



# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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## Public Disclosure

July 06, 2004

### Community Reinvestment Act Performance Evaluation

Armed Forces Bank, National Association  
Charter Number: 8796

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Office of the Comptroller of the Currency

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**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## Overall Community Reinvestment Act Rating

### Institution's Community Reinvestment Act (CRA) Rating:

This institution is rated **Outstanding**.

The following table indicates the performance level of Armed Forces Bank, National Association (AFB) with respect to the Lending, Investment, and Service Tests:

Performance Levels	Armed Forces Bank, National Association Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	X
High Satisfactory			
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The lending Test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- AFB's distribution of consumer loans, its primary loan product, by income level of borrower is excellent.
- AFB's level of community development lending is significant, based on dollar volume, which has a positive impact on the Lending Test.
- AFB offers flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals, which has a positive impact on the lending test.
- AFB provides an excellent level of qualified investments, considering the limited opportunities for investments on military installations.
- The level of retail banking services provided to military personnel 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/AA.

**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 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

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

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

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male 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/AA.

**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

Armed Forces Bank, National Association, an interstate bank, is headquartered in Fort Leavenworth, Kansas. AFB 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 December 31, 2003, AFB reported total assets of \$581 million. AFB has 42 branches in the following states: Alabama, Arizona, California, Colorado, Florida, Georgia, Illinois, Kansas, Kentucky, Missouri, Nevada, New Jersey, North Dakota, Texas, Virginia, and Washington. A majority of branch locations are spread across 23 different military installations. AFB has one off-post branch in Leavenworth, Kansas and operates service centers in Florida and Virginia.

Since the last CRA examination, AFB added the following branches:

<b>BRANCH</b>	<b>STATE</b>	<b>DATE OPENED</b>
Fort Rucker	Alabama	September 10, 2001
MacDill Air Force Base Exchange	Florida	September 26, 2001
Moody Air Force Base Exchange	Georgia	June 3, 2002
Vandenberg Air Force Base Exchange	California	July 8, 2002
Naval Training Center Great Lakes* (Burkey Mall)*	Illinois	July 15, 2003

One off-post branch in Leavenworth, Kansas was sold during our evaluation period to an affiliate bank.

AFB is a full-service institution offering various loan and deposit products. The bank's primary business strategy is to serve the needs of current and former military personnel throughout the world. The primary product for AFB is non-real estate consumer loans, which is consistent with the primary credit need in military communities. AFB specializes in providing banking services on Army, Air Force, Navy, and Marine installations. As of March 31, 2004, net loans represent 41 percent of total assets. Consumer loans represent 99 percent by number and 67 percent by dollar volume of loans originated during our evaluation period. HMDA reportable loans are 27 percent, and small business loans are 5 percent of the dollar amount of loans originated during this time period.

Based on the total dollar amount of loans outstanding as of March 31, 2004, the loan portfolio consists of commercial loans (80 percent – includes commercial real estate), residential real estate loans (12 percent), and consumer loans (5 percent). The remaining portion of the loan portfolio consists of various other loan types. Tier 1 capital is \$58 million, which represents 11 percent of total assets.

There are no legal, financial, or other factors impeding AFB's ability to help meet the credit needs of its assessment area (AA). AFB's performance was rated "Outstanding" at its last CRA evaluation dated May 29, 2001.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for the Lending Test (except CD Lending, and Product Innovation and Flexibility) is January 1, 2001 through December 31, 2002. For CD loans, Product Innovation and Flexibility, the Investment Test, and the Service Test, the evaluation period is June 1, 2001 through July 6, 2004.

For the lending test, we evaluated consumer, small business, and HMDA loans originated or purchased during our evaluation period. AFB did not originate or purchase any small farm loans during this time period.

### Data Integrity

As part of this evaluation, we tested AFB's publicly filed information on HMDA and small business loans for accuracy. We also tested the accuracy of consumer loan information collected and maintained by the bank. Our testing included a review of bank processes to ensure data is reliable. We did not identify any significant errors during this review. All data used to evaluate the bank's performance in its AA is accurate.

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

### Selection of Areas for Full-Scope Review

The bank's entire AA received a full-scope review since it is not defined by geography.

AFB defines 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. The CRA regulation allows this option to banks whose business predominantly consists of serving the needs of military personnel or their dependents that are not located within a defined geographic area.

### Ratings

The bank's overall rating is based on its performance in the entire AA.

