



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

July 31, 2002

Community Reinvestment Act
Performance Evaluation

First Southern National Bank
Charter Number: 1493

27 Public Square
Lancaster, KY 40444

Office of the Comptroller of the Currency

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NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

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

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

Performance Levels	(Name of Depository Institution) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory		X	X
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

- The overall lending level is good.
- The geographic distribution of small business loans, small farms loans, and home purchase loans is good in the Lexington MSA (Fayette, Jessamine, and Madison Counties) assessment area (AA) and good in the Non-metropolitan AA.
- The borrower distribution of home mortgage loans reflects an adequate level of lending to low-and moderate-income borrowers in the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA and adequate in the Non-metropolitan AA.
- Lending to businesses and farms of different sizes indicates a good level of lending to businesses and farms with revenues of \$1 million or less in the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA and excellent in the Non-metropolitan AA.
- Delivery systems are reasonably accessible to geographies and individuals of different income levels in its AA.
- An adequate level of qualified investments is provided in both AAs.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

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

Block Numbering Area (BNA): A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also

include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male household and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

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

Home Mortgage Loans: such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

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

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

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

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

Description of Institution

First Southern National Bank (FSNB) is an intrastate financial institution headquartered in Lancaster, Kentucky. FSNB is wholly owned by First Southern Bancorp, also headquartered in Lancaster, Kentucky, with total assets of approximately \$400 million. As of March 31, 2002, FSNB reported total assets of \$376 million.

FSNB is a full-service lender offering various loan and deposit products. FSNB offers conventional and government guaranteed home mortgage loans, home improvement loans, consumer loans, and a full range of business loans and trust services. As of March 31, 2002, net loans represented 71 percent of total assets and consisted of commercial and commercial real estate loans (50 percent), residential real estate loans (33 percent), agricultural and agricultural real estate loans (10 percent), consumer loans (4 percent), and other loans (3 percent).

FSNB has historically been a commercial, home mortgage, and agricultural lender. Consumer lending is not a primary line of business for FSNB.

FSNB has 11 branches operating in the non-metropolitan area consisting of Garrard, Lincoln, Pulaski, and Wayne counties; and three branches operating in the Lexington MSA (Fayette, Jessamine, and Madison Counties). There are full-service automated teller machines (ATMs) located at the following five branches: Lancaster Branch, North U.S. 27 Stanford Branch, Somerset Branch, the Town and County Monticello Branch, and Richmond. There is one cash-dispensing ATM located at the Nicholasville Branch.

There are no legal, financial or other factors impeding FSNB's ability to help meet the credit needs of the community it serves. As of March 31, 2002, FSNB reported Tier 1 capital of \$27 million.

FSNB was rated "Satisfactory" at its last CRA evaluation dated June 21, 1999.

Scope of the Evaluation

Evaluation Period/Products Evaluated

With the exception of community development (CD) loans, the evaluation period for the Lending Test is January 1, 2000 through June 30, 2002. The 1999 HMDA data was not used during this CRA examination because the bank was not considered a large bank for CRA purposes until January 1, 2000. The evaluation period for the Investment Test, Service Test, and CD loans is June 22, 1999 through July 31, 2002.

We evaluated FSNB's origination/purchase of home mortgage loans, small loans to businesses, small loans to farms, and CD loans.

Data Integrity

We tested FSNB's publicly filed information on home mortgage loans, small loans to businesses, and small loans to farms as part of this CRA evaluation. We tested 2000, 2001, and year to date 2002 loan data. Home mortgage loan data for 2000, 2001, and year to date 2002 was substantially accurate. Our review of small loans to businesses and farms for 2000, 2001, and year to date 2002 revealed significant errors pertaining to revenue codes and geo-coding of loans. The data does not include loans made outside of FSNB's AAs in 2000 and 2001. The bank failed to report these loans prior to January 2002. FSNB was able to isolate the sources of the errors and correct the data. As a result, this evaluation is based on accurate data.

Selection of Areas for Full-Scope Review

We performed a full-scope review in the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA and the Non-metropolitan AA consisting of Garrard, Lincoln, Pulaski, and Wayne Counties.

Refer to Appendix A for additional information regarding the full-scope reviews.

Ratings

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

When determining conclusions for the Lending Test, small loans to businesses, small loans to farms and home purchase loans were weighted more heavily than home improvement and home refinance loans. This weighting is reflective of the bank's respective lending volumes.

FSNB's overall rating under each test are the consolidation of conclusions reached for each full-scope AA. When consolidating AA conclusions into overall ratings, more weight was given to the Non-metropolitan AA than the Lexington MSA AA. The weighting was based on the significance of the AA to FSNB.

