



Public Disclosure

September 14, 1998

Community Reinvestment Act Performance Evaluation

**Community First National Bank
Charter Number: 7004**

**120 East Kiowa Avenue
Fort Morgan, Colorado 80701**

**Supervisory Agency: Office of the Comptroller of the Currency
Midwestern District
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NOTE: This evaluation is not an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial 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.

Table of Contents

General Information	2
Definitions and Common Abbreviations	3
CRA Rating	6
Description of Institution	7
Description of the Assessment Area	8
Conclusions with Respect to Performance Tests	
Lending Test	17
Investment Test	24
Service Test	25
Conclusions with Respect to Assessment Areas	
Primary Focus Areas	
Denver MSA	27
Boulder MSA	32
Non-MSAs	37
Secondary Focus Areas	
Greeley MSA	42
Fort Collins MSA	45
Pueblo MSA	48
Grand Junction MSA	50
Fair Lending Review	53
Appendix A: Scope of Examination	54

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 CRA performance of **Community First National Bank** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **September 14, 1998**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Assessment Area (AA) - The geographic area which an institution selects as the community within which its regulator will assess the institution's record of CRA performance. Generally, an urban assessment area will not extend beyond the boundaries of a MSA. A rural assessment area may contain one or more neighboring counties.

Block Numbering Area (BNA) - Small statistical subdivisions of a county for grouping and numbering blocks in non-metropolitan counties where local census committees have not established census tracts. State agencies and the Census Bureau delineated BNAs for the 1990 census using guidelines similar to those for the delineation of census tracts. BNAs do not cross county lines.

Census Tract (CT) - Small, locally defined statistical areas within a MSA. These areas are determined by the United States Census Bureau in an attempt to group homogeneous populations. A CT has defined boundaries per 10-year census and an average population of 4,000. Census tracts do not cross county lines.

Community Development Purpose - Affordable housing (including multifamily rental housing) for low- and moderate-income individuals; community services targeted to low- and moderate-income individuals; activities that promote economic development by financing businesses or farms that meet size and revenue standards defined by the CRA regulation; and, activities that vitalize or stabilize low- and moderate-income geographies. Community development loans specifically exclude loans which have been reported under the Home Mortgage Disclosure Act or as small loans to businesses or farms, except for multi-family rental housing loans, which can be reported under both categories.

Community Development Loan - A loan which must have as its *primary* purpose community development.

Community Development Service - A service that must have community development as its *primary* purpose and be related to the provisions of financial services.

Demographic Characteristic - A statistical representation of people, housing, geographical areas or other measurable factors with regard to size, density, distribution, or other measurable characteristics.

Family - A family consists of a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. All persons in a household who are related to the householder are regarded as members of his or her family.

Geography - A census tract or a block numbering area as defined by the United States Census Bureau.

Home Mortgage Disclosure Act (HMDA) - A statute that requires certain mortgage lenders that do business or have banking offices in MSAs to file annual summary reports of their lending activity. The reports include such data as the race, gender, and the income of the applicant(s), the amount of loan requested and its disposition (e.g made, turned down, withdrawn). The types of loan applications reported include governmentally-guaranteed home purchase and home improvement loans, conventional home purchase loans, home improvement loans, refinancing of home purchase and home improvement loans and loans for the purchase of multi-family (five or more units) dwellings.

Household - A household includes all the persons who occupy a housing unit. A household can contain only one family for purposes of Census tabulations. Not all households contain families because a household may be made up of a group of unrelated persons or one person living alone.

Income Levels - These relate to individuals, families, households, or the CTs in a MSA.

Low = An income level that is less than 50% of the median income.

Moderate = An income level that is at least 50% and less than 80% of the median income.

LMI = An income level that is less than 80% of the median income.

Middle = An income level that is at least 80% and less than 120% of the median income.

Upper = An income level that is 120% or more of the median income.

Large Financial Institution - A financial institution with total assets of \$250 million or more or an institution of any size that is an affiliate of a bank holding company with \$1 billion or more in banking and thrift assets.

Market Share - The average of all reporting lenders for a specific loan type - HMDA, small business or small farm - in a MSA.

Median Family Income (MFI) - The median family income for a specific MSA as determined by the United States Census Bureau. The Department of Housing and Urban Development updates this figure annually using an estimated inflation factor.

Metropolitan Statistical Area (MSA) - An area containing a city with a population of at least 50,000 or an urbanized area with a population of at least 50,000 and a total metropolitan population of at least 100,000. Generally, MSAs consist of one or more whole counties that have a high degree of interaction.

Poverty Level - An income level that is less than 30% of the median income.

Qualified Investment - A lawful investment that has as its *primary* purpose community development.

Small Business or Small Farm - A business or farm that has \$1,000,000 or less in gross annual revenues.

Small Loan to a Business or Farm - A loan of \$1,000,000 or less to a business of any size or a loan of \$500,000 or less to a farm of any size.

CRA Rating

Institution’s CRA Rating: This institution is rated “**Satisfactory.**”

The major factors contributing to this rating are:

- C CFNB’s lending test rating is primarily a reflection of good performance to moderate-income borrowers for mortgage related products, loans made to businesses, and the overall level of community development lending. The bank’s penetration into low- and moderate-income geographies for mortgage related products is good but the distribution for small business loans is not commensurate with population demographics. Although the bank has satisfactory lending performance, its distribution to low-income borrowers for real estate related loans is weak.
- C CFNB offers routine retail services throughout its banking network. Offices, hours, and services allow reasonable access to all segments of the population including LMI. The bank has limited involvement in providing community development services.
- C CFNB made a very low level of investments in its various assessment areas. Although the bank made donations totaling \$272,000 during the evaluation period, this is very small in relation to the bank’s strong financial capacity. The bank donated less than \$10,000 in the Denver assessment area which is very low in relation to the fact that the Denver assessment area represents 24% of the bank’s deposit base (the second largest of all the assessment areas), has the largest population base, and has significant community development investment opportunities.

The following table indicates the performance level of **Community First National Bank**, with respect to the lending, investment, and service tests:

Community First National Bank Performance Tests			
Performance Levels	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory			X
Needs To Improve			
Substantial Noncompliance		X	

* Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating

Description of Institution

Community First National Bank (CFNB) is headquartered in Fort Morgan, Colorado. The bank has grown very rapidly and currently has a total of 52 full service branches and 53 ATMs located in 21 counties throughout Colorado. As of June 30, 1998, CFNB reported total assets of \$1.4 billion.

Prior to 1996, CFNB's presence in Colorado was limited. During 1996, the bank experienced rapid growth from acquisitions and, as of January 1, 1997, CFNB had acquired 63% of its current branches. However, these branches were located only in the Denver MSA, the Boulder MSA, and in a majority of the bank's non-MSA assessment areas. The bank again expanded and added assessment areas to include the newly acquired branches in the following areas: the Grand Junction MSA in December 1997 and January 1998, the Pueblo MSA in January 1998, and the Fort Collins and Greeley MSAs in April 1998. In addition, the bank acquired branches in the non-MSA areas of Crested Butte, Mt. Crested Butte, and Gunnison in December 1997; and in Montrose, Delta, and Salida in January 1998. In recognition of this, we focused our review on lending data from 1997 to June 1998. Further, we primarily focused our review on the Denver and Boulder MSAs and the (combined) non-MSA assessment areas. Focusing on these specific areas more closely reflects where the majority of the bank's assets and efforts were concentrated during the evaluation period.

CFNB is a full-service financial institution with a mix of commercial and consumer related loans. Corporate philosophy, as discussed in the corporation's annual report, emphasizes small business lending as well as consumer loans. The bank prides itself on the expertise it provides to small businesses and commercial customers. The bank is typically a market follower in the real estate mortgage arena and provides these types of loans more as a customer service than as a primary, strategic element. Consumer lending is not a focus of the revised CRA regulation.

The bank is owned by Community First Bankshares, Inc., a \$6 billion holding company headquartered in Fargo, North Dakota. Besides the Colorado charter, the holding company owns ten other commercial bank charters throughout North Dakota, South Dakota, Minnesota, Wisconsin, Iowa, Nebraska, Arizona, Wyoming, Utah, and New Mexico. CFNB's wholly-owned subsidiary Equity Lending, Inc. (ELI) is a sub-prime residential mortgage lender. ELI's loan originations in the Colorado assessment areas were considered in our analysis. Subsequent to our review, ELI's operations were discontinued.

The loan-to-deposit ratio as of June 30, 1998, was 79.46%. The table on the next page reflects the composition of the bank's loan portfolio by type of lending product based on outstanding balances.

LOAN PORTFOLIO COMPOSITION		
June 30, 1998		
Loan Type	\$ Amount (000's)	Percentage of Total Loans
Consumer Mortgages	\$ 322,000	38%
Consumer Instalment	\$ 95,000	11%
Consumer Credit Cards	\$ 6,000	1%
Commercial Lending	\$ 223,000	27%
Commercial Real Estate	\$ 194,000	23%
Total Loans	\$ 840,000	100%

The present overall economic status of Colorado is strong and is considered to be stable. Most of the state has experienced tremendous growth over the past five years. Competition for home mortgage loans is high throughout the state with several large multi-state banks and mortgage companies competing for consumer mortgages. Each assessment area also has a number of independent banks competing for consumer and small business loans. CFNB has four peer banks which operate throughout the state. These are Norwest Bank, N.A., Commercial Federal Savings Bank, Bank One Colorado, N.A., and Key Bank, N.A.

The bank's previous CRA examination was completed in 1994 and the assigned rating was Satisfactory.

Description of the Assessment Area

CFNB has a total of 12 assessment areas within Colorado consisting of 773 census tracts/block numbering areas. The bank's assessment areas are defined as the Denver MSA, the Boulder MSA, the Greeley MSA, the Fort Collins MSA, the Pueblo MSA, the Grand Junction MSA, and six non-MSA assessment areas. The tract/BNA characteristics are as follows: 6% are low-income; 21% are moderate-income; 40% are middle-income; 22% are upper-income, and 11% have no income designation. Of the total families in the combined assessment areas, 19% are low-income; 19% are moderate-income; 24% are middle-income; and 38% are upper-income.

Descriptions of each MSA and the non-MSA assessment areas are detailed below. Our primary sources of information were the 1990 U.S. Census Data, Dun & Bradstreet small business information, Internet home page information posted by the state of Colorado and county governments, and the Colorado Association of Realtors. We also reviewed 25 recent community contacts which the Office of the

Comptroller of the Currency (OCC), the Federal Reserve, the Federal Deposit Insurance Corporation (FDIC), and the Office of Thrift Supervision (OTS) made with various community representatives. In conjunction with this examination, we contacted five additional government agencies and two community groups in various assessment areas.

