



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

July 1, 2002

# **Community Reinvestment Act Performance Evaluation**

**Air Academy National Bank  
Charter Number: 15592**

**Building 5122, Community Center Dr.  
Colorado Springs, Colorado 80840**

**Office of the Comptroller of the Currency**

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6700 Antioch Road, Suite 450  
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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.

## Table of Contents

<u>OVERALL CRA RATING</u> .....	2
<u>DEFINITIONS AND COMMON ABBREVIATIONS</u> .....	3
<u>DESCRIPTION OF INSTITUTION</u> .....	7
<u>SCOPE OF THE EVALUATION</u> .....	8
<u>FAIR LENDING REVIEW</u> .....	10
<u>CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS</u> .....	11
<u>LENDING TEST</u> .....	11
<u>INVESTMENT TEST</u> .....	16
<u>SERVICE TEST</u> .....	18
<u>APPENDIX A: SCOPE OF EXAMINATION</u> .....	A-1
<u>APPENDIX B: MARKET PROFILES FOR FULL-SCOPE AREAS</u> .....	B-1
<u>APPENDIX C: TABLES OF PERFORMANCE DATA</u> .....	C-1

## Overall CRA Rating

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

The following table indicates the performance level of Air Academy National Bank (AANB) with respect to the Lending, Investment, and Service Tests:

Performance Levels	Air Academy National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		X
High Satisfactory		X	
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:

- AANB’s distribution of consumer loans, its primary loan product, by income level of borrower is excellent.
- AANB’s level of community development lending is significant, based on the dollar volume, which has a positive impact on the Lending Test.
- AANB offers innovative and flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals, and has a positive impact on the Lending Test.
- AANB provides a good level of qualified investments considering the short amount of time Wal-Mart store branches have been open and the limited opportunities for investment on military installations.
- The level of retail banking services is excellent.

## 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.

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**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 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:** 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 C.F.R. §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 householder 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 or a block numbering area 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 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, and the disposition of the application (e.g., approved, denied, and withdrawn).

**Home Mortgage Loans:** Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

**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 primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**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. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial 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

Air Academy National Bank (AANB), an intrastate bank, is headquartered in Colorado Springs, Colorado. AANB is a wholly owned subsidiary of Dickinson Financial Corporation (DFC), a \$3.3 billion multi-bank holding company headquartered in Kansas City, Missouri. As of March 31, 2002, AANB reported total assets of \$83 million. AANB has two bank locations inside the United States Air Force Academy (USAFA) military installation in Colorado Springs, Colorado. In addition, a division of AANB operates eleven Academy Bank branches located inside Wal-Mart stores in Colorado Springs/Fountain, Pueblo, Englewood, Greeley, Brighton, Fort Collins/Loveland, and Aurora. All of the Academy Bank branches were opened during this evaluation period.

Detail on branch openings since the last CRA examination:

<b>BRANCH/CITY</b>	<b>DATE OPENED</b>	<b>BRANCH/CITY</b>	<b>DATE OPENED</b>
Colorado Springs	4-27-00	Greeley	5-25-01
Fountain	4-27-00	Brighton	6-28-01
Colorado Springs	5-15-00	Fort Collins	10-24-01
Colorado Springs	5-15-00	Loveland	4-17-02
Pueblo	9-9-00	Aurora	6-19-02
Englewood	9-20-00		

AANB and its Academy Bank division is a full service institution offering various loan and deposit products. The bank has two primary business strategies. AANB's business strategy is to serve the needs of cadets, active duty military and civilian personnel at the USAFA, as well as the needs of current and former military personnel throughout the world. The business strategy for the Academy Bank division is to serve the communities where branches are located, including customers and employees of Wal-Mart.

Net loans as a percentage of total assets are 31 percent as of March 31, 2002. Consumer loans, HMDA loans, and small business loans represent 79 percent, 15 percent, and 5 percent of the number of loans originated during 1999-2001, respectively. By dollar volume, HMDA loans are 50 percent, consumer loans are 38 percent, and small business loans are 12 percent of loans originated during this time frame. The bank did not have loan origination numbers from July 1, 1997 to December 31, 1998. However, based on a review of Board loan reports, consumer loans are also the primary loan product during this time frame.

Real estate loans, commercial loans, and consumer loans represent 80 percent, 10 percent, and 9 percent, respectively, of the total dollar amount of loans outstanding. Lease financing represents the remaining 1 percent. Tier 1 capital is \$11.7 million, which is 14 percent of total assets.

AANB and its Academy Bank division has no legal, financial, or other factors that impede their ability to help meet the credit needs of its assessment areas. AANB's performance was rated "Satisfactory" at its last CRA evaluation dated October 17, 1997.



## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for the Lending Test (except CD loans) is July 1, 1997 through December 31, 2001. For CD loans, the Investment Test, and the Service Test, the evaluation period is July 1, 1997 to July 1, 2002.

For the lending test, we evaluated consumer, HMDA, and small business loans originated and purchased. The volume of small farm and other real estate secured loans originated during this evaluation period is minimal and accounts for 1 percent or less of total loan originations.

### Data Integrity

As part of the CRA evaluation, we tested AANB's publicly filed information on HMDA and small business loans from 1999-2001 for accuracy. We also tested the accuracy of consumer loan data submitted during the examination for consideration. The test included an evaluation of the bank's processes to ensure data is reliable.

From July 1, 1997 to December 31, 1998, the bank was not able to provide publicly filed HMDA and small business loan information. Also, the bank could not provide consumer loan information in an electronic format. In order to evaluate loans originated and purchased during this time frame, the bank provided a list of all HMDA, small business, and consumer loans in paper form. All HMDA and small business loans made during this time frame were reviewed since the volume was not significant. For consumer loans, a sample was used to determine whether findings are consistent with information tested from 1999-2001.