Other

One new community contact was made during the evaluation and two community contacts were used from a previous CRA examination. Of the three contacts made, one was in the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA and two were in the Non-metropolitan AA. The contacts included one small business development center, one realty office and a county official. The contacts stated the primary credit need is for affordable housing (rental and owner occupied units), home repair, and start-up financing for small businesses. The needs for affordable housing and small business related credit, investments, and services in both AAs were considered in our evaluation of FSNB's performance under the Lending, Investment, and Service Tests. Refer to the Market Profiles in Appendix B of this Evaluation for more information.

Fair Lending Review

An analysis of the most recent public comments and consumer complaint information, small business and small farm lending data was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The last comprehensive fair lending examination was conducted as of March 31, 1999.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "High Satisfactory". Based on full-scope reviews, the bank's performance is good in the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA and in the Non-metropolitan AA.

Lending Activity

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

In the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA, approximately 27 percent of the loans originated/purchased during the evaluation period were home mortgage loans, approximately 49 percent were small loans to businesses, and 24 percent were small loans to farms. Among home mortgage loan originations/purchases, approximately 48 percent were for home purchases, 42 percent were for home mortgage refinances, 6 percent were for home improvement loans, and 4 percent were for multi-family loans.

In the Non-metropolitan AA, 34 percent of the loans originated/purchased during the evaluation period were home mortgage loans, approximately 36 percent were for small loans to businesses, and 30 percent were small loans to farms. Among home mortgage loan originations/purchases, approximately 50 percent were for home mortgage refinance, 35 percent were for home mortgage purchases, and 15 percent were for home improvement loans. Multi-family loans represent less than one percent of the home mortgage loans in this AA.

FSNB's lending activity is good in the Lexington MSA AA and in the Non-metropolitan AA. In both AAs, FSNB's market share of home purchase loans, home mortgage refinance loans, and home improvement loans is commensurate with its deposit market share.

In the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA, FSNB ranks twentieth in terms of deposit market share (1.53 percent) behind five larger regional institutions and fourteen smaller institutions that dominate the MSA with approximately 44 percent of the deposit market share.

Based on 2000 HMDA aggregate data, FSNB ranks forty-fourth amongst originator/purchaser of home purchase loans (1 percent), fifty-eighth largest originator/purchaser of refinance loans (less than 1 percent of the market share), and forty-fifth largest originator/purchaser of home improvement loans (less than 1 percent of the market share) behind much larger financial institutions and mortgage companies. Based on 2000 CRA aggregate data, FSNB ranks eighteenth in small loans to businesses (1.34 percent) and third in small loans to farms (15

percent) in the MSA. GE Capital Finance Incorporated dominates the market with small loans to businesses (25 percent) and National City Bank, Kentucky dominates the market with small loans to farms (27 percent).

In the Non-metropolitan AA, FSNB ranks first in terms of deposit market share (19 percent). Based on 2000 HMDA aggregate data, FSNB ranks first among originators/purchasers of home purchase loans (10 percent), second among originators, purchasers of home refinance loans (9 percent), and first among originators/purchasers of home improvement loans (29 percent). Based on 2000 CRA aggregate data, FSNB ranks fourth in small loans to businesses (11 percent) and first in small loans to farms (48 percent) in the AA.

Distribution of Loans by Income Level of the Geography

The overall geographic distribution of FSNB's home mortgage loans, small loans to businesses, and small loans to farms are good in both full-scope AAs.

Home Mortgage Loans

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

Home Purchase Loans

The geographic distribution of home purchase loans is good in both full-scope AAs.

In the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA, the portion of home purchase loans made in low- and moderate income geographies exceeds the portion of owner-occupied housing units within those geographies. The market share for loans made in the low- and moderate-income geographies in the AA exceeds FSNB's overall market share.

In the Non-metropolitan AA, the portion of home purchase loans made in low-income geographies is lower than the portion of owner-occupied housing units within that geography. The portion of home purchase loans made in moderate-income geographies is near to the portion of owner-occupied housing units within those geographies. The market share for loans made in the low- and moderate-income geographies in the AA exceeds FSNB's overall market share.

Home Improvement Loans

The geographic distribution of home improvement loans is good in the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA and is adequate in the Non-metropolitan AA. FSNB makes relatively fewer home improvement loans due to the interest rate environment.

In the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA, there were no home improvement loans made in the low-income geographies. The portion of home improvement loans made in moderate-income geographies exceeds the portion of owner-occupied housing units within those geographies. The market share for loans made in moderate-income geographies exceeds FSNB's overall market share.

In the Non-metropolitan AA, the portion of home improvement loans in low-income geographies exceeds the portion of owner-occupied housing units in that geography and in the moderate-income geographies is near to the portion of owner-occupied housing units within those geographies. The market share for loans made in the low-income geographies is below FSNB's overall market share. The market share for loans made in the moderate-income geographies exceeds FSNB's overall market share.

