



PUBLIC DISCLOSURE

JANUARY 28, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**FIRST MOUNTAIN BANK
RSSD# 295356**

**409 HARRISON AVENUE
LEADVILLE, COLORADO 80461-3613**

**Federal Reserve Bank of Kansas City
925 Grand Boulevard
Kansas City, Missouri 64198**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION'S CRA RATING: *This institution is rated **Satisfactory***

First Mountain Bank (FMB) has a satisfactory record of helping to meet the credit needs of its entire assessment area (AA), including low- and moderate-income (LMI) neighborhoods, in a manner consistent with its resources, operating philosophy, and the credit needs of the community. Four of the five criteria used in evaluating small bank lending performance were relevant to this review and are as follows:

- Loan-to-Deposit (LTD) Ratio
- Lending Inside the AA
- Lending to Borrowers of Different Income Levels
- Geographic Distribution of Loans

FMB's responsiveness to complaints under the Community Reinvestment Act (CRA), the fifth core criteria used to assess small bank performance, was not evaluated because the bank has not received any complaints.

Conclusions about the four performance criteria were based on data compiled from a statistically-derived sample of loan files for each major product line. The major product lines were determined through discussions with FMB management, a review of the Report of Condition and Income (Call Report), and a review of the number of loan originations since FMB's last CRA examination on December 1, 2003. The two loan types selected for review were residential real estate loans and consumer motor vehicle secured loans.

FMB's LTD ratio indicated a satisfactory effort to extend credit in a competitive lending market. In addition, a substantial majority of FMB's lending activity occurred inside its AA. The bank's geographic distribution of loans reflected an acceptable dispersion throughout its AA and the distribution of loans among borrowers of different income levels was reasonable.

SCOPE OF EXAMINATION

The performance of FMB was assessed using the Federal Financial Institutions Examinations Council's (FFIEC) examination procedures for small institutions. The bank's performance was based on an analysis of its residential real estate loans originated from December 1, 2003 to November 30, 2007, and consumer motor vehicle loan originations from June 1, 2007 to November 30, 2007. The sample size consisted of a total of 62 loans, 32 residential real estate loans and 30 consumer motor vehicle loans.

Interviews with members of the community within FMB's AA were conducted during the examination to ascertain local credit needs and economic conditions. Two contacts were made, one with a Leadville city official and another with a local realtor in the bank's AA.

DESCRIPTION OF INSTITUTION

FMB is located in Leadville, Colorado, in Lake County and is a wholly owned subsidiary of ORE Bancorporation, a shell bank holding company. FMB operates one office with an attached drive-thru facility and an automated teller machine (ATM) located on the bank premises.

According to the June 30, 2007 Federal Deposit Insurance Corporation (FDIC) Market Share Report, FMB is one of three FDIC-insured institutions in Lake County with approximately 26 percent of the area's deposits.

FMB offers traditional loan and deposit products with an emphasis on residential real estate and consumer loans. As of the December 31, 2007 Call Report, the bank reported total assets of \$23,042M, gross loans of \$15,867M, and total deposits of \$17,359M. Table 1 illustrates the breakdown of the bank's loan portfolio by product.

TABLE 1 BANK'S LOAN PORTFOLIO		
Loan Type	Amount (\$000)	Percent of Total
Agricultural	77	0.5
Commercial	3,801	24.0
Consumer	2,443	15.4
Real Estate	9,527	60.0
Other	19	0.1
Total Gross Loans	15,867	100.0

The evaluation of CRA performance was considered in the context of FMB's financial capacity, legal impediments, competitive and economic conditions, and demographics that may have affected the bank's ability to extend credit. The analysis did not reveal any legal impediments or financial constraints that restrict the bank's ability to lend.

FMB's performance under the CRA was last evaluated at the December 1, 2003 examination, at which time a satisfactory rating was assigned.

