

**PUBLIC DISCLOSURE**

February 12, 1996

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Rio Blanco State Bank  
10-08-1309  
529752**

**222 West Main Street  
Rangely, Colorado 81648**

**Federal Reserve Bank of Kansas City**

**925 Grand Avenue  
Kansas City, MO 64198**

**NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

## GENERAL INFORMATION

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution=s record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution=s record of meeting the credit needs of its community.*

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of Rio Blanco State Bank prepared by the Federal Reserve Bank of Kansas City, the institution=s supervisory agency, as of February 12, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.*

### **INSTITUTION=S CRA RATING: This institution is rated Satisfactory**

In a manner consistent with its resources and capabilities, Rio Blanco State Bank=s evaluation under the revised CRA performance criteria is rated satisfactory. This satisfactory rating indicates the following: a reasonable loan-to-deposit ratio, a substantial majority of loans located within the bank=s assessment area, a geographic distribution of loans that reflects a reasonable dispersion of loans in the bank=s assessment area, and a reasonable penetration of loans among different income levels (including low- and moderate-income) and businesses of different sizes.

The following table indicates the performance level of Rio Blanco State Bank with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	RIO BLANCO STATE BANK PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints received since the last examination.		

**DESCRIPTION OF INSTITUTION**

Rio Blanco State Bank has one location in the City of Rangely, Colorado. The September 30, 1995 Report of Condition ("Call Report") indicates total assets of \$12,097,000. The types of credit offered by the bank are as follows:

- Residential loans for single-family dwellings
- Residential loans for multi-family dwellings
- Housing rehabilitation loans
- Home improvement loans
- Small business loans
- SBA loans
- Community development loans
- Commercial loans
- Consumer loans

Visa credit card program

Lending levels reflect a strong responsiveness to the most pressing credit needs of the community, particularly small business loans and real estate loans, which comprise the largest component of the bank's market.

The September 30, 1995 Report of Condition and Income indicates the following loan distribution:

<u>Loan Type</u>	<u>Amount In Thousands</u>	<u>Percent of Total Loans</u>
Real estate loans	\$3,546	56.70
Commercial loans	1,419	22.70
Consumer loans	1,100	17.60
Agricultural Loans	185	3.00
Other loans and obligations		
Less: Unearned income		
Total	<u>\$6,250</u>	<u>100</u>

**DESCRIPTION OF RIO BLANCO STATE BANK=S ASSESSMENT AREA**

The bank=s assessment area is described as the following block numbering areas ("BNA"):

Colorado	
<u>County#</u>	<u>BNA#</u>
81.00	9504
103.00	9512

Utah	
<u>County#</u>	<u>BNA#</u>
47.00	9884
47.00	9881

These block numbering areas are located in Rio Blanco County, Colorado, Moffat County, Colorado, and Uintah County, Utah. The towns included in these counties include Rangely, Colorado, Dinosaur, Colorado, and Vernal, Utah. The bank=s assessment is not part of a Metropolitan Statistic Area ("MSA"). The largest portion of the bank=s assessment area is Uintah County, Utah. Uintah County is located in the

northwestern corner of Utah. It is noted that three of the BNAs are considered middle-income, and one BNA is considered upper-income. The high-income BNAs (compared to Colorado and Utah average median income) are due to the large number of persons living in the BNAs that are employees in the mining industry. The mining industry typically has a higher salary base than other industries represented by the average median incomes in Colorado and Utah.

According to the 1990 census data, the population of the bank=s assessment area is 11,921. In addition, the average adjusted household median income for nonmetropolitan areas in Colorado is \$24,143 and in Utah is \$26,224. The household median income for the bank=s assessment area is \$24,910. The low- and moderate-income market population of the bank=s assessment area is 1,449 or 37.5 percent.

Major employers located in the bank=s assessment area include Chevron Oil Company, Conoco Oil Company, Deserado Coal Mine, and Colorado Northwestern Community College. The local school district, the local hospital, and the retail and tourist industry, including hunting and fishing, add diversification to the local community.