Home Mortgage Refinance Loans

The geographic distribution of home refinance loans is adequate in the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA and good in the Non-metropolitan AA.

In the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA, there were no loans made in the low-income geographies. The portion of home refinance loans made in the moderate-income geographies is near to the portion of owner-occupied housing units within those geographies. The market share for loans made in the moderate-income geographies exceeds FSNB's overall market share. The market is dominated by several large regional financial institutions, mortgage companies, and finance companies that combined comprise approximately 56 percent of the market in the low- and moderate-income geographies in the AA.

In the Non-metropolitan AA, the portion of home refinance loans made in the low-income geographies is somewhat below the portion of owner-occupied housing units within those geographies and in the moderate-income geographies exceeds the portion of owner-occupied housing units in that geography. The market share for loans made in low-income geographies is below FSNB's overall market share and in moderate-income geographies exceeds FSNB's overall market share. FSNB ranks first in home refinance loans in the low- and moderate-income geographies in the AA.

Small Loans to Businesses

Refer to Table 6 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses is good in both full-scope AAs.

In the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA, the portion of small loans to businesses made in low-and moderate-income geographies exceeds the portion of businesses within those geographies. FSNB's market share for small loans to businesses in the low-income geographies is lower than FSNB's overall market share and in the moderate-income geographies meets FSNB's overall market share.

In the Non-metropolitan AA, the portion of small loans to businesses made in low- and moderate-income geographies significantly exceeds the portion of businesses within those geographies. FSNB's market share for small loans to businesses is lower than FSNB's overall market share. FSNB's market share for small loans to businesses in the moderate-income geographies is near to FSNB's overall market share.

Small Loans to Farms

Refer to Table 7 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

The geographic distribution of small loans to farms is adequate in the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA and is excellent in the Non-metropolitan AA.

In the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA, the portion of small loans to farms made in low-income geographies is somewhat below the portion of farms within those geographies and in the moderate-income geographies is also somewhat below the portion of farms within those geographies. FSNB's market share for small loans to farms in the low-income geographies is significantly lower than FSNB's overall market share and in moderate-income geographies is below FSNB's overall market share. However, there is limited opportunity in the low-income geographies to make loans. Based on 2001 Business Geo-demographic data there are only nineteen farms located in the low-income geographies in the AA.

In the Non-Metropolitan AA, the portion of small loans to farms made in low- and moderate-income geographies exceeds the portion of farms within those geographies. FSNB's market share for small loans to farms in low- and moderate-income geographies exceeds FSNB's overall market share.

Lending Gap Analysis

Maps and reports detailing FSNB's lending activity over the evaluation period for home mortgage loans, small loans to businesses, and small loans to farms were reviewed to identify gaps in the geographic distribution of those loans. No unexplained gaps were identified.

Inside/Outside Ratio

A substantial majority of the home mortgage loans, small loans to businesses, and small loans to farms originated/purchased by FSNB over the evaluation period were within its AAs. FSNB originated/purchased 90 percent, 93 percent, and 92 percent of home purchase, home mortgage refinance, and home improvement loans, respectively, within the AA. The bank originated/purchased 90 percent and 96 percent of the bank's small loans to businesses and small loans to farms, respectively, within its AAs. This performance was positively factored in the overall analysis of the geographic distribution of lending by income level of geography.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall borrower distribution of home mortgage loans is adequate in both full-scope AAs.

Consideration was given to the difficulty low-income families have in affording even a low priced home. Using 1990 Census data, 15 percent of households in the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA and 27 percent of the households in the Non-metropolitan AA are below poverty level. The HUD adjusted median family income for 2001 was \$55,200 in the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA and \$35,900 in the Non-metropolitan AA.

Home Purchase Loans

The borrower distribution of home purchase loans is adequate in the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA and adequate in the Non-metropolitan AA.

In the Lexington MSA (Fayette, Jessamine, and Wayne Counties) AA, the portion of home purchase loans made to low-income borrowers is lower than the portion of families defined as such. Consideration was given to the difficulty low-income families have in affording even a low priced home. The portion of home purchase loans made to moderate-income borrowers exceeds the portion of families defined as such. The market share for loans to low-income borrowers exceeds FSNB's overall market share and to moderate-income borrowers is lower than FSNB's overall market share.

In the Non-metropolitan AA, the portion of home purchase loans made to low-income borrowers is significantly lower than the portion of families defined as such. Consideration was also given to the difficulty low-income families have in affording even a low priced home. The portion of home purchase loans made to moderate-income borrowers in the AA is somewhat below the portion of families defined as such. The market share for loans made to low-income borrowers is significantly lower than FSNB's overall market share and to moderate-income borrowers is lower than FSNB's market share in the AA for home purchase loans.

Home Improvement Loans

The borrower distribution of home improvement loans is good in the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA and is excellent in the Non-metropolitan AA.

