



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

November 25, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Hoxie
Charter Number 5687**

**801 Main Street
Hoxie, Kansas 67740**

**Comptroller of the Currency
Kansas City North – Salina Office
P. O. Box 616
Salina, Kansas 67401-0616**

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.

INSTITUTION'S CRA RATING:

This institution is rated Satisfactory.

- The First National Bank of Hoxie (First National) has a good record of lending to farms and businesses of different sizes.

The distribution of agricultural borrowers of different sizes is satisfactory. Based on 20 borrowers sampled, the bank's distribution to farms of different sizes reasonably approximates demographic information. Eighty-five percent of the loans were to borrowers with less than \$500,000 in gross annual income, slightly below county demographic information showing 94% in that category. Demographic information was obtained from the United States Census Bureau's 1997 Census of Agriculture.

The distribution of commercial borrowers also reflects good penetration of businesses of different sizes. Based on the 20 borrowers sampled, 85 percent of commercial borrowers have gross annual revenue of less than \$1 million. Lending to businesses with gross annual revenue of less than \$1 million is slightly below county demographic information showing 95 percent of the businesses in that category. Demographic information was obtained from 2002 Dunn and Bradstreet data.

- First National originated a majority of its loans within its assessment area. The bank originated 83 percent of agricultural loans sampled by dollar volume and 84 percent of commercial loans within its assessment area.
- The bank's average loan-to-deposit ratio since the last examination is reasonable and reflects responsiveness to the assessment area's (AA) credit needs.

The bank's average loan-to-deposit ratio over the past 16 quarters meets the standards for satisfactory performance. The bank's average ratio of 71 percent was comparable to the ratios of similarly situated banks in the AA. Comparably situated banks operating in the AA average ratios ranged from 68 percent to 87 percent.

- An analysis of the geographic distribution of loans is not applicable because there are no low- and moderate-income geographies in First National's assessment area.
- First National has not received any consumer complaints regarding its CRA performance during the evaluation period.
- We found no evidence of illegal discrimination or other illegal credit practices.

DESCRIPTION OF INSTITUTION

First National is a \$67 million institution located in Hoxie, Kansas. The bank received a “Satisfactory” rating at the last Community Reinvestment Act (CRA) examination dated August 23, 1999. The bank’s primary loan products by dollar volume and number are agricultural and commercial loans. There are no legal or financial factors that impede the First National’s ability to help meet the credit needs of the assessment area. Refer to the bank’s CRA Public File for more information.

DESCRIPTION OF ASSESSMENT AREA

First National’s assessment area is Sheridan County. It is composed of two middle-income block numbering areas, #9526 and #9527. Refer to the bank’s CRA Public File for more information.