



PUBLIC DISCLOSURE

March 13, 2018

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
Westlake Center
4555 Lake Forest Drive, Suite 520
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, 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: Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

- FCN Bank, National Association (FCN or the bank) makes a substantial majority of their loans inside their assessment areas (AA).
- Lending to borrowers of different income levels and businesses of different sizes reflects reasonable penetration.
- Geographic distribution of lending in low- and moderate-income census tracts (CTs) reflects reasonable dispersion in both of FCN's AAs.
- FCN's quarterly average loan-to-deposit (LTD) ratio is reasonable.
- Responsiveness to community development (CD) needs through lending, investments, and services is adequate.

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 metropolitan area/assessment area.

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 generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. 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 (CD): 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under the U.S. Department of Housing and Urban Development (HUD) Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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 householder 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 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 conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing).

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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 metropolitan area/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) 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 metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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 evaluation. 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) 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.

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 1 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 at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Description of Institution

FCN is a full-service interstate bank headquartered in Brookville, Indiana. The bank is 100 percent owned by FCN Banc Corp, a one-bank holding company also headquartered in Brookville. The bank operates five full-service branches and one drive-thru facility. Four of the five branches and the drive-thru facility are in Indiana and one branch office is located in Harrison, Ohio. The bank's main office and separate drive-thru facility are located in Brookville, Indiana (Franklin County). Also located in Franklin County is the Batesville office. The Connersville office is located north of Brookville in Fayette County. The Sunman branch is located south of Brookville in Sunman, Indiana (Ripley County). The Ohio branch is located in Harrison, Ohio in Hamilton County. All locations have automated teller machines (ATMs) except the main office. The drive-thru facility in Brookville is located approximately one block away from the main office and has an ATM. The bank has two stand-alone ATMs, one in a gas station in Brookville and one in the Everton/Connersville area (former FCN office). All offices have drive-thru facilities, except the main office. The bank's branch locations are accessible to the entire community, and all of them are located in middle- and upper-income CTs. In April 2016, the bank closed the Everton office in Connersville and moved it to a different location within Connersville, both in middle-income CTs.

FCN has designated two AAs. The first AA includes all of Franklin and Fayette counties and portions of Decatur, Ripley, and Rush counties in Indiana. These counties make up the non-metropolitan statistical area (Non-MSA AA) of Indiana. The second AA includes all of Dearborn and Union counties in Indiana and portions of Butler and Hamilton counties in Ohio. This AA is located in the Cincinnati, OH-KY-IN multistate-MSA #17140 (Cincinnati MSA AA). The bank's branch in Ohio is located in Harrison near the Ohio/Indiana state line. In this Performance Evaluation, the bank has two rating areas, the state of Indiana (Non-MSA AA) and the state of Ohio (Cincinnati MSA AA). In the Non-MSA AA, 16.67 percent of the CTs are moderate-income, 75.00 percent are middle-income, and 8.33 percent are upper-income. In the Cincinnati MSA AA, 4.17 percent of the CTs are low-income, 20.83 percent are moderate-income, 50.00 percent are middle-income, 16.67 percent are upper-income, and 8.33 percent are not applicable (two CTs). The entire AA is contiguous, meets the requirements of the regulation, and does not arbitrarily exclude any low- and moderate-income areas. Refer to ***“Appendix C: Community Profiles for Full-Scope Areas,” “Description of Institution’s Operations in Indiana,” and “Description of Institution’s Operations in Ohio”*** for specific details regarding the AAs.

FCN offers a variety of traditional products and services through their full-service banking offices to accommodate the customers in their AAs. As of December 31, 2017, FCN reported total assets of \$441 million. For the same time period, the bank reported tier 1 capital of \$43 million, or 9.84 percent of total assets. The bank's net loan portfolio totaled \$242 million, representing 54.96 percent of total assets. During the lending evaluation period (2015 – 2016), the loan mix based on dollar volume originated or purchased consisted of 48 percent in residential real estate, 33 percent in commercial and commercial real estate (business loans), 14 percent in agricultural/farm, and five percent in consumer loans. The bank's primary lending focus is residential real estate and business lending.