In the Lexington MSA (Fayette, Jessamine, and Wayne Counties) AA, there were no loans made to low-income borrowers. The portion of home improvement loans made to moderate-income borrowers significantly exceeds the portion of families defined as such. Consideration was given to the very high poverty level in the AA. The market share for loans made to moderate-income borrowers exceeds FSNB's overall market share in the AA for home improvement loans

In the Non-metropolitan AA, the portion of home improvement loans made to low-income borrowers is lower than the portion of families defined as such. Consideration was given to the very high poverty level in the AA. The portion of home improvement loans made to moderate-income borrowers exceeds the portion of families defined as such. In addition, the market share for loans made to low- and moderate-income borrowers exceeds the portion of families defined as such.

Home Refinance Loans

The borrower distribution of home refinance loans is adequate in both full-scope AAs.

In the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA, the portion of refinance loans made to low-income borrowers is lower than the portion of families defined as such. Consideration was given to the high poverty level in the AA. The portion of refinance loans made to moderate-income borrowers is somewhat below the portion of families defined as such. The market share for loans made to low-income borrowers exceeds FSNB's overall market share. The market share for moderate-income borrowers (less than one percent) is less than FSNB's overall market share.

In the Non-metropolitan AA, the portion of refinance loans made to low-income borrowers is significantly lower than the portion of families defined as such. Consideration was given to the very high poverty level in the AA. The portion of refinance loans made to moderate-income borrowers in the AA is near to the portion of families defined as such. In addition, the market share for loans made to low- and moderate-income borrowers is less than FSNB's overall market share.

Small Loans to Businesses

Refer to Table 11 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The borrower distribution of small loans to businesses is good in both full-scope AAs.

In the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA, the portion of FSNB's small loans to businesses (businesses with revenues of \$1 million or less) is lower than the percentage of businesses defined as such. The market share for small loans to businesses exceeds FSNB's overall market share. FSNB ranked third (15 percent of market share) of 19 lenders making loans to businesses with revenues of \$1 million or less. National City Bank, Kentucky is ranked first with approximately 27 percent market share.

In the Non-metropolitan AA, the portion of FSNB's small loans to businesses is lower than the portion of businesses defined as such. The market share for small loans to businesses exceeds FSNB's overall market share. FSNB ranked first of 11 lenders making loans to businesses with revenues of \$1 million or less.

Small Loans to Farms

Refer to Table 12 in the appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The borrower distribution of small loans to farms is adequate in the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA and is excellent in the Non-metropolitan AA.

In the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA, the portion of FSNB's small loans to farms (farms with revenues of \$1 million or less) is lower than the portion of farms defined as such.

In the Non-metropolitan AA, the portion of FSNB's small loans to small farms is lower than the portion of farms defined as such.

In addition, the market share for loans made to small farms exceeds FSNB's overall market share in both AAs for small farms loans.

Community Development Lending

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development lending. Since the bank reported no CD loans, community development lending performance has a neutral effect on the overall lending test conclusions.

Product Innovation and Flexibility

FSNB did not present any innovative or flexible loan products for our consideration in either AA.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance is adequate in both full-scope AAs.

Refer to Table 14 in appendix C for the facts and data used to evaluate the bank's level of qualified investments.

In the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA, FSNB's volume of qualified investments and responsiveness to identified credit and non-credit needs is adequate. In drawing our conclusion relative to the AA, we placed significant weight on the fact that there is moderate opportunity to make qualified investments in the AA. This was determined by discussions with the community contacts and bank management. However, the competition from the larger regional bank makes it difficult for small community banks to make qualified investments other than donations.

The qualified investments consisted of a donation to one organization, totaling \$47,150, which has a CD purpose. FSNB made this donation to a faith based foundation that contributes to numerous churches that primarily serve the needs of the low- and moderate-income individuals in the AA. The churches help provide living expenses such as utility bills and rent to low-income families. They may also provide clothing for low-income children, help pay medical expenses and funeral expenses.

In the Non-metropolitan AA, FSNB's volume of qualified investments and responsiveness to identified credit and non-credit needs is adequate. In drawing our conclusion relative to the AA, we placed significant weight on the fact that opportunity to make qualified investments other than donations is limited.

The qualified investments consisted of donations to four organizations, totaling \$55,250, which has a CD purpose. FSNB made donations to an affordable housing organization, to organizations that provide financial support to low- and moderate-income individuals, and to an a faith based foundation that contributes to numerous churches that primarily serves low- and moderate-income individuals in the AA. The churches help provide living expenses such as utility bills and rent to low-income families. They may also provide clothing for low-income children, help pay medical expenses and funeral expenses.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance is adequate in both the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA and in the Non-metropolitan AA.

