PUBLIC DISCLOSURE

May 9, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Citizens Bank
RSSD# 786742

425 West Dixie Avenue
Elizabethtown, Kentucky 42701

Federal Reserve Bank of St. Louis

P.O. Box 442
St. Louis, Missouri 63166-0442

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 the 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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INSTITUTION'S CRA RATING: This institution is rated SATISFACTORY.
The Lending Test is rated Satisfactory.
The Community Development Test is rated Satisfactory.

First Citizens Bank (FCB) meets the criteria for a Satisfactory rating based on the evaluation of the bank's lending and community development activities. The factors supporting the institution's rating include:

- The borrower's profile analysis reveals reasonable penetration among individuals of different income levels, including low- and moderate-income (LMI) levels, and businesses of different sizes.

- The geographic distribution of loans analysis reflects reasonable dispersion throughout the bank's assessment area.

- The bank's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.

- A majority of the bank's loans and other lending-related activities are in the bank's assessment area.

- No CRA-related complaints were filed against the bank for this review period.

- The bank's overall community development performance demonstrates adequate responsiveness to the community development needs of its assessment area, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area. The bank has responded to these needs through qualified community development loans, investments, and services.

SCOPE OF EXAMINATION

The bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC's) *Interagency CRA Procedures for Intermediate Small Institutions.* The intermediate small bank examination procedures entail two performance tests, the Lending Test and the Community Development Test. The period of review spanned from the date of the bank's previous CRA evaluation on April 16, 2012 to May 9, 2016.

Lending Test

Under the Lending Test, the bank's performance is evaluated under the following criteria, as applicable.

- Loan distribution by borrower's profile (applicant income or business revenue profile).
- The geographic distribution of loans.
- The bank's average LTD ratio.

- The concentration of lending within the assessment area.
- A review of the bank's response to written CRA complaints.

Lending performance was based on the following loan products and the corresponding time periods displayed in the following table:

Loan Product	Time Period
Home Mortgage Disclosure Act (HMDA)	January 1, 2014 – December 31, 2014
Small Business	
Consumer Home Equity Lines of Credit (HELOCs)	

These three loan categories are considered the bank's primary lines of business based on lending volume by number and dollar amounts and in light of the bank's stated business strategy. Therefore, loan activity represented by these credit products is deemed indicative of the bank's overall lending performance. However, as the bank has a particular emphasis on home mortgage lending, performance based on HMDA loans carried the most significance toward the bank's overall performance conclusions.

Lending Test analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on HMDA and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2010 U.S. Census data; meanwhile, certain business geodemographics are based on Dun & Bradstreet data, which are applicable to the year 2014. When analyzing bank performance by comparing lending activity to both demographic data and aggregate lending data, greater emphasis is generally placed on the aggregate lending data, because it is expected to describe many factors impacting lenders within an assessment area. Aggregate lending datasets are also updated annually and are, therefore, expected to predict more relevant comparisons. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating within the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from $464.2 million to $628.1 million.

Community Development Test

Under the Community Development Test, the bank's performance was evaluated through responsiveness to the following community development needs, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area.

- The number and dollar amount of community development loans.
- The number and dollar amount of qualified investments and grants.
- The extent to which the bank provides community development services.

The review of the bank's performance under the Community Development Test included community development activities initiated during the period from the date of the bank's previous CRA evaluation to this review date. In addition, investments made prior to the date of the previous CRA evaluation, but still outstanding as of this review date, were also considered.

Community Contacts

To augment this evaluation, two community contact interviews were conducted with members of the local community. The interviews were completed to ascertain specific credit needs, opportunities, and local market conditions within the bank's assessment area. Key details from these community contact interviews are included in the *Description of Assessment Area* section.