FCN sold \$23 million in mortgage loans to the secondary market in 2015 and \$28 million in 2016. As of the 2016 Peer Mortgage Data (2010 U.S. Census data), the bank has a 6.68

percent lending market share in the Non-MSA AA and is ranked second out of 216 financial institutions, behind MainSource Bank with a market share of 16.68 percent. As for the Cincinnati MSA AA, the bank has a 1.48 percent market share, and is ranked 18th out of 235 financial institutions.

Competition in the AAs is strong with state and national banks, savings banks, and branches of larger financial institutions. Larger financial institutions with significant activity in the area include MainSource Bank, Fifth Third Bank, First Financial Bank, U.S Bank, PNC Bank, and Huntington National Bank. According to the June 30, 2017 Federal Deposit Insurance Corporation's (FDIC) Deposit Market Share Report, 18 financial institutions with 45 offices operate in the five counties in the Non-MSA AA. MainSource Bank holds the majority of deposit market share at 25.08 percent. FCN holds the second largest deposit market share at 14.43 percent. For the Cincinnati MSA AA, FCN's deposit market share was less than one percent.

There are no financial or legal impediments that affect the bank's ability to help meet the credit needs of its community. FCN's prior CRA rating was "Satisfactory" as of the Performance Evaluation dated July 1, 2013. Please refer to the public file for further information.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We conducted a full-scope CRA evaluation to assess the bank's record of meeting the credit needs of its entire community, including low- and moderate-income areas. We used intermediate small bank CRA evaluation procedures to assess the bank's performance. The Lending Test includes loans originated or purchased from January 1, 2015 to December 31, 2016 (lending evaluation period). Business and residential real estate loans are the bank's primary lending products and were evaluated under the Lending Test. We used the 2010 U.S. Census data for loans originated or purchased during the lending evaluation period. The Community Development Test included a review of the bank's CD loans, investments, and services from July 1, 2013 to March 13, 2018 (CD evaluation period).

Data Integrity

We completed a data integrity examination of the bank's home mortgage loans, as reported in the HMDA Loan Application Registers (2015 and 2016), to determine the accuracy of the data. We found the data was accurate and reliable and was used in its entirety in this evaluation. In addition, we randomly transaction tested 20 business loans from each AA that were originated or purchased during the lending evaluation period. We reviewed source documentation for each loan in our sample and did not note data integrity issues.

Selection of Areas for Full-Scope Review

We completed a full-scope review of both the Non-MSA AA and the Cincinnati MSA AA. Refer to "**Appendix C: Community Profiles for Full-Scope Areas,**" "**Description of Institution's Operations in Indiana,**" and "**Description of Institution's Operations in Ohio**" for specific details regarding the AAs.

Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews. There are two rating areas: the State of Indiana (Non-MSA AA) and the State of Ohio (Cincinnati MSA AA).

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Conclusions with Respect to Performance Criteria

Loan-to-Deposit Ratio

The bank's LTD ratio is reasonable given the bank's size, financial condition, and AA credit needs. FCN's quarterly average net LTD ratio averaged 59.72 percent over 18 quarters from September 30, 2013 to December 31, 2017. The bank's quarterly LTD ratios ranged from a low of 54.32 percent as of September 30, 2013, to a high of 63.06 percent as of December 31, 2017. FCN's LTD ratio is lower than other community banks and thrifts of similar size and location, but is overall reasonable. The average LTD for similarly situated banks in the bank's AAs was 90.68 percent for the same time period, ranging from 57.90 percent to 124.38 percent. Of note, the bank sold over \$50 million in mortgage loans to the secondary market in 2015 to 2016.

Lending in Assessment Area

FCN originated or purchased a substantial majority of its loans inside its AA. As outlined in the **Description of Institution** above, the bank's primary lending products are residential real estate and business loans. During the lending evaluation period, the bank originated or purchased over 90 percent of its loans inside its AA. Refer to Table 1 for the number and dollar volume of loans originated or purchased inside the AAs.

Loan Type	Number of Loans					Dollars of Loans (in 000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	318	91.91	28	8.09	346	45,275	88.55	5,852	11.45	51,127
Home Improvement	96	95.05	5	4.95	101	5,035	89.23	608	10.77	5,643
Home Refinance	280	93.96	18	6.04	298	47,155	93.58	3,237	6.42	50,392
Business Loans	20	100.00	0	0.00	20	2,036	100.00	0	0.00	2,036
Totals	714	93.33	51	6.67	765	99,501	91.12	9,697	8.88	109,198

Source: Loan sample; FCN's HMDA loan data from January 1, 2015 – December 31, 2016.

