



# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## Public Disclosure

September 18, 2006

### Community Reinvestment Act Performance Evaluation

Vectra Bank Colorado, N.A.  
Charter Number: 23849

2000 East 20th Street  
Farmington, New Mexico 87401

Office of the Comptroller of the Currency  
Large Bank Supervision  
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**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, and should not 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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## Overall CRA Rating

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

The following table indicates the performance level of **Vectra Bank Colorado, N.A.** (Vectra) with respect to the Lending, Investment, and Service Tests:

Performance Levels	Vectra Bank Colorado, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	X
High Satisfactory			
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- Vectra’s level of originated and purchased loans in its full-scope Colorado and New Mexico assessment areas (AAs) is good, and lending levels are consistent with its strategic focus and financial resources.
- The geographic distribution of Vectra’s home mortgage loans and small loans to businesses is excellent in the bank’s largest markets.
- Vectra’s overall distribution of home mortgage loans to borrowers of different income levels and to businesses of different sizes is good in its full-scope Colorado AAs.
- Vectra funded a very high level of community development loans in its full-scope Colorado AAs. This included community development (CD) loans that were complex and innovative.
- Vectra demonstrated excellent performance in providing qualified community development investments and grants in its Colorado AAs. The bank continues to play a leadership role in the development and implementation of an innovative and complex investment which meets a significant CD need in the bank’s largest AAs.
- Vectra’s branch delivery systems provide excellent accessibility to individuals living in LMI geographies in full scope AAs in Colorado. Vectra provides reasonable accessibility in limited scope AAs and its New Mexico full-scope AA.
- Vectra provided a high level of CD services in all of its full-scope Colorado AAs, and a good level in its New Mexico full-scope AA.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**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 MA/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**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 household and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States 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 such data as the race, gender, and the income of applications, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**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.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division (MD):** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least

2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**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.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

## Description of Institution

Vectra Bank Colorado, N.A. (Vectra) is the eighth largest depository institution in Colorado with total assets of \$2.3 billion as of December 31, 2005. Vectra operates in the states of Colorado and New Mexico. The bank is headquartered in Farmington, New Mexico, and maintains only one office in that state. The bank was originally created in 1998 through acquisitions of more than a dozen Colorado banks representing a wide range of unrelated markets.

Vectra is a subsidiary of Zions Bancorporation (ZBC), a multi-bank holding company, which had \$45 billion in assets as of December 31, 2005. ZBC acquired Vectra in January 1998. ZBC is headquartered in Salt Lake City, Utah, and operates banking institutions in Utah, Arizona, California, Colorado, Idaho, Nevada, New Mexico, Oregon, Texas and Washington. Additionally, ZBC holds several non-financial affiliates. The primary benefits of these affiliates include support for the ZBC banks and provision of non-bank services and products to the affiliated banks' customers. Vectra has requested that we consider Community Development loans made by the affiliated Zions First National Bank in assessing Lending Test performance.

Vectra is an interstate bank operating 40 branches in Colorado and one branch in New Mexico. During the review period, the bank sold 15 branches and decreased its assessment areas (AAs) from eleven to nine. The purpose of this action was to streamline Vectra's focus on small and middle market businesses. Additionally, the bank operates 47 Automated Teller Machines (ATMs) throughout the AAs. The designated nine AAs include the following:

### Colorado

- Denver-Aurora MSA;
- Boulder MSA;
- Colorado Springs MSA;
- Four Corners (La Plata and Montezuma Counties);
- Grand Junction MSA;
- Mountain Region (Routt, Garfield, Pitkin and Eagle Counties);
- Southwest Colorado (Montrose and San Miguel Counties);
- Pueblo MSA; and

### New Mexico

- Farmington (San Juan County).

Vectra gives local managers a large degree of autonomy to provide greater flexibility in meeting community credit needs, as the bank serves diverse areas. The primary economic markets within Colorado are the urban Front Range, rural communities, and mountain resorts. The New Mexico market is mostly rural, with a significant portion of the AA located on an Indian Reservation. The relative affluence and economic conditions of the AAs vary considerably, so tailoring credit programs to individual communities is an important part of Vectra's strategy.

Net loans represent 64% of the bank's total assets. Vectra's loan portfolio has total loans of \$1.5 billion and is concentrated in real estate secured loans. Portfolios secured by one to four family residential properties and commercial real estate are significant. Overall, Vectra's primary business focus is commercial lending. Specifically, the bank focuses on small and

mid-size businesses. Commercial real estate and commercial loans account for 48% of the loan portfolio. In addition, a significant portion of the loans categorized as "Construction & Development" consists of commercial loans. The bank does not have credit card loans. Currently, Vectra is decreasing its retail and agricultural loans, while increasing municipal loans.

Loans are supported by Tier One Capital of \$152 million. There are no legal or financial factors impeding the bank's ability to meet the credit needs of its AA.

The prior CRA examination was performed in November 2001. The examination resulted in an overall rating of "Outstanding." The procedures used at this examination place significant emphasis on the level and quality of the bank's investments, services, and CD activities.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

We evaluated Vectra's CRA performance using the Large Bank Tests in the CRA regulation. For the Lending Test we considered Home Mortgage Disclosure Act (HMDA) loans and CRA data (small loans to businesses) from January 1, 2001, to December 31, 2005. We based market comparisons on 2004 HMDA and 2005 CRA peer loan data. This was the most current peer data available at the time of this evaluation. The evaluation period for community development loans, investments, and services is November 6, 2001, to September 18, 2006. The branch and automated teller machine (ATM) information is as of September 18, 2006. Table 1 Lending Volume in Appendix D of this evaluation presents the volume of lending originated during the entire evaluation period. Table 1a Lending Volume and Tables 2 through 12 only present loans originated from January 1, 2004 through December 31, 2005 because of changes in geographies that occurred within Vectra's AAs due to the 2000 U.S. Census. Since our analysis covers the entire evaluation period, when Vectra's performance in earlier periods differs significantly from 2004 – 2005 data presented in this document, these differences are noted in our narrative comments.

### Data Integrity

Prior to this CRA examination, we reviewed the bank's system for testing the accuracy of publicly reported HMDA and CRA loan data. The bank identified and corrected errors found in the data and resubmitted corrected reports. Our review is based on the corrected data. During the CRA examination, we reviewed the accuracy of CD loans, investments, and services. This evaluation considers only those loans, investments, and services that meet the definition and purpose of community development.

### Selection of Areas for Full-Scope Review

We performed full-scope reviews in each state where Vectra has offices. Our review included full-scope reviews of three AAs in Colorado. These are the Denver-Aurora Metropolitan Statistical Area (MSA), the Four Corners non-MSA, and the Pueblo MSA, representing 48%, 8.5%, and 12.6% of total bank deposits in the State of Colorado, respectively. In total, these AAs account for more than 69% of total bank deposits in Colorado as of December 31, 2005, and nearly 65% of combined reportable loans. We performed a full-scope review of Vectra's only AA in the State of New Mexico, which is the Farmington (San Juan County) non-MSA. Accordingly, they are considered representative of Vectra's overall CRA performance. Limited scope reviews were conducted in the remaining AAs.

### Ratings

Vectra's overall rating is a blend of two state ratings. We placed the most weight in arriving at our overall conclusions on the State of Colorado because Vectra originated 98% of its loans and has over 99% of its deposits in Colorado.

The state ratings, as well as the overall Lending, Investment, and Service Test ratings are based primarily on conclusions drawn on the AAs that received full-scope reviews, but were

also influenced by performance in limited-scope areas. When determining the Lending Test conclusions by AA, we placed more weight on Vectra's HMDA reportable lending since HMDA loans represent the greatest volume of lending. We placed the least weight on small farm loans; with the exception of the Four Corners AA, the volume of small farm loans was insignificant. Within the bank's HMDA lending, we place the greatest weight on home purchase lending since community groups have identified this as a significant need for LMI individuals in the bank's AAs. Home refinance loans received the least weight; the volume of loans was mainly driven by the low interest rates during the review period and home refinance lending was not identified as a community development need by local community groups. Geographic and borrower distribution of HMDA and small business loans are weighed equally and have the most impact on AA Lending Test conclusions. We also gave consideration to qualitative factors such as complexity, innovation, responsiveness, and flexible lending programs.

Community development lending is considered a neutral or positive impact to overall Lending Test ratings, based on volume, complexity, and community impact of the transactions. The term "allocated Tier One Capital" is used to describe the portion of capital that is equal to the portion of deposits a specific AA represents in relation to total bank deposits. It is used only as a reference. The term is used in relation to Vectra's CD lending and qualified investments.

The Service Test analysis focuses on Vectra's distribution of branches by income level of the geography. However, there were instances where a branch located in a middle- or upper-income census tract was actually right on or near the border with a low- or moderate-income tract. Accordingly, our analysis considered the benefit these "bordering branches" provided to their respective communities. Changes in branch locations and community development services received a lesser amount of weight to overall conclusions. CD services, if significant, can have a positive impact on overall Service Test ratings.

## **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.

## Colorado State Rating

<b>CRA Rating for Colorado:</b>	<b>Outstanding</b>
<b>The Lending Test is rated:</b>	<b>Outstanding</b>
<b>The Investment Test is rated:</b>	<b>Outstanding</b>
<b>The Service Test is rated:</b>	<b>Outstanding</b>

The major factors that support this rating include:

- Vectra's level of originated and purchased loans in its full-scope Colorado AAs is good, and lending levels are consistent with its strategic focus and financial resources.
- The geographic distribution of Vectra's home mortgage loans and small loans to businesses is excellent. In the Four Corners AA where the volume is large enough to be evaluated, the geographic distribution of small loans to farms is good.
- Vectra's distribution of home mortgage loans to borrowers of different income levels and to businesses of different sizes is good. In the Four Corners AA where the volume is large enough to be evaluated, Vectra's distribution to farms of different sizes is excellent.
- Vectra originated a very high level of community development loans, some which were complex or innovative.
- Vectra offers a number of flexible loan products to help meet the credit needs of its AAs.
- Vectra demonstrated excellent performance in providing qualified community development investments and grants. The bank continues to play a leadership role in the development and implementation of an innovative and complex investment targeted at meeting a significant need in its largest AAs.
- Branch delivery systems provide excellent accessibility to individuals living in LMI geographies in its larger markets, and reasonable accessibility in its smaller markets.
- Vectra provided a high level of CD services in all of its full-scope Colorado AAs.

### Description of Institution's Operations in Colorado

The majority of Vectra's operations are in Colorado. Colorado operations account for 98% of HMDA and CRA loans, and 99% of bank deposits. Vectra operates 40 branches and 47 ATMs in the State of Colorado.

Vectra is a full service bank with eight AAs in Colorado. Its major banking competitors for each of its full scope AAs include: JP Morgan Chase Bank; Wells Fargo Bank, N.A.; U.S. Bank, N.A.; Key Bank, N.A.; Bank of the West; Colorado Business Bank, N.A.; Colorado State Bank; and Guaranty Bank in the Denver-Aurora MSA. Wells Fargo Bank, N.A.; U.S. Bank, N.A.; Legacy Bank; Southern Colorado National Bank; Canyon National Bank; Pueblo Bank & Trust;

and Colorado East Bank & Trust are the bank's primary competitors in the Pueblo MSA. Alpine Bank, First National Bank, American National Bank, and Community Bank of the Rockies are the bank's competitors in the Four Corners AA. In addition, Vectra competes with large interstate mortgage companies and credit card lenders, which do not take deposits from the AAs.

Refer to the Market Profiles for the State of Colorado in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

## **Scope of Evaluation in Colorado**

The Denver-Aurora MSA, the Pueblo MSA, and the Four Corners non-MSA received full-scope reviews. The Boulder, Colorado Springs, and Grand Junction MSAs and the Mountain Region and Southwest Colorado non-MSAs received limited-scope reviews. The conclusions drawn for these AAs are weighted by the percentage of Vectra's deposits in Colorado that each represents. Refer to the tables in Appendix A for more information.

We reviewed all of the most recent community contacts completed by the OCC, and conducted one additional community contact during the examination. These organizations either focus on providing affordable housing for LMI individuals or provide support for small businesses. Community contacts indicate the greatest needs in the Colorado AAs are for: investments and loans to help provide affordable housing; affordable mortgage loans for low- and moderate-income (LMI) individuals and households; investments or grants to support organizations that promote small business development; and small business loan programs that provide adequate access to financing for LMI borrowers, including small start-up businesses.

## **LENDING TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Lending Test in Colorado is rated "Outstanding." Based on full-scope reviews, the bank's performance in the Denver-Aurora and Pueblo MSAs and the Four Corners non-MSA is excellent. This is based primarily on 2001, 2002, 2003, 2004/2005 HMDA and CRA loan data. A review of 2001 data indicates similar performance.

### **Lending Activity**

Refer to Tables 1 and 1a Lending Volume in the State of Colorado section of Appendix D for the facts and data used to evaluate the bank's lending activity. Overall lending activity is good. This is based on the level of HMDA loans and small loans to businesses within the bank's full-scope AAs.

Over the five-year evaluation period (2001-2005), Vectra originated 16,240 reportable home mortgage loans totaling approximately \$2.8 billion, and 10,198 reportable small loans to businesses totaling more than \$1.3 billion in all of its Colorado AAs. In addition, the bank originated approximately \$288 million in CD loans which approaches 8% of the total volume of

reportable loans. This volume of CD lending enhanced Vectra's overall lending activity in its Colorado AAs.

When analyzing Vectra's lending activity in comparison to its deposit taking activity in its full-scope AAs, the competitive structure of the financial services market is an important contextual issue. There are a number of financial service providers active in all the AAs that make loans but do not take deposits from the AAs. This includes large interstate credit card lenders that provide credit cards to small businesses and large interstate mortgage companies. The operations of such financial institutions can dominate the market and limit lending opportunities, in addition to making the bank's loan market share seem low in comparison to its deposit market share. This effect is factored into the lending activity analysis.

The level of lending in the Denver-Aurora MSA is good. Based on June 30, 2005, FDIC deposit market share data, there were 87 deposit-taking financial institutions with one or more banking offices in the bank's Denver-Aurora AA. Based on dollar volume of deposits, Vectra ranked 12<sup>th</sup> with a market share of 1.99%. In comparison, there were 189 lenders that made small loans to businesses and 954 lenders that made home mortgage loans in the Denver-Aurora MSA. Based on 2005 small business peer data, the bank ranked 13<sup>th</sup> with a market share of 4.28% based on dollar volume and 1.16% based on number of small loans to businesses. Based on 2004 peer mortgage data, the bank ranked 83<sup>rd</sup> with a market share of 0.26% based on dollar volume and 0.27% based on number of mortgage loans originated/purchased in the Denver-Aurora MSA.