DESCRIPTION OF THE BANK'S ASSESSMENT AREA

FMB has delineated Lake County as its AA, which is comprised of one moderate- and two middle-income tracts. The moderate-income tract is located in the north portion of the county and is mostly public land. One middle-income tract includes the town of Leadville while the other tract is located to the south and includes Twin Lake Village. The bank's AA has not changed since the last evaluation on December 1, 2003, and does not arbitrarily exclude any LMI tracts.

Leadville is located in the center of the Rocky Mountains and is the highest incorporated city in the United States (10,152 feet). The area is approximately 103 miles west of Denver, Colorado, and 178 miles east of Grand Junction, Colorado. The county sits in a high valley surrounded by the Sawatch Mountain Range to the west along the Continental Divide and the Mosquito Range to the east. The county covers 377 square miles with three-quarters public land that also includes portions of the Pike and San Isabel National Forests.

According to 2000 Census data, the total population is 7,812 with 2,821 residents in Leadville. The area's median age is about 30 years with 56.0 percent of the population between the ages of 20 to 54 years and 6.6 percent over 65.

Historically, mining has been the area's main economic driver, but with the closure of the Climax Molybdenum Mine, the principal economic drivers are now tourism and retail. The city of Leadville is in close proximity to the ski resort areas of Vail, Aspen, and Breckenridge and has become a bedroom community providing more affordable lodging to those employed in the retail and service industries in these resort areas. Both community contacts interviewed estimated that 57.0 to 70.0 percent of residents work in areas outside Lake County and are most likely unable to find employment in the local community.

The Bureau of Labor Statistics indicates that employment growth in 2006 stood at 6.0 percent with a slight decline to 3.7 percent growth by the third-quarter of 2007. The unemployment rate in Lake County at year-end 2006 was 3.4 percent, remaining stable and aligned with the Colorado state average of 3.9 percent. According to the Bureau of Economic Analysis 2005 data, Lake County's per capita personal income of \$22,793 was 61.0 percent of the state average and ranked 55 out of 64 Colorado counties.

The area's housing appears to be affordable with a higher affordability ratio than the rest of the state. While the median family income is slightly less than other rural areas in the state, the median housing value is 86.0 percent of the state's nonmetropolitan average. The age of the housing stock is 42 years compared to 25 years for other statewide rural areas, which drives the lower housing prices.

An analysis of housing data in the moderate-income tract revealed that total housing units accounted for 12.0 percent of the total units in the AA and had a median housing value of \$43,334 compared to \$102,523 for the AA overall. In addition, the data shows that about 65.0 percent of total housing units are mobile homes and 18 percent of units are vacant. According to the bank and community contacts, this tract is sparsely populated with very few homes except for three mobile home parks along Highway 24 just northwest of Leadville. Because the mobile home parks lease land to mobile home owners, the opportunities for residential real estate lending are extremely limited.

Both community contacts described the local economy as stable to improving. Tourism, especially during the summer, and construction are the dominant industries in the area, while entities such as the school district, the hospital, and the local county government are the largest employers in the area. Small, independent business owners make up the remainder of

the workforce. In addition, both contacts added that poor infrastructure in regards to water/sewage lines has limited the construction of new homes and businesses in Leadville. The costs of installing these services are placed on the purchaser of the land. Often, these additional costs are too expensive for the individuals who want to build homes or businesses on these lots.

Table 2 summarizes the characteristics of EMB's AA based on 2000 Census and 2006 Dun and Bradstreet data.

