



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

June 25, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Ordway
Charter Number 8695**

**300 Main Street
Ordway, CO 81063**

**Comptroller of the Currency
Denver Field Office
1099 18th Street Suite 2650
Denver, CO 80202**

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.

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INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

A satisfactory rating is appropriate given the bank's demonstrated ability to meet the credit needs of the community including loans to low- and moderate-income individuals and small businesses and farms. Specifically:

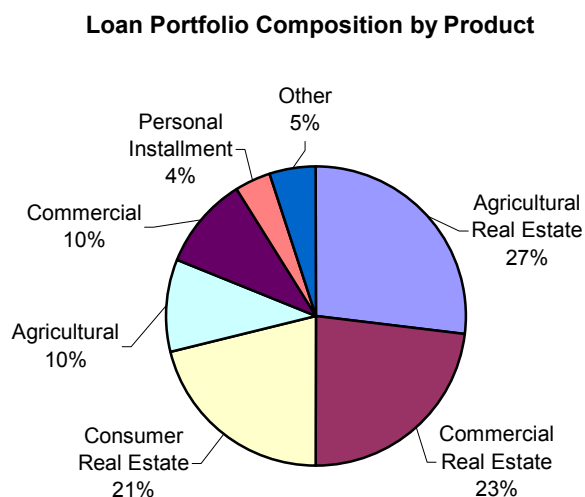
- The bank's loan-to-deposit ratio is good given area competition and credit needs of the community.
- The majority of loans by number and dollar volume are originated within the bank's assessment area.
- The bank pattern of lending to low- and moderate-income geographies exceeds expectations.

First National Bank of Ordway is committed to serving the communities in which it operates and demonstrates satisfactory lending performance.

DESCRIPTION OF INSTITUTION

First National Bank of Ordway (FNB) is a \$34 million bank. The main bank is located in Ordway, Colorado. The bank also operates one branch in Rocky Ford, Colorado. The bank does not own or operate any Automated Teller Machines (ATMs).

FNB is a subsidiary of Lindoe, Inc., a multi-bank holding company located in Ordway, CO. Lindoe, Inc. also owns a \$44 million state chartered bank in Gunnison, CO. These two banks make up substantially all of the holding company's total assets.



The chart to the left reflects the composition of FNB's loan portfolio by dollar volume. Loans secured by agricultural real estate comprise the largest percentage of the portfolio. Loans secured by commercial and residential real estate are the second and third largest segments, followed by agricultural and commercial purpose loans, and personal installment loans.

Our conclusions are based on an analysis of agricultural purpose loans and consumer real estate secured loans. We did not perform an analysis of commercial real estate secured

loans, as this type of lending has not historically been the bank's focus.

Net loans represent 85% of the bank's total assets.

This Performance Evaluation (PE) is an assessment of the bank's CRA performance from March 14, 1997, through June 25, 2002. FNB of Ordway received an "Outstanding" rating at its March 13, 1997, CRA evaluation. There are no legal or financial impediments to the bank's ability to meet the credit needs of the assessment area.

DESCRIPTION OF CROWLEY AND OTERO COUNTIES

Management and the board have designated all of Crowley County and the Northwestern portion of Otero County as the bank's assessment area (AA). Located in south-central Colorado, cities within the AA include Ordway, Rocky Ford, Olney Springs, Manzanola, and Fowler. The AA consists of five Block Numbering Areas (BNAs). One (20%) BNA has a low-income designation, three (60%) have a moderate-income designation, and one (20%) has a middle-income designation based on the 1990 census data.

The AA meets the requirements of the regulation. The bank, given its size and location, can reasonably serve this AA. The AA is comprised of a whole political subdivision and does not arbitrarily exclude any low- or moderate-income areas.

The Department of Housing and Urban Development (HUD) 2002 updated non-MSA median-family income for Colorado is \$46,000. Based on 1990 U.S. Census data there are 3,184 families residing within the AA of which 58 percent are deemed low- to moderate-income. Income designations are determined based on annual income as a percentage of the non-MSA median-family income. The following table demonstrates the income distribution of families in the AA.

DISTRIBUTION OF FAMILIES BY INCOME DESIGNATION		
Income Designation	# of Families	% of Total
Low Income (less than 50%)	1,138	36%
Moderate Income (between 50% and 80%)	709	22%
Middle Income (between 80% and 120%)	555	17%
Upper Income (greater than 120%)	782	25%
Total Families	3,184	100%

Economic conditions are weak. The local economy is heavily reliant on agriculture and is suffering the drought conditions felt throughout Colorado. Calving operations have been drastically reduced and farming revenues are expected to be down dramatically. Unemployment is low at 2 percent, due primarily to a declining population.

