

# **PUBLIC DISCLOSURE**

**August 5, 2004**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Kentucky Banking Centers, Inc.  
5855**

**1530 South Green Street  
Glasgow, Kentucky 42141**

**Federal Deposit Insurance Corporation  
Division of Supervision and Consumer Protection  
Chicago Regional Office  
500 West Monroe Street, Suite 3500  
Chicago, Illinois 60661**

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

# TABLE OF CONTENTS

I.	General Information.....	1
II.	Institution Rating	
	A. Overall Rating.....	2
	B. Lending, Investment, and Service Test Table.....	3
	C. Description of Institution.....	4
	D. Description of Assessment Area.....	6
	E. Conclusions with Respect to Performance Tests .....	9
III.	Appendix	
	A. Scope of Examination.....	17
	B. General Definitions .....	18
	C. Investment Definitions .....	21
	D. Standard PE Language .....	23
	E. Standard Core CRA Tables.....	25

## GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Kentucky Banking Centers, Inc., Glasgow, Kentucky** prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **August 5, 2004**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

## INSTITUTION RATING

***INSTITUTION'S CRA RATING:*** This institution is rated Satisfactory.

The bank demonstrates a satisfactory level of performance in meeting the credit needs of its assessment areas based on the following findings:

### Lending

- The bank's lending levels reflect good responsiveness to the credit needs of the assessment area.
- The bank has extended a majority of its loans within its defined assessment area.
- The distribution of the bank's residential real estate loans is strong to both low- and moderate-income borrowers. Almost all commercial and farm loans extended were small business and small farm loans; most were very small loans.
- The performance criterion of geographic distribution of loans by census tract income level bears no weight in the bank's overall CRA rating as there are no low- or moderate-income census tracts in the assessment area.
- While the bank has extended only a few community development loans, this is not viewed negatively, as the bank has been active in extending credit which qualifies for evaluation as a residential mortgage loan, or as a small business or small farm loan. Loans extended and qualifying for these purposes can not be optionally counted as community development loans.
- The bank makes adequate use of innovative and/or flexible lending practices in order to serve its assessment areas.

### Investments

- The level and responsiveness of the qualified investments held by the bank to address community development needs is considered adequate in light of very limited opportunities.
- While responsive, the qualified investments are not considered complex or innovative.

### Services

- The delivery of services, both of a retail and of a community development nature, reflects good responsiveness to the needs of the community.

**LENDING, INVESTMENT, AND SERVICE TEST TABLE:**

*The following table indicates the performance level of the institution with respect to the lending, investment, and service tests.*

<b>PERFORMANCE LEVELS</b>	Kentucky Banking Centers, Inc.		
	<b>PERFORMANCE TESTS</b>		
	<b>Lending Test</b>	<b>Investment Test</b>	<b>Service Test</b>
Outstanding	X		
High Satisfactory			X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

## DESCRIPTION OF THE INSTITUTION

Kentucky Banking Centers, Inc., (KBC), located in Glasgow, Kentucky, is a full service commercial bank with gross loans of \$82,133,000 and total assets of \$121,575,000 as of June 30, 2004. The bank is a wholly-owned subsidiary of Farmers Capital Bank Corporation, a multi-bank holding company located in Frankfort, Kentucky.

KBC operates three banking offices. The main office is in Glasgow, Kentucky, which is in Barren County. There are two branches; both are in Hart County. One branch is in Horse Cave, Kentucky, and one is in Munfordville, Kentucky. There have been no office openings or closings since the last CRA evaluation. The bank has drive-up windows and ATMs at all three offices. The bank also has three stand-alone ATMs located at retail sites in Horse Cave, Munfordville, and Hardyville; all are in Hart County. All offices and ATMs are located in middle-income tracts with such tracts accounting for 87 percent of the assessment area tracts.

Although the bank is part of a multi-bank holding company with assets in excess of \$1 billion, it operates as an independently managed institution with its own board of directors drawn from local individuals. Credit decisions are also made at the local bank level. The bank holding company is the parent of five other financial institutions with assets ranging from \$147 million to \$544 million as of March 31, 2004. While the holding company provides certain administrative support, it is not currently structured to direct or supervise the overall CRA activities of its subsidiaries as a whole.

KBC offers government guaranteed business and farm loans for the benefit of customers who want such a loan, but there has been no significant lending activity in such products.

KBC is active in the secondary market for the benefit of those customers who desire such loans. During the first seven months of 2004, KBC originated 41 secondary market loans totaling \$3,524,299. The bank does not service these loans.

KBC offers a full line of deposit and credit products. Deposit products include money market deposit accounts and a variety of checking, savings and NOW accounts. KBC provides a variety of lending services including home loans, consumer loans, small business loans, and small farm loans. According to management, the primary lending focus is business and residential mortgage lending. This is reflected in the actual loan mix, which is depicted in Table A.

