



PUBLIC DISCLOSURE

June 2, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Academy Bank, National Association
Charter Number 15592

2835 Briargate Boulevard
Colorado Springs, CO 80920-4189

Office of the Comptroller of the Currency
Kansas City Field Office
7101 College Blvd, STE 1600
Overland Park, KS 66210

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

INSTITUTION'S CRA RATING: Outstanding

Lending Test rating: Outstanding

Community Development rating: Outstanding

The major factors supporting this rating for Academy Bank, National Association (Academy or bank) are:

- The distribution of consumer loans to borrowers of difference income levels reflects excellent penetration.
- Academy originated a majority of its loans inside its assessment areas (AAs).
- The geographic distribution of consumer loans reflects excellent penetration.
- The bank's community development (CD) activities demonstrate excellent responsiveness to community development needs in its AA.

SCOPE OF EXAMINATION

The scope of the examination included evaluating Academy using the small bank CRA examination procedures. Our objective was to assess Academy's ability to serve and meet the community's needs within its AAs. We performed a full scope evaluation of the Colorado Springs AA and Denver-Aurora AA, as they comprise 70 percent of Academy's total deposits and loans. The full-scope AAs received the most weight in assessing the CRA rating. We performed a limited-scope evaluation of the Boulder, Ft. Collins-Loveland, Grand Junction, Greeley and Pueblo AAs. We also performed a limited-scope evaluation of Academy's four non-MSA AAs, which we combined for analysis purposes. These non-MSA AAs include all Colorado census tracts in Eagle, Garfield, Montrose, Delta, Logan, Morgan, and Otero Counties.

To evaluate Academy's performance under the lending test, we used lending data from January 1, 2012 through December 31, 2013. We performed a data integrity review of the bank's home mortgage disclosure act (HMDA), small business, and consumer loan portfolios. We found the data to be accurate for our review. We also reviewed information regarding community development loans, investments, and bank services during the evaluation period.

Based on the number of loans originated or purchased during the evaluation period, consumer loans are the bank's primarily loan product, representing 91 percent of the lending portfolio. We considered all consumer loans originated or purchased during the evaluation period in our analyses. Even though HMDA loans were the primary product by dollar volume, the AAs did not have a minimum of twenty loans therefore an analysis of these loans would not be meaningful.

DESCRIPTION OF INSTITUTION

Academy is a \$313 million intrastate community bank with its main office headquartered in Colorado Springs, Colorado. The bank is a wholly owned subsidiary of Dickinson Financial Corporation II (DFC), a \$2.1 billion multi-bank holding company headquartered in Kansas City, Missouri. Academy has five traditional brick and mortar locations and 48 branches located in Wal-Mart stores. The bank has branches in seven metropolitan statistical areas (MSAs) and four non-MSA AAs.

As of March 31, 2014, total loans represented 33 percent of total assets. The loan portfolio by dollar volume consists of 54 percent commercial real estate loans, 16 percent home mortgage loans, 10 percent commercial and industrial loans, 9 percent construction and land development loans, 8 percent consumer loans and 3 percent other loans. Academy's business focus is in serving the credit needs of the in-store retail market with a diversified lending platform. Secured and unsecured consumer loans and secured credit cards assist with the small-dollar needs of the consumers. The strategy includes providing residential real estate and home equity lines of credit loans to their customers.

During the assessment period, there were significant disasters in the bank's AAs. These include wildfires and mudslides within the Colorado Springs, Denver, Fort Collins, and Boulder MSAs. The bank received a "Satisfactory" rating during their last Intermediate Small Bank CRA examination dated May 2, 2011.

DESCRIPTION OF ASSESSMENT AREA(S)

Academy's AA(s) meet the requirements of the regulation and do not arbitrarily exclude low- or moderate-income geographies.