Significant errors were found in the HMDA data tested from 1999-2001. However, the error rate for loans made in the assessment area was not significant. All data used to evaluate the bank's performance in its assessment area (AA) is accurate.

Information regarding CD loans, investments, and services was evaluated during the examination.

### Selection of Areas for Full-Scope Review

AANB has eight AAs. We combined the Fort Collins and Loveland AAs for evaluation purposes. All AAs are in metropolitan statistical areas. We reviewed the Colorado Springs MA using full-scope procedures. The Aurora, Brighton, Englewood, Ft. Collins/Loveland, Greeley, and Pueblo MAs were reviewed using limited-scope procedures.

The main bank is located in Colorado Springs on the USAFA military installation and accounts for a majority of both loans and deposits. The Colorado Springs MA also includes a majority of branch locations. Branches in the limited-scope MAs were opened during the evaluation period from September 2000 to June 2002.

Refer to Appendix A for additional information regarding AAs.

## **Ratings**

The bank's overall rating is based primarily on those areas that received full-scope reviews.

More weight was given to consumer loans followed by HMDA loans. Consumer loan products represent a substantial majority of loans originated during the evaluation period. For HMDA loans, the primary product is home improvement loans followed by refinanced loans. The bank has not originated or purchased any multi-family loans. This weighting is reflective of the primary credit needs of a majority of bank customers, as well as loan volumes by product type over the evaluation period.

## **Other**

We conducted two community contacts with government offices during this evaluation. We also reviewed one community contact with a business group made within the last twelve months by another regulatory agency. All contacts are located in the Colorado Springs AA.

Primary credit needs identified by community contacts are down payment assistance programs to assist lower income persons in purchasing residential real estate. Community development loan opportunities on the USAFA military installation are limited. A majority of CD investment opportunities available to financial institutions are through donations, grants, or in-kind contributions to established organizations.

## **Fair Lending Review**

An analysis of the most recent public comments and consumer complaint information, HMDA, small business and small farm lending data was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in September 1997.

## Conclusions with Respect to Performance Tests

### LENDING TEST

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

The bank's performance under the lending test is rated "Outstanding". Based on full-scope reviews, the bank's performance in the Colorado Springs MA is good.

#### Lending Activity

Refer to Tables 1 (Lending Volume and Other) in appendix C for the facts and data used to evaluate the bank's lending activity.

Lending Activity is good. Consumer credit is the primary credit need and is weighed most heavily in evaluating the bank's CRA performance. Market share information for consumer loans is not available. A majority of loans are attributed to the main bank and branch on the USAFA. The other four branch locations are in Wal-Mart stores that opened during the evaluation period in April and May 2000.

AANB's net loan-to-deposit ratio is 36 percent as of March 31, 2002. Mitigating factors for this low level of lending are:

- The primary credit need is consumer loans, which are originated for lower dollar amounts.
- The bank must maintain high levels of liquidity to accommodate military paydays. The volume of military payroll deposits averages \$10 million per month, which represents approximately 14 percent of total deposits as of March 31, 2002.
- Access to the main bank and branch on the USAFA base is closed to the public (only assigned persons or those having official business on the installation have access).
- The distribution of promotional materials is restricted on the USAFA and it is difficult to obtain mailing lists for military persons.
- Base exchanges provide unsecured lines of credit up to \$5 thousand.
- Military regulations restrict the amount of debt a cadet can incur.

The volume of total loans has continued to increase since 1999. In 2000 and 2001, total loan volumes increased 106 percent and 13 percent, respectively.

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

AANB's overall distribution of loans by income level is adequate. The geographic distribution of consumer and HMDA loan products is adequate. For small business loans, geographic distribution is excellent. No unexplained gaps exist. A majority of loans were originated in the bank's AAs.

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

Refer to Tables 2, 3, and 4 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The overall geographic distribution of home mortgage loans is adequate.

Penetration in low- and moderate-income tracts for all HMDA loan products is low compared to demographics for the period 1999-2001. Low penetration is due to the difficulty marketing loan products in communities served by Wal-Mart store branches, where moderate-income tracts are located. These branches were open in April and May 2000. AANB has not had sufficient time to penetrate these markets. The other branches are on the USAFA military installation, which is located in middle-income tracts. Branches on the USAFA military installation have been open for several years.

Our review of all HMDA loans from July 1, 1997 to December 31, 1998 shows penetration in moderate-income tracts is near to demographics for home improvement loans by number and exceeds demographics for refinance loans by both number and dollar volume.

HMDA loans are not a major product for the bank. A majority of bank customers are military and the primary credit need is for consumer loans. Market share for all HMDA products is not significant. Opportunities for lending in low-income geographies are low based on the percentage of owner-occupied units. The bank did not make any multi-family loans during the evaluation period.

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

Refer to Table 6 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The overall distribution of small loans to businesses is excellent.

The portion of small loans to businesses made in moderate-income geographies is near to the portion of businesses within those geographies for the period 1999-2001. AANB's market share in moderate-income geographies exceeds the bank's overall market share. Opportunities for lending in low-income geographies are limited based on the percentage of businesses located in these areas.

Our review of all small loans to businesses from July 1, 1997 to December 31, 1998 shows penetration in moderate-income tracts exceeds demographics by both number and dollar volume.

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

An analysis of small loans to farms is not meaningful due to the low number of originated or purchased loans and the fact that small loans to farms are not a significant credit need for the assessment area.

## **Consumer Loans**

Refer to Table 13 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations and purchases.

The overall distribution of consumer loans is adequate.

Penetration in low- and moderate-income tracts for consumer loans is low compared to demographics for the period 1999-2001. Low penetration is due to the difficulty marketing loan products in communities served by Wal-Mart store branches where moderate-income tracts are located. These branches were open in April and May 2000. AANB has not had sufficient time to penetrate these markets. The other branches are on the USAFA military installation, which is located in middle-income tracts. Branches on the USAFA military installation have been open for several years.

