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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

March 23, 1998

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The Citizens National Bank of Akron  
Charter Number 10901**

**101 Main  
Akron, Colorado 80720**

**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 **The Citizens National Bank of Akron** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of March 23, 1998. 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.**”

The Citizens National Bank of Akron is serving the credit needs of its community through agricultural, small business, and consumer loans. A majority of the bank's loans are made within its assessment area. The bank's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and business focus when compared to similarly situated banks. Lending activity reflects reasonable penetration to borrowers of different income levels and businesses of different sizes given the demographics of the assessment area.

**DESCRIPTION OF INSTITUTION:**

The Citizens National Bank of Akron is a \$45 million community bank in northeastern Colorado. The bank is located in Akron, Colorado, a rural community with a population of approximately 1,700. Akron serves as the county seat of Washington County. The bank has no branch locations or automated teller machines. The bank is wholly-owned by First Pioneer Bank Corporation, a multi-bank holding company headquartered in Brush, Colorado. As of December 31, 1997, the holding company’s total asset size was \$166 million.

The bank’s primary business focus is agricultural lending. As of December 31, 1997, the bank’s loan portfolio totals \$19 million, representing 42% of the bank’s total assets. Agricultural loans represent 81% of total loans. The remainder of the portfolio is comprised of consumer loans, including residential real estate (10%), commercial loans (8%), and other loans (1%).

There are no financial or legal impediments that affect the bank’s ability to meet the credit needs of its community. The last CRA examination was March 15, 1995. The bank received a “Satisfactory” rating.

**DESCRIPTION OF ASSESSMENT AREA:**

The bank has designated Washington County as its assessment area. Washington County is not located in a Metropolitan Statistical Area (MSA) and contains four block numbering areas (BNAs). Based on the 1990 U.S. Census statewide non-MSA median family income of \$28,258, one BNA is designated as moderate income and the remaining BNAs are designated middle income. The following table provides a breakdown of income characteristics for the assessment area.

<i>FAMILIES IN THE ASSESSMENT AREA BY INCOME LEVEL</i>		
<i>Income Classification and Income Range</i>	<i>Number</i>	<i>Percent</i>
Low Income (Less than \$14,129)	339	23.7%
Moderate Income (At least \$14,129 but less than \$22,606)	297	20.8%
Middle Income (At least \$22,606 but less than \$33,909)	339	23.8%
Upper Income (\$33,909 and over)	453	31.7%
Total	1428	100.0%

The area's economy is stable and is heavily dependent on agricultural production. Approximately 60% of all economic activity in Washington County is derived from farm-based earnings. Agricultural products include winter wheat, cattle, corn, and sunflowers. Major non-agricultural employers include local government entities, area school districts, SITO Inc., Y-W Electric Association, and the Washington County Nursing Home.

Overall competition within the assessment area is high. Five other financial institutions provide direct competition in the assessment area. Four out of the five are located in the city of Akron. Other financial institutions in the surrounding counties also provide competition.

During our review, we initiated a community contact with a local business leader who also serves on the Washington County Economic Development Committee. We also reviewed a recent contact made in Otis, Colorado. These contacts indicate the credit needs of the area are generally being met by local financial institutions.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

### **Loan-to-Deposit Ratio**

The bank's loan-to-deposit ratio is reasonable given its size, financial condition, and competitive operating environment. For the eight quarters ending December 31, 1997, the average loan-to-deposit ratio was 50%. This ratio is comparable to the loan-to-deposit ratio for eight similarly situated banks. These banks were selected based on similar asset size, business focus, and banking structure. They reported an eight-quarter average loan-to-deposit ratio ranging from 51% to 87%.

### **Lending in the Assessment Area**

The bank's record of lending within its assessment area meets the standards for satisfactory performance. The Citizens National Bank of Akron makes a majority of its loans within the assessment area. An analysis of all loans originated by the bank shows that 69% of the loans by dollar and 74% of the loans by number were within the assessment area. This is further supported by an analysis performed by management dated December 31, 1997. The analysis shows 74% by dollar volume and 75% by number of loans are within the bank's assessment area.