TABLE 2 FIRST MOUNTAIN BANK AA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	340	17.6
Moderate-income	1	33.3	321	16.6	66	20.6	369	19.1
Middle-income	2	66.7	1,612	83.4	118	7.3	537	27.8
Upper-income	0	0.0	0	0.0	0	0.0	687	35.5
Total AA	3	100.0	1,933	100.0	184	9.5	1,933	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	481	313	15.4	65.1	82	17.0	86	17.9
Middle-income	3,432	1,714	84.6	49.9	868	25.3	850	24.8
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	3,913	2,027	100.0	51.8	950	24.3	936	23.9
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	25	6.8	24	6.8	0	0.0	1	12.5
Middle-income	344	93.2	331	93.2	6	100.0	7	87.5
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	369	100.0	355	100.0	6	100.0	8	100.0
Percentage of Total Businesses:				96.2		1.6		2.2

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Overall conclusions regarding the lending tests are summarized in the following sections. Each test is evaluated for performance characteristics described in Appendix B of Regulation BB, which implements the CRA. Data used for this evaluation included FMB's performance data and area demographic information which is also summarized in the following table.

TABLE 3 SUMMARY OF LENDING PERFORMANCE								
Lending within the Assessment Area								
	Inside AA				Outside AA			
	#	%	\$(000)	%	#	%	\$(000)	%
Residential Real Estate	30	93.8	2,703	91.1	2	6.3	232	8.6
Motor Vehicle	26	86.7	239	88.4	4	13.3	32	11.6
TOTAL	56	90.3	2,703	91.1	6	9.7	264	8.9
Distribution by Income Level of Geographies								
	% of Bank Loans				% of Owner-Occupied Units			
	Low	Moderate	Middle	Upper	Low	Moderate	Middle	Upper
Residential Real Estate	0.0	0.0	100.0	0.0	0.0	15.4	84.6	0.0
	% of Bank Loans				% of Families			
	Low	Moderate	Middle	Upper	Low	Moderate	Middle	Upper
Motor Vehicle	0.0	11.5	88.5	0.0	0.0	16.6	83.4	0.0
Distribution by Borrower Income Level								
	% of Bank Loans				% of Families			
	Low	Moderate	Middle	Upper	Low	Moderate	Middle	Upper
Residential Real Estate	23.3	23.3	30.0	23.3	17.6	19.1	27.8	35.5
Motor Vehicle	26.9	11.5	38.5	23.1				

Loan-to-Deposit Ratio

This performance standard estimates the reasonableness of FMB’s aggregate LTD ratio in view of performance context information, including the institution’s capacity to lend, demographic and economic factors present in the AA, and the availability of lending opportunities.

FMB’s average LTD ratio was compared to six other similarly situated lenders within and around the bank’s delineated AA and to the bank’s national peer group. The average LTD ratio for both the subject and peer banks was calculated by adding the quarterly LTD ratios and then dividing by the 16 quarters since the bank’s last CRA examination. Over this period, the bank’s average LTD ratio of 80.0 percent compared similarly to the 76.0 percent average of the local peer group and favorably to the 66.0 percent average of the bank’s national peer group. As a result, the bank’s performance under this test is considered reasonable.

Lending in the Bank's Assessment Area

This lending test evaluates the concentration of residential real estate and consumer motor vehicle loans originated by FMB in its AA. As shown in Table 3, a substantial majority of the bank's residential real estate and consumer motor vehicle loans are originated inside the AA. The bank's performance in this lending test is therefore considered excellent.

Geographic Distribution of Loans

Within this performance test, FMB's distribution of residential real estate loans is compared to the percentage of owner-occupied units, while the distribution of consumer motor vehicle loans is compared to the percentage of families located in each income tract. Emphasis is placed on lending in the moderate-income tracts. Overall, the bank's distribution of loans reflects a reasonable dispersion throughout the AA.

Residential Real Estate Loans

As shown in Table 3, 100 percent of real estate loans were originated within the two middle-income tracts with no penetration in the moderate-income tract. As mentioned in the AA description, this geography has very limited opportunities for residential lending as the majority of the units are mobile homes. Moreover, the Home Mortgage Disclosure Act (HMDA) data reveals that aggregate lenders made very few loans within this geography as well. Based upon the limited opportunities, the geographic distribution of loans is considered reasonable.

