



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

November 03, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Pioneer National Bank
Charter Number 8752

145 West Fourth Street
Wray, CO 80758

Office of the Comptroller of the Currency

Denver Field Office
1225 17th Street, Suite 450
Denver, CO. 80202

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

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

A satisfactory rating is appropriate given the bank's demonstrated ability to meet the credit needs of the community including loans to low- and moderate-income individuals and small businesses. Specifically:

- The loan-to-deposit ratio of 75 percent is reasonable.
- A substantial majority of loans by number and dollar volume are originated within the bank's assessment area (AA).
- The bank's pattern of lending to low- and moderate-income borrowers and small businesses reasonably reflects area demographics.
- There have been no complaints about its performance and there is no evidence of illegal discrimination or other illegal credit practices

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

SCOPE OF EXAMINATION

The bank's primary loan products by dollar volume are agricultural operating lines and by number are consumer loans. Our rating of the bank's CRA performance is based on an analysis of these two products. There are no legal or financial impediments to the bank's ability to meet the credit needs of the assessment areas.

DESCRIPTION OF INSTITUTION

First Pioneer National Bank (FPNB) is a \$134 million rural community bank located in Wray, CO, which is approximately 170 miles east of Denver. The main office has a drive-up facility and an ATM. There is also a full-service branch and an ATM in a gas station in Holyoke, CO. FPNB is wholly owned by First Pioneer Bank Corporation (FPBC), a three-bank holding company located in Wray, CO. FPBC also owns Citizens National Bank of Akron in Akron, CO and Farmer's State Bank of Brush, Brush, CO.

The following chart details a breakdown of FPNB's loan portfolio as of June 30, 2009.

Loan Portfolio Composition as of June 30, 2009			
Loan Category	\$ (000)	%	# of Loans
Agricultural	31,351	39.03	512
Agricultural Real Estate	25,094	31.24	156
Commercial & Industrial	8,033	10.00	214
Consumer	6,121	7.62	660
Other Loans	9,727	12.11	17
Total	80,325	100.00	1559

Source: June 30, 2009 Report of Condition

Based on its financial condition, the local economy, and product offerings, FPNB has the ability to meet the various credit needs of the community.

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First Pioneer National Bank received a "Satisfactory" rating at the last CRA examination dated April 21, 2003.

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

DESCRIPTION OF ASSESSMENT AREA(S)

Management has designated one contiguous assessment area (AA) as its effective lending territory. The bank's assessment area is located on the northeastern edge of Colorado and encompasses two census tracts in Yuma County and two census tracts in Phillips County. The area is rural and is not designated as a Metropolitan Statistical Area (MSA). Yuma and Phillips Counties border Kansas and Nebraska on the east. Towns in the area include Wray, Holyoke, Paoli, Idalia, Kirk, and Amherst. Specific demographic and economic data is listed below.

Demographic and Economic Characteristics of Assessment Area	
Population	
Number of Families	3,909
Number of Households	5,592
Geographies	
Number of Census Tracts/BNA	4
% Low-Income Census Tracts/BNA	0
% Moderate-Income Census Tracts/BNA	0
% Middle-Income Census Tracts/BNA	100.00
% Upper-Income Census Tracts/BNA	0
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	44,319
2008 HUD-Adjusted MFI	51,500
Economic Indicators	
Unemployment Rate	1.21
2000 Median Housing Value	80,976
% of Households Below Poverty Level	12.43

Source: 2000 Census data and HUD updated income data.

The economy in this area is based largely on agriculture related activities. The main crops in this area are wheat and corn. Since 2003, prices for these commodities have risen which has had a positive impact on the economy. Major employers in the area include Wray Community Hospital, Yuma District Hospital, county and city government offices and education systems, and Pro-Health, LLC. Competition for financial services AA is strong. There are numerous financial institutions in the AA including commercial banks, savings institutions, and credit unions. The AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

We made one community contact in conjunction with this examination. They indicated that the area economy has remained stable over the past few years, especially compared to the large economic setbacks across the nation. Some recent job loss has occurred due to oil and gas drilling moving out of the area, but most jobs are agriculturally based and employment has remained steady. The greatest credit needs continue to be small farm and small business financing, as well as civic development, such as new city facilities, government offices, police and fire departments, etc. Area financial institutions are very responsive to the credit needs of the community.