Our review of a sample of consumer loans from July 1, 1997 to December 31, 1998 shows findings that are consistent with the above conclusions.

## **Lending Gap Analysis**

Maps and reports were reviewed to identify any gaps in the geographic distribution of home mortgage, small loans to businesses, and consumer loans. No unexplained or conspicuous gaps were identified.

## **Inside/Outside Ratio**

For the period 1999-2001, approximately 68 percent of the number of loans reviewed was within the combined AAs. If consideration is given to the primary customer base (i.e. military personnel) of the branches on the USAFA military installation, approximately 90 percent of the number of loans reviewed are both within the combined AAs and to military persons.

From July 1, 1997 to December 31, 1998, approximately 57 percent of the number of loans reviewed was within the Colorado Springs AA. During this time period, this was the only AA.

The bank's performance was a positive factor in the overall analysis of the geographic distribution of lending. AANB did not provide information regarding loans by affiliates for consideration at this examination.

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

The overall distribution of the bank's consumer loans by income level of the borrower is excellent. For HMDA loans, the overall distribution of loans by income level of the borrower is adequate. The borrower distribution of small loans to businesses is excellent.

## ***Home Mortgage Loans***

Refer to Tables 8, 9, and 10 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall borrower distribution of home mortgage loans is adequate for the period 1999-2001. The percentage of home improvement and home purchase loans to low-income borrowers is below demographics. However, with 8 percent of families below the poverty level, the bank's performance is good. AANB's market share to low-income borrowers exceeds the overall market share for home improvement loans.

The percentage of home improvement loans to moderate-income borrowers is below demographics. The percentage of refinance loans to both low- and moderate-income borrowers is below demographics. AANB's market share to low-income borrowers exceeds the overall market share for refinance loans. AANB did not make any home purchase loans to moderate-income individuals.

Our review of all home mortgage loans from July 1, 1997 to December 31, 1998 shows the number of loans to moderate-income borrowers is near to demographics for home improvement loans. For refinance loans, the number of loans to low- and moderate-income borrowers exceeds demographics. AANB did not make any home improvement loans to low-income borrowers. AANB only made three home purchase loans during this time frame.

Housing costs are high in the Colorado Springs AA. According to the Pikes Peak Association of Realtors, the average home price was \$209 thousand in June 2001. This makes home ownership for low- and moderate-income borrowers difficult.

HMDA loans are not a major product for the bank. A majority of bank customers are military and the primary credit need is for consumer loans. Market share for all HMDA products is not significant. The bank did not make any multi-family loans during the evaluation period.

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

Refer to Table 11 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The borrower distribution of small loans to businesses is excellent for the period 1999-2001. The percentage of loans to businesses with revenues of \$1 million or less exceeds demographics. Also, the market share of loans to these businesses exceeds the overall market share.

We were unable to draw a conclusion of the bank's performance from July 1, 1997 to December 31, 1998 since AANB did not collect income on 36 percent of loans reviewed. We reviewed all small loans to businesses originated and purchased during this time frame.

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

An analysis of small loans to farms is not meaningful due to the low number of originated or purchased loans and the fact that small loans to farms are not a significant credit need for the assessment area.

### ***Consumer Loans***

Refer to Table 13 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

The borrower distribution of consumer loans is excellent for the period 1999-2001. The percentage of loans originated and purchased to low- and moderate-income borrowers exceeds demographics.

Our review of a sample of consumer loans from July 1, 1997 to December 31, 1998 also shows the percentage of loans to low- and moderate-income borrowers exceed demographics.

Consumer loans are the primary credit need for AANB customers. To help cadets establish credit history, AANB offers unsecured credit cards with limits as low as \$300 through its sister bank, Armed Forces Bank in Leavenworth, Kansas. These cadets usually have no credit history and minimal income. From July 1997 to December 1998, AANB originated these credit card loans via its own in-house program with total outstanding balances of approximately \$8 million. A majority of consumer loans to low-income borrowers were for unsecured credit.

### ***Community Development Lending***

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development lending.

CD lending performance is excellent, and has had a positive impact on the Lending Test conclusions. During the period July 1, 1997 to July 1, 2002, the bank made three CD loans totaling \$3.7 million, which is 32 percent of Tier 1 capital. CD loans do not benefit AANB's AA or a broader statewide or regional area that includes its AA. However, these loans do benefit military personnel, which is a majority of AANB's customer base.

The bank is still in process of assessing the needs in its new "civilian" market, where the bank is relatively unknown outside of the USAFA military installation. Ninety percent of the AANB's deposits and 99.5 percent of AANB's loans are from branches on the USAFA base. For this evaluation period, the bank focused its CD lending on activities that benefit its primary customer base. Prior to April 2000, the AANB defined its AA as "all active or reserve military personnel and their dependents, retired military personnel, persons enrolled in military academies, and persons participating in college ROTC programs throughout the world."

AANB originated one loan for \$1.9 million to finance the construction of modular housing barracks at Fort Sill, Oklahoma, a U.S. Army training base. The barracks will house low- and moderate-income basic trainees and other enlisted troops.



AANB originated two loans totaling \$1.8 million to finance an Energy Savings Performance Contract on Air Force military installations in Utah and Hawaii. Both bases are in moderate-income geographies. The contracts require the installation of energy conservation equipment, which will help stabilize and maintain the viability of the base, and lower utility costs. The Department of Defense required this equipment on bases pursuant to the National Energy Conservation Policy Act. The military installations primarily serve and employ low- and moderate-income individuals whose jobs could be lost if the base were closed.

