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Comptroller of the Currency  
Administrator of National Banks

**SMALL BANK**

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## **PUBLIC DISCLOSURE**

August 3, 1998

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The Bank of Cherry Creek, N.A.  
Charter Number 22332**

**3033 East First Avenue  
Denver, Colorado 80206**

**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 **The Bank of Cherry Creek, N.A.**, prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of August 3, 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.**”

The Bank of Cherry Creek, N.A., demonstrates commitment to serving the communities in which it operates.

- ▶ The loan-to-deposit ratio is reasonable.
- ▶ A majority of loan originations are within the bank's assessment area.
- ▶ Lending activity reflects a reasonable distribution to small businesses and individuals of all income levels.
- ▶ Lending is reasonably distributed in the assessment area.

**DESCRIPTION OF INSTITUTION:**

The Bank of Cherry Creek, N.A. (bank), a \$184 million community bank, is headquartered in Denver, Colorado. The bank opened in August 1990, and currently has three offices. The main office is located in an upscale mixed residential and retail shopping area known as the Cherry Creek area of Denver. The closest low- to moderate-income census tracts are located beyond a two mile radius of the bank's address. In July 1995, the bank opened a branch office in north Denver. This branch is located in a primarily commercial-industrial, low- and moderate-income area. In November 1995, the bank opened a branch in Greeley, Colorado, which is called the American Ag Office. This office is located in a predominately agricultural community.

Both offices in the Denver area have full-service automated teller machines (ATMs) with 24-hour access. The Greeley office however, is not physically structured to accommodate the general public's banking needs, serving as a private banking office which focuses on servicing the needs of its agricultural customers.

The bank is wholly owned by Sturm Banks of Colorado, Inc., a \$614 million, multi-bank holding company based in Denver, Colorado. The holding company operates four national banks in Colorado.

Although the bank's primary focus is providing banking services to small and medium-sized businesses, it offers a wide range of loan products, including real estate, consumer, and commercial loans to accommodate the needs of its customers. In addition, the bank also maintains an extensive trust department. As indicated below, the bank's lending focus is to business.

<b>LOAN PORTFOLIO COMPOSITION</b> (AS OF JUNE 30, 1998)	
<b>Loan Type</b>	<b>Percentage of Portfolio</b>
Commercial Real Estate	49
Commercial (Non Real Estate)	16
Consumer	25
Agricultural	10
Total	100

There are currently no financial or legal impediments that hinder the bank's ability to meet the credit needs of the community. However, competition from the many regional and community banks operating in both the Denver and Greeley areas is intense. Besides The Bank of Cherry Creek, N.A., over 31 national, state, and savings banks have offices in the assessment area. Several large interstate banking companies are represented in the assessment area including BankOne, First Federal Bank, KeyBank, Norwest Bank, Wells Fargo, and US Bank.

The Bank of Cherry Creek's performance under the Community Reinvestment Act was last evaluated as of October 13, 1995. The bank's overall performance was rated "Satisfactory Record of Meeting Community Credit Needs."

### **DESCRIPTION OF ASSESSMENT AREA:**

The bank has two assessment areas. The first area encompasses the Adams, Arapahoe, Denver, and Jefferson Counties. Weld County, Colorado, represents the second assessment area.

The combined four-county Denver Metropolitan Statistical Area (MSA) is comprised of 481 contiguous census tracts. Demographic data for the Denver MSA shows that 34 of the census tracts are low-income, 109 are moderate-income, 157 are middle-income, and 96 are upper-income. Eighty-five census tracts are new, having been created since the last census due to the heavy population growth in the area, and are not designated as to income level.

The combined four-county Denver MSA has one of the strongest, most diversified economies in the United States. Currently, the area is experiencing high employment growth and low unemployment rates. The State of Colorado overall ranks second in the nation in business vitality with the third largest rate of new companies formed. However, the economy is expected to slow somewhat over the next few years due to completion of Denver International Airport and the subsequent elimination of the numerous construction jobs it created. Principal employers of the combined MSA are government, retail trade, manufacturing, and service.

The Weld County MSA consists of 33 contiguous census tracts. Demographic data for the Weld County MSA shows that 3 of the census tracts are low-income, 7 are moderate-income, 16 are middle-income, and 6 are upper-income. One other tract is new and not designated as to income level.