Retail Banking Services

Refer to Table 15 in appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

FSNB's delivery systems are reasonably accessible to geographies and individuals of different income levels throughout the AAs. Accessibility is adequate in both the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA and in the Non-metropolitan AA. FSNB has one branch in low-income geographies. There were no branch openings or closings during the evaluation period in either AA.

In the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA, FSNB's office distribution in low-income geographies exceeds the distribution of population living in those geographies. The Richmond Branch is located in a low-income geography (33 percent) and is within four miles of the other low-income geography. There are no branches located in moderate-income geographies. The Richmond Branch is located within ten miles of all moderate-income geographies in Madison County.

In the Non-metropolitan AA, the distribution of FSNB's offices in moderate-income geographies exceeds the distribution of population living in such geographies. There are no branches located in low-income geographies. There are ten branch offices in the middle-income geographies that are reasonably accessible to the low- and moderate-income individuals. FSNB has branch locations within approximately ten miles of the low-income geography and within fifteen miles of all moderate-income geographies. The Somerset branch is reasonably accessible to the low- and moderate-income individuals and geographies.

FSNB's hours and services offered throughout both full-scope AAs are good. Office hours and services do not vary in a way that inconveniences its AA, particularly in moderate-income geographies. FSNB provides banking hours and services Monday through Friday. Saturday banking hours are available at five of the eight full-service banking centers located in middle-income geographies, in both AAs, and at the Richmond Branch located in a low-income geography. The Hustonville and Crab Orchard Branches are closed on Wednesdays; however, they are opened Saturdays from 9:00 a.m. to 12:00 p.m. All deposit products are available at all branch offices with the exception of the Lancaster Branch (drive thru only). The loan products are available at all FSNB branches except the Lancaster Branch, North U.S. 27 Branch, East Main Branch, and the Monticello Town and Country Branch.

In the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA, the portion of FSNB's ATMs (33 percent) in low-income geographies exceeds the portion of the population that resides in those geographies. There are no ATMs in moderate-income geographies.

In the Non-metropolitan AA, the portion of FSNB's ATMs (9 percent) in moderate-income geographies is lower than the portion of the population that resides in those geographies. As stated above FSNB has a branch located with 15 miles of all moderate-income geographies.

Alternative delivery systems include on-line computer banking services and bank by mail offered in all AAs. The on-line computer banking service allows customers to obtain deposit and loan account information, make payments on bank loans, transfer funds, and pay other

household bills. Bank by Mail allows customers to maintain an account, including those who are low- and moderate-income who cannot transact their banking business during normal banking hours. Since the bank could not provide specific information on how low- and moderate-income individuals and geographies are impacted by on-line computer services and bank by mail, significant weight was not placed on this alternative delivery system when drawing conclusions for each full-scope AA under the Service Test.

Community Development Services

FSNB's performance in providing CD services is poor in the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA and is adequate in the Non-metropolitan AA, given the moderate opportunities for CD services in this AA.

FSNB's CD services in the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA is poor given the moderate opportunities for CD services in this AA. FSNB's CD services mainly consisted of bank employees serving as committee members of a local non-profit organization that benefits primarily low- and moderate-income individuals. There is opportunity for the bank to participate in small business seminars, conduct home ownership seminars and counseling sessions, and provide technical skills to community organizations that provide services to low- and moderate-income individuals.

FSNB's CD services in the Non-metropolitan AA is adequate given the moderate opportunities for CD services in this AA. FSNB's CD services mainly consisted of bank employees assisting with fund raising activities that benefit low- and moderate-income individuals, serving as a board member of an affordable housing organization, bank employees serving as committee members of a local non-profit organization that benefits primarily low- and moderate-income individuals, and providing financial expertise to other organizations that provide services to low- and moderate-income individuals.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test (excludes CD Loans): 01/01/00 to 06/30/02 Investment and Service Tests and CD Loans: 6/22/99 to 7/31/02	
Financial Institution	Products Reviewed	
First Southern National Bank Lancaster, Kentucky	Home mortgage loans, small loans to businesses, and small loans to farms	
Affiliate(s)	Affiliate Relationship	Products Reviewed
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Lexington MSA (Fayette, Jessamine, and Madison Counties)	Full-Scope	
Non-metropolitan AA	Full-Scope	

Appendix B: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

Lexington MSA (Fayette, Jessamine, and Madison Counties) AA.....	B-2
Non-metropolitan AA.....	B-4

Lexington MSA (Fayette, Jessamine, and Madison Counties) AA

Demographic Information for Full-Scope Area: Lexington MSA (Fayette, Jessamine, and Madison Counties) AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	77	8%	25%	36%	30%	1%
Population by Geography	313,382	22%	16%	21%	41%	0%
Owner-Occupied Housing by Geography	130,407	3%	20%	39%	38%	0%
Businesses by Geography	14,711	6%	29%	36%	29%	0%
Farms by Geography	741	3%	18%	39%	40%	0%
Family Distribution by Income Level	80,071	5%	22%	39%	34%	0%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	30,106	11%	33%	40%	16%	0%
Median Family Income		Median Housing Value				= \$75,322
HUD Adjusted Median Family Income for 2001	= \$32,687	Unemployment Rate				= 2.75%
Households Below the Poverty Level	= \$55,200 = 15.4%					

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 1990 U.S. Census, and 2001 HUD updated MFI.