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

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

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

The bank’s quarterly average loan-to-deposit ratio since the previous CRA exam is 75 percent. The average loan-to-deposit ratio of similarly situated banks within or contingent to the assessment area for the same period was 78 percent, and ranged from 71 percent to 87 percent. Similarly situated banks are those banks of similar business lines operating within the same geography. Traditionally, FPNB has primarily been an agricultural lender. FPNB ranks third among five banks for its quarterly average ratio and ranks fourth among five banks for its actual loan-to-deposit ratio for June 2009.

Lending in Assessment Area

In order to assess performance for this area we sampled agricultural operating lines and consumer loans. Of the 52 loans reviewed, 85 percent by number and 95 percent by dollar volume were originated within the AA.

A substantial majority of the bank’s loans were made within its AA. In order to assess performance for these criteria, we reviewed 27 commercial and 25 consumer loans originated between September 2008 and September 2009. The breakdown by loan category is illustrated in the following table.

<i>Lending in the Assessment Areas</i>								
	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
LOAN TYPE	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Agricultural LOC	20	74	5,931	96	7	26	274	4
Consumer	24	96	314	93	1	4	24	7
Total Reviewed	44	85	\$6,245	95	8	15	298	5

Source: Sample of loans used for CRA performance analysis.

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

FPNB’s loan portfolio reflects a reasonable distribution among individuals and families of various income levels (including low- and moderate-income) and businesses of different sizes within their AA. To perform our analysis, we reviewed income information of 20 agricultural and 24 consumer-purpose loans in the First Pioneer AA.

Consumer Loans - The bank’s pattern of consumer loan originations to low-income borrowers is good and the pattern of consumer loan originations to moderate-income

borrowers is excellent. Within the bank’s assessment area, demographics indicate low- and moderate-income families comprise 28 percent and 20 percent of total families, respectively. By number, 20 percent of sampled loans were originated to low-income borrowers and 24 percent to moderate-income borrowers, as demonstrated in the following table:

Borrower Distribution of Consumer Loans in Yuma and Phillips County, Colorado (Non-MSA)								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Consumer Loans	28%	20%	20%	24%	21%	32%	31%	24%

Source: Loan sample; 2000 U.S. Census data.

Farm Loans - The distribution of agricultural operating lines originated in the bank’s AA indicates good performance in lending to businesses of different sizes. Of the 20 loans sampled, 95 percent by number and 89 percent by dollar volume were originated to small farms. This reasonably compares to area demographics in which 96 percent of the farms for which revenue information was available are small farms.

Based on 2008 Business demographic Data, there are 493 farms with reported revenues located within the bank’s assessment area. Of this number, 471 of the farms or 95.54 percent, reported revenues less than or equal to \$1 million. Of the farm operating loans in our sample, 95 percent were to businesses reporting annual revenues below \$1 million. This level is comparable to the assessment area information and reflects a satisfactory penetration of business loans to small businesses. The following chart reflects the results of our selected sample of business loans originated in this AA.

Borrower Distribution of Loans to Farms in AA		
Farm Revenues	≤\$1,000,000	>\$1,000,000
% of AA Farms	95.54%	4.46%
% of Bank Loans in AA by #	95%	5%
% of Bank Loans in AA by \$	88.9%	11.1%

Source: Loan sample; 2008 Business Demographic Data

Geographic Distribution of Loans

We did not perform an analysis of the geographic distribution as all census tracts in the assessment area are middle-income and an analysis of distribution would not be meaningful.

Responses to Complaints

The bank has not received any CRA-related complaints since the previous CRA examination in April 2003.

Fair Lending or Other Illegal Credit Practices Review

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