



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

October 18, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Summit Bank
Charter Number 2686**

**201 North Main
Gunnison, Colorado 81230**

**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 Summit Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of October 18, 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.”**

An Satisfactory rating is warranted due to the bank's reasonable penetration of loans to low- and moderate-income people. Also, the bank's loan-to-deposit ratio is good and a substantial majority of the bank's loans are to borrowers in the bank's assessment area.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	First National Summit 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	We did not perform an analysis due to lack of meaningful data.		
Response to Complaints	No complaints regarding the bank's CRA performance were received since the last examination.		

DESCRIPTION OF INSTITUTION:

First National Summit Bank is a \$95 million community bank serving the counties of Gunnison and Hinsdale. The bank's main office is located in the town of Gunnison which is centrally located in the western portion of Colorado, 200 miles southwest of Denver. In addition to a detached drive-up facility in Gunnison, the bank has branches located in the towns of Crested Butte and Mt. Crested Butte which are approximately 30 miles north of Gunnison. On September 30, 1996, the bank opened two new branches located in Clifton and Grand Junction, Colorado. These new branches are located in City Market grocery stores. The bank operates seven Automated Teller Machines (ATMs). Six of the ATM's are located at First National Bank's six banking facilities. The bank is a subsidiary of a one bank holding company, First National Summit Bank, Inc.

The bank offers a full range of credit products from business to consumer to home mortgage loans. As of August 30, 1996, the loan portfolio, by volume, was comprised of business loans, 61%, consumer loans, 14% and home mortgage loans, 25%. We identified no financial or legal impediments to the bank's ability to meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA:

First National Summit Bank has designated Gunnison and Hinsdale counties as one assessment area and portions of eastern Mesa county, which is part of the Grand Junction, Colorado, Metropolitan Statistical Area, as a second assessment area. Both assessment areas meet the requirements of the CRA regulation and do not exclude low- and moderate-income areas. This public evaluation will only assess the bank's performance in the Gunnison/Hinsdale assessment area.

Management recently delineated the Mesa assessment area to include the bank's two new branches and three ATMs opened in September 1996. Given less than one month has passed since the opening of the branches and this Public Evaluation, there would not be enough loan information from these branches to perform a meaningful analysis of the bank's CRA performance in this assessment area.

The population of Gunnison and Hinsdale counties total 10,470 based on the 1990 U.S. Census. Gunnison and Hinsdale counties are not located in a MSA. Gunnison county is divided into four Block Numbering Areas (BNA) while Hinsdale county is made up of one BNA. All five BNAs are designated as middle-income based upon the 1990 U.S. Census median statewide non-MSA family income for Colorado. The updated (October 1995) statewide non-MSA family income provided by the Department of Housing and Urban Development is \$35,929. According to the Gunnison Chamber of Commerce, approximately 50% of the housing units in Gunnison county are the home owner's second home. Further, as shown by the chart on page 4, the

Gunnison County Chamber of Commerce reports the cost of housing in the Gunnison area has exceeded the national average since 1993.

**COST OF HOUSING
AS OF PERCENT
OF THE NATIONAL AVERAGE**

	1993	1994	1995
Housing in Gunnison County	112%	109%	110%

The assessment area economy is very cyclical as it is heavily dependent on tourism. Two other significant industries in the area are education, with Western State College in Gunnison, and ranching. Competition for financial services in the assessment area is strong. Excluding First National Summit Bank, there are six other financial institutions having a total of seven banking offices.

We reviewed one community contact in Lake City, Colorado, performed by the Office of the Comptroller of the Currency in September 1996. Also, we conducted one community contact in Gunnison, Colorado, in October 1996. The Lake City contact indicated credit is available for all who qualify. The Gunnison contact indicated affordable housing is a community need, especially in the towns of Crested Butte and Mt. Crested Butte.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan-to-Deposit Ratio

First National Summit Bank's loan-to-deposit ratio is good considering the competitive operating environment the bank operates within as indicated above. The bank's average loan-to-deposit ratio for the eight quarters ending June 30, 1996, is 79%. This figure understates the bank's performance in lending to its community as it does not consider the mortgage loans the bank makes and sells to the secondary market. So far in 1996, \$4.6 million in mortgage loans, representing approximately 5-6% of the bank's deposits, have been made and sold into the secondary market. Taking this into account, the bank's loan-to-deposit ratio compares very favorably to the eight quarter loan-to-deposit ratio average of 61% for all National and State banks in Colorado with assets less than \$250,000. The only similarly situated bank in town is a state bank with an average loan-to-deposit ratio for eight quarters ending June 30, 1996, of 77%. This bank does not make and sell mortgage loans to the secondary market.

Lending in Assessment Area

First National Summit Bank originates a substantial majority of its loans within its assessment area. So far in 1996, approximately 98% of the bank's loans are made within the bank's assessment area. This is based on reviewing 17% of the loans made in the first nine months of 1996.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

First National Summit Bank's distribution of loans reflects a strong penetration among individuals and businesses of different income levels and sizes. Our analysis is based on a judgmental sample of loans made in the first nine months of 1996.

The table below shows the bank predominately lends to small businesses (annual revenues less than \$1 million) which is reflective of the environment the bank operates within. The table also shows the bank does a good job of lending to businesses with annual revenues less than \$100,000.

DISTRIBUTION OF BUSINESS/FARM LOANS

Businesses/Farms Based on Annual Revenues	Number of Loans	Percent of Total
Annual Revenues < \$100,000	17	46%
Annual Revenues = > \$100,000 < \$500,000	13	35%
Annual Revenues => \$500,000 < \$100,000,000	5	14%
Annual Revenues > \$100,000,000	2	5%
<i>Total Sample of Business/Farm Loans</i>	37	100%

The table on page six shows the bank does a good job in making loans to individuals of different income levels, especially low-income people. Also, the percent of consumer loans to low-income people exceeds the percent of low-income families in the bank's assessment area based on 1990 U.S. Census data.

The table also shows the percent of home mortgage loans to low- or moderate-income people is slightly below the percent of low- and moderate-income families in the bank's assessment areas. This is considered reasonable given the barrier low- and moderate-income people have in purchasing a home given the area's high housing prices and limited supply of affordable housing.

Real estate prices are the highest around the towns of Crested Butte and Mt. Crested Butte where the bank has two branches. These two branches originated approximately 50% of the mortgage loans in the sample we reviewed.

INCOME DISTRIBUTION OF CONSUMER & HOME MORTGAGE LOANS

Income Designation of the Borrower	Percent of Families in the Assessment Area	Based on a Sample of Home Mortgage Loans		Based on Sample of Consumer Loans	
		# of Loans	% of Total Loans	# of Loans	% of Total Loans
Low	17.25%	3	10.00%	30	56.60%
Moderate	19.86%	5	16.67%	9	16.98%
Middle	20.68%	8	26.67%	6	11.32%
Upper	42.21%	14	46.67%	3	5.66%
Income Not Available		0		5	9.43%
Total	100.00%	30	100.00%	53	100.00%

Geographic Distribution of Loans

We did not analyze the geographic distribution of loans for First National Summit Bank since all of the BNAs in the bank’s assessment area are considered middle-income.

Response to Complaints

No complaints have been received regarding the bank’s CRA performance since the last CRA Public Evaluation September 8, 1994.

Record of Compliance with Antidiscrimination Laws

We did not find any evidence of discrimination or practices intended to discourage applicants from applying for credit.