Ratings were assigned to the bank as a whole with emphasis placed on loans to military personnel. Consumer loans are weighted more heavily, followed by HMDA loans. Small business loans were given the least weight. Within the HMDA loan category, refinanced loans received the most weight, followed by home purchase loans. Home improvement loans received the least weight. The bank did not originate or purchase any multi-family loans during our evaluation period. This weighting is reflective of the primary credit needs in the AA, as well as loan volumes by product type over the evaluation period.

## **Fair Lending Review**

We found no evidence of illegal discrimination or other illegal credit practices.

## Conclusions with Respect to Performance Tests

### LENDING TEST

AFB's performance under the lending test is rated "Outstanding". Based on full-scope reviews, the bank's performance in its defined AA is excellent.

### Lending Activity

Refer to Tables 1 Lending Volume and 1a Other Products in Appendix D for the facts and data used to evaluate the bank's lending activity.

Lending activity reflects good responsiveness to the primary credit needs of the bank's AA. Consumer credit is the primary credit need of military personnel and is weighted most heavily in evaluating the bank's CRA performance.

Data regarding deposit market rank and market share is not applicable since AFB defines its AA as active, reserve, and retired military personnel throughout the world. AFB's loan/deposit ratio is 46 percent as of March 31, 2004. Low lending volumes are mitigated by the following internal factors:

- The primary credit need of military personnel is consumer loans, which are originated for lower dollar amounts.
- AFB must maintain high levels of liquidity to accommodate military paydays. The volume of military payroll deposits average \$130 million per month, which is approximately 27 percent of total deposits as of March 31, 2004.

In addition, the following external factors affect loan volumes:

- Access to all military installations is closed to the public (only assigned persons or those having official business on the installation can have access). Heightened security measures make access to installations inconvenient, even for military dependents and retirees.
- All military installations restrict the distribution of promotional materials and the use of outdoor signs for advertising. Difficulty obtaining accurate mailing lists for military personnel further hampers marketing efforts.
- Post exchanges provide unsecured lines of credit up to \$5 thousand at each military installation.

The bank's loan/deposit ratio has remained stable since the last CRA examination. As of December 31, 2003, the ratio was 23 percent compared to 22 percent as of December 31, 2000. The ratio significantly increased to 46 percent during the first quarter of 2004, which is primarily due to commercial real estate loan participations purchased from an affiliate bank.

The number of HMDA and small business loans is small. These loans do not represent a primary credit need. The need for home mortgage loans is minimal since housing or housing subsidies are provided by the military. A majority of mortgage loans are to either retired or senior military personnel. A majority of bank customers are young enlisted soldiers whose income is in the low- and moderate-income category.

There are no small business loan opportunities on military installations. In Leavenworth County, where the bank has one off-post branch, the perception by the local community that AFB's sole purpose is to serve persons in the military makes it difficult to generate lending opportunities.

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

An analysis of the geographic distribution of loans is not meaningful since the bank's community is not defined by geography.

AFB makes a majority of its loans in its AA. For all loans combined, 96 percent by number and 88 percent by dollar volume were to military personnel during our evaluation period. Information by loan category is as follows:

- 96 percent of the number and 88 percent of the dollar volume of consumer loans were to military personnel.
- 96 percent of the number and 98 percent of the dollar volume of HMDA loans were to military personnel.
- 49 percent of the number and 41 percent of the dollar volume of small business loans were to military personnel.

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

The overall borrower distribution of loans is excellent.

Primary weight is placed on consumer loan performance. We were not able to analyze performance for HMDA and small business loans since demographic information for comparison purposes was not available. These loans are not a major product for the bank and represent only one percent of the total number of loan originations. AFB did not originate any small loans to farms during our evaluation period.

### **Home Mortgage Loans**

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

Demographic information for comparison purposes was not available for this review. Therefore, we did not analyze AFB's performance for this category of loans. To determine the percentage of bank loans to low-, moderate-, middle-, and upper-income families, we used the estimated median family income for the United States of \$54,400 for 2002.

AFB made a small number of loans subject to HMDA. Home mortgage loans are not a major product for the bank. A majority of military personnel either live in government provided housing or receive housing subsidies. Opportunities to make these loans are primarily to either retired or senior military staff.

## **Small Loans to Businesses**

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

Demographic information for comparison purposes was not available for this review. Therefore, we did not analyze AFB's performance for this category of loans.

