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Comptroller of the Currency  
Administrator of National Banks

**LARGE BANK**

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**PUBLIC DISCLOSURE**

**August 25, 1998**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Armed Forces Bank, National Association  
Charter Number 8796  
300 Kansas Avenue  
Fort Leavenworth, KS 66027**

**Supervisory Agency: Office of the Comptroller of the Currency  
Kansas City South Field Office  
6700 Antioch Road, Suite 450  
Merriam, KS 66204-1200**

**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.**

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## GLOSSARY OF TERMS AND COMMON ABBREVIATIONS

The following terms and abbreviations are used throughout this Performance Evaluation.

**Assessment Area (AA)** - The geographic area which an institution selects as the community within which its regulator will assess the institution's record of CRA performance. Generally, an urban assessment area will not extend beyond the boundaries of a MSA. A rural assessment area may contain one or more neighboring counties.

**Census Tract (CT)** - Small, locally defined statistical areas within a MSA. These areas are determined by the United States Census Bureau in an attempt to group homogeneous populations. A CT has defined boundaries per 10-year census and an average population of four thousand.

**Community Development Purpose** is defined as affordable housing (including multifamily rental housing) for low- and moderate-income individuals; community services targeted to low- and moderate-income individuals; activities that promote economic development by financing businesses or farms that meet size and revenue standards defined by the CRA regulation; and, activities that revitalize or stabilize low- and moderate-income geographies. Community development loans specifically exclude loans which have been reported under the Home Mortgage Disclosure Act or as small loans to businesses or farms, except for multi-family rental housing loans, which can be reported under both categories.

**Community Development Loan** - A loan which must have as its *primary* purpose community development.

**Community Development Service** - A service that must have community development as its *primary* purpose and be related to the provisions of financial services.

**Demographic Characteristic**- A statistical representation of people, housing, geographical areas or other measurable factors with regard to size, density, distribution, or other measurable characteristics.

**Geography** - A Census Tract (CT).

**Home Mortgage Disclosure Act (HMDA)** - A statute that requires certain mortgage lenders that do business or have banking offices in MSAs to file annual summary reports of their lending activity. The reports include such data as the race, gender, and the income of the applicant(s), the amount of loan requested and its disposition (e.g. made, turned down, withdrawn). The types of loan applications reported include governmentally-guaranteed home purchase and home improvement loans, conventional home purchase loans, home improvement loans, refinancing of home purchase and home improvement loans and loans for the purchase of multi-family (5 or more units) dwellings. *(This is a generic description of the bank's requirements and not a legal explanation of the requirements contained in 12 U.S.C. 2801, as amended, and 12 C.F.R. 203, as amended.)*

**Income Levels** - These relate to individuals, families or the CTs in an MSA.

**Low** = An income level that is less than 50 percent of the median income.

**Moderate** = An income level that is at least 50 percent and less than 80 percent of the median income.

**LMI** = An income level that is less than 80 percent of the median income.

**Middle** = An income level that is at least 80 percent and less than 120 percent of the median income.

**Upper** = An income level that is 120 percent or more of the median income.

**Large Financial Institution** - A financial institution with total assets of \$250 million or more, or an institution of any size that is an affiliate of a bank holding company with \$1 billion or more in banking and thrift assets.

**Loan Originations and Purchases** - Throughout this evaluation, the term “originations” or “loans made” includes both originations and purchases.

**Market Share** - The portion of loans or deposits in a specific geographic area attributed to a financial institution. This is expressed as a percent of the total of loans or deposits reported by all financial institutions subject to loan and deposit reporting requirements in the same area.

**Median Family Income** - The median family income for a specific MSA or nonmetropolitan statewide area as determined by the United States Census Bureau. The Department of Housing and Urban Development updates this figure annually using an estimated inflation factor.

**Metropolitan Statistical Area (MSA)** - An area containing a city with a population of at least 50 thousand or an urbanized area with a population of at least 50,000 and a total metropolitan population of at least 100 thousand. Generally, MSAs consist of one or more whole counties that have a high degree of interaction.

**Qualified Investment** - A lawful investment that has as its *primary* purpose community development.

**Small Business or Small Farm** - A business or farm that has \$1 million or less in gross annual revenues.

**Small Business or Small Farm Loan** - A loan of \$1 million or less to a business of any size or a loan of \$500 thousand or less to a farm of any size.

