



Office of the
Comptroller of the Currency
Washington, DC 20219

INTERMEDIATE SMALL BANK

PUBLIC DISCLOSURE

July 1, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

FCN Bank, National Association
Charter Number: 5629

501 Main Street
Brookville, IN 47012

Office of the Comptroller of the Currency
Central Ohio Field Office
West Lake Center, Suite 520
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Cincinnati, OH 45242

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, 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.

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

FCN Bank, N.A. (FCN or Bank) exhibits a **Satisfactory** record of meeting its community credit needs. The major factors supporting the CRA rating are:

- FCN's performance under the requirements of the lending test is satisfactory. Specifically:
 - FCN's quarterly average loan-to-deposit (LTD) ratio is reasonable;
 - FCN makes a substantial majority of its loans inside the identified assessment areas (AA);
 - FCN's overall lending to borrowers of different income levels shows reasonable dispersion;
 - FCN's overall geographic distribution of home loans reflects reasonable penetration.
- The bank is responsive to the community development (CD) needs of their AAs and meets the standard for satisfactory performance under the CD test.

Scope of Examination

We conducted a full scope CRA examination to evaluate FCN's record and performance of meeting the credit needs of its community. We used the intermediate small bank (ISB) examination procedures to evaluate the bank's performance. The overall rating for FCN, under each lending test, is the consolidation of conclusions reached for each full-scope AA. When consolidating AA conclusions into the overall rating, more weight is given to the Multistate MSA AA than the non-MSA AA because the majority of the bank's lending activity and branches are located in the MSA AA.

The bank's performance regarding its primary lending products is considered foremost in this CRA examination. We identified residential real estate lending as the bank's primary loan product based on our review of loan originations during the lending evaluation period and discussions with management.

The evaluation under the lending test included all of the bank's residential real estate loans reported on the Home Mortgage Disclosure Act (HMDA) loan application register from January 1, 2011 through March 31, 2013 (lending evaluation period). Residential real estate loan types included home purchase, home refinance, and home improvement. We used 2000 U.S. Census data for loans originated in 2010 and 2011, and 2010 U.S. Census data for loans originated in 2012 and 2013. We reviewed the bank's quarterly LTD ratio from June 30, 2009 through March 31, 2013.

The evaluation under the community development (CD) test considered CD loans, qualified investments, and services from June 4, 2009 through July 1, 2013. As part of

the CD test, we also considered the book value of any qualified investments that were made prior to the most recent CRA examination.

Description of Institution

FCN Bank, N.A. (FCN) is a full-service interstate bank, 100 percent owned by FCN Banc Corp, a one-bank holding company, headquartered in Brookville, Indiana. As of March 31, 2013, the bank had \$407 million in total assets, \$358.1 million in deposits, \$191.5 million in loans and \$34.7 million in Tier 1 capital.

The bank operates five full-service branches and one drive-thru facility. Four of the five-full service branches and the drive-through location are in three Indiana counties. The fifth branch is in an Ohio county. The bank's main office and drive-thru facilities are located in Brookville, Indiana (Franklin County). The Everton branch is located north of Brookville in Fayette County. The Batesville branch is located in Franklin and Ripley Counties in the Batesville Community. The Sunman Branch is located south of Brookville in Sunman, Indiana (Ripley County). The Ohio branch is in Harrison, Ohio (Hamilton County). All locations have Automated Teller Machines (ATM) except the main office. The drive-thru facility is located approximately one block away from the main office and has an ATM. An additional standalone ATM is located in Brookville, Indiana (Franklin County). All of the ATMs are full service. The bank branch locations are accessible to all segments of the community.

FCN offers traditional banking products and services. The bank's primary lending focus is currently residential real estate, with less than twenty percent of the loans originated in 2011 through March 31, 2013 to finance business and farms combined. FCN also makes a few loans to consumers. As of March 31, 2013, net loans represented approximately 46 percent of the bank's average assets. The loan portfolio mix is as follows: 42 percent in 1-4 family residential mortgages; 20 percent in total commercial real estate loans; 16 percent in farm-related real estate loans; 9 percent in commercial and industrial loans; 5 percent in home equity loans; and 8 percent in other loan categories.

