



PUBLIC DISCLOSURE

October 4, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Lawrenceburg National Bank
Charter Number 7497**

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

Office of the Comptroller of the Currency

**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 **Lawrenceburg National Bank** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **October 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 as Satisfactory record of meeting community credit needs.

- % The bank has excellent penetration to borrowers of different income levels.
- % The bank makes a substantial majority of their loans within their assessment area.
- % The average loan-to-deposit ratio is reasonable.

DESCRIPTION OF INSTITUTION

Lawrenceburg National Bank (LNB) is a community bank with total assets of approximately \$104 million as of June 30, 1999. The bank is wholly owned by Farmers Capital Bank Corporation, a multi-bank holding company located in Frankfort, Kentucky. LNB has two full service offices within Anderson County and one in Harrodsburg, Kentucky which opened in July 1999, in Mercer County. LNB has three automated teller machines.

LNB offers traditional banking services and lending products. Management focuses lending efforts on their two primary product lines: 1-4 family residential loans and installment loans. LNB's loan portfolio consists of the following: 34% 1-4 family residential, 26% loans to individuals, 12% non-farm/non-residential, 9% commercial and industrial loans, 7% farmland, 6% construction and development, 5% agricultural loans, and 1% other. As of June 30, 1999, net loans and leases represented 61% of the bank's average assets.

There are no legal constraints on the bank's ability to help meet local credit needs. Considering the bank's financial condition and size, the local economy, and other demographic information, management has no impediments to servicing the legitimate community credit needs of their assessment area. Our last examination of this bank was September 1996, at which time the CRA rating was also "Satisfactory record of meeting community credit needs."

DESCRIPTION OF ANDERSON COUNTY

The bank's assessment area consists of Anderson and Mercer Counties. For this analysis, we did not include Mercer County, as the Harrodsburg office only recently opened. Anderson County includes Block Numbering Areas (BNAs) 9501, 9502, 9503, and 9504. It is not located in a Metropolitan Statistical Area (MSA). The assessment area meets the requirements of the regulation and does not arbitrarily exclude low-or moderate income areas. All four BNAs are upper-income. For comparison purposes throughout this report, low-income means less than 50 percent of the weighted average median family income; moderate-income is from 50 to 80 percent; middle-income is from 80 to 120 percent; and upper-income is 120 percent and above.

The bank's main office was moved to Harrodsburg in 1999, however management works in the Lawrenceburg location. Lawrenceburg is the county seat of Anderson County which is a rural county in central Kentucky with a population of approximately 18,000 as of 1998. The 1990 Census median family income for Anderson County is \$31,973. The statewide median family income for non-metropolitan areas was \$28,800 in 1997, \$29,800 in 1998, and \$32,200 in 1999.

The economy of the assessment area is considered to be diversified and stable. The unemployment rate is lower than state and national averages and is currently at 3.1% as of June 1999. Anderson County is described as a "bedroom" community where people live but commute to work outside of the county. Approximately 79% of the county commutes to work outside of Anderson County. Most employment opportunities in Anderson and surrounding counties involve the manufacturing and service industry. Major area employers in the area include Florida Tile, General Cable, Boulevard Distillers & Importers, Universal Fasteners, the Anderson County School System, the state government, and several automotive manufacturers.

Competition from other financial institutions in the county is moderate. The bank's primary competitors include two other banks and a state credit union. There are no finance companies located in Anderson County. Management has identified residential real estate loans and consumer loans as the major credit needs of the community.

A community contact with the Chamber of Commerce in Lawrenceburg, Kentucky, stated that industry is expanding all around Lawrenceburg. The economy is stable and unemployment is decreasing. They stated that the main credit needs in Anderson County are housing and consumer loans.

In understanding the Anderson County loan market and how loan demand is affected, consideration must also be given to the demographics of the assessment area population. Within Anderson County, 10% of the families were low-income, 12% were moderate-income, 18% were middle-income, and 60% were upper-income.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

LENDING IN THE ASSESSMENT AREA

Lawrenceburg National Bank makes a substantial majority of their loans to borrowers inside their assessment area of Anderson County. We sampled 1-4 Family Residential mortgages and installment loans, the bank's two primary loan products, made in 1997, 1998, and 1999. Based on our sample, the bank made approximately 87% of the total number and 93% of the dollar amount of loans to borrowers inside the bank's assessment area. By making a substantial majority of their loans within their assessment area, LNB exceeds the standards for this component of CRA. See the tables on the next page for a breakdown of the loans made by LNB in 1997, 1998, and 1999.

