



**Comptroller of the Currency
Administrator of National Banks**

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PUBLIC DISCLOSURE

December 6, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Douglas National Bank
Charter Number 14860**

**555 S.E. Kane Street
Roseburg, Oregon 97470**

<p>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.</p>

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 **Douglas National Bank** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of December 6, 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 bank's rating is satisfactory because its loan to deposit ratio is reasonable. A large majority of the bank's credit extensions are within its assessment area, and the distribution of its credit extensions among businesses of different sizes and borrowers of different incomes is good. Geographic distribution of the bank's credit is also reasonable.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	Douglas National Bank 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 regarding its CRA performance.		

DESCRIPTION OF INSTITUTION:

Douglas National Bank (DNB) is a retail banking institution providing general banking services to the residents of Douglas County, Oregon. The bank was founded in 1959 and has five branches and five ATMs. DNB has total assets of \$95 million and is a wholly owned subsidiary of United Bancorp, a bank holding company. The bank is the primary asset of the holding company constituting all but a small portion of the holding company's assets.

The bank's main office is in Roseburg, Oregon. In addition to one other office in Roseburg, DNB has four offices in the communities of Sutherlin, Winston, Glide and Drain. All these communities are within Douglas County.

DNB's lending focus is primarily on business and commerce. The bank also offers consumer loans and loans for agriculture. DNB provides access to long term residential mortgage credit for its customers through brokerage activities on behalf of another financial institution. The bank occasionally provides short term or bridge residential mortgage financing for its customers.

As of September 30, 1996, 63% of the bank's loan portfolio consisted of real estate loans, primarily commercial, 23% of the loan portfolio was non-real estate secured business loans, 10% were consumer loans, and 5% was loans for agriculture (Percentages are greater than 100% due to rounding).

The bank received a rating of "Satisfactory record of meeting community credit needs" at the date of its last evaluation, December 8, 1993.

DESCRIPTION OF DOUGLAS COUNTY:

Douglas County is generally rural and sparsely populated. There were only 94,649 residents in the entire county at the date of the last census in 1990. The county covers an area of 5,071 square miles. Over half the land is owned by the federal government and is under management by the U.S. Forest Service and the Bureau of Land Management.

Historically, timber related activities have been a major source of employment in Douglas County. The county contains 2.8 million acres of commercial forest land and is reported to have the largest stand of old growth timber in the world. Besides timber related jobs, service activities, government, medical, and professional work are also significant sources of employment in the county.

The board and senior management have determined the bank's assessment area to be most of the northern portion of Douglas County. The southern portion of Douglas County which includes the communities of Riddle, Glendale, Canyonville, and Tiller is excluded. The northwestern portion of Douglas County which contains the city of Reedsport is also excluded. The bank excludes these areas because they have no offices located in the areas, and historically the great majority of their business does not come from these excluded areas.

According to 1990 census data, the population of the bank's assessment area is 78,480, 83% of the entire population of the county. There are no low income Block Numbering Areas (BNAs) in the bank's assessment area or the entire county of Douglas. Of the 17 BNAs in the bank's assessment area, two BNAs are moderate income (12%), eleven BNAs are middle income (65%), and four BNAs are upper income (24%). HUD median family income for the bank's assessment area is \$33,100. Roseburg, the location of the bank's main office and one branch, is the Douglas County seat. The population of Roseburg, at the date of the last census, was approximately 17,000.

DNB's assessment area complies with regulations and does not arbitrarily exclude any low, or moderate-income areas.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan to Deposit Ratio

- o The bank's loan to deposit ratio is reasonable.**

DNB's loan to deposit ratio during the eight quarter period from 7/1/94 through 6/30/96 averaged 58.2%. This is reasonable when compared to three similarly situated banks based on asset size and location. The three similarly situated banks had average loan to deposit ratios over the same eight quarters of 52.5%, 63.1%, and 69.2%.