Denver Metropolitan Statistical Area - #2060

The Denver MSA consists of 498 census tracts. The principal cities in the assessment area are Aurora, Brighton, Commerce City, Denver, Englewood, Lakewood, Littleton, Northglenn, Thornton, and Westminster. Sixty-three percent of the population in the bank’s combined assessment areas resides in the Denver MSA. CFNB serves the Denver MSA with eleven branches and ten ATMs. All but three of the branches were acquired in 1995 and 1996. The other three were acquired in April 1998. The demographics of the assessment area are as follows:

ASSESSMENT AREA PROFILE: Denver MSA #2080						
DEMOGRAPHIC CHARACTERISTICS	#	% of State	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Population	1,622,980	63%	19%	18%	25%	38%
Census Tracts*	498	64%	7%	22%	33%	21%
Small Businesses	82,856	64%	10%	25%	35%	30%
Owner-Occupied Housing	399,963	63%	4%	20%	45%	31%
HUD adjusted Median Family Income for 1998 = \$55,700						
Median Housing Value = \$89,581						
Unemployment Rate -June 30, 1998 = 3.2%						

*Eighty-six census tracts, representing 17% of the total, have no income designation.

The Denver MSA has one of the strongest, most diversified economies in the United States. In the past two years, thousands of new jobs have been created in the area with the opening of the Park Meadows Shopping Center, the Merrill Lynch business campus, the Georgia Pacific facility, and numerous other small businesses. Currently, the MSA is experiencing high employment growth and low unemployment rates. As of June 30, 1998, Denver had an unemployment rate of 3.2%. Colorado, overall, ranks second in the nation in business vitality with the third largest rate of new companies formed. The largest employers in the Denver MSA are U.S. West, Columbia/Health One, King Soopers, Inc., Centura Health, Lockheed Martin, Lucent Technologies, IBM, and Coors Brewing Company.

Along with the economic prosperity, housing prices have increased significantly during the past two years. Based on a report from Perry & Butler Realty, the average price of a home in August 1998 was \$194,145. Since 1990, income has increased approximately 28%, while the average price of a home has doubled. Community contacts indicate credit needs in the MSA are: affordable housing loans, including 30-year fixed rate home purchase loans, home improvement loans, and loans for rehabilitation of existing low- and moderate-income housing; loans to construct affordable multi-family housing; and small business loans, including those for small business expansion.

Boulder-Longmont Metropolitan Statistical Area - #1125

The Boulder-Longmont MSA encompasses Boulder County and has 58 census tracts. Boulder County is located 30 miles northwest of Denver on the eastern slope of the Rocky Mountains. Besides Boulder, the other major communities in the assessment area are Broomfield, Lafayette, Longmont, Louisville, and Niwot. CFNB serves this assessment area with ten branches and eight ATMs. Six of the branches were acquired in December 1996; and four were acquired in April 1998.

ASSESSMENT AREA PROFILE: Boulder - Longmont MSA #1125						
DEMOGRAPHIC CHARACTERISTICS	#	% of State	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Population	225,339	9%	18%	18%	26%	38%
Census Tracts*	58	8%	3%	16%	48%	31%
Small Businesses	13,168	10%	1%	25%	56%	18%
Owner-Occupied Housing	54,027	9%	1%	15%	52%	32%
HUD adjusted Median Family Income for 1998 = \$63,100						
Median Housing Value = \$113,210						
Unemployment Rate -June 30, 1998 = 3.6%						

*One census tract, representing 2% of the total, does not have an income designation.

Boulder County’s economy continues to be stable due to its diversity. The community possesses a highly skilled labor force that is dispersed among small telecommunications, hardware and software manufacturers, Internet service providers, education, and a variety of medical products industries. In addition, the University of Colorado at Boulder, which has a student population of 25,000, is another significant source of employment. As of June 1998, the Boulder MSA had the second lowest unemployment rate of the state’s MSAs at 3.6%. Based on the 1998 Housing and Urban Development

(HUD) estimates, income rose from \$43,782 indicated by the 1990 U.S. Census to \$63,100 in 1998, a 31% increase.

Rapid growth is affecting quality of life issues. Housing availability is strained. Housing costs have increased dramatically over the past few years, but vary significantly within Boulder County. For example, the 1997 average cost of a single family home in Boulder was \$212,500; in Longmont it was \$146,681. In Boulder, land is in short supply and development costs are high. This has significantly contributed to the high cost of housing in the city. Consequently, the 31% increase in income has not kept up with the 47% increase in housing costs in Boulder.

Community contacts continue to indicate that affordable housing is a need for the entire county. Consistent with this, affordable home mortgage loans and land development loans to build affordable housing are a need for many communities in the assessment area.

Greeley Metropolitan Statistical Area - #3060

The Greeley MSA encompasses Weld County which has 33 census tracts. The principal city is Greeley. Other communities in the assessment area are Ault, Fort Lupton, Kersey, Johnstown, La Salle, Platteville, and Windsor. CFNB serves this assessment area with two branches and three ATMs. These were acquired in April 1998. The demographics for the assessment area are noted in the table below:

ASSESSMENT AREA PROFILE: Greeley MSA #3060						
DEMOGRAPHIC CHARACTERISTICS	#	% of State	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Population	131,821	5%	20%	18%	23%	39%
Census Tracts*	33	4%	9%	21%	49%	18%
Small Businesses	4,569	4%	15%	23%	44%	18%
Owner-Occupied Housing	29,040	5%	2%	21%	54%	23%
HUD adjusted Median Family Income for 1998 = \$41,300						
Median Housing Value = \$65,589						
Unemployment Rate -June 30, 1998 = 4.6%						

*One census tract, representing 3% of the total, does not have an income designation.

One-fourth of Colorado’s agriculture production comes from Weld County where livestock producers, dairies, irrigated farms, implement dealers, and agricultural research are the primary sources of

employment. However, only 3% of the total income came from farming in 1995. The top five employment sources, based on total number of employees, were retail trade, services, manufacturing, government, and agriculture. The county unemployment rate ranks third highest among the MSAs in the state.

Weld County fosters strong pro-business and pro-growth climates and all sectors are benefitting from strong growth. The area capitalizes from the “no growth” and “slow growth” sentiments of nearby Boulder and Fort Collins, and thereby attracts business creation and expansion. While a diverse agricultural sector remains dominant, Weld County is in the midst of an economic shift. The emerging presence of high technology companies now places Hewlett Packard, Kodak, and State Farm Insurance as the leading employers in the assessment area. The University of Northern Colorado in Greeley, which serves an enrollment of about 9,000 students, is another major employer.

The lack of affordable housing in the Greeley MSA is attributed to population growth and limited construction of new affordable housing. The median cost of housing was \$113,261 in 1997, up 42% from the median housing value of \$65,589 in 1990. Compounding the issue of affordable housing is the fact that income growth has not kept pace with the housing costs. The median family income increased only 25% from 1990 to 1998. The most recent community contacts indicate that affordable housing, along with mortgage loans with flexible underwriting and home buyer education programs, continues to be needed.

Fort Collins-Loveland Metropolitan Statistical Area - #2670

The Fort Collins-Loveland MSA encompasses the entire Larimer County with a total of 44 census tracts. Larimer is the fastest growing county in Colorado with a population increase of 15% between 1990 and 1996. Fort Collins, Loveland, Berthoud, and Estes Park are the major communities in the county. CFNB serves this assessment area with two branches and three ATMs. All the branches and ATMs in this assessment area were acquired in April 1998. The demographics of the assessment area are noted in the table below:

ASSESSMENT AREA PROFILE: Fort Collins - Loveland MSA #2670						
DEMOGRAPHIC CHARACTERISTICS	#	% of State	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Population	186,136	7%	19%	19%	24%	38%
Census Tracts*	44	6%	7%	14%	57%	20%
Small Businesses	9,382	7%	11%	18%	57%	14%
Owner-Occupied Housing	44,297	7%	3%	11%	64%	22%

**Community Reinvestment Act Performance Evaluation
DISCLOSURE**

PUBLIC

Community First National Bank, Fort Morgan, Colorado

HUD adjusted Median Family Income for 1998 = \$50,900	
Median Housing Value = \$85,232	
Unemployment Rate -June 30, 1998 = 3.8%	

*One census tract, representing 2% of the total, does not have an income designation.

The local economy is strong and diversified. The MSA’s unemployment rate of 3.8% ranks fourth lowest among the state’s seven MSAs. The area offers a highly educated and skilled labor force, excellent transportation, and substantial education and training resources. Fort Collins is home to the main campus of Colorado State University. The university and other educational facilities are among the largest employers in the assessment area. Other employers are high technology industries, medical facilities, and government.

The strong economy and growth has caused upward pressure on real estate prices. The residential real estate market is particularly strong as the demand exceeds supply. This pressure has created housing shortages and rapidly increasing property values. The 1997 median cost of a single family home was \$144,459 in Fort Collins and \$136,569 in Loveland-Berthoud. In comparison, the 1990 census shows a median housing value of \$85,232 for the county. The 27% increase in income for the county (\$36,932 in 1990 and \$50,900 in 1998) has not kept up with the housing cost increase over the same time period.

The housing problem is worsened by the large college student population competing for rentals. According to various community groups, loans to develop affordable housing for low- and moderate-income families is the most significant need in the MSA.

Pueblo Metropolitan Statistical Area - #6590

The Pueblo MSA encompasses Pueblo County which has 48 census tracts. Pueblo and Colorado City are the major communities in the county. CFNB serves this assessment area with one branch. The bank does not have ATMs in this assessment area. The branch was acquired in January 1998. The demographics for the assessment area are noted in the table below:

ASSESSMENT AREA PROFILE: Pueblo MSA #6590						
DEMOGRAPHIC CHARACTERISTICS	#	% of State	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Population	123,051	5%	22%	17%	22%	39%
Census Tracts*	48	6%	6%	29%	38%	23%

**Community Reinvestment Act Performance Evaluation
DISCLOSURE**

PUBLIC

Community First National Bank, Fort Morgan, Colorado

Small Businesses	3,814	3%	17%	29%	35%	19%
Owner-Occupied Housing	31,946	5%	3%	23%	42%	32%
HUD adjusted Median Family Income for 1998 = \$35,300						
Median Housing Value = \$50,958						
Unemployment Rate -June 30, 1998 = 8.6%						

*Two census tracts, representing 4% of the total, have no income designation.

The Pueblo MSA, with an unemployment rate of 8.6%, has the highest unemployment rate of all MSAs in Colorado. However, the economy is considered good by the community contacts we reviewed. The area is broadening its historically manufacturing-based economy. At one time, Pueblo was dominated by a steel mill which provided over 12,000 jobs. The city of Pueblo was strongly impacted by a decline in that industry a number of years ago. The city has since recovered with the opening of new businesses affiliated with national retail companies, such as Home Depot. In 1995, the top five employment sources were services, retail, construction, finance/insurance, and wholesale trade.

The area is experiencing a high growth rate of single family housing developments. The median price of single family housing rose to \$85,647 in 1997. Of note in the Pueblo MSA, the median price of condominiums/town homes in the MSA exceeds the price of single family housing by \$24,353.

Community contacts indicate there is a need for less stringent loan qualification criteria. The contacts also noted a need for venture and working capital financing and outreach education for small businesses and entrepreneurs.

