



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

October 17, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Air Academy National Bank
Charter Number 15592**

**P.O. Box 10
U.S. Air Force Academy, Colorado 80840**

**Comptroller of the Currency
6700 Antioch, Suite 450
Merriam, Kansas 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.

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 **Air Academy National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of October 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.”**

Air Academy National Bank's lending performance reflects satisfactory responsiveness to the consumer credit needs within its assessment area. The distribution of loans within the assessment area reflects a good penetration among individuals of different income levels. Based on the bank's unique location and customer base, loans generated within the assessment area and the loan-to-deposit ratio are reasonable.

DESCRIPTION OF INSTITUTION:

Air Academy National Bank is a \$63 million community bank located north of Colorado Springs, Colorado on the grounds of the United States Air Force Academy (USAFA). Air Academy National Bank has one branch and operates four automated teller machines throughout the academy complex. The bank is owned 100% by Dickinson Financial Corporation, a multi-bank holding company headquartered in Kansas City, Missouri.

The bank was selected by the Department of Defense to operate on the academy grounds to serve the financial needs of the cadets and military personnel. The bank's customer base consists primarily of academy cadets and active and retired military personnel throughout the United States. As of June 30, 1997, loans to individuals represent 66% of total loans. Thirty-six percent of the loans to individuals are in outstanding credit card balances. The remainder of the portfolio is comprised of 1-4 family residential real estate loans (25%) and commercial loans (3%).

We performed the last CRA examination as of November 3, 1994. The bank received a Satisfactory rating.

DESCRIPTION OF ASSESSMENT AREA:

The bank's assessment area is the USAFA located in the Colorado Springs Metropolitan Statistical Area (MSA). The area consists of one middle-income census tract with median-family income of \$33,000. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income areas.

The 1990 Census data indicates there are 9,000 people residing in the assessment area. Cadets and prep school students represent 52% of the total population. The remaining population is active military personnel. In addition, 2,726 civilians are employed on the base. Academy housing consists of 1,273 residential rental units for military personnel and 9 dormitories for students. There are no owner-occupied housing units located at the academy.

The only other financial institution located on the academy is a credit union branch.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-Deposit Ratio

Air Academy National Bank's loan-to-deposit ratio is reasonable. During the past eight quarters the bank's loan-to-deposit ratio has increased from 36% on September 30, 1995, to 40% on June 30, 1997, and during this time averaged 37%. There are no similarly situated banks located on military academies. However, a bank which operates 15 branches on military bases throughout the United States has a consolidated loan-to-deposit ratio as of June 30, 1997, of 28%.

Lending in Assessment Area

Based on the bank's performance context, the percentage of loans originated within its assessment area is reasonable. We reviewed 150 loans made from January 1997 through June 1997 and 27 (16%) of the loan originations are in the assessment area. This is attributed to the uniqueness of the customer base and the bank location. Military regulations restrict the amount of debt which cadets may incur. The bank offers a credit card and loan program specifically designed to comply with these regulations. Consumer loans are available to all active and retired military personnel throughout the United States. Commercial loan demand is negligible. With the bank facilities only located on the academy grounds, they are not readily accessible by the general civilian population.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

Air Academy National Bank's lending patterns show a reasonable distribution of loans to individuals of different income levels. Loan originations within the assessment area are distributed among the four income levels and compare favorably to the assessment area demographics. We sampled 27 consumer loans made from January 1997 through June 1997 comparing the borrower's income to the MSA's median-family income of \$33,000. The results of our sample are summarized in the following table:

Income Designation of the Borrower	% of Families in the Assessment Area	# of Loans Based on Sample	% of Loans Based on Sample
Low	14%	14	51%
Moderate	25%	5	19%
Middle	32%	5	19%
Upper	28%	3	11%
Total	100%	27	100%

Commercial loan demand within the assessment area is negligible. There are only nine privately owned businesses with military authorization operating on the academy grounds. Of the four commercial loans made from January 1997 through June 1997, only one was to an individual residing in the assessment area. However, all of the business locations are outside the assessment area. Two of the loans were to businesses with gross annual revenues exceeding \$1 million.

Geographic Distribution of Loans

We did not perform an analysis of the geographic distribution of loans. The assessment area does not have sufficient geographies for a meaningful analysis. The assessment area is one middle-income census tract.

Response to Complaints

There have been no complaints regarding the bank's CRA activities since the last CRA Performance Evaluation dated November 3, 1994.

Record of Compliance with Antidiscrimination Laws

Our Fair Lending examination did not find any evidence of discrimination or practices intended to discourage applicants from applying for credit.