## 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 CRA performance of **Armed Forces Bank, National Association, Fort Leavenworth, Kansas (AFB)** prepared by the **Office of the Comptroller of the Currency (OCC)** as of **August 25, 1998**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all, of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

**Institution's CRA Rating:** This institution is rated **"Satisfactory."** The main factors contributing to AFB's "Satisfactory" rating are:

- Lending levels reflect adequate responsiveness to the credit needs of AFB's military community. AFB's consumer lending performance demonstrates excellent penetration among borrowers of different income levels, especially those in the low-income category. Consumer lending is the primary need of military personnel and is where the bank focuses its lending efforts.
- AFB originates a substantial majority of consumer loans to its military community. Based on our sample, 84 percent are made to either current or former military personnel.
- AFB's delivery system is accessible to essentially all portions of its military community. Deposit and loan services are specifically tailored to the needs of military personnel. The provision of community development services is reasonable.
- AFB has an adequate level of qualified community development investments.

The following table indicates the performance level of **AFB** with respect to the lending, investment and service tests.

Performance Levels				Armed Forces Bank, N.A. Performance Tests			
	Lending Test*		Investment Test		Service Test		
Outstanding							
High Satisfactory					<b>X</b>		
Low Satisfactory	<b>X</b>		<b>X</b>				
Needs To Improve							
Substantial Noncompliance							

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

### DESCRIPTION OF THE INSTITUTION

AFB is a \$325 million military bank with its main office at Fort Leavenworth, Kansas. AFB is also a subsidiary of Dickinson Financial Corporation, a \$1.7 billion multi-bank holding company. The bank serves its military community with a network of 29 branches and 80 ATMs at 16 military installations. Two additional branches and ATMs are located within the city limits of Leavenworth, Kansas. Currently, the bank has at least one branch on an Army, Navy, Air Force, or Marine installation in 11 states.

During our evaluation period, AFB added 11 military installations to its branch network by either purchasing other bank offices or expanding services at existing locations. Branches added were:

- ▶ Fort Bliss branch near El Paso, Texas (Acquisition from Texas Commerce Bank);
- ▶ Great Lakes Naval Training Center branch, near Chicago, Illinois (start-up);
- ▶ Army National Training Center branch, Fort Irwin, California (start-up);
- ▶ Fort Lewis, Washington; McChord Air Force Base, Washington; Nellis Air Force Base, Nevada; Fort Huachuca, Arizona; Luke Air Force Base, Arizona; and Marine Corps Air Station, Arizona. (Acquisitions from Wells Fargo Bank); and
- ▶ Edwards Air Force Base and Travis Air Force Base, California (start-up).

As of June 30, 1998, AFB's loan portfolio, net of purchased loans unrelated to serving assessment area needs, consisted of the following types of credit: 47% retail consumer, 38% real estate, 2% commercial, and 13% other. Based on loan volume, Leavenworth locations, Fort Knox, Fort Bliss, and Fort Leonard Wood represent 61%, 6%, 4.3%, and 4.2%, respectively. The remaining 25% is divided among the other locations.

As of June 30, 1998, AFB's net loan to deposit ratio was 18.53%. The loan to deposit ratio is impacted by deposits acquired from branches purchased in 1997 where the bank was not allowed to obtain the respective loan portfolios. Purchased loans with no relationship to the bank's defined community also impacted the loan to deposit ratio. The ratio is low due to the following external factors, some of which increase the availability of other borrowing options for military personnel:

- Some Base Commanders on military installations restrict the use of flyers and outdoor signs related to bank advertising. Also, military leadership is encouraging soldiers to save money instead of borrowing.
- Twelve of the 16 military installations in the bank's assessment area have limitations on the amount of contact management can have with new military personnel assigned to the installation.
- Access on twelve of the 16 military installations in the bank's assessment area is restricted to only those persons either assigned to the installation or having official business on the installation.
- Post exchanges provide unsecured credit lines up to \$5,000 at each military installation.
- The military population is declining at some locations, based upon information provided by the bank. Refer to the chart below regarding population changes at the installations in existence from December 1995 to December 1997:

Military Installation	Active Duty Military Population			
	Dec-95	Dec-97	Change	% Change
<b>Fort Carson, CO</b>	16,115	15,000	(1,115)	<b>(6.92%)</b>
<b>Fort Leavenworth, KS</b>	3,871	3,212	(659)	<b>(17.02%)</b>
Fort Leonard Wood, MO	8,880	10,900	2,020	22.75%
<b>Fort Knox, KY</b>	8,615	7,070	(1,545)	<b>(17.93%)</b>
Fort Myer, VA	2,400	2,400	0	0
<b>Total</b>	<b>39,881</b>	<b>38,582</b>	<b>(1,299)</b>	<b>(3.26%)</b>

Note: The population decrease at Fort Leavenworth is significant to the bank's overall lending performance. Loans at Fort Leavenworth represent 52% of the bank's credit portfolio. The population at Fort Leonard Wood primarily increased due to expanded training for recruits.

AFB has the financial capacity to assist in meeting its community's credit needs. There are no known legal or financial constraints which could impede its CRA efforts. The OCC assigned a rating of "Satisfactory Record of Meeting Credit Needs" during the last CRA evaluation ending December 18, 1995.

## DESCRIPTION OF THE ASSESSMENT AREA

The bank defines its assessment area as “all locations of any current or former military personnel throughout the world.” The CRA regulation allows this option to banks that predominantly serve the needs of military personnel.

The primary credit need in the bank’s military community is consumer loans. The bank’s opportunities are limited in providing real estate, small business, and community development loans on military installations since government funding is used to meet these needs. Military installations generally provide the basic necessities for their residents including housing, retail sales (post exchanges provide consumer items and commissaries provide food), and medical aid. Financial needs are reduced proportionately. Therefore, the bank is focussed on meeting consumer credit and deposit account needs of the military population.

There are few opportunities for AFB to make community development investments which target affordable housing needs, economic development by financing small businesses, or activities that revitalize or stabilize low- or moderate-income areas. As stated above, government funding is used to meet these needs. The bank compensates for this by providing community services targeted to low- or moderate-income persons. This consists of monetary contributions to local organizations, and the provision of educational programs.

To assess community credit needs, we contacted eight community groups and reviewed the bank’s documentation on 143 community contacts made by management in 1996 and 1997. The majority of these contacts were with military personnel. However, contacts were also made with civilian military base employees, civic and government organizations and leaders, social service and public service organizations, local businesses, and realty professionals. In Leavenworth County, which has off-installation branches, we contacted a government organization whose primary purpose is economic development.

Based on community contact information, the predominant credit need is for non-real estate consumer loans, including auto loans, unsecured personal loans, and debt consolidation loans. Other needs identified by more than one contact include Veterans Administration (VA) loans, credit card loans, loans for low-income individuals and families, credit establishment programs or products, and credit counseling/basic financial education services. The need for mortgage and commercial funding is not as significant since the government supplies housing and services for active duty military personnel.

Competition for banking services is primarily provided by one credit union on each military installation. In Leavenworth County, AFB competes with several other national banks and two savings and loan associations.

## **SCOPE OF EXAMINATION**

Our conclusions are based on a review of AFB’s CRA efforts from January 1, 1996 through June 30, 1998. Emphasis is placed on the bank’s performance in 1996 and 1997. Although the bank has interstate branches, we assigned ratings to the bank as a whole since the assessment area is not defined by geography.

We reviewed all consumer, HMDA, and small business loans originated during our evaluation period. Within this time frame, AFB did not make any small farm loans.

## CONCLUSIONS ABOUT PERFORMANCE TESTS

### LENDING TEST

#### *Lending Activity*

AFB's lending levels reflect adequate responsiveness to the credit needs of its military community. Consumer credit is the most important credit need of military personnel and is weighed most heavily in evaluating the bank's CRA performance. Although loan volume is low based on the institution's capacity to lend, external factors detailed on page 7 inhibit the bank's ability to generate large consumer loan volumes.

#### Consumer Lending

The following table reflects AFB's consumer loan volume, by product type, for 1996, 1997 and through June 30, 1998. As shown below, the number and dollar amount of consumer loans are increasing.