During our review, we also contacted a local government official to get a sense of local economic activity and the general credit needs of the AA. During our discussion, the official spoke very highly of FCN's role in the community. He indicated that FCN employees, at all levels, have an active presence in the community and are constantly striving to help serve the credit needs of low- and moderate-income families and areas. The community contact identified financing for housing as a primary credit need in the AA, and indicated that FCN does a good job at meeting those needs. In addition, he identified financial literacy programs as a need within the AA as well.

There are no legal or financial circumstances that impact the bank's ability to meet community credit needs. The bank received a "Satisfactory" rating at the most recent CRA evaluation performed on June 3, 2009.

Selection of Assessment Areas for Full-Scope Review

The bank has two AAs. The first AA is located in the Cincinnati-Middletown OH-KY-IN MSA that includes Dearborn and Franklin counties in Indiana, and portions of Hamilton and Butler counties in Ohio. The bank cannot reasonably serve all of Hamilton and Butler counties given its size and branch locations. The second AA is located in a non-MSA within Indiana. The second AA includes Union and Fayette counties in their entirety, along with portions of Rush, Decatur, and Ripley counties. Due to its branch locations, the bank cannot reasonably serve all of Rush, Decatur, and Ripley counties. Both AAs meet the requirements of the CRA and do not arbitrarily exclude any low- or moderate-income CTs. We reviewed both of the bank's AAs using the full scope examination procedures.

Conclusions with Respect to Performance Criteria

Lending Test:

FCN's performance under the lending test requirements is satisfactory.

Loan-to-Deposit Ratio

- FCN's LTD ratio is reasonable considering the performance context of the institution.

FCN's average LTD ratio based on the prior sixteen quarters (June 30, 2009 through March 31, 2013) since the previous CRA examination is 61.72 percent. FCN's highest LTD ratio was 73.82 percent as of June 30, 2009 and the lowest LTD ratio was 52.30 percent as of March 31, 2013. We compared FCN's average LTD ratio to a custom peer group comprised of thirteen similarly situated financial institutions in its AA. The custom peer group's quarterly average LTD ratio is 89.10 percent. FCN's quarterly average LTD ratio is lower than the custom peer group, but reasonable considering the following internal and external factors.

During late 2009 and 2010, FCN experienced large deposit growth through their Batesville and Harrison branches. Management indicated that FCN received approximately \$9 million in new deposits due to a local competing bank closing their branch in Brookville, Indiana. Management also attributes deposit growth to changing dynamics in consumer preferences caused by the recent economic recession. Another factor contributing to the bank's lower LTD ratio is the high volume of secondary market real estate mortgage sales over that period. Since 2011, the bank has originated and sold 589 real estate mortgages for almost \$86 million to the secondary market.

Lending in Assessment Area

- The bank is lending a substantial majority of residential real estate loans inside its AAs and exceeds the standard for satisfactory performance in this category.

Ninety-six percent of FCN's residential real estate loan originations are to borrowers located inside its AAs during the lending evaluation period. The table below details the amount of residential real estate loan originations made inside and outside the combined AAs.

Lending in the Assessment Areas										
Loan Type	Number of Loans				Dollars of Loans (in thousands)					
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	242	95%	12	5%	254	\$31,468	95%	\$1,820	5%	\$33,288
Home Refinance	522	97%	18	3%	540	\$70,962	97%	\$2,397	3%	\$73,359
Home Improvement	110	97%	3	3%	113	\$7,599	99%	\$106	1%	\$7,705
Totals	874	96%	33	4%	907	\$110,029	96%	\$4,323	4%	\$114,352

Source: Loans originated from January 1, 2011 through March 31, 2013.

Lending to Borrowers of different Income levels and Businesses of different sizes

- FCN's overall distribution of lending to borrowers of different income levels is satisfactory. Please see the individual AA discussions below for complete detail.

Geographic Distribution of Home Loans

- FCN's overall geographic distribution of home loans reflects reasonable penetration. Please see the individual AA discussions below for complete detail.

