



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

July 17, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Colorado Business Bank, N.A.
Charter Number 18205**

**101 West Mineral Avenue
Littleton, Colorado 80120**

**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 Business Bank, N.A.** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of July 17, 1997. 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 Business Bank, N. A. (CBB) is committed to serving the community in which it operates and has demonstrated satisfactory lending performance. The bank has originated a majority of loans within its assessment areas. Lending activity shows reasonable penetration among borrowers of different income levels and businesses of different sizes. Further, the geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. And its loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.

DESCRIPTION OF INSTITUTION:

CBB is a community bank with its main office in Littleton, Colorado. CBB operates one branch office in Littleton and one branch office in Boulder. In addition to two full-service branches, CBB provides services through three ATM locations. As of June 30, 1997, CBB reported total assets of \$69 million. CBB is owned by Colorado Business Bankshares, Inc. (CBBI), a two-bank holding company with consolidated assets of \$249 million.

Both of CBB's branch bank offices opened since the last CRA examination on June 27, 1994. The Boulder branch opened in October 1995, and the Prince branch in Littleton opened in February 1997.

CBB focuses its lending activities on small and medium-sized businesses, while providing a full-range of consumer banking services. The table below reflects the composition of the bank's loan portfolio by loan type. The table shows that 79% of the portfolio is related to commercial customers.

LOAN PORTFOLIO COMPOSITION June 30, 1997		
Loan Type	\$ Amount (In millions)	Percentage of Total Loans
Commercial	26.4	55%
Real Estate - Commercial	6.8	14%
Real Estate - Construction	4.7	10%
Real Estate - 1-4 Residential	3.7	7%
Individuals	4.6	10%
Other	2.2	4%
Total Loans	48.4	100%

There are no financial or legal impediments to the bank's ability to meet the credit needs of the assessment areas.

DESCRIPTION OF ASSESSMENT AREA:

CBB defines its two assessment areas by the geographies surrounding the Littleton and Boulder banking locations. Counties included in these areas are Boulder and portions of Arapahoe, Denver, Douglas, and Jefferson.

The following table shows that the levels of family income in the assessment areas are predominantly middle- and upper-income. The table is based on 1990 U.S. Census data. The 1990 Census median-family income for the Littleton assessment area is \$40,222 and the Boulder assessment area is \$43,782.

PERCENTAGE OF FAMILIES WITHIN ALL TRACTS BY INCOME LEVEL				
Income Level	Littleton		Boulder	
	#	% of Total	#	% of Total
Low Income	6,155	9%	9,935	18%
Moderate Income	9,547	13%	9,936	18%
Middle Income	16,573	23%	14,033	26%
Upper Income	39,682	55%	21,026	38%
Total	71,957	100%	54,930	100%

Littleton Assessment Area

The Littleton assessment area comprises portions of Denver, Arapahoe, Douglas, and Jefferson Counties. Eighty-six percent of the census tracts (CTs) in this assessment area are middle- and upper-income. This area is within Colorado's Front Range corridor and is part of one of the nation's fastest growing metropolitan areas. The unemployment rate is low at 3.0%. U.S. West, Inc., TeleCommunications, Inc., King Soopers, Inc., and Lockheed-Martin Aerospace are the largest employers. The largest public sector employers are the federal government, state government, and the University of Colorado.

Boulder Assessment Area

Boulder, Colorado, located at the base of the Rocky Mountains and about 30 miles northwest of Denver, is the largest city in Boulder County. The University of Colorado at Boulder is the state's

largest university, with a student population of more than 25,000. Seventy-nine percent of the CTs in this assessment area are middle- and upper-income.

The Boulder County economy is robust. The community possesses a highly skilled labor force that is dispersed among small telecommunications, hardware and software manufacturers, Internet service providers, and a variety of medical products industries. The unemployment rate of 2.9% is the lowest of any regions in the state.

Community Credit Needs

Our review included identification of community credit needs throughout the bank's assessment areas. This included contact with public and community group representatives. These contacts provided information about community credit and service needs. We used this information to identify the following community credit and service needs.

- Loans and technical assistance for small businesses and entrepreneurs.
- Affordable housing financing.
- Loans for the rehabilitation of multi-family housing for low-income people.
- Consumer education on banking products and services, especially for minorities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Lending in the Assessment Area

The bank's lending in the assessment areas is satisfactory. CBB makes the majority of its loans to borrowers within the bank's two assessment areas. We based our analysis on the bank's April 1, 1997, Geographic Loan Distribution Report and our verification of the report's accuracy. Sixty-nine percent of the Littleton assessment area borrowers and eighty-three percent of the Boulder assessment area borrowers reside in their respective assessment areas.

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

The bank shows reasonable loan activity to small businesses. This is reflected in the charts below which were developed from a random sample of 30 commercial loans representing approximately 11% of the total commercial loans originated in 1996. The table shows 73% of the commercial loans by number and 41% by dollar volume were made to small business borrowers. These results are consistent with the business demographics of the assessment areas. According to current Dunn & Bradstreet business demographic data, 75% of the businesses in the assessment areas have revenues less than \$1 million.

