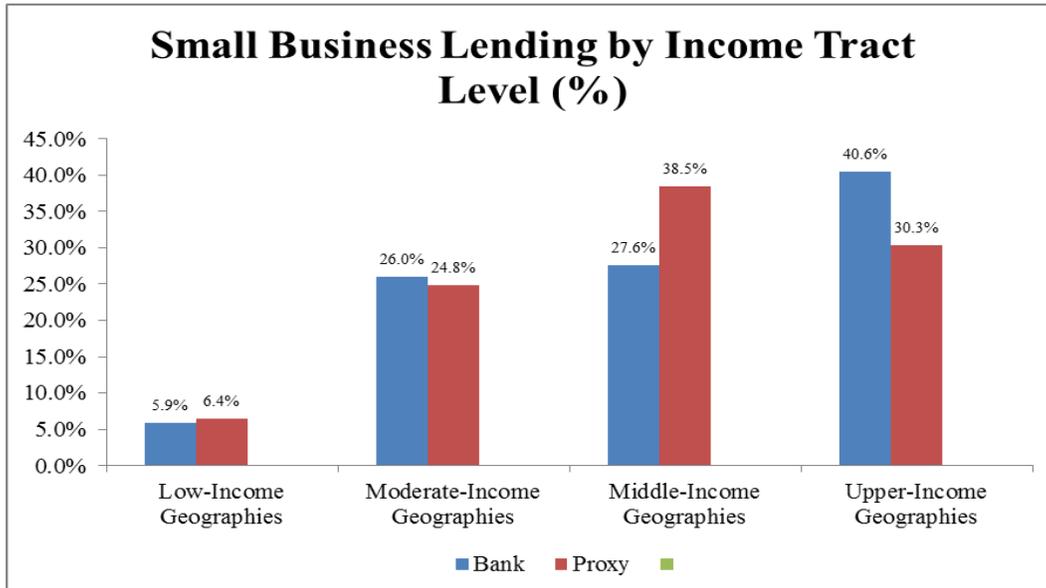
### *Lending Activity*

Lending activity reflects an adequate responsiveness to the credit needs within the assessment area. Whitaker originated 254 small business loans, 125 small farm loans, 111 home purchase loans, 73 home refinance loans, 47 home improvement, five multi-family loans, and four community development loans during the evaluation period. The percentage of the bank's total lending at 18.0% is comparable to the percentage of total deposits at 26.1% in this area. Moderate gaps in lending were noted. During the evaluation period, Whitaker originated loans in 79.1% of its census tracts and penetrated loans in 84.1% of its low- and moderate-income tracts.

### *Geographic Distribution*

Whitaker's overall distribution of lending among geographies is considered good. Small business lending, which was the largest loan category, is good, as is small farm lending. Home purchase and home improvement, lending is considered excellent, while home refinance is considered good.

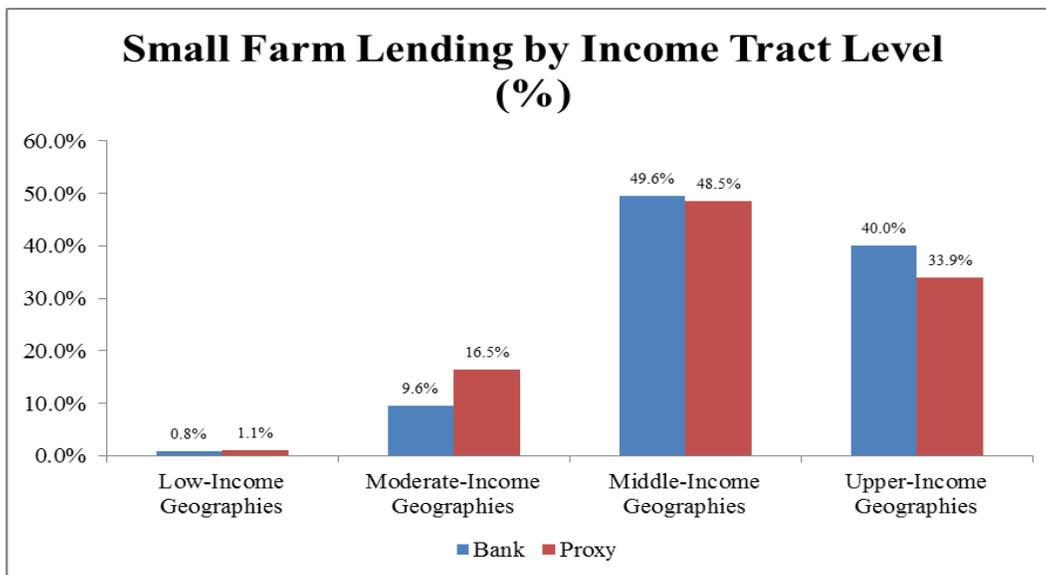
*Small Business Lending*



As shown in the chart above, small business lending in low-income tracts was slightly less than the percentage of small businesses located in low-income tracts (proxy) and peer during the review period. The institution was above proxy and peer in the moderate-income tract and below proxy and peer in moderate-income tracts. Lending in upper-income tracts was well above proxy and peer and is considered excellent.

Overall, the geographic distribution of small business lending is good.

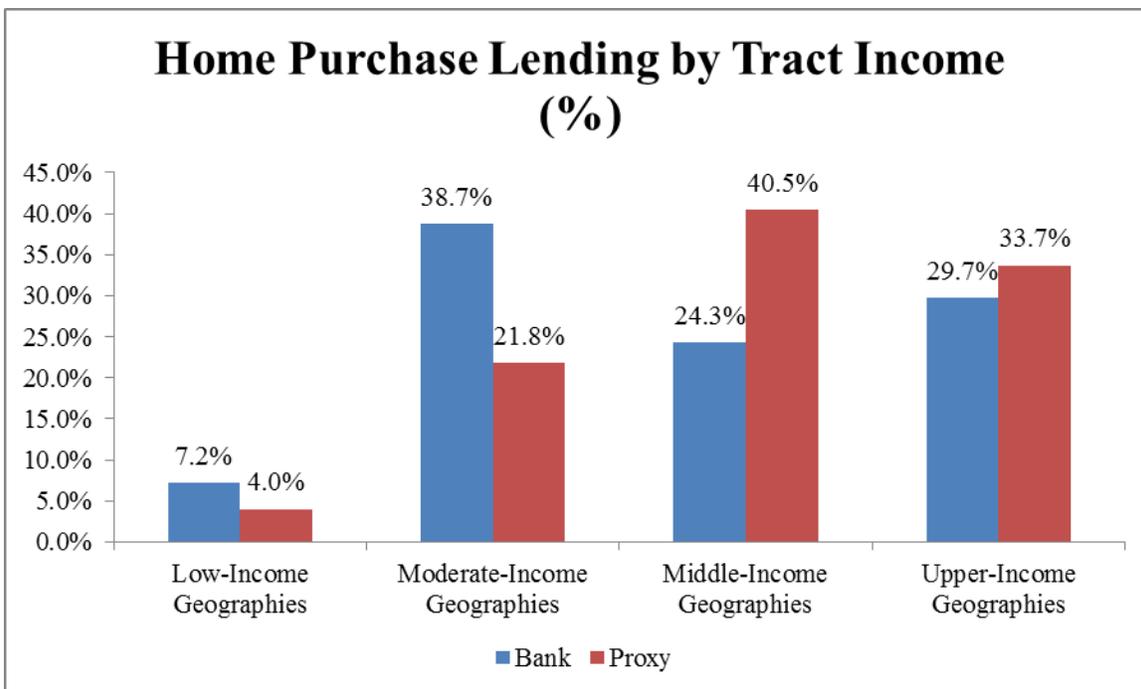
*Small Farm Lending*



As shown in the chart above, small farm lending in low- and moderate-income tracts was less than the percentage of small farms located in low- and moderate-income tracts (proxy) and similar to peer in the review period. The institution was above the proxy and similar to peer in the middle- and upper-income tracts.