## **Product Innovation and Flexibility**

AANB makes use of innovative and flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals. AANB offers the following product:

### **READY RESERVE LOANS:**

This is an innovative and flexible loan product. It not only offers overdraft protection, but also provides a convenient and economical way to borrow money. The primary benefit is to low- and moderate-income individuals. Under this program, customers obtain a pre-approved line of credit at a competitive interest rate and a minimal annual fee of \$18. Funds are automatically transferred from the line of credit to the deposit account when overdrafts occur. Customers can also transfer money from the line of credit to their deposit account by phone. Loan payments are automatically deducted from deposit accounts. AANB does not track performance on this loan product. Currently, the bank has 1,176 Ready Reserve lines of credit totaling \$62 thousand outstanding.

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

Based on limited-scope reviews, the bank's performance under the lending test in the Pueblo, Aurora, Brighton, Englewood, Fort Collins/Loveland and Greeley MAs is weaker than the bank's overall performance in the state. The number of loans made in these AAs is minimal and branches have been open for less than two years. Refer to Tables 1 through 13 in appendix C for the facts and data that support these conclusions.

## **INVESTMENT TEST**

The bank's performance under the investment test is rated "High Satisfactory". This rating is primarily based on the AANB's overall impact in its full-scope AA. We also gave consideration to the stronger performance in AANB's limited-scope AA due to a change in its AA designation during the evaluation period. Performance context issues that address opportunities for investment are discussed below.

## Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank's performance in the Colorado Springs MA is good.

Refer to Table 14 in appendix C for the facts and data used to evaluate the bank's level of qualified investments.

During the evaluation period, AANB's investments totaled \$83 thousand in the full-scope AA, which is .71 percent of allocated Tier 1 capital. In the Pueblo limited-scope AA, AANB made qualified investments totaling \$189 thousand, which is 1.62 percent of allocated Tier 1 capital. Eighty percent of investments are in a CRA Qualified Investment Fund.

AANB's investment in the Colorado Springs MA is part of a FHLMC pool comprised of loans to low- and moderate-income borrowers. AANB has one loan in this pool to a moderate-income borrower. Due to the high-cost of housing, home loans to low- and moderate-income borrowers is a credit need. The remaining 20 percent of investments consists of grants and donations to organizations that provide transitional housing and self-sufficiency training for homeless families with children, assistance to at-risk youth, services for low-income individuals, and affordable homes.

The CRA Qualified Investment Fund was initiated nationwide in June 1999 and is a complex, innovative concept that allows geographical areas to purchase shares in a CRA-dedicated mutual fund. The fund allows banks to specify direct underlying securities located in its assessment area.

During a majority of the evaluation period, AANB's opportunities for investments were severely limited. Until April 2000, AANB's geographical AA consisted of one middle-income census tract where the USAFA military installation is located. The government provides housing and all required services for military personnel, including maintenance and the upkeep of those services. A majority of CD opportunities in AANB's AA are through donations, grants or in-kind contributions to established organizations. AANB is in the process of trying to penetrate its new "civilian" market. Only 10 percent of total deposits and less than 1 percent of loans is attributed to the Academy Banks located in Wal-Mart stores.

AANB's level of Tier 1 capital is much higher than peer banks due to lower loan volumes and higher liquidity needs. Traditionally, consumer loans are for lower dollar amounts. Consumer loans are the primary credit need for bank customers. Higher liquidity is needed to accommodate paydays of military customers.

## Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in the Pueblo MA is stronger than the bank's overall "High Satisfactory" performance under the investment test. Qualified investments are 1.62 percent of allocated Tier 1 capital. In the Aurora, Brighton, Englewood, Fort Collins/Loveland, and Greeley MAs, the bank's performance is weaker than the bank's overall performance. There are no investments in these AAs. However, branches in these AAs are in Wal-Mart stores and are not significant to AANB's operations. Branches in Fort Collins/Loveland and Aurora have been opened less than 12 months. Remaining branches have been opened for less than 24 months.

Refer to Table 14 in appendix C for the facts and data that support these conclusions.

## **SERVICE TEST**

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

The bank's performance under the Service Test is rated "Outstanding". Based on full-scope reviews, the bank's performance in the Colorado Springs MA is excellent.

### **Retail Banking Services**

Refer to Table 15 in appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

AANB has excellent distribution of branches. The percentage of branches in moderate-income geographies exceeds demographics. There are no branches in low-income tracts; however, only 2 percent of the population lives in low-income areas. AANB opened two branches in moderate-income geographies during the evaluation period in the full-scope AA. No branches were closed.

Hours of operation and services offered are excellent. Academy branches in Wal-Mart stores are open from 10:00 a.m. to 8:00 p.m. Monday-Saturday and from 11:00 a.m. to 4:00 p.m. on Sunday. AANB banks on the USAFA military installation, located in a middle-income tract, are open Monday-Friday from 9:00 a.m. to 4:00 p.m. and closed on weekends. The shorter hours are tailored to serve the USAFA population. ATMs are located on the base and one of the Wal-Mart branches is in close proximity to the USAFA and can provide services to military personnel on evenings and weekends.

AANB's ATM network is an effective alternative delivery system for delivering retail banking services to low- and moderate-income geographies and individuals. The percentage of ATMs in moderate-income tracts is near to demographics. These ATMs in moderate-income geographies were opened during the evaluation period. None of the ATM's can accept deposits. However, the need for deposit taking ATMs is limited since payrolls are required to be direct deposited for the military, which is the primary customer base. Customers can make deposits and send loan applications by mail. A majority of the bank's military customers are low- and moderate-income.

AANB offers a full-service Web Site that allows users access to all bank services. Customers can open accounts, view account statements, transfer funds, and communicate with the customer service department. They can also apply for loans, an ATM/debit card, and a credit card. The USAFA provides Internet access for cadets. The Web Site and online banking service is especially helpful to service members who are stationed overseas.