DESCRIPTION OF INSTITUTION

FCB is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank has one noncredit-granting subsidiary, HBJ Properties, LLC, and is a wholly owned subsidiary of Farmers Capital Bank Corporation, a four-bank holding company headquartered in Frankfort, Kentucky. The bank's branch network consists of six offices in Kentucky, all of which have full-service automated teller machines (ATMs) on site. The bank also operates three standalone ATMs at other locations within its assessment area The bank's main office, two branches, and one standalone ATM are located in the city of Elizabethtown. One branch is located in Shepherdsville, and the remaining two branches and two standalone ATMs are located in the cities of Radcliff and Mount Washington (one in each city). The bank did not open or close any branch offices during this review period. Based on this branch network and other service delivery systems such as full-service online banking capabilities, the bank is well positioned to deliver financial services to its entire assessment area.

For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credits needs of its customers, and the bank appeared capable of meeting assessment area credit needs based on its available resources and financial products. As of March 31, 2016, the bank reported total assets of $303.2 million. As of the same date, loans and leases outstanding were $189.5 million (62.5 percent of total assets) and deposits totaled $253.9 million. The bank's loan portfolio composition by credit category is displayed in the following table:

Distribution of Total Loans as of March 31, 2016		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Construction and Development	$26,550	14.0%
Commercial Real Estate	$66,418	35.1%
Multifamily Residential	$1,755	0.9%
1–4 Family Residential	$73,503	38.8%
Farmland	$369	0.2%
Farm Loans	$26	0.0%
Commercial and Industrial	$5,630	3.0%
Loans to Individuals	$1,590	0.8%
Total Other Loans	$13,641	7.2%
TOTAL	**$189,482**	**100%**

As indicated in the table above, a significant portion of the bank's lending resources is directed to loans secured by 1–4 family residential properties ($73.5 million) and commercial real estate loans ($66.4 million). It should also be noted that a significant portion of the bank's residential real estate loan portfolio consists of HELOCs ($15.7 million).

The bank received a Satisfactory rating at its previous CRA evaluation conducted by this Reserve Bank on April 16, 2012.

DESCRIPTION OF ASSESSMENT AREA

General Demographics

FCB has delineated a single assessment area in the state of Kentucky. This assessment area is comprised of three contiguous counties (Hardin County, Bullitt County, and Jefferson County) in two separate metropolitan statistical areas (MSAs). Hardin County is located in the Elizabethtown-Fort Knox, Kentucky MSA (Elizabethtown MSA), while Bullitt County and Jefferson County are located within the Louisville/Jefferson County, Kentucky-Indiana MSA (Louisville MSA). Jefferson County was not part of the bank's assessment area at the previous examination but was included prior to the start of this examination due to increased HMDA lending in the county in 2014 and 2015. Both MSAs are part of, and thus, the bank's assessment area is located in, the Louisville/Jefferson County-Elizabethtown-Madison, Kentucky-Indiana combined statistical area (Louisville CSA).

The Louisville MSA consists of 12 counties in 2 states, Indiana and Kentucky, separated by the Ohio River. Jefferson County, which contains the city of Louisville, is the largest and most urbanized county in the MSA, with 741,096 residents, representing well over half (60.0 percent) of the MSA's total population. Bullitt County, which has a population of 74,319, is in the southwestern portion of the MSA and contains only 6.0 percent of the entire population of the MSA.

The Elizabethtown MSA consists of three counties, Hardin County, Larue County, and Meade County. Hardin County borders the southern edge of the Louisville MSA; Larue County, in central Kentucky, is the southernmost part of the Elizabethtown MSA; and Meade County sits due west of Louisville on the southern banks of the Ohio River. Hardin County (which contains the city of Elizabethtown) has a population of 105,543 and comprises 71.2 percent of the population of the Elizabethtown MSA.

The Louisville CSA includes the Louisville MSA; the Elizabethtown MSA; the Bardstown, Kentucky micropolitan statistical area; and the Madison, Indiana, micropolitan statistical area.

Income and Wealth Demographics

The bank's assessment area consists of 231 census tracts among 3 counties. At the previous examination, the bank's assessment area contained only 30 census tracts. This significant increase is a direct result of the addition of Jefferson County to the bank's assessment area. Jefferson County is comprised of 191 census tracts, whereas Hardin County and Bullitt County are comprised of 22 and 18 census tracts, respectively, according to 2010 U.S. Census data.