CONSUMER LOAN TYPE	1996		1997		1998 (January - June)	
	# of Loans	\$ (000's)	# of Loans	\$ (000's)	# of Loans	\$ (000's)
Motor Vehicle	301	3,153	357	3,271	219	1,677
Consumer - Unsecured	514	1,030	1,158	1,732	713	1,003
Other Secured	143	1,150	185	1,370	101	702
Home Equity	4	41	17	581	7	146
<b>TOTAL CONSUMER LOANS</b>	<b>962</b>	<b>5,374</b>	<b>1,717</b>	<b>6,954</b>	<b>1,040</b>	<b>3,528</b>

Data Source: Bank Records

The bank's Ready Line Account (overdraft protection) is not included in the above consumer loan numbers since there is not enough information on the number of accounts generated during this evaluation period. This account provides a significant service to military personnel by helping them avoid overdrafts up to 100% of their paycheck. It also helps them maintain good credit history. The total number of accounts and commitments outstanding as of December 31, 1997 was 543 and \$2.3 million, respectively.

Lending subject to the Home Mortgage Disclosure Act (HMDA)

The bank made a small number of loans subject to HMDA. These products are not a significant need since housing is provided by the military to its enlisted personnel. HMDA loans are primarily made to either retired or more senior military persons. The following table shows the bank's lending volume for 1996, 1997, and through June 30, 1998.

HMDA LOAN TYPE	1996		1997		1998 (January - June)	
	# of Loans	\$ (000's)	# of Loans	\$ (000's)	# of Loans	\$ (000's)
Home Purchase	20	1,807	13	1,607	13	1,324
Refinance	9	738	5	538	16	1,928
Home Improvement	6	117	8	75	0	0
Multifamily	1	575	1	965	0	0
<b>TOTAL HMDA LOANS</b>	<b>36</b>	<b>3,237</b>	<b>27</b>	<b>3,185</b>	<b>29</b>	<b>3,252</b>

Data Source: Bank Records

Small business lending:

AFB also originated a few loans to small businesses; however, this type of credit is not an identified credit need for military personnel. During this evaluation period, the bank made 22 loans totaling \$437 thousand to small businesses in the city of Leavenworth. All of these loans were to businesses with revenues of \$1 million or less and the average loan size was under \$20 thousand. In 1998, AFB expects to generate 20 small business loans based on annualized projections, which is double the number generated in 1997.

It is difficult for the bank to generate business lending at off-installation locations in Leavenworth. This is due to the perception by the local community that the bank's sole purpose is to serve the military. Further analysis of the bank's lending to small businesses is not meaningful in the context of this evaluation due to the limited number of loans originated.

***Assessment Area Concentration - Loans Extended To The Military Community***

AFB originated a substantial majority of its consumer loans to its military community. Since the bank defines its assessment area as its military customer base, an analysis of the portion of lending within a defined geographic area is not applicable. We sampled 57 consumer loans, of which 84% were to either current or former military personnel. This sample represents 1.5% of the total consumer loans originated during this evaluation period.

***Distribution by Borrower Profile***

AFB’s distribution of consumer lending reflects excellent penetration among borrowers of different income levels. Overall, the bank extended 47% of its consumer loans to low-income borrowers and 13% to moderate-income borrowers. AFB showed the strongest penetration to low-income borrowers in the consumer-unsecured product. Refer to the following table for detail.

CONSUMER LOAN TYPE	January 1, 1996 - June 30, 1998					
	Number of Loans	Borrower Income Level (Percentage of Consumer Loans Extended to Borrowers of Different Income Levels)				
		Low	Moderate	Middle	Upper	NA
Motor Vehicle	877	16%	16%	18%	46%	4%
Consumer - Unsecured	2,385	65%	11%	9%	12%	3%
Other Secured	429	17%	18%	19%	29%	17%
Home Equity	28	0%	14%	14%	72%	0%
<b>Total</b>	<b>3,719</b>	<b>47%</b>	<b>13%</b>	<b>12%</b>	<b>23%</b>	<b>5%</b>

Data Bank Records

Most of the HMDA loans are made to accommodate senior military personnel at middle- or upper-income levels. Only 8% of the 92 HMDA loans extended during this evaluation period were to low- or moderate-income borrowers. This is not unreasonable due to the extremely limited home loan needs for military personnel who either live in government provided housing or receive housing subsidies.