State Rating

State of Indiana

CRA rating for the State of Indiana: Satisfactory.

The lending test is rated: Satisfactory.

The community development test is rated: Outstanding.

The major factors that support this rating include:

- FCN's lending to borrowers of different income categories and businesses of different sizes reflects reasonable penetration.
- FCN's performance in lending to geographies of different income levels reflects reasonable dispersion.
- Responsiveness to CD needs through lending, investments, and services is excellent.

Description of Institution's Operations in Indiana

FCN has designated one AA in the state of Indiana, which includes all of Franklin and Fayette counties and portions of Decatur, Ripley, and Rush counties. These counties make up the Non-MSA AA. According to the 2010 U.S. Census data, the AA consists of four moderate-income CTs, 18 middle-income CTs, and two upper-income CTs. The Non-MSA AA has a population of 100,966. This AA is contiguous, meets the requirements of the regulation, and does not arbitrarily exclude any low- and moderate-income areas.

The bank operates four branches in the Non-MSA AA, which are located in Brookville, Batesville, Sunman, and Connersville, Indiana. All branches are located in middle- and upper-income CTs. Competition in the AA is strong. Key competitors in the AA include MainSource Bank, Friendship State Bank, United Community Bank, and Fifth Third Bank.

The local economy is overall stable. As of February 2018, the average unemployment rates (not seasonally adjusted) were as follows: 4.6 percent in Franklin County, 4.9 percent in Fayette County, 4.2 percent in Ripley County, 3.2 percent in Rush County, and 3.4 percent in Decatur County. The unemployment rate in the State of Indiana was 3.7 percent and 4.4 percent nationally. The source of the unemployment data is Indiana's Department of Workforce Development, Local Area Unemployment Statistics, as of February 2018.

The AA as a diverse mix of industries, including manufacturing, service, retail, and state/local government. Many individuals commute to jobs in surrounding cities, including Cincinnati and Dayton, Ohio. Major employers include: Fayette Regional Health System, Wal-Mart, Kroger, Brookville Health Care Center, Hillenbrand Inc., Margaret Mary Community Hospital, Batesville Tool & Die Inc., Rush Memorial Hospital, Honda Manufacturing of Indiana, and the local school systems.

According to the 2010 U.S. Census data, the median housing value in the Non-MSA AA was \$121,989. Based on the 2016 median family income of \$57,100, low-income families make less than \$28,550 and moderate-income families make less than \$45,680. Overall median housing values are approximately 2.67 to 4.27 times the annual income of low- and moderate-

income families. The housing costs relative to income may have a limiting effect on mortgage demand among low- and moderate-income families. There are 43,386 total housing units in the AA, of which 66.60 percent are owner-occupied. Approximately 12.31 percent of the households in the AA live below the poverty level, 33.01 percent receive social security benefits, and 2.77 percent receive public assistance.

We contacted one community contact in the Non-MSA AA. The organization is located in Franklin County, Indiana, and provides community services to the county. The contact identified small business, residential real estate, and agriculture loans as credit needs in the AA. According to the contact, local financial institutions are adequately meeting the credit and CD needs of the community.

Refer to “**Appendix C: Community Profiles for Full-Scope Areas**” for specific details regarding the AA’s demographics.

Scope of Evaluation in Indiana

We conducted a full-scope review of the Non-MSA AA. Our ratings are based on the results from this review. We contacted one community contact during this evaluation. Refer to the “**Description of Institution’s Operations in Indiana**” for details on the community contact.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN INDIANA

LENDING TEST

FCN’s lending performance is satisfactory.

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

Lending to borrowers of different income levels and businesses of different sizes reflects reasonable penetration.

