

PUBLIC DISCLOSURE

June 28, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Oxford
Charter Number 9865

1203 Jackson Street
Oxford, Mississippi 38655

Office of the Comptroller of the Currency
80 Monroe Avenue, Suite 505
Memphis, Tennessee 38103

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 First National Bank of Oxford prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of June 28, 1996. 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 First National Bank of Oxford (FNB) meets the standards for satisfactory performance with regards to each of the performance criteria. The bank's average loan to deposit ratio was approximately 66% over the past ten quarters. A majority of the bank's loans are within the assessment area. The bank has reasonably penetrated all income segments and census tracts within the assessment area. The bank has been successful in lending to small businesses and farms within their assessment area. The bank has not received any complaints related to its CRA performance.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>(NAME OF FINANCIAL INSTITUTION)</u> 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	No complaints have been received regarding the bank's performance under the Community Reinvestment Act.		

DESCRIPTION OF INSTITUTION

FNB has approximately \$121 million in total assets. The bank has a main office and three branches located throughout the city of Oxford, Mississippi. The bank has also opened a temporary main office during the renovation phase of the main office, which should be completed by the Spring of 1997. The bank has two automated teller machines (ATM's). One is located at the main office, and the other is on the University of Mississippi campus. FNB is 100% owned by First National Holding Company.

FNB's loan portfolio consists primarily of installment real estate (43%), consumer installment (22%), and commercial real estate loans (18%). Loan applications are accepted at the main office as well as the North Lamar and University branches. There are no legal impediments or other factors which would prevent the bank from fulfilling its obligations in meeting the credit needs of Lafayette County.

DESCRIPTION OF LAFAYETTE COUNTY

FNB has designated all of Lafayette County as its assessment area. This assessment area includes five census tracts (one moderate, three middle, and one upper income tract). There are no low income census tracts within the Lafayette County assessment area. According to the 1990 census data, Lafayette County has a population of 31,826. Census information showed the median family income for Lafayette County to be \$23,768. This figure was above the 1990 statewide average of \$21,994 for non-metropolitan areas.

The primary businesses in the area are service or retail trade oriented. The University of Mississippi is the major employer in the area. Unemployment is typically low and below the state average. Discussions with community representatives revealed a need for affordable housing and down payment assistance for small businesses. Lafayette County is serviced by FNB and branches of three other regional financial institutions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan to Deposit Ratio

The bank's average loan-to-deposit ratio is 63%. This ratio was calculated using the quarter-ending financial data for net loans to total deposits from 12/93 to 3/96, which is the time frame since the last CRA examination. Information for other banks in the assessment area was unavailable for review, but the average net loan to deposit ratio for similarly sized peer banks on a nationwide basis was 68% over the same time period.

Lending in Assessment Area

A majority of the bank's loans are located within the assessment area. According to reports provided by the bank, approximately 82% of the dollar amount of the bank's loans and 79% of the number of loans are located within Lafayette County.

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

We utilized bank provided reports to determine the distribution of loans by borrower income. These reports reflected information for the time frame 1/1/96 to 4/1/96. During this time, the bank made 534 consumer loans totaling \$6,708M within its assessment area. Of these loans, 11% were made to low income borrowers, 23% to moderate income borrowers, 24% to middle income borrowers, and 42% to upper income borrowers.

Virtually all of the bank's business and farm loans are made to small businesses and small farms. As of 3/31/96, the bank had \$23,659M small business loans and \$1,209M small farm loans. These figures represent 34% and 2% of the bank's total loan portfolio.

Geographic Distribution of Loans

As of 4/2/96, the bank had analyzed the distribution of approximately 80% of its loan portfolio. Reports provided by the bank show the following loan distribution:

CENSUS TRACT	# OF LOANS	%	\$ AMT OF LOANS	%
MODERATE	287	8	6,131	13
MIDDLE	868	26	10,218	22
UPPER	2,217	66	30,936	65
TOTAL	3,372	100	47,285	100

The reports show that the bank penetrated 100% of its assessment area with some form of credit activity. There were no census tracts with little or no loan penetration.

Response to Complaints

FNB has not received any complaints from community members regarding its CRA performance. FNB is in compliance with the substantive provisions of the

antidiscrimination laws such as the Equal Credit Opportunity Act and Fair Housing Act. Our examination did not disclose any violations of law or other weaknesses regarding fair lending practices.