Overall, the geographic distribution of small farm lending is good.

*Home Purchase*

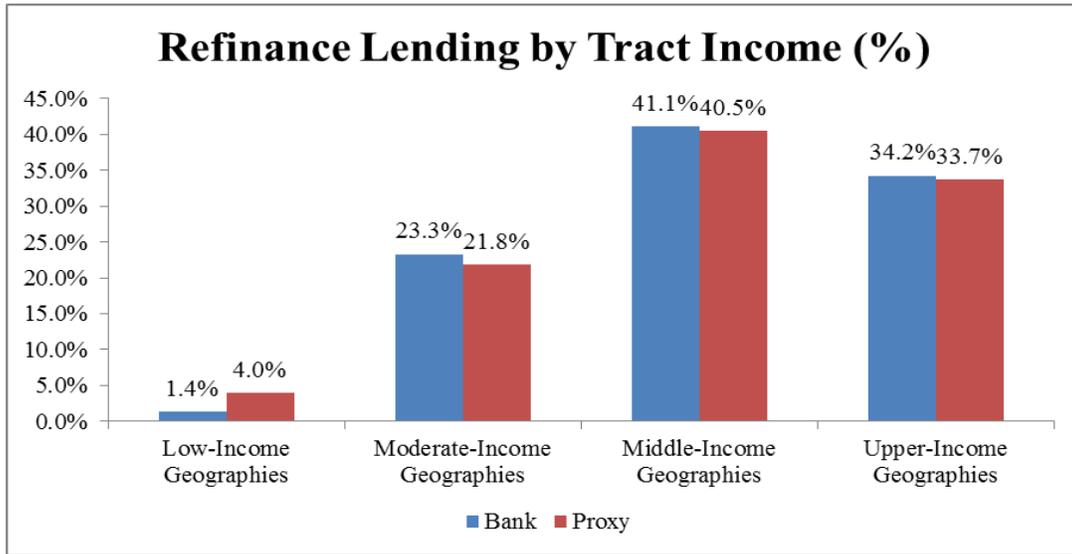


The institution's home purchase lending was well above the percentage of owner-occupied units (proxy) and peer in low- and moderate-income tracts. Whitaker was well below proxy and peer in the middle-income tracts, while slightly below proxy and peer in the upper-income tracts.

As evidenced by the lack of owner-occupied units (proxy) in low-income tracts, home purchase lending opportunities were limited but available.

Overall, the geographic distribution of refinance loans is excellent.

*Refinance*

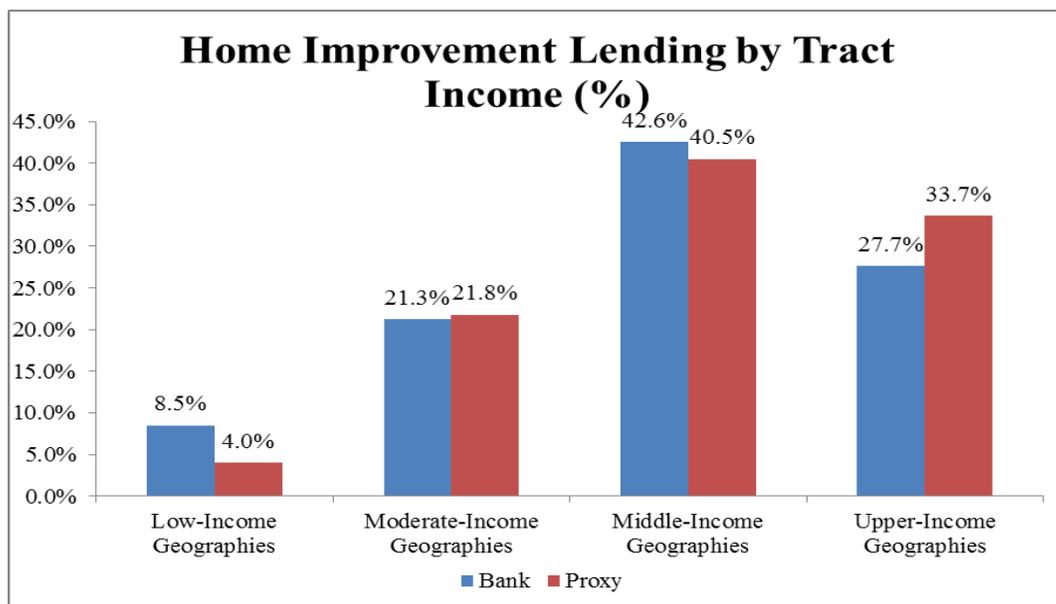


The level of home refinance lending in low-income tracts was below the percentage of owner-occupied homes in low-income tracts (proxy) and peer. Home refinance lending in moderate-income tracts was above the percentage of owner-occupied homes located in moderate-income tracts (proxy) and peer. The institution was similar to proxy and peer in the middle-income tracts, while similar to proxy and slightly below peer in the upper-income tracts.

As evidenced by the lack of owner-occupied units (proxy) in low-income tracts, home refinance lending opportunities were limited but available.

Overall, the geographic distribution of refinance loans is good.

*Home Improvement*



Whitaker’s home improvement lending was well above the percentage of owner-occupied units (proxy) and peer in low-income tracts. The institution was slightly below proxy and peer in moderate-income tracts. Home improvement lending was slightly above proxy and peer in the middle-income tracts, while slightly below proxy and peer in the upper-income tracts.

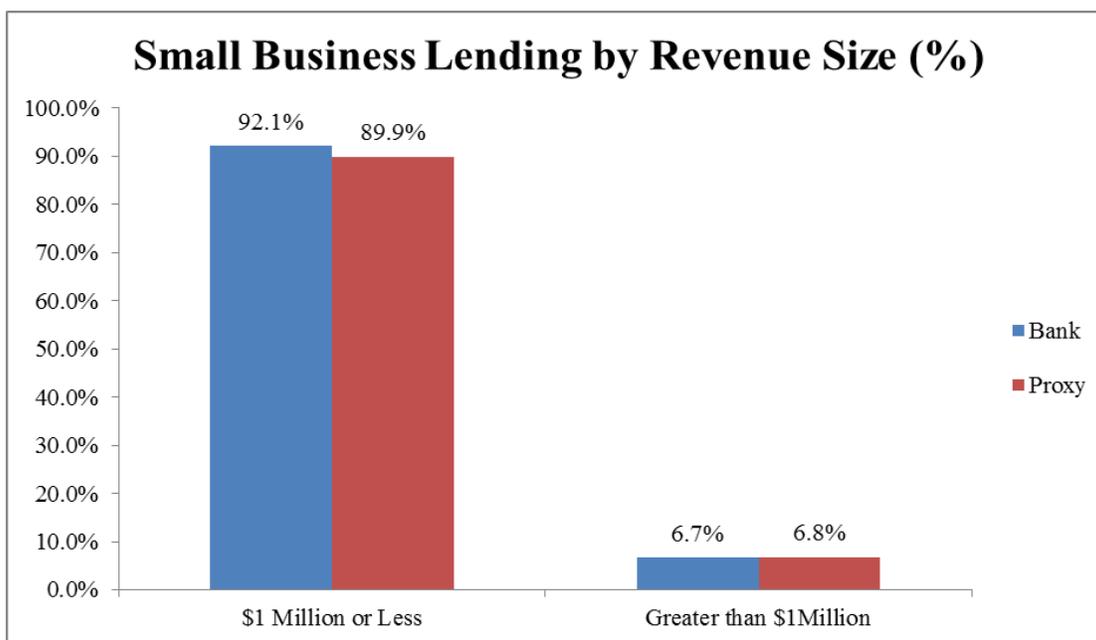
As evidenced by the lack of owner-occupied units (proxy) lower-income tracts, home improvement lending opportunities were limited but available.