The following table reflects the number and population of the census tracts within the assessment area in each income category.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	34 14.7%	44 19.0%	86 37.2%	64 27.7%	3 1.3%	**231** **100%**
Family Population	22,943 9.9%	35,128 15.1%	104,239 44.8%	70,348 30.2%	0 0.0%	**232,658** **100%**

The previous table reveals that the bank's assessment area contains 34 low- and 44 moderate-income census tracts; however, all low- and 35 moderate-income census tracts are located in Jefferson County. Furthermore, the table shows that 33.7 percent of the census tracts in the assessment area are LMI geographies, but only 25.0 percent of the family population resides in those tracts. By far, the largest portion (44.8 percent) of the assessment area family population resides in middle-income census tracts.

Based on 2010 U.S. Census data, the median family income for the assessment area is $58,763. At the same time, the Elizabethtown MSA median family income was $53,414 and the Louisville MSA income was $60,164. More recently, the FFIEC estimates the 2014 median family income for the Elizabethtown MSA and Louisville MSA to be $57,200 and $64,200, respectively. The following table displays population percentages of assessment area families by income level compared to the Elizabethtown MSA and Louisville MSA family populations as a whole.

Family Population by Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Assessment Area	51,631 22.2%	40,771 17.5%	47,229 20.3%	93,027 40.0%	0 0.0%	**232,658** **100%**
Elizabethtown MSA	7,394 19.4%	7,102 18.7%	8,047 21.1%	15,536 40.8%	0 0.0%	**38,079** **100%**
Louisville MSA	67,830 21.3%	56,485 17.8%	66,376 20.9%	127,391 40.0%	0 0.0%	**318,082** **100%**

Based on the data in the preceding table, the assessment area is similar in affluence to both MSAs. Although the first table in this section indicated that the vast majority of the assessment area families live in middle-income census tracts, this table reveals that a significant portion of assessment area families (39.7 percent) are considered LMI. This LMI family population figure is in line with that of both MSA comparisons, as are the middle- and upper-income family populations of the assessment area. Lastly, the level of assessment area families living below the poverty level (11.2 percent) is only slightly above both the Elizabethtown MSA (10.0 percent) and the Louisville MSA (10.5 percent).

Housing Demographics

Based on housing values, income levels, and rental costs, housing affordability in the assessment area appears to be below the Elizabethtown MSA. In contrast, the assessment area is similar to the Louisville MSA in housing values, median gross rents, and overall affordability ratio. This is based on the figures shown in the following table. Furthermore, community contacts recognized a need for affordable housing in the assessment area, stating that the supply of affordable housing stock for low-income individuals is lacking, and housing options in the area are limited, indicating that housing in the assessment area may be out of reach for some segments of the population.

Housing Affordability			
Dataset	**Median Housing Values**	**Median Gross Rent**	**Affordability Ratio**
Assessment Area	$144,392	$666	31.9%
Elizabethtown MSA	$123,009	$629	37.2%
Louisville MSA	$144,568	$667	33.0%

Industry and Employment Demographics

The assessment area economy is fairly diverse and is supported by a mixture of manufacturing and service-oriented sectors. According to the U.S. Census Bureau 2014 County Business Patterns, by number of paid employees in the assessment area, health care and social assistance plays the lead role (70,544), followed by manufacturing (49,920) and retail trade (49,913).

Furthermore, business demographic data estimate that 88.8 percent of assessment area businesses have gross annual revenues of $1 million or less.

The table below details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area compared to the Elizabethtown MSA and the Louisville MSA. As shown in the following table, unemployment rates in the assessment area have remained between the rates of the Elizabethtown MSA and the Louisville MSA, which have declined over time. The table also shows that unemployment rates have continued to decrease for the assessment area and both MSAs during the review period.