The bank’s distribution of residential real estate loans in the Non-MSA AA reflects reasonable penetration among borrowers of different income levels for loans originated or purchased in 2015 – 2016. Seventy-six percent of the mortgage loans were originated or purchased in the Non-MSA AA. The bank’s lending to moderate-income borrowers reflects reasonable penetration when compared to the percentage of moderate-income families in the AA, with the bank’s level of lending either exceeding or being near to the percentage of AA families. The distribution of loans to low-income families is lower than the percentage of low-income families in the AA, but is overall reasonable. We note that the 9.19 percent overall poverty rate (families below poverty level) in the Non-MSA AA limits lending opportunities, as residents of limited income may encounter difficulty meeting credit underwriting standards. We also considered the median price of housing in the AA (\$121,989) relative to the maximum income of borrowers in the low- and moderate-income category, which demonstrates a significant barrier to homeownership. Refer to “**Appendix C: Community Profiles for Full-Scope Areas**” and “**Description of Institution’s Operations in Indiana**” for more details. Refer to

Table 2 for the distribution of residential real estate loans among borrowers of different income levels.

FCN’s lending to businesses of different sizes is excellent. FCN originated 90 percent of the business loans in our sample to small businesses with annual gross revenues less than \$1 million, which represents excellent penetration. Refer to Table 2A for details on the borrower distribution of business loans in our sample.

Table 2 - Borrower Distribution of Residential Real Estate Loans in the Non-MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% 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	17.54	6.82	18.69	16.48	23.20	27.84	40.57	48.86
Home Improvement	17.54	9.09	18.69	25.45	23.20	23.64	40.57	41.82
Home Refinance	17.54	5.23	18.69	15.03	23.20	24.84	40.57	54.90

Source: Data reported under HMDA for years 2015 and 2016; 2010 U.S. Census data. The above numbers are as of a percentage of loans with borrower income information available.

Table 2A - Borrower Distribution of Loans to Businesses in the Non-MSA AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	79.56	5.47	14.97	100.00
% of Bank Loans in AA by #	90.00	10.00	0.00	100.00
% of Bank Loans in AA by \$	91.09	8.91	0.00	100.00

Source: Loan sample; Dun and Bradstreet data as of June 2016; 2010 U.S. Census data.

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion throughout the AA. As of the 2010 U.S. Census data, there were no low-income CTs and only four moderate-income CTs in the Non-MSA AA. The geographic distribution reflects lending in the majority of CTs in the AA, with no significant gaps in lending in the low- and moderate-income geographies.

The geographic distribution of residential real estate loans in the Non-MSA AA during the evaluation period reflects reasonable dispersion. Forty-five percent of the one-to-four family loans originated or purchased during the lending evaluation period were home purchases, with the level of lending near to the percentage of owner occupied housing in the AA. The level of families below poverty in moderate-income CTs was 20.22 percent, which contributes to the lower level of lending in these CTs as residents of limited income may encounter difficulty meeting credit underwriting standards. Refer to Table 3 for the geographic distribution of residential real estate loans originated or purchased in 2015 – 2016.

The geographic distribution of business loans in our sample reflects reasonable dispersion. The bank originated one of 20 loans in the business loan sample in a moderate-income CT, which is lower than the level of businesses in moderate-income CTs. However, the sample

was limited to just 20 loans and the overall level of lending is considered reasonable. Refer to Table 3A for the geographic distribution of business loans.

Table 3 - Geographic Distribution of Residential Real Estate Loans in the Non-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	0.00	0.00	13.54	9.34	74.05	58.79	12.41	31.87
Home Improvement	0.00	0.00	13.54	8.48	74.05	59.32	12.41	32.20
Home Refinance	0.00	0.00	13.54	4.91	74.05	61.96	12.41	33.13

Source: Data reported under HMDA for years 2015 and 2016; 2010 U.S. Census data.

Table 3A - Geographic Distribution of Loans to Businesses in the Non-MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	0.00	0.00	12.32	5.00	74.29	60.00	13.39	35.00

Source: Loan sample; Dun and Bradstreet data as of June 2016; 2010 U.S. Census data.

Responses to Complaints

FCN has not received any complaints about its performance in helping to meet the AA credit needs during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank’s performance under the CD test is outstanding. FCN’s level of CD loans and investments is excellent.

Number and Amount of Community Development Loans

FCN’s CD lending reflects excellent responsiveness to the CD needs in the Non-MSA AA. FCN originated or renewed nine loans totaling \$1.8 million to borrowers that provide affordable housing and community services to low- and moderate-income individuals.

