



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

October 06, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Fleming
Charter Number 11571

201 N. Logan
Fleming, CO 80728-0000

Office of the Comptroller of the Currency

NORTHERN COLORADO Field Office
1225 17th Street Suite 450
Denver, CO. 80202-5534

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.

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. Specifically:

- The loan-to-deposit ratio of 78 percent is reasonable.
- A majority of loans by number and dollar volume are originated within the bank's assessment area (AA).
- The bank's pattern of lending to low- and moderate-income borrowers and small businesses reasonably reflects area demographics.
- There have been no complaints about its performance and there is no evidence of illegal discrimination or other illegal credit practices

First NB of Fleming is committed to serving the communities in which it operates and demonstrates satisfactory lending performance.

SCOPE OF EXAMINATION

We performed a full scope review of the bank's assessment area (AA). The bank's AA includes Logan county and one adjacent census tract in Phillips county. Our review focused on the bank's primary lending products. Specifically, we sampled 25 loans secured by residential real estate and 25 agricultural production loans originated between March 1, 2006 and September 30, 2009. We did not analyze the geographic distribution of loans as the bank's AA is comprised of all middle income tracts.

Our review also included contacting a community representative in the AA.

DESCRIPTION OF INSTITUTION

First National Bank of Fleming (FNB) is a \$15 million institution in eastern Colorado. The bank is wholly owned by Fleming Community Agency, Inc., a one-bank holding company headquartered in Fleming, Colorado. FNB accounts for substantially all the assets of Fleming Community Agency, Inc.

The bank operates one facility in Fleming, Colorado. This is a full-service bank with a drive-up facility. Area competition is low, with only one other community bank (total assets of \$25 million) located within the AA.

Loan Portfolio Composition as of June 30, 2009		
Loan Category	\$ (000)	%
1-4 Family Residential	\$3,973	37%
Agriculture Production	\$2,363	22%
Agriculture Farmland	\$1,504	14%
Commercial and Industrial	\$1,289	12%
Commercial Real Estate	\$215	2%
Other Consumer	\$1,396	13%
Total	\$10,740	100%

Source: June 30, 2009 Report of Condition

FNB offers a variety of credit products. The primary loan products by dollar volume are loans secured by 1-4 family residences at 37 percent of total loans and agriculture production loans at 22 percent of total loans. Our rating of the bank's CRA performance is based on an analysis of these two products. Other loans offered by the bank include agriculture farmland (14%), commercial real estate (2%), commercial and industrial (12%) and other consumer (13%). Net loans represent 64 percent of the bank's total assets. There are no legal or financial impediments to the bank's ability to meet the credit needs of the assessment areas.

FNB received a "Satisfactory" rating at the last CRA examination dated October 4, 2004.

Refer to the bank's CRA Public File for more information.

DESCRIPTION OF ASSESSMENT AREA(S)

Management has designated all of Logan County and one census tract in Phillips County as its AA. The entire AA is comprised of seven middle-income geographies. Logan County is approximately 140 miles northeast of Denver in the northeast corner of Colorado. Towns in the area include Sterling, Haxtun, and Atwood. Specific demographic and economic data is provided below.

Demographic and Economic Characteristics of Assessment Area	
Population	
Number of Families	5,486
Number of Households	8,165
Geographies	
Number of Census Tracts/BNA	7
% Low-Income Census Tracts/BNA	0
% Moderate-Income Census Tracts/BNA	0
% Middle-Income Census Tracts/BNA	100.00
% Upper-Income Census Tracts/BNA	0
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	\$41,680
2008 HUD-Adjusted MFI	\$53,800
Economic Indicators	
Unemployment Rate	1.73%
2002 Median Housing Value	\$50,000
% of Households Below Poverty Level	12.80%

Source: 2000 Census Data and HUD updated income data.

The Department of Housing and Urban Development (HUD) 2008 updated non-MSA median family income for the AA is \$53,800. Based on 2000 US Census data, there are 5,486 families residing in the AA with 43% deemed to be low- and moderate-income. Income designations are determined based on annual income as a percentage of MSA median family income. The local economy relies primarily on agriculture-related activities. The AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate- income geographies.