FSNB’s AA consists of all of Fayette, Jessamine, and Madison counties in Kentucky, in the Lexington MSA. The AA does not include Bourbon, Clark, Scott, and Woodford counties in the Lexington MSA. FSNB has three branch offices and two ATMs located in the MSA. There is one full-service ATM at the Richmond Branch that is located in a low-income geography and a cash dispensing ATM at the Nicholasville Branch that is located in a middle-income geography. As of June 30, 2001, approximately 21 percent of FSNB’s deposits were derived from this MSA. Over the evaluation period, 22 percent of home mortgage loans, 33 percent of small loans to businesses, and 22 percent of small loans to farms were derived from this AA.

FSNB’s deposits in the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA total approximately \$67 million. Based on FDIC deposit market share data as of June 30, 2001, this equates to 1.5 percent deposit market share that ranks FSNB as the twentieth largest deposit taking institution in the MSA.

The Lexington MSA (Fayette, Jessamine, and Madison Counties) AA is located in Central Kentucky. The local economy is well respected for retail trade, manufacturing and services. Major employers include Enersys Inc, Electronic Assembly Corporation, Okonite Company, AFG Industries, University of Kentucky, and Lexmark. All six employee more than 8,000 individuals.

In June 2002, the unemployment rate for the MSA was 3.7 percent, as compared to 5 percent for the State of Kentucky.

In the Lexington MSA (Fayette, Jessamine, and Madison Counties) AA, approximately 15 percent of households are below the poverty level. It is difficult for this segment of the population to afford and maintain a home.

One community contact was made during the evaluation period. The contact was a small business development center. The contact stated that the primary need is for start-up financing for small businesses.

Based on the demographics of the MSA and the identified needs for start-up financing for small business, unmet credit and community development needs exist in the MSA. A limited level of community resources exists to facilitate activities to address the unmet credit and community development needs of the AA. These conclusions are based on discussions with the local, small business development center and discussions with bank management. There is moderate opportunity for community development services. Opportunity for community development loans and qualified investments in the AA is moderate. Competition for CD loans, qualified investments, and services is strong and consists of five larger regional banks within the AA.

Non-metropolitan AA

Demographic Information for Full-Scope Area: Non-metropolitan AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	25	4%	28%	60%	8%	0%
Population by Geography	98,581	26%	17%	20%	37%	0%
Owner-Occupied Housing by Geography	43,033	1%	22%	67%	10%	0%
Businesses by Geography	3,671	<1%	10%	74%	16%	0%
Farms by Geography	471	0%	15%	77%	8%	0%
Family Distribution by Income Level	29,035	1%	22%	67%	10%	0%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	12,432	2%	28%	64%	6%	0%
Median Family Income HUD Adjusted Median Family Income for 2001 Households Below the Poverty Level	= \$22,542 = \$35,900 = 26.83%	Median Housing Value Unemployment Rate				= \$39,887 = 3.41%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 1990 U.S. Census, and 2001 HUD updated MFI.

FSNB’s non-metropolitan AA consists of all of Garrard, Lincoln, Pulaski, and Wayne counties. FSNB has 11 branches and four ATMs located in the AA. The ATMs are located at four of the branch offices in the AA. As of June 30, 2001, 79 percent of FSNB’s deposits were derived from this AA. Over the evaluation period, 78 percent of home mortgage loans, 67 percent of small loans to businesses, and 78 percent of small loans to farms were derived from this AA.

FSNB’s deposits in the AA total approximately \$252 million. Based on FDIC market share data as of June 30, 2001, this equates to a 19 percent deposit market share that ranks FSNB as the largest deposit taking institution in the AA.

This four county area is located in south central Kentucky. The local economy is stable. The local economy is well respected for retail trade, manufacturing and services. Major employers include Allison Abrasives, Inc, Brake Parts Inc, DecoArt Inc, Toytoetsu America, and the houseboat industry that is comprised of several houseboat manufacturers. All five employ more than 2,000 individuals.

As of June 30, 2002, the unemployment rate for the AA ranges from 3.4 percent in Garrard County to 6.6 percent in Pulaski County, as compared to 5 percent for the state of Kentucky.

In the non-metropolitan AA approximately 27 percent of the households are below the poverty level. It is especially difficult for this segment of the population to afford and maintain a home.