AANB offers Telebank, a toll-free phone number, available 24 hours a day, seven days a week, and accessible wherever a customer is stationed in the United States. There is no charge for this service, which allows customers to review account balances, check deposits and account activity, transfer funds between accounts, make loan payments, fax statements, check rates, and much more.

AANB offers a customer service program that allows customers to have personal contact with a customer service representative to solve problems and answer questions. This service is especially helpful to military personnel stationed overseas and in different time zones. The call center is open 24 hours a day, seven days a week.

## **Community Development Services**

AANB's performance in providing CD services is good considering its asset size and the fact that branches outside the military installation have only been open slightly over two years in the full-scope AA.

AANB provides the following CD services through its employees:

- Financial advice to an organization that provides transitional housing and the tools to achieve self-sufficiency for homeless families with children.
- Financial advice to an organization that provides proceeds to military charities that primarily benefit low- and moderate-income individuals.
- Financial advice to an organization that assists low-income children with childcare.
- Financial advice regarding distributions of a trust fund. A majority of benefactors are organizations that primarily benefit low- and moderate-income individuals.
- Financial advice to other organizations that primarily benefit low- and moderate-income individuals.

AANB participates in Cadet briefings at the USAFA. This allows low- and moderate-income Cadets an opportunity to open deposit accounts and apply for debit cards.

AANB also provides individual financial counseling for low- and moderate-income Cadets to help them with a successful financial future.

AANB offers a low-cost checking account with a debit card. Direct deposit customers can open checking accounts with a zero balance, no monthly service charges, and no minimum balance requirements. There is also unlimited check writing privileges and overdraft assistance. Debit cards are provided at no charge.

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

Based on limited-scope reviews, the bank's performance under the Service Test in the Englewood, Fort Collins/Loveland, and Greeley MAs is not inconsistent with the bank's overall "Outstanding" performance under the Service Test. In the Pueblo, Aurora and Brighton MAs, the bank's performance is weaker than the bank's overall performance. Each of these AAs has one branch that is not located in a low- or moderate-income geography. Branches in the Brighton and Aurora MAs were opened within the last twelve months and are not significant to AANB's operations. Refer to Table 15 in appendix C for the facts and data that support these conclusions.

## 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 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): (07/01/97 to 12/31/01) Investment and Service Tests and CD Loans: (07/01/97 to 07/01/02)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Air Academy National Bank (AANB) U.S. Air Force Academy, Colorado	HMDA loans Small loans to Businesses Consumer loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Colorado Springs MA AA #1720	Full-Scope	Entire MA
Pueblo MA AA #6560	Limited-Scope	Entire MA
Aurora MA AA #2080	Limited-Scope	Portion of Arapahoe and Denver Counties
Englewood MA AA #2080	Limited-Scope	Portion of Arapahoe County
Brighton MA AA #2080	Limited-Scope	Portion of Adams County
Ft. Collins/		
Loveland MA AA #2670	Limited-Scope	Portion of Larimer County
Greeley MA AA #3060	Limited-Scope	Portion of Weld County

# Appendix B: Market Profiles for Full-Scope Areas

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## Table of Contents

### Market Profiles for Areas Receiving Full-Scope Reviews

<a href="#">Colorado Springs MA</a> .....	2
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**Colorado Springs MA**

Demographic Information for Full-Scope Area: Colorado Springs MA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	84	2.38%	32.14%	44.05%	21.43%	0.00
Population by Geography	397,014	1.81%	25.89%	44.03%	28.27%	0.00
Owner-Occupied Housing by Geography	84,307	1.30%	18.80%	45.72%	34.18%	0.00
Businesses by Geography	22,206	2.05%	30.52%	37.13%	30.30%	0.00
Farms by Geography	582	0.86%	21.13%	48.80%	29.21%	0.00
Family Distribution by Income Level	104,914	18.03%	19.64%	23.31%	39.02%	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	39,513	3.46%	39.44%	43.55%	13.55%	0.00
Median Family Income = \$33,932						
HUD Adjusted Median Family Income for 2002 = \$56,800						Median Housing Value = 82,238
Households Below the Poverty Level = 10.04%						Unemployment Rate as of May 2002 = 5.5%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 1990 U.S. Census, and 2002 HUD updated MFI.

AANB’s Colorado Springs AA consists of El Paso County in its entirety. This is the most significant AA for the bank as it has 97 percent of total deposits and 97 percent of evaluation period loan originations/purchases. AANB’s major competitor is a credit union with total assets of \$221 million on the USAFA military installation. AANB does not have significant market share in the Colorado Springs MA. Considering all FDIC-insured institutions, AANB’s deposit market share is 1.76 percent in the Colorado Springs MA.

AANB has six branches and ten ATM’s in the Colorado Springs AA. AANB and its Academy Bank division is a full service institution offering various loan and deposit products. The bank has two primary business strategies. AANB’s business strategy is to serve the needs of cadets, active duty military and civilian personnel at the USAFA, as well as the needs of current and former military personnel throughout the world. The business strategy for the Academy Bank division is to serve the communities where branches are located, including customers and employees of Wal-Mart.

Economic conditions are fair considering the response to the national economic slump. The unemployment rate is slightly below the national average. The housing sector remains strong. Major employment industries are government and manufacturing.

We conducted two community contacts with government offices during this evaluation. We also reviewed one community contact with a business group made within the last twelve months by another regulatory agency. All contacts are located in the Colorado Springs AA.

Primary credit needs identified by community contacts are down payment assistance programs to assist lower income persons purchase real estate. Community development loan opportunities on the USAFA military installation are limited. A majority of CD investment opportunities available to financial institutions are through donations, grants, or in-kind contributions to established organizations.