Grand Junction Metropolitan Statistical Area - #2995

The Grand Junction MSA encompasses Mesa County with a total of 21 census tracts. The MSA is located in the western part of the state near the Utah border. The city of Grand Junction is the largest community in the county and in western Colorado. Other communities in the MSA include Clifton, Colbran, Fruita, Orchard Mesa, and Palisade. CFNB serves this assessment area with two branches and two ATMs. One of the branches was acquired in December 1997, the other in January 1998. The demographics of the assessment area are noted in the table below:

ASSESSMENT AREA PROFILE: Grand Junction MSA #2995						
DEMOGRAPHIC CHARACTERISTICS	#	% of State	Low % of #	Moderate % of #	Middle % of #	Upper % of #

**Community Reinvestment Act Performance Evaluation
DISCLOSURE**

PUBLIC

Community First National Bank, Fort Morgan, Colorado

Population	93,145	4%	20%	18%	23%	39%
Census Tracts*	21	3%	N/A	19%	62%	19%
Small Businesses	4,332	3%	N/A	22%	62%	16%
Owner-Occupied Housing	23,534	4%	N/A	7%	70%	23%
HUD adjusted Median Family Income for 1998 = \$37,900						
Median Housing Value = \$61,550						
Unemployment Rate -June 30, 1998 = 5.1%						

According to local agencies, Mesa County’s economy is healthy and expected to remain stable with an annual economic growth rate of 2%. However, the county unemployment rate of 5.1% ranks second highest among the MSAs in the state. This high rate is attributed to several large oil companies which left the area in the early 1980's. The top five employment sources reported in 1995 were services, retail, construction, finance/insurance, and wholesale trade.

Community contacts indicate that in order to attract or establish new businesses in the area, there is a need for loans to small businesses that do not have established track records. Also, a need for affordable housing loans persists, despite the responsiveness by banks in the area. New employers moving into the area are providing relatively low-paying, entry level positions, further increasing the need for affordable housing. The 37% increase in the median family income from \$27,637 in 1990 to \$37,900 in 1998, has not kept pace with the increase in the median housing cost.

Non-Metropolitan Statistical Areas

The non-Metropolitan Statistical Areas consist of six separate assessment areas. These areas have a total population of 196,072. CFNB serves the non-MSA assessment areas with 23 branches and 24 ATMs. The bank’s main office is located in Fort Morgan. The bank acquired sixteen branches between 1993 and 1996; two branches in December 1997; and four branches in January 1998.

Fourteen percent of the BNAs in the non-MSA assessment areas are moderate-income. There are no low-income BNAs. The table below also provides other demographic data, on a combined basis, for the six non-MSAs, including a summary of how the census tracts are classified by income category and the income characteristics of the families. Specific demographic data by each non-MSA assessment area follows this combined information.

ASSESSMENT AREA PROFILE: Non-MSA						
DEMOGRAPHIC CHARACTERISTICS	#	% of State	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Population	196,072	8%	19%	18%	23%	40%
Census Tracts*	71	9%	N/A	14%	65%	21%
Small Businesses	12,043	9%	N/A	14%	56%	30%
Owner-Occupied Housing	50,815	8%	N/A	15%	63%	22%
HUD adjusted Median Family Income for 1998 = \$39,000						
Median Housing Value = \$75,419						
Unemployment Rate -June 30, 1998 = 4.8%						

We identified credit needs through direct contact with community groups in the various assessment areas and through recent community contacts which were done by other regulatory agencies. We analyzed this information with demographic and economic data to identify affordable housing and small business loans as the primary credit needs of the bank’s assessment area.

Non-MSA Assessment Area #1 (Chaffee, Grand, Gunnison, Moffat, Park, Routt, and Summit Counties)

The bank operates 13 branches and 17 ATMs in this seven county assessment area. The assessment area contains 32 BNAs. There are no low-income BNAs in the assessment area and only one moderate-income BNA.

This assessment area consists primarily of ski resort communities. Consequently, the cost of living in these communities is very high. Larger population areas are in the ski resorts of Summit and Routt Counties, the town of Craig in Moffat County, the town of Gunnison in Gunnison County, and the town of Salida in Chaffee County. These towns account for slightly less than one-half of the area’s population. Most of the housing units are vacation homes or temporary rental units. There are 62,651 housing units in the assessment area. Approximately 29% of the units are owner occupied.

Tourism, agriculture, government, power generation, and mineral extraction are the major contributors to the area’s economic base. Unemployment is 4%.

Non-MSA Assessment Area #2 (Logan, Morgan, and Phillips Counties)

The bank operates three branches and two ATMs in this three county assessment area. The assessment area contains 17 BNAs. There are no low- or moderate-income BNAs in the assessment area.

The total population of the assessment area was reported at 43,695 in the 1990 U.S. Census. Larger population areas are the town of Sterling in Logan County and the town of Fort Morgan in Morgan County. There are 19,014 housing units in the assessment area. Approximately 59% of the units are owner occupied.

Agriculture, government, and oil and gas extraction are major contributors to the area's economic base. Unemployment is approximately 6%.

Non-MSA Assessment Area #3 (Kit Carson County)

The bank operates one office and one ATM in this assessment area. The assessment area contains three BNAs. There are no low- or moderate-income BNAs in the assessment area.

The total population of the assessment area was reported at 7,140 in the 1990 U.S. Census. The town of Burlington is the largest population center with 2,941 people. Approximately 61% of the 3,224 housing units are owner occupied.

Agriculture and government are the major contributors to the area's economic base. Unemployment is low at 2%.

Non-MSA Assessment Area #4 (Elbert County)

The bank operates two offices and one ATM in this one county assessment area. The assessment area contains two BNAs. There are no low-income BNAs in the assessment area and only one moderate-income BNA.

The total population of the assessment area was reported at 9,646 in the 1990 U.S. Census. There are no sizeable population centers. Based on 1990 census data, there are 3,997 housing units, with approximately 71% of these units owner occupied.

Agriculture and government employment are the major contributors to the area's economic base. Unemployment is 4%.

Non-MSA Assessment Area #5 (Las Animas)

The bank has one office and one ATM in this one county assessment area. The assessment area contains six BNAs. There are no low-income BNAs in the assessment area. There are five moderate-income BNAs.

The total population of the assessment area was reported at 13,765 in the 1990 U.S. Census. A substantial portion of the county's population resides in the county seat, Trinidad. There are 6,975 housing units, with almost 52% of the units owner occupied.

Tourism, agriculture, government, and mineral extraction are the major contributors to the area's economic base. Unemployment is approximately 6%.

Non-MSA Assessment Area #6 (Montrose and Delta Counties)

The bank has three offices and two ATMs in this two county assessment area which contains 11 BNAs. There are no low-income BNAs. There are three moderate-income BNAs.

The total population of the assessment area was reported at 45,403 in the 1990 U.S. Census. The towns of Montrose and Delta are the largest population centers in the area. Approximately 63% of the 20,435 housing units are owner occupied.

Agriculture and government are major contributors to the area's economic base. Unemployment is around 6%.

Conclusions with Respect to Performance Tests

LENDING TEST

In assessing lending performance, we focused on CFNB's lending activity; assessment area concentration; geographic distribution of loans; borrower profile; responsiveness to credit needs of economically disadvantaged geographies, low-income persons or small businesses; community development lending; and, product flexibility. With the exception of small business loans, we evaluated lending performance from January 1, 1997 through June 30, 1998. Unless otherwise noted, YTD loan data presented in this report is data through June 30, 1998. In the following discussions, "HMDA loans" will be used interchangeably with "home mortgage loans."

Overall Conclusions:

The bank's lending performance within its combined assessment area is rated as "High Satisfactory." This rating is based on the following performance elements:

- C CFNB has a good record of serving moderate-income borrowers and very small businesses; however, the bank's record of serving the credit needs of low-income borrowers is not as favorable.
- C CFNB has good penetration into low- and moderate-income geographies for its mortgage related products but the bank's penetration into low- and moderate-income geographies for small loans to businesses is not consistent with the demographics.
- C CFNB's overall level of community development lending is good although several of the bank's assessment areas did not benefit from this type of lending.
- C CFNB has demonstrated adequate responsiveness to the identified credit needs of its assessment areas by the types of credit offered and the overall volume of loans originated.
- C CFNB makes a significant portion of its loans within its assessment areas.
- C CFNB has adequate distribution of loans throughout specific assessment areas such as in the Denver MSA and the non-MSA assessment areas.

In order to verify the accuracy of the loan data, we reviewed 149 small business loan files and 60 HMDA loan files. We found a number of errors in both the 1997 and YTD 1998 small business loan data. Although we were able to reconcile the differences for the YTD 1998 data, we were not able to reconcile the 1997 small business loan data. Therefore, we did not use 1997 small business loan data in any part of our analysis. In addition, the bank did not accurately report its 1997 HMDA data. Because the bank failed to report a significant number of HMDA loans, a comparison of CFNB's performance to the overall market is not meaningful. The bank subsequently provided us with the additional HMDA lending information which we included in the other aspects of our lending analysis of HMDA-related loan products.

A significant part of the discrepancies with the 1997 small business lending data provided to us involved 435 loans that represented renewed loans. Although we can not include these loans for consideration of the bank's performance for small business lending (the loans are not reportable under the CRA definitions of loans to small businesses), this does give a positive reflection of the bank's efforts to provide a stable funding source for small businesses and small farms. The bank's practice of renewing or extending these operating lines in this manner does not place undue burden on the loan customer and allows the continuation of an existing relationship. There were also 391 renewed loans from the evaluation period in 1998 that are not included in the small business loan data for the same reasons.

Lending Activity

Lending levels reflect adequate responsiveness to credit needs in the bank's assessment areas. As noted below, the bank and its affiliates originated 7,481 home mortgage, consumer, and small business loans totaling \$232 million within the assessment areas during 1997 and YTD 1998. (This is based on the lending data we analyzed. As noted above, this does not include 1997 small business loan data.)

The loan-to-deposit ratio is 79%, and is average compared to local peer banks. Some of the banks that CFNB considers as competitors had loan-to deposit ratios ranging from a low of 47% to a high of 132% during the evaluation period.

The bank originated a majority of its loans in its assessment areas (77% of the number and 62% of the dollar volume of loans). The percentage of loans within the assessment areas is significantly lower for home purchase/refinance loans because the bank operates a mortgage company which originates many loans outside the bank's assessment area.

**Community Reinvestment Act Performance Evaluation
DISCLOSURE**

PUBLIC

Community First National Bank, Fort Morgan, Colorado

Volume of Community First National Bank's Loan Originations in 1997 and YTD 1998						
Product	Total Originations		Within All Assessment Areas			
	#	\$(000)	#	%	\$(000)	%
Total Small Business Loans	1,077	\$ 106,476	747	69%	\$ 61,027	57%
Home Purchase/Refinance Loans	2,159	\$ 177,929	797	37%	\$ 91,648	52%
Home Improvement Loans	166	\$ 6,810	111	67%	\$ 4,249	62%
Multifamily Loans	5	\$ 871	5	100%	\$ 871	100%
Total Home Mortgage Loans	2,330	\$ 185,610	913	39%	\$ 96,768	52%
Home Equity Loans	529	\$ 19,856	502	95%	\$ 18,037	91%
Motor Vehicle Loans	2,440	\$ 28,896	2,252	92%	\$ 26,396	91%
Other - Secured Loans	1,665	\$ 16,985	1,535	92%	\$ 15,543	92%
Other - Unsecured Loans	1,619	\$ 3,086	1,522	94%	\$ 2,961	96%
Total Consumer Loans	6,253	\$ 68,823	5,811	93%	\$ 62,938	91%
Total Community Development Loans	10	\$ 11,065	10	100%	\$ 11,065	100%
Grand Total	9,670	\$ 371,973	7,481	77%	\$ 231,798	62%

Source: Bank prepared Consumer and Small Business Loan Data Collection Registers and HMDA Loan Application Register. The table includes loans that could not be geocoded to a specific census tract but are known to be inside the bank's assessment areas based on zip codes.