One community contact was made during the evaluation period. The contact was a county judge in the AA. The contact stated that the primary need is for affordable housing (rental and owner occupied).

Based on the demographics of the AA and the identified needs for affordable housing, unmet credit and community development needs exist in the AA. A limited level of community resources exists to facilitate activities to address the unmet credit and community development needs of the AA. These conclusions are based on discussions with local affordable housing services and discussions with bank management. The opportunity for community development services is moderate. Opportunity for community development loans and qualified investments in the AA is low. Competition for CD loans, qualified investments, and services is moderate and consists of two larger regional banks within the AA.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table

also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm.

Market share information is presented based on the most recent aggregate market data available.

Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume

LENDING VOLUME												
Geography: KENTUCKY												
Evaluation Period: JANUARY 1, 2000 TO JUNE 30, 2002												
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full Review:												
Lexington MSA (Fayette, Jessamine and Madison Counties) AA	26.12	214	22,858	388	41,128	194	9,103	0	0	796	73,089	21.00
Non-metropolitan AA	73.88	764	49,163	801	62,640	687	19,141	0	0	2,252	130,944	79.00

* Loan Data as of June 30, 2002. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from June 22, 1999 to July 31, 2002.

*** Deposit Data as of June 30, 2001. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: KENTUCKY					Evaluation Period: JANUARY 1, 2000 TO JUNE 30, 2002					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
Lexington MSA (Fayette, Jessamine and Madison Counties) AA	102	27.87	2.67	4.90	20.84	27.45	47.19	40.20	29.31	27.45	0.41	0.53	0.74	0.35	0.34	
Non-metropolitan AA	264	72.13	1.22	0.76	22.22	22.73	66.96	66.67	9.59	9.85	9.66	40.00	12.57	9.45	6.91	

* Based on 2000 Peer Mortgage Data: Central Region.

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

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT															
Geography: KENTUCKY															
Evaluation Period: JANUARY 1, 2000 TO JUNE 30, 2002															
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full Review:															
Lexington MSA (Fayette, Jessamine and Madison Counties) AA	13	10.32	2.67	0.00	20.84	38.46	47.19	38.46	29.31	23.08	0.24	0.00	0.57	0.22	0.00
Non-metropolitan AA	113	89.68	1.22	0.88	22.22	21.24	66.96	75.22	9.59	2.65	29.15	0.00	44.00	30.00	8.70

* Based on 2000 Peer Mortgage Data: Central Region.

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

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE												Geography: KENTUCKY					Evaluation Period: JANUARY 1, 2000 TO JUNE 30, 2002				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography										
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp						
Full Review:																					
Lexington MSA (Fayette, Jessamine and Madison Counties) AA	90	19.07	2.67	0.00	20.84	18.89	47.19	46.67	29.31	34.44	0.30	0.00	0.23	0.47	0.06						
Non-metropolitan AA	382	80.93	1.22	0.79	22.22	32.20	66.96	58.90	9.59	8.12	9.24	0.00	19.26	8.86	2.96						

* Based on 2000 Peer Mortgage Data: Central Region.

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

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: KENTUCKY					Evaluation Period: JANUARY 1, 2000 TO JUNE 30, 2002					Market Share (%) by Geography				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies							
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp	
Full Review:																
Lexington MSA (Fayette, Jessamine and Madison Counties) AA	9	64.29	6.05	22.22	27.96	22.22	41.24	44.44	24.76	11.11	1.79	0.00	4.35	0.00	0.00	
Non-metropolitan AA	5	35.71	0.00	0.00	6.54	0.00	81.91	100.00	11.54	0.00	30.00	0.00	0.00	42.86	0.00	

* Based on 2000 Peer Mortgage Data: Central Region.

** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

*** Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES															Geography: KENTUCKY					Evaluation Period: JANUARY 1, 2000 TO JUNE 30, 2002				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography													
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp									
Full Review:																								
Lexington MSA (Fayette, Jessamine and Madison Counties) AA	388	32.63	4.51	6.44	28.37	30.41	42.63	40.46	24.11	22.68	1.03	0.68	1.00	1.15	1.01									
Non-metropolitan AA	801	67.37	0.05	0.37	10.32	16.10	74.31	70.16	15.31	13.36	11.18	0.00	9.82	13.23	7.08									

* Based on 2000 Peer Small Business Data: US.

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

*** Source Data - Dun and Bradstreet 2001.

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS															Geography: KENTUCKY					Evaluation Period: JANUARY 1, 2000 TO JUNE 30, 2002				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography													
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp									
Full Review:																								
Lexington MSA (Fayette, Jessamine and Madison Counties) AA	194	22.02	1.40	1.03	18.66	10.31	54.79	76.80	25.15	11.86	4.39	0.00	3.08	4.80	4.85									
Non-metropolitan AA	687	77.98	0.00	1.60	14.86	28.24	77.07	63.46	8.07	6.70	47.77	100.00	52.43	44.94	61.29									

* Based on 2000 Peer Small Business Data: US.

