



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

July 24, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Yuma
Charter Number 17555**

**615 West Eighth Avenue
Yuma, Colorado 80759**

**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 **First National Bank of Yuma** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of July 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 “**Outstanding.**”

The bank has an outstanding performance in meeting the credit needs of its community through small business, small farm, real estate, and other consumer lending. The bank makes a substantial majority of its loans inside its assessment area and to individuals of various income levels and businesses of different sizes. The bank is active in providing lending programs and community development services and investments that positively affect credit availability and services for low- and moderate-income individuals.

DESCRIPTION OF INSTITUTION:

First National Bank of Yuma is a \$35 million bank located 145 miles northeast of Denver in an agricultural community of approximately 3,000 people. The main office is located in Yuma, Colorado, with three newly organized branches located in the Colorado communities of Johnstown, Milliken, and Castle Rock. The bank is owned by Washington Investment Company, a four-bank holding company. Yuma's related banks are located in the adjacent towns of Wray, Akron, and Otis. FNB of Yuma has two automated teller machines (ATMs). One is located at the main bank and the other is at the Castle Rock branch.

Competition in Yuma consists of one bank, one savings and loan, and one credit union. Competition for the Johnstown branch is one bank, while the Castle Rock branch competitors are two banks and one credit union. **Because the three branches were established in the last eight months, their performance under the CRA is not included in this Performance Evaluation. The branches do not presently have an established record of lending patterns and geographic distribution to meet the purpose of CRA.**

FNB of Yuma's loan portfolio consists of 41% real estate secured loans (including residential, agricultural real estate, and commercial real estate), 34% agricultural loans (non-real estate secured), 17% commercial loans, and 8% consumer loans. There are no constraints on the bank's ability to serve its designated lending area.

DESCRIPTION OF ASSESSMENT AREA:

FNB of Yuma has three separate assessment areas:

- (1) The main bank's assessment area is designated as portions of Yuma County and Washington County. This designation includes four block numbering areas (BNAs). One BNA is moderate-income and three BNAs are middle-income.
- (2) The Castle Rock branch assessment area includes all of Douglas County, which has 17 census tracts. Five are middle-income, eleven are upper-income, and one has no population.
- (3) The third assessment area, located in Metropolitan Statistical Area (MSA) 3060 of Weld County, includes all of census tract 21.00, which is designated middle-income. The bank has two branches in this area, one is in Johnstown and the other in Milliken. The branches are within three miles of each other.

The bank's designated assessment areas meet the requirements of the regulation and do not arbitrarily exclude low- and moderate-income census tracts or BNAs.

The table below provides a breakdown of family income levels within Yuma’s assessment area. It is based on the updated 1997 Non-MSA median-family income of \$38,700.

FAMILY INCOME LEVELS WITHIN ASSESSMENT AREA		
<i>Income Classification</i>	<i># of Families</i>	<i>% of Families</i>
Low Income (< \$19M)	433	22%
Moderate Income (\$19M-\$31M)	390	20%
Middle Income (\$31M-\$46M)	518	25%
Upper Income (> \$46M)	660	33%
Total	2,001	100%

The area’s economy is dependent upon agriculture. Yuma County is one of the top producers of corn in the country. The economy is stable, with several new agricultural-based businesses entering the area in the last two years. The major sources of employment in Yuma, including agriculture, are the school district, a major pork producer, and the local hospital.

We reviewed several previous community contacts in Yuma County. The contacts indicated that, overall, local banks are meeting community credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan-to-Deposit Ratio

FNB of Yuma’s loan-to-deposit ratio is good given its size and operating environment. The bank’s average loan-to-deposit ratio for eight quarters ending March 31, 1997, is 64%. This is above the average of 10 similarly situated state and national banks in the surrounding area. The average loan-to-deposit ratio for these 10 banks over the same time period is 61%. The bank recently began offering real estate loans that are sold to the secondary market. These loans totaled approximately \$1.7 million in the past year. If these loans were retained by the bank, the loan-to-deposit ratio would increase.

Lending in the Assessment Area

FNB of Yuma originates a substantial majority of its loans within its assessment area. We reviewed a sample of agriculture/business loans from January 1997 through June 1997 and found that 95%

were in the assessment area. A review of consumer loans for a one-year period ending June 1997 shows that 88% are within the bank's assessment area. Of the 29 real estate loans extended in the past year, all were within the bank's assessment area.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

The bank's lending pattern shows a good distribution of loans among farms and businesses of different sizes and individuals of different income levels. We sampled 50 consumer purpose loans (31%) originated between February 1996 and June 1997. The following table summarizes the results of the sample.

