



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

July 22, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Fleming
Charter Number 11571**

**201 North Logan
Fleming, Colorado 80728**

**Comptroller of the Currency
50 Fremont Street, Suite 3900
San Francisco, California 94105**

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 **The First National Bank of Fleming** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of July 22, 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 Fleming’s lending performance reflects satisfactory responsiveness to its community credit needs. The loan-to-deposit ratio is reasonable and comparable to that of other local institutions. The bank makes a substantial majority of its loans within its assessment area. In addition, the distribution of borrowers reflects good penetration among individuals of different income levels and businesses of different sizes.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	The First National Bank of Fleming 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	Insufficient income variation to perform a meaningful analysis.		
Response to Complaints	No complaints were received since the last examination.		

DESCRIPTION OF INSTITUTION:

First National Bank of Fleming is an independent \$8 million bank with one office located in Fleming, 30 miles east of Sterling. The bank serves Logan County and parts of Phillips County in northeastern Colorado.

Net loans represent 57% of the bank's total assets. The loan portfolio is diversified. As of March 31, 1996, one- to four-family residential loans represented 33% of total loans. The remainder of the portfolio is comprised of agriculture loans (24%), commercial loans (22%), and loans to individuals (21%). There are no financial or legal impediments that affect the bank's ability to meet the needs of the assessment area.

DESCRIPTION OF ASSESSMENT AREA: LOGAN COUNTY AND BLOCK NUMBERING AREA (BNA) 9977 FROM PHILLIPS COUNTY

The First National Bank of Fleming's assessment area is Logan County and one (BNA) of Phillips County that includes the towns of Haxtun and Paoli. These counties are not located in a Metropolitan Statistical Area (MSA). All eight BNAs in the assessment area are designated middle-income based on the 1990 U.S. Census median family income of all non-MSAs in Colorado. The assessment area is legal and does not arbitrarily exclude low- or moderate-income geographies. The non-MSA median family income for Colorado is \$36,300.

The local economy is good and revolves around cattle ranching, farming, and Logan County government. Wheat crops in northeastern Colorado are among the best in the nation for 1996. Unemployment in the assessment area is low at 2%. The largest employment opportunities in the assessment area are in services, retail, government, and agriculture.

The banking environment is competitive with six financial institutions thirty miles west in Sterling and two in Haxtun eleven miles to the east. The First National Bank of Fleming is the only locally owned bank in Logan County.

As part of our evaluation, we contacted an official from the Fleming city government. The contact disclosed that the community has a need for housing loans, including both construction and permanent financing. A state prison will open in Sterling during 1997 and will bring approximately 400 jobs, along with associated housing needs to the area. The contact stated that local institutions have been responsive in meeting community credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is reasonable. Over the past eight quarters, the loan-to-deposit ratio averaged 67%. The ratio compares favorably to other local financial institutions. The eight-quarter loan-to-deposit average for the ten financial institutions in the assessment area and adjoining four counties ranged from 42% to 73%. These institutions are similarly sized community banks with an emphasis in agricultural lending.

Lending in Assessment Area

A substantial majority of the bank's loans were originated within the assessment area. Our sample of 75 small business, agriculture, residential real estate, and consumer loans made in the past 12 months showed that 93% of originations by number, and 91% of originations by dollar, were in the assessment area. The sample represented approximately 30% of total loans made during the past 12 months.

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

The bank's loan portfolio reflects good distribution among individuals of various income levels and businesses of different sizes. Loan originations show an emphasis towards low- and moderate- income borrowers that compares favorably to assessment area demographics. We sampled 29 consumer and residential real estate loans made within the last 12 months and summarized the income distribution in the following table:

Income Designation of the Borrower	% of Families in the Assessment Area	# of Loans Based on Sample	% of Loans Based on Sample
Low	20%	11	38%
Moderate	19%	10	34%
Middle	27%	6	21%
Upper	34%	2	7%
Total	100%	29	100%

The bank's commercial lending shows a good emphasis toward small farms and small businesses. All of the bank's commercial and agriculture loans are considered small business and small farm loans. We sampled 36 commercial and agriculture loans and verified that each business had gross annual revenues less than \$1 million. In addition, we found that 97% of the sample consisted of loan amounts under \$100,000.

Geographic Distribution of Loans

We did not perform an analysis of the geographic distribution of loans. The assessment area does not have sufficient income variation in its geographies for a meaningful analysis. All eight BNAs in the bank's assessment area are designated middle-income geographies.

Response to Complaints

The bank has not received any complaints relating to its CRA performance.

Compliance with Antidiscrimination Laws and Regulations

We did not identify any violations of the substantive provisions of antidiscrimination laws and regulations.