



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

November 27, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Clinton
Charter Number 14259
P.O. Box 126
114 East Jackson Street
Clinton, Kentucky 42031**

**Office of the Comptroller of the Currency
Evansville Duty Station
P.O. Box 20130
Evansville, Indiana 47708**

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 The First National Bank of Clinton for the time period of November 23, 1992 through November 27, 1996. This document was prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

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

The bank's average loan to deposit ratio over the last two years compares favorably to the ratios of other banks in the area of similar size. The majority of the bank's loans are to customers living within the bank's assessment area.

The following table indicates the performance level of The First National Bank of Clinton with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	THE FIRST NATIONAL BANK OF CLINTON PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio	X		
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	The bank has received no complaints since the prior examination.		

DESCRIPTION OF INSTITUTION

The First National Bank of Clinton (FNB) is a full-service, locally owned bank located in Clinton, Kentucky. On September 30, 1996, FNB had total assets of \$40 million. There are no financial or legal impediments which would hamper the bank's ability to meet the credit needs of the community. The bank's prior CRA rating of "Satisfactory" was assigned on November 23, 1992.

FNB is a full-service lender focusing primarily on residential real estate and consumer lending. As of September 30, 1996, the loan portfolio consisted of 55% real estate loans (33% of which are secured by 1-4 family residential mortgage), 19% consumer loans, 14% agricultural loans, and 12% commercial loans. FNB does not have any branch offices. The bank has one automated teller machine (ATM), located at the main office.

DESCRIPTION OF FNB'S ASSESSMENT AREA

Clinton has a population of 1,700 and is centrally located in Hickman County, Kentucky. Clinton is approximately 45 miles southwest of Paducah, near the Tennessee and Missouri state lines. Bank management defines its assessment area as all of Hickman County, which has a population of 5,500. The assessment area consists of two Block Numbering Areas (BNAs), both of which are designated as middle-income areas (defined as having a median family income between 80% and 120% of the statewide non-MSA median family income of \$26,400). The assessment area follows the regulation guidelines, and does not arbitrarily exclude any low- and moderate-income areas.

The area surrounding Clinton is rural. Businesses in small surrounding towns offer moderate employment and economic support. The economy is highly dependent on agriculture and industrial manufacturing. Major employers include General Tire, Goodyear Tire, and Westvaco Pulp Mill. The unemployment rate in Hickman County is 3.8%, compared to the state average of 5.3%. Small, independent financial institutions are the bank's primary competition.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan to deposit ratio:

The bank's loan to deposit ratio since the last CRA examination averages 82%. This compares favorably to the average loan to deposit ratio of other banks of similar size in Western Kentucky. Analysis of FNB's primary competition revealed that their average loan to deposit ratios over the last two years ranged from 46% to 71%. FNB sells housing loans on the secondary market. The bank's loan to deposit ratio as of September 30, 1996 is 89%, including loans that were originated and sold on the secondary market in 1996.

Lending in assessment area:

We analyzed information from 262 loans totaling \$14,221,000, that originated between November 23, 1992 and November 27, 1996 to determine the extent of the bank's lending within the assessment area. The following table shows the results of the analysis:

Table 1 Loans Originated in the Assessment Area November 23, 1992 through November 27, 1996				
Type of Loans:	Total Loans Reviewed		% of Loans Originated within the Assessment Area	
	#	\$	#	\$
Residential Mortgage	199	\$5,300,000	72%	69%
Business	29	\$5,749,000	72%	64%
Farm	34	\$3,172,000	65%	63%
TOTAL	262	\$14,221,000	71%	66%

Table 1 reveals that FNB originates a majority of its loans within the assessment area. Of the residential mortgage loans we analyzed that originated between November 23, 1992 and November 27, 1996, 72% of all loans (69% of the dollar volume) are secured by real estate located in the assessment area. Of the 29 business loans and 34 farm loans we analyzed, 72% of the business loans (64% of the dollar volume) and 65% of the farm loans (63% of the dollar volume) are to borrowers located in the assessment area. Overall, 71% of the 262 loans and 66% of the dollar volume are extended to borrowers living within FNB's assessment area.

Lending to borrowers of different incomes and to businesses of different sizes:

We reviewed loan data from all 65 home loans that the bank originated between January 1, 1996 and November 27, 1996 to determine the bank’s record of extending home loans to individuals of different income levels. Table 2 reveals the percentages of loans made to mortgage loan borrowers of different income levels:

Table 2 Mortgage Loans Originated by Borrower Income January 1, 1996 through November 27, 1996				
Borrower Income *	Number of Loans		Dollar Volume	
	#	%	\$	%
Low-income	6	9%	\$189,000	10%
Moderate-income	11	17%	\$132,000	7%
Middle-income	14	22%	\$355,000	19%
Upper-income	34	52%	\$1,194,000	64%
TOTAL	65	100%	\$1,870,000	100%

*The non-MSA median family income for the state of Kentucky is \$26,400. The income categories are defined as less than 50%, 50% to 80%, 80% to 120%, and over 120%, respectively, of \$26,400.

Table 2 reveals that FNB makes credit services available to individuals of all income levels. A reasonable amount of loans are originated to low- and moderate-income borrowers.

We sampled 63 business and farm loans to determine the bank's record of extending loans to businesses and farms of different sizes. The results are as follows:

Table 3 Business and Farm Loans November 23, 1992 through November 27, 1996		
Annual Revenue:	#	\$
\$0 - \$100,000	15	\$723,000
\$100,001 - \$250,000	10	\$1,130,000
\$250,001 - \$500,000	24	\$2,169,000
\$500,001 - \$1,000,000	7	\$1,137,000
Total Loans - \$1,000,000 or less	56	\$5,159,000
% of Loans - \$1,000,000 or less	89%	58%
Greater than \$1,000,000	7	\$3,762,000

Table 3 reveals that the bank makes loans to businesses and farms of different sizes. Of the 63 business and farm loans reviewed, 56 (89%) or \$5,159,000 (58%) are to entities with annual revenues of \$1,000,000 or less.

Geographic distribution of loans:

Hickman County contains two middle-income BNAs. The bank's management performs a detailed analysis that shows that the bank's credit services reach throughout Hickman County. We reviewed the bank's analysis and concur with this conclusion.

Response to complaints:

The bank has received no letters from the public regarding its CRA activities.

Compliance with antidiscrimination laws:

We tested the bank's compliance with the Equal Credit Opportunity Act and the Fair Housing Act. We identified no violations of the substantive provisions of these antidiscrimination laws and regulations.