The level of lending in the Pueblo MSA is good. Vectra ranked 2<sup>nd</sup> among 16 banks that took deposits in this AA, and had a market share of 16.28% as of June 30, 2005. Peer small business loan data indicates the bank ranked 8<sup>th</sup> among 35 lenders that reported small loans to businesses with a market share of 13.18% based on dollar volume and 4.32% based on number of small loans to businesses. Peer mortgage data indicates the bank ranks 16<sup>th</sup> among 400 lenders who reported mortgage loans with a market share of 1.63% based on dollar volume and 1.97% based on number of mortgage loans.

The level of lending in the Four Corners AA is excellent. Vectra ranked 4<sup>th</sup> among 13 banks that took deposits in this AA, and had a market share of 10.99% as of June 30, 2005. The 2005 peer small business loan data indicates the bank ranked 7<sup>th</sup> with a market share of 19.94% based on dollar volume of loans and 5.74% based on number of loans. The 2004 peer mortgage data indicates the bank ranked 3<sup>rd</sup> with a market share of 5.37% based on dollar volume of loans and 5.67% based on number of loans.

## **Distribution of Loans by Income Level of the Geography**

### ***Home Mortgage Loans***

Refer to Tables 2, 3, 4 and 5 in the State of Colorado section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

Overall, the geographic distribution of home mortgage products in low- and moderate-income census tracts in the bank's full-scope AAs is excellent. This is based on the excellent

distribution of home mortgage loans in LMI CTs in the Denver-Aurora and Pueblo MSAs, and good distribution in the Four Corners AA.

Overall, the geographic distribution of all home mortgage products in the Denver-Aurora MSA is excellent. Data for the evaluation indicates excellent distribution of home purchase loans in low-income geographies and good distribution in moderate-income geographies. The portion of loans made in low income geographies significantly exceeds the percentage of owner occupied units in like geographies throughout the evaluation period. This is noteworthy because less than 2% of owner-occupied housing in the MSA is located in low-income geographies. In moderate-income geographies, the portion of loans made is near to the percentage of owner occupied units in 2002 and 2003. However, in 2004 and 2005, performance is weaker. Vectra's market share of home purchase loans in both low- and moderate income geographies significantly exceeds its overall market share throughout most of the evaluation period. Performance is slightly weaker in 2004 and 2005 when Vectra's market share in moderate-income geographies substantially meets its overall market share.

Vectra's distribution of home improvement loans in both low- and moderate-income geographies of the Denver-Aurora MSA is excellent. The portion of loans Vectra made in LMI geographies significantly exceeds the percentage of owner occupied units in like geographies throughout the evaluation period. In addition, Vectra's market share of home improvement loans in LMI geographies significantly exceeds its overall market share throughout the evaluation period.

For home refinance loans in the Denver-Aurora MSA, Vectra's distribution is adequate overall. The portion of loans made in low-income geographies is near to the percentage of owner occupied units in like geographies in 2004 and 2005. Performance is stronger in 2002 and weaker in 2003. The portion of loans made in moderate-income geographies is somewhat lower than the percentage of owner occupied units in like geographies in 2004 and 2005. Performance is weaker in 2002 and 2003. Vectra's market share of home refinance loans in low-income geographies is below its overall market share during most of the evaluation period, but is stronger in 2002. The bank's market share in moderate-income geographies is below its overall market share in 2004 and 2005, but performance is stronger in 2002 and 2003.

Vectra's geographic distribution of all home mortgage loan products in the Pueblo MSA is excellent. This is based primarily on the distribution of home mortgage loans in moderate-income geographies since there were no low-income geographies in the AA for most of the review period (2003, 2004 and 2005). In 2002, the portion of home purchase loans Vectra made in low-income geographies is somewhat lower than the percentage of owner occupied units in like geographies. However, the portion of home purchase loans made in moderate-income geographies meets or exceeds the percentage of owner occupied units during most of the evaluation period, with the exception on 2002 when performance is somewhat weaker. In 2002, Vectra's market share of home purchase loans in low-income geographies is below its overall market share. However, Vectra's market share of home purchase loans in moderate-income geographies significantly exceeds its overall market share throughout the evaluation period.

Vectra's geographic distribution of home improvement loans in the Pueblo MSA is excellent. In 2002, the portion of loans made in low-income geographies significantly exceeds the percentage of owner occupied units. The portion of loans made in moderate-income

geographies significantly exceeds the percentage of owner occupied units during most of the evaluation period, with the exception of 2002 when performance was weaker. Vectra's market share in moderate-income geographies significantly exceeds its overall market share throughout the evaluation period, with the exception of 2002 when performance was weaker.

Vectra's geographic distribution of home refinance loans in the Pueblo MSA is good. The portion of loans Vectra made in low-income geographies in 2002 is significantly lower than the percentage of owner occupied units. The portion of loans made in moderate-income geographies significantly exceeds the percentage of owner occupied units in 2004 and 2005; however, performance is weaker in 2002 and 2003. In 2002, Vectra's market share in low-income geographies is well below its overall market share. However, Vectra's market share in moderate-income geographies significantly exceeds its overall market share throughout the evaluation period, with the exception of 2002 when performance is weaker.

Vectra's geographic distribution of all home purchase loan products in the Four Corners AA is good. The portion of loans Vectra made in low-income geographies is somewhat lower than the percentage of owner occupied units throughout the evaluation period. However, only 1.5% of owner occupied units are located in low-income geographies in the AA. Vectra's portion of home purchase loans in moderate-income geographies significantly exceeds the percentage of owner occupied units in like geographies during most of the evaluation period; however, performance is considerably weaker in 2002. Vectra's market share of home purchase loans in low-income geographies significantly exceeds its overall market share throughout the evaluation period, except in 2002 when no loans were originated. Vectra's market share of home purchase loans in moderate-income geographies significantly exceeds its overall market share throughout the evaluation period.

Vectra did not originate or purchase any home improvement loans in the Four Corners AA in 2002, 2004 or 2005. In 2003, the portion of home improvement loans Vectra originated in moderate-income geographies significantly exceeded the percentage of owner-occupied units. In addition, Vectra's market share of home improvement loans significantly exceeded its overall market share that year. However, this performance had no impact on the bank's Lending Test rating due to insignificant volume.

Vectra's geographic distribution of home refinance loans in the Four Corners AA is good. Vectra did not originate any loans in low-income geographies during the evaluation period; however, only 1.5% of owner occupied units are located in low-income geographies in the AA. Vectra's portion of home purchase loans in moderate-income geographies significantly exceeds the percentage of owner occupied units in like geographies during most of the evaluation period; however, performance is considerably weaker in 2002. Vectra's market share of home refinance loans in moderate-income geographies significantly exceeds its overall market share throughout most of the evaluation period.

### ***Small Loans to Businesses***

Refer to Table 6 in the State of Colorado section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Overall, the distribution of small loans to businesses in LMI geographies in Vectra's full scope AAs is excellent.

Vectra's geographic distribution of small loans to businesses in LMI geographies in the Denver-Aurora MSA is excellent. The portion of loans Vectra made in LMI geographies significantly exceeds the percentage of businesses located in like geographies through most of the evaluation period. Only in 2003 is performance slightly weaker. Similarly, Vectra's market share of small loans to businesses in LMI geographies significantly exceeds its overall market share throughout the evaluation period.

Vectra's geographic distribution of small loans to businesses in moderate-income geographies in the Pueblo MSA is good. The portion of loans Vectra made in low-income geographies is poor. In 2002 Vectra's portion of loans made in low-income geographies was somewhat lower than the percentage of businesses located in these geographies. In 2003, 2004 and 2005, this MSA had no low-income geographies. However, the portion of loans Vectra made in moderate-income geographies significantly exceeds the percentage of businesses located in like geographies throughout the evaluation period. Similarly, in 2002 Vectra's market share of small loans to businesses in LMI geographies is below its overall market share. However, Vectra's market share of small loans to businesses in moderate-income geographies significantly exceeds its overall market share through the remainder of the evaluation period.

Vectra's geographic distribution of small loans to businesses in the Four Corners AA is excellent. There were no low-income geographies in Four Corners in 2002. Vectra's portion of loans made in low-income geographies significantly exceeds the percentage of businesses located in like geographies throughout the remainder of the evaluation period. The portion of loans Vectra made in moderate-income geographies significantly exceeds the percentage of businesses located in like geographies throughout most of the evaluation period. Only in 2002 is performance weaker. Similarly, Vectra's market share of small loans to businesses in LMI geographies significantly exceeds its overall market share throughout most of the evaluation period. Only in 2002 is performance weaker.

### ***Small Loans to Farms***

Refer to Table 7 in the State of Colorado section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

Farm loans are not a significant product in either the Denver-Aurora or Pueblo MSAs.

In the Four Corners AA, the overall distribution of small loans to farms is good. In low-income geographies, Vectra's portion of small loans to farms significantly exceeds the percentage of farms located in these geographies in 2004 and 2005; this is noteworthy because the percentage of farms in these geographies is only .28%. Vectra did not originate any small loans to farms in low-income geographies in 2003. Demographic data indicates there were no low-income geographies in this AA in 2002. Vectra did not originate any loans in moderate-income geographies in 2004 and 2005; however, only 1.45% of small farms are located in these geographies. The distribution of small loans to farms in moderate-income geographies is significantly lower than the percentage of farms located in these geographies in 2003, but performance is much stronger in 2002 when Vectra's portion substantially meets the demographic comparator. Vectra's market share of small loans to farms in low-income

geographies significantly exceeds its overall market share in 2004 and 2005; however, no loans were generated in these geographies in 2003. Vectra's market share of small loans to farms in moderate-income geographies significantly exceeds its overall market share in 2002 and 2003. However, no loans were generated in these geographies in 2004 and 2005.

### ***Lending Gap Analysis***

We reviewed Vectra's lending data, which includes home mortgage loans and small loans to businesses and farms made in the bank's AAs, in order to identify gaps in the geographic distribution of these loans. After considering Vectra's size, competition in the AAs, and demographic factors, we did not identify any conspicuous gaps in lending.

### ***Inside/Outside Ratio***

An analysis of Vectra's concentration of lending within its AAs in Colorado revealed that a substantial majority of the number of home mortgage loans and small loans to businesses were originated or purchased in the bank's AAs. Eighty-nine percent (89%) of the HMDA loans and 80% of the small loans to businesses were originated or purchased in the bank's Colorado AAs. This positively impacted the overall Lending Test rating.

### **Distribution of Loans by Income Level of the Borrower**

Vectra's overall distribution of loans by income level of the borrower and size of business or farm is good. This is based on the good dispersion of home mortgage loans among borrowers of different income levels, the adequate dispersion of small loans to businesses, and the excellent dispersion of small loans to farms.

### ***Home Mortgage Loans***

Refer to Tables 8, 9 and 10 in the State of Colorado section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Overall distribution of home mortgage loans in the full-scope AAs is excellent (see comment above). This is based on good distribution of home mortgage loans to low-income borrowers and excellent distribution to moderate-income borrowers in the bank's full-scope AAs.

In the Denver-Aurora MSA, Vectra's distribution of home mortgage loans to borrowers of different income levels is good in relation to the obstacles resulting from high housing costs. In evaluating the distribution of home mortgage loans to borrowers of different income levels, we considered the affordability of homes in this MSA. The median price of a home only rose 3.7%, from \$238,200 in 2003 to \$247,100 in 2005. However, in 2003, a median priced home was 32% higher than the national average.<sup>1</sup> Without financing assistance, a low-income family could only qualify for a home priced at 64% of the median<sup>2</sup>. The obstacle of affordability was a factor throughout the evaluation period in the Denver-Aurora MSA. See Appendix B for additional information on housing affordability in the full-scope areas.

<sup>1</sup> National Association of Realtors 2006

<sup>2</sup> Assumes 80% LTV, monthly payment not to exceed qualifying ratio of 25%

Vectra's distribution of home purchase loans to borrowers of different income levels in the Denver-Aurora MSA is good in relation to the obstacles resulting from high housing costs, particularly as it relates to low-income families. The portion of home purchase loans originated to low-income borrowers is lower than the percentage of low-income families within the AA in 2003, 2004 and 2005; performance is stronger in 2002. However, the portion of loans made to moderate-income borrowers significantly exceeds the percentage of moderate-income families throughout the evaluation period. Vectra's market share of home purchase loans to LMI borrowers significantly exceeds its overall market share for this type of loan in 2004 and 2005. Market share performance is weaker in relation to moderate-income borrowers in 2002 and 2003.

Vectra's distribution of home improvement loans to borrowers of different income levels in the Denver-Aurora MSA is good in relation to the obstacles resulting from high housing costs, particularly as it relates to low-income families. The portion of home improvement loans originated to low-income borrowers is lower than the percentage of low-income families within the AA in 2004 and 2005; however, performance is considerably stronger in 2002 and 2003 when the bank's portion exceeds or significantly exceeds the percentage of low-income families in the MSA. The portion of loans made to low-income borrowers significantly exceeds the percentage of low-income families throughout the evaluation period. Vectra's market share of home improvement loans to moderate-income borrowers significantly exceeds its overall market share for this type of loan in 2004 and 2005, but performance is weaker in 2002 and 2003.

Vectra's distribution of home refinance loans to borrowers of different income levels in the Denver-Aurora MSA is good in relation to the obstacles resulting from high housing costs, particularly as it relates to low-income families. The portion of home refinance loans originated to low-income borrowers is lower than the percentage of low-income families within the AA in 2002, 2004 and 2005; performance is weaker in 2003. However, the portion of loans made to moderate-income borrowers significantly exceeds the percentage of moderate-income families in 2002, 2004 and 2005. Performance is weaker in 2003. Vectra's market share of home purchase loans to low-income borrowers significantly exceeds its overall market share for this type of loan over the entire evaluation period. Vectra's market share of home refinance loans to moderate-income borrowers substantially meets its overall market share for this type of loan in 2004 and 2005; however, performance is weaker in 2002 and 2003.

In the Pueblo MSA, Vectra's distribution of home mortgage loans to borrowers of different income levels is excellent. Vectra's distribution of home purchase loans to borrowers of different income levels in the Pueblo MSA is excellent in relation to the obstacles resulting from high housing costs, particularly as it relates to low-income families. Without financing assistance, a low-income family in this AA could only qualify for a home priced at 76% of the median<sup>2</sup>. The portion of home purchase loans originated to low-income borrowers is somewhat lower than the percentage of low-income families within the AA in 2004 and 2005; but distribution is still good. In 2002 and 2003 performance is weaker. The portion of loans made to moderate-income borrowers significantly exceeds the percentage of moderate-income families throughout the evaluation period. Vectra's market share of home purchase loans to LMI borrowers significantly exceeds its overall market share for this type of loan over the entire evaluation period.