AFB made a very small number of small loans to businesses. These loans are not a major product for the bank. There are no small business loan opportunities on military installations.

## **Consumer Loans**

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

AFB's distribution of consumer loans is excellent. The percent of the total number of consumer loans to low -income borrowers significantly exceeds demographic percentages used during this examination. The percent of the total number of consumer loans to moderate-income borrowers is close to demographics.

To determine the percentage of bank loans to low-, moderate-, middle-, and upper-income borrowers, we used the estimated median family income for the United States of \$54,400 for 2002. For comparison purposes, we used information on the U.S. Census Bureau website to determine the percentage of households by income. While this information does not detail the number of low-, moderate-, middle-, or upper-income households in the United States, it does provide a good approximation of these numbers.

Based on information from the U.S. Census Bureau website on the total number of 2002 households:

- 29 percent of households have incomes of less than \$25 thousand. This is compared to the percentage of the bank's loans made to low-income borrowers with incomes of less than \$27 thousand.
- 12 percent of households have incomes from \$25 thousand to less than \$35 thousand. This is compared to the percentage of loans made to moderate-income households with incomes from \$27 thousand to less than \$44 thousand.
- 57 percent of all households have incomes of less than \$50 thousand.

Consumer loans was identified as the primary credit need for military personnel.

## **Community Development Lending**

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

CD Lending performance is excellent. During the evaluation period, AFB made six community development loans totaling \$18.7 million. All six loans meet the community development definition by primarily benefiting low- and moderate-income individuals.

Three CD loans totaling \$12.1 million were to build modular housing barracks on military installations. These barracks will be used to cure housing shortages for enlisted personnel until the construction of permanent housing barracks is complete.

One CD loan totaling \$6 million helped finance the construction and leasing of two modular buildings on a military installation. These buildings will be used to train military personnel.

One loan totaling \$71 thousand benefited a battered women's shelter in the bank's Leavenworth County AA. The loan refinanced the building and helped fund payroll taxes. The shelter provides services targeted to low- and moderate-income families.

AFB made one loan for \$540 thousand in Leavenworth County to build housing units. These units help provide affordable housing to meet the overflow housing needs of military personnel on the Ft. Leavenworth base.

CD lending opportunities on military installations are very limited. The federal government owns all land and buildings. CD loan opportunities in Leavenworth County are also limited. Downtown Leavenworth is the only targeted area for redevelopment by the County, and there is very little demand for business loans in this area.

## **Other Data**

AFB also originated six loans totaling \$19.6 million to finance Energy Savings Performance Contracts. These loans were made to independent contractors approved by the Department of Defense to replace outdated heating and cooling systems and make other improvements on military installations. These improvements, required by an Executive Order and the Energy Policy Act of 1992, will help improve the quality of life for enlisted personnel and lower utility costs. A majority of enlisted personnel are low- and moderate-income individuals.

Although they are not considered community development loans, they are reflective of the bank's strong commitment to its military AA and desire to help maintain the viability of military installations.

## **Product Innovation and Flexibility**

AFB makes use of flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income military personnel. AFB offers the following products.

**STARTER LOANS:**

This is a flexible loan program that primarily benefits new recruits with little or no credit history. All of the new recruits are low- and moderate-income individuals. Under this program, the borrower obtains a \$500 unsecured loan with a six-month term. The interest rate is the same as a regular unsecured loan rate offered to customers with good credit history. To qualify for this program, the individual must maintain an account with the bank for at least 60 days with no return items, maintain a direct deposit relationship, and have a total debt/income ratio of 41 percent or below. During 2001 and 2002, the bank made 1,951 loans totaling \$976 thousand.

**READY RESERVE LOANS:**

This is a flexible loan program that offers overdraft protection and provides a convenient and economical way to borrow money. Customers are offered a pre-approved personal line of credit with a competitive interest rate and a minimal annual fee of \$20. When an overdraft occurs, funds are automatically transferred to their checking account. Customers can also transfer money from the line of credit to their deposit account. Loan payments are automatically deducted from deposit accounts monthly. This product is offered to AFB's deposit customer base, which consists of primarily low- and moderate-income individuals. In 2001 and 2002, AFB made 101 loans totaling \$153 thousand.