Unemployment Levels for the Assessment Area and MSA Comparisons			
Time Period (Annual Average)	**Assessment Area**	**Elizabethtown MSA**	**Louisville MSA**
2013	7.6%	8.0%	7.3%
2014	6.0%	6.4%	5.8%
2015	4.9%	5.2%	4.7%

Community Contact Information

Information from two community contacts was used to help shape the performance context in which the bank’s activities in this assessment area were evaluated. The interviews were conducted with local economic and business development professionals. The community contacts categorized the economy as stable and improving. Both contacts recognized a need for affordable housing in the assessment area, stating that the supply of affordable housing stock for low-income wage earners is lacking, and housing options are limited. One contact stated that the area was suffering from a lack of small business startups, because small businesses were having difficulties receiving small dollar loans from local financial institutions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

FCB's performance under the Lending Test is satisfactory. The borrower's profile analysis reveals reasonable penetration among individuals of different income levels, including LMI levels, and businesses of different sizes. Secondly, the geographic distribution of loans analysis reflects reasonable dispersion throughout the bank's assessment area. The bank's LTD ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of the bank's loans and other lending-related activities are in the bank's assessment area. Lastly, no CRA-related complaints were filed against the bank for this review period.

Loan Distribution by Borrower's Profile

Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the applicable median family income figure as estimated by the FFIEC ($57,200 for the Elizabethtown MSA and $64,200 for the Louisville MSA in 2014). The bank's overall borrower's profile performance, based on analyses of all three loan categories, is reasonable.

The following table shows the distribution of HMDA loans by borrower income level compared to family population income characteristics and aggregate performance for the assessment area.

Distribution of Loans Inside Assessment Area by Borrower Income
January 1, 2014 through December 31, 2014

	Borrower Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Home Purchase	3	13.6%	6	27.3%	2	9.1%	9	40.9%	2	9.1%	**22**	**100%**
Refinance	2	3.2%	4	6.5%	12	19.4%	21	33.9%	23	37.1%	**62**	**100%**
Home Improvement	1	100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	**1**	**100%**
Multifamily	0	0.0%	0	0.0%	0	0.0%	0	0.0%	2	100.0%	**2**	**100%**
TOTAL HMDA	**6**	**6.9%**	**10**	**11.5%**	**14**	**16.1%**	**30**	**34.5%**	**27**	**31.0%**	**87**	**100%**
Family Population	22.2%		17.5%		20.3%		40.0%		0.0%		**100%**	
2014 HMDA Aggregate	10.2%		19.5%		20.1%		31.3%		18.9%		**100%**	

The bank's total percentage of lending to low-income borrowers (6.9 percent) is significantly below the percentage of low-income families within the assessment area (22.2 percent). Additionally, the bank's lending to low-income borrowers is also below that of other lenders in the assessment area, based on 2014 aggregate HMDA data, which indicates that 10.2 percent of aggregate HMDA loans inside the assessment area were made to low-income borrowers.

The bank's total lending to moderate-income borrowers (11.5 percent) is below the number of moderate-income families in the assessment area (17.5 percent), as well as below that of other lenders, which indicates that 19.5 percent of 2014 aggregate HMDA loans were made to moderate-income borrowers.

Although the bank's LMI lending figures may seem poor initially, overall performance is reasonable when considering that the bank initiates (through broker relationships) a significant number of secondary market HMDA applications from LMI borrowers in their assessment area. During the review period, the bank initiated 58 secondary market HMDA applications that were originated through their broker relationships. Of these 58 loans, 19 (32.8 percent) were made to LMI borrowers. Broken down, 10.3 percent were made to low-income borrowers and 22.4 percent were made to moderate-income borrowers. These percentages are not reflected in the previous table, as they are not formally originated by FCB; however, this activity was considered when determining overall performance. As FCB does not offer all loan types, the bank formally refers applicants to other institutions, which allows them to provide a wider variety of products to LMI borrowers within the bank's assessment area. Additionally, 27 of the bank's 87 HMDA reportable loans were to borrowers with unknown incomes, skewing their performance in relation to aggregate data. Therefore, the bank's lending performance to low- income and moderate-income borrowers is reasonable. Overall, the bank's borrower distribution of HMDA loans by borrower's income level is reasonable.

