



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

August 11, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Bank of the Rockies, N.A.
Charter Number 17226**

**4328 Edison Avenue
Colorado Springs, Colorado 80915**

**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 **Bank of the Rockies, N.A.**, prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of August 11, 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.**”

Bank of the Rockies, N.A., is serving the credit needs of its community through small business and consumer lending. The bank has made a majority of its loans inside its assessment area. The bank has a satisfactory record of making loans to individuals of various income levels and businesses of different sizes. In addition, lending patterns reflect a reasonable dispersion of loans throughout the assessment area.

DESCRIPTION OF INSTITUTION:

Bank of the Rockies, N.A., is a \$12 million community bank located in Colorado Springs, Colorado. The bank presently has no branches or automated teller machines.

The primary lending focus of the bank is commercial lending, mostly to small businesses. As of March 31, 1997, 77% of loans were commercial. The remainder were primarily consumer loans and real estate construction loans. The bank's focus is on serving the areas immediately surrounding the bank, with emphasis on small business customers. The bank does not generally offer long-term residential mortgage loans, but does offer short-term construction loans and business-purpose loans secured by residences.

There are no legal impediments to the bank's ability to meet the credit needs of its community. The size of the institution, the legal lending limit, and limited personnel are the only constraints on bank's ability to serve the community.

The bank faces strong competition. There are 34 financial institutions in the Colorado Springs area. These include independent banks, branches of large regional banks, credit unions, and savings and loan associations.

The bank's last CRA Performance Evaluation was October 14, 1994, when it received a "Satisfactory" CRA performance rating.

DESCRIPTION OF THE ASSESSMENT AREA:

The bank has selected the census tracts immediately surrounding the bank as the assessment area. In all, the assessment area includes 44 census tracts in the Eastern part of the Colorado Springs Metropolitan Statistical Area. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income geographies.

The assessment area includes census tracts of all income levels, but is predominantly composed of moderate- and middle-income census tracts. Of the 44 census tracts in the assessment area, 17 are classified as moderate-income, and 20 are middle-income. There are six high-income census tracts and one low-income census tract.

The following table is a summary of family incomes within the assessment area:

FAMILY INCOME LEVELS WITHIN ASSESSMENT AREA		
Income Classification	# of Families	% of Families
Low Income (< \$23M)	10,146	21%
Moderate Income (\$23M-\$36M)	10,948	22%
Middle Income (\$36M-\$54M)	12,066	24%
Upper Income (> \$54M)	16,104	33%
Total	49,264	100%

Businesses located in the assessment area are small in terms of annual revenues. Of businesses located in the assessment area, 81% have annual revenues of less than \$500,000.

The local economy continues to be strong and economic indicators remain positive. Growth rates are steady but have slowed from the rapid pace of the past few years. Employment is dominated by three military bases and the United States Air Force Academy.

We reviewed three community contacts performed by the OCC and Federal Reserve in 1996 and 1997. The contacts indicated that the credit needs of the community are being met by the local financial institutions.

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. The average loan-to-deposit ratio for the eight quarters ending March 31, 1997, was 48%. The bank's main competitors in the assessment area have ratios between 37% and 51%, with an average of 43%. Intense competition from non-bank institutions is the primary reason for the generally low loan-to deposit ratios in the Colorado Springs area.

Lending in the Assessment Area

The bank originates a majority of loans within its assessment area. Approximately 58% of commercial loans and 56% of consumer loans made in the 12-month period ending June 30, 1997, were within the assessment area. The remainder were made primarily within the Colorado Springs Metropolitan Statistical Area, but outside the boundaries of the bank's assessment area.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

The bank's distribution of loans reflects a good penetration among businesses of different sizes and individuals of different income levels.

Loan originations show an emphasis on lending to businesses with revenues less than \$500,000 as shown by the following table. We reviewed all 18 new business loans made within the assessment area over a 12-month period ending June 30, 1997.

DISTRIBUTION OF BUSINESS LOANS BY BUSINESS SIZE			
Gross Annual Revenues	% of Loans (Based on Number)	% of Loans (Based on Dollar Volume)	% of Businesses in Assessment Area
\$0 - \$500,000	89%	88%	82%
\$500,000 - \$1,000,000	0%	0%	9%
> \$1,000,000	11%	12%	9%
Total	100%	100%	100%

The bank's distribution of consumer loans shows a good penetration among individuals of all income levels as indicated by the following chart. Further, it compares favorably to the percentage of low-, moderate-, middle- and upper-income families in the bank's assessment area. The data is based on our review of all nine consumer loans the bank made within the assessment area during the 12 months ending June 30, 1997.

DISTRIBUTION OF CONSUMER LOANS BASED ON BORROWER'S INCOME			
Income Designation of the Borrower ⁽¹⁾	% of Families in Assessment Area	% of Loans (Based on Number)	% of Loans (Based on Dollar Volume)
Low	21%	23%	15%
Moderate	22%	33%	37%
Middle	24%	11%	39%
Upper	33%	33%	9%
Total	100%	100%	100%

⁽¹⁾ Based on updated HUD median-family income for the MSA in which the borrower is located. Income designations are defined as low: below 50%; moderate: from 50% up to 80%; middle: from 80% up to 120%; and upper: 120% and greater of the MSA median-family income.

Geographic Distribution of Loans

The bank's lending pattern shows a reasonable dispersion throughout the assessment area. We noted no conspicuous gaps in lending to low- and moderate-income neighborhoods that could not be adequately explained by the characteristics of the bank's assessment area.

We reviewed 27 commercial and consumer loans made in the 12 months ending June 30, 1997. The dispersion of loans throughout various census tracts is summarized in the following chart:

GEOGRAPHIC DISTRIBUTION OF COMMERCIAL AND CONSUMER LOANS				
Income Designation of Tract ⁽¹⁾	# of Tracts in Assessment Area	% of Tracts in Assessment Area	# of Loans in Tracts	% of Loans in Tracts
Low	1	2%	0	0%
Moderate	17	39%	6	22%
Middle	20	45%	17	63%
High	6	14%	4	15%
Total	44	100%	27	100%

⁽¹⁾ Based on updated HUD median-family income for the MSA in which the borrower is located. Income designations are defined as low: below 50%; moderate: from 50% up to 80%; middle: from 80% up to 120%; and upper: 120% and greater of the MSA median-family income.

While the dispersion does not precisely mirror demographics, this is largely due to the small number of loans made by the bank and the characteristics of certain census tracts. For example, several moderate-income census tracts contain Fort Carson, a large Army installation. While these tracts contain consumers, there is little commercial loan demand in some of these tracts.

Response to Complaints

The bank has not received any complaints.

Record of Compliance with Antidiscrimination Laws

We did not find any violations, evidence of discrimination, or practices intended to discourage applicants from applying for credit.