Vectra's distribution of home improvement loans to borrowers of different income levels in the Pueblo MSA is excellent. The portion of home improvement loans originated to low-income borrowers exceeds the percentage of low-income families within the AA in 2004 and 2005; performance is weaker in 2002 and 2003. The portion of loans made to moderate-income borrowers significantly exceeds the percentage of moderate-income families in 2003, 2004 and 2005; however, performance is weaker in 2002. Vectra's market share of home improvement loans to LMI borrowers significantly exceeds its overall market share for this type of loan over most of the evaluation period; performance in relation to moderate-income borrowers is weaker in 2002.

Vectra's distribution of home refinance loans to borrowers of different income levels in the Pueblo MSA is good. The portion of home refinance loans originated to low-income borrowers is lower than the percentage of low-income families within the AA in 2004 and 2005; performance is weaker in 2002 and 2003. However, the portion of loans made to moderate-income borrowers significantly exceeds the percentage of moderate-income families in 2004 and 2005; while the bank's portion is near to the percentage of moderate-income families in 2002 and 2003. Vectra's market share of home refinance loans to LMI borrowers significantly exceeds its overall market share for this type of loan over most of the evaluation period; performance is weaker in 2002.

In the Four Corners AA, Vectra's distribution of home mortgage loans to borrowers of different income levels is good. Vectra's distribution of home purchase loans to borrowers of different income levels in the Four Corners AA is good. The portion of home purchase loans Vectra originated to low-income borrowers is lower than the percentage of low-income families within the AA in 2002 and 2003; performance is weaker in 2004 and 2005. The portion of loans made to moderate-income borrowers significantly exceeds the percentage of moderate-income families in 2002 and 2003; performance is weaker in 2004 and 2005. Vectra's market share of home purchase loans to LMI borrowers significantly exceeds its overall market share for this type of loan over the entire evaluation period

Vectra's distribution of home improvement loans to borrowers of different income levels in the Four Corners AA is excellent. The portion of home improvement loans originated to low-income borrowers is somewhat lower than the percentage of low-income families within the AA in 2004 and 2005; however, performance is stronger in 2002 and in 2003, the portion of home improvement loans originated to low-income borrowers exceeds the percentage of low-income families. The portion of loans made to moderate-income borrowers is lower than the percentage of moderate-income families in 2004 and 2005; however, performance is stronger in 2003 and in 2002. The portion of home improvement loans originated to moderate-income borrowers significantly exceeds the percentage of moderate-income families. Vectra's market share of home purchase loans to LMI borrowers significantly exceeds its overall market share for this type of loan over the entire evaluation period.

Vectra's distribution of home refinance loans to borrowers of different income levels in the Four Corners AA is good. The portion of home refinance loans originated to low-income borrowers is significantly lower than the percentage of low-income families within the AA throughout the evaluation period. However, the portion of loans made to moderate-income borrowers exceeds or substantially exceeds the percentage of moderate-income families in 2002, 2004 and 2005; performance is weaker in 2003. Vectra's market share of home refinance loans to

LMI borrowers significantly exceeds its overall market share for this type of loan over the entire evaluation period.

### ***Small Loans to Businesses***

Refer to Table 11 in the State of Colorado section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

Vectra's distribution of small business loans in the Denver-Aurora MSA is adequate. The percentage of loans to small businesses (those with annual revenues of \$1 million or less) is near to the percentage of small businesses in the MSA in 2002 and 2003. In 2004 and 2005, performance is weaker. The percentage of loans originated in amounts of \$100 thousand or less indicates good performance in this AA. Vectra's market share of small loans to businesses with revenues under \$1 million is significantly below its overall market share of reported loans.

Vectra's distribution of small business loans in the Pueblo MSA is good. The percentage of loans to small businesses (those with annual revenues of \$1 million or less) is near to the percentage of small businesses in the MSA in 2004 and 2005. Performance is stronger in 2003, but weaker in 2002. The percentage of loans originated in amounts of \$100 thousand or less indicates good performance in this AA. Vectra's market share of small loans to businesses with revenues under \$1 million substantially meets or significantly exceeds its overall market share of reported loans throughout the evaluation period.

Vectra's distribution of small business loans in the Four Corners AA is good. The percentage of loans to small businesses (those with annual revenues of \$1 million or less) is lower than the percentage of small businesses in the MSA in 2004 and 2005, but exceeds the demographic comparator in 2002 and 2003. The percentage of loans originated in amounts of \$100 thousand or less indicates good performance. Vectra's market share of small loans to businesses with revenues under \$1 million is below its overall market share of reported loans in 2004 and 2005; however, performance is significantly stronger in 2002 and 2003.

### ***Small Loans to Farms***

Refer to Table 12 in the State of Colorado section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to farms.

Small loans to farms (those with annual revenues of \$1 million or less) are not a significant product in either the Denver-Aurora or Pueblo MSAs.

Vectra's distribution of small farm loans in the Four Corners AA is excellent. The percentage of loans to small farms exceeds the percentage of small farms in the AA in 2003, 2004 and 2005, and is near to the demographic comparator in 2002. The percentage of loans originated in amounts of \$100 thousand or less indicates excellent performance. Vectra's market share of small loans to farms with revenues under \$1 million exceeds or significantly exceeds its overall market share of reported loans throughout the evaluation period.

## Community Development Lending

Refer to Table 1 Lending Volume in the State of Colorado section of Appendix D for the facts and data used to evaluate the bank's level of community development (CD) lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

Vectra made a significant volume of CD loans in all three of its full-scope AAs. In the Denver-Aurora MSA, the bank made 38 CD loans totaling nearly \$146 million; in the Pueblo MSA, the bank made 13 loans totaling \$7.5 million; and in the Four Corners AA, the bank made six loans totaling \$20.5 million. As one measure of Vectra's capacity, we compared CD loans made in the full-scope AAs during the evaluation period to allocated Tier One Capital. (Tier One Capital is allocated to each AA based on the percentage of deposits that each AA represents in the state.) CD Loans to allocated Tier One Capital represent 121% in the Denver-Aurora MSA, 24% in the Pueblo MSA, and 96% in the Four Corners non-MSA. This high level of CD lending had a positive impact on the Lending Test conclusions for all three AAs. The following are examples that demonstrate Vectra's commitment to meeting the most significant CD loan needs of its community in each full-scope AA.

### *Denver-Aurora MSA*

- \$5 million provided much needed redevelopment funds to a former military campus. This development will include a world-class academic, clinical care, and scientific research campus along with a medical center and mixed-use housing, hotel, office, and retail space. It is estimated that this development will bring 34,800 jobs to this low-income area; and when completed, it will support more than 66,800 jobs across Colorado. The loan is complex as the bank used New Markets Tax Credits (NMTCs), an interest rate swap, interest only payments, and a below market interest rate. This product is also innovative because it is a new lending tool which will help bring about development of a previously underserved market.
- \$4 million provided financing to develop an industrial building in a moderate-income census tract that is eligible for NMTCs. This loan is complex due to the NMTCs which were used in the project.
- \$3.6 million provided funds to refinance a 130-unit apartment complex in Westminster. The complex will provide housing for seniors and disabled individuals who qualify for Section 8 housing assistance.
- \$3 million provided financing for a 117-unit apartment complex in a moderate-income CT that reflects in excess of 20% of the population that is below the poverty level. The project is affordable to low-income households and all renters must have their incomes verified annually.
- \$3 million will finance a 27-unit townhome development in Westminster. All 27 units will be affordable to individuals with median incomes ranging between 60 to 80% of the median income. The city of Westminster and the Adams County Housing Authority have committed \$50 thousand for down payment assistance.

- \$2 million will provide funds for building improvements and financing for existing properties that provide affordable housing for families at or below 60% of the median income, based on Colorado Housing and Finance Authority (CHFA) Income and Rent Tables for 2003.
- \$1.5 million represents a term loan to be used for improvements to the City of Englewood's housing stock. The fund is used to assist low-income families to improve the condition of older homes so that they meet current code. This program uses Community Development Block Grant (CDBG) and Housing and Urban Development (HUD) funds, and was a complex project for the bank.
- \$1.3 million provided refinancing funds, as well as funds that allowed the housing authority in Adams County to purchase 14 additional units, bringing the total number of affordable housing for LMI to 208.

#### *Pueblo MSA*

- \$1.4 million represents permanent financing to construct 50 rent-to-own homes for individuals earning less than 50% of the median income. The project is designed to automatically convert to home ownership after a family has been in the unit for 15 years.
- \$2 million will provide construction and permanent financing to build 24 handicapped accessible housing units for qualifying low-income families.
- \$650 thousand provided financing to build homes in the moderate-income range. The price of homes is in the \$80 thousand to \$150 thousand price range, which is affordable for moderate-income families in this AA.
- \$479 thousand provided financing to develop 29 single family residence lots. This subdivision will provide starter homes that will be priced from \$115 thousand to \$135 thousand and are affordable for moderate-income families in this AA.
- \$300 thousand represents a loan which will be used to construct 12 low-income family rental housing units. The project is subsidized by \$823 thousand in tax credit sales and a \$255 thousand loan/grant funds for the City and County of Pueblo and the Colorado Division of Housing. Permanent financing will be provided by CHFA. Consequently, this loan was also a complex project for the bank.

#### *Four Corners AA*

- \$517 thousand consists of four loans which were used to finance the purchase of land that will be used to construct seven to ten townhomes for sale to low-income borrowers that qualify through Habitat for Humanity.

### **Product Innovation and Flexibility**

The bank offers the following flexible loan products:

- CHFA loans – the bank participates with CHFA’s Home Finance Division to offer 30-year, below-market interest rate loans to qualified Colorado home buyers. Borrowers must complete homebuyer education classes prior to closing. During the review period, the bank closed 685 loans totaling \$73.4 million.
- Vectra partnered with Colorado Rural Housing Development Corporation to offer below market interest rate mortgages to income eligible homebuyers. As a participating lender, Vectra offers the Max Value program which offers slightly more relaxed underwriting criteria, a lower than market interest rate, and down payment assistance from Colorado Housing Enterprises (CHE). The program does not have any income limits; however, it is targeted to families that are at or below 80% of the AMI. During the review period, the bank closed eight loans totaling \$840 thousand.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank’s performance under the Lending Test in the Boulder, Colorado Springs, and Grand Junction MSAs and the Mountain Region and Southwest Colorado non-MSAs is not inconsistent with the bank’s overall “Outstanding” performance under the Lending Test in Colorado. While the distribution of home mortgage loans in low-income geographies appears weaker in the Boulder MSA, the two low-income geographies in this AA represent one census tract where the University of Colorado is located and one census tract which consists primarily of university housing, thus reducing opportunities for any bank to make home mortgage loans. Refer to the Tables 1 through 11 in the State of Colorado section of Appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

Vectra’s performance under the Investment Test in Colorado is rated “Outstanding”. This is based on the high dollar volume of qualified investments and the complexity of one investment, as well as Vectra’s continued leadership in developing investment opportunities that meet critical need in its AAs.

Vectra originated 282 qualified investments approximating \$31.2 million in the current period, and two prior period investments totaling \$543 thousand in its Colorado AAs. In addition, the bank has 20 statewide/regional investments totaling nearly \$2.3 million and one prior period statewide/regional investment totaling \$676 thousand. Based on full-scope reviews, the bank’s performance is excellent in the Denver-Aurora and Pueblo MSAs and adequate in the Four Corners AA. We allocated investments by AA, comparing the dollar volume to allocated Tier One Capital as a reference. In addition, we placed significant weight on the continued leadership role that Vectra plays in the ongoing development and implementation of an innovative investment to help provide affordable housing for LMI individuals in its AAs.

Refer to Table 14 in the State of Colorado section of Appendix D for the facts and data used to evaluate the bank’s level of qualified investments.

A majority, or 59%, of Vectra's investments are made in the Denver-Aurora MSA which total more than \$19 million and equal 17% of allocated Tier One Capital. The largest investment in this MSA is in Colorado Housing and Finance Authority (CHFA) bonds of which \$15.7 million benefited the Denver-Aurora MSA (see description below). The bonds are innovative and highly responsive to the need for affordable housing in this AA. An investment in a small business investment company (SBIC) which benefits all of the bank's AAs is more fully described below and is also highly responsive. The remaining investments include \$460 thousand in qualified donations to CD organizations. Most of the donations were made to organizations that provide services to LMI individuals and families or affordable housing for LMI residents. The total also includes \$543 thousand in prior period investments.

Vectra invested \$3.6 million, representing 12% of allocated Tier One Capital in the Pueblo MSA. The largest investments in the Pueblo MSA are in CHFA bonds (\$3.4 million) and an investment in the SBIC below. The remaining investments include \$49 thousand in qualified donations. The majority went to CD organizations that provide services to LMI individuals and families.

Vectra invested \$32 thousand, representing less than 1.3% of allocated Tier One Capital in the Four Corners AA. However, opportunities to invest in this AA are very limited because of the lack of community development infrastructure. The investments of \$32 thousand consist of qualified donations to CD organizations that provide affordable housing for LMI, provide services for LMI, or promote economic development. In addition, the bank's investment in an SBIC also benefits this AA. The following are the most notable investments that Vectra made in its full-scope AAs:

- \$26.8 million represents six private placement bonds with CHFA. Vectra's CEO and CRA Manager took the lead and approached CHFA to jointly develop a customized vehicle that would help meet a significant need in Colorado—affordable housing. Annual bonds provide 30-year residential mortgages to low- and moderate-income families. Recent issuances have also provided construction loans for multifamily housing complexes creating affordable housing units and rehabilitation loans for rental units targeting LMI families. This innovation is referred to as CHFA's Small Affordable-Rental Transactions loans or SMART program. The first issuance translated into 263 units developed with 96% going to LMI individuals. The second issuance translated into 120 units developed with 90% going to LMI individuals. The bank's CEO and CRA Manager have also introduced the concept to other area banks as a qualified investment vehicle to generate additional funding. After considering \$19.1 million that benefited the Denver-Aurora and Pueblo MSAs (described above), the remaining portion benefited the bank's limited-scope AAs. None of the bonds benefited the Four Corners AA.
- Vectra also has seven private placement bonds with an SBIC totaling almost \$2.3 million in current period investments and \$676 thousand in a prior period investment. The investment in the SBIC benefits all of the bank's Colorado AAs, as well as the bank's Farmington, New Mexico AA.
- The SBIC provides funds for size eligible businesses that focus on information, communication, internet/intranet, software and medical product companies based in

Utah, California, Arizona, Colorado, Washington and other Western states. Therefore, it is also mentioned in our evaluation of Vectra's performance in New Mexico. While this SBIC provides necessary capital for small businesses in multiple states, the function of the organization and its activities includes serving multiple geographies and/or individuals who are located within Vectra's AAs.