Overall, the geographic distribution of home improvement lending is excellent.

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

Overall, the distribution of loans is excellent based on borrower’s income and businesses of different revenue sizes. Most businesses within the bank’s assessment area have annualized revenues less than \$1 million. Poverty rates throughout the assessment area are at or slightly below the poverty rate of Kentucky (18.8%). Given the similar and lower poverty rates in the area, it is expected that loan demand would be depressed.

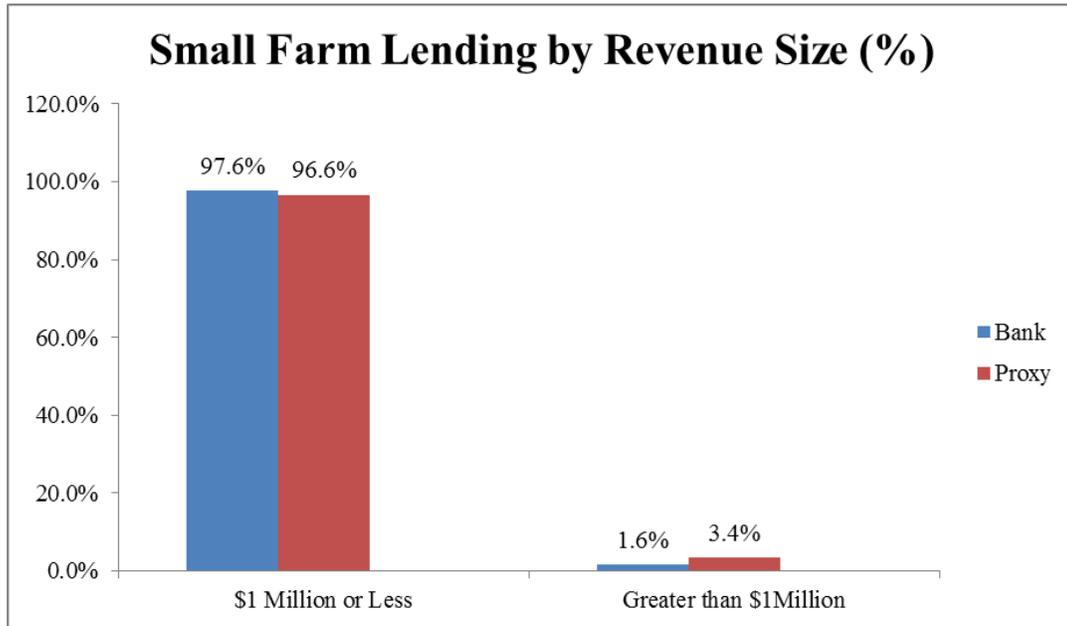
### ***Small Business Lending***



Whitaker originated 92.1% of small business loans to businesses with annual revenues less than \$1 million. Although this was slightly above the percentage of small businesses in the assessment area with annual revenues less than \$1million (proxy), it was significantly above peer.

Overall, the distribution of loans based on the revenue size of businesses is excellent.

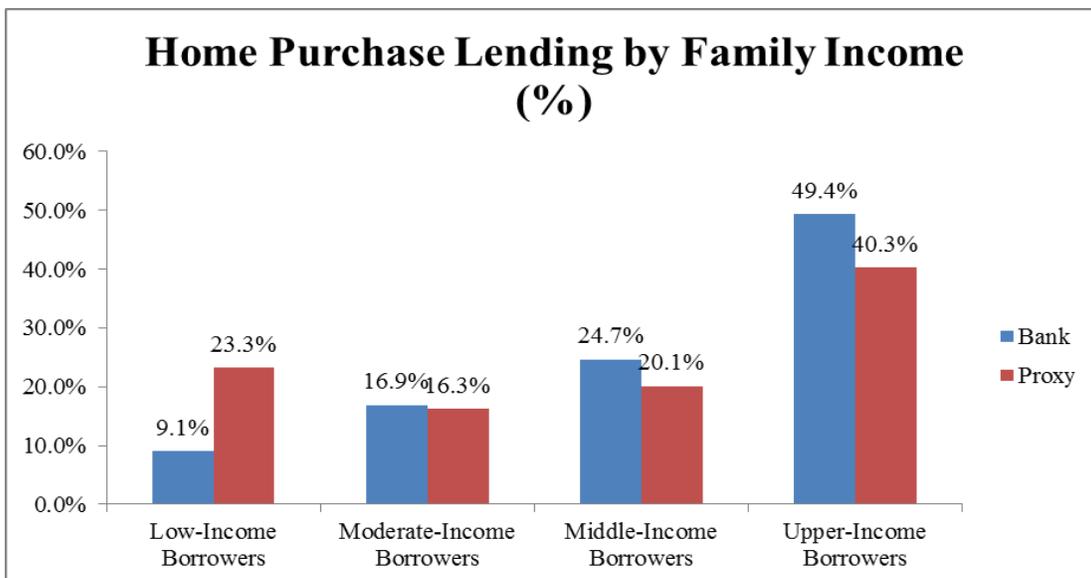
*Small Farm Lending*



Whitaker originated 97.6% of loans to small farms with annual revenues less than \$1 million. This was similar to the percentage of small farms in the assessment area with annual revenues less than \$1million (proxy) and was significantly above peer.

Overall, the distribution of loans based on the revenue size of small farms is excellent.

*Home Purchase Lending*

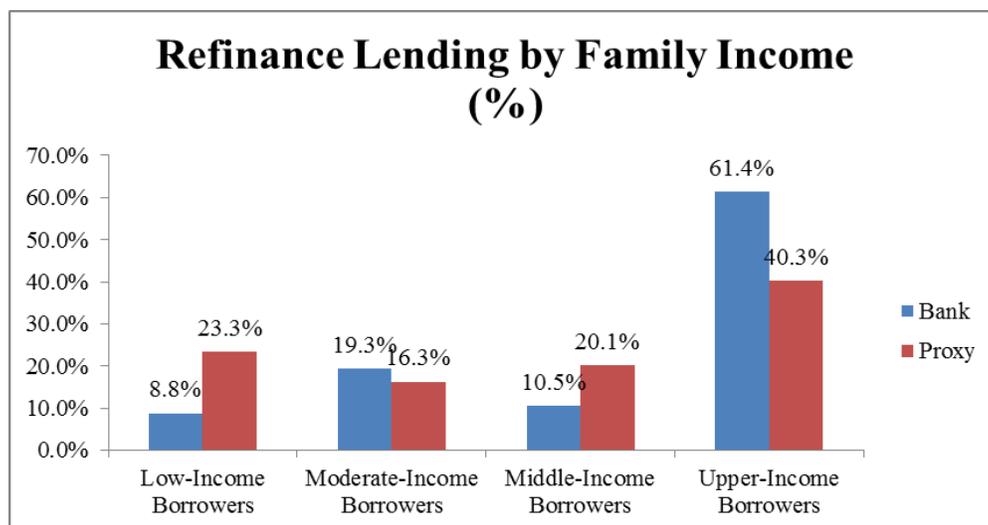


During the review period, the level of home purchase lending to low-income borrowers was significantly below the percentage of low-income families (proxy) and similar to peer. The level of home purchase lending to moderate-income borrowers was slightly above the percentage of moderate-income families (proxy) and below peer. Home purchase lending to middle- and upper-income borrowers was above the percentage of middle- and upper-income families (proxy) and peer. There were a large amount of loans in which no income was reported, which was considered when comparing the percentage of Whitaker’s lending to demographic information.