Home mortgage loans comprise 24% of the number and 49% of the dollar volume of loans originated. Of the number of home mortgage loans originated, 87% are for home purchase and refinance. The volume of home improvement loans is very low. During this review period, CFNB originated 111 home improvement loans in its assessment areas. The volume is considerably low in the Denver MSA where community contacts indicated there is a need for such loans. Management believes borrowers may have applied for the bank's home equity loan, and used the proceeds for home improvement because this product was widely advertised. However, there is no data readily available to support this because CFNB does not record specific data on home equity loans. Only 39% of the number and 52% of the dollar volume of home mortgage loans were originated within CFNB's combined assessment areas.

A majority (96%) of the business loans originated YTD 1998 are to small businesses with gross annual revenues of \$1 million or less. (Our analysis does not include an analysis of 1997 small business loan data.) Of the loans we reviewed, small business and small farm loans account for 11% of the number of all (HMDA, consumer, and small business) loan originations and 29% of the dollar volume. Within the

assessment area, CFNB originated 747 small business and small farm loans totaling \$61 million YTD 1998. (Consistent with demand and information from community contacts, a substantial portion of these loans are small business rather than small farm loans.)

Consumer loans represent 65% of the number of loans originated by CFNB. However, by dollar volume, consumer loan originations represent a very small portion (19%) of all originations. We did not include consumer loans in our analysis because the bank did not collect specific census tract and borrower income data to determine the distribution of loans within geographies of different income levels and the distribution of loans to borrowers with different income levels.

Geographic Distribution

The overall geographic distribution of loans reflects good penetration of home mortgage loans in low- and moderate-income geographies in comparison to demographics. The overall geographic distribution of loans in the Denver MSA and the non-MSA assessment areas - which are two of our primary focus areas - is good and strengthens our overall conclusion on this factor. Please see conclusions for each of these assessment areas.

The overall distribution of loans to small businesses is not as favorable. The volume of loans is well-below the comparative demographic element used in our analysis. Distribution of loans within low- and moderate-income census tracts in Denver is, however, good and strengthens our overall conclusion.

The data indicates the bank originated 2% of its HMDA loans and 2% of its small business loans in low-income census tracts/BNAs. In comparison, 3% of the owner-occupied housing and 8% of the small businesses are located in low-income geographies. A review of the distribution of loans in moderate-income census tracts indicates the bank originated 15% of its HMDA loans and 13% of its small business loans in moderate-income geographies. In comparison, 18% of the owner-occupied housing is in moderate-income geographies and 25% of the small businesses are located in moderate-income geographies.

The table on the next page shows the total distribution of HMDA and small business loans into geographies of different income levels.

Geographic Distribution of 1997 and YTD 1998 Loans Originations by Census Tract Income Level				
Census Tract/BNA Characteristics by #		% Penetration by # of HMDA Loans	% Penetration by # of Small Business loans	% Penetration by # of Total Loans
Low-Income	6%	2%	2%	2%
Moderate-Income	21%	15%	13%	14%
Middle-Income	40%	45%	58%	51%
Upper- Income	22%	38%	25%	32%
No Income Designation	11%	0%	0%	1%
Totals	100%	100%	100%	100%

*Ninety-one of the census tracts/BNAs, representing 11% of the total, do not have an income designation.

Distribution by Borrower Income within the Assessment Area

A review of home mortgage loan activities for 1997 and YTD 1998 indicates the bank’s efforts to serve the home mortgage needs of low-income borrowers are weak; while its efforts to serve the needs of moderate-income borrowers are good. The percentage of loans to low-income borrowers is well below the percentage of low-income families in the bank’s assessment areas. Home mortgage loans to low-income borrowers represent 8% of HMDA loans compared to 19% of the families that are low income. The percentage of home mortgage loans to moderate-income borrowers compares favorably to demographics. HMDA loans to moderate-income borrowers represent 19% of total HMDA loan originations compared to 19% of the families in the assessment area that are moderate income.

If the volume of households living below the poverty level is considered, the bank’s performance appears to be slightly better, particularly in the non-MSA assessment area. Individuals living below the poverty level are less likely to qualify for conventional mortgages under standard underwriting guidelines which, in turn, makes the purchase of a home more difficult. Within the combined non-MSA assessment area, the volume of households living below the poverty level is quite high at 15% and may partially mitigate the bank’s low distribution to low-income borrowers (see discussion under the non-MSA section of this Public Evaluation on page 39). In contrast, the volume of households below poverty in the MSA assessment areas would still allow opportunities to generate housing loans to low-income borrowers even after the percentage of households below poverty is removed. For example, within the Denver MSA, the percentage living below poverty is nine percent.

The bank did not collect specific income data for any of the small business loans originated during this assessment period. The bank chose to only designate whether a loan was made to a business with gross annual revenues over or under \$1 million. The CRA regulation assumes that loan size generally correlates to the revenue size of the business. Therefore, smaller dollar loans give some indication that a bank is lending to smaller sized businesses. To the extent that loan size is an indicator of the size of the business, the bank's performance is good.

The table indicates a majority (79%) of the total number of small business loans originated in the assessment area were for amounts of \$100,000 or less.

Distribution of Small Business Loans for Year-to-Date 1998 by Loan Size						
Income Level of Tract	<\$100,000		\$100,001-\$250,000		\$250,001- <\$1,000,000	
	#	\$(000)	#	\$(000)	#	\$(000)
Low-Income	11	\$ 306	4	\$ 675	1	\$ 410
Moderate-Income	77	\$2,955	15	\$2,541	10	\$ 5,101
Middle-Income	367	\$9,493	46	\$7,884	27	\$12,688
Upper-Income	134	\$4,580	39	\$6,622	16	\$ 7,772
Total	589	\$17,334	104	\$17,722	54	\$25,971

Community Development Lending

Based on the dollar volume, the bank's efforts to provide community development loans are good. CFNB provided ten qualified community development loans totaling \$11 million in its combined assessment areas. This represents 9% of Tier 1 capital. While the overall level of community development loans is good, the loans only benefitted a limited number of the bank's assessment areas. The loans primarily benefitted the Boulder and Grand Junction MSAs, and two of the non-MSA assessment areas. CFNB originated only one community development loan in the Denver MSA. This is the bank's largest assessment area, has the largest population, and offers the most opportunity for involvement.

Product Innovation and Flexibility

The bank made two loans which demonstrate flexible standards and significant efforts on management's part in one of the non-MSA assessment areas. Please see discussion under

Conclusions with Respect to Performance - Non-MSA Assessment Areas.

INVESTMENT TEST

To assess CFNB's performance under the Investment Test, we reviewed its investment and grant activity; its responsiveness to credit and community development needs; and, its initiatives with community development.

Overall Conclusions:

The bank's investment performance within its assessment area is rated as "Substantial Noncompliance." This rating is based on the following:

- C CFNB did not make any direct investments.
- C The bank made some community development grants, but the dollar volume is very negligible compared to the bank's financial capacity.

Qualifying investments can include but are not limited to: investments, grants, or depositor shares that have community development as their primary purpose, as defined in the CRA regulation. The bank's investments in all of its combined assessment areas consisted of 101 qualified grants totaling \$273,530. The dollar volume of CFNB's investments represents 0.2% (two tenths of one percent) of Tier 1 capital or 0.6% of the bank's pre-tax operating income during the evaluation period. This low level of investments also represents a poor response to identified community development needs of the assessment areas. Community contacts have identified investment opportunities in the Denver area to be financing affordable housing development, capitalization of small business finance entities and improved funding mechanisms for community development financial institutions.

The Denver and Boulder MSAs account for \$24,985 (or 9%) of the total grants. This low volume of investments reflects inadequate attention to community credit and development needs. The bank had acquired a majority of its branches in these two assessment areas prior to 1997 but did not pursue investment opportunities commensurate with the scope of this branch's business line and presence. There are numerous opportunities for investments and grants throughout the various MSAs. The Denver/Boulder MSAs also account for 72% of the bank's combined assessment areas' population.

The non-MSA assessment areas, consisting of rural Colorado cities and counties, had qualified grants that totaled \$240,000. Of the total dollar volume of grants, \$200,000 is attributed to one grant made by the Fraser bank. Notwithstanding the Fraser bank's large grant, the level of dollars invested into the remaining non-MSA assessment areas is minimal. Although there are fewer opportunities for investments and

contributions to qualifying organizations in the non-MSA assessment areas than in the MSAs, the non-MSA assessment areas have similar credit and investment needs.

SERVICE TEST

In assessing CFNB's performance under the Service Test, we focused on the accessibility of its delivery systems; changes in branch locations; reasonableness of its business hours and services in meeting the needs of its assessment areas; and, level of community development services.

Overall Conclusions:

The bank's performance under the service test is rated "Low Satisfactory."

- C CFNB's delivery systems are reasonably accessible to geographies and individuals of different income levels in its assessment areas.
- C CFNB did not open or close any branches during this review period, but it did acquire branches.
- C Bank products are the same at all branches.
- C Hours of services vary at some branches but do not materially inconvenience customers.
- C CFNB efforts to provide qualified community development services in its combined assessment areas have been limited.

Retail Banking Services

The bank's delivery systems are reasonably accessible to all portions of its assessment areas. All branches offer the same standard package of loan and deposit products. Bank services do not vary in a way that inconveniences any segment of the population within the assessment areas, particularly low- and moderate-income geographies. The distribution of branch offices in low-income areas (8%) compares favorably with the distribution of low-income geographies (6%) and the percentage of families living in low-income tracts (5%). The distribution of branch offices within moderate-income census tracts (15%) is, however, below the distribution of moderate-income geographies (21%) and the percentage of families living in moderate-income tracts (22%). There is one full-service, detached ATM located in a moderate-income geography, but one ATM does not significantly improve access to banking services.

The table on the next page shows the distribution of branches and ATMs in all assessment areas. It also shows the breakout of the level of service provided through the ATMs. Branch and ATM information specific to individual assessment areas is included in the description of the respective assessment areas on pages 9-17.

