



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

February 24, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Colorado Springs National Bank
Charter Number 15170**

**3100 North Nevada Avenue
Colorado Springs, Colorado 80907**

**Comptroller of the Currency
50 Fremont Street, Suite 3900
San Francisco, California 94105**

NOTE: 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.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Colorado Spring National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of February 24, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

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

Colorado Springs National Bank's record of meeting the credit needs of its assessment area is satisfactory. The bank's loan-to-deposit ratio is more than reasonable. A substantial majority of its loans are originated in its assessment area. The bank actively lends to small businesses and individuals of all income levels. There was no evidence of discrimination noted during this examination. There were no complaints noted.

DESCRIPTION OF INSTITUTION:

Colorado Springs National Bank (CSNB) is a \$43 million bank located three miles north of downtown Colorado Springs. The bank does not have any branches and operates one Automated Teller Machine (ATM) located outside the main office. The ATM is available 24 hours a day and allows customers to transfer funds, deposit money, make account inquiries, as well as withdraw money.

The bank offers a full range of credit products to consumer and commercial customers. As indicated by the table below, the bank’s primary lending focus is real estate lending.

LOAN PORTFOLIO COMPOSITION (As of December 31, 1997)	
Loan Type	Percentage of Portfolio
Real Estate	87%
Commercial (Non Real Estate)	8%
Consumer	5%
Total	100%

The bank faces strong competition. There are 13 banks in the Colorado Springs area, along with several branches of large regional banks, credit unions, and savings and loan associations.

There are no financial or legal impediments to the bank’s ability to meet the credit needs of its assessment area.

At the February 22, 1996, CRA examination the bank received an “Outstanding” rating.

DESCRIPTION OF ASSESSMENT AREA:

The bank’s assessment area is reasonable, complies with regulatory requirements, and does not arbitrarily exclude low- or moderate-income geographies. The bank has designated the city limits of Colorado Springs and four contiguous census tracts north of the city limits as its assessment area. The bank’s assessment area includes 68 of 84 census tracts within the Colorado Springs Metropolitan Statistical Area (MSA). Demographic data for the bank’s assessment area shows that 2 of the census tracts are low-income, 22 are moderate-income, 26 are middle-income, and 18 are upper-income. The median-family income for the MSA is \$45,300, based upon the updated 1997 median-family income information.

The local economy continues to be strong and economic indicators remain positive. Based on 1996 information from the Greater Colorado Springs Economic Development Council, the population of the Colorado Springs MSA was 465,885. This is an increase of 19% over the 1990 U.S. Census information showing a population of 397,014. Employment is dominated by military installations. The unemployment rate in 1997 for Colorado Springs was 3.3%, as compared to 4.6% for the national average.

According to several community contacts made in Colorado Springs, the financial institutions are adequately meeting the community's credit needs. The primary credit need in the Colorado Springs area is affordable housing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

The bank's distribution of loans reflects a reasonable penetration among individuals of different income levels and businesses of different sizes. We sampled 35% of the consumer loans made between June 1997 and December 1997. Our analysis indicated that CSNB actively lends to individuals of all income levels within its assessment area. Sixty-four percent of the consumer loans sampled were made to low- or moderate-income individuals. The bank also makes home mortgage loans. Of all home mortgage loans made in 1997, 31% were to low- and moderate-income individuals. The following table shows the distribution of loans by income category.

DISTRIBUTION OF LOANS BY BORROWER INCOME LEVEL			
Income Category	Percentage of Consumer Loan Sample <small>(Based on updated 1997 median income of \$45,300)</small>	Percentage of 1997 Home Mortgage Loans <small>(Based on updated 1997 median income of \$45,300)</small>	Percentage of Population in each Income Category <small>(Based on 1990 median income of \$33,932)</small>
Low Income	27%	6%	18%
Moderate Income	37%	25%	19%
Middle Income	21%	31%	22%
Upper Income	15%	38%	41%
Total Loans Sampled	100%	100%	100%

We also sampled 27% of the 93 business loans originated or renewed between June 1997 and December 1997. The following table indicates the majority of business loans are made to businesses with revenues of less than \$1 million.

DISTRIBUTION OF BUSINESS LOANS BY ANNUAL REVENUE		
Revenue Size	Number of Loans Reviewed	Percent of Loans Reviewed
Revenues up to \$100,000	10	40%
Revenues between \$100,000 and \$500,000	5	20%
Revenues between \$500,000 and \$1,000,000	2	8%
Revenues over \$1,000,000	8	32%
Total Business Loans Sampled	25	100%

Geographic Distribution of Loans Within the Assessment Area

The bank’s distribution of loans within its assessment area is reasonable. Our review indicated that the bank lends throughout its assessment area, including low- and moderate-income census tracts. Twenty-two percent of all loans made in 1997 were made within low- and moderate-income census tracts.

Lending in the Assessment Area

CSNB originates a substantial majority of its loans within its assessment area. In 1997, 89% of all loans made were within the bank’s assessment area.

The following table shows the geographic and lending distribution of 1997 loans throughout census tracts of different income designations.

DISTRIBUTION OF 1997 LOANS BY CENSUS TRACTS

Income Designation of Census Tracts	% of Population by Income Level of Tract <small>(Based on 1990 U.S. Census Information)</small>	# of Loans Originated in Designated Census Tracts	% of Loans Originated in Designated Census Tracts
Low	2%	8	3%
Moderate	23%	58	19%
Middle	38%	95	31%
Upper	37%	112	36%
Total Within Assessment Area		273	89%
Outside Assessment Area	NA	34	11%
Total	100%	307	100%

Loan-to-Deposit Ratio

CSNB's loan-to-deposit ratio is more than reasonable given its size, financial condition, and operating environment. Its average loan-to-deposit ratio for the eight quarters ending September 30, 1997, was 64%. The average loan-to-deposit ratio for eight similar banks in Colorado Springs during the same time period was 49%.

Record of Compliance with Antidiscrimination Laws

A concurrent fair lending examination did not find evidence of discrimination or practices intended to discourage applicants from applying for any types of credit.

Response to Complaints

No complaints have been received regarding the bank's CRA performance since the last examination.