DISTRIBUTION OF BUSINESS LOANS BY REVENUE SIZE				
	# of Loans	% of Sample	Loans (\$000's)	% of Sample
Loans to Small Businesses (Revenues < \$1,000,000)	22	73%	972	41%
Loans to Businesses (Revenues > \$1,000,000)	8	27%	1,387	59%
Total	30	100%	2,359	100%

Also, 77% of the business loans we sampled were in amounts less than \$100,000 as shown by the following table.

DISTRIBUTION OF BUSINESS LOANS BY SIZE 1996		
Original Balance of Business Loans (\$000's)	# of Business Loans	% of Business Loans
Loans > = \$1,000	0	0%
Loans > = \$500 < \$1,000	1	3%
Loans > = \$250 < \$500	1	3%
Loans > = \$100 < \$250	5	17%
Loans < \$100	23	77%
Total	30	100%

The following table shows the bank’s residential loan activity to borrowers of different income levels. We sampled 32 Home Mortgage Disclosure Act (HMDA) reportable loans originated from January 1996 through June 1997. The result of our sample shows that no HMDA reportable loans were made to low-income borrowers. However, 9% of the HMDA reportable loans by number and 6% by dollar volume were made to moderate-income borrowers. This is less than the proportion of low- and moderate-income families in the assessment areas. The low level of loan activity to low- and moderate-income borrowers is reasonable given the bank’s focus on business clients, vigorous competition by consumer-oriented regional banks, and assessment area demographics. Also, CBB’s consumer loan activity is primarily with business customers who need personal loans.

HMDA REPORTABLE LOANS ORIGINATED IN ASSESSMENT AREAS BY BORROWER INCOME					
Income Designation of Borrower	% of Families in Assessment Areas	SFR Loan (#)	% of Loans (#)	SFR Loans (\$000's)	% of Loans (\$)
Low < 50% of Median	13%	0	0%	0	0%
Moderate 50-79% of Median	15%	3	9%	102	6%
Middle 80-119% of Median	24%	4	13%	98	5%
Upper > 120% of Median	48%	25	78%	1,565	89%
Total	100%	32	100%	1,765	100%

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.

We sampled 23 commercial loans originated in 1996. We found that the bank made most of these commercial loans in moderate- and middle-income areas, which is reasonable given the areas' business demographics. Demographics show the majority of businesses employ less than five people, are retail and service oriented and operate out of a single location. Accordingly, such businesses are located outside the residential areas that generally comprise the upper-income census tracts or 48% of the assessment area.

GEOGRAPHIC DISTRIBUTION OF COMMERCIAL LOANS BY CENSUS TRACT TYPE January 1996 through December 1996					
Income Designation of Census Tract	% of Assessment Area	Loans in Tracts (#)	% of Loans (#)	Loans in Tracts (\$000's)	% of Loans (\$)
Low	2%	0	0%	0	0%
Moderate	15%	6	26%	380	20%
Middle	35%	11	48%	1,197	65%
Upper	48%	6	26%	274	15%
No Income Reported	1%	0	0%	0	0%
Total	100%	23	100%	1,851	100%

We found that the lending pattern of HMDA reportable loans shows no lending among low- and moderate-income census tracts. See the table below. Management states these results are influenced by the bank’s business focus. Further, consumer lending is generally in response to the personal credit needs of the business clients. And many of these people reside outside the bank’s assessment area whereas the business is within the assessment area.

Management expects that consumer loan activity within the assessment area, including loans to low- and moderate-income borrowers, will increase as a result of opening the Prince Street branch.

HMDA REPORTABLE LOANS BY CENSUS TRACT TYPE January 1996 through June 1997					
Income Designation of Census Tract	% of Assessment Area	Loans in Tracts (#)	% of Loans (#)	Loans in Tracts (\$000's)	% of Loans (\$)
Low	2%	0	0%	\$0	0%
Moderate	15%	0	0%	\$0	0%
Middle	35%	10	31%	\$1,060	60%
Upper	48%	22	69%	\$705	40%
No Income Reported	1%	0	0%	0%	0%
Total	100%	32	100%	\$1,765	100%

Loan-to-Deposit Ratio

CBB’s loan-to-deposit ratio is reasonable given the bank’s size, business focus, and similarly-situated banks. The bank’s average loan-to-deposit ratio for the eight quarters beginning June 30, 1995, through March 31, 1997, is 74%. This is comparable to five other similarly situated banks which were selected based on asset size, location, nature of ownership, and similar business focus. For the same period, the eight-quarter average loan-to-deposit ratios for these banks averaged 57%. In addition, the loan-to-deposit ratio for community banks in Colorado averaged 65%.

CBB normally sells commercial loan participations. Considering that the bank’s sold loan participations were \$7.9 million on March 31, 1997, the loan-to-deposit ratio would increase approximately 17% if the loans had been retained.

Response to Substantiated Complaints

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

Fair Lending Review

The bank is in substantial compliance with fair lending laws and regulations. Our fair lending review, conducted concurrently with this examination, found no unusual patterns or discriminatory lending practices.