<i>Table A-Loan Portfolio Distribution as of June 30, 2004</i>		
<b>LOAN TYPE</b>	<b>AMOUNT (\$000)</b>	<b>PERCENT OF TOTAL</b>
1 – Construction and Land Development	\$594	1
2 – Secured by Farmland	12,717	15
3 – 1-4 Family Residential	25,856	31
4 – Multi-Family (5 or more) Residential	0	0
5 – Commercial	18,878	23
<b>Total Real Estate Loans</b>	<b>\$58,045</b>	<b>70</b>
6 – Commercial and Industrial	6,308	8
7 – Agricultural	4,573	6
8 – Consumer	11,970	15
9 – Other	1,237	1
Less: Unearned Income	0	0
<b>Total Loans</b>	<b>\$82,133</b>	<b>100</b>

Source: Report of Condition

Commercial loans of all types (items numbered 1, 4, 5, and 6 in Table A) comprise the largest segment of the portfolio at 32 percent of total loans. Residential mortgage loans are second at 31 percent followed by agricultural loans (items numbered 2 and 7 in Table A) at 21 percent and consumer loans at 15 percent. Real estate secured loans, of all types, account for approximately 70 percent of the total portfolio.

There are no legal or financial impediments that prevent the bank from helping to meet assessment area credit needs. However, there is competition within the assessment area from other banks. The FDIC's Summary of Deposits report, as of June 30, 2004, provides some measurement of this competition. In Barren County, KBC competes with six commercial banks, which have 17 offices. KBC had only 5 percent of the total deposits in Barren County compared to 37, 21, 14, and 13 percent, respectively, for the largest competitors. KBC's competitive position is much better in Hart County where they have 40 percent of the deposits compared to the three competitors, which operate five offices and have 30, 18, and 12 percent shares, respectively. KBC enjoys a better competitive position in Hart County because it has operated in that county for many years. KBC did not open an office in Barren County until 1997.

The bank was previously rated "Outstanding" at the July 13, 1998 evaluation. At that time, the bank was evaluated using "Small Bank" performance criteria. The current evaluation is the first

time the bank is being evaluated using “Large Bank” performance criteria. The requirement for a large bank evaluation is based on the size of the holding company.

## **DESCRIPTION OF ASSESSMENT AREA**

### **Scope of Evaluation**

KBC is not a Home Mortgage Disclosure Act (HMDA) reporter; therefore, analysis of residential loans was based on a random sample of residential mortgage loans originated during the first seven months of 2004. Limited CRA data collection information was included in the review. Aggregate CRA data for 2002, the most recent information available, was not used for comparison since bank data was not available in a format suitable for analysis. Year-to date CRA data for 2004 was not reviewed since the bank had not yet entered this data into the CRA system. In lieu of looking at this data, commercial lending and farm lending for the first seven months of 2004 were analyzed using downloads provided by the bank. Management chose not to collect any optional information regarding its consumer loans; therefore, these loans were not evaluated.

KBC has designated its assessment area as all of Hart County and Barren County, Kentucky. These two counties are contiguous and were evaluated as a single assessment area as neither county is in a Metropolitan Statistical Area (MSA).

While the bank is legally headquartered in Glasgow (Barren County), the 204 East Main Street office in Horse Cave (Hart County) serves as the main office with senior management and bank operations located there.

### **Demographic and Economic Data**

KBC’s assessment area conforms to CRA regulatory requirements. The assessment area is comprised of whole geographies and includes the census tracts where its main office, branches, and ATMs are located. The assessment area does not arbitrarily exclude any low- or moderate-income census tracts. The evaluation utilizes information based on 2000 Census data in evaluating the bank’s performance. Borrower income classifications are based on the Department of Housing and Urban Development’s (HUD) adjusted median family income (MFI) for the corresponding year in which credit was originated. Please refer to Appendix B and C for definitions of demographic, housing, and other terms used in this evaluation.

The statewide non-metropolitan portion of Kentucky had a 2000 MFI of \$34,625 and HUD’s estimated MFI was \$38,600 for 2003 and \$38,400 for 2004. For purposes of this evaluation, geographic income level classifications are based upon the 2000 income data. The HUD estimated income data for 2003 and 2004 was used to analyze lending to borrowers of different incomes. Table B summarizes the MFI data ranges.

<b>Table B – Kentucky Statewide Non-MSA Income Levels</b>			
<b>INCOME LEVEL (PERCENT OF MFI)</b>	<b>2000 Range</b>	<b>2003 Range</b>	<b>2004 Range</b>
<b>Low (Less than 50%)</b>	Under \$17,313	Under 19,300	Under 19,200
<b>Moderate (50% to &lt;80%)</b>	\$17,313 - \$27,699	\$19,300 - \$30,879	\$19,200 - \$30,719
<b>Middle (80% to &lt;120%)</b>	\$27,700 - \$41,549	\$30,880 - \$46,319	\$30,720 - \$46,079
<b>Upper (120% or more)</b>	\$41,550 or more	\$46,320 or more	\$46,080 or more

According to CRA Wiz 2003 business demographic data, there were 2,786 private non-farm business establishments and 451 farms in the assessment area. This data further indicates that 92 percent of the assessment area businesses were small businesses based on gross annual revenues of less than \$1,000,000. Based on the same criteria over 99 percent of the farms were small farms. Table C shows the distribution of assessment area businesses and farms by gross annual revenue.