Based on the 2014 median family income for the assessment area, about 26.3% of the homes valued up to \$114,776 would be considered affordable for low-income individuals and approximately 64.7% of the homes valued up to \$186,642 would be considered affordable for moderate-income individuals. This, coupled with high poverty rates, could factor into the lower home purchase lending to low- and moderate-income borrowers.

Overall, the distribution of home purchase loans to borrowers of different income levels is good.

### Refinance

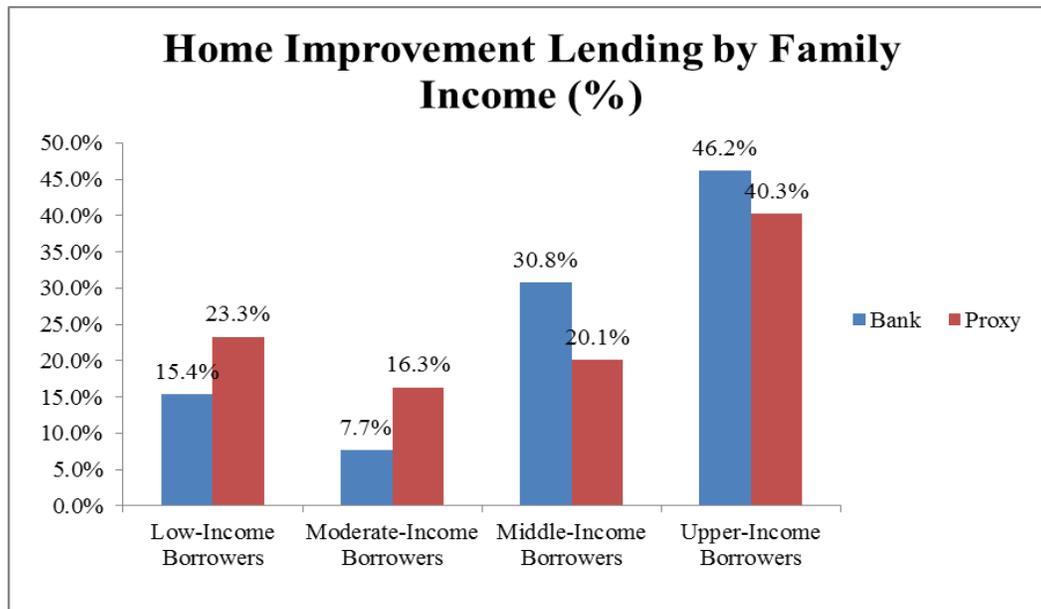


The level of home refinance lending to low-income borrowers was significantly below the percentage of low-income families (proxy), but similar to peer. Home refinance lending to moderate-income borrowers was slightly above the percentage of moderate-income families (proxy) and similar to peer. Home refinance lending to middle-income borrower was significantly below the percentage of middle-income families (proxy) and significantly below peer. Lending to upper-income borrowers was well above proxy and peer. There were a large amount of loans in which no income was reported, which was considered when comparing the percentage of the bank’s lending to demographic information.

As previously mentioned, the owner occupancy rate within the assessment area was 55.5%, with a median age of housing stock of 32 years. Opportunities for refinance lending are available, but may be limited due to 25.8% of the owner-occupied housing units are located in low- and moderate-income tracts.

Overall, the distribution of refinance loans to borrowers of different income levels is good.

*Home Improvement*



The level of home improvement lending to low-income borrowers was below the percentage of low-income families (proxy) and above peer. Home improvement lending to moderate-income borrowers was below both proxy and peer. Lending to middle-and upper-income borrowers is above the percentage of middle-and upper-income families (proxy) and peer. There were a large amount of loans in which no income was reported, which was considered when comparing the percentage of the bank's lending to demographic information.

Overall, the distribution of home improvement loans to borrowers of different income levels is good.

***Community Development Loans***

Whitaker originated four community development loans totaling \$19.0 million. Community development lending in this assessment area represented 87.5% of the total dollar volume of community development loans originated by the bank during the evaluation period. Overall, Whitaker is a leader in making community development loans in this assessment area.

Of the four loans originated, two loans supported the efforts in revitalization and stabilization of the community and two loans supported services within the community.

**Investment Test**

The institution made one investment totaling \$1 million in this assessment area. The investment was a municipal bond to support the effort of a local school district. In addition, 13 donations were made totaling \$45,000. All of these were annual donations to the Salvation Army to support various programs for low- and moderate-income families.

Whitaker made 22.2% of its total community development investments and donations in this assessment area. This is considered to be a significant level of qualified community development investments and donations and the bank is occasionally in a leadership position.

**Service Test**

***Retail Services***

Delivery services are accessible. Since the previous evaluation, Whitaker opened one office in an upper-income tract and closed three offices in this assessment area. Two offices were located in middle-income census tracts and one was located in an upper-income tract. Whitaker’s 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 families.

Business hours and services provided do not vary in a way that inconveniences certain portions of the assessment area, including low- and moderate-income geographies or families and are consistent with the services and hours discussed in the institution assessment.

The institution had a total of 10 banking centers within this assessment area during the evaluation period, including none in low-, three in moderate-, two in middle-, and five in upper-income census tracts. Whitaker had a total of 14 ATMs within this assessment area during the same period, including none in low-, seven in moderate-, two in middle-, and five upper-income census tracts.

The following table illustrates the percentage of banking centers and ATMs in low-, moderate-, middle-, and upper-income census tracts in comparison to the percentage of tracts and the percentage of families living in those tracts.

<b>Tract Income Category</b>	<b>Percentage of Banking Centers</b>	<b>Percentage of ATMs</b>	<b>Percentage of Tracts</b>	<b>Percentage of Families in Tracts</b>
Low	0.0%	0.0%	9.3%	5.9%
Moderate	30.0%	50.0%	24.8%	25.4%
Middle	20.0%	14.3%	36.4%	38.0%
Upper	50.0%	35.7%	29.5%	30.7%

The previous table reflects a good dispersion within moderate-income tracts and a good dispersion within middle- and upper-income tracts. As previously mentioned, there are no middle- income tracts that are distressed due to poverty and unemployment.