**Community Reinvestment Act Performance Evaluation
DISCLOSURE**

PUBLIC

Community First National Bank, Fort Morgan, Colorado

SERVICE TEST: Branch and ATM Distribution - Combined Assessment Areas							
Service Type	#	% of State	Deposits \$ (million)	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Branch Offices	52	100%	\$1,389,606	8%	15%	42%	35%
ATMs - Attached -Full & Ltd Ser	33	100%		6%	15%	40%	39%
ATMs- Detached - Full Service	3	100%		0%	33%	67%	0%
ATMs - Detached-Ltd Service	17	100%		0%	6%	41%	53%

Community Development Services

CFNB's efforts to provide qualified community development services are poor in most of its assessment areas. The exceptions are the Boulder MSA and non-MSA assessment area #1. In 1997 and YTD 1998, bank employees provided 1,169 hours of community development services. Ninety-five percent of these hours benefitted the Boulder MSA and non-MSA assessment area #1; 3% benefitted non-MSA assessment area #2; and only 2% benefitted the Denver MSA. Employees provided financial technical assistance by serving on boards and committees, sponsoring and assisting organizations to apply for Federal Home Loan Bank Board affordable housing grants, and educating small business groups on financial matters.

Primary Focus Areas

The following three assessment areas carried the most weight in determining the overall rating for the bank. Most of the offices in these assessment areas were a part of CFNB prior to 1997 and more clearly exemplify the bank’s CRA performance throughout the evaluation period. These assessment areas also contribute the bulk of the bank’s deposit base, originate the majority of the loans, and (in aggregate) are located in the largest population sites.

Conclusions with Respect to Performance in the Denver Assessment Area

The bank’s overall performance in this assessment area is similar to the performance of the bank as a whole.

LENDING TEST

CFNB’s lending in this market is the strongest, represents the highest number of loans, and consequently, drove the overall lending test rating. The following tables summarize the bank’s lending within the Denver Assessment Area for 1997 and YTD 1998:

1997 LENDING TEST: Denver MSA # 2080								
Loan Type	#	% of State	\$ (000's)		Low % of #	Moderate % of #	Middle % of #	Upper % of #
Residential - Home Purchase	90	58%	\$10,170	CT	3%	19%	42%	36%
				B*	8%	21%	16%	43%
Residential - Refinance	86	48%	\$11,225	CT	6%	16%	37%	41%
				B*	12%	26%	18%	38%
Residential - Home Improvement	10	24%	\$ 340	CT	0%	20%	30%	50%
				B	0%	20%	20%	60%
Small Business/Small Farm	**	-	-	-	-	-	-	-
Community Development	0	0%	\$ 0					
Total Lending	186		\$21,735					

**Community Reinvestment Act Performance Evaluation
DISCLOSURE**

PUBLIC

Community First National Bank, Fort Morgan, Colorado

(CT) Income Level of Census Tracts

(B) Income Level of Borrower

*Borrower income was not obtained on 12% of the home purchase & 6% of the refinance loans.

**Because of unreliable loan data, we did not analyze 1997 small business lending.

YTD 1998 LENDING TEST: Denver MSA # 2080								
Loan Type	#	% of State	\$ (000's)		Low % of #	Moderate % of #	Middle % of #	Upper % of #
Residential - Home Purchase	69	38%	\$ 8,741	CT	9%	25%	38%	29%
				B*	7%	17%	26%	49%
Residential - Refinance	116	40%	\$ 12,688	CT	6%	22%	36%	34%
				B*	14%	22%	32%	28%
Residential - Home Improvement	36	39%	\$ 977	CT	3%	8%	58%	31%
				B*	8%	28%	44%	14%
Multi-Family	2	50%	\$ 266	CT	0%	0%	100%	0%
Small Business/Small Farm	227	30%	\$28,687	CT	7%	23%	31%	39%
Community Development	1	20%	\$ 151					
Total Lending	451		\$51,509					

(CT) Income Level of Census Tracts

(B) Income Level of Borrower

*Borrower income was not obtained on 6% of home purchase, 5% of the refinance, and 6% of the home improvement loans.

HMDA Loans

The bank's HMDA lending in this assessment area is somewhat stronger than that of the bank as a whole. A majority of the bank's loans are concentrated in this assessment area. In addition, distribution of loans in low- and moderate-income geographies and to low- and moderate-income borrowers is slightly better than that of the whole.

During the review period, CFNB originated 409 HMDA loans totaling \$44 million in the Denver MSA. The number of home mortgage loans represents 44% of all HMDA loans originated in CFNB's assessment areas. The bank's concentration of lending in this assessment area is significantly higher than the bank's deposits. This is reasonable considering CFNB is more established in this assessment area than it is in many of its other assessment areas.

Geographic Distribution

The geographic distribution of home purchase and refinance loans in low-income census tracts is good, while the geographic distribution of home improvement loans is adequate. 1997 HMDA data indicates 3% of the bank's home purchase loans and 6% of home refinance loans were made in low-income census tracts. As of YTD 1998, 9% of the home purchase loans and 6% of the refinance loans had been originated in low-income census tracts. Penetration of home improvement loans in low-income census tracts in 1997 was poor, but improved in 1998. The bank did not make any home improvement loans in low-income census tracts in 1997. However, as of YTD 1998, the bank had originated 3% of its home improvement loans in low-income census tracts. In comparison, 4% of owner-occupied housing is located in low-income census tracts.

The geographic distribution of home purchase and refinance loans in moderate-income census tracts is good; distribution is adequate for home improvement loans. In 1997, 19% of the home purchase loans and 16% of the home refinance loans were made in moderate-income census tracts. As of YTD 1998, 25% of the home purchase loans and 22% of the home refinance loans were originated in moderate-income census tracts. This compares favorably with demographics that indicate 22% of the owner-occupied homes are located in moderate-income census tracts. Home improvement loans originated in moderate-income census tracts in 1997 represent 20%, and also compare favorably to demographics. However, YTD 1998 home improvement loans in moderate-income census tracts represent only 8%. Management believes the decrease may be due to a promotion for low-interest rate home equity lines of credit. However, these loans are not HMDA reportable and management did not track data to determine geographic distribution.

There are no conspicuous gaps in HMDA lending. The bank did not originate home mortgage loans in a number of low- and moderate-income census tracts; however, many of these census tracts are located in areas where the bank either does not have a branch or where the bank only recently acquired a branch. Given this, penetration of census tracts within the Denver MSA appears reasonable.

Borrower Distribution

HMDA data indicates the bank's efforts to serve low-income borrowers are weak. Home purchase loans to low-income borrowers represent 8% in 1997 and 7% YTD 1998; home refinance loans represent 12% in 1997 and 14% YTD 1998; home improvement loans represent 0% in 1997 and 8% YTD 1998. In comparison, 19% of the families in the Denver MSA were reported to be low-income in the 1990 Census.

HMDA data indicates the bank's efforts to originate all types of home mortgage loans to moderate-income borrowers are good. Home purchase loans to moderate-income borrowers represent 21% in 1997 and 17% YTD 1998. Home refinance loans represent 26% in 1997 and 22% YTD 1998. Home

improvement loans represent 20% in 1997 and 28% YTD 1998. In comparison, moderate-income families represent 18% of the total.

Small Business Loans

The bank's small business lending in the Denver MSA is better than that of the bank as a whole.

As of YTD 1998, the bank originated 227 small business loans totaling \$29 million in the Denver MSA. The number represents 30% of the total small business loans reported in the bank's combined assessment areas as of YTD 1998. Small business loans represent the largest dollar volume of loans originated during this review period. This is consistent with the bank's overall lending focus. The percentages are reasonable and consistent with the bank's assets and liabilities in this assessment area as measured by deposits as of YTD 1998.

There are no conspicuous gaps in small business lending. Although the bank did not make small business loans in numerous low- and moderate-income census tracts, many of these tracts represent markets where the bank does not have a presence.

In comparison to demographics, the distribution of small business loans is good. Bank reports indicate 7% of the small business loans were originated in low-income census tracts; 23% in moderate-income census tracts; 31% in middle-income census tracts; and 39% in upper-income census tracts. In comparison, data indicates 10% of the small businesses are located in low-income tracts; 25% in moderate-income tracts; 35% in middle-income tracts; and 30% in upper-income tracts.

Community Development Loans

The bank made one qualified community development loan totaling \$151,000 in this assessment area during this review period. This loan helped provide affordable housing for low- and moderate-income individuals.

INVESTMENT TEST

The level of qualified investments in this assessment area is lower than that of the bank as a whole.

CFNB had no qualified community development investments and only a nominal amount of grants in the Denver assessment area. Qualified grants totaled \$9,815. This low volume of activity represented very poor responsiveness to credit and community economic development needs. These grants were made to organizations that provided services such as financial counseling, education, health, and social services to low- and moderate-income individuals and families. These grants were not considered innovative or complex in supporting community development needs and did not demonstrate a leadership role.

SERVICE TEST

The bank’s delivery systems and its provision of community development services are similar to that of the bank as a whole.

Retail Banking Services

CFNB’s delivery systems in the Denver MSA are reasonably accessible to all portions of its assessment areas, including low- and moderate-income areas. The percentage of branches in low-income census tracts (19%) compares very favorably to the percentage of low-income census tracts (7%). The percentage of branches in moderate-income census tracts (18%) is also favorable in comparison to the percentage of moderate-income census tracts (22%). CFNB has two off-site ATMs, but they do not increase accessibility to individuals in low- and moderate-income census tracts, because they are located only in middle- and upper-income census tracts.

Services do not vary at the different locations, but hours vary. Most branches, with the exception of one in a moderate-income census tract, offer Saturday banking. Management stated that CFNB kept the same hours that the branches had prior to the acquisition by CFNB. CFNB also considered the feasibility of Saturday banking hours at those branches where it is not currently available.

The table below shows the distribution of offices and ATMs.

SERVICE TEST: Denver MSA #2080							
Service Type	#	% of State	Deposits \$ (million)	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Branch Offices	11	21%	\$328,383	19%	18%	27%	46%
ATMs - Attached -Full & Ltd	11	33%		18%	18%	27%	46%
ATMs- Detached - Full Service	0	0%		0%	0%	0%	0%
ATMs - Detached - Ltd Service	2	12%		0%	0%	50%	50%

Community Development Services

CFNB demonstrated poor efforts to provide community development services in the Denver MSA. The bank provided 26 hours of qualified community development services during this review period. This level of service is low in comparison to the bank’s capacity and opportunities available in the assessment area.

Conclusions with Respect to Performance Tests in the Boulder Assessment Area

The bank’s performance in this assessment area is similar to that of the bank as a whole.

LENDING TEST

The lending performance within this assessment area is weaker than that of the bank as a whole.