Through its ongoing involvement with CHFA, Vectra has demonstrated a leadership position by introducing a way for institutions to help meet the affordable housing needs of LMI individuals. The bonds are considered innovative as the initial purpose of providing home purchase loans to LMI families was expanded to include affordable multi-housing development and rehabilitation of affordable rental units. It is considered complex given the time and effort it takes to develop and implement this unique program which focuses on meeting a significant need in the bank's AAs.

Vectra extended an additional 19 grants totaling \$76 thousand that benefit the greater Colorado regional area. A majority of the grants went to CD organizations that provide various services for LMI individuals and assistance to small business.

Because Vectra has an excellent record of helping to meet the CD investment needs within its AAs, we also considered a CD investment which Vectra made in a distressed area outside its AA. Vectra purchased a \$750 thousand bond for the benefit of the Louisiana Local Government Environmental Facilities and Community Development Authority (LCDA). The purpose is to allow LCDA the ability to pay the community revitalization costs of restoration and to provide assistance respectively to people and entities affected by Hurricane Katrina.

## **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Investment Test in the Colorado Springs MSA, the Grand Junction MSA, and the Southwest Colorado non-MSA is not inconsistent with the bank's overall "Outstanding" performance under the Investment Test in Colorado. In the Boulder MSA and the Mountain Region non-MSA, the bank's performance is weaker than the bank's overall performance in the state. However, this does not negatively impact Vectra's overall "Outstanding" performance.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

Vectra's performance under the Service Test in Colorado is rated "Outstanding". Based on full-scope reviews, the performance in the Denver-Aurora and Pueblo MSAs is excellent, and in the Four Corners AA it is good.

### **Retail Banking Services**

Refer to Table 15 in the State of Colorado section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings. Branch distribution received the most weight in rating the bank's performance under the Service Test.

Service delivery systems are reasonably accessible to geographies and individuals of different income levels in Vectra's AAs. While its percentage of branches and ATMs in low income geographies is below the population percentages/demographics, the overall proximity of bordering branches and ATMs provides reasonable accessibility to low-income CTs. We considered the accessibility of Vectra's services to low-income populations provided by branches and ATMs that border (are less than one mile from) low-income areas, and are accessible to pedestrians. Vectra has good distribution of branches in the Denver-Aurora MSA and Four Corners AA and excellent distribution in the Pueblo MSA

Vectra's distribution of branches in the Denver-Aurora MSA is good. The bank's distribution of branches in moderate-income geographies exceeds the population living in those geographies. Vectra does not have any branches in low-income geographies. However, less than 5% of the population resides in low-income geographies, whereas almost 28% of the population resides in moderate-income geographies.

Vectra's distribution of branches in the Pueblo MSA is excellent. There are no low-income geographies in the Pueblo MSA. Vectra's distribution of branches in moderate-income geographies is excellent. The percentage of branches located in moderate-income geographies exceeds the percentage of the population that resides within this MSA. Vectra has 33% of its branches in moderate-income geographies compared to 30% of the population. In addition, three of the five branches opened during the evaluation period are located in moderate-income geographies.

Vectra's distribution of branches in the Four Corners AA is good. Although the bank does not have any branches in either low- or moderate-income geographies, the distribution is considered good because Vectra has a bordering branch that is within walking distance from the only moderate-income tract in this AA. There is one low-income census tract in the AA; it covers a large geographical area and is sparsely populated.

Vectra's history of branch openings and closings further demonstrates its commitment to serving low- and moderate-income individuals and geographies. During the review period the bank closed one branch in a low-income geography and three in moderate-income geographies. The closure of these branches had minimal impact on low- and moderate-income individuals in the AA. The branch which was in a low-income CT was located in an industrial area off Interstate 70 and was not easily accessible. This branch was consolidated with another branch which is located just across the interstate in a moderate-income tract, offering easier access. Two of the branches located in moderate-income geographies were merged with other Vectra branches also located in moderate-income geographies; one was located about a mile from the closed branch and the other was located less than two miles away from that closed branch. The third branch, which was closed, could not be feasibly merged with another Vectra branch. But there are three other full-service banking facilities within walking distance of the closed Vectra branch. All branches were closed after careful consideration. Two of the branches were closed due to lack of profitability. No automated teller machines (ATMs) were closed in the Denver-Aurora MSA during the review period.

In the Pueblo MSA the bank acquired and opened three branches in moderate-income geographies through a merger. Three ATMs were closed in moderate-income geographies. However, one was located at the Colorado State Fairgrounds, the second was located at the

Pueblo Convention Center, and a third was located at the Pueblo Library. All three were unprofitable and business for two of the ATMs was primarily cyclical.

Vectra did not open or close any branches or ATMs in the Four Corners AA during the review period.

Banking hours and services do not vary significantly at the different branches. They are tailored to meet the needs of each community. The lobby and drive-up hours of the branches located in low- and moderate-income geographies are comparable to and, in many cases more favorable than those offered in other geographies. Full service banking is offered during regular business hours, including Saturday lobby hours.

Vectra offers a variety of free and low-cost checking accounts to all customers, including those who are LMI. Other products offered include low-cost business accounts designed for small businesses and small farms, account reconciliation services, and retirement planning. These services are particularly helpful to those individuals who have traditionally been underserved in the banking community.

Vectra's ATM network offers a reasonable alternative system for delivering retail banking services in LMI geographies and to LMI individuals. In the Denver-Aurora MSA, 19% of the ATMs are located in moderate-income CTs, which is below the portion of the population that resides within these geographies. In the Pueblo MSA, 40% of ATMs are located in moderate-income CTs; this greatly exceeds the portion of the population who resides in these geographies. There are no ATMs located in either low- or moderate-income geographies in the Four Corners AA. ATMs are located at bank locations and offer reasonable access, since the CTs they are located in are adjacent to a moderate-income geography.

Alternative delivery systems also include 24-hour telephone banking and Internet banking services. Vectra customers are able to obtain deposit and loan account information, pay bills electronically, transfer funds, and apply for various loan products from remote locations. Because no specific data were readily available, the OCC did not place significant weight on the affect of the bank's alternative delivery systems on LMI individuals.

## **Community Development Services**

Vectra provided a very high level of CD services to its AAs during this evaluation period. The bank provided a total 5,320 hours of qualified CD services to 49 CD organizations in the Denver-Aurora MSA. This is an average of 1,054 hours per year. During the review period, the bank also provided 1,096 hours (an average of 219 hours per year) to 18 CD organizations in the Pueblo MSA, and 686 hours (an average of 137 hours per year) to seven CD organizations in the Four Corners MSA.

In the Denver-Aurora MSA, 27% of the hours were devoted to providing services to organizations that provide affordable housing for LMI and 60% of the hours were devoted to organizations that provide services to LMI individuals. Some examples include the following:

- Bank employees provided numerous hours of financial education in schools that are primarily attended by LMI students. The financial program seeks to educate young people about the value of free enterprise, business, and economics to improve their quality of life.

- Vectra's CRA Manager provided numerous hours of CD services as president of the Board of Directors and member of the Executive Committee and Real Estate Development Committee for an organization that focuses on generating affordable housing for LMI.
- The CRA Manager provided several hours of service as a member of the Board of Directors to an organization that seeks to develop, manage, and preserve affordable housing for LMI.
- Vectra's President/CEO is Chairman of the Board of a large healthcare organization that primarily provides health care services to LMI individuals.
- An employee of the bank devoted a significant number of hours as Chairman of the Advisory Board to an organization that assists LMI individuals, families and senior citizens obtain affordable housing.

In the Pueblo MSA, 68% of the services were devoted to organizations that provide services for LMI. The remaining time was almost equally distributed among CD organizations that help provide affordable housing, organizations that promote economic development, and organizations that promote revitalization. The following are examples:

- An employee of the bank contributed several hours as a Board member and member of the loan committee to an organization that provides loans to existing and start-up businesses that don't meet conventional banking underwriting.
- An employee of the bank contributed several hours as Vice President of the Board and as a member of the fundraising committee to an organization that provides daycare services to LMI residents of Pueblo County.

In the Four Corners AA, 57% of the services were provided to organizations that provide services to LMI; 23% to organizations that provide affordable housing for LMI; and 20% to organizations that promote economic development.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Service Test in the Boulder and Grand Junction MSAs is not inconsistent with the bank's overall "Outstanding" performance under the Service Test in Colorado. In the Colorado Springs MSA and the Mountain Region and Southwest Colorado non-MSAs, the bank's performance is weaker than the bank's overall performance in the state. However, this weaker performance did not negatively impact the bank's overall rating under the Service Test. Refer to Table 13 in the State of Colorado section of Appendix D for the facts and data that support these conclusions.

## New Mexico State Rating

**CRA Rating for New Mexico: Satisfactory**

**The Lending Test is rated: Low Satisfactory**

**The Investment Test is rated: Low Satisfactory**

**The Service Test is rated: Low Satisfactory**

The major factors that support this rating include:

- Vectra's level of originated and purchased loans in the AA is adequate when compared to its deposit gatherings. A substantial majority of Vectra's lending is located inside its AA.
- The geographic and borrower distributions of Vectra's home mortgage loans is adequate in light of obstacles to lending in LMI areas and to LMI families
- The geographic and borrower distributions of Vectra's small loans to businesses are adequate.
- Vectra originated an adequate level of qualified investments during the evaluation period.
- Branch delivery systems provide reasonable accessibility to individuals living in LMI geographies.
- A good level of responsive CD services that benefited Vectra's AA.

### Description of Institution's Operations in New Mexico

Refer to the market profiles for the State of New Mexico in Appendix C for detailed demographics and other performance context information for AAs that received full-scope reviews.

Vectra has limited operations in New Mexico. The bank has only one branch and one ATM in the state. Operations in New Mexico account for a nominal 1% of the bank's deposit gatherings and 2% of its loans.

Vectra has only one AA in New Mexico, the Farmington (San Juan County) non-MSA AA. Its single location is a full service branch. Although the overall strategic focus of the bank is commercial lending, this part of Vectra's operations began as a thrift and, as such, the bank has continued to accommodate requests for home mortgage loans. However, a majority of the LMI geographies in the AA are on an Indian reservation, where significant barriers to financing real estate secured loans are present.

The bank's major banking competitors are Bank of America, N.A., Citizens Bank, and Wells Fargo Bank, N.A. In addition, Vectra competes with large interstate mortgage companies and credit card lenders, which do not take deposits from the AA.

## Scope of Evaluation in New Mexico

Vectra's only branch in New Mexico is located in Farmington which received a full-scope review. Therefore, the rating for New Mexico is based on the review of this AA. Refer to the tables in Appendix A for more information.

We reviewed a community contact completed by the OCC. The contact indicates there is a need for financial counseling, affordable mortgage loans for LMI, and loans for small businesses. There is still a need for greater access to banking services on the Indian reservation.

## LENDING TEST

### Conclusions for Areas Receiving Full-Scope Reviews

Vectra's performance under the Lending Test in New Mexico is rated "Low Satisfactory" and performance in the Farmington non-MSA is adequate. In arriving at our conclusions under the Lending Test, we weighed Vectra's lending products by volume. Vectra has a small presence in this market and operations in this AA represent a very small portion of the bank's overall operations. Therefore, Vectra's performance in the Farmington AA did not significantly impact its overall Lending Test performance.

In drawing our conclusions under the Lending Test, we considered the lack of affordable housing and the barriers to lending on the Navajo Nation within Vectra's AA. These obstacles are briefly described below and more fully discussed in the Market Profile for the Farmington MSA in Appendix C.

### Lending Activity

Refer to Tables 1 and 1a Lending Volume in the State of New Mexico section of Appendix D for the facts and data used to evaluate the bank's lending activity.

The level of lending activity is adequate based on the bank's limited operations in this AA. Vectra does not have a large volume of any type of loan product for the review period. Since 2002, when annual home mortgage loans peaked at 181, the volume has continued to decline to 94 in 2003 and 83 for the combined years of 2004 and 2005. HMDA lending represents 79% of reported loans over the evaluation period. Vectra does not have a large volume of small business loans; it originated or purchased 131 small loans to businesses over the evaluation period. Our evaluation of Vectra's lending activity in New Mexico was affected by similar outside influences on the market as were identified in the Colorado AAs. There are a number of financial institutions that are active in the Farmington AA, which make loans in the area but do not take deposits. This includes large interstate credit card lenders that make loans to small businesses and large interstate mortgage companies. The operations of such entities in local markets can have the effect of making the bank's loan market share seem low in comparison to its deposit market share. Other obstacles to lending in the AA exist.

Based on FDIC deposit market share data as of June 30, 2005, there were seven deposit-taking financial institutions with one or more banking offices in the Farmington AA. Based on dollar volume of deposits, Vectra ranks seventh with a market share of 1.74%. In comparison, there were 29 lenders that made small loans to businesses and 253 lenders that made home mortgage loans in the Farmington AA. The 2005 small business peer data indicates the bank ranks 11<sup>th</sup> with a market share of 7.90% based on dollar volume and 0.81% based on number of small loans to businesses. The 2004 peer mortgage data indicates the bank ranks 36<sup>th</sup> with a market share of 0.60% based on dollar volume and 0.59% based on number of mortgage loans originated/purchased in the AA.

### **Distribution of Loans by Income Level of the Geography**

Overall, the geographic distribution of Vectra's loans is adequate. The bank's performance with regard to HMDA lending, which represents 79% of lending over the evaluation period, is adequate in light of the obstacles to home mortgage lending that Vectra faces in this AA. In evaluating home mortgage lending, we considered factors more fully described in Appendix C – Community Profiles for Full-Scope Areas. We noted that the AA's only low-income census tract is located on the Navajo Nation. Based on the 2000 U.S. Census, only 4.35% of owner occupied housing is located in this low-income geography and the median income of families living in this geography is 39% of the median family income for the AA. Similarly, four of the AA's five moderate-income geographies are located partially or fully on the Navajo Nation, which presents significant obstacles to residential lending. The median family income of three of the moderate-income geographies ranges from 52% to 57%, again demonstrating housing affordability challenges. As described in the Appendix, the average price of homes in the AA over the entire evaluation period is outside the reach of most LMI families.