The bank is still in process of assessing the needs in its new “civilian” market, where the bank is relatively unknown outside of the USAFA military installation. Ninety percent of the AANB’s deposits and 99.5 percent of AANB’s loans are from branches on the USAFA base. For this evaluation period, the bank focused its CD lending on activities that benefit its primary customer base. Prior to April 2000, the AANB defined its AA as “all active or reserve military personnel and their dependents, retired military personnel, persons enrolled in military academies, and persons participating in college ROTC programs throughout the world.”



## Appendix C: 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: 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. 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 with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- 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 with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

**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.

Note: Tables 5, 7, and 12 are not applicable. Therefore, they are not included in this section.

### Table 1. Lending Volume

LENDING VOLUME		Geography: COLORADO AA				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001						
MA/Assessment Area (2001):	% 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>												
Colorado Springs	97.54	80	6,749	31	1,718	8	76	0	0	119	8,543	96.75
<b>Limited Review:</b>												
Aurora	0.00	0	0	0	0	0	0	0	0	0	0	0.00
Brighton	0.00	0	0	0	0	0	0	0	0	0	0	0.57
Englewood	0.00	0	0	0	0	0	0	0	0	0	0	0.89
Ft. Collins/Loveland	0.00	0	0	0	0	0	0	0	0	0	0	0.16
Greeley	1.64	2	44	0	0	0	0	0	0	2	44	0.50
Pueblo	0.82	0	0	0	0	1	9	0	0	1	9	1.14
<b>Out of Assessment Area</b>								3	3,692			

\* Loan Data as of December 31, 2001. Rated area refers to the state MA rating area. For the period July 1, 1997 to December 31, 1998, refer to narrative comments in the P.E.

\*\* The evaluation period for Community Development Loans is From July 01, 1997 to July 1, 2002.

\*\*\* Deposit Data as of March 31, 2002. Rated Area refers to the state MA, or institution, as appropriate.

### Table 1. Other Products

LENDING VOLUME		Geography: COLORADO AA				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001								
MA/Assessment Area (2001):	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>														
Colorado Springs	96.48	384	4,944	2	64	13	657	128	1,846	0	0	134	2,004	96.75
<b>Limited Review:</b>														
Aurora	0.75	3	27	0	0	0	0	1	17	0	0	1	2	0.00
Brighton	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0.57
Englewood	0.50	2	3	0	0	0	0	1	2	0	0	1	1	0.89
Ft. Collins/Loveland	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0.16
Greeley	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0.50
Pueblo	2.26	9	37	0	0	0	0	2	17	0	0	5	17	1.14

\* Loan Data as of December 31, 2001. Rated area refers to either the state MA rating area. For the period July 1, 1997 to December 31, 1998, refer to narrative comments in the P.E.

\*\* The evaluation period for Optional Product Line(s) is From July 01, 1997 to December 31, 2001. For the period July 1, 1997 to December 31, 1998, refer to narrative comments in the P.E.

\*\*\* Deposit Data as of March 31, 2002. Rated Area refers to the state MA, or institution, as appropriate.

**Table 1. Other Products**

LENDING VOLUME		Geography: COLORADO AA		Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001	
MA/Assessment Area (2001):	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
Colorado Springs	107	373	0	0	
<b>Limited Review:</b>					
Aurora	1	8	0	0	
Brighton	0	0	0	0	
Englewood	0	0	0	0	
Ft. Collins/Loveland	0	0	0	0	
Greeley	0	0	0	0	
Pueblo	2	3	0	0	

\* The evaluation period for Optional Product Line(s) is From July 01, 1997 to December 31, 2001. For the period July 1, 1997 to December 31, 1998, refer to narrative comments in the P.E.

## Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: COLORADO AA					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001									
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>																
Colorado Springs	11	91.67	1.30	0.00	18.80	0.00	45.72	27.27	34.18	72.73	0.02	0.00	0.00	0.00	0.05	
<b>Limited Review:</b>																
Aurora	0	0.00	0.00	0.00	0.00	0.00	57.49	0.00	42.51	0.00	0.00	0.00	0.00	0.00	0.00	
Brighton	0	0.00	0.00	0.00	27.68	0.00	58.11	0.00	14.20	0.00	0.00	0.00	0.00	0.00	0.00	
Englewood	0	0.00	0.00	0.00	79.26	0.00	20.74	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Ft. Collins/Loveland	0	0.00	4.26	0.00	11.63	0.00	59.36	0.00	24.76	0.00	0.00	0.00	0.00	0.00	0.00	
Greeley	1	8.33	3.63	0.00	40.46	100.00	10.97	0.00	44.94	0.00	0.03	0.00	0.06	0.00	0.00	
Pueblo	0	0.00	2.58	0.00	23.59	0.00	41.92	0.00	31.92	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2000 Peer Mortgage Data: Western Region.

\*\* Home purchase loans originated and purchased in the MA as a percentage of all home purchase loans originated and purchased in the rated area. For the period July 1, 1997 to December 31, 1998, refer to narrative comments in the P.E.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

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

Geographic Distribution: HOME IMPROVEMENT		Geography: COLORADO AA				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans					
<b>Full Review:</b>															
Colorado Springs	36	97.30	1.30	0.00	18.80	8.33	45.72	5.56	34.18	86.11	0.33	0.00	0.00	0.00	0.85
<b>Limited Review:</b>															
Aurora	0	0.00	0.00	0.00	0.00	0.00	57.49	0.00	42.51	0.00	0.00	0.00	0.00	0.00	0.00
Brighton	0	0.00	0.00	0.00	27.68	0.00	58.11	0.00	14.20	0.00	0.00	0.00	0.00	0.00	0.00
Englewood	0	0.00	0.00	0.00	79.26	0.00	20.74	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ft. Collins/Loveland	0	0.00	4.26	0.00	11.63	0.00	59.36	0.00	24.76	0.00	0.00	0.00	0.00	0.00	0.00
Greeley	1	2.70	3.63	0.00	40.46	100.00	10.97	0.00	44.94	0.00	0.00	0.00	0.00	0.00	0.00
Pueblo	0	0.00	2.58	0.00	23.59	0.00	41.92	0.00	31.92	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2000 Peer Mortgage Data: Western Region.