The bank faces strong competition from within its assessment area. There is one other bank located in Ordway. Four additional community banks have offices in Rocky Ford and Fowler. FNB is the fifth largest of the six banks in asset size and holds 20 percent of the total market share of deposits.

Community contacts performed in conjunction with recent CRA examinations indicate the economy is expected to remain unchanged. The greatest credit need continues to be small business financing, both to support the area economy and replace jobs lost when larger businesses left the area.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

FNB does a good job of meeting the credit needs of its AA, including lending to low- and moderate-income individuals and businesses of different revenue size.

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is good. As of December 31, 2001, the bank's 20-quarter average loan-to-deposit ratio calculated since the previous CRA examination was 85 percent. The loan-to-deposit ratio over the same time period for similarly situated banks ranged between 50 percent and 88 percent. This bank ranked second among the six area banks. Similarly situated banks are those banks of similar business lines and comparable asset size operating in the same geography.

Lending in Assessment Area

The bank's level of lending within the AA is satisfactory. Our sample of Agricultural loans and Consumer Real Estate loans originated and outstanding since the previous CRA examination indicates the majority of loans, by number and dollar volume, are originated within the AA. The following table illustrates these findings:

Loan Type	Loans in the AA based on the Number of Loans in the Sample	Loans in the AA based on the Dollar Volume of Loans in the Sample
Agricultural Loans	70%	71%
Consumer Real Estate	80%	70%

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

The bank's lending patterns reflect good distribution of credit among borrowers of different income levels and farms of different revenue size. Loan originations are well distributed among low-, moderate-, middle-, and upper-income level borrowers and are representative of the income demographics of the AA.

Residential Real Estate

We sampled 20 residential real estate loans originated since the previous CRA examination, comparing each borrower’s income to the HUD 2002 non-MSA median-family income of \$46,000. The results of our sample are detailed below.

Income Designation of the Borrower	% of Families in the Assessment Areas	% of Sample Loans by Number	% of Sample Loans by Dollar Volume
Low	36%	20%	16%
Moderate	22%	20%	25%
Middle	17%	35%	43%
Upper	25%	25%	16%
Total	100%	100%	100%

The bank’s pattern of lending to low- and moderate-income families is satisfactory despite the fact that it does not mirror the area demographics. Typically, it is more difficult for low- and moderate-income borrowers to qualify for mortgage loans based on annual income. Further, many of the area’s low- and moderate-income families are seasonal residents. Given these external constraints, the bank’s performance of lending is good.

Agricultural Purpose Loans

Farms, including ranch operations, with annual gross revenues of less than \$1 million are designated as “small farms.” The AA demographic data indicates 86 percent of all farms in the AA are small farms. We sampled 20 farm loans originated within the bank’s AA. Of these, income information was available on 16 loans. The percentages of loans originated to small farms by number and dollar volume were 80 percent and 98 percent, respectively. Excluding the loans without income information, 100 percent of the loans sampled, by number and dollar volume, were originated to small farms.

Revenue Designation	Distribution of Farms within the AA based on Annual Revenues	% of Sample Loans by Number	% of Sample Loans by Dollar Volume
Small Farms	86%	80%	98%
Large Farms	14%	0%	0%
Revenues Not Available	0%	20%	2%

Geographic Distribution of Loans

The bank's effort to meet the lending needs of low- and moderate-income geographies exceeds expectations. The results of our analysis are detailed in the following tables.

Residential Real Estate

Income Designation of Block Numbering Areas	% of BNAs in the Assessment Areas	% of Sample Loans by Number	% of Sample Loans by Dollar Volume
Low	20%	0%	0%
Moderate	60%	95%	97%
Middle	20%	5%	3%
Upper	0%	0%	0%
Total	100%	100%	100%

Agricultural Purpose

Income Designation of Block Numbering Areas	% of BNAs in the Assessment Areas	% of Sample Loans by Number	% of Sample Loans by Dollar Volume
Low	20%	0%	0%
Moderate	60%	95%	96%
Middle	20%	5%	4%
Upper	0%	0%	0%
Total	100%	100%	100%

A substantial majority of the loans originated by the bank are originated in moderate-income geographies. The fact that no loans in our sample were originated in the low-income geography is not a concern given the small sample size. Further, the low-income geography is a very small portion of the total AA.

Responses to Complaints

The bank has not received any CRA related complaints during this evaluation period.

Fair Lending Review

An analysis of 2001 and 2002 public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending examination was performed in 1997.