*Community Development Services*

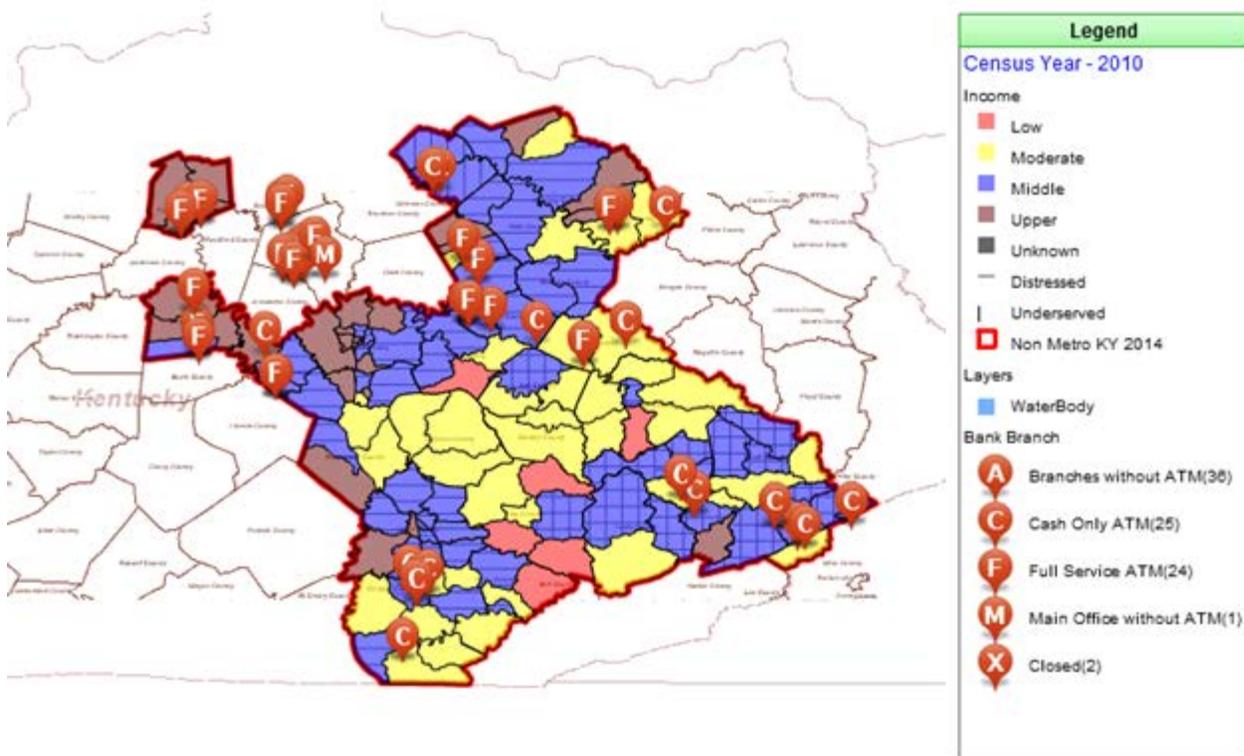
Whitaker provides few, if any, community development services in this assessment area. Opportunities to provide services within the assessment area is available, but the institution did not provide any services for consideration during the evaluation period.

**APPENDIX A**  
**SCOPE OF EXAMINATION TABLE**

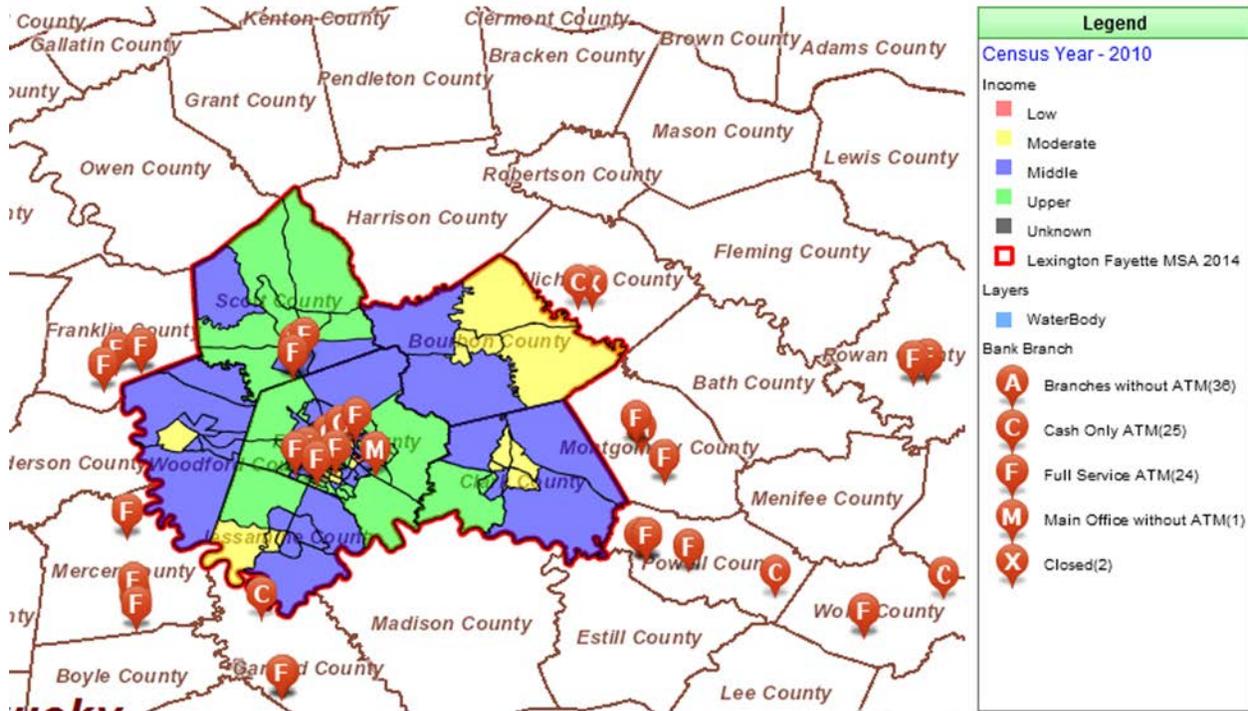
<b>TIME PERIOD REVIEWED</b>	January 1, 2013 through December 31, 2014		
<b>FINANCIAL INSTITUTION</b> Whitaker Bank, Incorporated  Lexington, Kentucky			<b>PRODUCTS REVIEWED</b>  HMDA Reportable  CRA Reportable
<b>AFFILIATE(S)</b>	<b>AFFILIATE RELATIONSHIP</b>		<b>PRODUCTS REVIEWED</b> -
None	None		None

### APPENDIX B ASSESSMENT AREA MAPS

#### Assessment Area: Non Metro KY 2014



**Assessment Area: Lexington Fayette MSA 2014**



APPENDIX C

LENDING TABLES

HMDA Loan Distribution Table

Exam: Whitaker 2015

Assessment Area/Group : Non Metro KY 2013 and 2014 Combined

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
<b>Home Purchase</b>								
Low	0	0.0%	0	0.0%	15	4.0%	632	2.4%
Moderate	67	17.9%	3,951	15.3%	65	17.4%	3,014	11.7%
Low/Moderate Total	67	17.9%	3,951	15.3%	80	21.4%	3,646	14.1%
Middle	228	61.0%	15,164	58.7%	76	20.3%	3,966	15.4%
Upper	79	21.1%	6,719	26.0%	168	44.9%	14,295	55.3%
Unknown	0	0.0%	0	0.0%	50	13.4%	3,927	15.2%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	374	100.0%	25,834	100.0%	374	100.0%	25,834	100.0%
<b>Refinance</b>								
Low	0	0.0%	0	0.0%	18	6.6%	509	2.0%
Moderate	50	18.5%	2,495	10.0%	43	15.9%	2,118	8.5%
Low/Moderate Total	50	18.5%	2,495	10.0%	61	22.5%	2,627	10.5%
Middle	139	51.3%	11,978	47.8%	43	15.9%	2,889	11.5%
Upper	82	30.3%	10,580	42.2%	132	48.7%	13,952	55.7%
Unknown	0	0.0%	0	0.0%	35	12.9%	5,585	22.3%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	271	100.0%	25,053	100.0%	271	100.0%	25,053	100.0%
<b>Home Improvement</b>								
Low	0	0.0%	0	0.0%	106	21.5%	627	7.6%
Moderate	92	18.6%	1,187	14.4%	89	18.0%	1,027	12.4%
Low/Moderate Total	92	18.6%	1,187	14.4%	195	39.5%	1,654	20.0%
Middle	313	63.4%	5,193	62.8%	97	19.6%	1,356	16.4%
Upper	89	18.0%	1,887	22.8%	175	35.4%	4,705	56.9%
Unknown	0	0.0%	0	0.0%	27	5.5%	552	6.7%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	494	100.0%	8,267	100.0%	494	100.0%	8,267	100.0%
<b>Multi-Family</b>								
Low	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%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	5	62.5%	3,509	68.5%	0	0.0%	0	0.0%
Upper	3	37.5%	1,615	31.5%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	8	100.0%	5,124	100.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	8	100.0%	5,124	100.0%	8	100.0%	5,124	100.0%
<b>HMDA Totals</b>								
Low	0	0.0%	0	0.0%	139	12.1%	1,768	2.8%
Moderate	209	18.2%	7,633	11.9%	197	17.2%	6,159	9.6%
Low/Moderate Total	209	18.2%	7,633	11.9%	336	29.3%	7,927	12.3%
Middle	685	59.7%	35,844	55.8%	216	18.8%	8,211	12.8%
Upper	253	22.1%	20,801	32.4%	475	41.4%	32,952	51.3%
Unknown	0	0.0%	0	0.0%	120	10.5%	15,188	23.6%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	1,147	100.0%	64,278	100.0%	1,147	100.0%	64,278	100.0%