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

Rio Blanco State Bank=s performance under CRA is considered satisfactory. The performance criteria for small banks include an assessment of the bank=s total loans as a percent of total deposits. This evaluation also includes a determination of the number of loans the bank has originated in its assessment area (defined above) as a percent of total loans the bank has originated. An evaluation of the distribution of borrowers within the assessment area, given the demographics discussed previously, determines if there is a reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. Finally it is ascertained that there were no substantiated complaints about the bank=s performance in meeting the credit needs of the assessment area.

The loan-to-deposit ratio for Rio Blanco State Bank is reasonable, given the bank=s size and financial condition and the credit needs of the assessment area. The bank=s average net loan-to-deposit ratio for the period of October 1, 1994, through September 30, 1995, was 57 percent. This is comparable with two other banks of similar size (less than \$25 million in total assets) that are located in Moffat County and Rio Blanco County. These two bank=s average net loans-to-deposit ratios (for the same period) were 46 to 68 percent, respectively. Additionally, Rio Blanco State Bank=s 58 percent average total loans-to-total assets ratio compares favorably to approximately 50 banks of similar size in the State of Colorado. The peer group's average total loans-to-total asset ratio was 55 percent.

A substantial majority of the bank=s total loan originations for 1994 and 1995 are located within the bank=s assessment area. A sample of 91 loans originated in 1994 and 1995 was selected for the assessment area characteristic review. These loans represent a 90 percent confidence level, with a 10 percent plus or minus error ratio. The results indicated that 96 percent of the bank=s loan originations and 95 percent of the dollar volume of

these loans were to borrowers located in the bank=s assessment area.

The distribution of loan originations across the bank=s assessment area by income level of BNA was satisfactory. This analysis was completed using the same sample mentioned above. Comparisons were made of the income level of the census tracts where borrowers resided, compared to the average median family income within the bank=s assessment area and the dispersion of loans within the various BNAs of non-metropolitan Colorado. This review showed the following dispersion:

<u>Income Level of Borrowers</u>	<u>Consumer Real Estate loans</u>	<u>Consumer Non-Real Estate Loans</u>
Low (<50% of median)	0%	0%
Moderate (50-80% of median)	0%	0%
Middle (80-120% of median)	48%	3%
Upper (>120% of median)	<u>52%</u>	<u>97%</u>
TOTAL	<u>100%</u>	<u>100%</u>

The distribution of loan originations across the bank=s assessment area by income level of borrowers is satisfactory. This analysis was also completed using the same loan sample mentioned above. Comparisons were made of borrowers= income levels to the average median income for the bank=s assessment area. Owner-occupied housing in the assessment area is 58 percent of total housing. This review showed the following dispersion:

<u>Income Level of Borrowers</u>	<u>Consumer Real Estate Loans</u>	<u>Consumer Non-Real Estate Loans</u>
Low (<50% of median)	4%	22%
Moderate (50-80% of median)	22%	32%
Middle (80-120% of median)	17%	30%
Upper (>120% of median)	<u>57%</u>	<u>16%</u>
TOTAL	<u>100%</u>	<u>100%</u>

All of the loans reviewed were to businesses with less than \$1,000,000 in sales, and the loans were less than \$1,000,000. Therefore, the loans reviewed were considered small business loans.

The bank has not received any complaints since the prior examination.

No violations of the substantive provisions of the antidiscrimination laws were identified. To ensure fair lending, the bank has adopted fair lending policies and procedures and has provided training for bank employees.

Rio Blanco State Bank has maintained a satisfactory record of meeting the identified credit needs of its assessment area consistent with its size and financial condition. The types of credit offered by the bank demonstrate an affirmative effort on the part of bank management to ensure that community credit needs are met. Lending levels reflect a satisfactory responsiveness to the most pressing community credit needs, particularly small business loans and real estate loans, which comprise the largest component of the bank's market. Management and community contacts indicated that the primary community credit needs include small business loans as well as consumer and commercial real estate loans. According to the September 30, 1995 Call Report, the bank's loan portfolio consisted of 23 percent commercial loans and 57 percent commercial and consumer real estate loans.

No violations of the substantive provisions of the antidiscrimination laws were identified.