<b>Table C– Business &amp; Farm Loan Distribution By Loan Size</b>		
<b>GROSS ANNUAL REVENUE</b>	<b>% Gross Annual Revenue Distribution</b>	
	<b>Businesses</b>	<b>Farms</b>
<b>\$100,000 and less</b>	50	58
<b>\$100,001 to \$250,000</b>	24	35
<b>\$250,001 to \$1,000,000</b>	18	7
<b>Over \$1,000,000</b>	8	0
<b>Total</b>	<b>100</b>	<b>100</b>

*Source: CRA WIZ 2003 Business Demographic Data*

On a combined basis, there are 15 tracts within the two county assessment area; none are low- or moderate income, 13 are middle-income; and 2 are upper-income. Both upper-income tracts are in Barren County. Certain demographic information for the assessment area is presented in Table 17 in the Standard Core CRA Tables section (Appendix E). Demographic and economic data for the two counties are provided in the following two sections.

### **Barren County**

Barren County consists of 10 census tracts. Eight tracts are middle-income geographies and two are upper-income. Barren County had a 2003 population of 39,133 and ranked 24th among Kentucky's 120 counties. Population increased 12 percent between the 1990 and 2000 censuses. The University of Louisville's Kentucky Population Research Department projects a 12 percent increase during the next 10 years. The county's only city of significant size is Glasgow with a 2003 population of 13,614. The overall rural nature of the assessment area is illustrated by the fact that 65 percent of the total Barren County population lives outside the city. Glasgow is located adjacent to the Cumberland Parkway, a major road which provides access to I-65, 13 miles to the west. Glasgow is 96 miles from both Louisville, Kentucky and Nashville, Tennessee. It is 35 miles from Bowling Green, Kentucky, which serves as the areas largest retail center.

A community contact, interviewed in conjunction with another recent evaluation, indicated that the residential market is stable to up-trending and is better than a year ago. Prices are gradually appreciating and days on the market have improved. For YTD 2004, days on the market was 131 and for the most recent month it was 110. In contrast in May 2003 it had ranged from 165 to 186 days over the prior 12 months. The contact also noted that the list price to sales price ratio for YTD 2004 was 95 percent and that this is considered a good level. The contact added that while sales of moderate- to middle-income housing is very good, when the price exceeds \$300,000 resale is very slow. The highest sale during the past two years was for \$385,000. A few owners have built homes costing about a million dollars, but there is no market for homes at this price. The average YTD sales price is \$95,542.

According to the US Census Bureau, Barren County's workforce is principally employed in services – 32 percent, manufacturing – 26 percent, and retail – 14 percent. According to the Kentucky Cabinet for Economic Development (KCED), the five largest business employers are R. R. Donnelley with 1,300 employees, J. L. French Automotives Castings Corp – 745 employees, Dana Corporation – 550 employees, AMAK Brake LLC – 523 employees, and ACK Controls, Inc. – 408 employees. Data from KCED further indicates that, while no new industrial businesses have located in Barren County since 2000, 16 expansions of existing firms have been reported during this period with new investments of \$78 million and 395 new jobs.

Unemployment levels in Barren County have fluctuated between 4.3 and 5.4 percent during the past five years. Barren County levels were above the state and national levels for 1999-2001, but were well below the state and nation during 2002 and 2003. The unemployment rate was 5.0 percent during 2003, compared to the state level of 6.2 percent and the national level of 6.0 percent. During the first quarter of 2004, Barren County's unemployment rate was 5.1 percent compared to 6.0 for the state and 6.1 for the nation. (*Source: Bureau of Labor Statistics*)

According to a community contact, the community's principal credit need is home loans followed by small business loans. The composition of their portfolio, their reasonably high loan to deposit ratio, and their secondary market loan volume indicated that KBC is making a good effort to help meet these credit needs.

### **Hart County**

Hart County consists of five census tracts; all are middle-income geographies. Hart County had a 2003 population of 17,879 and ranked 62nd among Kentucky's 120 counties. Population increased 17 percent between the 1990 and 2000 censuses. The University of Louisville's Kentucky Population Research Department projects a 18 percent increase during the next 10 years. The county's largest cities are Horse Cave with a 2003 population of 2,272 and Munfordville with a 2003 population of 1,581. The overall rural nature of the assessment area is illustrated by the fact that 78 percent of the total Hart County population lives outside the city. Hart County is adjacent to and directly north of Barren County. Both Horse Cave and Munfordville are within three miles of I-65. Horse Cave is 38 miles north of Bowling Green, Kentucky.

According to the US Census Bureau, Hart County's workforce is principally employed in services – 32 percent, manufacturing – 27 percent, and retail – 10 percent. According to the Kentucky Cabinet for Economic Development (KCED), the five largest business employers are Dart Container Corporation with 739 employees, Louisville Bedding Company – 460 employees, Ken Dec, Inc. – 107 employees, Anderson Forest Products – 78 employees, and Akebono Corporation – 66 employees. Data from KCED further indicates that one new industrial business has located in Barren County since 2000. This new firm, the Marzetti Company, is not yet open. The projected investment is \$38 million and new jobs are projected at 190 to 260. Two expansions of existing firms have been reported during this period with new investments of \$2,000,000 and 30 new jobs.