Community Development Test

FCN's performance under the community development (CD) test is satisfactory and its record of CD loans, investments and services is reasonable. Please see the individual AA discussions below for complete detail.

Responses to Complaints

The bank has not received any complaints about its performance in helping to meet the credit needs of its AA's since the previous CRA examination.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c), or 12 CFR 195.28(c), in determining a Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

Multistate Metropolitan Statistical Area Rating

Cincinnati-Middletown, OH-KY-IN Multistate MSA

Conclusions with Respect to Performance Tests

CRA Rating for the Multistate MSA AA: Satisfactory

The lending test is rated: Satisfactory.

The community development test is rated: Satisfactory.

The CRA rating is supported by the following conclusions:

- The bank's distribution of home loans to low- and moderate-income borrowers reflects reasonable penetration.
- The geographic distribution of home loans in the AA reflects excellent dispersion.

Description of the Multistate MSA Assessment Area

FCN operates within a multistate MSA that includes Indiana and Ohio. The AA is located in the Cincinnati-Middletown MSA, which consists of Dearborn and Franklin counties in Indiana, and portions of Hamilton and Butler counties in Ohio. FCN operates three branches, a drive-up facility, and a standalone automated teller machine (ATM) in the AA. One branch, located in Brookville, IN within Franklin County, resides in a moderate-income census tract (CT), along with the drive-up facility and standalone ATM. The remaining two branches are located in middle-income CTs. The AA does

not arbitrarily exclude any low- or moderate-income CT's and meets the requirements of the CRA. More weight is given to the Multistate MSA AA when determining the final conclusions because the majority of the bank's lending activity and branches are located in this AA.

Competition in the AA remains strong due to the quantity of financial institutions servicing the Cincinnati-Middletown MSA. Larger competitors include Fifth Third, U.S. Bank, and PNC Bank. Based on the Federal Deposit Insurance Corporation (FDIC) market share data as of June 30, 2012, 48 financial institutions with 453 offices operate within the combined counties of Butler (OH), Hamilton (OH), Dearborn (IN), and Franklin (IN). These offices hold a combined total of approximately \$55.28 billion in deposits. Fifth Third Bank and U.S. Bank own a combined total of 73 percent deposit market share in these counties. Deposits coming from FCN's three branches located within the AA total approximately \$261.25 million, representing roughly 0.47 percent of the deposit market share or 13th out of 48 institutions. The main branch located in Brookville, IN remains the bank's largest deposit base of roughly \$136.08 million as of June 30, 2012.

The local economy is known for farming, manufacturing, and a small amount of tourism. The majority of workers commute to jobs in the surrounding cities of Cincinnati and Dayton, OH. As of May 2013, the unemployment rates (not seasonally adjusted) of the four counties in the AA are: 6.8 percent in Hamilton, 6.5 percent in Butler, 8.0 percent in Dearborn, and 8.1 percent in Franklin. The unemployment rate is 8.1 percent in Indiana and 6.9 percent in Ohio.

Information as of 2000 U.S. Census Data

Based on 2000 U.S. Census data, the AA comprises twenty-one CTs that includes five moderate-income CTs, fifteen middle-income CTs, and one upper-income CT. There are no low-income CTs in the AA. The AA contains approximately 27,512 families and 35,735 households. The median family income is \$53,780. There are 38,004 total housing units in the AA, of which, 28,568 or 75 percent are owner occupied. There are 2,243 vacant housing units (5.90 percent of total households) in the AA. The median housing value totals \$118,130. Approximately 6.39 percent of households in the AA live below the poverty level, 25.02 percent receive social security benefits, and 16.78 percent are retired.

Information as of 2010 U.S. Census Data

Based on 2010 U.S. Census data, the AA comprises twenty-two CTs in total. The AA includes one low-income CT, four moderate-income CTs, thirteen middle-income CTs, and four upper-income CT. The low-income CT is located in the southwestern portion of Hamilton County, OH and borders Indiana. The AA contains approximately 28,586 families and 38,514 households. The median family income is \$67,596. There are 42,294 total housing units in the AA, of which, 30,486 or 72.08 percent are owner occupied. There are 3,780 vacant housing units (8.94 percent of total housing units) in the AA. The median housing value totals \$163,804. Approximately 9.18 percent of

households in the AA live below the poverty level, 28.48 percent receive social security benefits, and 19.81 percent are retired.