In addition to housing affordability obstacles on the Navajo Nation, a number of other obstacles exist, including the lack of a mature real estate development industry. The Navajo Nation lacks sufficient housing infrastructure such as paved roads, public water, sewer systems or other vital services. For example, 60% of existing housing units lack telephone service<sup>3</sup> and many areas lack adequate fire control. The complexity of land ownership and control is another problem in that the majority of the Navajo Nation is tribal trust land that is legally owned by the United States, as trustee, for the tribe as a whole. Home ownership for secondary market purposes is achieved by leasing the land and assigning the leasehold improvements as collateral. These land transactions must be navigated through a series of legal jurisdictions, sometimes taking years to complete.

Vectra's performance with regard to small loans to businesses, which represents 21% of reported loans over the evaluation period, is good. In arriving at our conclusions, we considered the significant obstacles to lending on the Navajo Nation where the low-income and four of the five moderate-income geographies are partially or fully located.

The geographic distribution of Vectra's home purchase and home refinance loans is adequate within the Farmington AA. Only one home mortgage loan was originated or purchased in low-income geographies which compares unfavorably with 15% of owner occupied housing located there in 2001 through 2003. However, the 2000 U.S. Census reduced the number of low-income geographies from two to one and only 4.35% of owner occupied housing is now

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<sup>3</sup> Comprehensive Economic Development Strategy of the Navajo Nation

located there. After considering the significant obstacles and limited opportunities to lending in low-income geographies, this performance is considered adequate. Vectra originated a greater volume of HMDA loans in moderate-income geographies. This is partially due to a higher level of involvement with the New Mexico Mortgage Finance Authority, a quasi-public entity that finances housing and related services to low- and moderate-income and underserved families. In 2001, Vectra's percentage of HMDA lending significantly exceeded the percentage of owner-occupied housing there. Performance is weaker in subsequent years when the percentage of loans is significantly lower than the percentage of owner occupied housing located there over the evaluation period. In light of the obstacles described above, this performance is considered adequate. Vectra's market share of HMDA loans is less than 1% and therefore, too insignificant to draw a conclusion.

Based on the nominal level of Vectra's home improvement loan volume, no meaningful conclusions could be formed.

The geographic distribution of Vectra's small loans to businesses in the Farmington AA is good. In low-income geographies, Vectra's portion of small loans to businesses is somewhat lower than the percentage of businesses located in these geographies in 2004 and 2005. However, less than 3% of businesses are located in the low-income geography that is located on the Navajo Nation. Therefore opportunities to lend are limited. In moderate-income geographies Vectra's lending approximately equals the percentage of businesses located in these geographies. Vectra's overall market share of small loans to businesses in 2005 is less than 1% and therefore, too insignificant to draw a conclusion.

Based on the nominal level of Vectra's small loans to farms, no meaningful conclusions could be formed.

### ***Lending Gap Analysis***

We reviewed Vectra's lending data, which includes home mortgage loans and small loans to businesses made in the bank's AAs, in order to identify gaps in the geographic distribution of these loans. We took into consideration the size of the bank's operations in this AA, competition in the AA, and demographic factors. We did not identify any conspicuous gaps in lending.

### ***Inside/Outside Ratio***

An analysis of Vectra's concentration of lending within its AA in New Mexico revealed that a substantial majority of the number of home mortgage loans and a majority of the small loans to businesses were originated or purchased in its Farmington AA. Almost 95% of the HMDA loans and 68% of the small loans to businesses were originated or purchased in the bank's Farmington AA.

### **Distribution of Loans by Income Level of the Borrower**

Overall, the distribution of Vectra's lending across different income levels and sizes of businesses is adequate. The bank's performance with regard to HMDA lending is adequate. Vectra's performance with regard to small loans to businesses is adequate.

Based on information from the local Board of Realtors, the average price of homes in the AA over the entire evaluation period is outside the reach of low-income families. For example, a median priced home increased 41% from \$123,285 to \$174,060 from 2001 to 2005, respectively. Simultaneously, the HUD Adjusted Median Family Income rose only 29% from \$33,700 in 2002 to \$43,400 in 2006. In 2005, the monthly payment for a median priced home would represent 74% of a low-income family's income and 45% of a moderate-income family's income. These ratios demonstrate a lack of affordability. See Appendix C – Community Profiles for Full-Scope Areas for more details.

Vectra's distribution of HMDA loans to borrowers of all income levels is adequate. Vectra's portion of home purchase loans and home refinance loans to low-income families is significantly lower than the percentage of low-income borrowers in the AA, but based on the affordability issues described above, the performance is adequate. Lending performance to moderate-income families is stronger. Again, this is partially due to Vectra's relationship with the New Mexico Mortgage Finance Authority. Vectra's portion of home purchase and home refinance loans made to moderate-income families is somewhat lower than the percentage of moderate-income borrowers in the AA through most of the evaluation period. Home purchase performance is stronger than home refinance performance in that Vectra's portion is near to or exceeds the percentage of moderate-income borrowers in the AA. Vectra's market share of HMDA loans is less than 1% and therefore, too insignificant to draw a conclusion.

Based on the nominal level of Vectra's home improvement loan volume, no meaningful conclusions could be formed.

Vectra's distribution of small business loans in the Farmington AA is adequate. Although the annual volume of loans to businesses that are small is more than three times greater than that of the prior evaluation period, performance is weaker. The percentage of loans to small businesses (those with annual revenues of \$1 million or less) is somewhat lower than the percentage of small businesses in the MSA in 2004 and 2005. The percentage of loans originated in amounts of \$100 thousand or less indicates adequate performance. Vectra's market share of small loans to businesses with revenues under \$1 million is significantly below its overall market share of reported loans in 2004 and 2005.

Based on the nominal level of Vectra's small loans to farms, no meaningful conclusions could be formed.

## **Community Development Lending**

Refer to Table 1 Lending Volume in the State of New Mexico section of Appendix D for the facts and data used to evaluate the bank's level of CD lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

Vectra did not make any CD loans in the Farmington AA during the evaluation period. This had a neutral effect on our evaluation of the bank's performance under the Lending Test.

## **Product Innovation and Flexibility**

Vectra did not provide any loan products which were innovative or flexible during the review period. This had a neutral impact on our evaluation of the bank's performance under the Lending Test.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test in New Mexico is rated "Low Satisfactory." Based on a full-scope review, the bank's performance in the Farmington AA is adequate. The bank has a small presence in this market and operations in this AA represent a very small portion of the bank's overall operations. Vectra's performance in the Farmington AA did not significantly impact its Investment Test performance.

Refer to Table 14 in the State of New Mexico section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

In the Farmington AA, Vectra originated two investments during the evaluation period totaling \$12 thousand. This approximates 1% of allocated Tier One Capital. Also considered is the future impact of the \$90 thousand unfunded portion of an investment described below. Vectra's investments in the Farmington AA follow:

- A \$100 thousand binding commitment to New Mexico Community Capital Fund (NMCC). NMCC is a community development venture capital entity (CDVC) whose mission is to provide equity capital and management resources to qualifying businesses throughout New Mexico, particularly in rural and underinvested areas. To date, Vectra has funded \$10 thousand of its commitment to the fund.
- Vectra also has seven private placement bonds with an SBIC totaling almost \$2.3 million in current period investments and \$676 thousand in a prior period investment. The investment in the SBIC benefits all Vectra's Colorado AAs, as well as the bank's Farmington, New Mexico AA. Therefore, it is shown on Table 14 Qualified Investments for Colorado but not on the New Mexico section. It is also mentioned in our evaluation of Vectra's performance in Colorado. The SBIC provides funds for size-eligible businesses that focus on information, communication, internet/intranet, software and medical product companies based in Utah, California, Arizona, Colorado, Washington and other Western states. While this SBIC provides necessary capital for small businesses in multiple states, the function of the organization and its activities includes serving multiple geographies and/or individuals who are located within Vectra's AAs.

The remainder of Vectra's qualified investments is a donation to the victims of Katrina, which is outside its AA. This level of activity is considered adequate given the limited opportunities to provide qualified investments and grants in the Farmington AA.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Service Test in New Mexico is rated "Low Satisfactory." Based on a full-scope review, the bank's performance in the Farmington (San Juan County) AA is adequate.

Vectra's branch delivery systems provide reasonable accessibility to individuals living in LMI geographies. In addition, the bank provided an adequate level of CD services that benefited its AA. Branch distribution received the most weight in rating the bank's performance under the Service Test.

### **Retail Banking Services**

Refer to Table 15 in the State of New Mexico section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Vectra's branch in Farmington, New Mexico is reasonably accessible to LMI geographies. Although the bank is physically located in a middle-income geography, accessibility to LMI geographies is adequate based on its single branch. Farmington is the county seat and the financial hub of the county. Most business is conducted in Farmington and there is a sound transportation infrastructure leading into the town.

The bank did not open or close any branches or ATMs in the Farmington AA during the review period.

Bank hours are tailored to meet the needs of the community. Full service banking is offered during all regular business hours. Vectra offers a variety of free and low-cost checking accounts to all customers, including those who are LMI. Other products that the bank offers include low-cost business accounts designed for small businesses and small farms, account reconciliation services, and retirement planning. These services are particularly helpful to those individuals who have traditionally been under-served in the banking community.

Vectra operates only one ATM in the county. It is located on bank premises. Alternative delivery services also include 24-hour telephone and Internet banking services. Vectra customers are able to obtain deposit and loan account information, pay bills electronically, transfer funds, and apply for various loan products from remote locations. Since the bank could not provide specific information on the impact of these services to LMI individuals and geographies, we did not place significant weight on the alternative delivery systems when drawing conclusions for the Farmington AA under the Service Test.

### **Community Development Services**

The responsiveness and complexity of Vectra's CD services had a positive impact on its Service Test rating. In making this determination, we considered the capacity and technical expertise of its officers in this AA.

Vectra enjoyed a significant deposit relationship with the New Mexico Mortgage Finance Authority (NMMFA) totaling more than \$270 million under management, of which \$266 million is outstanding. The NMMFA was created by an Act passed by the New Mexico State Legislature in 1975 for the purpose of addressing the serious shortage of decent, safe and sanitary residential housing available to low and moderate income families in the state. It is a quasi-public entity that finances housing and related services to low- and moderate-income and underserved families. It provides a variety of affordable housing options that range from assistance to homeless individuals and families, to developing new housing projects to provide opportunities for home ownership. Vectra holds and manages the funds on behalf of the NMMFA which uses the funds to offer various mortgage products for low- and moderate-income homebuyers, as well as some middle-income homebuyers. In addition, Vectra originated loans to New Mexico residents who qualified for these loans during the evaluation period. This CD service is complex and responsive to the most pressing credit needs in the AA, i.e., affordable housing.

In addition, Vectra provided a total of 11 hours of qualified CD services to three organizations. Management devoted 64% of the time to organizations that promote economic development and 36% to organizations that provide affordable housing.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): 01/01/01 to 12/31/05 Investment and Service Tests and CD Loans: 11/06/01 to 09/18/06	
<b>Financial Institution</b>		<b>Products Reviewed</b>
Vectra Bank Colorado, N.A. (Vectra) Farmington, New Mexico		--Home mortgage loans, including home purchase, home improvement, home refinance, and multifamily loans. --Small loans to businesses. --Community development loans. --Community development investments. --Community development services. --Retail bank services.
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Zions First National Bank Salt Lake City, Utah	Sister Bank	Community development loans
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>Colorado</b> Denver-Aurora MSA #19740 Pueblo MSA #39380 Four Corners non-MSA Boulder MSA #14500 Colorado Springs MSA #17829 Grand Junction MSA #24300 Mountain Region Non-MSA Southwest Colorado Non-MSA	Full-scope Full-scope Full-scope Limited-scope Limited-scope Limited-scope Limited-scope Limited-scope	
<b>New Mexico</b> Farmington (San Juan) AA	Full-scope	



## Appendix C: Market Profiles for Full-Scope Areas

### State of Colorado Full-Scope Areas

#### Denver-Aurora MSA # 19740

Demographic Information for Full-Scope Area: Denver-Aurora MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	545	3.85	26.61	39.63	27.89	2.02
Population by Geography	2,179,240	4.56	27.71	40.28	27.32	0.12
Owner-Occupied Housing by Geography	570,412	1.89	21.89	42.97	33.26	0.00
Businesses by Geography	198,117	3.88	24.37	37.62	33.28	0.85
Farms by Geography	3,622	1.60	21.54	40.56	35.89	0.41
Family Distribution by Income Level	550,797	18.01	18.65	23.68	39.66	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	201,889	7.68	41.89	37.34	13.09	0.00
HUD Adjusted Median Family Income for 2006 Households Below the Poverty Level	\$71,700 10%			Median Housing Value Unemployment Rate as of 8/31/06	\$244,200 4.8%	

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 U.S. Census, and 2006 HUD updated MFI.

The Denver-Aurora MSA consists of the following counties: Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park. Denver is located in the Front Range area of eastern Colorado. (The Front Range extends along Interstate 25 from Colorado Springs to Fort Collins and is home to 75% of Colorado's population.) The Denver-Aurora MSA is the 22<sup>nd</sup> largest metropolitan statistical area in the United States with a population of 2.3 million. This represents over half of Colorado's population. The Denver-Aurora MSA has excellent north and south accessibility via Interstate 25, and east and west convenience of Interstate 70. Excellent rail service, including light rail, and Denver International Airport are also available.

Based on the 2000 US Census data, the Denver-Aurora MSA consists of 545 census tracts. Twenty one (21) tracts, or 3.85%, are low-income and 145 tracts, or 26.61%, are moderate-income. Vectra operates fourteen branches and sixteen ATM's in the Denver-Aurora MSA. The Denver-Aurora MSA represents 38% of rated loans made during the review period and 48% of total bank deposits.

The area is heavily banked with eighty-seven chartered banks operating 629 branches. Wells Fargo Bank, N.A. and U.S. Bank, N.A. have the largest presence with a 33% market share of deposits. Vectra's market share is 2% or \$789.5 million in deposits as of June 30, 2005.

The population of the Denver-Aurora MSA has increased approximately 6% since the 2000 Census, an average annual rate of 1.2%. (Source 2005 American Community Survey, US Census Bureau)

As of first quarter 2006, job growth in the Denver-Aurora MSA was on par with the state and above national figures: Denver-Aurora MSA 2.3%, Colorado 2.3% and the US 1.5%. Unemployment for the Denver-Aurora MSA as of August 31, 2006, is at 4.8% and is also within the state and federal figures of 4.8% and 5.0%, respectively. Health care and social assistance, professional and technical service, and tourism services are the largest employers for the area.

Colorado is one of the fifteenth wealthiest states in the country. This is reflective of the median family income for the Denver-Aurora MSA. The 2006 HUD updated median family income for the Denver-Aurora MSA was \$71,700.