LOAN ORIGINATED WITHIN THE ASSESSMENT AREA (Based on a sample of the bank's 1-4 Family Residential Mortgages and Installment Loans made in 1997)				
	Number of Loans	Percentage of loans	Dollar Amt of Loans	Percentage of Loans
Within the Assessment Area	35	88%	\$871,439	93%
Outside the Assessment Area	5	12%	\$66,352	7%
Totals	40	100%	\$937,791	100%

LOANS ORIGINATED WITHIN THE ASSESSMENT AREA (Based on a sample of the bank's 1-4 Family Residential Mortgages and Installment Loans made in 1998)				
	Number of Loans	Percentage of loans	Dollar Amt of Loans	Percentage of Loans
Within the Assessment Area	35	88%	\$925,298	98%
Outside the Assessment Area	5	12%	\$14,808	2%
Totals	40	100%	\$940,106	100%

LOANS ORIGINATED WITHIN THE ASSESSMENT AREA (Based on a sample of the bank's 1-4 Family Residential Mortgages and Installment Loans made as of June 30, 1999)				
	Number of Loans	Percentage of loans	Dollar Amt of Loans	Percentage of Loans
Within the Assessment Area	34	85%	\$747,173	88%
Outside the Assessment Area	6	15%	\$102,934	12%
Totals	40	100%	\$850,107	100%

LENDING TO BORROWERS OF DIFFERENT INCOMES

The distribution of lending within the assessment area reflects excellent penetration among the different income levels, including low- and moderate-income levels when compared to the demographics of the assessment area. We took a sample of twenty mortgages and twenty installment loans made every year since the last CRA exam in order to determine the bank's compliance with CRA requirements. We sampled mortgages and installment loans because these are the bank's primary product lines. Please refer to the tables below outlining the bank's level of mortgage lending to borrowers of different incomes. These tables indicate the bank is helping to meet the community credit needs for housing and consumer loans as identified by the bank and the community contact performed in Anderson County.

INCOME LEVEL	Percentage of Families Within the Assessment Area*	Percentage of 1-4 Family Res. Mortgages made in 1997	Percentage of 1-4 Family Res. Mortgages made in 1998	Percentage of 1-4 Family Res. Mortgages made in 1999
LOW	10%	10%	25%	15%
MODERATE	12%	20%	5%	15%
MIDDLE	18%	35%	25%	20%
UPPER	60%	35%	45%	50%
TOTALS	100%	100%	100%	100%

* Based on the 1990 Census Bureau Report.

INCOME LEVEL	Percentage of Families Within the Assessment Area*	Percentage of Installment Loans made in 1997	Percentage of Installment Loans made in 1998	Percentage of Installment Loans made in 1999
LOW	10%	25%	30%	20%
MODERATE	12%	20%	35%	40%
MIDDLE	18%	25%	15%	20%
UPPER	60%	30%	20%	20%

INCOME LEVEL	Percentage of Families Within the Assessment Area*	Percentage of Installment Loans made in 1997	Percentage of Installment Loans made in 1998	Percentage of Installment Loans made in 1999
TOTALS	100%	100%	100%	100%

* Based on the 1990 Census Bureau Report.

LNB makes a large number of small dollar installment loans. Anderson County does not have any finance companies where individuals may turn for small dollar loans. LNB has helped fill the consumers' requests for this type of loan. Consequently, LNB has no minimum loan amounts. They established a new loan product called "Easy Line" for small dollar loans. As of June 30, 1999, LNB originated 251 loans in 1999 under \$1000.

LOAN-TO-DEPOSIT RATIO

The bank's average quarterly loan-to-deposit ratio since the last CRA examination is 71%, which is reasonable. As of June 30, 1999, the loan-to-deposit ratio was 69%. LNB's ratio is slightly higher than its national peer group (66%) but is comparable with its local peer in Anderson and surrounding counties. Other similarly situated (i.e. location, size, demographics) banks in the area have average loan-to-deposit ratios ranging from 77% to 96%.

GEOGRAPHIC DISTRIBUTION OF LOANS

The analysis of loan distribution by geographies in Anderson County would not be meaningful since all four census tracts are upper income. Therefore, an analysis of the geographic distribution of loans within Anderson County was not performed.

RESPONSE TO COMPLAINTS

No CRA related complaints have been received since the last examination.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS

We did not identify any violations of the substantive provisions of the antidiscrimination laws and regulations. A sample of five denied and twenty-three approved unsecured consumer loans were reviewed for compliance with Fair Lending. In summary, our sample revealed no evidence that gender played a role in the bank's credit decisions with regard to installment lending.