Unemployment levels in Hart County have fluctuated between 4.5 and 6.0 percent during the past five years with an overall increase for the period. Hart County levels were above the state and national levels for three of these years, but were well below the state and nation during 2002 and about the same in 2003. The unemployment rate was 6.0 percent during 2003, compared to the state level of 6.2 percent and the national level of 6.0 percent. During the first quarter of 2004, Hart County's unemployment rate was 5.0 percent compared to 6.0 for the state and 6.1 for the nation. *(Source: Bureau of Labor Statistics)*

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:**

The bank's CRA Performance Evaluation incorporates a review of the bank's lending performance, including community development loans, qualified investment activity, and both retail and community development services. The results of each review have been summarized in the following pages. Please refer to Appendix A for the scope of the examination, Appendix B for general definitions, Appendix C for investment definitions, Appendix D for descriptions of the criteria of each performance test, and Appendix E for standard core tables.

### **LENDING TEST**

#### **Lending Activity**

Overall, the bank's lending performance reflects good responsiveness to the assessment area credit needs. The bank's net loan to deposit ratio, which averaged 80 percent for the 24 quarters ended June 31, 2004, demonstrates that the bank is an active lender. This was determined by evaluating the bank's lending activity, the assessment area concentration, the distribution of loans among borrowers of different incomes and businesses of different sizes, community development lending initiatives, and innovative and flexible lending practices. The geographic distribution of loans was not a rating factor as there are no low- or moderate-income census tracts in the assessment area. The bank's performance under borrower income characteristics was weighted more heavily in the overall evaluation. Unless specifically noted, all percentages in this evaluation are based on the number of loans. All loans tables, except the one for assessment area concentration (inside/outside distribution), may be found in Appendix E.

## Assessment Area Concentration

A majority of the bank's loans are extended within the assessment area. Based on the combined residential, commercial, and farm loan data included in the analysis, 78 percent of the number and 64 percent of the dollar volume were within the assessment area. The inside-outside distribution of these loans is shown in Table D.

<i>Table D – Distribution of Loans Inside and Outside the Assessment Area</i>										
<i>Loan Category or Type</i>	<i>Number of Loans</i>					<i>Dollars in Loans (000s)</i>				
	<i>Inside</i>		<i>Outside</i>		<i>Total</i>	<i>Inside</i>		<i>Outside</i>		<i>Total</i>
	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>		<i>\$</i>	<i>%</i>	<i>\$</i>	<i>%</i>	
<b>Home Mortgage</b>										
2004 YTD	30	83	6	17	36	1,156	81	277	19	1,433
<b>Subtotal</b>	<b>30</b>	<b>83</b>	<b>6</b>	<b>17</b>	<b>36</b>	<b>1,156</b>	<b>81</b>	<b>277</b>	<b>19</b>	<b>1,433</b>
<b>Small Business</b>										
2003	177	73	66	27	243	6,447	51	6,360	49	12,807
2004 YTD	183	75	60	25	243	7,940	73	2,918	27	10,858
<b>Subtotal</b>	<b>360</b>	<b>74</b>	<b>126</b>	<b>26</b>	<b>486</b>	<b>14,387</b>	<b>61</b>	<b>9,278</b>	<b>39</b>	<b>23,665</b>
<b>Small Farm</b>										
2003	196	84	38	16	234	2,011	69	885	31	2,896
2004 YTD	134	78	37	22	171	1,382	79	371	21	1,753
<b>Subtotal</b>	<b>330</b>	<b>81</b>	<b>75</b>	<b>19</b>	<b>405</b>	<b>3,393</b>	<b>73</b>	<b>1,256</b>	<b>27</b>	<b>4,649</b>
<b>Total</b>	<b>720</b>	<b>78</b>	<b>207</b>	<b>22</b>	<b>927</b>	<b>18,936</b>	<b>64</b>	<b>10,811</b>	<b>36</b>	<b>29,747</b>

Source: 2004 Bank Data, and 2003 CRA Data Collection.

## Geographic Distribution of Lending

There are no low- or moderate-income tracts in the assessment area; therefore, the performance criterion of geographic distribution of loans does not bear any weight in the assignment of the bank's overall CRA rating.

## Borrower Characteristics

The distribution of home mortgage loans to low- and moderate-income borrowers is strong. The analysis of small business and small farm lending demonstrates that almost all of the bank's small business and small farm loans are extended to those businesses and farms with gross annual revenues of \$1 million or less. The bank's lending levels correlate favorably to aggregate data and small business and small farm demographics. A separate analysis, based on loan amount, also demonstrates that the large majority of small business and small farm loans had original amounts of \$100,000 or less further indicating the bank's willingness to extend small business loans.

## Residential Mortgage Lending

Available data did not allow the separate analysis of home purchase, home refinance, and home improvement loans. Likewise, the analysis was limited to a small sample of loans because KBC is not a HMDA reporter.

The bank's distribution of home mortgage loans to borrowers of different incomes is evaluated under this performance criterion. Emphasis for this category is placed upon extending loans to low- and moderate-income borrowers. Table 8a in Appendix E depicts the distribution of the bank's home mortgage loans for Year-To-Date (YTD) 2004 and includes the percentage of families in these income segments for comparison. Overall, the bank's lending performance to low- and moderate-income borrowers is strong since it exceeds the percentage of families in these income segments.