***Geographic Distribution of Loans***

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

***Community Development Lending***

AFB made an adequate level of community development loans in view of the lack of opportunity for this type of activity in its military community. Community development loans must meet the community development definition as stated in the new CRA regulation. Refer to the *Glossary of Terms and Common Abbreviations* page for this definition. AFB made three community development loans totaling \$1.7 million during this evaluation period. These loans financed multifamily properties which primarily provide affordable housing to lower ranking military personnel stationed at Fort Knox and Fort Leavenworth.

***Flexible Loan Products***

In addition to offering traditional consumer loan products, AFB has the following flexible loan programs that benefit low- and moderate-income persons:

Credit Card Program:

On January 1, 1998, AFB began offering a new credit card to better control all aspects of marketing, card issuance and customer service. The card is issued through Air Academy National Bank, a subsidiary of Dickinson Financial Corporation. The interest rate on the credit card is 15.6% and the maximum debt to income ratio is 43%. An applicant with no credit history can borrow up to \$300 while a seasoned customer can borrow up to \$10 thousand. As of June 30, 1998 the bank has issued 505 credit cards with total outstandings of \$208 thousand. The average credit limit per card is \$1 thousand.

Previously, the bank issued credit cards through another third party. Since the implementation of this new program, the approval rate for bank customers increased from approximately 8% to 50% due to the following:

- Higher debt to income guidelines. Previously, the maximum debt to income ratio was 36%;
- Interest rates are more competitive; and
- Persons with no credit history can qualify.

Starter/Stepping Stone Loan Program:

The Starter/Stepping Stone Loan Program began in 1997 at the Great Lakes Naval Base to meet the needs of military personnel with little or no credit history. Persons in the military can borrow \$500 unsecured for up to six months provided their remaining period of stay is greater than the loan term. The interest rate is the same as the bank's signature loan. The signature loan is unsecured credit provided to customers with good credit history. To qualify for this program, the applicant must maintain an account with AFB for a minimum of 60 days with no returned items, maintain a direct deposit account, and have a total debt to income ratio at 36% or below.

As of July 31, 1998, the bank's Great Lakes office originated 687 Starter/Stepping Stone loans totaling \$350 thousand. The bank offers these loans at its other locations; however, information on originations is not maintained.

Exodus Loan Program:

This program began in 1993 to allow eligible entry level military personnel (trainees) to obtain short-term loans during the Christmas season. These funds are used to pay travel expenses and range from \$200 to \$500. The bank originated 12 loans in 1996 and 1997. The low volume of lending for this program is due to military leadership encouraging their staff to save for the holidays and the availability of other financial options provided by the military. These financial options include salary advances up to \$300 for emergencies at all military installations and up to \$500 during the holiday season at Fort Knox. Also, post exchanges provide unsecured loans up to \$5 thousand and the Starter/Stepping Stone loans mentioned above help meet the same needs at the Great Lakes Naval Base.

## **INVESTMENT TEST**

AFB provided an adequate level of qualified investments and grants given the extremely limited opportunities on military installations. To qualify for consideration, an investment must take the form of an investment security, deposit, membership share, or grant that has as its primary purpose community development.

During the evaluation period, the bank's investment volume totaled \$38,755. Opportunities to make investments are hampered since the government provides both housing for military persons and funding to ensure military installations are properly maintained. A majority of the bank's qualified investments are through donations to organizations which provide services to low- and moderate-income individuals or help revitalize/stabilize low- or moderate-income geographies.

The most significant qualified investment was a grant for \$22,491. The grant was to an organization that provides youth services, financial information, and assistance with housing relocations for military personnel who are primarily low- or moderate-income.

## **SERVICE TEST**

### ***Retail Services:***

AFB's delivery systems are accessible to essentially all of its customers in its military community. AFB has 31 branches and 82 ATMs. These branches and ATMs are primarily located at 16 military installations, including Army, Air Force, Navy, and Marine, throughout the United States. Only two of the bank's branches and two of its ATMs are located in Leavenworth, Kansas, outside the nearby military facility.