Consumer Motor vehicle Loans

The distribution of consumer motor vehicle loans was also considered reasonable. Table 3 shows that nearly 12.0 percent of FMB's consumer motor vehicle loans were originated in the moderate-income tract compared to the approximately 17 percent of families located in the geography.

Distribution by Borrower Income

This lending test focuses on FMB's level of lending to borrowers of different income levels, particularly LMI individuals. The analysis for lending to residential real estate and consumer motor vehicle borrowers focused on the number of loans originated, rather than the dollar volume, as it is a better indicator of the number of individuals benefiting from these products. Overall, the bank has a reasonable penetration of loans to borrowers of different income levels.

Residential Real Estate Loans

FMB's origination of real estate loans reflects a reasonable penetration to LMI borrowers. Table 3 reveals that 47 percent of originated real estate loans to LMI borrowers compares slightly better with the 37 percent of LMI families in the bank's AA.

Consumer Motor vehicle Loans

Table 3 illustrates the penetration of motor vehicle loans to borrowers of different income levels. FMB's criterion is considered reasonable. The distribution of originated loans to LMI borrowers was 38 percent which compares similarly with the 37 percent of LMI families.

Record of Responding to Complaints

FMB has not received any complaints about its performance in meeting AA credit needs. Therefore, the bank's performance in responding to complaints was not assessed.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

FMB is in compliance with the substantive provisions of the antidiscrimination laws and regulations. A review of bank policies, credit applications, loans, and interview procedures revealed no prohibited practices designed to discourage loan applicants. Further, the bank has not engaged in other illegal practices inconsistent with helping to meet community credit needs.

GLOSSARY OF COMMON CRA TERMS

(For additional information, please see the Definitions section of Regulation BB at 12 CFR 228.12.)

Aggregate lending – the number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Assessment Area – The geographic area(s) delineated by the bank and used in evaluating the bank’s record of helping to meet the credit needs of its community. The assessment area must include the geographies where the main office, branches, and deposit-taking automated tellers machines are located. The assessment area must consist only of whole geographies, may not reflect illegal discrimination, and may not arbitrarily exclude low- or moderate-income geographies.

Census Tracts – Census tracts are small, relatively permanent geographic entities within counties delineated by a committee of local data users. Census tracts are designed to be homogenous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons and average about 4,000 inhabitants.

Community Development – Includes 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 have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, designated distressed or underserved nonmetropolitan middle-income areas or designated disaster areas.

Consumer Loans – Loans to individuals for household, family and other personal expenditures. These loans do not include real estate-secured loans.

Dun & Bradstreet Data – Data collected by Dun & Bradstreet regarding types of businesses and their respective gross annual revenues. The data can be sorted by geographies.

Family – Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Geography – A census tract delineated by the U.S. Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (“HMDA”) – The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual

summary reports of their mortgage lending activity. The reports include data such as race, gender and income of applications, amount of loan requested, and disposition of the application (for example, approved, denied, and withdrawn).

Household – Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Income Level – Both geographies and individuals can be described in terms of their income levels. In MSAs, the level is based on the MSA median income. In non-MSA areas, the level is based on the statewide, non-MSA median income.

Low-Income – Less than 50 percent of the area median income

Moderate-Income – At least 50 percent and less than 80 percent of the area median income

Middle-Income – At least 80 percent and less than 120 percent of the area median income

Upper-Income – At least 120 percent or more of the area median income

Metropolitan Statistical Area (MSA) – The general concept of an MSA is that of a core area containing a large population nucleus, together with adjacent communities having a high degree of economic and social integration with that core. Generally, a single city with at least 50,000 inhabitants or an urbanized area with a total population of at least 100,000 would meet the definition of an MSA.

Owner-occupied units – Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged

Small Business – A business with gross annual revenues of \$1 million or less.

Small Business Loan – A loan with an original amount of \$1 million or less that has been reported in the Consolidated Report of Condition and Income in the category “Loans secured by nonfarm nonresidential properties” or “Commercial and industrial loans.”