In the YTD 2004 loan sample, KBC extended three residential loans to low-income borrowers, which equals 10 percent of the sampled residential loans inside the assessment area. This seems low when compared with the 20 percent of assessment area families that are in the low-income category. However, these lower percentages can be explained by the percentage of low-income families living with incomes below the poverty level. The assessment area has 18 percent of its families living with incomes below the poverty threshold. Due to their limited income, these families often experience economic barriers to homeownership resulting in a smaller potential borrowing base to which the bank can extend residential loans. Reducing the low-income family representation by 18 percentage points yields a potential low-income borrowing base of 2 percent. The bank's performance compares very strongly with this adjusted figure of low-income borrowers more likely to qualify.

The distribution of home purchase loans to moderate-income borrowers was also reviewed. In the YTD 2004 loan sample, 20 percent of the sampled residential loans inside the assessment area were extended to moderate-income borrowers. This is higher than the 17 percent of families in this income segment. This demonstrates strong lending performance in lending to moderate-income families.

## Small Business Lending

Table 11a in Appendix E depicts the distribution of the bank's small business loans originated within the assessment area during 2003 and YTD 2004. The tables also include comparative data for the percentage of small businesses with revenues of \$1 million, but aggregate data for 2003 is not yet available.

In 2003, the bank extended 177 small business loans and 175 (99 percent) of these were to small businesses with gross annual revenues of \$1 million or less. This is higher than the percentage of small businesses in the assessment area (92 percent based on CRA Wiz 2003 business demographics). A separate analysis, based on loans by original amount regardless of business size, shows that 89 percent of the bank's loans were extended for \$100,000 or less, and over 97 percent of the small business loans were for \$250,000 or less.

In YTD 2004, the bank extended 183 small business loans. Gross annual revenue data was not electronically available on these loans. All 183 of these commercial loans were extended in amounts of less than \$1,000,000. Moreover, 97 percent were extended in the amount of \$250,000 or less and 91 percent were extended in the amount of \$100,000 or less. Using loan size as a proxy for the size of the business suggests that all of KBC's commercial loans, during YTD 2004, were extended to small businesses with most to very small businesses.

The data for both 2003 and YTD 2004 demonstrates the bank's good record of serving small businesses, especially very small businesses within the assessment area.

### Small Farm Lending

Due to the bank's primary business focus in business and residential lending, small farm lending receives little weight in the overall CRA performance.

### **Community Development Lending**

The institution has made an adequate level of community development loans. The bank has originated four loans totaling \$769,366 were made to the Hart County Industrial Authority. These loans are to support the Authority's efforts toward economic development. The Authority purchases land for industrial development and builds spec buildings to entice new business to enter the area to provide new jobs. The Authority also promotes ongoing efforts toward business retention and expansion. The four loans from KBC were used for construct spec buildings and to develop industrial park land.

In addition, the bank originates Kentucky Housing Corporation (KHC) loans, which target low- and moderate-income borrowers. During the first seven months of 2004, KBC has made 11 KHC loans totaling \$685,569. Because these loans cannot be doubled counted in the community lending section, originating these loans demonstrate that the bank is committed to the community development.

### **Innovative or Flexible Lending Practices**

The bank uses flexible lending practices in order to serve the assessment area credit needs. The bank recently created a low-income housing loan program and a reduced rate program for downtown redevelopment loans. The latter program is partly the bank's reaction to the "Horse Cave Streetscape Renovation Project" on which the first phase started in late July 2004. Phase 1 of this multi-phase facelift is financed by \$450,000 in federal "Renaissance Transportation Enhancement" funds.

The low-income housing loan program targets low-income borrowers who want to purchase small homes. Program features are:

- Loan limit of \$50,000
- Loan to value up to 95 percent

- Monthly debt to income up to 45 percent
- \$100 documentation fee
- Origination fee of 3/4th percent
- 15 year amortization
- Initial rate of "Prime" fixed for five years
- Rate cap of 9.5 percent

So far two loans totaling \$70,000 have been originated under this new program.

The downtown redevelopment loan program has these features:

- No dollar limit
- Loan to value up to 88 percent
- \$100 documentation fee
- Origination fee of 3/4th percent
- 15 year amortization
- Initial rate of "Prime – 1/2" fixed for two years
- Rate cap of 9.5 percent

Although no loans have been originated so far under this program, KBC management anticipates some demand beginning in late third quarter of 2004 as the renovation of downtown Horse Cave advances.

## **INVESTMENT TEST**

The bank provided information on its community development investment activity for the period of January 1, 2003 through July 31, 2004.

It is recognized that the largely rural assessment area has limited opportunities for community development investments. Normally any community development projects are financed with federal and state funds with no opportunity for bank participation. There are no local community development financial institutions or local bond issues that could qualify for consideration under this performance criterion. Although the bank has purchased a number bond issues from its assessment areas, none satisfy the technical requirements of this performance criterion. To KBC's credit they have shown the initiative to go outside their assessment area in 2004 and place a \$100,000 long term certificate of deposit at the Louisville Community Development Bank. This investment in a qualified "Community Development Financial Institution" benefits a broader regional area that includes the bank's assessment area. Because of this deposit KBC has been selected to receive a \$6,000 award under the 2004 Bank Enterprise Award Program. The only other qualified investments that KBC has made during 2003 and YTD 2004 are comprised of charitable contributions to local organizations that are specifically designed to assist low- and moderate-income persons, families, and economic development foundations. In total, the bank has made 27 such donations totaling \$10,000. Similar donations were perhaps made during the first four and one half years since the prior evaluation, but this information was not readily available. In light of the limited opportunities available, the bank's performance is adequate.