FULL-SCOPE AAs

Colorado Springs MSA

The Colorado Springs AA includes the entire MSA, which is comprised of El Paso and Teller counties. This is the bank's second largest AA with a population of almost 650,000, over 261,000 housing units, over 236,000 households, and almost 68,000 businesses. This AA has 7 low-income, 42 moderate-income, 55 middle-income, 31 upper-income, and 1 unclassified tract. Approximately 10 percent of households and 8 percent of families in the AA live below the poverty level. The updated 2013 median family income for the AA is \$69,100, which is a decrease from the updated 2012 median family income of \$73,400. The median housing value is \$226,000, and approximately 61 percent of the housing units are owner-occupied.

Government, leisure and hospital services, professional and business services, education and health services and high-tech industries make up the majority of the Colorado Springs area economic base. Major employers include Fort Carson, Peterson and Schriever Air Force Bases, Air Force Academy, Memorial hospital, Penrose-St Francis Health services, Hewlett-Packard, Atmel Corp, USAA, and The Broadmoor. As of April 2014, the unemployment rate for the Colorado Springs MSA was 6.9 percent. The state of Colorado unemployment rate was 6.0 percent, and the national unemployment rate was 6.6 percent.

Academy has 12 branches in this MSA. The Tejon branch is located in a low-income tract, the Fountain, 8th Street, and Platte branches are located in moderate-income tracts, and the Briargate Falcon, Palmer Park, Razorback, Space Center Drive, and Woodland Park branches are located in middle-income census tracts. The Space Center Drive and Palmer Park branches are adjacent to moderate-income tracts and provide services for residents of those tracts. The Monument and Woodmen branches are located in upper-income tracts. There are 12 ATMs located in this MSA, with one in a low-income tract and three in moderate-income tracts.

Deposit competition from other financial institutions in this MSA is strong. There are 39 financial institutions with 154 offices within the MSA, holding deposits ranging from \$6.3 million to \$1.8 billion. Additional competition comes from credit unions, financial advisors, and internet-banking organizations that are not included in the FDIC Market Share report. Academy holds 1.85 percent of the deposit market share.

In assessing the bank's performance, we contacted one community outreach organization. The contact identified primary credit needs as predevelopment and construction loans at below market rates or long-term low interest rates. They also identified grant and investment needs.

Denver-Aurora AA

The Denver-Aurora AA is comprised of a portion of the Denver MSA that includes all of the tracts in Adams, Arapahoe, Broomfield, Denver, Douglas, and Jefferson counties. This is the bank's largest AA with a population of almost 2.5 million, over 1 million housing units, almost 1 million households, and over 322,000 businesses. This AA has 69 low-income, 137 moderate-income, 197 middle-income, 195 upper-income, and 7 unclassified tracts. Approximately 11 percent of households and 9 percent of families in the AA live below the poverty level. The updated 2013 median family income for the AA is \$77,800, which is a slight decrease from the updated 2012 median family income of \$79,300. The median housing value is \$266,000, and approximately 61 percent of housing units are owner-occupied.

Academy has 22 branches in this AA. The Lakewood, Thornton South, Aurora-Town Center, and Aurora Tower branches are located in low-income tracts; the Englewood, Commerce City, and Centennial branches are located in moderate-income tracts; and the Broomfield, Westminster, North Westminster, Castle Rock, Parker, Highlands

Ranch, and Westminster South branches are located in middle-income tracts, with the Westminster South branch adjacent to low- and moderate-income tracts. The Brighton, Aurora, Stapleton, Littleton, Aurora-Smokey Hill, Golden, Aurora South, and Downtown Denver branches are located in upper-income tracts, with the Aurora, Stapleton and Downtown Denver branches adjacent to low- and moderate-income tracts providing services to residents in those tracts. There are 22 ATMs located in this AA, with three in low-income tracts and three in moderate-income tracts.

Government, finance, health care, professional and business services, education, technology and communications industries make up the majority of the Denver area economic base. Major employers include federal, state, and local government, Comcast, Wells Fargo Bank, Century Link, HealthOne, Denver Health and Hospital Authority, Kaiser Permanente, Centura Health, United Airlines, and Lockheed Martin Corp. As of April 2014, the unemployment rate for the Denver-Aurora AA was 6.9 percent.