### **Lending to Borrowers of Different Incomes and Businesses/Farms of Different Sizes**

The bank's record of lending to borrowers of different income levels and businesses of different sizes meets the standards for satisfactory performance. The bank's loan originations are well distributed among borrowers of different income levels and compares favorably to assessment area demographics. We sampled 20 consumer loans originated during the 12 months preceding February 28, 1998. Of the 20 loans sampled, 65% of the loans by number were to low- and moderate-income individuals. This compares favorably to demographic data which shows low- and moderate-income families representing 44% of the assessment area's general population. The following table summarizes our results.

<b>DISTRIBUTION OF CONSUMER LOANS BY INCOME LEVEL</b>			
<i>Income Designation of the Borrower*</i>	<i>Loan Sample</i>		<i>Percent of Families in the Assessment Area**</i>
	<i>Number</i>	<i>Percent</i>	
Low Income	6	30%	23.7%
Moderate Income	7	35%	20.8%
Middle Income	5	25%	23.7%
Upper Income	2	10%	31.8%
Total	20	100%	100.0%

\*Income designation is based on the 1997 Department of Housing and Urban Development (HUD) median family income for non-MSA areas of Colorado of \$38,700.

\*\*Percent of families in the assessment area is based on the 1990 U.S. Census median family income for non-MSA areas of Colorado of \$28,258.

Most of the bank's commercial and agricultural loans are to small businesses and small farms. We sampled 42 commercial and agricultural loans originated in the preceding 12 months. Our sample showed that approximately 88% of the loans were to businesses or farms with gross revenues of less than \$1 million. This compares favorably to assessment area demographics. According to current business demographic data provided by Dunn & Bradstreet, 82% of farms and 68% of businesses in the assessment area had revenues of less than \$1 million. The following table summarizes our findings.

<b>LOAN DISTRIBUTION TO FARMS AND BUSINESSES OF DIFFERENT SIZES</b>				
<i>Annual Gross Revenues</i>	<i># of Loans Sampled</i>	<i>% of Loans Sampled</i>	<i>\$ Amount of Loans Sampled</i>	<i>% of Dollars Sampled</i>
Less than \$250,000	29	69.0%	\$1,345,637	46.9%
\$250,000 to \$500,000	6	14.3%	830,520	29.0%
\$500,000 to \$1 million	2	4.8%	297,380	10.4%
Greater than \$1 million	5	11.9%	393,757	13.7%
<b>Total</b>	42	100.0%	\$2,867,294	100.0%

**Geographic Distribution of Loans**

The bank’s lending patterns show a good penetration of low- and moderate-income geographies. Our sample of 48 loans showed that 69% of the loans by number and 78% by dollar volume were made to customers in moderate-income BNAs. This distribution compares favorably to the area demographics. Moderate-income BNAs represent 25% of the total BNAs in the assessment area. The bank is located within the only moderate-income BNA in the assessment area. As a result, the highest concentration of loans naturally falls within the moderate-income BNA. The geographic distribution analysis of the sample is summarized in the following table.

<i><b>GEOGRAPHIC DISTRIBUTION OF LOANS</b></i>				
<i><b>Income Characteristic of BNAs*</b></i>	<i><b>Number of Loans Sampled</b></i>	<i><b>Percent of Loans Sampled</b></i>	<i><b>Assessment Area Demographics</b></i>	
			<i><b>BNA Tracts in AA (%)</b></i>	<i><b>Percent of AA Population Residing in BNA</b></i>
Low	0	0%	0%	0%
Moderate	33	69%	25%	52%
Middle	15	31%	75%	48%
Upper	0	0%	0%	0%
<b>Total</b>	<b>48</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\*Income characteristic of BNAs in the assessment area is based on the 1990 U.S. Census median family income for non-MSA areas of Colorado of \$28,258.

**Response to Complaints**

The bank has not received any written complaints regarding its CRA performance since the prior CRA examination.

**Record of Compliance with Antidiscrimination Laws**

The bank is in substantial compliance with fair lending laws and regulations. We did not find any evidence of discrimination or practices intended to discourage applicants from applying for credit during our concurrent fair lending examination.