**COLLEGE ROTC SPECIAL INCENTIVE LOANS:**

This is a flexible loan program that offers ROTC cadets free deposit products and low rate loans to purchase automobiles and uniforms. Automobile loan amounts are up to \$20 thousand for 48 months at 3.9 percent. Uniform loan amounts are up to \$1 thousand for 12 months at 4.9 percent. In 2001 and 2002, AFB made 15 loans totaling \$203 thousand.

**WORKOUT LOAN PROGRAM:**

This is a flexible loan program that AFB began offering in 2003 to help customers repair poor credit history. Customers with direct deposit relationships are offered loans to help bring their accounts bank into good standing. These customers receive financial counseling and a booklet that teaches them how to establish and maintain a budget. A majority of service members participating in this program are low- and moderate-income individuals with poor credit history. Since the program began, AFB has made 1,225 loans totaling \$1.6 million.

**INVESTMENT TEST**

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

AFB's performance under the investment test is rated "Outstanding". The bank's performance in its defined AA is excellent despite limited opportunities for investments that primarily benefit military personnel.

Opportunities for investment are severely limited on military installations because the government provides housing and all required services for military personnel, and performs all maintenance and upkeep of those services. A majority of CD opportunities in AFB's AA are through donations, grants, or in-kind contributions to established organizations.

During the evaluation period, AFB's investments totaled \$2.1 million. This includes \$121 thousand in donations, grants, or in-kind contributions to organizations in its AA that provide services targeted to low- and moderate-income individuals. Approximately 59 percent of these donations benefit military personnel and helped provide food items, housing, scholarships, clothing, and other support programs. The remaining donations are not targeted to military personnel and benefit low- and moderate-income individuals in Leavenworth County. These donations helped provide programs for youth and the elderly, furniture, equipment, and other social services. AFB has one off-post branch, which is located in Leavenworth County.

Due to limited investment opportunities, AFB, in its quest to provide more assistance to low- and moderate-income individuals, searched for investment opportunities in areas located near bank locations that also serve the military population. As a result, AFB invested \$1 million in a CRA Qualified Investment Fund. This fund allows geographical areas with a limited supply of qualified investments to purchase shares in a CRA-dedicated fund. Banks are allowed to specify direct underlying securities located in its AA. During the evaluation period, AFB invested in the following bond programs that help provide affordable housing in areas that have military installations. Many military families live in areas surrounding these installations and may benefit from these programs.

- \$471 thousand in the Virginia Housing Development Authority Commonwealth Mortgage Bond program. This program makes loans to low- and moderate-income individuals to finance the acquisition or rehabilitation of single-family residential housing. The program also finances down payment and closing costs. There are 20 military installations in Virginia.
- \$337 thousand in a bond comprised of loans to low- and moderate-income borrowers in Scottsdale, Arizona and Spokane/Puyallup, Washington. There are five and eight military installations in Arizona and Washington, respectively.
- \$192 thousand in a bond comprised of mortgage loans to low- and moderate-income borrowers in Illinois. There are three military installations in Illinois.

AFB also has a prior period investment of \$1 million that consists of a reallocation of funds during our evaluation period in the CRA Qualified Investment Fund. These funds were distributed as follows:

- \$750 thousand in a San Diego Housing revenue bond that financed the acquisition of housing units, the demolition of existing units, and the construction of new units. These units are available for enlisted military personnel and will primarily benefit low- and moderate-income individuals.

- \$250 thousand in a State of Washington State Housing Trust Fund bond that financed affordable housing for low- and moderate-income borrowers. The fund works with private lenders, state and local government agencies, and community-based housing developers to provide safe, decent, and affordable housing throughout the state. Both rental and first-time homebuyer programs have been developed. There are eight military installations in Washington.

Discussions with community contacts indicate community needs are being met. Contacts with military representatives stated that AFB is very involved in helping provide services to enlisted military personnel.

## **SERVICE TEST**

AFB's performance under the Service Test is rated "Outstanding". The bank's performance in its defined AA is excellent.

The rating is based on AFB's retail and community development services provided to low- and moderate-income individuals. The bank's AA is not defined by geography. Therefore, we did not evaluate AFB's branch distribution and banking services in low- and moderate-income geographies.

### **Retail Banking Services**

AFB has tailored its services to fit the needs of military personnel, who are primarily low- and moderate-income individuals. Products and services allow their depositors extensive account access, extended banking hours, 24-hour customer service, and other benefits targeted to military personnel.

