



PUBLIC DISCLOSURE

January 4, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**FCN Bank, N.A.
Charter Number 5629**

**501 Main Street
Brookville, Indiana 47012**

Office of the Comptroller of the Currency

**Louisville Field Office
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 **FCN Bank, N.A.** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of January 4, 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: Satisfactory Record of Meeting Community Credit Needs.

- The bank's loan-to-deposit ratio since our last CRA examination is good and exceeds the most similarly-situated competitor in Franklin County.
- A majority of the bank's loans are made within its assessment area.
- The bank makes loans throughout its entire assessment area.
- The bank actively lends to borrowers of different income levels, including low- and moderate-income individuals.
- All of the bank's commercial loans are to either small businesses or small farms.

DESCRIPTION OF INSTITUTION

FCN Bank, N.A. (FCN) is a \$140 million institution located in Brookville, Indiana. FCN Banc Corp, a one-bank holding company, owns 100% of the bank. The bank operates four branches and one drive-thru location in three Indiana counties. FCN has opened two branches since our last CRA examination. The bank's main office and drive-through branch are located in Brookville (Franklin County). The Everton branch is located north of Brookville in Fayette County. In July 1998, FCN acquired a branch location in a local grocery store west of Brookville in Greensburg (Decatur County). In June 1998, FCN opened another branch in Franklin County in the Batesville community. All locations have Automated Teller Machines (ATM) except the main office. The drive-thru office is located only one block from the main office and has an ATM. All bank products and services are available at the Batesville, Everton, and Greensburg branches with the exception of trust services. Trust services are only available at the main office. FCN offers a traditional line of banking products and services. Approximately 65% of the bank's \$89 million loan portfolio is residential real estate and consumer loans. Small farm loans represent approximately 13% of the loan portfolio with small business loans accounting for the remaining portion. As of September 30, 1998 FCN's loan portfolio represented approximately 65% of total assets.

There are no constraints on the bank's ability to meet local credit needs. FCN received a rating of Satisfactory Record of Meeting Community Credit Needs at their previous CRA examination in January 1996.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area consists of Franklin, Fayette, and Decatur counties in Indiana which have populations of 19,580, 26,015, and 23,645 respectively. The three counties combined contain 18 census tracts. Of the 18 tracts, one is moderate-income, 15 are middle-income, and 2 are upper-income. There are no low-income census tracts in the bank's assessment area. There are approximately 18,000 families living in Franklin, Fayette, and Decatur counties. Of these, 18% are low-income, 15% moderate-income, 26% middle-income, and 41% upper-income. The 1990 median family income for Franklin County was \$31,770, \$30,543 for Fayette County, and \$32,312 for Decatur County. The 1998 median family income for non-metropolitan areas in Indiana is \$41,100.

The bank has moderate competition from several community banks and branches of regional financial institutions. The local economy is good and based on light industrial companies and agriculture. The largest area employers are Owens-Corning Fiberglass and the local school system. Many local residents commute to Cincinnati, Ohio for work.

As part of our examination, we contacted two local insurance agents to discuss community credit needs. Both stated the local economy was good and identified home loans and car loans as the primary credit needs of the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-Deposit Ratio

FCN has an average loan-to-deposit ratio of 84% since their last CRA examination. The bank's main competitor averaged 77% for this same time period. In March 1998, FCN began originating residential real estate loans for sale in the secondary market. The bank has originated approximately \$13 million since beginning this program nine months ago. At this point, the sale of these loans has not materially affected the bank's loan-to-deposit ratio.

Lending in the Assessment Area

A large majority of the bank's loans are in its assessment area. The bank started performing its own analysis of the loan portfolio beginning with January 1, 1997 loan originations. We verified the accuracy of the bank's reports using a sample of 54 residential real estate and consumer loans originated during the months of September, October, and November 1998. Bank reports for the period of January 1, 1997 to June 30, 1998 showed the bank originated 3,073 loans totaling \$58 million. Of these, 2,696 or 88% of the number and \$41 million or 71% of the dollar amount of loans were in Franklin, Fayette, and Decatur counties. All 54 loans in our verification sample were in the assessment area.

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

The bank does a good job of lending to borrowers of different income levels. We used the same loan reports described previously to evaluate the bank's performance in this area. As the table below shows, FCN actively lends to borrowers of all income levels. For example, 18% of the families in the assessment area are low-income, and 24% of the bank's originated loans were made to low-income individuals.

Income Level	Percentage of families in Assessment Area*	Percentage of loans from January 1997-June 1998
Low	18%	24%
Moderate	15%	31%
Middle	26%	20%
Upper	41%	24%
Total	100%	99%**

* According to 1990 Census Data, U.S. Bureau of the Census

** Does not equal 100% due to rounding.

All of the bank's commercial and agricultural loans are to small businesses or small farms. We reviewed several commercial and agricultural loans, including the bank's largest loan. Bank reports show FCN originated 197 small business loans totaling \$4.6 million and 146 small farm loans totaling \$4.5 million in its assessment area from January 1, 1997 to June 30, 1998.

Geographic Distribution of Loans

The bank has a good distribution of loans throughout its assessment area. There are no low-income census tracts in the bank's assessment area and only one moderate-income tract. As the table below shows, the number and dollar amount of loans originated in each geography are similar or exceeds the percentage of those geographies in the assessment area. For example, 6% of the census tracts in the bank's assessment area are moderate-income. Of the bank's new loan originations for the period of January 1, 1997 to June 30, 1998, 22% of the number and 16% of the dollar amount were to borrowers living in the moderate-income tract. Information in the table is based on internal bank reports described previously which we verified for accuracy.

Income level of census tracts			Loans originated by geography			
	Number	Percentage	Number	Percentage	Dollar (in millions)	Percentage
Low	0	0%	Not applicable		Not applicable	
Moderate	1	6%	581	22%	6.7	16%
Middle	15	83%	1,854	69%	29.3	72%
Upper	2	11%	261	10%	4.7	12%
Total	18	100%	2,696	101%*	40.7	100%

* Does not equal 100% due to rounding

Response to Complaints

There have been no CRA related complaints since the bank's last examination.

Compliance with Antidiscrimination Laws

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