## **SERVICE TEST**

### **Retail Banking Services**

#### **Accessibility of Delivery Systems**

Delivery systems are reasonably accessible to essentially all portions of the bank's assessment area. The bank has three offices in its two-county assessment area. One office is located in Barren County and two are located in Hart County. Banking offices are in the only three cities of any size and are located on or near major thoroughfares. The offices are in reasonably high traffic areas that serve as retail, medical, and service hubs for the two counties. Office hours are consistent with other financial institutions in the area and include extended hours on Friday and Saturday banking. Each office has a drive-up window with hours slightly extended over lobby hours. The accessibility of the ATM network is also reasonable since each of the branches has an ATM. The bank also has three other ATMs: inside a Marathon Market in Horse Cave, in a Log Cabin Stop & Shop in Hardyville, and in Vertree's Chevron in Munfordville. Overall, accessibility of the bank's offices and ATMs is reasonable.

Although KBC does not appear to serve Barren County as well as Hart County with only one office and one ATM in Barren County, the location is considered reasonable since it is centrally located in the county's principal city. Furthermore, six other banks serve Barren County with 17 offices, and therefore residents of Barren County have easy access to financial services and products.

#### **Alternative Delivery Systems**

The bank offers an assortment of alternative delivery systems to enhance community accessibility to financial services. Most of these delivery systems use technology to provide customers with 24-hour access to customer accounts and product information. These services include the following:

- Customers may use Telephone Anytime Banking Service (TABS) which is an automated telephone system. It allows customers to access their account any time, 24 hours a day.
- The bank offers the "Escort" Visa debit Card, which may be used to access cash at ATM machines or to make purchases wherever VISA cards are accepted.
- The bank offers Internet banking (ebankingcenter) and an Internet bill payment service (expresspay) at [www.kbc123.com](http://www.kbc123.com). This offers customers the ability to access their account information at any time and to make bill payments to third parties.
- Other services include direct deposit, preauthorized withdrawals, and Bank by Mail.

The bank's alternative delivery systems provide continuing access through several different mechanisms and compare very favorably to those of other financial institutions in the assessment area.

### **Changes in Branch Locations**

No offices have opened, closed, or been relocated since the previous evaluation dated July 13, 1998. Although no new offices have been opened, the bank has increased ATMs from three to six since the prior evaluation.

### **Community Development Services**

The bank provides a relatively high level of community development services. Bank officers and employees are active in many community organizations in a financial management or financial advisory capacity. A number of these organizations provide community development services in the assessment area. These include:

- Horse Cave Rotary and Glasgow Rotary which provide scholarships and other assistance to students from low- and moderate-income (LMI) families.
- Big Brothers/Big Sisters which provides assistance to underprivileged children.
- Glasgow Mentoring Program which helps prevent students from LMI families from becoming drop-outs.
- Hart County Chamber of Commerce and Glasgow-Barren County Chamber of Commerce which promote economic development. They also provide "Leadership" classes for adults and teens that include economic and financial training. Bank employees actively participate in conducting these classes.
- Hart County Industrial Development Authority.
- Community Medical Health Care which assists low-income persons with medical bills and prescription costs.
- Glasgow Kiwanis Club which provides various support for needy families.
- Helping Hands Family Resource Center which aids LMI families.
- Repair-A-Fair – bank employees help repair homes of LMI families.
- Hart County 4-H and Barren County 4-H "Reality Stores" – bank employees assist in these "Reality Stores" which teach children at local schools the reality of managing family finances.
- Federal Challenge Program – for three years a senior officer has taught local economics to local high school students.

The bank offers a no service charge/no minimum balance checking account to assist LMI individuals including federal payment recipients.

Overall, the bank's community development services are considered reasonable.

## APPENDIX A

### SCOPE OF EXAMINATION:

<b>Kentucky Banking Center</b>
<p><b>SCOPE OF EXAMINATION:</b> Performance under the Lending Test was based on an evaluation of a random sample of 36 residential mortgage loans derived from all residential mortgage loans made during the first seven months of 2004 as the bank is not a HMDA reporter, and all small business and small farm loans pursuant to CRA data collection requirements for the period of January 1, 2003 through December 31, 2003. YTD 2004 CRA collection data was not yet available for review electronically; therefore a bank provided download of all commercial and farm loans made during the first seven months of 2004 was used in the analysis. Investment and service activities were considered from January 1, 2003 to the date of the current evaluation as earlier data was not provided by the bank as it was not readily available. This was the bank's first evaluation under large bank CRA performance standards. The prior examination as of July 13, 1998, was based on small bank CRA performance standards. The large bank status resulted from the asset size of the holding company.</p>
<p><b>TIME PERIOD REVIEWED:</b> 1-1-2004 through 7-31-2004 for residential mortgage loans, and 1-1-2003 through 7-31-04 for business and farm loans. Investments and Services: 1-1-2003 through 7-31-2004.</p>
<p><b>PRODUCTS REVIEWED:</b> Residential mortgage loans of all types, small business loans, and small farm loans.</p>