The following tables summarize the bank’s lending within the Boulder Assessment Area for 1997 and YTD 1998:

1997 LENDING TEST: Boulder MSA#1125								
Loan Type	#	% of State	\$ (000's)		Low % of #	Moderate % of #	Middle % of #	Upper % of #
Residential - Home Purchase	8	5%	\$ 2,643	CT	0%	25%	38%	37%
				B	38%	0%	25%	37%
Residential - Refinance	12	7%	\$ 2,949	CT	0%	8%	75%	17%
				B	8%	25%	17%	50%
Residential - Home Improvement	3	7%	\$ 269	CT	0%	0%	33%	67%
				B	0%	33%	0%	67%
Multifamily	1	100%	\$ 40	CT	0%	0%	100%	0%
Small Business/Small Farm	**	-	-	-	-	-	-	-
Community Development	3	50%	\$ 3,553					
Total Lending	27		\$9,454					

(CT) Income Level of Census Tracts

(B) Income Level of Borrower

**Community Reinvestment Act Performance Evaluation
DISCLOSURE**

PUBLIC

Community First National Bank, Fort Morgan, Colorado

** Because of unreliable loan data, we did not analyze 1997 small business lending.

**Community Reinvestment Act Performance Evaluation
DISCLOSURE**

PUBLIC

Community First National Bank, Fort Morgan, Colorado

YTD 1998 LENDING TEST: Boulder MSA#1125								
Loan Type	#	% of State	\$ (000's)		Low % of #	Moderate % of #	Middle % of #	Upper % of #
Residential - Home Purchase	11	6%	\$ 1,658	CT	0%	36%	27%	36%
				B	0%	27%	27%	46%
Residential - Refinance	17	6%	\$ 1,700	CT	0%	6%	71%	23%
				B*	18%	18%	41%	18%
Residential - Home Improvement	6	7%	\$ 226	CT	0%	0%	83%	17%
				B	17%	16%	50%	17%
Multi-family	1	100%	\$ 515	CT	0%	0%	0%	100%
Small Business/Small Farm	68	9%	\$ 9,404	CT	0%	17%	58%	25%
Community Development	2	50%	\$ 777					
Total Lending	105		\$14,280					

(CT) Income Level of the Census Tract (B) Income Level of Borrower

*Borrower Income was not collected on 7% of the loans.

HMDA Loans

The bank’s HMDA loan volume and distribution of HMDA loans in low- and moderate-income geographies and to low- and moderate-income individuals is weaker than that of the bank as a whole.

During the review period, CFNB originated 59 HMDA loans totaling almost \$10 million in the Boulder MSA. The volume of HMDA loans represents 6% of total HMDA loans reported for our review. The bank’s concentration of HMDA lending is consistent with its lending focus. However, in this assessment area, the percentage of loans made is not consistent with the percentage of deposits that the bank derives from this assessment area. It is significantly low when compared to the fact that 16% of the bank’s deposit base comes from within the Boulder MSA

Geographic Distribution

The geographic distribution of all types of home mortgage loans in low-income census tracts is weak. However, clear cut trends are difficult to analyze since CFNB originated very few HMDA loans in this assessment area during the eighteen month review period. The bank did not originate any HMDA loans in either of the two low-income census tracts in the Boulder MSA. One low-income census tract consists of the University of Colorado and there are few owner occupied housing units in this tract. The other low-income tract is outside the city limits of Boulder. Only 1% of the owner-occupied homes are located in these low-income census tracts. Although these demographics tend to reduce the opportunity for real estate related lending, community contacts indicated that there is a significant need for affordable multi-family housing in this area.

The geographic distribution of home mortgage loans in moderate-income census tracts is very good for home purchase loans, but weak for home refinance and home improvement loans. Data indicates CFNB originated 25% of its home purchase loans in moderate-income census tracts in 1997 and 36% YTD 1998; 8% of its home refinance loans in 1997 and 6% YTD 1998. The bank did not originate any home improvement loans in moderate-income census tracts in either 1997 or 1998. In comparison, 1990 census data indicates 20% of the owner-occupied homes are located in these census tracts.

There does not appear to be any conspicuous gaps in HMDA lending. The bank did not make home mortgage loans in a number of low- and moderate-income census tracts. However, because the bank originated very few home mortgage loans within this assessment area, many census tracts did not have loan originations, including middle- and upper-income census tracts.

Borrower Distribution

CFNB originated very few HMDA loans in this assessment area during the eighteen month evaluation period, so clear cut trends are difficult to analyze. But, based on the HMDA loans made, it appears that CFNB's efforts to serve low-income borrowers in the Boulder MSA are somewhat weak. The data above indicates the bank made 38% (3) of its home purchase loans to low-income borrowers in 1997; none YTD 1998. Of the home refinance loans originated, the bank made 8% (1 loan) in 1997 and 18% (3 loans) YTD 1998 to low-income borrowers. The bank did not make any home improvement loans to low-income borrowers in 1997 and 17% (1 loan) YTD 1998. In comparison, 1990 census data indicates 18% of the population in this assessment area is low-income.

The distribution of HMDA loans to moderate-income borrowers is very favorable. For most products, the percentage of loans made to moderate-income borrowers is higher than the percentage of moderate-income families in the assessment area. CFNB did not make any home purchase loans to moderate-income borrowers in 1997, but did originate 27% of its total home purchase loans to moderate-income borrowers YTD 1998. Home refinance loans to moderate-income borrowers represent 25% of the total

refinance loans in 1997 and 18% YTD 1998. Home improvement loans represent 33% of the total home improvement loans in 1997 and 16% YTD 1998. In comparison, moderate-income families represent 18% of total families in this assessment area.

Small Business/Small Farm Loans

The bank's small business lending is similar to that of the bank as a whole.

As of YTD 1998, the bank originated 68 small business loans totaling \$9 million in the Boulder MSA. The number represents 9% of all small business loans originated by CFNB in all of its assessment areas YTD 1998. Small business/small farm lending in low-income census tracts is poor. YTD 1998, the bank has not originated any small business or small farm loans in low-income census tracts. In comparison, data indicates 1% of the small businesses in the assessment area are located in low-income census tracts.

The distribution of small business/small farm loans in moderate-income census tracts is adequate. The bank originated 17% of its loans in both 1997 and YTD 1998 in moderate-income census tracts. In comparison, 25% of the small businesses are located in moderate-income census tracts.

There are no conspicuous gaps in small business lending. Although there are a number of census tracts where the bank has not made any small business loans, some of these are areas where the bank does not have a strong presence.

Community Development Loans

CFNB's level of community development loans in the Boulder MSA is very good and demonstrates a high level of responsiveness to the needs in this assessment area. Note that the majority of the loans were made by a bank that CFNB acquired in 1998. The bank has five community development loans which total \$4.3 million and represent 22% of the bank's Tier 1 capital allocated to this assessment area. These loans helped provide affordable housing for low- and moderate-income individuals. One loan provided renovation funds for the improvement of an apartment building which will provide below market rentals for low- and moderate-income individuals.

INVESTMENT TEST

The level of the bank's qualified investments in this assessment area is weak and is consistent with that of the bank as a whole.

CFNB has no qualified community development investments and only a nominal amount of grants (26 qualified grants totaling \$15,170). This low volume of activity represents poor responsiveness to credit and community economic development needs. A majority of the grants support community services such as financial counseling, education, health, and social services to low- and moderate-income individuals and families. These grants are not considered innovative or complex in supporting community development needs and do not demonstrate a leadership role.

SERVICE TEST

Delivery systems within this assessment area are similar to that of the bank as a whole; but the provision of community development services within this assessment area is significantly better than that of the bank as a whole.

Retail Banking Services

The bank’s delivery systems in the Boulder MSA are reasonably accessible to all areas of the assessment area, including low- and moderate-income areas. The bank has ten branch offices in this assessment area; one branch (10% of the total in assessment area) is located in a low-income census tract, and one (10%) in a moderate-income census tract. The distribution of branches in low- and moderate-income areas is generally favorable compared to the demographics that indicate low-income census tracts represent 3% of the total and moderate-income census tracts represent 16%. CFNB does not have any off-site, full-service ATMs in this assessment area.

Services do not vary at the different locations, but the hours vary. Most branches, with the exception of one in a low-income census tract, offer Saturday banking. Management stated that CFNB did not change any hours of the banks it purchased. CFNB management also considered the feasibility of offering Saturday hours.

SERVICE TEST: Boulder MSA #1125							
Service Type	#	% of State	Deposits \$ (million)	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Branch Offices	10	19%	\$219,610	10%	10%	60%	20%
ATMs - Attached -Full & Ltd	5	15%		0%	20%	40%	40%
ATMs- Detached - Full Service	0	0%		0%	0%	0%	0%

Community Reinvestment Act Performance Evaluation
DISCLOSURE

PUBLIC

Community First National Bank, Fort Morgan, Colorado

ATMs - Detached - Ltd Service	3	18%		0%	33%	34%	33%
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Community Development Services

CFNB provided a relatively high level of community development services in the Boulder MSA. During 1997 and YTD 1998, the bank provided 460 hours of service to organizations that have a community development purpose. Bank staff provided banking and credit counseling, served on budget and finance committees, and sponsored and assisted non-profit organizations in applying for Federal Home Loan Bank Board (FHLBB) grants.

***Conclusions with Respect to Performance Tests in the State of Colorado
 Non-Metropolitan Statistical Areas (non-MSA's)***

The bank's overall performance in this aggregated assessment area is similar to that of the bank as a whole.

LENDING TEST

The bank's lending performance in this assessment area for home mortgage loans is similar to that of the bank as a whole; but it is weaker for small business loans than that of the bank as a whole.

There are no low-income BNAs in any of the non-MSA assessment areas. Therefore, our analysis focuses on the geographic distribution of loans in moderate-income BNAs in this assessment area.

1997 LENDING TEST: non-MSAs								
Loan Type	#	% of State	\$ (000's)		Low % of #	Moderate % of #	Middle % of #	Upper % of #
Residential - Home Purchase	55	35%	\$4,648	BNA	N/A	0%	67%	33%
				B	6%	16%	22%	49%
Residential Refinance	75	42%	\$8,287	BNA	N/A	4%	51%	45%
				B	0%	8%	25%	65%
Residential - Home Improvement	26	63%	\$ 794	BNA	N/A	0%	46%	54%
				B	12%	19%	19%	35%
Small Business/Small Farm	**	-	-	-	-	-	-	-
Community Development	2	50%	\$5,200					
Total Lending	158		\$18,929					

(BNA) Income Level of Block Numbering Areas (B) Income Level of Borrower

** Because of unreliable loan data, we did not analyze 1997 small business lending.

**Community Reinvestment Act Performance Evaluation
DISCLOSURE**

PUBLIC

Community First National Bank, Fort Morgan, Colorado

YTD 1998 LENDING TEST: non-MSAs								
Loan Type	#	% of State	\$ (000's)		Low % of #	Moderate % of #	Middle % of #	Upper % of #
Residential - Home Purchase	69	38%	\$ 6,331	BNA	N/A	15%	55%	30%
				B	4%	20%	15%	61%
Residential - Refinance	117	40%	\$13,667	BNA	N/A	9%	44%	47%
				B	6%	19%	18%	54%
Residential - Home Improvement	34	37%	\$ 1,382	BNA	N/A	9%	44%	47%
				B	12%	12%	23%	53%
Multi-family	1	25%	\$ 50	BNA	N/A	0%	0%	0%
Small Business/Small Farm	320	43%	\$23,146	BNA	N/A	11%	65%	24%
Community Development	0	0%	\$ 0					
Total Lending	541		\$44,576					

(BNA) Income Level of Block Numbering Areas (B) Income Level of Borrower

HMDA Lending

HMDA lending within these combined non-MSA assessment areas is similar to that of the bank as a whole.