FCN granted three loans totaling \$744,000 to borrowers that provide affordable housing in the Connersville, Indiana area. The bank originated three loans totaling \$800,000 to borrowers that provide essential services in low- and moderate-income CTs, including healthcare and fire protection services. In addition, FCN granted three loans totaling \$225,000 to community organizations that provides CD services to low- and moderate-income borrowers, including a soup kitchen.

Number and Amount of Qualified Investments

FCN's qualified investment activity represents excellent responsiveness. FCN purchased one qualified CRA investment in 2012 with a book value of \$500,000. As of December 31, 2017, the remaining book value is \$298,119. The bond funds the Great Lakes Capital Fund of Indiana, which is a non-profit community development finance organization that supports affordable housing needs. Primarily, the organization provides low-income housing tax credit investing in the state of Indiana, which includes the bank's AA.

During the CD evaluation period, FCN made at least 113 qualifying donations totaling nearly \$88,000 to 30 different organizations in the Non-MSA AA. The organizations provide services to low- and moderate-income individuals, including local food pantries, homeless shelters, health care services, and local scholarships. In addition, they provided donations to various economic development organizations.

Extent to Which the Bank Provides Community Development Services

CD services provided by the bank represent adequate responsiveness to CD needs. Bank directors, officers, and employees provide technical and financial expertise in the Non-MSA AA. During the CD evaluation period, at least 14 bank officers, directors, or employees provided CD qualifying services to more than 22 community organizations. These organizations provide essential services to low- and moderate-income individuals as well as services to organizations dedicated to promoting economic development. Several bank representatives work with the Franklin County Community Foundation, Fayette County Foundation, Brookville Foundation, and the Ripley County Foundation, which promote the economic vitality of the counties as a whole and provides services to low- and moderate-income individuals. Two bank employees work with United Way, which provides services to many low- and moderate-income individuals.

FCN offers various services to meet the needs of low- and moderate-income individuals. The bank offers three checking accounts with no minimum balance requirements or service charges. The minimum opening deposit requirements range from \$25 to \$50 on these accounts. In 2017, FCN began offering Home Possible and Home Possible Advantage first time homebuyer loan programs through Freddie Mac. These mortgages offer low down payments for low- and moderate-income homebuyers or homebuyers in high-cost or underserved communities.

Responsiveness to Community Development Needs

FCN demonstrates excellent responsiveness to the CD needs of the communities it serves through CD lending, investments, and services. This is driven primarily by the bank's performance in qualified investments, donations to organizations, and CD loans to organizations that serve primarily low- and moderate-income individuals and families.

State Rating

State of Ohio

CRA rating for the State of Ohio: Satisfactory.

The lending test is rated: Satisfactory.

The community development test is rated: Satisfactory.

The major factors that support this rating include:

- FCN's lending to borrowers of different income categories and businesses of different sizes reflects reasonable penetration.
- FCN's performance in lending to geographies of different income levels reflects reasonable dispersion.
- Responsiveness to CD needs through lending, investments, and services is adequate.

Description of Institution's Operations in Ohio

FCN has designated one AA in the state of Ohio, which includes all of Dearborn and Union counties in Indiana and portions of Butler and Hamilton counties in Ohio. This AA is located in the Cincinnati, OH-KY-IN multistate-MSA #17140 (Cincinnati MSA AA). The bank cannot reasonably serve all of Hamilton and Butler Counties given its size and location. The bank's branch is located in Harrison, Ohio, in an upper-income CT near the Ohio/Indiana state line. According to the 2010 U.S. Census data, the AA consists of one low-income CT, five moderate-income CTs, 12 middle-income CTs, four upper-income CTs, and two non-applicable CTs. The Cincinnati MSA AA has a population of 111,580. This AA is contiguous, meets the requirements of the regulation, and does not arbitrarily exclude any low- and moderate-income areas.

Competition in the AA is strong. Key competitors include MainSource Bank, First Financial Bank, and United Community Bank.

