



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

June 9, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank Of Mayfield
Charter Number 2245**

**101 East Broadway
Mayfield, KY 42066**

**Comptroller of the Currency
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NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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 First National Bank of Mayfield, Mayfield KY as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of June 9, 2003. 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 conclusion is based on the following:

- **A substantial majority of loans are made in the assessment area.**
- **The bank has a good distribution of loans to borrowers of different income levels and businesses of different sizes.**
- **The loan-to-deposit ratio is good given the bank's size, financial condition, and the assessment area credit needs.**
- **The geographic distribution of lending reflects a reasonable distribution of loans throughout the assessment area.**

DESCRIPTION OF INSTITUTION

First National Bank of Mayfield (FNB) had total assets of \$161 million and loans of \$104 million as of March 31, 2003. The bank is located in western Kentucky approximately 170 miles north of Memphis, TN. The bank's primary business focus is commercial real estate, residential real estate and consumer loans with the loan portfolio representing approximately 65% of total assets. As a percentage of Tier 1 Capital, commercial real estate loans represented 270%, residential real estate loans represented 189%, and consumer loans represented 143%. The loan portfolio composition is as follows:

Loan Type	\$ Volume (000)	% Of Portfolio
Commercial Real Estate	36,122	35
Residential Real Estate	25,198	24
Consumer	19,090	18
Agricultural and other	23,938	23
Total	\$104,348	100%

FNB operates only in Kentucky, with four branches located in; Farmington, Wingo and two in Paducah. The bank has no stand alone ATM's and the main facility is located in Mayfield. The bank offers a full range of banking services that are accessible at all locations. The bank's holding company is Jackson Financial Corporation located in Mayfield and has total assets of \$164 million. They are not an interstate bank and are not in an MSA. There are no legal, merger and acquisition, or financial constraints that prohibit the bank from meeting assessment area credit needs. The last CRA evaluation is dated March 1998, with the rating of "Satisfactory".

Within their assessment area, the bank's deposit competition consists of three regional banks and ten local state and national banks. See the table below for a breakdown of deposit market shares as of June 30, 2002.

Deposit Market Share Within Assessment Area			
	FNB	Regional Banks	Local Banks
As of 6/30/02	11%	59%	30%

DESCRIPTION OF ASSESSMENT AREA

FNB's assessment area consists of Graves and McCracken counties. The updated 1990 U.S. Census median family income for non-Metropolitan Statistical Areas in Tennessee, including the assessment area for the two counties was \$36,300. This number is used to determine the income level of families in the assessment area. FNB's assessment area is comprised of six (5) moderate-income, eight (8) middle-income and twelve (12) upper-income census tracts. The bank's assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude any low and moderate-income geography.

According to the updated 1990 U.S Census demographic data, the reported population of the assessment area was 96,429. Eighteen percent of the households showed income below the poverty level. The 2002-updated median family income is \$36,300. This income figure is updated annually and is used to determine the income level of individual applicants. There are 28,036 families in the assessment area of which: 4,633 (17%) are low-income, 3,949 (14%) are moderate-income, 5,147 (18%) are middle-income and 14,307 (51%) are upper-income families. The average cost of housing in the assessment area is \$43,805 with owner occupied housing representing 66% of the population.

The assessment area has a history of unemployment that is similar to the State of Kentucky and national averages. The latest unemployment data shows the national unemployment average of 5.8%. The state of Kentucky shows 5.6%, with the combined assessment area of Graves and McCracken counties averaging 5.7%. The unemployment rate can best be explained by the stable employment market.

The bank's assessment area is primarily service, manufacturing, and retail trade. Major employers within the assessment area consist of General Tire, Con-Agra and Pella Windows. There are several smaller businesses located in the area such as Remington Firearms, and the Jackson Purchase Medical Center.

One community contact was made during this CRA review period. According to the community based development contact person there were no credit needs identified that have not been adequately satisfied by area financial institutions.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The calculated loan-to-deposit ratio of 87% meets the standards for satisfactory performance. For purposes of the loan-to-deposit ratio, the quarterly loan-to-deposit ratio was calculated for the twenty-one quarters since the last CRA review. The bank's capacity to lend is good. There is one similarly situated institution with a loan to deposit ratio of 86%.

Lending in Assessment Area

The level of lending inside and outside the assessment area meets the standards for satisfactory performance. A majority of loans and other lending-related activities are in the bank's assessment area. As of December 31, 2002 there were a total of 3,846 loans inside the bank's assessment area. This represents 81% of the dollar amount of loans and 85% of the number of loans.

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

A sample of sixty loans, with twenty loans from each of the major loan types, was reviewed to determine the distribution of loans by borrower income. The distribution of loans reflects reasonable penetration among individuals in all income levels (including low and moderate income), given the demographics of the assessment area.

Distribution of Consumer and Real Estate Loans in Assessment Area by Borrower Income										
	Low		Moderate		Middle		Upper		Total	
	#	%	#	%	#	%	#	%	#	%
Family within Census Tracts	4,633	17%	3,949	14%	5,147	18%	14,307	51%	28,036	100%
Borrower Distribution of Loans	6	15%	6	15%	11	28%	17	42%	40	100%

FNB also has a good record of making loans to small businesses and small farms of different sizes. The farm and commercial loans reviewed showed that the bank makes loans to large and small businesses.

Distribution of Business Loans in Assessment Area by Revenue and Loan Size										
	Revenue Under \$1 Million		Revenue Over \$1 Million		Loan Size Under \$1 Million		Loan Size Over \$1 Million		Total	
	#	%	#	%	#	%	#	%	#	%
Business & Farms Loans	14	70%	6	30%	18	90%	2	10%	20	100%

Geographic Distribution of Loans

FNB's geographic lending performance meets the standards for satisfactory performance and reflects a reasonable distribution of loans throughout the assessment area. The bank has a low penetration of lending in moderate-income census tracts. These tracts are primarily located in the Paducah business district, which has a small volume of individual residences. This accounts for the low number of loans and the larger average loan size.

Bank generated distribution reports reflect the following geographic distribution:

Geographic Distribution of Loans by Census Tract Income Level

Census Tract Income Level	Census Tract in Assessment Area	Number of Loans	Percentage	Dollar Amount in Millions	Percentage
Low	0	0	0%	\$ 0	0%
Moderate	6	137	4%	\$11.1	12%
Middle	8	2,323	60%	\$49.7	52%
Upper	12	1,386	36%	\$33.8	36%
Total	26	3,846	100%	\$94.6	100%

Responses to Complaints

No complaints have been received from the public specifically related to the bank's performance in helping to meet community credit needs.

Fair Lending Review

An analysis of three years public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in 1998.