Deposit competition from other financial institutions is strong. There are 70 financial institutions with 685 offices within the AA, holding deposits ranging from \$5 million to \$17 billion. Additional competition comes from credit unions, financial advisors, and internet-banking organizations that are not included in the FDIC Market Share report. Academy holds 0.09 percent of the AA's deposit market share.

In assessing the bank's performance, we contacted one community outreach organization. The contact identified primary needs as financial assistance programs and projects, as well as volunteering and sponsorships.

LIMITED-SCOPE AAs

Boulder MSA

The Boulder AA includes the entire MSA, which is comprised of Boulder County. This AA has a population of almost 295,000, over 125,000 housing units, over 117,000 households, and 47,000 businesses. This MSA has 5 low-income, 11 moderate-income, 32 middle-income, and 20 upper-income tracts. Approximately 12 percent of households and 9 percent of families in the MSA live below the poverty level. The updated 2013 median family income for the MSA is \$91,600, which is a decrease from the updated 2012 median family income of \$93,800. The median housing value is \$375,000, and approximately 60 percent of housing units are owner-occupied.

Academy has two branches in this AA, both located in middle-income tracts. The Longmont branch is adjacent to low- and moderate-income tracts, while the Lafayette branch is adjacent to a moderate-income tract, allowing individuals in these tracts to access the branches. There are two ATMs located in this AA, with none in low- or moderate-income tracts.

State and local government, professional and business services, education and health services, leisure and hospital services, and manufacturing industries make up the majority of the Boulder area economic base. Major employers include the University of Colorado, IBM Corp, Ball Corp, Level 3 Communications, Oracle Corp, Covidien, University Corp for Atmospheric Solutions, Wal-Mart Stores Inc., and Urban Lending Solutions. As of April 2014, the unemployment rate for the Boulder MSA was 6.9 percent.

Deposit competition from other financial institutions in this MSA is strong. There are 33 financial institutions with 112 offices within the MSA, holding deposits ranging from \$1.45 million to \$2 billion. Additional competition comes from credit unions, financial advisors, and internet-banking organizations that are not included in the FDIC Market Share report. Academy holds 0.04 percent of the MSA's deposit market share.

Fort Collins-Loveland MSA

The Fort Collins-Loveland AA includes the entire MSA, which is comprised of Larimer County. This AA has a population of 300,000, about 131,000 housing units, over 117,000 households, and almost 40,000 businesses. This MSA has 2 low-income, 18 moderate-income, 36 middle-income, 16 upper-income, and 1 unclassified tract. Approximately 13 percent of households and 8 percent of families in the AA live below the poverty level. The updated 2013 median family income for the AA is \$75,800, which is a decrease from the updated 2012 median family income of \$77,700. The median housing value is \$258,000, and approximately 61 percent of housing units are owner-occupied.

Education, health care, state and local government, professional and business services, and manufacturing industries make up the majority of the Fort Collins-Loveland area economic base. Major employers include Colorado State University, Fort Collins School District, Intel Corporation, Poudre Valley Health System, Center Partners, Columbine Health Systems, and Agilent Technologies, Inc. As of April 2014, the unemployment rate for the Fort Collins-Loveland MSA was 4.4 percent.

Academy has three branches in this MSA. The Fort Collins and Loveland branches are located in moderate-income tracts; and the Loveland North branch is located in an upper-income tract. There are three ATMs located in this MSA, with two in moderate-income tracts.

Deposit competition from other financial institutions in this MSA is strong. There are 28 institutions with 106 offices within this MSA, holding deposits ranging from \$2.9 million to \$1.2 billion. Additional competition comes from credit unions, financial advisors, and internet-banking organizations that are not included in the FDIC Market Share report. Academy holds 0.13 percent of the MSA's deposit market share.

Grand Junction MSA

The Grand Junction AA includes the entire MSA, which is comprised of Mesa County. This AA has a population of 147,000, 61,000 housing units, over 57,000 households, and over 17,000 businesses. This AA has no low-income, 6 moderate-income, 16 middle-income and 7 upper-income tracts. Approximately 12 percent of households and 8 percent of families in this MSA live below the poverty level. The updated 2013 median family income for the AA is \$61,300, which is a decrease from the updated 2012 median family income of \$65,200. The median housing value is \$234,000, and approximately 68 percent housing units are owner-occupied.