During 1997 and as of YTD 1998, CFNB originated 377 HMDA loans totaling \$35 million in the non-MSA assessment areas. The number of HMDA loans represents 40% of all HMDA loans in all of the bank's assessment areas. Of the HMDA loans originated in the non-MSA assessment areas, 51% were for home refinancing, 33% were for home purchase, and 16% were for home improvement.

Geographic Distribution

The geographic distribution of home mortgage loans in moderate-income BNAs is adequate and showed improvement in 1998. No home purchase loans were originated in moderate-income BNAs in 1997; 15% were originated YTD 1998. Home refinance loan originations in moderate-income BNAs represented 4% in 1997 and 9% YTD 1998. No home improvement loans were originated in moderate-income tracts in 1997; 9% were originated YTD 1998. In comparison, 14% of the BNAs are moderate-income and 15% of the owner-occupied homes are located in moderate-income BNAs.

Borrower Distribution

The distribution of home mortgage loans to low-income borrowers is weak for home purchase and refinance loans, but is adequate for home improvement loans. The data above indicates home purchase loans to low-income borrowers represent 6% in 1997 and 4% YTD 1998; home refinance loans represent 0% in 1997 and 6% YTD 1998; home improvement loans represent 12% in both 1997 and YTD 1998. In comparison, 19% of the population is low-income.

In the non-MSA assessment areas, the percentage of households below the poverty level is quite high at 15%. As stated earlier, there is an increased likelihood that individuals living below the poverty level would not qualify for this type of credit. This partially mitigates the fact that the bank did not generate many real estate related loans to low-income borrowers in this combined area. But, for analysis purposes, if the percentage of people below poverty is removed, the bank has generated a positive level of performance among low-income borrowers.

The distribution of home mortgage loans to moderate-income borrowers is very good for home purchase loans and good for home refinance and home improvement loans. Home purchase loans to moderate-income borrowers represent 16% in 1997 and 20% YTD 1998; home refinance loans represent 8% in 1997 and 19% YTD 1998; and home improvement loans represent 19% in 1997 and 12% YTD 1998. In comparison, 18% of the population is moderate-income.

Small Business Lending

The bank's small business lending in the non-MSA assessment areas is weaker than that of the bank as a whole.

The number of small business loan originations in the non-MSA assessment areas represents 42% of the total small business loan originations in all of the bank's combined assessment areas.

The distribution of small business loans in moderate-income BNAs is weak in comparison to the opportunities available. As of YTD 1998, the bank made 11% of its small business loans in moderate-income BNAs. In comparison, data indicates 22% of the small businesses are located in moderate-income BNAs.

Community Development Lending

The level of community development lending in the non-MSA assessment areas is very good. The bank originated three qualified community development loans totaling \$5.2 million. This represents 9% of Tier 1 capital. The loans helped provide affordable housing for residents of Summit and Logan Counties.

Flexible and Innovative Lending

CFNB made two flexible small business loans in one of the non-MSA assessment areas - Steamboat Springs. These loans helped to provide affordable single family homes for moderate-income individuals who live in this high-cost resort community.

One of the loans was made to ten moderate-income home buyers who used the proceeds to purchase a parcel of land to build affordable homes which will range in price from \$130,000 to \$165,000. The average cost of homes in Steamboat Springs is \$350,000. Without the efforts of the branch president, this project would not have come to fruition. The branch also provided the construction loans and will make the permanent mortgage loans to the ten home buyers.

The second loan also provides lower-cost housing for moderate-income families. The funds are being used to develop lots that range from \$39,000 to \$69,000 for modular homes which range in size from 1,500 to 1,800 square feet. The average cost to complete such a home is about \$185,000. The bank is assisting the borrowers by making loan terms more flexible by doing such things as waiving loan fees, lowering rates, and allowing longer terms on lot financing.

INVESTMENT TEST

The level of qualified investments in the non-MSA assessment areas is somewhat better than that of the bank as a whole. Despite the higher volume of dollars granted within the non-MSA assessment areas, the level of investments is still considered weak compared to the resources available to the bank.

CFNB did not make any qualified investments in the non-MSA assessment areas, but did make 44 grants totaling \$240,269 in these areas. These dollars represent the bulk of what CFNB granted throughout all assessment areas yet the dollar volume is small in relation to the bank's financial capacity and the numerous opportunities available. The grants represent 0.4% of Tier 1 capital allocated to the non-MSA assessment areas.

The bank made a total of 30 grants totaling \$232,255 in non-MSA assessment area #1. The majority of this was one grant of \$200,000 made by the Fraser branch. The grant was made to a local foundation which supports affordable housing and provides financial assistance for first-time and low- and moderate-

income home buyers. This grant demonstrates the bank’s leadership and responsiveness to the needs of this assessment area. The foundation had been dormant until the bank infused cash and provided support through the bank president’s service on the volunteer board. The bank used the proceeds resulting from the sale of foreclosed raw land to fund the \$200,000 grant.

CFNB made 12 grants totaling \$1,889 in assessment area #2, and two grants totaling \$6,125 in assessment area #6. The grants supported affordable housing, small business development, and social services for low- and moderate-income individuals.

SERVICE TEST

The bank’s delivery systems are similar to that of the bank as a whole; but its provision of community development services is better within these combined assessment areas than that of the bank as a whole.

Retail Banking Services

The bank’s delivery systems in the non-MSA assessment areas are reasonably accessible throughout all areas, including moderate-income geographies. Seventeen percent (17%) of the branches are located in moderate-income census tracts. In comparison, 10% of the BNAs are moderate-income. The bank’s only detached full service ATM is located in a middle-income census tract.

Hours and services vary at the branches. Some type of Saturday banking is offered at all the branches located in moderate-income areas. Management stated that CFNB kept the same hours the purchased bank had prior to its acquisition.

SERVICE TEST: non-MSAs							
Service Type	#	% of State	Deposits \$ (million)	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Branch Offices	23	44%	\$649,833	N/A	17%	48%	35%
ATMs - Attached -Full Service	11	34%		N/A	9%	55%	36%
ATMs- Detached - Full Service	1	34%		N/A	0%	100%	0%
ATMs - Detached - Ltd Service	12	70%		N/A	0%	0%	0%

Community Development Services

CFNB provided a high level of community development services in the non-MSA assessment areas. During 1997 and YTD 1998, the bank provided 683 hours of community development service to eight community development organizations. Employees provided financial expertise by serving on loan review committees; providing counseling on how to finance a small business; assisting senior citizens in managing and working with government entities to determine what subsidies are available for low-cost housing; and working with a junior college to help local small farm operators develop management skills.

Secondary Focus Areas

Although the overall rating for CFNB was largely influenced by the performance within the Denver, Boulder, and the non-MSA combined assessment areas, we also reviewed the lending, investment and service performance of the other assessment areas to determine if the performance in these locations was consistent with the overall bank. These typically are the newer assessment areas and include the more recent acquisitions. Because of that, these offices typically have fewer loan originations and, as a result, performance is not reflective of the entire bank. The results of the Lending and Investment Tests for the bank as a whole were not influenced by the performance found in these assessment areas. Although including these offices for the Service Test was generally a positive factor for the Service Test because the bank increased its presence in low- and moderate-geographies, this was not a significant consideration for the overall Service Test rating. These offices have a smaller share of the bank's deposits and lending activity and performance should also be evaluated from that perspective.

Conclusions with Respect to Performance Tests in the Greeley Assessment Area

The bank's performance in this assessment area is not conclusive because the bank had only owned the branches for two months during this evaluation period.

LENDING TEST

The bank made relatively few loans in this period. The branches originated 67 mortgage-related loans and the distribution is similar to the bank as a whole. The branches made only three small loans to businesses

and analysis is not meaningful. The branches in the Greeley MSA were not acquired until April 1998 and the loans shown on the table represents a two-month period.

The following table is provided for informational purposes only:

**Community Reinvestment Act Performance Evaluation
DISCLOSURE**

PUBLIC

Community First National Bank, Fort Morgan, Colorado

YTD 1998 LENDING TEST: Greeley MSA #3060								
Loan Type	#	% of State	\$ (000's)		Low % of #	Moderate % of #	Middle % of #	Upper % of #
Residential - Home Purchase	23	13%	\$ 2,236	CT	0%	39%	17%	44%
				B*	13%	13%	22%	17%
Residential - Refinance	29	10%	\$ 3,072	CT	3%	14%	35%	48%
				B	14%	10%	35%	38%
Residential - Home Improvement	15	16%	\$ 241	CT	0%	27%	7%	67%
				B	7%	20%	20%	33%
Small Business/Small Farm	3	0%	\$ 182	CT	0%	0%	67%	33%
Community Development	0	0%	\$ 0					
Total Lending	70		\$5,731					

*Borrower income was not obtained on 20% of the home purchase loans.

HMDA Loans

Geographic Distribution

There are very few HMDA loans made so trends are not conclusive and a full analysis is not warranted. The data above indicates weak distribution of loans in low-income census tracts, but good distribution in moderate-income census tracts. The bank originated 23 home purchase loans, 29 home refinance loans, and 15 home improvement loans in this assessment area. No home purchase loans or home improvement loans were originated in low-income census tracts, and only one refinance loan was originated in a low-income census tract. In comparison, 9% of the census tracts are low-income. The bank originated nine home purchase loans, representing 39%; four home refinance loans, representing 14%; and four home improvement loans, representing 27% in moderate-income census tracts. In comparison, 21% of the census tracts are moderate-income. Note also that the bank has only been operating branches in this assessment area since April 1998, which also explains the low volume of loan originations.

Borrower Distribution

The distribution of HMDA loans to low- and moderate-income borrowers is adequate compared to demographic characteristics. The bank originated three loans (13%) of its home purchase loans to low-

income borrowers, and another 13% to moderate-income borrowers. For home refinance loans, the bank originated 14% to low-income borrowers and 10% to moderate-income borrowers. CFNB originated 7% of its home improvement loans to low-income borrowers and 20% to moderate-income borrowers. In comparison, the population is 20% low-income and 18% moderate-income.

Small Business/Small Farm Loans

These branches originated only three small business loans in this assessment area so full analysis is not meaningful.

INVESTMENT TEST

CFNB has no qualified community development investments and only a nominal amount of grants (nine qualified grants totaling \$6,501.) However, the branches in this assessment area were acquired in April 1998. The grants supported organizations that provide financial counseling, education, health, and social services for low- and moderate-income individuals and families. The grants are not innovative or complex and do not demonstrate a leadership role.

SERVICE TEST

The bank’s delivery systems and its provision of community development services are similar to that of the bank as a whole.

Retail Banking Services

The bank’s delivery systems are reasonably accessible to all areas in the Greeley MSA. The bank has two offices. One located in a moderate-income census tract; the other is in an upper-income census tract. The bank also has a detached full service ATM in a moderate-income census tract. Services and hours at the bank’s two branches in the Greeley MSA are identical.