\*Information based on 2010 ACS data

HMDA Loan Distribution Table

Exam: Whitaker 2015

Assessment Area/Group : Lexington MSA 2013 and 2014 Combined

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>Home Purchase</b>							
Low	8	7.2%	398	3.7%	7	6.3%	420	3.9%
Moderate	43	38.7%	3,039	28.2%	13	11.7%	856	7.9%
Low/Moderate Total	51	45.9%	3,437	31.8%	20	18.0%	1,276	11.8%
Middle	27	24.3%	2,826	26.2%	19	17.1%	1,531	14.2%
Upper	33	29.7%	4,531	42.0%	38	34.2%	4,859	45.0%
Unknown	0	0.0%	0	0.0%	34	30.6%	3,128	29.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	111	100.0%	10,794	100.0%	111	100.0%	10,794	100.0%
	<b>Refinance</b>							
Low	1	1.4%	85	0.6%	5	6.8%	265	2.0%
Moderate	17	23.3%	4,033	30.4%	11	15.1%	876	6.6%
Low/Moderate Total	18	24.7%	4,118	31.0%	16	21.9%	1,141	8.6%
Middle	30	41.1%	5,379	40.5%	6	8.2%	802	6.0%
Upper	25	34.2%	3,787	28.5%	35	47.9%	6,548	49.3%
Unknown	0	0.0%	0	0.0%	16	21.9%	4,793	36.1%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	73	100.0%	13,284	100.0%	73	100.0%	13,284	100.0%
	<b>Home Improvement</b>							
Low	4	8.5%	309	16.6%	6	12.8%	130	7.0%
Moderate	10	21.3%	221	11.8%	3	6.4%	13	0.7%
Low/Moderate Total	14	29.8%	530	28.4%	9	19.1%	143	7.7%
Middle	20	42.6%	883	47.3%	12	25.5%	502	26.9%
Upper	13	27.7%	454	24.3%	18	38.3%	1,009	54.0%
Unknown	0	0.0%	0	0.0%	8	17.0%	213	11.4%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	47	100.0%	1,867	100.0%	47	100.0%	1,867	100.0%
	<b>Multi-Family</b>							
Low	3	60.0%	250	9.3%	0	0.0%	0	0.0%
Moderate	1	20.0%	560	20.8%	0	0.0%	0	0.0%
Low/Moderate Total	4	80.0%	810	30.0%	0	0.0%	0	0.0%
Middle	1	20.0%	1,886	70.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	5	100.0%	2,696	100.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	5	100.0%	2,696	100.0%	5	100.0%	2,696	100.0%
	<b>HMDA Totals</b>							
Low	16	6.8%	1,042	3.6%	18	7.6%	815	2.8%
Moderate	71	30.1%	7,853	27.4%	27	11.4%	1,745	6.1%
Low/Moderate Total	87	36.9%	8,895	31.1%	45	19.1%	2,560	8.9%
Middle	78	33.1%	10,974	38.3%	37	15.7%	2,835	9.9%
Upper	71	30.1%	8,772	30.6%	91	38.6%	12,416	43.4%
Unknown	0	0.0%	0	0.0%	63	26.7%	10,830	37.8%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	236	100.0%	28,641	100.0%	236	100.0%	28,641	100.0%

\*Information based on 2010 ACS data

**CRA Loan Distribution Table**

Exam: Whitaker 2015

Assessment Area/Group: Non Metro KY 2013 and 2014 Combined

Income Categories	SMALL BUSINESS				SMALL FARM				SMALL BUS. SECURED BY REAL ESTATE			
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	%	\$(000s)	%
<b>By Tract Income</b>												
Low	0	0.0%	0	0.0%	1	0.2%	7	0.0%	0	0.0%	0	0.0%
Moderate	146	13.8%	6,875	10.6%	70	11.9%	2,352	11.0%	0	0.0%	0	0.0%
Low/Moderate Total	146	13.8%	6,875	10.6%	71	12.1%	2,359	11.0%	0	0.0%	0	0.0%
Middle	632	59.6%	40,849	63.1%	319	54.3%	11,319	52.9%	0	0.0%	0	0.0%
Upper	282	26.6%	16,989	26.3%	198	33.7%	7,738	36.1%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	1,060	100.0%	64,713	100.0%	588	100.0%	21,416	100.0%	0	0.0%	0	0.0%
<b>By Revenue</b>												
Total \$1 Million or Less	966	91.1%	49,509	76.5%	582	99.0%	20,997	98.0%	0	0.0%	0	0.0%
Over \$1 Million	93	8.8%	15,074	23.3%	3	0.5%	207	1.0%	0	0.0%	0	0.0%
Not Known	1	0.1%	130	0.2%	3	0.5%	212	1.0%	0	0.0%	0	0.0%
Total	1,060	100.0%	64,713	100.0%	588	100.0%	21,416	100.0%	0	0.0%	0	0.0%
<b>By Loan Size</b>												
\$100,000 or less	909	85.8%	20,441	31.6%	545	92.7%	12,070	56.4%	0	0.0%	0	0.0%
\$100,001 - \$250,000	96	9.1%	15,161	23.4%	31	5.3%	5,427	25.3%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	55	5.2%	29,111	45.0%	12	2.0%	3,919	18.3%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	1,060	100.0%	64,713	100.0%	588	100.0%	21,416	100.0%	0	0.0%	0	0.0%
<b>By Loan Size and Revenue \$1 Million or Less</b>												
\$100,000 or less	855	88.5%	18,226	36.8%	539	92.6%	11,651	55.5%	0	0.0%	0	0.0%
\$100,001 - \$250,000	74	7.7%	11,789	23.8%	31	5.3%	5,427	25.8%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	37	3.8%	19,494	39.4%	12	2.1%	3,919	18.7%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	966	100.0%	49,509	100.0%	582	100.0%	20,997	100.0%	0	0.0%	0	0.0%