Leisure and hospital services, education and health services, federal, state, and local government, and retail industries make up the majority of the Grand Junction area economic base. Major employers include St. Mary's Hospital, Halliburton Energy, Wal-Mart, Mesa State College, VA Medical Center-Grand Junction, James A Haley Veterans Hospital, City Market grocery stores, Community Hospital, and Mesa County. As of April 2014, the unemployment rate for the Grand Junction AA was 4.4 percent.

Academy has two branches in this AA. The Grand Junction North branch is located in a moderate-income tract, and the Grand Junction branch is located in a middle-income census tract. There are two ATMs located in this AA, with one in a moderate-income tract.

Deposit competition from other financial institutions in this AA is moderate. There are 14 institutions with 43 offices within this AA holding deposits ranging from \$10 million to \$824 million. Additional competition comes from credit unions, financial advisors, and internet-banking organizations that are not included in the FDIC Market Share report. Academy ranks last for deposit market share, holding 0.44 percent of the AAs total deposit market share.

In assessing the bank's performance, we contacted one community outreach organization. The contact identified primary needs as funding for multifamily construction, as well as grants to match funds with Community Development Block Grants and to assist with other special needs, including housing.

Greeley MSA

The Greeley AA includes the entire MSA, which is comprised of Weld County. This AA has a population of almost 253,000, over 94,000 housing units, over 86,000 households, and over 23,000 businesses. This AA has 7 low-income, 13 moderate-income, 29 middle-income, 27 upper-income tracts, and 1 unclassified census tract. Approximately 13 percent of households and 10 percent of families in the AA live below the poverty level. The updated 2013 median family income for the AA is \$66,300, which is a decrease from the updated 2012 median family income of \$68,400. The median housing value is \$200,000, and approximately 66 percent of the housing units are owner-occupied.

Manufacturing, construction, leisure and hospital services, education and health services, and local government make up the majority of the Greeley area economic base. Major employers include Swift and Company, Hensel Phelps Construction Company, University of Northern Colorado, State Farm Mutual Insurance Co., Vesta Blades A/S, Care Stream Health, North Colorado Medical Center, and TeleTech. As of April 2014, the unemployment rate for the Greeley AA was 5.5 percent.

Academy has two branches in this AA. The Greeley branch is located in a moderate-income tract, and the Greeley North branch is located in an upper-income tract that is adjacent to a moderate-income tract that provides service for those residents. There are two ATMs located in this AA, with one in a moderate-income tract.

Deposit competition from other financial institutions in this AA is strong. There are 24 financial institutions with 73 offices within this AA, holding deposits ranging from \$5.7 million to \$502 million. Additional competition comes from credit unions, financial advisors, and internet-banking organizations that are not included in the FDIC Market Share report. Academy holds 0.19 percent of the AAs deposit market share.

Pueblo MSA

The Pueblo AA includes the entire MSA, which is comprised of Pueblo County. This AA has a population of 159,000, over 68,000 housing units, over 61,000 households, and almost 13,000 businesses. This AA has 4 low-income, 16 moderate-income, 17 middle-income, 15 upper-income, and 3 unclassified census tracts. Approximately 17 percent of households and 14 percent of families in the AA live below the poverty level. The updated 2013 median family income for the AA is \$51,400, which is a decrease from the updated 2012 median family income of \$53,600. The median housing value is \$135,000, and approximately 63 percent of housing units are owner-occupied.

Academy has three branches in the AA, with no branches located in low- or moderate-income tracts. The Pueblo North branch is located in an upper-income tract that is adjacent to a moderate-income tract. The Pueblo South branch is located in a middle-income tract. The Pueblo West branch is located in an upper-income tract. There are three ATMs located in this AA with none in low- or moderate-income tracts.

