



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

March 24, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Pawnee
Charter Number 5224**

**601 Harrison
Pawnee, Oklahoma 74058**

**Office of the Comptroller of the Currency
Southwestern District
500 N. Akard, 1600 Lincoln Plaza
Dallas, Texas 75201-3394**

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 Pawnee** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of March 24, 1997. 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**.

First National Bank of Pawnee has a good loan-to-deposit ratio and a substantial majority of lending is within the bank's assessment area. Lending patterns reflect a reasonable penetration among individuals of different income levels and to small farms.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>First National Bank of Pawnee</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	Not meaningful		
Response to Complaints	No complaints have been received since the prior examination.		

DESCRIPTION OF INSTITUTION

First National Bank of Pawnee (FNB) has one office located in the city of Pawnee, the county seat of Pawnee County, Oklahoma. Total assets are \$48 million. The financial condition of the bank is good; there are no legal impediments or other factors which inhibit this bank from meeting the credit needs of its assessment area. The last CRA examination was performed as of April 25, 1994, and resulted in a "Satisfactory record of meeting community credit needs." The bank faces a moderate level of competition from other financial institutions within the assessment area. Net loans represent 61% of total assets. The primary business focus is agriculture related, with 25% of the lending portfolio centered in agriculture loans.

DESCRIPTION OF PAWNEE COUNTY

The assessment area has been designated as Pawnee County which is a non-MSA county. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. No tracts have been designated as low- or moderate-income geographies in Pawnee County. There are four middle and one upper income tracts. The population of Pawnee County, according to the 1990 census data, is 15,575. The city of Pawnee has a total population of 2,197. The 1990 United States census median family income for Pawnee County is \$25,454.

Major employers in the area are The City of Pawnee and Pawnee Hospital 140; United Community Action 100; Pawnee schools 90; and Pawnee County Court House 80. Unemployment levels are minimal.

Credit needs in the assessment area are centered in small farm operating loans and small dollar general consumer and commercial loans. There are five financial institutions located in the bank's assessment area. Two commercial banks, including this bank, are located in the city of Pawnee. Both banks are locally-owned unit banks.

One community contact was made during this examination. It was with the Pawnee Chamber of Commerce. Information obtained during this meeting did not identify any unmet credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan-to-Deposit Ratio

First National Bank has a good loan-to-deposit ratio. It has averaged 65% since the last CRA evaluation. Currently, the loan-to-deposit ratio is 70%, compared to 44% for similarly situated institutions which include community banks engaged primarily in agricultural and

commercial lending in the assessment area. The bank holds approximately \$7 million in loans purchased

from banks located outside the assessment area. Purchased loans account for approximately 24 percent of the bank's loan portfolio.

Lending in the Assessment Area

A substantial majority of lending is inside the assessment area. An analysis of the entire loan portfolio revealed that approximately 76% of loans were made to customers residing in the assessment area.

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

An analysis of the loan portfolio reflects a reasonable distribution of loans to borrowers of all income levels, including those with low- or moderate-income levels. Real estate mortgage and automobile purchase loans reflect the following income level distribution: low 38%; moderate 13%; middle 16%; and upper 33%.

Most of the agriculture loans originated by the bank are to small farms with gross annual revenues of less than one million. Small farm loans cover a wide range of loan amounts and a wide range of gross annual revenues.

Geographic Distribution of Loans

A geographic distribution analysis of lending patterns throughout the assessment area was not performed. The assessment area encompasses a large geographical area which includes a very diverse population representing all income categories. Therefore, a geographical lending analysis would not be meaningful.

Response to Complaints

No consumer complaints have been received since the last examination. No violations of the substantive provisions of anti-discrimination laws and regulations were identified.