The town of Greeley, with approximately 73,000 residents, represents the major population center of Weld County. The area is primarily agricultural in nature, centered in both crops and cattle. However, several major companies including Kodak, Hewlett Packard, McLane Western, and State Farm Insurance also have divisional operations here. Other major employers are government and education.

The bank's assessment area complies with regulatory requirements, and does not arbitrarily exclude low- or moderate-income geographies.

We identified community credit needs through a review of information gathered at meetings between regulatory agencies and various community groups, governmental agencies, etc. We analyzed this information in conjunction with demographic and economic data to identify affordable housing, home improvement, small business and consumer loans as the primary credit needs in the bank's assessment area.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

### **Loan-to-Deposit Ratio**

The bank's loan-to-deposit ratio is reasonable given its size, financial condition, and operating environment. Its average loan-to-deposit ratio for the eight quarters ending March 31, 1998, was 66%. The average loan-to-deposit ratio for five similarly situated banks in the Denver area during the same time period was 63%.

Several factors affect the bank's loan-to-deposit ratio. The bank originates a large volume of real estate mortgage loans and sells them in the secondary market. The loan-to-deposit ratio does not incorporate this lending activity nor reflect the high level of activity.

### **Lending in the Assessment Area**

The bank originates a majority of its loans, in both number and dollar volume within its assessment area. Our review of loans made from October 1997 through June 1998 found that 76% by number and 65% by dollar volume of those loans were located within its assessment area.

### **Geographic Distribution of Loans Within the Assessment Area**

The bank's distribution of loans within its combined assessment area is reasonable. The bank lends throughout its assessment area, including low- and moderate-income census tracts. We randomly sampled 41 home equity, auto, and personal consumer loans made during the period from October 1997 to June 1998, which represented 10% of all consumer loans originated during that period. Our analysis of the sample showed that the bank made 30% by number of those loans within its low- and moderate-income census tracts. This compares favorably with the geographic distribution of the assessment areas which reflects that low- and moderate-income census tracts make up 30% of the total tracts. The following table shows the geographic and lending distribution.

<b>DISTRIBUTION OF LOANS BY CENSUS TRACTS</b>			
<b>Income Designation Census of Tracts</b>	<b>Percent of Census Tracts by Income Level*</b>	<b>Number of Loans Originated in Designated Census Tracts</b>	<b>Percent of Loans Originated in Designated Census Tracts</b>
Low	7	5	13
Moderate	23	7	17
Middle	33	17	41
Upper	20	12	29
Total	83	41	100

\* Income information was not available for 17% of the census tracts.

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

The bank's lending patterns show a satisfactory distribution of loans among individuals of different income levels. We used the previous sample of 41 consumer loans originated from October 1997 to June 1998. We compared each borrower's income to Colorado median-family income. The bank made 41% of its consumer loans (by number) to low- and moderate-income borrowers, while low- and moderate-income families comprise 38% of the bank's assessment area. The results of our sample are summarized in the following table.

<b>LENDING TO BORROWERS OF DIFFERENT INCOMES</b>			
<b>Income Designation of Borrower</b>	<b>Percent of Families in the Assessment Area</b>	<b>Number of Loans Based on Sample</b>	<b>Percent of Loans Based on Sample</b>
Low	19	10	24
Moderate	19	7	17
Middle	25	9	22
Upper	37	15	37
Total	100	41	100

A majority of the bank's commercial loans made in the combined assessment area are to small businesses. Small businesses are defined as having annual gross revenues under \$1 million. We randomly sampled 18 commercial loans originated by the bank from October 1997 to June 1998, which represented 10% of total commercial originations for the period. As shown in the following table, 56% of the business loans in our sample were to entities with gross annual revenues under \$1 million.

<b>LENDING TO BUSINESSES OF DIFFERENT REVENUE LEVELS</b>		
<b>Gross Annual Revenues</b>	<b>Number of Loans Based on Sample</b>	<b>Percent of Loans Based on Sample</b>
\$0 - \$100,000	2	11
\$100,001 - \$500,000	5	28
\$500,001 - \$1,000,000	3	17
> \$1,000,000	8	44
Total	18	100

> = Greater than.

### **Community Development Lending**

During this review period, the bank did not present any loans for our review which meet the definition of community development lending, as contained in the CRA regulation.

### **Response to Substantiated Complaints**

The bank has not received any written complaints regarding its CRA performance since the prior CRA examination.

### **Record of Compliance with Antidiscrimination Laws**

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