Education and health services, professional and business services, leisure and hospital services, retail, and services, state and local government make up the majority of the Pueblo MSA area economic base. Major employers include Trane Corp, Convergys Corp, Colorado Mental Health, St. Mary-Corwin Medical Center, Wal-Mart Stores Inc., Loaf n' Jug, School District 60, Parkview Medical Center, and Pueblo County. As of April 2014, the Pueblo MSA unemployment rate was 8.2 percent.

Deposit competition from other financial institutions in this AA is moderate. There are 14 financial institutions with 44 offices within the AA, holding deposits ranging from \$10.3 million to \$395.0 million. Additional competition comes from credit unions, financial advisors, and internet-banking organizations that are not included in the FDIC Market Share report. Academy holds 0.69 percent of the deposit market share.

In assessing the bank's performance, we contacted one community outreach organization. The contact indicated primary needs are greater access to capital for small businesses and small lines of credit.

Non-MA CO AA

The Non-MA CO AA is comprised of all tracts in Delta, Eagle, Garfield, Logan, Montrose, Morgan, and Otero counties. This AA has a population of over 250,000, over 114,000 housing units, over 93,000 households, and almost 31,000 businesses. This AA has 1 low-income, 13 moderate-income, 31 middle-income, and 18 upper-income tracts. Approximately 11 percent of households and 9 percent of families in the AA live below the poverty level. The updated 2013 median family income for the AA is \$59,600, which is a decrease from the updated 2012 median family income of \$61,000. The median housing value is \$331,000, and approximately 57 percent of the housing units are owner-occupied.

Retail, leisure and hospital services, mining, agriculture, local government, education and health care, and light manufacturing industries make up the majority of the Non-MA CO AA area economic base. Major employers include Walmart Stores, Inc., ski resorts, hotels, Cargill, Russell Stover, school districts, Montrose Memorial Hospital, and county and local government offices. As of April 2014, the Non-MA CO AA unemployment rate averaged 6.1 percent.

Academy has seven branches in this AA. There are no branches located in low- or moderate-income tracts. The La Junta branch is located in a middle-income distressed census tract based on poverty levels, and is adjacent to a moderate-income tract. The Avon, Sterling and Delta branches are also located adjacent to moderate income tracts that provide banking services to residents in those tracts. The Fort Morgan branch is located in a middle-income census tract, and the Rifle and Montrose branches are located in upper-income census tracts. There are seven ATMs located in this AA, with none in low- or moderate-income tracts.

Deposit competition from other financial institutions in the AA is strong. There are 20 financial institutions with 128 offices in the AA, holding deposits ranging from \$11.3 million to \$909 million. Additional competition comes from credit unions, financial advisors, and internet-banking organizations that are not included in the FDIC Market Share report. Academy holds 0.23 percent of the deposit market share.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

Academy's quarterly average loan-to-deposit (LTD) ratio is reasonable at 41.45 percent. We calculated the bank's quarterly average LTD ratio from June 30, 2011 to March 31, 2014. During this period, the bank's lowest LTD was 30.72 percent and highest LTD was 57.10. The quarterly average LTD ratio of similarly situated financial institutions is comparable at 44.97 percent, with a low of 33.19 percent and high of 53.48 percent. The bank's LTD ratio is affected by the bank's number of smaller dollar consumer loans.

Lending in Assessment Area

A substantial majority of Academy's loans are inside the bank's designated AAs. Approximately 93 percent by number and 77 percent by dollar are inside the AAs. As discussed in the scope section, we limited our analysis to consumer loans. Consumer loans are the bank's primary product based on our review of loans originated and purchased during the evaluation period.

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

Academy's distribution of consumer loans to low- and moderate-income borrowers for the areas that received full-scope reviews shows excellent penetration.

The bank's performance in lending to low-income borrowers significantly exceeds the percentage of low-income households in the full scope AAs. In the Colorado Springs AA, the bank's percentage of loans to low-income borrowers of 56 percent significantly exceeds demographics of 23 percent. In the Denver-Aurora AA, the bank's percentage of loans to low-income borrowers of 62 percent significantly exceeds demographics of 17 percent. The bank's performance in the limited scope areas is consistent with the overall conclusions in the full-scope areas.

