



SMALL BANK

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

PUBLIC DISCLOSURE

November 8, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Peak National Bank
Charter Number 21121**

**26679 Pleasant Park Road
Conifer, CO 80433**

**Comptroller of the Currency
Northern Colorado
1225 17th Street Suite 450
Denver, CO 80202**

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, 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.

INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

A satisfactory rating is appropriate given the bank's demonstrated ability to meet the credit needs of the community including loans to low- and moderate-income individuals and small businesses. Specifically:

- The bank's loan-to-deposit ratio is good given area competition and the credit needs of the community.
- The majority of loans by number and dollar volume are originated within the bank's assessment area.
- The bank's pattern of lending to low- and moderate-income individuals and small businesses is good.

Peak National Bank is committed to serving the communities in which it operates and demonstrates satisfactory lending performance.

DESCRIPTION OF INSTITUTION

Peak National Bank (PNB) is a locally owned \$195 million community bank located in Nederland, Colorado. PNB is wholly owned by Peak Banks of Colorado, a one-bank holding company also located in Nederland, Colorado. Total assets of the holding company are approximately \$200 million. PNB opened in 1986 and has since opened five full service branches along the Colorado Front Range including Golden, Lakewood, Highlands Ranch and the mountain communities of Conifer and Evergreen. All locations include a deposit-taking ATM.

PNB offers a variety of credit products. The primary lending focus is commercial real estate and residential construction lending. Primary loan products by dollar volume are commercial real estate secured (58%), and residential real estate secured (11%). Our rating of the bank's CRA performance is based on an analysis of these products. Other loans offered by the bank include construction and development loans (27%), consumer loans (2%) and commercial operating loans (2%). Net loans represent 64 percent of total assets as of June 30, 2004.

The bank faces strong competition from community and large banks operating within the Denver metro area and surrounding communities. There are no legal or financial impediments to the bank's ability to meet its community credit needs.

We made one community contact in conjunction with this examination. We spoke with a member of the Wheat Ridge, Colorado city government. This individual indicated the primary credit needs of the Wheat Ridge community include affordable housing, small businesses, and community development.

The bank received a "Satisfactory" rating at the previous CRA examination dated December 1999.

Refer to the bank's CRA Public File for more information.

DESCRIPTION OF JEFFERSON AND DOUGLAS COUNTIES AND MOUNTAIN COMMUNITIES

Management has designated all of Jefferson County and Douglas County and six census tracts adjacent to western Jefferson County as its assessment area (AA). Based on 1990 census data, this AA is comprised of 132 census tracts of which one (1%) is designated as low-income, thirteen (10%) are designated as moderate-income, 56 (42%) are designated as middle-income, and 46 (35%) are designated as upper-income. Sixteen census tracts (12%) do not have an income designation.

The Department of Housing and Urban Development (HUD) 2002 updated MSA median family income for the AA is \$69,630. Based on 1990 US Census data, there are 142,792 families residing in the AA of which 28 percent are designated as low- and moderate-income. Income designations are determined based on annual income as a percentage of the MSA median family income.

Economic conditions are slowly rebounding after a two-year slump. Recent local economic signals are mostly positive and the long-term prospects for the area remain strong. Several internationally recognized companies call Jefferson County home - Adolph Coors Company, Lockheed Martin Astronautics of Denver, Pentax USA and Ball Corporation.

Northern Douglas County is the county employment center and typified by primarily urban uses, including the region's largest employment concentration - the Denver Tech Center.

The AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

Refer to the bank's CRA Public File for more information.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is reasonable given area competition and the credit needs of the community.

The bank's average quarterly loan-to-deposit ratio since the previous CRA exam is 78 percent. The average quarterly loan-to-deposit ratio of similarly situated banks over the same time period ranged between 22 percent and 92 percent. Similarly situated banks are those banks of similar business lines operating within the same geography.

Lending in the Assessment Area

The majority of loans by number and dollar volume are originated within the bank's AA.

We sampled all owner-occupied home purchase loans originated in 2001 and 2002 along with 20 loans secured by commercial real estate. Of all loans sampled, 64 percent by dollar volume and 74 percent by number were originated within the bank's defined AA.

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

The bank's pattern of lending to low- and moderate-income individuals and small businesses is very good.

The bank's pattern of lending to low- and moderate-income individuals exceeds area demographics. We sampled all home purchase loans originated within the AA in 2001 and 2002. Area demographics indicate low- and moderate-income families comprise 12 percent and 16 percent of total families, respectively. The bank's lending practice by number indicates 14 percent of total home purchase loans were originated to low-income borrowers and 21 percent were originated to moderate-income borrowers.

The distribution of commercial real estate secured loans originated throughout the AA shows excellent performance in lending to small businesses. Of the 20 loans sampled, 100 percent by number and dollar volume were originated to small businesses (annual revenues \$1 million or less). This compares favorably to area demographics in which 94 percent of the businesses for which revenue information was available are small businesses.

Geographic Distribution of Loans

The geographic distribution of loans within the AA is good.

Within this AA, owner-occupied housing in low- and moderate-income geographies is 5 percent and 39 percent respectively. Within our sample, lending in low- and moderate-income geographies represented 0 percent and 7 percent, respectively. While the bank's performance does not reflect area demographics, this is not of significant concern given the bank's relatively low volume of home purchase loans coupled with the low number of low- and moderate-income census tracts within the AA.

Of the 20 commercial real estate secured loans sampled, 13 percent of loans were originated in moderate-income geographies with no loans originated in low-income geographies. The bank's performance is reasonable given there is only one low-income geography in the AA. In addition, area demographics indicate only 10 percent of all businesses within the AA are located in low- and moderate-income census tracts.

Response to Complaints

The bank has not received any CRA related complaints since the previous examination.

Fair Lending or Other Illegal Credit Practices Review

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