As with the analyses conducted for the bank's HMDA lending, the bank's distribution of small business loans to businesses of various sizes was also reviewed by borrower's profile. The following table reflects FCB's distribution of small business loans by gross annual business revenue and loan amount compared to Dun & Bradstreet and aggregate data.

Distribution of Loans Inside Assessment Area by Business Revenue
January 1, 2014 through December 31, 2014

Gross Revenue	Loan Amounts in $000s						TOTAL	
	≤$100		>$100 and ≤$250		>$250 and ≤$1,000			
$1 Million or Less	16	25.4%	8	12.7%	9	14.3%	**33**	**52.4%**
Greater than $1 Million/Unknown	6	9.5%	7	11.1%	17	27.0%	**30**	**47.6%**
TOTAL	**22**	**34.9%**	**15**	**23.8%**	**26**	**41.3%**	**63**	**100%**
Dun & Bradstreet Businesses ≤ $1MM							**88.8%**	
Small Business Aggregate ≤ $1MM							**43.0%**	

Based on this analysis of small business loans, FCB is doing a reasonable job of meeting the credit needs of small businesses. The table above demonstrates that 33 of 63 loans reviewed (52.4 percent) were made to businesses with gross annual revenues of $1 million or less. In comparison, 2014 business geodemographic data from Dun & Bradstreet indicate that 88.8 percent of businesses inside the assessment area are small businesses. CRA aggregate data for the assessment area reflects that 43.0 percent of business lending was to small businesses. In addition, 16 of FCB's 33 loans to small businesses (48.5 percent) reviewed were in amounts of $100,000 or less, which indicates the bank's willingness to meet the credit needs of small businesses. Consequently, the bank's borrower's profile performance for the small business loan category is reasonable.

As with the analyses conducted for the HMDA and small business loan categories, the borrower distribution of consumer HELOCs was also analyzed by borrower's income profile. The following table shows the distribution of consumer HELOCs by income level of the borrower compared to household population income characteristics.

Distribution of Bank Loans Inside Assessment Area by Income Level of Borrower January 1, 2014 through December 31, 2014												
	Borrower Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Consumer HELOCs	3	5.1%	11	18.6%	15	25.4%	30	50.8%	0	0.0%	**59**	**100%**
Household Population	24.7%		16.4%		18.1%		40.7%		0.0%		**100%**	

The bank's total percentage of consumer HELOCs to low-income borrowers (5.1 percent) is significantly below the household population (24.7 percent). However, the poverty level in the assessment area is 11.2 percent, which diminishes the number of individuals that might qualify for this product. Furthermore, performance context gathered from community contact interviews indicates that the owner-occupied housing stock in the assessment area is limited, which would further reduce the pool of potential qualified candidates. Even so, the bank's performance is considered poor in relation to the demographic comparator. Conversely, the number of consumer HELOCs to moderate-income individuals (18.6 percent) exceeds the household population comparisons (16.4 percent), reflecting excellent performance. Based on this data and available performance context, the overall distribution of the bank's consumer HELOCs reflects reasonable penetration among individuals of different income levels.

Geographic Distribution of Loans

As previously noted, the bank's assessment area contains 34 low-, 44 moderate-, 86 middle-, 64 upper-, and 3 unknown-income census tracts. The analysis in this section illustrates the distribution of the bank's loan activity across these geographies. Overall, the bank's geographic distribution of loans reflects reasonable dispersion throughout this assessment area based on activity analyzed from all three loan categories.

In determining the overall performance of the bank's geographic distribution of the three loan categories reviewed, greater emphasis was placed on the bank's performance in moderate-income census tracts, because all of the bank's low-income census tracts are located in Jefferson County, which does not contain any bank offices. Additionally, this analysis used 2014 data when arriving at performance conclusions, and Jefferson County was not part of the bank's assessment area prior to 2016.