The bank's performance in lending to moderate-income borrowers exceeds the percentage of moderate-income households in the full scope areas. In the Colorado Springs AA, the bank's percentage of loans to moderate-income borrowers of 25 percent exceeds demographics of 17 percent. In the Denver-Aurora AA, the bank's percentage of loans to middle-income borrowers of 23 percent exceeds demographics of 17 percent. Performance in the limited scope areas is consistent with the overall conclusions in full-scope areas.

Geographic Distribution of Loans

Academy's consumer lending in low- and moderate-income census tracts in its full-scope AAs shows excellent dispersion. We performed full-scope reviews on the Denver-Aurora and Colorado Springs AAs.

The bank's performance in lending to low-income borrowers significantly exceeded the percentage of low-income households in the full scope AAs. In the Denver-Aurora AA and Colorado Springs AA, the bank originated consumer loans in low-income tracts of 18.87 percent and 8.91 percent, respectively. The percentage of households in low-income tracts in the Denver-Aurora AA and Colorado AA was 11.17 percent and 4.62 percent, respectively. Performance in the limited scope areas is consistent with the conclusions in the full-scope areas.

The bank's performance in lending to moderate-income borrowers exceeds the percentage of moderate-income households in the full scope AAs. In the Denver-Aurora AA and Colorado Springs AA, the bank originated or purchased consumer loans in moderate-income tracts of 34.01 percent and 36.32 percent, respectively. The percentage of households in moderate-income tracts in the Denver-Aurora AA and Colorado AA was 24 percent and 27 percent, respectively. Performance in the limited scope areas is consistent with the conclusions in the full scope areas.

Qualified Investments and Community Development Services

Academy's CD activities demonstrate excellent responsiveness in meeting the needs of its AAs and have a positive impact on the bank's overall rating. We evaluated information provided by the bank for CD loans, investments, and services. We considered activity performed from May 2, 2011 to June 2, 2014.

The bank's volume of CD loans shows excellent responsiveness to meeting the needs of its AAs. During the evaluation period, Academy originated two CD loans totaling \$10.2 million, representing 15.47 percent of tier 1 capital. The bank originated an \$8 million loan to finance the acquisition of a multifamily rental housing project that will provide affordable housing in the Denver-Aurora AA. The bank also originated a \$2.2 million loan to finance a small business located in the Colorado Springs AA, which will help revitalize and stabilize the low-to-moderate (LMI) census tract, and provide jobs for residents.

The bank's volume of CD investments is excellent. Academy's qualified investments totaled \$3.6 million, representing 5.41 percent of tier 1 capital. In the Denver-Aurora AA, the bank made four investments totaling \$1.3 million for affordable housing, and one \$405,000 investment for a small business located in the AA that employs individuals located in a moderate-income tract. In the Colorado Springs AA, the bank made three investments totaling \$544,000 that allowed individuals to purchase affordable housing, and four donations totaling \$3,900 that provided community

services. In the limited scope AAs, the bank made nine loans totaling \$1.3 million that provided affordable housing, and one \$1,500 donation that provided community services. Although the bank's qualified investments are not complex, they are responsive to community credit needs of affordable housing, small business investments and community services in the full scope AAs.

Academy's branch distribution and service delivery systems are excellent and accessible to individuals of different income levels. The Colorado Springs AA has 8 percent of branches located in low-income geographies, compared to 4 percent of the population. The Denver-Aurora AA has 18 percent of branches located in low-income geographies, compared to 11 percent of the population. These full-scope AAs provide an excellent level of CD services through the bank's branch delivery system.

The Colorado Springs AA has 25 percent of branches located in moderate-income geographies, compared to 26 percent of the population, providing an excellent level of branch delivery systems. The Denver-Aurora AA has 14 percent of branches located in moderate-income geographies, compared to 23 percent of the population, providing an adequate level of branch delivery systems.

Responses to Complaints

Academy has no complaints related to their CRA performance since their last CRA evaluation.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CRF 25.28(c), in determining a national bank's CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance.

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