AFB's delivery systems are readily accessible to individuals of different income levels in its AA. AFB has 42 branches located on 23 military installations in 16 states.

AFB's record of opening and closing branches has improved the accessibility of its delivery systems to low- and moderate-income individuals. Since the last CRA examination, the bank has opened five new branches, sold one branch, and relocated one branch to the Main Exchange of the installation.

Hours of operation are excellent. Twenty-two branches are located within the Main Exchange of military installations and are open seven days a week, evenings, and holidays. Hours of operation for the remaining branches are tailored to the needs of the military installation. These branches are generally open 9:00 a.m. to 5:00 p.m. Monday through Friday, and 9:00 a.m. to 1:00 p.m. on Saturday. Some branch locations stay open later to accommodate military paydays.

AFB has an extensive network of 142 ATMs, an increase of 14 percent since the last CRA evaluation. Three of these ATMs are in remote areas that have no other financial services. None of the ATMs accept deposits. However, the demand for deposit-taking ATMs is minimal since all military pay requires direct deposit. Customers can make deposits and send applications by mail.

AFB provides a full-service Web site that allows users to access all bank services. In most situations, the military provides Internet access to its personnel. In 2002, AFB began offering online bill payment services at no charge to customers. Bank customers can view their transaction statements, transfer funds, pay bills, and perform other bank services online. In 2001, 2002, and 2003, the number of bank responses to inquiries on the Web site increased 31 percent, 32 percent, and 43 percent, respectively.

AFB offers Telebank, a toll-free number, available 24 hours a day, 7 days a week, and accessible in the United States, Korea, and Germany. This service facilitates a majority of banking transactions by phone. In 2002, the number of calls increased 12 percent.

AFB offers a 24-hour customer service program that allows bank customers to have personal contact with a customer service representative to solve problems and answer questions at no charge. More than 100 thousand calls are received each month. Enlisted personnel initiate a majority of the calls received. In 2001, 2002, and 2003, the number of customer service calls increased 26 percent, 36 percent, and 5 percent, respectively.

Bank customers, who are primarily low- and moderate-income military personnel, use the alternative delivery systems. AFB's web site and 24-hour customer service program is especially helpful to enlisted service members who are stationed on ships, overseas, and in different time zones.

AFB offers a low-cost checking account and debit card. Direct deposit customers are allowed to open checking accounts with zero balance. The account has no monthly service charges or minimum balance requirements. There is also unlimited check writing privileges, and debit cards are provided at no charge. Total debit card merchant activity increased 56 percent in 2001, 53 percent in 2002, and 36 percent in 2003.

At post exchanges, AFB cashes government checks at no charge in amounts up to \$500 for both customers and non-customers.

## **Community Development Services**

AFB's performance in providing CD services is excellent.

Opportunities for community development services on military installations are limited since the government provides housing, food and many other necessities for their personnel.

Community contact information obtained as part of this examination indicates that financial education is a need for military personnel to keep them informed of services available to help them adjust to military life. By providing financial training and assistance to military personnel, AFB is helping to meet this critical need.

Bank personnel at every branch provide training and assistance to newly enlisted, transferred, or deployed personnel, who are primarily low- or moderate-income individuals. Assistance is given on financial matters regarding opening and using a checking account, financial management, and financial counseling. At a minimum, this training is offered monthly at every installation.

At Fort Knox and Fort Leonard Wood, financial training classes are offered to basic entry soldiers daily and weekly, respectively. Naval Training Center Great Lakes provides a personal finance class for new recruits at the end of their training. Twice a month, a checkbook balancing class is provided to first term airmen at Nellis Air Force Base; this same training is held monthly at McGuire Air Force Base. Fort Lewis has a comprehensive consumer education program that covers checkbook management, saving, investing, and credit for primarily low- and moderate-income service members. Monthly, AFB offers financial refresher classes to lower enlisted airmen at McChord Air Force Base. AFB also offers ongoing assistance to customers that have financial difficulties.