LENDING TEST

The bank's performance under the lending test in the Cincinnati-Middletown, OH-KY-IN Multistate MSA AA remains satisfactory.

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

- The bank's distribution of home loans to low- and moderate-income borrowers reflects reasonable penetration.

Information as of the 2000 U.S. Census Data, HMDA loans originated in 2011

Lending performance to low- and moderate-income borrowers is within the range of reasonable performance. The bank's percentage of total home loans to low-income borrowers (14 percent) approximates the percentage of all low-income families in this AA (17 percent). The bank's home loan lending to moderate-income borrowers (19 percent) also approximates the percentage of moderate-income borrowers in this AA (21 percent). Please refer to the table below for details.

Borrower Distribution of Residential Real Estate Loans in Cincinnati-Middletown MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans
Home Purchase	17%	16%	21%	31%	28%	19%	34%	34%
Home Refinancing		9%		10%		33%		48%
Home Improvement		28%		25%		25%		22%
Total Home Loans		14%		19%		27%		40%

Source: 2011 data reported under HMDA; 2000 U.S. Census data. Of note, 6% of the households in this AA live below the poverty level

Information as of the 2010 U.S. Census Data, HMDA loans originated in 2012 to YTD March 31, 2013

Lending performance to low- and moderate-income borrowers is within the range of reasonable performance. The bank's total home loan lending to low-income borrowers (13 percent) is lower than the percentage of low-income families in this AA (19 percent). The fact that 9 percent of the households in this AA are below the poverty level and would have significant trouble meeting the credit standards for home lending mitigates the bank's lower distribution to low-income borrowers. The bank's home loan lending to

moderate-income borrowers (25 percent) exceeds the percentage of moderate-income borrowers in this AA (19 percent). Please refer to the table below for details.

Borrower Distribution of Residential Real Estate Loans in Cincinnati-Middletown MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans
Home Purchase	19%	14%	19%	26%	25%	31%	37%	29%
Home Refinancing		11%		26%		30%		33%
Home Improvement		20%		22%		22%		36%
Total Home Loans		13%		25%		29%		33%

Source: 2012 and YTD March 31, 2013 data reported under HMDA; 2010 U.S. Census data.

Geographic Distribution of Loans

- The geographic distribution of home loans in the AA reflects excellent dispersion.

Information as of the 2000 U.S. Census Data, HMDA loans originated in 2011

The percentage of home loans (purchase, refinance, and home improvement) originated in moderate-income CTs in the AA is excellent. For all three products, the bank met or exceeded the percentage of owner occupied housing units in moderate-income CTs in this AA. There were no low-income CTs in this AA for the 2000 U.S. Census. Please refer to the table below for details.

Geographic Distribution of Residential Real Estate Loans in Cincinnati-Middletown MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0%	NA	15%	18%	75%	80%	10%	2%
Refinance		NA		16%		83%		1%
Home Improvement		NA		34%		66%		0%

Source: 2011 data reported under HMDA; 2000 U.S. Census data.

Information as of the 2010 U.S. Census Data, HMDA loans originated in 2012 to March 31, 2013

For loans originated in 2012, the geographic distribution of loans to low- and moderate-income CTs is excellent. The percentage of home purchase and home improvement loans located in moderate-income CTs significantly exceeds the percentage of owner occupied housing in moderate-income CTs for this AA. The bank's home refinance loans in moderate-income CTs approximates the percentage of owner occupied housing in moderate-income CTs for this AA. The bank did not originate any homes loans in the one low income CT located in this AA. The opportunity to lend in the one low-income CT is minimal as only 1% of owner occupied housing are in this low-income CT. Please refer to the table below for details.