While the median family income for the AA is high, the cost of living is also high. In 2003, a median priced home was 32% higher than the national average.<sup>4</sup> The median price of a home only rose 3.7%, from \$238,200 in 2003 to \$247,100 in 2005. First quarter 2006 indicates the median price of a home in the Denver-Aurora MSA was at \$244,200, the 39<sup>th</sup> highest median price in the nation. Without financing assistance, a low-income family could only qualify for a home priced at 64% of the median<sup>5</sup>. The obstacle of housing affordability was a factor throughout the evaluation period in the Denver-Aurora MSA. Understandably, the most pressing community need in the AA is affordable housing.

Since November 2001, 68 Low Income Housing Tax Credit projects were allocated in the Denver-Aurora MSA providing 6,066 units of affordable housing. There are ten HUD certified Community Housing Development Organizations and a housing authority active in the Denver-Aurora MSA.

The community development investment opportunities in the Denver-Aurora MSA are good. There is an SBA Small Business Development Center and three SBA Certified Development Companies active in the Denver-Aurora MSA. There are five SBICs active in Colorado. There are a number of community development corporations and small business gap lenders active in the Denver-Aurora MSA, including Denver Enterprise Center, Colorado Enterprise Fund, Colorado Alliance for Microenterprise Initiatives (CAMI), and the Colorado Office of Economic Development. Through other contacts with community leaders, we learned that there are opportunities to partner with organizations that provide small business loans and offer management assistance to businesses owned by women, minorities, and LMI individuals.

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<sup>4</sup> National Association of Realtors 2006

<sup>5</sup> Assumes 80% LTV, monthly payment not to exceed qualifying ratio of 25%

**Pueblo MSA # 39380**

Demographic Information for Full-Scope Area: Pueblo MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	51	0.00	37.25	37.25	21.57	3.92
Population by Geography	141,472	0.00	30.02	43.31	25.47	1.21
Owner-Occupied Housing by Geography	38,434	0.00	24.22	46.83	28.95	0.00
Businesses by Geography	8,699	0.00	35.28	36.14	28.19	0.39
Farms by Geography	255	0.00	20.39	42.35	36.86	0.39
Family Distribution by Income Level	37,624	20.21	18.34	21.79	39.67	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	14,502	0.00	43.46	41.84	14.69	0.00
HUD Adjusted Median Family Income for 2006 Households Below the Poverty Level	\$46,800 14%			Median Housing Value Unemployment Rate as of August 31, 2006	\$94,716 6%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 U.S. Census, and 2006 HUD updated MFI.

Pueblo is located in Colorado along the southern edge of the state’s major growth corridor. The county lies 110 miles south of Denver at the crossroads of two major highways – Interstate 25 and US Highway 50.

Based on the 2000 US Census data, the Pueblo MSA consists of 51 census tracts. There are no low-income tracts, and 19 tracts, or 37.25%, are moderate-income. Vectra operates five branches in the Pueblo MSA and six ATM’s. The Pueblo AA represents 11% of rated loans made during the review period and 13% of total bank deposits.

The county is heavily banked with 16 chartered banks operating 41 branches. World Savings Bank has the largest presence with a 20.47% market share of deposits. Vectra’s market share is second with 16.28% or \$205.8 million in deposits as of June 30, 2005.

Pueblo has been experiencing very slow growth, with the population increasing by only 0.68% per year for the past 4 years. (Source 2005 American Community Survey, US Census Bureau) Job growth in the Pueblo MSA has lagged the job growth for the United States and Colorado. Pueblo County job growth for first quarter 2006 was 0.9% compared to the U.S. at 1.5% and the state at 2.3%. Unemployment for the county is above the state and national figures. As of August 31, 2006, the unemployment rate for the Pueblo MSA was 6%, the state was 4.8%, and the U.S. was 5.0%. Health care and social assistance provide the greatest source of employment, followed by retail trade.

The population is heavily Hispanic (39.4% compared to 14.5% national average). The portion of families below poverty level is 65% higher than the national average and is 100% above

state averages (16.8% compared to 10.2% national and 8.3% state). The disabled population is 64% higher than the state average of 11.8%. (Source 2005 American Community Survey, US Census Bureau)

The median price of a home in 2004 for the Pueblo MSA was \$116,176, with median rent of \$485. The 2006 HUD updated median family income for the Pueblo MSA is \$46,800.

Since November 2001, eight Low Income Housing Tax Credit projects were allocated in Pueblo County providing 294 units of affordable housing.

The community development lending and investment opportunities in the Pueblo MSA are good. There are five HUD certified Community Housing Development Organizations and a housing authority active in the Pueblo MSA. There is an SBA Small Business Development Center and an SBA Certified Development Company which are active in this AA. There are also a number of community development corporations and small business gap lenders, including: Pueblo County Community Development Corp., El Pueblo Interdevelopment Corporation (EPIC), the Pueblo Business and Technology Center, and the Pueblo County Community Development Corporation (PCCDC).

During the examination we reviewed one community contact on file whose purpose is to provide free counseling for existing and start-up businesses. The contact identified small business lending as a great opportunity for area banks, and also for contributions to a local CD organization for matching funds from Pueblo Community College.

**Four Corners Non-MSA**

Demographic Information for Full-Scope Area: Four Corners Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	18	5.56	5.56	66.67	11.11	11.11
Population by Geography	67,771	2.23	5.26	78.72	13.78	0.00
Owner-Occupied Housing by Geography	18,737	1.50	3.93	82.73	11.84	0.00
Businesses by Geography	7,832	0.45	4.23	86.96	8.36	0.00
Farms by Geography	344	0.29	1.45	90.99	7.27	0.00
Family Distribution by Income Level	17,491	19.02	19.36	23.00	38.61	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	6,714	4.05	7.48	82.32	6.15	0.00
HUD Adjusted Median Family Income for 2006 Households Below the Poverty Level	\$51,500 14%			Median Housing Value Unemployment Rate As of 08/31/06 La Plata Montezuma	\$153,999 3.4% 4.1%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 U.S. Census, and 2006 HUD updated MFI.

Vectra has designated Montezuma and La Plata Counties as its AA. Montezuma and La Plata Counties are located in the non-MSA portion of southwestern Colorado bordering New Mexico, in an area designated the “Four Corners AA”. Montezuma County is located at the intersection of US Highways 491 and 160 (east and west). Highway 491 is a main connecting route between Interstate 70, 141 miles to the north, and Interstate 40, 136 miles to the south. La Plata County is located on Interstate 40.

Based on the 2000 US Census data, the Four Corners AA consists of 18 Census tracts. One tract, or 5.56%, is low-income and one tract, or 5.56%, is moderate-income. Vectra operates two branches located in Montezuma and one in La Plata, along with 4 ATM’s in this AA. The Montezuma/La Plata AA represents 13% of rated loans made during the assessment period and 9% of total bank deposits.

The county is moderately banked with thirteen chartered banks operating 27 branches. First National Bank of Durango has the largest presence with a 22.6% market share of deposits. Vectra has 11% of the market share or \$135 million as of June 30, 2006.

The population of the combined Montezuma and La Plata Counties has increased 6.6% since the 2000 census, an average annual rate of 1.32%. (Source Western Colorado Economic Alliance.) Job growth in the two counties has slightly outpaced the job growth for the United States and has slightly lagged Colorado. Montezuma and La Plata Counties job growth for first quarter 2006 was 2.6% and 2.3%, respectively, compared to the U.S. at 2.1% and the state at 3.2%. As of August 31, 2006, the unemployment rate for La Plata is 3.4% and for Montezuma, it is 4.1%. In comparison, the state unemployment rate is 4.8% and the national

unemployment rate is 5.0%. Although La Plata County produces the largest amount of natural gas in the state, retail and tourism services make up the largest employment sources for the counties.

The 2006 HUD updated median family income is \$51,900 for Montezuma County and \$59,400 for La Plata County. The median home price is \$144,347 for Montezuma and \$201,795 for La Plata County.

Since November 2001, four Low Income Housing Tax Credit projects were allocated in Montezuma and La Plata Counties, providing 170 units of affordable housing.

There are three HUD certified Community Housing Development Organizations and a housing authority active in Montezuma and La Plata Counties. There is an SBA Small Business Development Center in Durango, which services Montezuma and La Plata. There are five Small Business Investment Companies active in Colorado. In addition, there are a number of community development corporations and small business gap lenders active in the Montezuma and La Plata Counties area, including Region 9 Economic Development District of Southwest Colorado, Colorado Minority Business Office, and the Colorado Alliance for Microenterprise Initiatives (CAMI).

During the examination we reviewed one community contact on file. The purpose of this organization is to provide free, confidential business counseling to potential and existing business owners, help develop business plans and obtain funds. Community development projects are abundant, with a need for a business incubator for small start-ups. The degree of involvement by the local financial industry is characterized as competitive, especially for SBA loans.

## State of New Mexico Full-Scope Areas

### Farmington Non-MSA

Demographic Information for Full-Scope Area: Farmington Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	23	4.35	21.74	43.48	26.09	4.35
Population by Geography	113,801	4.41	25.49	49.38	20.71	0.00
Owner-Occupied Housing by Geography	28,415	4.35	20.80	52.16	22.69	0.00
Businesses by Geography	5,860	2.95	13.52	61.18	22.35	0.00
Farms by Geography	122	0.82	8.20	64.75	26.23	0.00
Family Distribution by Income Level	29,188	22.47	16.42	20.54	40.57	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	11,352	7.07	33.45	46.35	13.13	0.00
Median Family Income	\$37,279			Median Housing Value	\$72,481	
HUD Adjusted Median Family Income for 2006	\$43,400			Unemployment Rate		
Households Below the Poverty Level	20%			As of August 31, 2006	4.6%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 U.S. Census and 2006 HUD updated MFI.

Vectra has designated Farmington (all of San Juan County), New Mexico, as an AA. San Juan County is located in the non-MSA portion of northwestern New Mexico along the Four Corners border. Farmington is located near Colorado's rugged San Juan Mountains and the desert highlands of Arizona and Utah. It is the largest city in the Four Corners area.

Vectra operates one branch and one ATM located in Farmington, the county seat of San Juan County. The Farmington (San Juan County) AA represents 2% of rated loans made during the assessment period and 1% of total bank deposits.

Of the approximately 3.5 million acres in the county, 88% is Indian Reservation (Navajo Nation) or Native American owned. An additional 5% is public land leaving only 7% of San Juan County privately owned. Based on 2000 U.S. Census data, the Farmington AA consists of 23 census tracts. One tract, or 4.35%, is low-income and five tracts, or 21.74%, are moderate-income. The low-income tract and three of the moderate-income tracts are located on the Navajo Nation and 97% of the residents of these tracts are American Indian. Median family incomes range from 52% to 57% of median family incomes for the non-MSA in these moderate-income tracts. Households living below poverty levels in these tracts range from 36% to 40%. Parts of the fourth moderate-income tract are on the Navajo Nation and the median family income is 65% of the median family income for the non-MSA. Twenty-nine percent of the population lives below the poverty level. According to the Navajo Nation's 2005

– 2006 Comprehensive Economic Development Strategy, unemployment is 48%, median income is \$27,389 (63% of HUD adjusted median family income for San Juan County in 2006), and per capita income is \$7,734 on the Navajo Nation. Over 42% of Navajos live below the poverty level, one of the highest poverty rates in the United States, even among American Indians.<sup>6</sup> The same study indicates that most Navajos own their own houses, trailers or “hogans”, so there is no monthly mortgage or rental payment, and many of the houses do not have utilities. Therefore, the ability and motivation to purchase a home or obtain bank financing are lacking.

In 2001, the average home sale for San Juan County was \$123,285, increasing to \$174,060 in 2005<sup>7</sup>. A comparison of the average home sale price to the incomes of low- and moderate-income families during our evaluation period shows a significant lack of affordability. For example, a home selling at \$174,060 would require a monthly payment of \$1291<sup>8</sup>, or 45% of the earnings of a moderate-income family. Low-income families are even more challenged to purchase a home with the monthly payment representing 75% of their earnings.

Another player in the housing market is the Navajo Housing Authority (NHA), the Tribally Designated Housing Entity of the Navajo Nation. It is charged with providing the Navajo people with safe, decent and sanitary homes. NHA manages a housing stock of 8,000 units, while housing conditions warrant between 20,000 and 30,000 housing units across the Navajo Nation. NHA also provides funding and self-sufficiency for over 57 different housing providers on the Navajo Nation. The NHA Mortgage Department was near to closing its first mortgage with a Navajo family in the Bread Springs, NM area in 2006.

In addition to housing affordability obstacles on the Navajo Nation, a number of other obstacles exist, including the lack of a mature real estate development industry. The Navajo Nation lacks sufficient housing infrastructure such as paved roads, public water, sewer systems or other vital services. For example, 60% of existing housing units lack telephone service<sup>9</sup> and many areas lack adequate fire control. The expense of bringing water, power, phone, roads, and sewer systems is enormously high. The complexity of land ownership and control is another problem in that the majority of the Navajo Nation is tribal trust land that is legally owned by the United States, as trustee, for the tribe as a whole. Thus the concept of “selling” land is only done with the approval of the trustee. Otherwise, the land must be leased and these land transactions must be navigated through a series of legal jurisdictions.

Obstacles to business lending and economic development on the Navajo Nation also exist. These include site lease regulations which are very cumbersome and lengthy, often taking a business two or more years to obtain approval from Tribal governments. Sovereign immunity, the right of a sovereign government to not be sued unless it gives its consent to be sued, is also seen as an obstacle. This immunity causes parties that would operate on the Navajo Nation to be uncertain as to whether contracts will be honored or disregarded by tribal governments. Tribal leaders have taken steps to reduce these obstacles but they still exist. The Navajo Nation lacks banking and other financial institutions to support business industries. There are only five financial institutions on the reservation that serve the financial needs of 197,000 people who live there.

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<sup>6</sup> [www.navajobusiness.com](http://www.navajobusiness.com) for the 2005-2006 Comprehensive Economic Development Strategy of the Navajo Nation

<sup>7</sup> Board of Realtors in San Juan County

<sup>8</sup> Assumptions: down payment 3%, interest rate 6.5%, 30 year fixed, with MIP, taxes and hazard insurance included

<sup>9</sup> Comprehensive Economic Development Strategy of the Navajo Nation

Other parts of San Juan County fare better and are heavily banked with seven chartered banks operating 18 branches. Citizens Bank and Wells Fargo Bank have the largest presence with a 69% market share of deposits. Vectra's market share is 1.74% or \$13.6 million in deposits as of June 30, 2005. San Juan County has been the fastest growing county in New Mexico, with the population increasing by 10% between 2000 and 2005. (Source bureau of Business and Economic Research)

Reflecting this trend, job growth in San Juan County has outpaced the job growth for the United States and New Mexico. San Juan County job growth for first quarter 2006 was 4.2% compared to the U.S. at 2.1% and the state at 3.7%. As of August 2006, the unemployment rate was at 4.6% and compared favorably with the state at 4.8%, and the U.S. at 5%.