\*Information based on 2010 ACS data

**CRA Loan Distribution Table**

Exam: Whitaker 2015

Assessment Area/Group: Lexington MSA 2013 and 2014 Combined

Income Categories	SMALL BUSINESS				SMALL FARM				SMALL BUS. SECURED BY REAL ESTATE			
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	%	\$(000s)	%
<b>By Tract Income</b>												
Low	15	5.9%	1,577	9.8%	1	0.8%	125	2.5%	0	0.0%	0	0.0%
Moderate	66	26.0%	3,263	20.2%	12	9.6%	306	6.1%	0	0.0%	0	0.0%
Low/Moderate Total	81	31.9%	4,840	30.0%	13	10.4%	431	8.6%	0	0.0%	0	0.0%
Middle	70	27.6%	5,785	35.8%	62	49.6%	2,377	47.5%	0	0.0%	0	0.0%
Upper	103	40.6%	5,514	34.2%	50	40.0%	2,195	43.9%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	254	100.0%	16,139	100.0%	125	100.0%	5,003	100.0%	0	0.0%	0	0.0%
<b>By Revenue</b>												
Total \$1 Million or Less	234	92.1%	14,603	90.5%	122	97.6%	4,797	95.9%	0	0.0%	0	0.0%
Over \$1 Million	17	6.7%	1,455	9.0%	2	1.6%	196	3.9%	0	0.0%	0	0.0%
Not Known	3	1.2%	81	0.5%	1	0.8%	10	0.2%	0	0.0%	0	0.0%
Total	254	100.0%	16,139	100.0%	125	100.0%	5,003	100.0%	0	0.0%	0	0.0%
<b>By Loan Size</b>												
\$100,000 or less	218	85.8%	5,299	32.8%	112	89.6%	2,538	50.7%	0	0.0%	0	0.0%
\$100,001 - \$250,000	18	7.1%	3,132	19.4%	11	8.8%	1,795	35.9%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	18	7.1%	7,708	47.8%	2	1.6%	670	13.4%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	254	100.0%	16,139	100.0%	125	100.0%	5,003	100.0%	0	0.0%	0	0.0%
<b>By Loan Size and Revenue \$1 Million or Less</b>												
\$100,000 or less	202	86.3%	4,615	31.6%	110	90.2%	2,507	52.3%	0	0.0%	0	0.0%
\$100,001 - \$250,000	15	6.4%	2,680	18.4%	10	8.2%	1,620	33.8%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	17	7.3%	7,308	50.0%	2	1.6%	670	14.0%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	234	100.0%	14,603	100.0%	122	100.0%	4,797	100.0%	0	0.0%	0	0.0%

\*Information based on 2010 ACS data

Peer Group HMDA Loan Distribution Table

Exam ID: Whitaker 2015  
Non Metro KY 2014

	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>Home Purchase</b>							
Low	33	0.67%	2,139	0.37%	185	3.74%	9,863	1.7%
Moderate	695	14.06%	66,113	11.39%	752	15.21%	57,416	9.89%
<i>Low/Moderate Total</i>	<i>728</i>	<i>14.73%</i>	<i>68,252</i>	<i>11.76%</i>	<i>937</i>	<i>18.96%</i>	<i>67,279</i>	<i>11.59%</i>
Middle	2,390	48.35%	258,279	44.49%	1,116	22.58%	115,763	19.94%
Upper	1,802	36.46%	252,037	43.41%	1,848	37.39%	275,801	47.51%
Unknown	23	0.47%	1,995	0.34%	1,042	21.08%	121,720	20.97%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>4,943</b>	<b>100.0%</b>	<b>580,563</b>	<b>100.0%</b>	<b>4,943</b>	<b>100.0%</b>	<b>580,563</b>	<b>100.0%</b>
	<b>Refinance</b>							
Low	10	0.35%	877	0.26%	146	5.07%	9,828	2.9%
Moderate	429	14.89%	45,640	13.45%	346	12.01%	26,984	7.95%
<i>Low/Moderate Total</i>	<i>439</i>	<i>15.23%</i>	<i>46,517</i>	<i>13.71%</i>	<i>492</i>	<i>17.07%</i>	<i>36,812</i>	<i>10.85%</i>
Middle	1,349	46.81%	144,825	42.67%	601	20.85%	58,383	17.2%
Upper	1,082	37.54%	146,523	43.17%	1,283	44.52%	173,699	51.18%
Unknown	12	0.42%	1,549	0.46%	506	17.56%	70,520	20.78%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>2,882</b>	<b>100.0%</b>	<b>339,414</b>	<b>100.0%</b>	<b>2,882</b>	<b>100.0%</b>	<b>339,414</b>	<b>100.0%</b>
	<b>Home Improvement</b>							
Low	1	0.12%	50	0.17%	103	12.42%	1,250	4.31%
Moderate	186	22.44%	5,698	19.66%	156	18.82%	3,245	11.2%
<i>Low/Moderate Total</i>	<i>187</i>	<i>22.56%</i>	<i>5,748</i>	<i>19.83%</i>	<i>259</i>	<i>31.24%</i>	<i>4,495</i>	<i>15.51%</i>
Middle	477	57.54%	14,267	49.22%	200	24.13%	6,184	21.34%
Upper	164	19.78%	8,894	30.69%	344	41.5%	17,223	59.42%
Unknown	1	0.12%	75	0.26%	26	3.14%	1,082	3.73%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>829</b>	<b>100.0%</b>	<b>28,984</b>	<b>100.0%</b>	<b>829</b>	<b>100.0%</b>	<b>28,984</b>	<b>100.0%</b>
	<b>Multi-Family</b>							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	2	6.45%	1,150	5.77%	0	0.0%	0	0.0%
<i>Low/Moderate Total</i>	<i>2</i>	<i>6.45%</i>	<i>1,150</i>	<i>5.77%</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>
Middle	20	64.52%	11,807	59.21%	0	0.0%	0	0.0%
Upper	9	29.03%	6,983	35.02%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	31	100.0%	19,940	100.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>31</b>	<b>100.0%</b>	<b>19,940</b>	<b>100.0%</b>	<b>31</b>	<b>100.0%</b>	<b>19,940</b>	<b>100.0%</b>
	<b>HMDA Totals</b>							
Low	44	0.51%	3,066	0.32%	434	5.0%	20,941	2.16%
Moderate	1,312	15.11%	118,601	12.24%	1,254	14.44%	87,645	9.05%
<i>Low/Moderate Total</i>	<i>1,356</i>	<i>15.61%</i>	<i>121,667</i>	<i>12.56%</i>	<i>1,688</i>	<i>19.44%</i>	<i>108,586</i>	<i>11.21%</i>
Middle	4,236	48.77%	429,178	44.3%	1,917	22.07%	180,330	18.61%
Upper	3,057	35.2%	414,437	42.77%	3,475	40.01%	466,723	48.17%
Unknown	36	0.41%	3,619	0.37%	1,605	18.48%	213,262	22.01%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>8,685</b>	<b>100.0%</b>	<b>968,901</b>	<b>100.0%</b>	<b>8,685</b>	<b>100.0%</b>	<b>968,901</b>	<b>100.0%</b>