LIST OF AFFILIATES AND PRODUCTS REVIEWED		
AFFILIATE(S):	AFFILIATE RELATIONSHIP:	PRODUCTS REVIEWED:
None		

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA:	TYPE OF EXAMINATION:	BRANCHES VISITED:	OTHER INFORMATION:
Barren/Hart Counties	Full Scope	None	On site analysis

## APPENDIX B - GENERAL DEFINITIONS

### GEOGRAPHY TERMS

**Block:** Small areas bounded on all sides by visible features such as streets, roads, streams or rail road tracks, and invisible features like city or town boundaries or property lines. Blocks are subdivisions of census tracts or block numbering areas (BNA), and are assigned a unique three-digit number.

**Block Group:** Clusters of blocks within a census tract or BNA, having a four-digit number and a three-digit suffix. The four-digit number corresponds to the same number given to the census tract or BNA in which it is located.

**Census Tract:** Small subdivisions 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. They 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.

**Metropolitan Area (MA):** One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

**Metropolitan Statistical Area (MSA):** One or more metropolitan areas that have economic and social ties.

**Primary Metropolitan Statistical Area (PMSA):** A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

**Consolidated Metropolitan Statistical Area (CMSA):** The larger area of which PMSAs are component parts.

**Non-Metropolitan Area:** All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

**Rural Area:** Territories, populations and housing units that are not classified as urban.

## **HOUSING TERMS**

**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).

**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.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**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.

## **INCOME TERMS**

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

**Family Income:** Includes the income of all members of a family that are age 15 and older.

**Household Income:** Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

**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.

**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 and less than 80 percent in the case of a geography.

**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 and less than 120 percent in the case of a geography.

**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.

**HUD Adjusted Income Data:** The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

## **OTHER TERMS**

**Home Mortgage Disclosure Loan Application Register (HMDA LAR):** The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

**Small Business Loan:** A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

## APPENDIX C - INVESTMENT DEFINITIONS

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. The equity investments are subject to limits specified by the bank's regulator. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community as well as to the financial and marketing needs of the bank. A CDC may purchase, own, rehabilitate, construct, manage and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization. Any real estate ownership should generally be temporary, with ownership reverting to members or organizations in the community.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. They procure loans and investments that conventional financial institutions are unable to invest in, and they link financing to other developmental activities. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. CDFIs share a common mission and can be chartered as a credit union or bank. CDFIs can also be unregulated nonprofit institutions that gather private capital from a range of social investors for community development lending or investing. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds. A certified CDFI must meet eligibility requirements, which include: having a primary mission of promoting community development; serving an investment area or target population; providing development services; maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means; and not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Low Income Housing Tax Credits:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended, which is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department, through the Internal Revenue Service, distributes low-income housing tax credits to housing credit agencies. The housing agencies allocate tax credits on a competitive basis. Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits or sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains in place throughout the compliance period, usually 30 years.

**Qualified Investments:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development to support the following endeavors: 1) affordable housing; 2) community services targeting low- and moderate-income individuals; 3) activities that promote economic development by financing small farms and small businesses; and 4) activities that revitalize or stabilize low- and moderate-income geographies.

## **APPENDIX D - STANDARD PE LANGUAGE**

### **LENDING TEST**

#### **Scope of Test**

The lending test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by considering an institution's home mortgage, small business, small farm, and community development lending. The institution's lending performance is evaluated pursuant to the following criteria: 1) the volume of lending activity; 2) the proportion of lending within the assessment area(s); 3) the dispersion of loans and the number and amount of loans in low-, moderate-, middle- and upper-income geographies in the assessment area(s); 4) the distribution of loans among borrowers of low-, moderate-, middle- and upper-income levels and businesses (including farms) of different sizes; 5) the distribution of small business and small farm loans by loan amount at origination; 6) the volume of community development lending; and 7) the use of innovative or flexible lending practices. Performance under the lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

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

##### **Performance Criteria**

The institution's community development lending activities are evaluated pursuant to the following criteria: 1) the extent to which community development lending opportunities have been made available to the institution; 2) the responsiveness of the institution's community development lending; and 3) the extent of leadership the institution has demonstrated in community development lending.

#### **Innovative and Flexible Lending Practices:**

##### **Performance Criteria**

The institution's innovative and flexible lending practices are evaluated pursuant to the following criteria: 1) the degree to which the loans serve low- and moderate-income creditworthy borrowers in new ways or serve groups of creditworthy borrowers not previously served by the institution; and 2) the success of each product serving low- and moderate-income borrowers, including the number and dollar volume of loans originated during the review period.

## **INVESTMENT TEST**

### **Scope of Test**

The investment test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through its use of qualified investments that benefit the assessment area(s) or a broader statewide or regional area that includes the institution's assessment area(s). Activities considered under the lending or service test may not be considered under the investment test. The institution's investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and 4) the degree to which the qualified investments are not routinely provided by private investors.