AFB offers financial expertise to several non-profit organizations that primarily serve low- and moderate-income individuals. Examples include:

- Serving as a board member to help raise money for an organization in Leavenworth County that allocates funds to agencies that provide services targeted to low- and moderate-income individuals.
- Providing financial assistance as an officer of an organization in Leavenworth County that assists crime victims, provides shelter and counseling services for domestic abuse victims, and operates low-cost daycare centers that primarily serve low- and moderate-income families. This organization also serves the military community.
- Providing financial assistance to an organization that provides youth programs. Approximately 80 percent of the youth are from low-income families.
- Providing financial assistance to an organization in Leavenworth County that provides food, clothing, household goods, cleaning supplies, and utility assistance to individuals in crisis. Many of the clients are military families.
- Providing financial advice to an organization that helps low-income military families with childcare, job placement, and other services.
- Providing financial advice to an organization that provides toys to needy children.

During our evaluation period, the Fort Lewis branch was awarded the Distinguished Bank Service Award for providing outstanding financial services to the military community in 2001 and 2003. The branch also received the Governor's WorkFirst Business Award for employing, training, and advancing parents under the welfare-to-work program.

## State Rating

### State of Alabama

#### CRA Rating for Alabama<sup>1</sup>:

**The lending test is rated: Outstanding**

**The investment test is rated: Outstanding**

**The service test is rated: Outstanding**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of Alabama, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

Please refer to the Conclusions with Respect to Performance Tests section for a description of AFB's lending activities to the military population and supporting data for the overall ratings.

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<sup>1</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

## State Rating

### State of Arizona

#### CRA Rating for Arizona<sup>2</sup>:

**The lending test is rated: Outstanding**

**The investment test is rated: Outstanding**

**The service test is rated: Outstanding**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of Arizona, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

Please refer to the Conclusions with Respect to Performance Tests section for a description of AFB's lending activities to the military population and supporting data for the overall ratings.

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<sup>2</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

## State Rating

### State of California

#### CRA Rating for California<sup>3</sup>:

**The lending test is rated: Outstanding**

**The investment test is rated: Outstanding**

**The service test is rated: Outstanding**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of California, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

Please refer to the Conclusions with Respect to Performance Tests section for a description of AFB's lending activities to the military population and supporting data for the overall ratings.

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<sup>3</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

## State Rating

### State of Colorado

#### CRA Rating for Colorado<sup>4</sup>:

**The lending test is rated: Outstanding**

**The investment test is rated: Outstanding**

**The service test is rated: Outstanding**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of Colorado, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

Please refer to the Conclusions with Respect to Performance Tests section for a description of AFB's lending activities to the military population and supporting data for the overall ratings.

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<sup>4</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

## State Rating

### State of Florida

#### CRA Rating for Florida<sup>5</sup>:

**The lending test is rated: Outstanding**

**The investment test is rated: Outstanding**

**The service test is rated: Outstanding**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of Florida, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

Please refer to the Conclusions with Respect to Performance Tests section for a description of AFB's lending activities to the military population and supporting data for the overall ratings.

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<sup>5</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

## State Rating

### State of Georgia

#### CRA Rating for Georgia<sup>6</sup>:

**The lending test is rated: Outstanding**

**The investment test is rated: Outstanding**

**The service test is rated: Outstanding**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of Georgia, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

Please refer to the Conclusions with Respect to Performance Tests section for a description of AFB's lending activities to the military population and supporting data for the overall ratings.

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<sup>6</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

## State Rating

### State of Illinois

#### CRA Rating for Illinois<sup>7</sup>:

**The lending test is rated: Outstanding**

**The investment test is rated: Outstanding**

**The service test is rated: Outstanding**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of Illinois, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

Please refer to the Conclusions with Respect to Performance Tests section for a description of AFB's lending activities to the military population and supporting data for the overall ratings.

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<sup>7</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

## State Rating

### State of Kansas

#### CRA Rating for Kansas<sup>8</sup>:

**The lending test is rated: Outstanding**

**The investment test is rated: Outstanding**

**The service test is rated: Outstanding**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of Kansas, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

Please refer to the Conclusions with Respect to Performance Tests section for a description of AFB's lending activities to the military population and supporting data for the overall ratings.

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<sup>8</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

## State Rating

### State of Kentucky

#### CRA Rating for Kentucky<sup>9</sup>:

**The lending test is rated: Outstanding**

**The investment test is rated: Outstanding**

**The service test is rated: Outstanding**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of Kentucky, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

Please refer to the Conclusions with Respect to Performance Tests section for a description of AFB's lending activities to the military population and supporting data for the overall ratings.

