

PUBLIC DISCLOSURE

July 15, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Williamsburg National Bank
Charter Number 21929**

**Junction Highway 25W & Highway 92
Williamsburg, KY 40769**

Office of the Comptroller of the Currency

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

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

GENERAL INFORMATION

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

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Williamsburg National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **July 15, 1999**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

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

- ! The bank lends to borrowers of different income levels.
- ! Geographic distribution of loans is reasonable.
- ! The average loan-to-deposit ratio is reasonable.

DESCRIPTION OF INSTITUTION

Williamsburg National Bank (WNB) is a community bank with total assets of approximately \$48 million as of March 31, 1999. The bank is wholly owned by Williamsburg Bancorp, Inc., a one-bank holding company. WNB has one full service office and a separate drive-thru facility in the parking lot of the main office and offers extended business hours of 7:30 a.m. to 6:00 p.m. on weekdays and 8:00 a.m. to noon on Saturdays. There is also an automated teller machine at a nearby service station in Williamsburg. These extended hours offer added convenience to individuals who work during the day or out of the county.

The bank offers traditional banking services and lending products. Management focuses lending efforts on mortgage lending with a majority of loans being 1-4 Family Residential loans.

WNB's loan portfolio consists of the following: 62% 1-4 family residential, 18% loans to individuals, 9% non-farm/non-residential, 7% commercial & industrial loans, 2% multifamily, and 2% other. As of March 31, 1999, net loans and leases represented 67% of the bank's average assets.

There are no legal constraints on the bank's ability to meet local credit needs. Considering the bank's financial condition and size, the local economy, and other demographic information, WNB is able to adequately service the legitimate community credit needs of Whitley County. Our last CRA examination of this bank was June 1996 at which time the rating was also Satisfactory record of meeting community credit needs.

DESCRIPTION OF WHITLEY COUNTY

The bank's assessment area is Whitley County. The assessment area does not arbitrarily exclude low and/or moderate-income block numbering areas (BNAs). The county consists of eight BNAs. One is designated low-income, three are moderate-income, three are middle-income, and one is upper-income. The bank's office is located in the county seat of Williamsburg, which is in a moderate-income BNA.

Williamsburg is also the home of Cumberland College, a private four year liberal arts college. The college houses the Appalachian Center and Museum which provides an outlet for local craft sales.

Whitley County includes the southern portion of the Daniel Boone National Forest. This area is known for its recreational areas, including Cumberland Falls State Resort Park and several smaller parks. The northern portion of the county also includes the city of Corbin. Corbin's city limits encompass parts of Whitley, Laurel, and Knox counties.

The Whitley County Board of Education is the area's largest employer. The employment base is otherwise diverse with a mix of manufacturing, service, mining, and construction jobs. As of July 1999, Whitley County had an unemployment rate of 6%. The population of Whitley County was 33,326 according to 1990 census data.

The Department of Housing and Urban Development (HUD) updated, statewide median family

income for non-metropolitan areas in 1998 was \$29,800 and in 1999 was \$32,200.

A community contact with a local government organization stated that the city and county are currently working on improving the infrastructure of Whitley County in order to reach land in the northern part of the county that could be developed for possible industrial uses. The community's central location along Interstate-75 is a positive feature in economic development and our contact feels that both Williamsburg and Whitley County have a bright future. Our contact also said that the local banking community is doing a good job of meeting the credit needs of the county.

Competition in the assessment area includes branches of three commercial banks and two finance companies.

In understanding the Whitley County loan market and how loan demand is affected, consideration must also be given to the demographics of the assessment area population. Based on 1990 census data, 32% of the households are below the poverty level, 34% live on social security, and 16% receive public assistance. In addition, 16% of the population is retired. It is likewise important to note that 26% of the housing is for rental purposes and 22% of the housing is in the form of mobile homes.