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

*** Source Data - Dun and Bradstreet 2001.

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: KENTUCKY						Evaluation Period: JANUARY 1, 2000 TO JUNE 30, 2002							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families**	% BANK Loans**	Overall	Low	Mod	Mid	Upp
Full Review:															
Lexington MSA (Fayette, Jessamine and Madison Counties) AA	102	27.87	21.98	8.25	16.48	20.62	21.36	16.49	40.18	54.64	0.46	0.48	0.26	0.33	0.69
Non-metropolitan AA	264	72.13	25.99	6.64	16.83	12.50	19.89	23.83	37.29	57.03	10.33	2.83	7.45	11.41	12.50

* Based on 2000 Peer Mortgage Data: Central Region.

** As a percentage of loans with borrower income information available. No information was available for 3.55% of loans originated and purchased by Bank.

*** Percentage of Families is based on the 1990 Census information.

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

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: KENTUCKY						Evaluation Period: JANUARY 1, 2000 TO JUNE 30, 2002							
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Overa ll	Low	Mod	Mid	Upp
Full Review:															
Lexington MSA (Fayette, Jessamine and Madison Counties) AA	13	10.32	21.98	0.00	16.48	36.36	21.36	9.09	40.18	54.55	0.19	0.00	0.26	0.00	0.37
Non-metropolitan AA	113	89.68	25.99	13.08	16.83	26.17	19.89	24.30	37.29	36.45	29.17	37.50	33.33	27.08	26.44

* Based on 2000 Peer Mortgage Data: Central Region.

** As a percentage of loans with borrower income information available. No information was available for 6.35% of loans originated and purchased by Bank.

*** Percentage of Families is based on the 1990 Census information.

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

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE															Geography: KENTUCKY					Evaluation Period: JANUARY 1, 2000 TO JUNE 30, 2002				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share													
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Overall	Low	Mod	Mid	Upp									
Full Review:																								
Lexington MSA (Fayette, Jessamine and Madison Counties) AA	90	19.07	21.98	16.46	16.48	11.39	21.36	36.71	40.18	35.44	0.33	0.45	0.00	0.33	0.49									
Non-metropolitan AA	382	80.93	25.99	3.70	16.83	14.25	19.89	26.78	37.29	55.27	10.36	7.69	8.28	10.73	11.39									

* Based on 2000 Peer Mortgage Data: Central Region.

** As a percentage of loans with borrower income information available. No information was available for 8.90% of loans originated and purchased by Bank.

*** Percentage of Families is based on the 1990 Census information.

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

Table11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: KENTUCKY		Evaluation Period: JANUARY 1, 2000 TO JUNE 30, 2002					
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share	
	#	% of Total**	% of Businesses***	% BANK****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
Full Review:									
Lexington MSA (Fayette, Jessamine and Madison Counties) AA	388	32.63	87.10	68.81	71.91	15.21	12.89	1.03	2.31
Non-metropolitan AA	801	67.37	86.13	69.91	79.78	13.61	6.62	11.18	17.98

* Based on 2000 Peer Small Business Data: US.

** 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 - 2001).

**** 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 17.07% of small loans to businesses originated and purchased by the Bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: KENTUCKY			Evaluation Period: JANUARY 1, 2000 TO JUNE 30, 2002				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
Full Review:									
Lexington MSA (Fayette, Jessamine and Madison Counties) AA	194	22.02	91.67	84.02	87.11	11.34	1.55	4.39	4.71
Non-metropolitan AA	687	77.98	97.45	87.34	95.20	4.37	0.44	47.77	48.28

* Based on 2000 Peer Small Business Data: US.

** 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 - 2001).

**** 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 11.92% of small loans to farms originated and purchased by Bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: KENTUCKY				Evaluation Period: JUNE 22, 1999 TO JULY 31, 2002			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Lexington MSA (Fayette, Jessamine and Madison Counties) AA	0	0	1	47	1	47	46.00	0	0
Non-metropolitan AA	0	0	4	55	4	55	54.00	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: KENTUCKY Evaluation Period: JUNE 22, 1999 TO JULY 31, 2002																	
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 Opening	# of Branch Closing	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Lo w	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Lexington MSA (Fayette, Jessamine and Madison Counties) AA	21.00	3	21.00	33.33	0.00	33.33	33.33	0	0	0	0	0	0	5.56	24.39	44.24	25.73
Non-metropolitan AA	79.00	11	79.00	0.00	9.00	91.00	0.00	0	0	0	0	0	0	1.15	21.91	66.97	9.97