Geographic Distribution of Residential Real Estate Loans in Cincinnati-Middletown MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	1%	0%	13%	26%	65%	68%	22%	6%
Refinance		0%		12%		83%		5%
Home Improvement		0%		23%		74%		3%

Source: 2012 and YTD March 31, 2013 data reported under HMDA; 2010 U.S. Census data.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development (CD) Test for the Cincinnati-Middletown, OH-KY-IN Multistate MSA AA is satisfactory.

FCN's community development performance through its record of CD loans, qualified investments, and services from June 4, 2009 through July 1, 2013 demonstrate adequate responsiveness to community development needs in its AA.

Our assessment considered the level of FCN's CD activities within the AA in the context of the bank's presence within the AA. FCN has only one of its five branches within the large Cincinnati-Middletown MSA.

Number and Amount of Community Development Loans

FCN's Community Development lending reflects moderate responsiveness to community development needs within the AA. FCN originated a standby letter of credit

for \$1.5 million during the evaluation period. The credit is being used for the construction of a 54-unit, independent living center located in Franklin County. The project mainly supplies low-income housing to the elderly with incomes at or below 60 percent of the Area Median Income.

Number and Amount of Qualified Investments

FCN does not have any investments meeting the community development definition within its MSA AA. FCN has provided almost \$30 thousand in the form of donations to local community organizations whose mission is to assist low- and moderate-income individuals. These organizations include affordable housing, health care services for low-income people, food pantries, and college scholarships. In addition, the bank donated to organizations that provide economic development opportunities to low- and moderate-income individuals.

Extent to Which the Bank Provides Community Development Services

FCN exhibits satisfactory performance in meeting community needs through community services. In our evaluation of FCN services, we considered level of community involvement of FCN employees, access of services provided to low- and moderate-income individuals, the variety of organizations served, and feedback provided by our community contact.

FCN has made available easy access of financial services to low- and moderate-income individuals through the placement of their main branch. Their main branch, located in Brookville, IN within Franklin County, resides in a moderate-income census tract (CT), along with a drive-up facility and standalone ATM.

FCN board members, officers, and employees are involved in many community development services within the AA. Vice President and Chief Lending Officer Thomas Horninger works with a local organization to sponsor food drives that support low- and moderate-income individuals in the area. In addition, several officers work with Franklin County Community Foundation, which promotes the economic vitality of the county as a whole and focuses its attention on distressed or underserved communities.

Responsiveness to Community Development Needs

FCN's community development activities, as a whole, demonstrate adequate responsiveness to the needs and opportunities in this AA. FCN employees provide a reasonable amount of community services to organizations offering services to low- and moderate-income individuals or organizations assisting small businesses. The bank also donates to local organizations that provide community development services.

State Rating

State of Indiana

CRA Rating for Indiana: Satisfactory

The Lending test remains rated: Satisfactory

The Community development test remains rated: Satisfactory

The CRA rating is supported by the following conclusions:

- The bank's overall distribution of residential real estate lending to borrowers of different incomes reflects reasonable penetration. We placed more emphasis on this performance criterion compared with the bank's geographic distribution performance.
- The geographic distribution of home loans in the AA reflects poor dispersion.

Description of the Indiana Non-MSA Assessment Area

FCN Bank's second AA is located in a non-metropolitan area in Indiana. The AA includes Union and Fayette counties in their entirety, along with portions of Rush, Decatur, and Ripley counties. The bank operates two branches in the AA, which are located in Everton, IN (Fayette County) and Sunman, IN (Ripley County). The AA does not arbitrarily exclude any low- or moderate-income CT's and meets the requirements of the CRA.

Competition in the AA is moderate to strong. Key competitors in the area include MainSource, Fifth Third, and Wells Fargo Bank. Based on the FDIC market share data as of June 30, 2012, 19 financial institutions with 46 offices operate in the five counties that makeup the AA. MainSource Bank holds the majority deposit market share at 20.84 percent. FCN Bank holds 4.08 percent of the deposit market share. The majority of workers in the AA commute to jobs in the surrounding cities of Cincinnati and Dayton, OH. As of May 2013, the average unemployment rate (not seasonally adjusted) of the five counties in the AA is 8.74 percent, which is higher than the 8.1 percent unemployment rate for Indiana and 7.3 percent for the United States.