The San Juan Basin is ranked 2<sup>nd</sup> in the nation for natural gas production. Therefore, natural gas exploration and production are the largest employers for the area, followed by food services. Ambulatory health care and specialty trade contracting are the next highest groupings of employers.

The population is heavily mixed in American Indian (Navajo and Apache - 17% compared to 0.9% national average) and Hispanic (18% compared to 12.5% national average). The portion of families below poverty is 40% higher than the national average (12.9% compared to 9.2%). (Source 2000 Census, U.S. Census Bureau) The 2006 HUD adjusted median family income for the Farmington MSA is \$43,400.

Since November 2001, one Low Income Housing Tax Credit project was allocated in San Juan County providing 31 units of affordable housing. There is an active housing authority in the City of Farmington. There is also an SBA Small Business Development Center and an active SBA Certified Development Company.

The San Juan Economic Development Service (SJEDS) is a long-standing local effort to enhance the area's economy and encourage job creation and economic stability. The mission of SJEDS is to retain, expand, create and recruit businesses in order to develop a healthier and more diverse economy for the San Juan County area. SJEDS is a cooperative effort involving local citizens and representatives of the cities of Aztec, Bloomfield and Farmington, San Juan County and the Navajo Nation, and has strong participation from major area businesses and industry, local financial institutions, area business service providers and community business leaders.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As \_\_\_12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column with the appropriate caption, such as: “Statewide/Regional,” “Statewide/Regional with potential benefit to one or more AAs” or “Out of Assessment Area.” “Out of Assessment Area” is used ONLY if the bank has otherwise adequately met the CD lending needs of its assessment area.
- Table 1a. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank in 2004 and 2005 only. Comparative demographics are updated with 2000 U.S. Census data. Tables 1a through 12 also contain loan data for 2004 and 2005 only
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.

- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated

and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column with the appropriate caption, such as: "Statewide/Regional," "Statewide/Regional with potential benefit to one or more AAs" or "Out of Assessment Area." "Out of the Assessment Area" is used ONLY if the bank has otherwise adequately met the qualified investment needs of its assessment area.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

## Tables of Performance Data

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### States of Colorado and New Mexico

Institution ID: VECTRA BANK COLORADO, NA (10000023849)

**Table 1. Lending Volume**

LENDING VOLUME												
Geography: COLORADO												
Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2005												
MA/Assessment Area (2004):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Denver-Aurora MSA	39.62	5,578	926,480	5,055	745,798	7	1,373	46	170,151	10,686	1,863,614	48.13
Four Corners (2002-05 only)	10.07	1,896	305,499	590	58,015	224	14,784	6	20,517	2,716	398,815	8.51
Pueblo MSA	11.80	2,189	182,679	876	97,167	105	7,397	13	7,529	3,183	294,772	12.64
<b>Limited Review:</b>												
Boulder MSA	5.13	537	107,383	837	94,079	6	353	4	57,710	1,384	259,525	6.39
Colorado Springs MSA	20.71	4,133	698,202	1,436	166,444	3	270	3	13,160	5,585	878,176	9.32
Grand Junction MSA	1.50	267	29,378	130	15,148	7	1,700	1	740	405	46,966	1.78
Mountain Region	8.25	1,105	421,151	1,103	131,447	12	1,292	5	39,412	2,226	495,552	11.78
Southwest Colorado (2002-05)	2.92	535	123,837	171	21,930	76	6,722	5	2,651	787	155,140	1.45

\* Loan Data as of December 31, 2005. Rated area refers to either state or multi-state MA rating area. Unless otherwise noted, the period includes 2001 through 2005 data.

\*\* The evaluation period for Community Development Loans is from November 6, 2001 to September 18, 2006.

\*\*\* Deposit Data as of September 27, 2006. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1a. Lending Volume

LENDING VOLUME		Geography: COLORADO						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005				
MA/Assessment Area (2004):	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans **		Total Reported Loans		% of Rated Area Deposits in MA/AA ***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Denver-Aurora MSA	34.94	1,277	221,302	1,891	260,953	0	0			2,680	628,170	48.13
Four Corners	14.67	736	130,506	281	27,377	108	6,798			1,125	185,198	8.51
Pueblo MSA	13.00	671	61,463	287	28,418	39	2,555			997	99,965	12.64
<b>Limited Review:</b>												
Boulder MSA	5.40	105	24,209	307	29,343	2	244			414	111,506	6.39
Colorado Springs MSA	17.13	772	131,553	541	55,400	1	150			1,314	200,263	9.32
Grand Junction MSA	1.92	83	10,188	62	6,741	2	475			147	18,144	1.78
Mountain Region	8.10	323	96,111	296	35,830	2	32			621	171,385	11.78
Southwest Colorado	4.84	249	58,592	89	12,553	34	4,063			372	77,859	1.45

\* Loan Data as of December 31, 2005. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from November 6, 2001, to September 18, 2006. See Table 1 for Community Development Loan volume.

\*\*\* Deposit Data as of December 31, 2005. . Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE 2005		Geography: COLORADO									Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Denver-Aurora MSA	525	22.26	1.89	4.00	21.89	14.29	42.97	42.86	33.26	38.86	0.23	0.28	0.22	0.22	0.25
Four Corners	457	19.38	1.50	0.22	3.93	7.88	82.73	77.24	11.84	14.66	9.82	20.00	15.85	9.81	8.36
Pueblo MSA	427	18.11	0.00	0.00	24.22	24.12	46.83	45.90	28.95	29.98	4.09	0.00	5.96	4.33	3.02
<b>Limited Review:</b>															
Boulder MSA	39	1.65	0.27	2.56	19.36	10.26	44.99	48.72	35.39	38.46	0.18	1.64	0.10	0.18	0.20
Colorado Springs MSA	531	22.52	0.11	0.00	18.75	11.68	51.81	61.39	29.33	26.93	1.41	0.00	1.16	1.52	1.32
Grand Junction MSA	39	1.65	0.00	0.00	14.19	15.38	60.18	56.41	25.63	28.21	0.27	0.00	0.35	0.22	0.33
Mountain Region	173	7.34	0.00	0.00	0.00	0.00	17.41	8.67	82.59	91.33	1.47	0.00	0.00	0.68	1.62
Southwest Colorado	167	7.08	0.00	0.00	11.65	17.37	78.16	47.90	10.18	34.73	4.67	0.00	2.90	3.09	9.92

\* Based on 2004 Peer Mortgage Data (Western)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: VECTRA BANK COLORADO, NA (10000023849)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT 2005			Geography: COLORADO						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Denver-Aurora MSA	48	28.24	1.89	2.08	21.89	41.67	42.97	25.00	33.26	31.25	0.30	0.00	0.82	0.15	0.19
Four Corners	36	21.18	1.50	0.00	3.93	0.00	82.73	80.56	11.84	19.44	10.95	0.00	0.00	11.21	11.11
Pueblo MSA	59	34.71	0.00	0.00	24.22	28.81	46.83	42.37	28.95	28.81	6.55	0.00	8.06	5.94	6.21
<b>Limited Review:</b>															
Boulder MSA	1	0.59	0.27	0.00	19.36	0.00	44.99	0.00	35.39	100.00	0.00	0.00	0.00	0.00	0.00
Colorado Springs MSA	12	7.06	0.11	0.00	18.75	16.67	51.81	75.00	29.33	8.33	0.31	0.00	0.32	0.36	0.19
Grand Junction MSA	3	1.76	0.00	0.00	14.19	33.33	60.18	66.67	25.63	0.00	0.22	0.00	0.00	0.34	0.00
Mountain Region	9	5.29	0.00	0.00	0.00	0.00	17.41	0.00	82.59	100.00	1.46	0.00	0.00	0.00	1.86
Southwest Colorado	2	1.18	0.00	0.00	11.65	0.00	78.16	100.00	10.18	0.00	2.44	0.00	0.00	3.23	0.00

\* Based on 2004 Peer Mortgage Data (Western)

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2005			Geography: COLORADO								Evaluation Period: JANUARY 1, 2004 TO				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Denver-Aurora MSA	694	41.46	1.89	1.73	21.89	18.16	42.97	43.52	33.26	36.60	0.32	0.26	0.25	0.35	0.33
Four Corners	243	14.52	1.50	0.00	3.93	5.76	82.73	76.13	11.84	18.11	5.18	0.00	11.27	5.21	4.01
Pueblo MSA	183	10.93	0.00	0.00	24.22	26.78	46.83	44.26	28.95	28.96	1.56	0.00	1.78	1.64	1.32
<b>Limited Review:</b>															
Boulder MSA	65	3.88	0.27	0.00	19.36	12.31	44.99	46.15	35.39	41.54	0.35	0.00	0.22	0.40	0.37
Colorado Springs MSA	227	13.56	0.11	0.88	18.75	8.37	51.81	56.39	29.33	34.36	0.57	2.86	0.32	0.58	0.69
Grand Junction MSA	41	2.45	0.00	0.00	14.19	14.63	60.18	58.54	25.63	26.83	0.28	0.00	0.22	0.26	0.38
Mountain Region	141	8.42	0.00	0.00	0.00	0.00	17.41	7.80	82.59	92.20	1.42	0.00	0.00	0.78	1.53
Southwest Colorado	80	4.78	0.00	0.00	11.65	7.50	78.16	47.50	10.18	45.00	2.42	0.00	1.08	1.47	5.20

\* Based on 2004 Peer Mortgage Data (Western)

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY			Geography: COLORADO				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005					Market Share (%) by Geography				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans						
<b>Full Review:</b>																
Denver-Aurora MSA	1	25.00	8.54	0.00	40.67	0.00	42.00	100.00	8.79	0.00	0.00	0.00	0.00	0.00	0.00	
Four Corners	0	0.00	0.10	0.00	7.74	0.00	63.91	0.00	28.24	0.00	0.00	0.00	0.00	0.00	0.00	
Pueblo MSA	1	25.00	0.00	0.00	46.91	0.00	48.33	0.00	4.76	100.00	12.50	0.00	0.00	0.00	50.00	
<b>Limited Review:</b>																
Boulder MSA	0	0.00	5.73	0.00	38.53	0.00	42.03	0.00	13.71	0.00	0.00	0.00	0.00	0.00	0.00	
Colorado Springs MSA	2	50.00	0.76	0.00	43.30	50.00	44.47	50.00	11.47	0.00	3.45	0.00	3.45	4.17	0.00	
Grand Junction MSA	0	0.00	0.00	0.00	21.50	0.00	52.56	0.00	25.94	0.00	0.00	0.00	0.00	0.00	0.00	
Mountain Region	0	0.00	0.00	0.00	0.00	0.00	5.44	0.00	94.56	0.00	0.00	0.00	0.00	0.00	0.00	
Southwest Colorado	0	0.00	0.00	0.00	11.52	0.00	19.15	0.00	69.33	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2004 Peer Mortgage Data (Western)

\*\* Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

\*\*\* Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

\*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES 31, 2005			Geography: COLORADO								Evaluation Period: JANUARY 1, 2004 TO DECEMBER				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Denver-Aurora MSA	1,846	49.78	3.88	4.71	24.37	36.02	37.62	30.44	33.28	28.82	1.17	1.48	1.83	0.97	0.96
Four Corners	281	7.58	0.45	1.07	4.23	16.01	86.96	75.80	8.36	7.12	4.75	25.00	30.47	4.00	3.81
Pueblo MSA	287	7.74	0.00	0.00	35.28	42.16	36.14	32.06	28.19	25.78	4.08	0.00	5.15	4.02	3.56
<b>Limited Review:</b>															
Boulder MSA	306	8.25	1.29	0.65	31.33	41.18	37.39	32.35	29.98	25.82	1.30	1.90	1.92	1.07	1.07
Colorado Springs MSA	541	14.59	5.77	8.13	24.30	20.52	43.57	55.45	26.35	15.90	1.58	2.97	1.24	2.09	0.84
Grand Junction MSA	62	1.67	0.00	0.00	27.28	30.65	50.23	43.55	22.49	25.81	0.80	0.00	1.06	0.73	0.70
Mountain Region	296	7.98	0.00	0.00	0.00	0.00	11.83	14.53	88.17	85.47	1.46	0.00	0.00	2.11	1.59
Southwest Colorado	89	2.40	0.00	0.00	24.69	25.84	49.67	55.06	25.64	19.10	2.19	0.00	2.28	2.16	3.97

\* Based on 2005 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2005).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2005			Geography: COLORADO								Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Farms*	% BANK Loans	% of Farms*	% BANK Loans	% of Farms*	% BANK Loans	% of Farms*	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Denver-Aurora MSA	0	0.00	1.60	0.00	21.54	0.00	40.56	0.00	35.89	0.00	0.00	0.00	0.00	0.00	0.00
Four Corners	108	57.45	0.29	3.70	1.45	0.00	90.99	96.30	7.27	0.00	37.70	80.00	0.00	39.25	0.00
Pueblo MSA	39	20.74	0.00	0.00	20.39	12.82	42.35	41.03	36.86	46.15	15.38	0.00	13.33	12.12	20.69
<b>Limited Review:</b>															
Boulder MSA	2	1.06	0.00	0.00	23.63	0.00	47.70	50.00	28.68	50.00	0.00	0.00	0.00	0.00	0.00
Colorado Springs MSA	1	0.53	2.78	0.00	14.73	100.00	54.99	0.00	27.50	0.00	0.00	0.00	0.00	0.00	0.00
Grand Junction MSA	2	1.06	0.00	0.00	10.70	0.00	64.18	100.00	25.12	0.00	0.00	0.00	0.00	0.00	0.00
Mountain Region	2	1.06	0.00	0.00	0.00	0.00	17.40	50.00	82.60	50.00	0.00	0.00	0.00	0.00	0.00
Southwest Colorado	34	18.09	0.00	0.00	5.65	2.94	73.14	94.12	21.20	2.94	6.18	0.00	0.00	6.25	100.00

\* Based on 2005 Peer Small Business Data -- US and PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2005).