CONSUMER LOAN DISTRIBUTION			
<i>Income Category</i>	<i>Loan Sample</i>		<i>Family Distribution Within Each Income Category</i>
	<i>Number (#)</i>	<i>Percent (%)</i>	<i>Percent (%)</i>
Low Income	14	28%	21.7%
Moderate Income	14	28%	19.5%
Middle Income	10	20%	25.9%
Upper Income	12	24%	32.9%
Total	50	100%	100.0%

The table shows that FNB of Yuma extends consumer loans to individuals of all income levels. Fifty-six percent of the loans were made to low- and moderate-income borrowers. This is clearly above the area's demographics.

We also sampled 27 of the 119 business and agriculture related loans (23%) originated between January and July of 1997. The following table summarizes the results of the sample:

DISTRIBUTION OF AGRICULTURE-BUSINESS LOANS BY ANNUAL REVENUE		
<i>Revenue</i>	<i># of Loans Reviewed</i>	<i>% of Loans Reviewed</i>
Revenues Less than \$500M	22	82%
Revenues of \$500M-\$1,000M	3	11%
Revenues Greater Than \$1,000M	2	7%
Total	27	100%

The table reflects a large percentage of business and agriculture loans are made to businesses with reported annual revenues under \$500M. Ninety-three percent of the loans are to businesses with revenues under \$1 million. Current demographic data shows that 78% of the agricultural and commercial businesses in the bank's assessment area generate yearly revenues of less than \$1 million. This pattern confirms that the bank is actively meeting the credit needs of the area's smaller farms and businesses.

FNB of Yuma has always offered short-term real estate loans to area borrowers, but it recently expanded the type of mortgages it provides. In response to an identified credit need, the bank is now making additional real estate mortgage programs available through the secondary market. Some of these programs specifically target low- and moderate-income borrowers. They include the Colorado Housing Finance Authority (CHFA) and Rural Economic Community Development (RECD) programs. They also offer Veterans Administration (VA) and Federal Home Administration (FHA) loans through the secondary market.

From March 1996 to July 1997, the bank closed 29 real estate loans totaling \$1,763,000 that were transferred to the secondary market. Eight (28%) of these loans were to low- and moderate-income borrowers, and five of the eight loans were made through the CHFA/RECD programs. The new programs resulted in the bank being able to offer twice as many mortgage loans in the past year, and increased the opportunity for low- and moderate-income individuals to purchase a home.

Geographic Distribution of Loans

A geographic distribution of loans was not performed. The assessment area of FNB of Yuma is comprised of one moderate-income BNA and three middle-income BNAs. All income levels are

disbursed throughout the bank's assessment area. As a result, a meaningful analysis of the bank's efforts to penetrate geographies grouped by income characteristics is not possible.

Response to Complaints

No complaints have been received by the bank.

Record of Compliance with Antidiscrimination Laws

Our fair lending examination did not find any evidence of discrimination or practices intended to discourage applicants from applying for credit.

INVESTMENTS/SERVICES/COMMUNITY DEVELOPMENT

The bank has shown strong performance in offering services and making investments that enhance credit availability and directly benefit low- and moderate-income individuals.

Investments

In 1996, the bank's holding company donated \$170,000 to the Affordable Housing Project in Yuma. This \$1.65 million dollar project was funded through a Colorado Division of Housing grant, with a term loan from CHFA, in addition to the bank's donation. This housing project of 20 affordable family units was completed in mid-1997. The bank's president played a key role in coordinating the project's groundwork and completion. This is the only low- and moderate-income housing project in Yuma. It makes affordable housing more accessible for low- and moderate-income individuals in Yuma County, where housing was a need identified in a 1994 community assessment survey conducted by the Colorado State University.

Community Development

FNB of Yuma is providing \$40,000 in monetary contributions, in-kind service, and office space to a community non-profit organization that provides nutritional and educational services to new mothers in Yuma County. This organization also provides para-professionals and volunteers for home visitations to families with children under the age of three. This has a direct impact on single mothers and families, some of whom are low- and moderate-income.

During the Christmas season, the bank provides gift baskets of food for 75 needy families in the area. In addition to purchasing the food, bank employees prepare the baskets for delivery. Management estimates that this community service costs approximately \$2,000 a year.

Services

In the past nine months, the bank has opened three new branches and one ATM. In expanding its lending area, it provides additional accessibility to banking needs for all income levels, including low- and moderate-income customers.