Peer Group HMDA Loan Distribution Table

Exam ID: Whitaker 2015

Lexington Fayette MSA 2014

	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>Home Purchase</b>							
Low	237	2.84%	31,340	2.25%	724	8.67%	68,069	4.88%
Moderate	1,406	16.83%	160,075	11.48%	1,767	21.15%	218,301	15.65%
<i>Low/Moderate Total</i>	<i>1,643</i>	<i>19.67%</i>	<i>191,415</i>	<i>13.73%</i>	<i>2,491</i>	<i>29.82%</i>	<i>286,370</i>	<i>20.53%</i>
Middle	3,439	41.17%	513,276	36.81%	1,711	20.48%	268,285	19.24%
Upper	3,270	39.15%	689,682	49.46%	2,631	31.5%	588,703	42.21%
Unknown	1	0.01%	174	0.01%	1,520	18.2%	251,189	18.01%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>8,353</b>	<b>100.0%</b>	<b>1,394,547</b>	<b>100.0%</b>	<b>8,353</b>	<b>100.0%</b>	<b>1,394,547</b>	<b>100.0%</b>
	<b>Refinance</b>							
Low	184	3.94%	19,177	2.55%	394	8.44%	33,804	4.5%
Moderate	965	20.68%	116,803	15.56%	752	16.11%	79,284	10.56%
<i>Low/Moderate Total</i>	<i>1,149</i>	<i>24.62%</i>	<i>135,980</i>	<i>18.11%</i>	<i>1,146</i>	<i>24.56%</i>	<i>113,088</i>	<i>15.06%</i>
Middle	1,818	38.95%	263,599	35.11%	944	20.23%	124,327	16.56%
Upper	1,699	36.4%	351,068	46.76%	1,564	33.51%	332,801	44.33%
Unknown	1	0.02%	89	0.01%	1,013	21.71%	180,520	24.05%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>4,667</b>	<b>100.0%</b>	<b>750,736</b>	<b>100.0%</b>	<b>4,667</b>	<b>100.0%</b>	<b>750,736</b>	<b>100.0%</b>
	<b>Home Improvement</b>							
Low	31	5.22%	2,364	6.21%	69	11.62%	1,702	4.47%
Moderate	144	24.24%	6,443	16.93%	99	16.67%	3,207	8.43%
<i>Low/Moderate Total</i>	<i>175</i>	<i>29.46%</i>	<i>8,807</i>	<i>23.15%</i>	<i>168</i>	<i>28.28%</i>	<i>4,909</i>	<i>12.9%</i>
Middle	249	41.92%	14,248	37.45%	137	23.06%	7,005	18.41%
Upper	170	28.62%	14,992	39.4%	221	37.21%	19,827	52.11%
Unknown	0	0.0%	0	0.0%	68	11.45%	6,306	16.57%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>594</b>	<b>100.0%</b>	<b>38,047</b>	<b>100.0%</b>	<b>594</b>	<b>100.0%</b>	<b>38,047</b>	<b>100.0%</b>
	<b>Multi-Family</b>							
Low	16	17.58%	11,460	7.5%	0	0.0%	0	0.0%
Moderate	40	43.96%	69,735	45.61%	0	0.0%	0	0.0%
<i>Low/Moderate Total</i>	<i>56</i>	<i>61.54%</i>	<i>81,195</i>	<i>53.1%</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>
Middle	23	25.27%	63,634	41.62%	0	0.0%	0	0.0%
Upper	12	13.19%	8,072	5.28%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	91	100.0%	152,901	100.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>91</b>	<b>100.0%</b>	<b>152,901</b>	<b>100.0%</b>	<b>91</b>	<b>100.0%</b>	<b>152,901</b>	<b>100.0%</b>
	<b>HMDA Totals</b>							
Low	468	3.41%	64,341	2.75%	1,187	8.66%	103,575	4.43%
Moderate	2,555	18.64%	353,056	15.11%	2,618	19.1%	300,792	12.88%
<i>Low/Moderate Total</i>	<i>3,023</i>	<i>22.06%</i>	<i>417,397</i>	<i>17.87%</i>	<i>3,805</i>	<i>27.76%</i>	<i>404,367</i>	<i>17.31%</i>
Middle	5,529	40.34%	854,757	36.59%	2,792	20.37%	399,617	17.11%
Upper	5,151	37.58%	1,063,814	45.54%	4,416	32.22%	941,331	40.29%
Unknown	2	0.01%	263	0.01%	2,692	19.64%	590,916	25.29%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>13,705</b>	<b>100.0%</b>	<b>2,336,231</b>	<b>100.0%</b>	<b>13,705</b>	<b>100.0%</b>	<b>2,336,231</b>	<b>100.0%</b>

Peer Group CRA Loan Distribution Table

Exam ID: Whitaker 2015

Non Metro KY 2014

	SMALL BUSINESS				SMALL FARM				SMALL BUS. SECURED BY REAL ESTATE			
	#	%	\$(000S)	%	#	%	\$(000S)	%	#	%	\$(000S)	%
	By Tract Income				By Tract Income				By Tract Income			
Low	43	0.83%	668	0.44%	4	0.71%	48	0.24%	0	0.0%	0	0.0%
Moderate	849	16.41%	22,965	14.98%	80	14.13%	2,368	11.76%	0	0.0%	0	0.0%
<i>Low/Moderate Income</i>	892	17.24%	23,633	15.41%	84	14.84%	2,416	12.0%	0	0.0%	0	0.0%
Middle	2,503	48.38%	82,269	53.65%	298	52.65%	10,881	54.04%	0	0.0%	0	0.0%
Upper	1,551	29.98%	44,550	29.05%	183	32.33%	6,835	33.94%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	228	4.41%	2,886	1.88%	1	0.18%	4	0.02%	0	0.0%	0	0.0%
<b>Total</b>	<b>5,174</b>	<b>100%</b>	<b>153,338</b>	<b>100%</b>	<b>566</b>	<b>100%</b>	<b>20,136</b>	<b>100%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
	By Revenue				By Revenue				By Revenue			
	#	%	\$(000S)	%	#	%	\$(000S)	%	#	%	\$(000S)	%
	By Loan Size				By Loan Size				By Loan Size			
Total \$1 Million or Less	2,641	51.04%	81,041	52.85%	428	75.62%	17,885	88.82%	0	0.0%	0	0.0%
\$100,000 or Less	4,915	94.99%	67,687	44.14%	525	92.76%	11,664	57.93%	0	0.0%	0	0.0%
\$100,001 - \$250,000	135	2.61%	22,768	14.85%	27	4.77%	4,117	20.45%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	124	2.4%	62,883	41.01%	14	2.47%	4,355	21.63%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>5,174</b>	<b>100%</b>	<b>153,338</b>	<b>100%</b>	<b>566</b>	<b>100%</b>	<b>20,136</b>	<b>100%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>

Peer Group CRA Loan Distribution Table

Exam ID: Whitaker 2015

Lexington Fayette MSA 2014

	SMALL BUSINESS				SMALL FARM				SMALL BUS. SECURED BY REAL ESTATE			
	#	%	\$(000S)	%	#	%	\$(000S)	%	#	%	\$(000S)	%
	By Tract Income				By Tract Income				By Tract Income			
Low	606	7.54%	29,415	8.23%	2	0.72%	100	0.51%	0	0.0%	0	0.0%
Moderate	1,627	20.24%	72,812	20.37%	39	14.08%	2,500	12.71%	0	0.0%	0	0.0%
<i>Low/Moderate Income</i>	2,233	27.78%	102,227	28.6%	41	14.8%	2,600	13.22%	0	0.0%	0	0.0%
Middle	3,045	37.88%	144,867	40.53%	143	51.62%	9,053	46.02%	0	0.0%	0	0.0%
Upper	2,671	33.23%	109,443	30.62%	93	33.57%	8,018	40.76%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	90	1.12%	872	0.24%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>8,039</b>	<b>100%</b>	<b>357,409</b>	<b>100%</b>	<b>277</b>	<b>100%</b>	<b>19,671</b>	<b>100%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
	By Revenue				By Revenue				By Revenue			
	#	%	\$(000S)	%	#	%	\$(000S)	%	#	%	\$(000S)	%
	By Loan Size				By Loan Size				By Loan Size			
Total \$1 Million or Less	3,801	47.28%	150,624	42.14%	190	68.59%	15,526	78.93%	0	0.0%	0	0.0%
\$100,000 or Less	7,314	90.98%	108,132	30.25%	218	78.7%	5,990	30.45%	0	0.0%	0	0.0%
\$100,001 - \$250,000	375	4.66%	65,255	18.26%	40	14.44%	6,999	35.58%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	350	4.35%	184,022	51.49%	19	6.86%	6,682	33.97%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>8,039</b>	<b>100%</b>	<b>357,409</b>	<b>100%</b>	<b>277</b>	<b>100%</b>	<b>19,671</b>	<b>100%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>

## APPENDIX E

### GLOSSARY OF TERMS

**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 refinancings 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.