Information as of 2000 U.S. Census Data

Based on 2000 U.S. Census data, a total of twenty-one CTs make up the AA. The twenty-one CTs consists: one moderate-income CT, eighteen middle-income CTs, and two upper-income CTs. There are no low-income CTs in the AA. Approximately 23,337 families and 32,462 households live in the AA. The median family income is \$45,884. There are 34,731 total housing units in the AA, of which, 23,529 or 67.75 percent, are owner occupied. The median housing value totals \$89,155. Approximately 8.78

percent of households in the AA live below the poverty level, 29.9 percent receive social security benefits, and 18.27 percent are retired.

Information as of 2010 U.S. Census Data

Based on 2010 U.S. Census data, a total of twenty-one CTs make up the AA comprised of three moderate-income CTs, seventeen middle-income CTs, and one upper-income CTs. There are no low-income CTs in the AA.

Approximately 23,660 families and 33,478 households live in the AA. The median family income is \$53,156. There are 37,186 total housing units in the AA, of which, 24,647, or 66.28 percent, are owner occupied. 3,708 or 9.97 percent of the total housing units are vacant. The median housing value totals \$116,527. Approximately 12.53 percent of households in the AA live below the poverty level, 33.73 percent receive social security benefits, and 19.16 percent are retired.

Conclusions with Respect to Performance Tests

LENDING TEST

The bank's performance under the lending test in the State of Indiana remains satisfactory.

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

- The bank's overall distribution of residential real estate lending to borrowers of different incomes reflects reasonable penetration. We placed greater emphasis on the bank's lending performance in 2012 and 2013 (compared to 2011) in determining our conclusion for this conclusion.

Information as of the 2000 U.S. Census Data, HMDA loans originated in 2011

The distribution of home loans in 2011 is poor. Home lending for all three product types (home purchase, home refinance, and home improvement) to low-income borrowers is significantly lower than the percentage of low-income families in this AA. Even considering the percentage of families living below the poverty level (9%), the bank's performance to low-income borrowers is still poor. Home refinance lending to moderate-income borrowers is significantly lower than the percentage of moderate-income families in this AA. Home purchase and home improvement lending to moderate-income borrowers is lower than the percentage of moderate-income families in this AA. Please refer to the table below for details.

Borrower Distribution of Residential Real Estate Loans in Non MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	17%	6%	20%	17%	25%	19%	38%	58%
Home Refinancing		5%		10%		19%		66%
Home Improvement		0%		18%		36%		46%

Source: 2011 data reported under HMDA; 2000 U.S. Census data.

Information as of the 2010 U.S. Census Data, HMDA loans originated in 2012 to March 31, 2013

The distribution of home loans in 2012 and 2013 is reasonable. The bank's total home loan lending to moderate-income borrowers exceeds the percentage of moderate-income families in this AA. Considering relevant economic data (i.e. percentage of families below the poverty at 13 percent), the bank's total home loan lending to low-income borrowers is lower than the percentage of low-income families in this AA.

Those families living below the poverty level would have significant trouble meeting the credit standards for home lending. Please refer to the table below for details.

Borrower Distribution of Residential Real Estate Loans in Non MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans
Home Purchase	18%	6%	20%	22%	24%	24%	38%	48%
Home Refinancing		5%		17%		25%		53%
Home Improvement		4%		38%		29%		29%
Total Home Loans		5%		21%		25%		49%

Source: 2012 and YTD March 31, 2013 data reported under HMDA; 2010 U.S. Census data.

Geographic Distribution of Loans

- The geographic distribution of home loans in the AA reflects poor dispersion.

Information as of the 2000 U.S. Census Data, HMDA loans originated in 2011

The bank's dispersion of home loans reflects reasonable performance. Based on 2000 census data, there are no low-income CTs and one moderate-income CT in the AA.