The local economy is overall stable. As of February 2018, the average unemployment rates (not seasonally adjusted) were as follows in Indiana: 4.1 percent in Dearborn County and 3.5 percent in Union County. The unemployment rate in the State of Indiana was 3.7 percent and 4.4 percent nationally. The source of the unemployment data is Indiana's Department of Workforce Development, Local Area Unemployment Statistics, as of February 2018. The unemployment rates in Ohio were: 4.1 percent in Butler County and 4.0 percent in Hamilton County, which are both below the 4.8 percent rate for the State of Ohio. The source of the unemployment data in Ohio is the Ohio Department of Job and Family Services/Office of Workforce Development – Bureau of Labor Market Information.

The AA has a diverse mix of industries, including manufacturing, service, retail, and state/local government. Many individuals in the AA commute to jobs in surrounding cities, including Cincinnati and Dayton, Ohio. Major employers include: Hollywood Casino, Miami University, Dearborn County Hospital, Wal-Mart, AK Steel Holding Corporation, and the local school systems.

According to the 2010 U.S. Census data, the median housing value in the Cincinnati MSA AA was \$160,396. Based on the 2016 median family income of \$68,800, low-income families make less than \$34,400 and moderate-income families make less than \$55,040. Overall median housing values are approximately 2.91 to 4.66 times the annual income of low- and moderate-income families. The housing costs relative to income may have a limiting effect on mortgage demand among low- and moderate-income families. There are 43,001 total housing units in the AA, of which 65.47 percent are owner-occupied. Approximately 13.79 percent of the households in the AA live below the poverty level, 26.52 percent receive social security benefits, and 2.29 percent receive public assistance.

Within the last year, we contacted one community contact in the Cincinnati MSA AA. The organization is located in Hamilton County, Ohio, and provides affordable housing solutions to low- and moderate-income individuals and families. The contact identified affordable housing, including rehab and repair lending, as credit needs in the AA. According to the contact, local financial institutions are adequately meeting the credit and CD needs of the community.

Refer to “**Appendix C: Community Profiles for Full-Scope Areas**” for specific details regarding the AA’s demographics.

Scope of Evaluation in Ohio

We conducted a full-scope review of the Cincinnati MSA AA. Our ratings are based on the results from this review. We reviewed one recent community contact that was conducted within the last year. Refer to the “**Description of Institution’s Operations in Ohio**” for details on the community contact.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN OHIO

LENDING TEST

FCN’s lending performance is satisfactory.

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

Lending to borrowers of different income levels and businesses of different sizes reflects reasonable penetration.

The bank’s distribution of residential real estate loans in the Cincinnati MSA AA reflects reasonable penetration among borrowers of different income levels for loans originated or purchased in 2015 – 2016. The bank’s lending to moderate-income borrowers reflected excellent penetration when compared to the percentage of moderate-income families in the AA. The distribution of loans to low-income families was lower than the percentage of low-income families in the AA, but was overall reasonable. We note that the 5.95 percent overall poverty rate (families below poverty level) in the Cincinnati MSA AA limits lending opportunities, as residents of limited income may encounter difficulty meeting credit underwriting standards. We also considered the median price of housing in the AA (\$160,396) relative to the maximum income of borrowers in the low- and moderate-income category, which demonstrates a significant barrier to homeownership. Refer to “**Appendix C:**

Community Profiles for Full-Scope Areas” and “Description of Institution’s Operations in Ohio” for more details. Refer to Table 4 for the distribution of residential real estate loans among borrowers of different income levels.

FCN’s lending to businesses of different sizes is overall reasonable. FCN originated 80 percent of the number of loans in the business loan sample to small businesses with annual gross revenues less than \$1 million, which represent reasonable penetration when compared to the 82.69 percent of AA businesses with annual gross revenues less than \$1 million. Refer to Table 4A for details on the borrower distribution of business loans in our sample.

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	19.27	5.66	18.29	35.85	23.87	28.30	38.57	30.19
Home Improvement	19.27	5.88	18.29	23.54	23.87	35.29	38.57	35.29
Home Refinance	19.27	6.12	18.29	18.37	23.87	24.49	38.57	51.02

Source: Data reported under HMDA for years 2015 and 2016; 2010 U.S. Census data. The above numbers are as of a percentage of loans with borrower income information available.

Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	82.69	5.91	11.40	100.00
% of Bank Loans in AA by #	80.00	20.00	0.00	100.00
% of Bank Loans in AA by \$	81.16	18.84	0.00	100.00

Source: Loan sample; Dun and Bradstreet data as of June 2016; 2010 U.S. Census data.

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion throughout the AA. As of the 2010 U.S. Census data, the bank had one low-income and five moderate-income CTs. The geographic distribution reflects lending in the majority of CTs in the AA, with no significant gaps in lending in the low- and moderate-income geographies. Of the 125 one-to-four family mortgage loans originated or purchased during the lending evaluation period, only 14 percent were home improvement loans.

The geographic distribution of residential real estate loans in the AA during the evaluation period reflects excellent dispersion. With the majority of the loans as home purchase or home refinance, the bank exceeded the percentage of owner occupied housing for home refinance and was very near to the percentage for home purchase loans to moderate-income borrowers. FCN originated 1.82 percent of their home purchase loans in low-income CTs, which exceeds the percentage of owner occupied housing in those tracts. The overall level of owner occupied housing in the low-income CT is low at 1.39 percent, which limits lending opportunities in this CT. The level of families below poverty in low-income CTs was 22.03 percent and 11.67

percent in moderate-income CTs. Refer to Table 5 for the geographic distribution of residential real estate loans originated or purchased in 2015 – 2016.

The geographic distribution of business loans in our sample reflects overall reasonable dispersion. The bank originated one of 20 loans in the business loan sample in a moderate-income CT, which is lower than the level of businesses in moderate-income CTs. However, the sample was limited to just 20 loans. Refer to Table 5A for the geographic distribution of business loans in our sample.

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	1.39	1.82	14.67	14.55	60.77	65.45	23.17	18.18
Home Improvement	1.39	0.00	14.67	5.88	60.77	64.71	23.17	29.41
Home Refinance	1.39	0.00	14.67	15.09	60.77	58.49	23.17	26.42

Source: Data reported under HMDA for years 2015 and 2016; 2010 U.S. Census data. The percentage of owner occupied units is the number of owner occupied units in each particular geography divided by the number of owner occupied units in the area. Two CTs are not-applicable for income categorization, which represents 0.03 percent of the owner occupied housing by geography; therefore these numbers are slightly different than listed in Appendix C for the Cincinnati MSA AA.

Census Tract Income Level	Low		Moderate		Middle		Upper		Not Applicable	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of Businesses	% of Number of Loans
Business Loans	2.58	0.00	28.48	5.00	52.95	55.00	14.98	40.00	1.01	0.00

Source: Loan sample; Dun and Bradstreet data as of June 2016; 2010 U.S. Census data.

Responses to Complaints

FCN has not received any complaints about its performance in helping to meet the AA credit needs during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank’s performance under the CD test is satisfactory.

Number and Amount of Community Development Loans

FCN's CD lending reflects excellent responsiveness to the CD needs in the Cincinnati MSA AA. FCN originated or renewed four loans totaling \$402,000 to borrowers that provide affordable housing to low- and moderate-income individuals in the Lawrenceburg, Indiana and Cincinnati, Ohio areas. Three of the loans include properties located in moderate-income CTs. Affordable housing was an identified credit need in the AA.

Number and Amount of Qualified Investments

FCN's qualified investment activity represents adequate responsiveness. During the CD evaluation period, FCN made 16 qualifying donations totaling nearly \$6,000 to four different organizations in the Cincinnati MSA AA. The organizations provide services to low- and moderate-income individuals, including a local food pantry, homeless shelter, and an organization providing scholarships to low- and moderate-income individuals.

Extent to Which the Bank Provides Community Development Services

CD services provided by the bank represent adequate responsiveness to CD needs. Bank personnel provide technical and financial expertise in the Cincinnati MSA AA. During the CD evaluation period, at least two bank officers and/or employees provided CD qualifying services to more than four community organizations. These organizations provide essential services to low- and moderate-income individuals as well as services to organizations dedicated to promoting economic development. A bank employee from the Harrison branch works with the City of Harrison's Revolving Loan Fund. This fund is used to provide economic development (job creation and/or retention) and assistance to local small businesses. In addition, other bank employees work with the local chamber of commerce and the Union County Redevelopment Commission, with both organizations promoting economic development in the bank's AA.