\*\* Home improvement loans originated and purchased in the MA as a percentage of all home improvement loans originated and purchased in the rated area. For the period July 1, 1997 to December 31, 1998, refer to narrative comments in the P.E.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.



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

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: COLORADO AA				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001					Market Share (%) by Geography <sup>*</sup>				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Colorado Springs	33	100.00	1.30	0.00	18.80	6.06	45.72	30.30	34.18	63.64	0.11	0.00	0.00	0.05	0.25	
<b>Limited Review:</b>																
Aurora	0	0.00	0.00	0.00	0.00	0.00	57.49	0.00	42.51	0.00	0.00	0.00	0.00	0.00	0.00	
Brighton	0	0.00	0.00	0.00	27.68	0.00	58.11	0.00	14.20	0.00	0.00	0.00	0.00	0.00	0.00	
Englewood	0	0.00	0.00	0.00	79.26	0.00	20.74	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Ft. Collins/Loveland	0	0.00	4.26	0.00	11.63	0.00	59.36	0.00	24.76	0.00	0.00	0.00	0.00	0.00	0.00	
Greeley	0	0.00	3.63	0.00	40.46	0.00	10.97	0.00	44.94	0.00	0.00	0.00	0.00	0.00	0.00	
Pueblo	0	0.00	2.58	0.00	23.59	0.00	41.92	0.00	31.92	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2000 Peer Mortgage Data: Western Region.

\*\* Home mortgage refinance loans originated and purchased in the MA as a percentage of all home mortgage refinance loans originated and purchased in the rated area. For the period July 1, 1997 to December 31, 1998, refer to narrative comments in the P.E.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

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

Geographic Distribution: SMALL LOANS TO BUSINESSES															
Geography: COLORADO AA															
Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001															
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 Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Colorado Springs	31	100.00	2.05	0.00	30.52	25.81	37.13	35.48	30.30	38.71	0.13	0.00	0.14	0.09	0.19
<b>Limited Review:</b>															
Aurora	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Brighton	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Englewood	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ft. Collins/Loveland	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Greeley	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pueblo	0	0.00	14.62	0.00	24.41	0.00	39.74	0.00	21.14	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2000 Peer Small Business Data: US&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. For the period July 1, 1997 to December 31, 1998, refer to narrative comments in the P.E.

\*\*\* Source Data - Dun and Bradstreet (2001).

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

Borrower Distribution: HOME PURCHASE		Geography: COLORADO AA					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001					Market Share*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers							
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Colorado Springs	11	91.67	18.03	9.09	19.64	0.00	23.31	9.09	39.02	81.82	0.03	0.00	0.00	0.00	0.06	
<b>Limited Review:</b>																
Aurora	0	0.00	12.46	0.00	16.87	0.00	24.44	0.00	46.24	0.00	0.00	0.00	0.00	0.00	0.00	
Brighton	0	0.00	25.91	0.00	16.85	0.00	25.21	0.00	32.03	0.00	0.00	0.00	0.00	0.00	0.00	
Englewood	0	0.00	30.02	0.00	27.62	0.00	24.35	0.00	18.02	0.00	0.00	0.00	0.00	0.00	0.00	
Ft. Collins/Loveland	0	0.00	19.46	0.00	19.25	0.00	23.80	0.00	37.48	0.00	0.00	0.00	0.00	0.00	0.00	
Greeley	1	8.33	22.49	0.00	17.12	0.00	21.37	0.00	39.02	100.00	0.03	0.00	0.00	0.00	0.07	
Pueblo	0	0.00	21.89	0.00	16.82	0.00	21.67	0.00	39.63	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2000 Peer Mortgage Data: Western Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home purchase loans originated and purchased in the MA as a percentage of all home purchase loans originated and purchased in the rated area. . For the period July 1, 1997 to December 31, 1998, refer to narrative comments in the P.E.

## Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: COLORADO AA					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001									
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***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Colorado Springs	36	97.30	18.03	8.33	19.64	8.33	23.31	25.00	39.02	58.33	0.34	0.56	0.00	0.10	0.55	
<b>Limited Review:</b>																
Aurora	0	0.00	12.46	0.00	16.87	0.00	24.44	0.00	46.24	0.00	0.00	0.00	0.00	0.00	0.00	
Brighton	0	0.00	25.91	0.00	16.85	0.00	25.21	0.00	32.03	0.00	0.00	0.00	0.00	0.00	0.00	
Englewood	0	0.00	30.02	0.00	27.62	0.00	24.35	0.00	18.02	0.00	0.00	0.00	0.00	0.00	0.00	
Ft. Collins/Loveland	0	0.00	19.46	0.00	19.25	0.00	23.80	0.00	37.48	0.00	0.00	0.00	0.00	0.00	0.00	
Greeley	1	2.70	22.49	0.00	17.12	100.00	21.37	0.00	39.02	0.00	0.00	0.00	0.00	0.00	0.00	
Pueblo	0	0.00	21.89	0.00	16.82	0.00	21.67	0.00	39.63	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2000 Peer Mortgage Data: Western Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 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. . For the period July 1, 1997 to December 31, 1998, refer to narrative comments in the P.E.