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: COLORADO								Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005					
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>*</sup>				
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>10</sup>	% BANK Loans <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>**</sup>	% BANK Loans <sup>**</sup>	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Denver-Aurora MSA	529	22.39	18.01	10.37	18.65	26.03	23.68	25.64	39.66	37.96	0.27	0.42	0.27	0.22	0.28
Four Corners	457	19.34	19.02	6.00	19.36	15.11	23.00	23.26	38.61	55.64	10.44	16.18	14.22	12.38	8.71
Pueblo MSA	428	18.11	20.21	14.53	18.34	29.78	21.79	25.67	39.67	30.02	4.63	8.25	6.05	4.79	3.04
<b>Limited Review:</b>															
Boulder MSA	39	1.65	19.44	10.26	18.52	23.08	22.39	23.08	39.66	43.59	0.22	0.13	0.28	0.13	0.27
Colorado Springs MSA	531	22.47	16.86	8.12	18.85	19.80	24.72	31.09	39.57	40.99	1.62	2.10	1.27	1.55	1.83
Grand Junction MSA	39	1.65	17.40	9.09	19.63	21.21	23.69	12.12	39.28	57.58	0.30	0.54	0.08	0.06	0.54
Mountain Region	173	7.32	9.42	1.18	12.80	16.57	20.32	17.16	57.46	65.09	1.63	2.08	3.36	1.15	1.55
Southwest Colorado	167	7.07	21.88	7.38	19.82	23.49	24.48	22.82	33.82	46.31	5.28	7.41	7.32	3.34	5.35

<sup>\*</sup> Based on 2004 Peer Mortgage Data (Western)

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 5.4% of loans originated and purchased by bank.

<sup>\*\*\*</sup> Percentage of Families is based on the 2000 Census information.

<sup>\*\*\*\*</sup> Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

<sup>10</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT 31, 2005			Geography: COLORADO								Evaluation Period: JANUARY 1, 2004 TO DECEMBER				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>11</sup>	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Denver-Aurora MSA	48	28.24	18.01	12.77	18.65	27.66	23.68	23.40	39.66	36.17	0.32	0.41	0.43	0.22	0.28
Four Corners	36	21.18	19.02	13.89	19.36	11.11	23.00	25.00	38.61	50.00	11.54	33.33	21.05	5.41	10.29
Pueblo MSA	59	34.71	20.21	21.05	18.34	29.82	21.79	21.05	39.67	28.07	7.11	13.64	11.70	5.41	4.48
<b>Limited Review:</b>															
Boulder MSA	1	0.59	19.44	0.00	18.52	0.00	22.39	0.00	39.66	100.00	0.00	0.00	0.00	0.00	0.00
Colorado Springs MSA	12	7.06	16.86	0.00	18.85	58.33	24.72	25.00	39.57	16.67	0.33	0.00	0.76	0.19	0.28
Grand Junction MSA	3	1.76	17.40	33.33	19.63	33.33	23.69	33.33	39.28	0.00	0.23	0.00	0.00	0.80	0.00
Mountain Region	9	5.29	9.42	0.00	12.80	12.50	20.32	25.00	57.46	62.50	1.55	0.00	0.00	2.27	1.60
Southwest Colorado	2	1.18	21.88	0.00	19.82	0.00	24.48	100.00	33.82	0.00	2.50	0.00	0.00	4.35	2.70

\* Based on 2004 Peer Mortgage Data (Western)

\*\* As a percentage of loans with borrower income information available. No information was available for 2.4% of loans originated and purchased by bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

<sup>11</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE 31, 2005			Geography: COLORADO						Evaluation Period: JANUARY 1, 2004 TO DECEMBER						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>12</sup>	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans* ***	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Denver-Aurora MSA	699	41.63	18.01	9.95	18.65	22.93	23.68	26.55	39.66	40.57	0.39	0.46	0.35	0.35	0.44
Four Corners	243	14.47	19.02	5.86	19.36	21.62	23.00	21.62	38.61	50.90	5.66	10.81	9.70	5.78	4.24
Pueblo MSA	183	10.90	20.21	10.17	18.34	22.03	21.79	30.51	39.67	37.29	1.92	2.83	2.21	2.01	1.58
<b>Limited Review:</b>															
Boulder MSA	65	3.87	19.44	10.17	18.52	23.73	22.39	32.20	39.66	33.90	0.40	0.64	0.49	0.46	0.27
Colorado Springs MSA	227	13.52	16.86	6.83	18.85	20.00	24.72	25.85	39.57	47.32	0.72	0.60	0.72	0.67	0.78
Grand Junction MSA	41	2.44	17.40	12.12	19.63	21.21	23.69	27.27	39.28	39.39	0.35	1.10	0.40	0.21	0.28
Mountain Region	141	8.40	9.42	0.77	12.80	10.00	20.32	18.46	57.46	70.77	1.58	1.49	2.29	1.62	1.52
Southwest Colorado	80	4.76	21.88	4.48	19.82	19.40	24.48	20.90	33.82	55.22	2.68	2.82	4.42	1.90	2.54

\* Based on 2004 Peer Mortgage Data (Western)

\*\* As a percentage of loans with borrower income information available. No information was available for 7.3% of loans originated and purchased by bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

<sup>12</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES 31, 2005					Geography: COLORADO			Evaluation Period: JANUARY 1, 2004 TO DECEMBER	
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Denver-Aurora MSA	1,891	50.37	62.48	40.93	68.32	17.08	14.60	1.17	0.70
Four Corners	281	7.49	67.19	45.91	75.80	12.81	11.39	4.75	3.39
Pueblo MSA	287	7.65	64.81	55.05	76.66	12.54	10.80	4.08	3.95
<b>Limited Review:</b>									
Boulder MSA	307	8.18	64.83	44.63	78.50	11.40	10.10	1.30	1.03
Colorado Springs MSA	541	14.41	65.85	51.20	74.12	13.68	12.20	1.58	1.33
Grand Junction MSA	62	1.65	64.78	62.90	72.58	16.13	11.29	0.80	0.98
Mountain Region	296	7.88	64.90	66.22	73.31	12.16	14.53	1.46	1.70
Southwest Colorado	89	2.37	66.82	61.80	62.92	22.47	14.61	2.19	2.63

\* Based on 2005 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2005).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 22.19% of small loans to businesses originated and purchased by the bank.

Table12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS 2005			Geography: COLORADO				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,			
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share		
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less	
<b>Full Review:</b>										
Denver-Aurora MSA	0	0.00	86.31	0.00	0.00	0.00	0.00	0.00	0.00	
Four Corners	108	57.45	93.02	97.22	85.19	14.81	0.00	37.70	42.06	
Pueblo MSA	39	20.74	92.16	94.87	84.62	10.26	5.13	15.38	15.38	
<b>Limited Review:</b>										
Boulder MSA	2	1.06	88.11	100.00	0.00	100.00	0.00	0.00	0.00	
Colorado Springs MSA	1	0.53	87.95	100.00	0.00	100.00	0.00	0.00	0.00	
Grand Junction MSA	2	1.06	91.29	0.00	0.00	50.00	50.00	0.00	0.00	
Mountain Region	2	1.06	86.99	100.00	100.00	0.00	0.00	0.00	0.00	
Southwest Colorado	34	18.09	89.75	91.18	58.82	32.35	8.82	6.18	8.59	

\* Based on 2005 Peer Small Business Data -- US and PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&amp;B - 2005).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 3.19% of small loans to farms originated and purchased by the bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS 2006		Geography: COLORADO				Evaluation Period: NOVEMBER 6, 2001 TO SEPTEMBER 18,				
MA/Assessment Area:	Prior Period Investments		Current Period Investments		Total Investments			Unfunded Commitments**		
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)	
<b>Full Review:</b>										
Denver-Aurora MSA	2	543	161	18,222	164	18,765	59.04	0	0	
Four Corners	0	0	5	32	5	32	.10	0	0	
Pueblo MSA	0	0	23	3,557	23	3,557	11.19	0	0	
<b>Limited Review:</b>										
Boulder MSA	0	0	36	852	36	852	2.68	0	0	
Colorado Springs MSA	0	0	30	4,482	30	4,482	14.10	0	0	
Grand Junction MSA	0	0	16	2,242	16	2,242	7.05	0	0	
Mountain Region	0	0	13	873	13	873	2.75	0	0	
Southwest Colorado	0	0	8	981	8	981	3.08	0	0	
Statewide/Regional	1	676	20	2,388	21	3,064		0	0	

\* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS 6, 2001 TO SEPTEMBER 18, 2006								Geography: COLORADO				Evaluation Period: NOVEMBER					
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Denver-Aurora MSA	48.13	14	35.00	0.00	28.57	50.00	21.43	1	7	-1	-2	-3	0	4.56	27.71	40.28	27.32
Four Corners	8.51	3	7.50	0.00	0.00	100.00	0.00	1	2	0	-1	0	0	2.23	5.26	78.72	13.78
Pueblo MSA	12.64	6	15.00	0.00	33.33	50.00	16.67	5	0	0	+3	+2	0	0.00	30.02	43.31	25.47
<b>Limited Review:</b>																	
Boulder MSA	6.39	3	7.50	0.00	66.67	33.33	0.00	1	1	0	0	0	0	3.35	25.38	41.56	29.70
Colorado Springs MSA	9.32	3	7.50	0.00	0.00	100.00	0.00	1	0	0	0	+1	0	0.32	25.37	49.82	24.49
Grand Junction MSA	1.78	2	5.00	0.00	50.00	0.00	50.00	1	1	0	0	-1	+1	0.00	17.70	60.49	21.81
Mountain Region	11.78	7	17.50	0.00	0.00	0.00	100.00	1	1	0	0	0	0	0.00	0.00	18.35	81.65
Southwest Colorado	1.45	2	5.00	0.00	0.00	50.00	50.00	0	0	0	0	0	0	0.00	13.28	73.59	13.13

Institution ID: VECTRA BANK COLORADO, NA (1000023849)

Table 1. Lending Volume

LENDING VOLUME		Geography: NEW MEXICO						Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2005				
MA/Assessment Area (2004):	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Farmington	100.00	529	53,480	131	20,334	5	343	0	0	665	74,157	100.00

\* Loan Data as of December 31, 2005. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from November 6, 2001 to September 18, 2006.

\*\*\* Deposit Data as of September 27, 2006. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: VECTRA BANK COLORADO, NA (1000023849)

Table 1a. Lending Volume

LENDING VOLUME		Geography: NEW MEXICO						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005				
MA/Assessment Area (2004):	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Farmington	100.00	83	10,719	44	8,484	3	200	0	0	130	19,403	100.00

\* Loan Data as of December 31, 2005. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 1, 2004 to December 31, 2005

\*\*\* Deposit Data as of December 31, 2005. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE 2005		Geography: NEW MEXICO						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Farmington	51	100.00	4.35	0.00	20.80	9.80	52.16	50.98	22.69	39.22	0.74	0.00	0.00	1.20	0.24

\* Based on 2004 Peer Mortgage Data (Western)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT 31, 2005		Geography: NEW MEXICO								Evaluation Period: JANUARY 1, 2004 TO DECEMBER					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Farmington	6	100.00	4.35	0.00	20.80	0.00	52.16	50.00	22.69	50.00	0.43	0.00	0.00	0.00	1.49

\* Based on 2004 Peer Mortgage Data (Western)

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2005			Geography: NEW MEXICO								Evaluation Period: JANUARY 1, 2004 TO				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Farmington	26	100.00	4.35	0.00	20.80	0.00	52.16	46.15	22.69	53.85	0.73	0.00	0.00	0.59	1.07

\* Based on 2004 Peer Mortgage Data (Western)

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY 2005		Geography: NEW MEXICO						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,							
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Farmington	0	0.00	0.00	0.00	18.38	0.00	46.56	0.00	35.06	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2004 Peer Mortgage Data (Western)

\*\* Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

\*\*\* Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

\*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2005		Geography: NEW MEXICO								Evaluation Period: JANUARY 1, 2004 TO					
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Farmington	44	100.00	2.95	2.27	13.52	13.64	61.18	52.27	22.35	31.82	0.79	0.00	0.62	0.67	1.35

\* Based on 2005 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2005).

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2005			Geography: NEW MEXICO								Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Farms*	% BANK Loans	% of Farms*	% BANK Loans	% of Farms*	% BANK Loans	% of Farms*	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Farmington	3	100.00	0.82	0.00	8.20	0.00	64.75	100.00	26.23	0.00	3.13	0.00	0.00	5.56	0.00

\* Based on 2005 Peer Small Business Data -- US and PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2005).

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: NEW MEXICO								Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005					
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>7</sup>				
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>13</sup>	% BANK Loans <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>**</sup>	% BANK Loans <sup>****</sup>	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Farmington	51	100.00	22.47	1.96	16.42	15.69	20.54	13.73	40.57	68.63	0.94	0.00	1.20	0.89	0.94

<sup>\*</sup> Based on 2004 Peer Mortgage Data (Western)

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

<sup>\*\*\*</sup> Percentage of Families is based on the 2000 Census information.

<sup>\*\*\*\*</sup> Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

<sup>13</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT DECEMBER 31, 2005			Geography: NEW MEXICO						Evaluation Period: JANUARY 1, 2004 TO						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>14</sup>	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans*** *	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Farmington	6	100.00	22.47	0.00	16.42	0.00	20.54	16.67	40.57	83.33	0.44	0.00	0.00	0.00	0.85

\* Based on 2004 Peer Mortgage Data (Western)

\*\* As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

<sup>14</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2005		Geography: NEW MEXICO								Evaluation Period: JANUARY 1, 2004 TO					
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>15</sup>	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans***	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Farmington	26	100.00	22.47	3.85	16.42	7.69	20.54	30.77	40.57	57.69	0.87	2.33	0.61	1.54	0.56

\* Based on 2004 Peer Mortgage Data (Western)

\*\* As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

<sup>15</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2005		Geography: NEW MEXICO			Evaluation Period: JANUARY 1, 2004 TO				
	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share	
MA/Assessment Area:	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Farmington	44	100.00	63.21	45.45	54.55	20.45	25.00	0.79	0.52

\* Based on 2005 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2005).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 11.36% of small loans to businesses originated and purchased by the bank.

**Table12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS 31, 2005			Geography: NEW MEXICO			Evaluation Period: JANUARY 1, 2004 TO DECEMBER			
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Farmington	3	100.00	86.07	100.00	66.67	33.33	0.00	3.13	3.70

\* Based on 2005 Peer Small Business Data -- US and PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2005).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS 2006		Geography: NEW MEXICO				Evaluation Period: NOVEMBER 6, 2001 TO SEPTEMBER 18,			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Farmington	0	0	1	10	1	10	91	1	90
Outside t he AA			1	1	1	1	9		

\* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS NOVEMBER 6, 2001 TO SEPTEMBER 18, 2006								Geography: NEW MEXICO				Evaluation Period:					
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Farmington	0.00	1	100.00	0.00	0.00	100.00	0.00	0	0	0	0	0	0	4.41	25.49	49.38	20.71