## Branch and ATM Distribution:

Military Installation	Number of Branches	Installations with Exchange Location	Number of ATMs	Number of ATMs which Accept Deposits
* AZ - Fort Huachuca	2	✓	3	0
* AZ - Luke AFB	2	✓	3	0
* AZ - Marine Corps Air Station, Yuma	1		2	0
* CA - Edwards AFB	1	✓	3	0
* CA - Fort Irwin	2	✓	3	0
* CA - Travis AFB	1	✓	6	0
CO - Fort Carson	3	✓	7	3
* IL- Great Lakes Naval Base	1		8	1
KS - Fort Leavenworth	2	✓	4	2
KY - Fort Knox	3	✓	8	2
MO - Fort Leonard Wood	2	✓	7	3
* NV - Nellis AFB	1		7	0
* TX - Fort Bliss	2	✓	3	0
VA - Fort Myer	2	✓	4	1
* WA - Fort Lewis	2	✓	10	0
* WA - McChord AFB	2	✓	2	0
<b>Off-Post Locations:</b>				
KS - Leavenworth	2	NA	2	2
<b>Totals</b>	<b>31</b>	<b>13</b>	<b>82</b>	<b>14</b>

\* indicates a new military installation established during our evaluation period

AFB opened 21 new branches since the last CRA evaluation completed as of December 1995. This includes four branches opened at military installations in existence prior to our evaluation period. The new branches expanded the banking network to an additional eleven military installations. The bank established twelve of its new branches within post exchanges. These branches are open during regular exchange business hours which are up to twelve hours per day, six days a week and up to eight hours on Sunday. Hours at other branches are tailored to the needs of the military installation. Most of the ATMs do not accept deposits. However, since the military requires personnel to have paychecks direct-deposited, the need for deposit-taking ATMs is limited on military installations.

AFB offers deposit and loan services which are specifically tailored to the needs of military personnel. The bank has consumer loan officers physically located at branch facilities in Fort Leavenworth, Fort Carson, Fort Knox, and Fort Leonard Wood locations. Military personnel can complete loan applications at any branch facility. Loan applications are transmitted via facsimile to branch facilities in Fort Leavenworth and decisions are usually made within 24 hours.

In June 1997, the Fort Knox and Fort Leonard Wood locations began participation in a Stored Value Card test project implemented by the Treasury Department. The electronic card gives \$200 to entry level military personnel for purchasing items needed during basic training. AFB accepts the cards for deposit and provides cash for the balance remaining on cards after basic training is completed.

AFB's TELEBANK service provides 24-hour toll-free access for customers to conduct banking business in the U.S., Germany and Korea. These services include account inquiries, money transfers, and loan payments. The bank also provides customers a toll-free phone line to apply for loans during normal business hours. Customers also can access loan applications via the internet on the bank's website.

The bank closed one branch facility during the evaluation period. It was at the Fort Knox location. This did not significantly impact the availability of services at this military installation since there are three other branches including an exchange location on the installation.

The geographic distribution of these branch facilities is not meaningful as all, except two, are located within the confines of the military installation for the express purpose of serving military personnel.

### ***Community Development Services***

AFB provides a reasonable level of community development services. In many cases, military-imposed restrictions inhibit the types of activities the bank can conduct on military grounds. Community development services must relate to the provision of financial services and meet the community development definition as defined in the new CRA regulation. AFB has provided services which meet this definition. As an example, an executive officer served on the fund raising committee for a Leavenworth organization which helped finance other groups that provide community services primarily for low- and moderate-income persons. This includes food, shelter, and social services. Bank employees also participate in workshops and training classes which primarily benefit low- and moderate-income persons. Examples are:

- Providing financial management training for entry-level military personnel and their families;
- Helping develop a strategic plan to revitalize northeast Leavenworth which primarily consists of low- and moderate-income census tracts;
- Providing financial training to low- and moderate-income foreign military personnel; and
- Participating in workshops for potential home buyers. The workshop focusses on qualifying low- and moderate-income individuals to purchase homes.

AFB offers the following banking services at all of its military installations which are beneficial to low- and

moderate-income individuals:

- free checking accounts since January 1, 1997.
- free government check cashing for customers and noncustomers.

## **FAIR LENDING REVIEW**

The scope of our fair lending examination included a comparison of applicants for consumer loans secured by automobiles/trucks. Our file sample included a review of all denied loan applications to females during 1996 and 1997. We compared these applicants to approved loan applications to males. All applicants in our sample applied for credit individually.

Based on the results of this examination, we did not find any evidence of disparate treatment or discrimination. The bank is in substantial compliance with all provisions of the anti-discrimination laws and regulations.