## **SERVICE TEST**

### **Scope of Test**

The service test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The institution's retail banking services are evaluated pursuant to the following criteria: 1) the distribution of the institution's branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals; 3) the availability and effectiveness of alternate systems for delivering retail banking services; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

In addition, the institution's community development services are evaluated pursuant to the following criteria: 1) the extent of community development services offered and used; 2) the innovativeness of community development services, including whether they serve low- and moderate-income customers in new ways or serve groups of customers not previously served; 3) the degree to which they serve low- and moderate-income areas or individuals; and 4) their responsiveness to available opportunities for community development services.

## APPENDIX E-CRA PERFORMANCE TABLES

NOTE: The FFIEC has adopted a standard set of data tables, sequentially numbered 1-17, for use in every Large Bank CRA Public Evaluation (PE). Any tables not included in this PE were excluded because as a non-HMDA reporter detailed residential mortgage data was not available, and the bank did not elect to report consumer loan data. Bank and aggregate data for 2002 was not included because bank data for this period was not available in an electronically usable format.

Institution ID: 0000005855

**Table 1. Lending Volume**

LENDING VOLUME		Geography: BARREN & HART COUNTY						Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2004				
MA/Assessment Area (2004):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
2003 Hart and Barren	100.00	0	0	177	6,447	196	2,011	0	0	373	8,458	100.00
YTD 2004 Hart and Barren	70.82	30	1,156	183	7,940	134	1,382	0	0	347	10,478	100.00

\* Loan Data as of December 31, 2004. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is From January 01, 2003 to August 05, 2004.

\*\*\* Deposit Data as of December 31, 2003. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 8a. Borrower Distribution of Residential Mortgage Loans**

Borrower Distribution: RESIDENTIAL MORTGAGE		Geography: Barren & Hart Counties					Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002							
MA/Assessment Area:	Total Home Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
<b>Sample Review:</b>														
<b>YTD 2004 Residential Mortgage</b>	30	17.34	20.38	10.00	16.78	20.00	21.05	30.00	41.79	40.00	NA*	NA*	NA*	NA*

NA\* -Aggregate data for 2004 residential mortgage lending was not available for comparison.

\* Based on 2002 Peer Mortgage Data: US and PR. Aggregate data for 2003 is not yet available.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 Census information or 2000 Census, as appropriate.

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

Institution ID: 0000005855

**Table11a. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: BARREN & HART COUNTY			Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2004				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
2003 Hart and Barren	177	100.00	91.89	98.87	88.70	8.47	2.82	0	0
YTD 2004 Hart and Barren	183	100.00		100.00	91.00	6.00	3.00	NA	NA

\* Based on Aggregate Small Business Data Only.

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2003).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 1.13% of small loans to businesses originated and purchased by the bank.

Institution ID: 0000005855

**Table12a. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		Geography: BARREN & HART COUNTY			Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2004				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
2003 Hart and Barren	196	100.00	99.77	98.98	100.00	0.00	0.00	0	0
YTD 2004 Hart and Barren	134	100.00	100.00	100.00	100.00	0.00	0.00	NA	NA

\* Based on Aggregate Small Business Data Only.

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2003).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 1.02% of small loans to farms originated and purchased by the bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS									
Geography: BARREN & HART COUNTY				Evaluation Period: JANUARY 1, 2003 TO JULY 31, 2004					
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
2003-2004 YTD Hart and Barren	NA	NA	28	110	0	0	0.00	0	0

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

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

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: BARREN & HART COUNTY				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2004									
MA/Assessment Area:	Deposits	Branches				Branch Openings/Closings				Population							
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
2003 Hart and Barren	100.00	3	100	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	0.00	91.03	8.97

**Table 16 Distribution of Branch and ATM Delivery System**

DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM				Geography: BARREN & HART COUNTY				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2004									
MA/Assessment Area:	Deposits	Branches				ATMs				Population							
	% of Rated Area Deposits in AA	# of BANK Branches	Location of Branches by Income of Geographies (%)				# of ATMs	% of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography				
			Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp	
<b>Full Review:</b>																	
2003 Hart and Barren	100.00	3	100	0.00	0.00	100.00	0.00	6	100.00	0	0	6	0	0.00	0.00	100.00	0.00

Institution ID: 0000005855

**Table 17 2003 Hart and Barren**

Demographic Information for Full Scope Area: 2003 Hart and Barren						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	15	0.00	0.00	93.33	6.67	0.00
Population by Geography	55,478	0.00	0.00	91.03	8.97	0.00
Owner-Occupied Housing by Geography	16,320	0.00	0.00	89.69	10.31	0.00
Business by Geography	2,786	0.00	0.00	92.96	7.04	0.00
Farms by Geography	451	0.00	0.00	94.01	5.99	0.00
Family Distribution by Income Level	15,888	20.38	16.78	21.05	41.79	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	5,904	0.00	0.00	94.17	5.83	0.00
Median Family Income HUD Adjusted Median Family Income for 2004 Households Below Poverty Level		34,625 38,600 18.56%	Median Housing Value Unemployment Rate (1990 US Census)		68,607 2.7%	

(\* ) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 US Census and 2004 HUD updated MFI