FCN offers various services to meet the needs of low- and moderate-income individuals. As discussed in the Non-MSA AA section, the bank offers three checking accounts with no minimum balance requirements or service charges and began offering a first time homebuyer loan program through Freddie Mac in 2017.

Responsiveness to Community Development Needs

FCN demonstrates adequate responsiveness to the CD needs of the communities it serves through CD lending, investments, and services. This is driven primarily by the bank's performance in donations to organizations, CD loans, and CD services to organizations that serve primarily low- and moderate-income individuals and families.

Community Development Performance in the Broader Statewide or Regional Area

Because FCN's overall CD performance within the AAs is adequate, we gave positive consideration to CD loans that were originated outside the AAs. The bank originated four loans totaling \$4.1 million to borrowers that provide affordable housing to low- and moderate-income individuals. FCN originated one CD loan totaling \$1.1 million to a public housing

authority in Angola, Indiana. The bank originated two loans totaling \$2.5 million to public housing authorities in Logan and Sandusky, Ohio. These housing projects include HUD and/or Section 8 housing to low- and moderate-income individuals. Additionally one loan was originated for \$540,000 in the Cincinnati, Ohio, area to provide affordable housing in a low-income CT.

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 nonmetropolitan 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): 01/01/2015 – 12/31/2016 Investment and Service Tests and CD Loans: 07/01/2013 – 03/13/2018	
Financial Institution	Products Reviewed	
FCN Bank, National Association (FCN) Brookville, IN	Residential Real Estate and Business Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None	N/A	N/A
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Indiana Non-MSA AA	Full-scope	
Ohio Cincinnati, OH-KY-IN MSA 17140 (Cincinnati MSA AA)	Full-scope	

Appendix B: Summary of State Ratings

RATINGS		BANK NAME	
Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State Rating
FCN Bank, National Association	Satisfactory	Satisfactory	Satisfactory
State:			
INDIANA	Satisfactory	Outstanding	Satisfactory
OHIO	Satisfactory	Satisfactory	Satisfactory

Appendix C: Community Profiles for Full-Scope Areas

State of Indiana

Non-MSA AA

Demographic Information for Full-Scope Area: Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	24	0.00	16.67	75.00	8.33	0.00
Population by Geography	100,966	0.00	14.83	73.10	12.07	0.00
Owner-Occupied Housing by Geography	28,893	0.00	13.54	74.05	12.41	0.00
Businesses by Geography	5,519	0.00	12.32	74.29	13.39	0.00
Farms by Geography	698	0.00	4.01	83.09	12.90	0.00
Family Distribution by Income Level	27,697	17.54	18.69	23.20	40.57	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	10,035	0.00	21.14	71.03	7.83	0.00
Median Family Income	53,037	Median Housing Value				121,989
FFIEC Adjusted Median Family Income for 2016	57,100	Unemployment Rate (2010 U.S. Census)				4.31%
Households Below the Poverty Level	12%					

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2010 U.S. Census, and 2016 FFIEC updated MFI.

Refer to ***“Description of Institution”*** and ***“Description of Institution’s Operations in Indiana”*** for specific details regarding the Non-MSA AA.

State of Ohio

Cincinnati, OH-KY-IN MSA AA

Demographic Information for Full-Scope Area: Cincinnati MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	24	4.17	20.83	50.00	16.67	8.33
Population by Geography	111,580	1.51	20.64	53.35	18.04	6.46
Owner-Occupied Housing by Geography	28,153	1.39	14.66	60.75	23.17	0.03
Businesses by Geography	5,702	2.58	28.48	52.95	14.98	1.01
Farms by Geography	401	1.75	14.96	69.08	14.21	0.00
Family Distribution by Income Level	26,828	19.27	18.29	23.87	38.57	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	10,078	3.17	24.82	59.73	12.24	0.04
Median Family Income	67,016					160,396
FFIEC Adjusted Median Family Income for 2016	68,800	Median Housing Value				
Households Below the Poverty Level	14%	Unemployment Rate (2010 U.S. Census)				4.14%

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2010 U.S. Census, and 2016 FFIEC updated MFI.

Refer to ***“Description of Institution”*** and ***“Description of Institution’s Operations in Ohio”*** for specific details regarding the Cincinnati MSA AA.