SERVICE TEST: Greeley MSA #3060							
Service Type	#	% of State	Deposits \$	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Branch Offices	2	4%	\$64,744	0%	50%	0%	50%
ATMs - Attached -Full & Ltd	2	6%		0%	50%	0%	50%

ATMs- Detached - Full Service	1	33%		0%	100%	0%	0%
ATMs - Detached - Ltd Service	0	0%		0%	0%	0%	0%

Community Development Services

CFNB has had limited opportunity to provide community development services in this assessment area because the Greeley branches were acquired in April 1998.

Conclusions with Respect to Performance Tests in the Fort Collins Assessment Area

The bank’s performance in this assessment area is not conclusive because the bank had only owned the branches for two months during this evaluation period.

LENDING TEST

The bank has originated few loans of any type in this assessment area, so a full analysis is not meaningful. Available data, however, indicates that the bank’s lending in this market is weaker than that of the bank as a whole.

HMDA Loans

HMDA lending in the Fort Collins MSA is negligible because the bank had these offices for only a two-month period. The bank made only six loans.

Geographic Distribution

Geographic distribution of the few HMDA loans made shows somewhat weak penetration in low-income census tracts and moderate-income census tracts. The bank made only two home-purchase loans, one was originated in a moderate-income census tract. There were no home refinance or home improvement loans originated in low- or moderate-income census tracts.

Borrower Distribution

Borrower distribution to low- and moderate-income individuals is somewhat weak. The bank did not originate any type of HMDA loans to low-income individuals. However, the bank did originate both of its home purchase loans to moderate-income individuals. No home refinance or home improvement loans were originated to moderate-income individuals.

Small Business/Small Farm Loans

CFNB's small business lending in this market is negligible. As of YTD 1998, the bank had originated only one small business loan for \$675,000 in a middle-income census tract.

Community Development Loans

The bank did not originate any community development loans in this assessment area, but CFNB did not acquire the branches in this assessment area until April 1998.

INVESTMENT TEST

CFNB has no qualified community development investments or grants; however, CFNB just acquired this branch in April 1998.

SERVICE TEST

The bank's delivery systems and its provision of community development services are similar to that of the bank as a whole.

Retail Banking Services

The bank's delivery systems in the Fort Collins MSA are reasonably accessible to all geographies in the assessment area, including low- and moderate-income areas. One of the bank's three branches is located in a low-income census tract. This branch is the only branch which has an attached full-service ATM. CFNB does not have any off-site ATMs within this assessment area.

Services do not vary at the different locations, but hours vary. Two branches, one of which is located in a low-income census tract, are not open on Saturdays. Management stated the branches kept the same hours that the purchased banks had prior to the acquisition by CFNB; but consideration was also given to the feasibility of Saturday hours.

**Community Reinvestment Act Performance Evaluation
DISCLOSURE**

PUBLIC

Community First National Bank, Fort Morgan, Colorado

SERVICE TEST: Fort Collins MSA #2670							
Service Type	#	% of State	Deposits \$ (million)	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Branch Offices (#)	3	6%	\$66,558	33%	0%	34%	33%
ATMs - Attached -Full Service	3	9%		33%	0%	34%	33%
ATMs- Detached - Full Service	0	0%		0%	0%	0%	0%
ATMs - Detached - Ltd Service	0	0%		0%	0%	0%	0%

Community Development Services

CFNB has had limited opportunity to provide community development services in this assessment area; the Fort Collins branches were acquired in April 1998.

Conclusions with Respect to Performance Tests in the Pueblo Assessment Area

The bank's performance in this assessment area is not conclusive because of the small number of loans originated; however, CFNB did not acquire this branch until January 1998.

LENDING TEST

CFNB loan originations are minimal in the Pueblo assessment area. Because this branch was only acquired in January 1998, management stated the branch has not yet established itself in this market. The branch only originated ten reportable loans in this period as shown on the table below:

YTD 1998 LENDING TEST: Pueblo MSA #6590								
Loan Type	#	% of State	\$ (000's)		Low % of #	Moderate % of #	Middle % of #	Upper % of #
Residential - Home Purchase	3	2%	\$ 116	CT	0%	67%	33%	0%
				B	0%	33%	34%	33%
Residential - Refinance	5	2%	\$ 535	CT	0%	40%	60%	0%
				B	0%	40%	60%	0%
Residential - Home Improvement	0	0%	\$ 0	CT	0%	0%	0%	0%
				B	0%	0%	0%	0%
Small Business/Small Farm	2	0%	\$ 58	CT	0%	0%	50%	50%
Community Development	0	0%	\$ 0					
Total Lending	10		\$709					

(CT)Income Level of Census Tracts

(B) Income Level of Borrower

* Income information is not available.

INVESTMENT TEST

There are no qualified community development investments or grants in this assessment area; CFNB acquired this branch in January 1998.

SERVICE TEST

The bank’s delivery systems and its provision of community development services are similar to that of the bank as a whole.

Retail Banking Services

The bank’s delivery systems in the Pueblo MSA are reasonably accessible to all census tracts in this assessment area, including low- and moderate-income areas. CFNB has only one branch which is located in a low-income geography. There are no ATMs.

The branch has shorter hours than those of CFNB’s other assessment areas. The branch is open from 9:00 AM to 4:00 PM Monday through Thursday, and 9:00 AM to 5:00 PM on Fridays. The branch also offers Saturday banking. Management stated that the bank kept the same hours the purchased bank had prior to acquisition.

SERVICE TEST: Pueblo MSA #6590							
Service Type	#	% of State	Deposits \$ (million)	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Branch Offices (#)	1	2%	\$11,875	100%	0%	0%	0%

Community Development Services

CFNB has had limited opportunity to provide community development services in this assessment area, as the Pueblo branch was acquired in January 1998 and has a small staff.

Conclusions with Respect to Performance Tests in the Grand Junction Assessment Area

The bank’s performance in this assessment area is not consistent with the performance of the bank as a whole. The branches were acquired in December 1997 and January 1998 which explains the generally weaker performance.

LENDING TEST

Because the branches were recently acquired, the bank has originated few loans of any type. Management stated the bank is primarily a consumer lender, but is trying to develop a small business loan portfolio. Because of this emphasis, the branches were able to generate 126 loans to small businesses in this short time period. HMDA lending, however, lags behind and a full analysis of HMDA loans is not meaningful.

YTD 1998 LENDING TEST: Grand Junction MSA #2995								
Loan Type	#	% of State	\$ (000's)		Low % of #	Moderate % of #	Middle % of #	Upper % of #
Residential - Home Purchase	4	2%	\$ 400	CT	N/A	25%	75%	0%
				B	0%	0%	75%	25%
Residential - Refinance	4	2%	\$ 308	CT	N/A	0%	75%	25%
				B	0%	25%	50%	25%
Residential - Home Improvement	1	1%	\$ 20	CT	N/A	0%	100%	0%
				B	0%	0%	100%	0%
Small Business/Small Farm	126	16%	\$2,307	CT	N/A	2%	95%	3%
Community Development	2	50%	\$1,384					
Total Lending	137		\$4,419					

(CT) Income Level of Census Tracts

(B) Income Level of Borrower

HMDA Loans

The bank has made very few real estate related loans so full analysis is not meaningful.

Small Business/Small Farm Loans

CFNB's small business lending in the Grand Junction assessment area is weaker than that of the bank as a whole.

In the short time since CFNB has acquired branches in this assessment area, the bank originated a reasonable volume of loans to small businesses. However, only a very small portion of its small business loans were within moderate-income census tracts. In 1998, the bank made 2% of its small business loans in moderate-income census tracts. In comparison, 22% of the small businesses are located in moderate-income census tracts.

Community Development Loans

The level of community development lending in this assessment area is good and demonstrates good responsiveness to the needs of the assessment area. The bank made two community development loans totaling almost \$1.4 million. This represents 4% of CFNB's Tier 1 capital allocated to this assessment area. One loan provided affordable housing for low- and moderate-income families. The other provided housing and health services for low- and moderate-income elderly individuals.

INVESTMENT TEST

The bank has no community development investments and a nominal amount of grants totaling \$1,775. The three grants helped provide social services to low- and moderate-income individuals and families. This volume of activity represents poor responsiveness to the credit and economic development needs of the community; however, this performance is mitigated by the fact that the bank only recently acquired branches in this assessment area.

SERVICE TEST

The bank's delivery systems and its provision of community development services are similar to that of the bank as a whole.

Retail Banking Services

Both of CFNB’s branches in the Grand Junction MSA are located in middle-income census tracts. Because they are centrally located, they are reasonably accessible to all census tracts in this assessment area, including moderate-income census tracts. The bank has no detached ATMs. Hours and services to not vary significantly at the two branches.

SERVICE TEST: Grand Junction MSA #2995							
Service Type	#	% of State	Deposits \$ (million)	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Branch Offices	2	4%	\$48,603	NA	0%	100%	0%
ATMs - Attached -Full Service	1	3%		NA	0%	100%	0%
ATMs- Detached - Full Service	1	33%		NA	0%	100%	0%
ATMs - Detached - Ltd Service	0	0%		NA	0%	0%	0%

Community Development Services

The bank did not provide any community development services to any organizations or groups in this assessment area.

Fair Lending Review

A fair lending examination was performed December 1997. We found no violations of the substantive provisions of the antidiscrimination laws and regulations. The bank has sound nondiscriminatory loan policies and procedures. All employees with customer contact or responsibilities relating to lending are required to participate in corporate training programs that focus on fair lending laws and regulations.

Appendix A: Scope of Examination

Time Period Reviewed		
Lending Data: January 1, 1997 through June 30, 1998 Other Performance Criteria: January 1, 1997 through June 30, 1998		
Financial Institution	Products Reviewed	
Community First National Bank	Loans: Home Improvement, Residential Mortgage, Small Business, and Community Development Other: Qualified Investments, Product Delivery Systems, and Community Development Services.	
Affiliate	Products Reviewed	
Equity Lending, Inc.	Sub-prime Residential Mortgage Loans	
List of Assessment Areas and Type of Examination		
Assessment Areas	Type of Exam	Deposits Attributed to Area Branches as of September 1998
Metropolitan Statistical Areas		Dollars (in millions) Percent
Denver (MSA 2080)	On-site	\$ 328,383 24%
Boulder (MSA 1125)	On-site	\$ 219,610 16%
Greeley (MSA 3060)	On-site	\$ 64,744 4%
Fort Collins (MSA 2760)	On-site	\$ 66,558 5%
Pueblo (MSA 6590)	On-site	\$ 11,875 1%
Grand Junction (MSA 2995)	On-site	\$ 48,603 3%
Non-Metropolitan Statistical Areas		
Assessment Area 1 (Chaffee, Grand, Gunnison, Moffat, Park, Routt, & Summit Counties)	On-site	\$ 348,489 25%
Assessment Area 2 (Logan, Morgan, & Phillips Counties)	On-site	\$ 83,978 6%
Assessment Area 3 (Kit Carson County)	On-site	\$ 23,253 2%
Assessment Area 4 (Elbert County)	On-site	\$ 37,907 3%
Assessment Area 5 (Las Animas County)	On-site	\$ 56,127 4%
Assessment Area 6 (Delta & Montrose Counties)	On-site	\$ 100,079 7%