The following table displays the geographic distribution of HMDA loans compared to owner-occupied housing demographics and 2014 aggregate lending data for the assessment area.

Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2014 through December 31, 2014												
	Geography Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Home Purchase	0	0.0%	0	0.0%	16	72.7%	6	27.3%	0	0.0%	**22**	**100%**
Refinance	3	4.8%	12	19.4%	34	54.8%	13	21.0%	0	0.0%	**62**	**100%**
Home Improvement	0	0.0%	1	100.0%	0	0.0%	0	0.0%	0	0.0%	**1**	**100%**
Multifamily	0	0.0%	2	100.0%	0	0.0%	0	0.0%	0	0.0%	**2**	**100%**
TOTAL HMDA	**3**	**3.4%**	**15**	**17.2%**	**50**	**57.5%**	**19**	**21.8%**	**0**	**0.0%**	**87**	**100%**
Owner-Occupied Housing	5.9%		13.9%		46.5%		33.7%		0.0%		**100%**	
2014 HMDA Aggregate	3.4%		12.7%		46.4%		37.5%		0.0%		**100%**	

The bank's total penetration of low-income census tracts by number of loans (3.4 percent) is below the percentage of owner-occupied housing units in low-income census tracts (5.9 percent) and equal to the performance of other lenders in the assessment area (3.4 percent), based on 2014 HMDA aggregate data, exhibiting reasonable performance.

The bank's total penetration of moderate-income census tracts by number of loans (17.2 percent) is above both the percentage of owner-occupied housing units in moderate-income census tracts (13.9 percent) and the performance of other lenders in the assessment area (12.7 percent), exhibiting excellent performance. When combined, 20.6 percent of the HMDA loans reviewed were made to LMI borrowers, which is above the LMI owner-occupied comparison of 19.8 percent and the 16.1 percent originated by aggregate lenders. Therefore, the bank's geographic distribution of HMDA loans is excellent.

As with the analyses conducted for the bank's HMDA lending, the bank's geographic distribution of small business loans was reviewed. The following table displays the geographic distribution of 2014 small business loans compared to the estimated percentages of businesses located in each geography income category and 2014 small business aggregate data for the assessment area.

Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2014 through December 31, 2014												
	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Small Business Loans	0	0.0%	10	15.9%	34	54.0%	19	30.2%	0	0.0%	**63**	**100%**
Business Institutions	12.5%		13.9%		35.4%		37.8%		0.4%		**100%**	
2014 Small Business Aggregate	10.7%		14.6%		32.7%		40.3%		1.7%		**100%**	

As illustrated in the previous table, the bank's level of lending in the low-income census tracts is below demographic data used for comparison. In fact, the bank did not originate any small business loans to businesses located in low-income census tracts, reflecting poor performance. Conversely, the bank's total penetration of moderate-income census tracts by number of loans (15.9 percent) is considered reasonable, as it is above both the 2014 business geodemographic data, which indicates that 13.9 percent of assessment area businesses are located in moderate-income census tracts, and the performance of other lenders in the assessment area (14.6 percent).

Given the greater emphasis on lending in moderate-income census tracts, the geographic distribution of the bank's small business loans reflects reasonable dispersion throughout the assessment area.

As with the previous two loan categories, the bank's geographic distribution of consumer home equity loans was also reviewed. The following table shows the distribution of consumer home equity loans in each geography income category compared to household population demographics.

Distribution of Bank Loans Inside Assessment Area by Income Level of Geography January 1, 2014 through December 31, 2014												
	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Consumer HELOCs	0	0.0%	8	13.6%	34	57.6%	17	28.8%	0	0.0%	**59**	**100%**
Household Population	11.5%		16.5%		43.1%		29.0%		0.0%		**100%**	

The bank did not originate any consumer home equity loans to borrowers located in low-income census tracts, reflecting poor performance. While lending to low-income tracts is considered poor, both community contacts interviews revealed that the supply of affordable housing in the assessment area is lacking. The lack of affordable housing stock contributes to the bank's challenges in originating HELOC's within LMI tracts.