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<sup>9</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

## State Rating

### State of Missouri

#### CRA Rating for Missouri<sup>10</sup>:

**The lending test is rated: Outstanding**

**The investment test is rated: Outstanding**

**The service test is rated: Outstanding**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of Missouri, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

Please refer to the Conclusions with Respect to Performance Tests section for a description of AFB's lending activities to the military population and supporting data for the overall ratings.

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<sup>10</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

## State Rating

### State of Nevada

#### CRA Rating for Nevada<sup>11</sup>:

**The lending test is rated: Outstanding**

**The investment test is rated: Outstanding**

**The service test is rated: Outstanding**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of Nevada, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

Please refer to the Conclusions with Respect to Performance Tests section for a description of AFB's lending activities to the military population and supporting data for the overall ratings.

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<sup>11</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

## State Rating

### State of New Jersey

#### CRA Rating for New Jersey<sup>12</sup>:

**The lending test is rated: Outstanding**

**The investment test is rated: Outstanding**

**The service test is rated: Outstanding**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of New Jersey, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

Please refer to the Conclusions with Respect to Performance Tests section for a description of AFB's lending activities to the military population and supporting data for the overall ratings.

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<sup>12</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

## State Rating

### State of North Dakota

#### CRA Rating for North Dakota<sup>13</sup>:

**The lending test is rated: Outstanding**

**The investment test is rated: Outstanding**

**The service test is rated: Outstanding**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of North Dakota, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

Please refer to the Conclusions with Respect to Performance Tests section for a description of AFB's lending activities to the military population and supporting data for the overall ratings.

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<sup>13</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

## State Rating

### State of Texas

#### CRA Rating for Texas<sup>14</sup>:

**The lending test is rated: Outstanding**

**The investment test is rated: Outstanding**

**The service test is rated: Outstanding**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of Texas, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

Please refer to the Conclusions with Respect to Performance Tests section for a description of AFB's lending activities to the military population and supporting data for the overall ratings.

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<sup>14</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

## State Rating

### State of Virginia

#### CRA Rating for Virginia<sup>15</sup>:

**The lending test is rated: Outstanding**

**The investment test is rated: Outstanding**

**The service test is rated: Outstanding**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of Virginia, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

Please refer to the Conclusions with Respect to Performance Tests section for a description of AFB's lending activities to the military population and supporting data for the overall ratings.

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<sup>15</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

## State Rating

### State of Washington

#### CRA Rating for Washington<sup>16</sup>:

**The lending test is rated: Outstanding**

**The investment test is rated: Outstanding**

**The service test is rated: Outstanding**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of Washington, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

Please refer to the Conclusions with Respect to Performance Tests section for a description of AFB's lending activities to the military population and supporting data for the overall ratings.

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<sup>16</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

## 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.

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): 01/01/01 to 12/31/02 Investment and Service Tests and CD Loans: 06/01/01 to 07/06/04	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Armed Forces Bank, National Association (AFB) Fort Leavenworth, Kansas	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>
Entire bank	Full-Scope	AFB defines 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. The AA is not limited to geography.

## Appendix B: Summary of State Ratings

RATINGS: ARMED FORCES BANK, NATIONAL ASSOCIATION				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
Armed Forces Bank, National Association	Outstanding	Outstanding	Outstanding	Outstanding
State:				
Alabama	Outstanding	Outstanding	Outstanding	Outstanding
Arizona	Outstanding	Outstanding	Outstanding	Outstanding
California	Outstanding	Outstanding	Outstanding	Outstanding
Colorado	Outstanding	Outstanding	Outstanding	Outstanding
Florida	Outstanding	Outstanding	Outstanding	Outstanding
Georgia	Outstanding	Outstanding	Outstanding	Outstanding
Illinois	Outstanding	Outstanding	Outstanding	Outstanding
Kansas	Outstanding	Outstanding	Outstanding	Outstanding
Kentucky	Outstanding	Outstanding	Outstanding	Outstanding
Missouri	Outstanding	Outstanding	Outstanding	Outstanding
Nevada	Outstanding	Outstanding	Outstanding	Outstanding
New Jersey	Outstanding	Outstanding	Outstanding	Outstanding
North Dakota	Outstanding	Outstanding	Outstanding	Outstanding
Texas	Outstanding	Outstanding	Outstanding	Outstanding
Virginia	Outstanding	Outstanding	Outstanding	Outstanding
Washington	Outstanding	Outstanding	Outstanding	Outstanding

(\*) The lending test is weighted more heavily than the investment and service tests in the overall rating.