The bank did not make any loans to borrowers located in the one moderate income CT in AA. The opportunity to make loans in the AA's one moderate-income CT is minimal because only 3 percent of owner occupied housing is located in this CT. The moderate-income CT comprises half of the city of Rushville, Indiana. The closest FCN branch from Rushville is located approximately 23 miles away. Please refer to the table below for details

Geographic Distribution of Residential Real Estate Loans in Non MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of # of Loans	% of AA Owner Occupied Housing	% of # of Loans	% of AA Owner Occupied Housing	% of # of Loans	% of AA Owner Occupied Housing	% of # of Loans
Home Purchase	0%	NA	3%	0%	86%	71%	11%	29%
Refinance		NA		0%		69%		31%
Home Improvement		NA		0%		82%		18%

Source: 2011 data reported under HMDA; 2000 U.S. Census data.

Information as of the 2010 U.S. Census Data, HMDA loans originated in 2012 to March 31, 2013

The bank's dispersion of home loans to moderate-income CTs in the AA is poor. Based on 2010 census data, there are no low-income CTs and three moderate-income CTs in the bank's AA. The bank originated two percent of home purchase loans and one percent of refinance loans located in a moderate-income CT in the AA. The bank did not originate any home improvement loans in moderate-income CTs. The percentage of home loans for each category is significantly less than the twelve percent of owner occupied housing located in moderate-income CTs. Strong competition from other financial institutions as well as tough economic conditions makes dispersion to moderate-income CTs more difficult. In addition, the three moderate-income tracts are all located several miles from an FCN Bank branch, which also hampers dispersion. Please refer to the table below for details.

Geographic Distribution of Residential Real Estate Loans in Non MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of # of Loans	% of AA Owner Occupied Housing	% of # of Loans	% of AA Owner Occupied Housing	% of # of Loans	% of AA Owner Occupied Housing	% of # of Loans
Home Purchase	0%	NA	12%	2%	80%	58%	10%	40%
Refinance		NA		1%		50%		49%
Home Improvement		NA		0%		54%		46%

Source: 2012 and YTD March 31, 2013 data reported under HMDA; 2010 U.S. Census data.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development (CD) Test for the non-MSA AA (State of Indiana) is Satisfactory.

FCN's community development performance through its record of CD loans, qualified investments, and services from June 3, 2009 through July 1, 2013 demonstrate adequate responsiveness to community development needs in its AA.

Community individuals contacted during our examination did not identify an abundance of opportunities within the more rural setting of this Indiana non-MSA AA. This lack of CD opportunities also contributed to our evaluation of FCN's CD activities.

Number and Amount of Community Development Loans

FCN's Community Development lending reflects moderate responsiveness to community development needs within the AA. FCN originated two loans totaling \$625 thousand that helped to provide affordable housing options for low- and moderate-income individuals or families. The projects expanded section eight and HUD-10 housing in the Connersville, Indiana area.

Number and Amount of Qualified Investments

FCN purchased one qualified investment during the review at a book value of \$500 thousand. The bond funds the Great Lakes Capital Fund of Indiana, which is a non-profit community development finance organization that supports healthy, vibrant, and sustainable communities. Primarily, the organization provides low-income housing tax credit investing. In addition, FCN also provided almost \$20 thousand in the form of donations to local community organizations whose mission is to assist low- and moderate-income individuals. These organizations include affordable housing, low-income designated person's health care services, and food pantries. In addition, the bank donated to organizations that provide economic development opportunities to low- and moderate-income individuals.

Extent to Which the Bank Provides Community Development Services

FCN exhibits satisfactory performance in meeting community needs through community services. In our evaluation of FCN services, we considered the level of community involvement of FCN employees, the variety of organizations served, and feedback provided by our community contact.

FCN Bank board members, officers, and employees are involved in many community development services within the AA. Vice President and Chief Lending Officer Thomas Horninger works with a local organization to sponsor food drives that support low- and moderate-income individuals in the area. In addition, several officers work with local

chamber of commerce organizations, which promote the economic vitality of the areas by promoting the development of small business.

Responsiveness to Community Development Needs

FCN Bank's community development activities, as a whole, demonstrate adequate responsiveness to the needs and opportunities in this AA. FCN employees provide a reasonable amount of community services to organizations offering services to low- and moderate-income individuals or organizations assisting small businesses. Donations were also made to local organizations which provide community development services.