



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

October 7, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of the Rockies
Charter Number 7435**

**504 Main Street
Meeker, Colorado 81641**

**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 the Rockies** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of October 7, 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 the Rockies’ record of meeting the credit needs of its assessment area is good. The bank’s loan-to-deposit ratio is reasonable. Most of its loans are originated in the assessment area. The bank actively lends to individuals of all income levels and to small businesses and small agricultural operations.

DESCRIPTION OF INSTITUTION:

First National Bank of the Rockies is a \$91 million community bank that serves Rio Blanco County and Moffat County in northwestern Colorado. The main office is located in Meeker, Colorado. The bank is owned by FNBR Holding Corp., a one-bank holding company. FNBR Holding Corp. purchased two small banks in Rangely, Colorado in May 1997. One office remained open as a branch of First National Bank of the Rockies and the other was closed. The bank also has a branch office in Craig, Colorado. First National Bank of the Rockies has three automated teller machines, one in each town.

The principal lending focus of First National Bank of the Rockies is small business and small farm and ranch loans. The loan portfolio totaled \$60.2 million as of June 30, 1997, and is comprised as follows: commercial loans 43.9%, agricultural loans (primarily cattle operations) 26.7%, real estate loans 20.4%, and consumer loans 9.0%.

First National Bank of the Rockies is the only financial institution in Meeker. However, the bank faces competition from financial institutions in Craig (two banks and one credit union) and Rangely (one credit union). Out-of-area credit unions provide additional competition. The bank’s financial condition is sound. The recent acquisition of the two Rangely banks increased its capacity to meet local credit needs. The bank received a “Satisfactory” rating at its April 22, 1994, CRA examination.

DESCRIPTION OF ASSESSMENT AREA:

Management has designated the bank’s assessment area as Rio Blanco and Moffat Counties. The assessment area meets regulatory requirements. The two counties are not located in a metropolitan statistical area (MSA). Rio Blanco County and Moffat County are divided into six block numbering areas (BNAs). Three BNAs are designated middle-income and three BNAs are designated upper-income based upon the 1990 statewide non-MSA median-family income of \$28,258. The table below provides a breakdown of family income levels within the two counties based upon the updated 1997 statewide 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 (< \$19.4M)	654	13.89%
Moderate-income (\$19.4M-\$31M)	618	13.12%
Middle-income (\$31M-\$46.4M)	983	20.88%
Upper-income (> \$46.4M)	2,454	52.11%
Total	4,709	100.00%

The economy in northwestern Colorado has improved in recent years but has not shown the level of growth experienced in other areas of western Colorado. Energy and agriculture are the major industries in Rio Blanco and Moffat Counties. There are several large coal mines which provide a significant source of employment, particularly in Craig and Meeker. Rangely has a high level of oil and gas activity and benefits from the presence of several large oil companies. Agricultural operations are centered in cattle and sheep production. Low cattle prices in recent years have hurt local ranchers. Other sources of employment include government, retail, services, transportation and utilities, and recreation.

We initiated a community contact with a local realtor in Meeker. We also reviewed several previous community contacts made in Meeker, Rangely, and Craig. The contacts concluded that local financial institutions are adequately meeting community credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan-to-Deposit Ratio

First National Bank of the Rockies' loan-to-deposit ratio is reasonable given its size, financial condition, and operating environment. Its average loan-to-deposit ratio for the eight quarters ended March 31, 1997, is 69.6%. The loan-to-deposit ratio for the one other similarly situated bank in the assessment area over the same time period is 68.9%. We also considered a group of 12 western Colorado banks of similar size. The average loan-to-deposit ratio for these banks over the eight quarter period is 65.3%.

Lending in Assessment Area

First National Bank of the Rockies originates a majority of its loans within the assessment area. We reviewed all loans originated between January and August of 1997 and found that 80% of business/agricultural loans and 87% of consumer loans were originated within the assessment area.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

The bank's distribution of loans reflects a strong penetration among individuals of different income levels and businesses of different sizes. We sampled 10% of the 410 consumer loans originated in the assessment area between January and August of 1997. The following table summarizes the results of the sample.

DISTRIBUTION OF CONSUMER LOANS BY BORROWER INCOME LEVEL			
<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 (< \$19.4M)	9	22.5%	13.9%
Moderate-income (\$19.4M-\$31M)	13	32.5%	13.1%
Middle-income (\$31M-\$46.4)	12	30.0%	20.9%
Upper-income (> \$46.4M)	6	15.0%	52.1%
Total Consumer Loans Sampled	40	100.0%	100.0%

The table shows that First National Bank of the Rockies actively lends to individuals of all income levels. Fifty-five percent of the loans were made to low- or moderate-income individuals. This is well above the percentage of low- and moderate-income families in the assessment area.

First National Bank of the Rockies is also helping to meet the credit needs for home mortgages in its assessment area. The following table provides information on home mortgages originated since January 1996.

ORIGINATIONS OF SINGLE FAMILY RESIDENCE MORTGAGE LOANS				
<i>Type of Mortgage Loan</i>	<i>1996 12 months)</i>		<i>1997 (8 months)</i>	
	<i>Number of Loans</i>	<i>Amount of Loans \$(000's)</i>	<i>Number of Loans</i>	<i>Amount of Loans \$(000's)</i>
Home Purchase Mortgage Loans	32	1,842	25	2,001
Refinance Mortgage Loans	30	1,523	17	879
Total Mortgage Loans	62	3,365	42	2,880

Included in the above totals are four Federal Housing Administration (FHA) loans totaling \$174,000 and one Veteran's Administration (VA) loan totaling \$100,000.

We sampled 13% of the 304 business and agricultural loans originated/renewed between January and August of 1997. The following table summarizes the results of the sample.

DISTRIBUTION OF BUSINESS/AGRICULTURAL LOANS BY ANNUAL REVENUE		
	<i>Number of Loans Reviewed</i>	<i>Percent of Loans Reviewed</i>
Revenues Less Than \$500M	37	92.5%
Revenues Between \$500M and \$1,000M	1	2.5%
Revenues Greater Than \$1,000M	2	5.0%
Total Business/Agricultural Loans Sampled	40	100.0%

The table shows a predominate proportion of commercial loans made to businesses and ranches with annual revenues of less than \$500,000. This clearly demonstrates that First National Bank of the Rockies is serving the credit needs of small businesses and small agricultural operations.

First National Bank of the Rockies participates in Small Business Administration (SBA) and Farmer's Home Administration (FmHA) government lending programs. The bank currently has 31 SBA loans totaling \$4.0 million and 6 FmHA loans totaling \$1.0 million on its books.

Geographic Distribution of Loans

We did not analyze the geographic distribution of loans for First National Bank of the Rockies because none of the six BNAs in its assessment area are designated low- or moderate-income.

Response to Complaints

No CRA-related complaints have been received by First National Bank of the Rockies.

Record of Compliance with Antidiscrimination Laws

We did not find any evidence of discrimination during our fair lending examination.