The bank's level of lending in moderate-income census tracts (13.6 percent) is only slightly below the household population demographic comparison and is considered reasonable. Given the greater emphasis on lending in moderate-income census tracts and context discussed above, the geographic distribution of the bank's consumer HELOCs reflects reasonable dispersion throughout the bank's assessment area.

Loan-to-Deposit (LTD) Ratio

One indication of the bank's overall level of lending activity is its LTD ratio. The following table displays the bank's average LTD ratio compared to those of regional peers with similar focus and branch structure. The average LTD ratio represents a 17-quarter average, dating back to the bank's last CRA evaluation.

LTD Ratio Analysis			
Name	**Asset Size ($000s) as of March 31, 2016**	**Headquarters**	**Average LTD Ratio**
FCB	$303,154	Elizabethtown, Kentucky	74.0%
Regional Banks	$464,166	Bardstown, Kentucky	64.4%
	$506,591	Louisville, Kentucky	99.6%
	$628,064	Cecilia, Kentucky	70.4%

Based on data from the previous table, the bank's level of lending is comparable to that of other banks in the region. During the review period, the quarterly LTD ratio was reviewed and found to represent an increasing trend with a 17-quarter average of 74.0 percent. In comparison, the average LTD ratio for one of the regional peers was higher and represented an increasing trend, while the average LTD ratio for the remaining two peers was lower and represented a decreasing trend. Therefore, compared to data from regional banks, the bank's average LTD ratio is reasonable given the bank's size, financial condition, and credit needs of the assessment area.

Assessment Area Concentration

For the loan activity reviewed as part of this evaluation, the following table displays the number and dollar volume of loans inside and outside the bank's assessment area.

Lending Inside and Outside of Assessment Area ($000s) January 1, 2014 through December 31, 2014						
Loan Type	**Inside Assessment Area**		**Outside Assessment Area**		**TOTAL**	
HMDA	87	85.3%	15	14.7%	**102**	**100%**
	$11,519	78.3%	$3,183	21.7%	**$14,702**	**100%**
Small Business	63	94.0%	4	6.0%	**67**	**100%**
	$13,812	95.1%	$708	4.9%	**$14,520**	**100%**
Consumer HELOCs	59	89.4%	7	10.6%	**66**	**100%**
	$4,622	95.3%	$226	4.7%	**$4,848**	**100%**
TOTAL LOANS	**209**	**88.9%**	**26**	**11.1%**	**235**	**100%**
	$29,953	**87.9%**	**$4,117**	**12.1%**	**$34,070**	**100%**

As shown above, a majority of loans sampled were extended to borrowers or businesses that reside or operate in the bank's assessment area. In total, 88.9 percent of the total loans were made inside the assessment area, accounting for 87.9 percent of the dollar volume of total loans.

Review of Complaints

No CRA-related complaints were filed against the bank during this review period (April 16, 2012 through May 9, 2016).

COMMUNITY DEVELOPMENT TEST

The bank demonstrates adequate responsiveness to community development needs within its assessment area, considering its capacity and the need and availability of such opportunities for community development. The bank has addressed the community development needs of its assessment area through community development loans, qualified investments, and community development services.

During the review period, the bank originated nine community development loans totaling $9.9 million, directly benefiting its assessment area. Among these loans, six were for revitalization and stabilization of moderate-income census tracts and three were for affordable housing.