Several years of drought and uncertainty in commodity pricing has impacted the local economy. Local producers did have a strong year in 2008; however, they are concerned about the current commodity prices impacting this year’s agricultural operations. The largest employers in the area are the regional correctional facility in Sterling, the hospital in Haxtun and the local school districts. FNB’s primary competition is the bank’s located in surrounding communities.

We made one community contact in conjunction with this examination. The contact indicated that the local economy had a good year last year with high commodity prices and decent yields. The community is primarily agriculture-based, so the greatest credit needs are agriculture financing. Over the past several years, employment has remained steady and housing values are stable. She stated that FNB Fleming, as well

as the other banking institutions in the community, is very responsive to community credit needs and provides the appropriate services.

Refer to the bank’s CRA Public File for more information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank’s loan-to-deposit (LTD) ratio is reasonable given area competition and the credit needs of the community.

The bank's average quarterly LTD ratio since the previous CRA exam is 78 percent. Average quarterly LTD ratios for similarly situated banks ranged from 59 to 97 percent, with an aggregate average of 81 percent. Similarly situated banks are those banks of similar size and/or business lines operating within the same geography.

Lending in Assessment Area

The bank originates a majority of its loans in the assessment area.

We reviewed 25 1-4 family consumer loans to determine the location and pattern of loans originated in the AA. Of the sample, 88 percent by number and 45 percent by dollar volume were originated inside the bank's AA. The loans were originated between January 2008 and September 2009. We also reviewed 25 agricultural loans to determine the location of loans originated in the AA. Of the sample, 81 percent by number and 90 percent by dollar volume were originated inside the bank’s AA.

<i>Lending in the Assessment Area</i>								
	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
LOAN TYPE	#	%	\$ (000s)	%	#	%	\$ (000s)	%
1-4 Family Residential	22	88.00	\$303,666	45.15%	3	12.00%	\$368,966	54.85%
Ag Production	21	81.05%	\$1,510,163	89.95%	4	19.95%	\$168,686	10.05%
Total Reviewed	43	84.28%	\$1,813,829	77.13%	7	15.72%	\$537,652	22.87%

Source: Loan sample

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

FNB’s loan portfolio represents an excellent penetration among individuals of various income levels and businesses of different incomes. We performed our analysis by reviewing income information of 22 consumer loans and 21 agriculture production loans that are located in the AA.

FNB’s pattern of consumer loan originations to low- and moderate-income borrowers is excellent. Within the bank’s AA, low- and moderate-income borrowers represent 22 and

21 percent of families, respectively. By number, 59 and 18 percent of low originations were to low- and moderate-income families, respectively. The following chart reflects the results of our sample of consumer loans selected in the bank's AA.

Borrower Distribution of 1-4 Family Residential Loans in Assessment Area								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	21.97%		20.69%		24.57%		32.77%	
LOANS	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Total	59%	28%	18%	26%	18%	35%	5%	11%

Source: Loan sample; 2000 US Census

FNB's pattern of agriculture production loan originations to business of different sizes is excellent. According to 2008 Business Demographic Data, there are 318 farms with reported revenues located within the bank's assessment area. Of this number, 97.8 percent reported revenues of less than \$1 million. Of the loans in our sample, 100% were to businesses reporting less than \$1 million in annual revenues. The following chart reflects the results of our sample of business loans selected in the bank's AA.

Borrower Distribution of Loans to Businesses in Assessment Area		
Farm Revenues	≤\$1,000,000	>\$1,000,000
% of AA Businesses	97.80%	1.26%
% of Bank Loans in AA by #	100%	0%
% of Bank Loans in AA by \$	100%	0%

Source: Loan sample, 2008 Business Geodemographic Data

Geographic Distribution of Loans

We did not perform a geographic analysis. The bank's AA is comprised of all middle income tracts therefore a geographic analysis of the bank's loans would not be meaningful.

Responses to Complaints

The bank has not received any CRA related complaints since the previous examination.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.