The county's families are divided among Block Numbering Areas (BNA) as follows: 7% of the county's families live in the low-income BNA, 44% of the families live in the moderate- income BNAs, 39% of the families live in the middle-income BNAs, and 10% live in upper- income BNA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

LOAN-TO-DEPOSIT RATIO

The bank's average loan-to-deposit ratio since the last CRA examination is 71%, which is reasonable. As of March 31, 1999, the loan to deposit ratio was 78%. Williamsburg National Bank's ratio is higher than its national peer group which is 63%. WNB's loan-to-deposit ratio is in line with two similarly situated banks in the Southeastern Kentucky region. The average ratio for WNB is higher than one of the bank's, whose average loan-to-deposit ratio is 69%, but lower than the other comparable institution, whose average ratio is 79%.

LENDING IN THE ASSESSMENT AREA

Williamsburg National Bank makes a majority of their loans to borrowers inside Whitley County. A sample of 40 residential real estate loans, a primary loan product, indicates that approximately 80% of the total number and 80% of the dollar amount of loans were to borrowers inside the bank's assessment area. This appears reasonable and meets the standards for a satisfactory rating.

LOAN DISTRIBUTION AMONG THE ASSESSMENT AREA OF WHITLEY COUNTY (Based on a sample of 40 mortgages)				
	Number of Loans	Percentage of loans	Dollar Amt of Loans	Percentage of Loans
Within the Assessment Area	32	80%	\$1,413,665	80%
Outside the Assessment Area	8	20%	\$366,550	20%
Totals	40	100%	\$1,780,215	100%

GEOGRAPHIC DISTRIBUTION OF LOANS

Geographic distribution of loans is reasonable. Most Block Numbering Areas (BNAs) are served. Although our sample identified no real estate loans to three northernmost BNAs in the county, this is consistent with a reasonable distribution of loans because the area is fifteen miles from WNB, and is served by a number of closer institutions based in the city of Corbin. Internal reports indicate WNB is originating other types of loans to borrowers in this area, including automobile and other consumer loans.

LOAN DISTRIBUTION AMONG THE BLOCK NUMBERING AREAS (New Loans Extended: 1997 & 1998)					
BNA	% owner-occupied units	# of loans	Percent	Amount	Percent
low	6%	1	3%	\$47,330	3%
moderate	46%	25	78%	\$1,060,682	75%
middle	39%	6	19%	\$305,653	22%
upper	9%	0	0%	\$0	0%
Total	100%	32	100%	\$1,413,665	100%

LENDING TO BORROWERS OF DIFFERENT INCOMES

The distribution of lending within the assessment area reflects satisfactory penetration among the different income levels, including low- and moderate-income levels. The bank's primary product line is 1-4 family residential mortgages. Please refer to the table below outlining the bank's level of mortgage lending to borrowers of different incomes.

WNB's mortgage lending to low- and moderate-income borrowers falls below the proportion of the low- and moderate-income segments in the assessment area. Management attributes this to a lower demand for mortgage loans from those borrowers. A large portion of the population lives below the poverty level or with a fixed amount of income (see description of Whitley County on page three). The weighted average median family income is only \$18,904, which is about one-half the weighted average median housing cost of \$36,177. This may help explain why housing is less affordable for some low- and moderate-income borrowers. In addition, management indicated that many of these lower income individuals may tend to turn toward rental or mobile homes to meet their housing needs.

Income Level	Percentage of Families within Whitley County*	Percentage & Number of Mortgages		Percentage & Dollar Amount of Mortgages	
LOW	33%	9%	3	4%	\$61,801
MODERATE	17%	9%	3	11%	\$156,500
MIDDLE	17%	31%	10	25%	\$352,362
UPPER	33%	50%	16	60%	\$843,002
TOTALS	100%	100%	32	100%	\$1413,665

*Taken from 1990 U.S. Census Data, U.S. Bureau of Census

RESPONSE TO COMPLAINTS

No CRA related complaints have been received since the last examination.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS

We did not identify any violations of the substantive provisions of the antidiscrimination laws and regulations. We reviewed a sample of 5 business loans and 5 various residential real estate and consumer loans originated since the last compliance examination for compliance with applicable fair lending laws and regulations. In summary, our sample revealed no evidence that race, gender, or other prohibited bases played a role in the bank's credit decisions with regard to real estate lending.