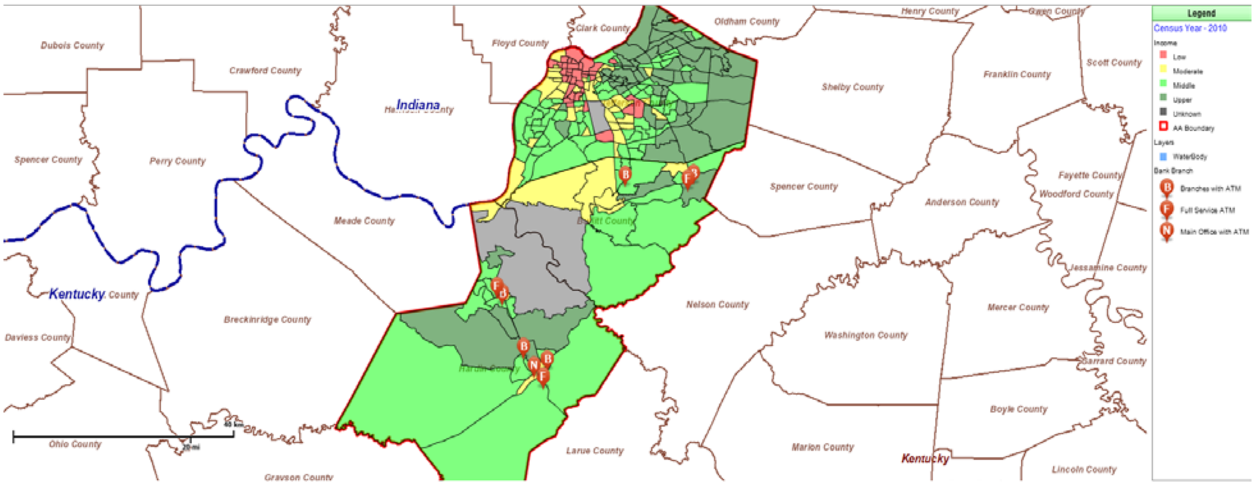
During the review period, the bank made 11 new community development investments totaling $1.9 million. Combined with the $1.0 million in qualified investments made prior to this review period but still outstanding, total investments equaled $3.0 million. In addition to the investments noted above, the bank made 32 donations in its assessment area totaling $57,475. These donations supported community services targeted to LMI individuals and families in the assessment area, revitalization/stabilization efforts, and economic development for small businesses.

In addition, 13 employees of FCB provided 18 community development services to organizations in the bank's assessment area. Consequently, FCB's community development lending, investment, and service record enhances credit availability in the assessment area and supports a satisfactory rating for the Community Development Test.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Based on findings from the Consumer Affairs Examination (including a fair lending analysis performed under Regulation B – Equal Credit Opportunity and the Fair Housing Act requirements) conducted concurrently with this CRA evaluation, no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

ASSESSMENT AREA DETAIL



GLOSSARY

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.

Assessment area: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

Census tract: A small subdivision of metropolitan and nonmetropolitan counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending on 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 contact: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

Community development: An activity associated with one of the following five descriptions: (1) <u>affordable housing</u> (including multifamily rental housing) for low- and moderate-income (LMI) individuals; (2) <u>community services</u> targeted to LMI individuals; (3) activities that promote <u>economic development</u> by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of $1 million or less; (4) activities that <u>revitalize or stabilize</u> LMI geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or (5) Neighborhood Stabilization Program (NSP) eligible activities in areas with HUD-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate-, and middle-income individuals and geographies.

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.

Demographics: The statistical characteristics of human populations (such as age, race, sex, income, etc.) used especially to identify markets.

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) an unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20 percent or more, or (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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 nonrelatives 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-scope 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 who do 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

Household: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing affordability ratio: Is calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

Limited-scope 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: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

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.

Nonmetropolitan statistical area (nonMSA): Not part of a metropolitan area. (See metropolitan area.)

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. 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.

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution’s record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

Performance criteria: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

Performance evaluation (PE): A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

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 multistate 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 multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small businesses/small farms: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were $1 million or less.

Small loan(s) to business(es): That is, "small business loans" are included in 'loans to small businesses' as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of $1 million or less and typically are secured by either nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): That is, "small farm loans" are included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Reports 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.

Underserved middle-income geography: A middle-income, nonmetropolitan geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper-income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more, in the case of a geography.