Lending in the Assessment Area

- o DNB's record of lending in the assessment area is excellent.**

Internal bank records show that the bank has a good record of lending in its assessment area. An analysis of the bank's entire loan portfolio shows that 1,279 loans of a total of 1,380 loans outstanding are in the bank's assessment area. The 1,279 loans in the assessment area represent 92.68% of all loans outstanding.

An analysis of current production for 1995 and 1996 to date shows the bank made only 30 of 552 loans reviewed (5%) outside its assessment area. The dollar amount of these loans at \$5.2 million is 24% of total lending of \$22 million. The remaining \$16.8 million (76%) was within the bank's assessment area.

Lending to Businesses of Different Sizes

- o The bank's record of lending to businesses of different sizes is good.**

An analysis of the bank's loan production records for 1996 shows that DNB has a good distribution of loans to businesses of different sizes. A review of bank loan production records for 1996 is set forth in the table below. This table shows the number, dollar amount, and percentage by number and dollar amount of loans to businesses with annual revenue over \$1 million, loans to businesses with annual revenue above \$500 thousand but less than \$1 million, and loans to businesses with annual revenue less than \$500 thousand.

**Douglas National Bank
Loans to Businesses of Different Sizes 1996**

Size of Business	>\$1 Million	<\$1 Million >\$500 Thousand	<\$500 Thousand
# and (%)	56 (23%)	33 (14%)	154 (63%)
\$ and (%)	\$10.6 Million (62%)	\$1.8 Million (11%)	\$4.6 Million (27%)

Lending to Borrowers of Different Incomes

o DNB's Lending to Borrowers of Different Incomes is Reasonable

A review of the bank's consumer loan production for 1996 to date in its assessment area shows that the bank has a reasonable distribution of loans among borrowers of different income levels. The table below shows the number, dollar amount and percentages of these loans by various income levels. The percentage of families in the bank's assessment area at various income levels is also set forth for comparison.

**Consumer Loans to Borrowers of Different Incomes
1996 to Date**

Category	Low Income	Moderate Income	Middle Income	Upper Income
# (%)	4 (5%)	17 (21%)	23 (29%)	36 (45%)
\$(000) (%)*	\$44.5 (2%)	\$291.6 (15%)	\$693.3 (37%)	\$857.5 (45%)
Families (%)	19.90%	19.96%	24.49%	35.62%

* Percentages do not equal 100% due to rounding.

Geographic Distribution of Loans

- o DNB's geographic distribution of loan originations to Block Numbering Areas of different income levels is reasonable.**

A review of the bank's loan production for 1995 and 1996 to date shows that the geographic distribution of loans among Block Numbering Areas of different income levels is reasonable.

The following table shows the distribution of loans by number and dollar amount for 1995 and 1996 to date combined. The table shows the percentage of loans by number and dollar amount in all of the different income areas. For comparison, the table discloses the percentage of areas for each income level and the percentage of households in the various areas.

**Geographic Distribution of Loans by Income Level
1995 - 1996 Year to Date (000)**

Category	Low Income BNA*	Moderate Income BNA	Middle Income BNA	Upper Income BNA
# Loans (%)	-0-	39 (7%)	370 (71%)	113 (22%)
\$ Loans (%)	-0-	\$387 (2%)	\$13,271 (79%)	\$3,176 (19%)
# BNAs (%)	-0-	2 (12%)	11 (65%)	4 (24%)
# Households % Households	-0-	3,322 (11%)	20,740 (70%)	5,705 (19%)

* The bank has no low income BNAs in its assessment area, nor are there any in the county.

Response to Complaints

Douglas National Bank has not received any complaints regarding the bank's CRA performance since the last examination on December 8, 1993.

Other Items

The bank is in compliance with the substantive provisions of the ant-discrimination laws and regulations. These include the Equal Credit Opportunity Act and the Fair Housing Act. Based on our loan sampling during our examination, we found no evidence of disparate treatment or prohibited discrimination against any protected classes.