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

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: COLORADO AA					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001									
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***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Colorado Springs	33	100.00	18.03	3.03	19.64	3.03	23.31	12.12	39.02	81.82	0.14	0.24	0.08	0.00	0.25	
<b>Limited Review:</b>																
Aurora	0	0.00	12.46	0.00	16.87	0.00	24.44	0.00	46.24	0.00	0.00	0.00	0.00	0.00	0.00	
Brighton	0	0.00	25.91	0.00	16.85	0.00	25.21	0.00	32.03	0.00	0.00	0.00	0.00	0.00	0.00	
Englewood	0	0.00	30.02	0.00	27.62	0.00	24.35	0.00	18.02	0.00	0.00	0.00	0.00	0.00	0.00	
Ft. Collins/Loveland	0	0.00	19.46	0.00	19.25	0.00	23.80	0.00	37.48	0.00	0.00	0.00	0.00	0.00	0.00	
Greeley	0	0.00	22.49	0.00	17.12	0.00	21.37	0.00	39.02	0.00	0.00	0.00	0.00	0.00	0.00	
Pueblo	0	0.00	21.89	0.00	16.82	0.00	21.67	0.00	39.63	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2000 Peer Mortgage Data: Western Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home mortgage refinance loans originated and purchased in the MA as a percentage of all home mortgage refinance loans originated and purchased in the rated area. For the period July 1, 1997 to December 31, 1998, refer to narrative comments in the P.E.

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: COLORADO AA			Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001				
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>									
Colorado Springs	31	100.00	88.52	90.32	87.10	9.67	3.23	0.13	0.30
<b>Limited Review:</b>									
Aurora	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Brighton	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Englewood	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ft. Collins/Loveland	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Greeley	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pueblo	0	0.00	87.80	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2000 Peer Small Business Data: US&PR.

\*\* Small loans to businesses originated and purchased in the MA as a percentage of all small loans to businesses originated and purchased in the rated area. For the period July 1, 1997 to December 31, 1998, refer to narrative comments in the P.E.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2001).

\*\*\*\* 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 0.00% of small loans to businesses originated and purchased by the bank.

### Table 13. Geographic and Borrower Distribution of Consumer Loans

Geographic and Borrower Distribution: CONSUMER LOANS																		
Geography: COLORADO AA																		
Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001																		
MA/Assessment Area:	Geographic Distribution										Borrower Distribution							
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
	#	% of Total*	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds*	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans
<b>Full Review:</b>																		
Colorado Springs	382	96.46	1.83	0.00	25.93	9.42	44.27	40.84	27.96	49.74	20.46	28.26	18.62	22.01	21.36	16.03	39.55	33.70
<b>Limited Review:</b>																		
Aurora	3	0.76	0.00	0.00	19.72	66.67	45.72	33.33	34.56	0.00	19.30	66.67	21.02	33.33	21.51	0.00	38.17	0.00
Brighton	0	0.00	0.00	0.00	32.26	0.00	57.14	0.00	10.60	0.00	25.87	0.00	16.38	0.00	18.17	0.00	39.57	0.00
Englewood	2	0.51	0.00	0.00	87.86	100.00	12.14	0.00	0.00	0.00	32.57	100.00	23.73	0.00	21.42	0.00	22.28	0.00
Ft. Collins/Loveland	0	0.00	5.34	0.00	17.38	0.00	57.31	0.00	19.97	0.00	25.00	0.00	17.27	0.00	18.54	0.00	39.19	0.00
Greeley	0	0.00	6.87	0.00	47.19	0.00	10.62	0.00	35.32	0.00	26.53	0.00	16.97	0.00	19.02	0.00	37.48	0.00
Pueblo	9	2.27	4.84	11.11	27.69	33.33	40.18	22.22	27.29	33.33	25.52	22.22	15.22	22.22	17.95	44.44	41.30	11.11

\* Consumer loans originated and purchased in the MA as a percentage of all consumer loans originated and purchased in the rated area. For the period July 1, 1997 to December 31, 1998, refer to narrative comments in the P.E.

\*\* Percentage of Households is based on the 1990 Census Information.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: COLORADO AA				Evaluation Period: JULY 1, 1997 TO JULY 1, 2002			
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>									
Colorado Springs	0	0	13	83	13	83	30.51	0	0
<b>Limited Review:</b>									
Aurora	0	0	0	0	0	0	0.00	0	0
Brighton	0	0	0	0	0	0	0.00	0	0
Englewood	0	0	0	0	0	0	0.00	0	0
Ft. Collins/Loveland	0	0	0	0	0	0	0.00	0	0
Greeley	0	0	0	0	0	0	0.00	0	0
Pueblo	0	0	2	189	2	189	69.49	0	0

\* 'Prior Period Investments' means investments made in a previous evaluation 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				Geography: COLORADO AA				Evaluation Period: JULY 1, 1997 TO JULY 1 2002									
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>																	
Colorado Springs	96.75	6	46.15	0.00	33.33	50.00	16.67	4	0	0	2	1	1	1.81	25.89	44.03	28.27
<b>Limited Review:</b>																	
Aurora	0.00	1	7.69	0.00	0.00	0.00	100.00	1	0	0	0	0	1	0.00	14.53	48.87	36.60
Brighton	0.57	1	7.69	0.00	0.00	100.00	0.00	1	0	0	0	1	0	0.00	30.92	58.21	10.87
Englewood	0.89	1	7.69	0.00	100.00	0.00	0.00	1	0	0	1	0	0	0.00	85.93	14.07	0.00
Ft. Collins/Loveland	0.16	2	15.38	0.00	100.00	0.00	0.00	2	0	0	2	0	0	7.12	15.67	56.76	20.46
Greeley	0.50	1	7.69	0.00	100.00	0.00	0.00	1	0	0	1	0	0	6.32	49.30	9.29	35.10
Pueblo	1.14	1	7.69	0.00	0.00	0.00	100.00	1	0	0	0	0	1	4.40	27.17	39.43	28.11