



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

September 30, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Lawrenceburg National Bank
Charter Number 7497**

**128 South Main Street
Lawrenceburg, Kentucky 40342**

Office of the Comptroller of the Currency

**One Financial Place
440 South LaSalle Street, Suite 2700
Chicago, Illinois 60605**

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 CRA performance of **The Lawrenceburg National Bank** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency. It covers the period from March 16, 1994 to September 30, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.*

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

- The bank's record of lending to borrowers of different income levels, including low- and moderate-income individuals, is good.
- The average quarterly loan-to-deposit ratio since the our last evaluation is reasonable and comparable to area competitors.
- A substantial majority of the bank's loans were made within the assessment area.

The following table indicates the performance level of The Lawrenceburg National Bank with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>LAWRENCEBURG NATIONAL BANK</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to businesses of Different sizes	X		
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

The Lawrenceburg National Bank (LNB) had total assets of approximately \$97 million as of June 30, 1996. LNB is 100% owned by Farmers Capital Bank Corporation, a multi-bank holding company located in Frankfort, Kentucky. The bank's main office and only branch are located in downtown Lawrenceburg, Kentucky, which is the county seat of Anderson County. Both facilities have automated teller machines and drive-up facilities.

LNB offers traditional banking services and lending products. As of June 30, 1996, net loans represented approximately 65% of total assets. The composition of the loan portfolio was as follows: 29% loans to individuals; 27% one-to-four family residential loans; 23% small business loans; 14% agricultural loans; and, 7% construction and development. There are no legal or financial constraints, or other factors, impeding the bank's ability to help meet the credit needs in its assessment area. The bank's prior CRA public performance evaluation is dated March 16, 1994.

DESCRIPTION OF ANDERSON COUNTY

The Board has designated Anderson County as the bank's assessment area. Their designation meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. There are four Block Numbering Areas (BNAs) in the assessment area. They are all designated upper-income. The 1990 median family income for Anderson County was \$31,332. The 1995 statewide median family income for non-metropolitan areas was \$26,400.

Lawrenceburg was ranked 21st on a list of "America's 50 Hottest Little Boomtowns" in the April, 1996, issue of *Money Magazine*. Anderson County is one of the fastest growing counties in Kentucky. Lawrenceburg is a bedroom community to Frankfort, the state's capital, and Lexington, the state's second largest city. The majority of the people living in the area commute to these cities for employment. The largest employers in the Lawrenceburg area include the Anderson County School Board, Florida Tile and General Cable. The unemployment rate in the county is typically below state and national levels. The population in the assessment area is approximately 15,000 and is projected by the U.S. Census Bureau to continue to steadily increase through 2015.

The bank's primary competitors in the assessment area include one national bank and a federal savings bank. They also face competition from financial institutions outside Anderson County. Contacts with members of the community indicated the primary credit needs are for low- and moderate-income housing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan-to-Deposit Ratio

LNB's average quarterly net loan-to-deposit ratio for the period from March 31, 1994 to June 30, 1996 was 74.28%. The bank's two primary competitors had average ratios of 67.36% and 77.03% for the same period. As of June 30, 1996, LNB's loan-to-deposit ratio was 71.94%, which is considerably higher than its nationwide peer group which averaged 62.71%. This peer group is made up of bank's with similar sizes, branching networks and geographic characteristics.

Lending in Assessment Area

We reviewed a sample of mortgage and consumer loans to determine the level of lending within the bank's assessment area. We used a sample of mortgage loans made within the past year and consumer loans made within the last quarter. As shown in the table below, the majority of the loans were made within the assessment area.

	Mortgage Loans	Consumer Loans
Total Number in Sample	21	23
Total Original Dollar Amount in Sample	\$1,043,000	\$153,070
Total Number in Assessment Area	16	19
Total Original Amount in Assessment Area	\$720,300	\$127,441
Percent of Number in Assessment Area	76.19%	82.61%
Percent of Dollar Amount in Assessment Area	69.06%	83.26%

Our sampling results are consistent with an internal management report indicating that as of July 1, 1996, 78% of the number and 71% of the dollar volume of the entire outstanding loan portfolio were within the assessment area.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

We used the same sample described above to evaluate this criteria. The distribution of LNB's lending, particularly for consumer loans, exceeds the income characteristics of the assessment area. Our results are depicted in the following table.

	Proportion of Population within Assessment Area *	Number of Mortgage Loans in Sample	Percent of Number of Mortgage Loans	Number of Consumer Loans in Sample	Percent of Number of Consumer Loans
Low-Income	13%	3	14.29%	4	17.39%
Moderate-Income	12%	3	14.29%	6	26.09%
Middle-Income	14%	4	19.05%	5	21.74%
Upper-Income	61%	11	52.37%	8	34.78%
Totals	100%	21	100%	23	100%

* According to the U.S. Census Bureau

From January 1, 1994 to October 16, 1996, management originated and sold 76 mortgage loans totalling \$4.6 million dollars. Most of these loans were government insured and benefitted low- and moderate-income people. If LNB had retained these loans, their loan-to-deposit ratio would have been considerably higher.

The vast majority of the commercial and agricultural loans made by the bank met the regulatory definition of “small” business and farm loans. The bank’s Consolidated Report of Condition as of June 30, 1996 indicated that there were 304 loans outstanding totalling \$14.2 million to small businesses and 500 loans outstanding totalling \$9.1 million to small farms.

Geographic Distribution of Loans

Since all of the BNAs in the assessment area are designated upper-income, a geographic analysis of the distribution of loans would not be meaningful.

Responses to Complaints

No complaints have been received since our last examination.

Compliance with Antidiscrimination Laws

We did not identify any violations of the substantive provisions of the antidiscrimination laws and regulations.