## Appendix D: Tables of Performance Data

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### Table of Contents

CONTENT OF STANDARDIZED TABLES .....	D-2
TABLES OF PERFORMANCE DATA .....	D-5

## Content of Standardized Tables

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A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of 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/AA. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- 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/AA. Community development loans to statewide or regional entities or made outside the bank’s AA 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/AA column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1a. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank, if applicable, over the evaluation period by MA/AA. 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 AA.
- 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 AA.
- 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/AA. 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/AA.

**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 AA. 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/AA 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.

## Tables of Performance Data

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Entire bank

Tables 2, 3, 4, 5, 6, 7, 12 and 15 are not applicable. Therefore, they are not included in this section.

**Table 1. Lending Volume**

LENDING VOLUME		Geography: NOT APPLICABLE				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002						
MA/Assessment Area:	% 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)	
Entire Bank	100%	105	9,778	35	1,966	0	0	6	18,661	146	30,405	100%

\* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is From June 01, 2001 to July 6, 2004.

\*\*\* Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 1a. Other Products**

LENDING VOLUME		Geography: NOT APPLICABLE				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002								
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Other Secured Consumer**		Other Unsecured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Entire Bank	100%	10,776	44,106	1	260	18	778	542	4,950	711	7,395	9,498	11,099	100%

\* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is From January 01, 2001 to December 31, 2002.

\*\*\* Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 1a. Other Products**

LENDING VOLUME		Geography: NOT APPLICABLE		Evaluation Period: JUNE 1, 2001 TO JULY 6, 2004	
MA/Assessment Area:	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Entire Bank</b>	0	0	6	19,624	

(\*)The evaluation period for Optional Product Line(s) is from June 1, 2001 to July 6, 2004.

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

Borrower Distribution: HOME PURCHASE																	
Geography: NOT APPLICABLE																	
Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002																	
MA/Assessment Area:	Total Home Purchase 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****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Entire Bank	34	100%	NA	0	NA	35.29%	NA	26.47%	NA	38.24%	NA	NA					

\* Market share information is not applicable since the AA is not defined by geography.

\*\* As a percentage of loans with borrower income information available.

\*\*\* Information regarding the Percentage of Families in the U.S. based on the 1990 Census information is not available.

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

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

Borrower Distribution: HOME IMPROVEMENT			Geography: NOT APPLICABLE				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					Market Share*				
MA/Assessment Area:	Total Home Improvement 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	
Entire Bank	15	100%	NA	0	NA	13.33%	NA	6.67%	NA	80.00%	NA					

\* Market share information is not applicable since the AA is not defined by geography.

\*\* As a percentage of loans with borrower income information available.

\*\*\* Information regarding the Percentage of Families in the U.S. based on the 1990 Census information is not available.

\*\*\*\* 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.

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

Borrower Distribution: HOME MORTGAGE REFINANCE												Geography: NOT APPLICABLE					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002				
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						
Entire Bank	56	100%	NA	0	NA	21.43%	NA	10.71%	NA	67.86%	NA										

\* Market share information is not applicable since the AA is not defined by geography.

\*\* As a percentage of loans with borrower income information available.

\*\*\* Information regarding the Percentage of Families in the U.S. based on the 1990 Census information is not available.

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

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

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: NOT APPLICABLE		Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					
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
Entire Bank	35	100%	NA	80.00%	82.86%	14.29%	2.86%	NA	

\* Market share information is not applicable since the AA is not defined by geography.

\*\* 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.

\*\*\* Information regarding Businesses with revenues of \$1 million or less as a percentage of all businesses in the U.S. is not available.

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses.

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

Geographic and Borrower Distribution: CONSUMER LOANS		Geography: NOT APPLICABLE										Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002							
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	
Entire Bank	10,769	100%	NA	NA	NA	NA	NA	NA	NA	NA	NA	**	79.97%	**	11.16%	**	4.51%	**	4.36%

\* Consumer loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area. No information was available for .12% of loans originated and purchased by the bank.

\*\*Refer to the narrative section under the Lending Test for the Percentage of Households information used for comparison purposes.

\*\*\*Geographic distribution is not applicable since the AA is not defined by geography.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS									
			Geography: NOT APPLICABLE		Evaluation Period: JUNE 1, 2001 TO JULY 6, 2004				
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Entire Bank	1	1,000	150	1,121	151	2,121	100%	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.

