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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

November 21, 1996

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Alamosa National Bank  
Charter Number 8541**

**601 Main Street  
Alamosa, Colorado 81101**

**Comptroller of the Currency  
50 Fremont Street, Suite 3900  
San Francisco, California 94105-2292**

**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 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 **Alamosa National Bank** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of November 21, 1996. 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.**”

The bank is adequately serving the credit needs of its community through small business, mortgage and other consumer lending. The bank makes a majority of its loans inside its assessment area. Lending patterns to individuals of different income levels and businesses and farms of different sizes are consistent with the characteristics of the assessment area.

The following table indicates the performance level of *Alamosa National Bank* with respect to each of the five performance criteria.

| <b>SMALL<br/>INSTITUTION<br/>ASSESSMENT<br/>CRITERIA</b>                       | <b>Alamosa National Bank<br/>Performance Levels</b>           |                                                                 |                                                                         |
|--------------------------------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------|-------------------------------------------------------------------------|
|                                                                                | <b>Exceeds Standards<br/>for Satisfactory<br/>Performance</b> | <b>Meets Standards<br/>for<br/>Satisfactory<br/>Performance</b> | <b>Does not Meet<br/>Standards for<br/>Satisfactory<br/>Performance</b> |
| Loan-to-Deposit Ratio                                                          |                                                               | X                                                               |                                                                         |
| Lending in Assessment Area                                                     |                                                               | X                                                               |                                                                         |
| Lending to Borrowers of Different Incomes and to Businesses of Different Sizes |                                                               | X                                                               |                                                                         |
| Geographic Distribution of Loans                                               |                                                               | X                                                               |                                                                         |
| Response to Complaints                                                         | No complaints received since last examination.                |                                                                 |                                                                         |

**DESCRIPTION OF INSTITUTION:**

Alamosa National Bank is a \$52 million community bank located in Alamosa, Colorado, a small agricultural community of about 9 thousand people. Alamosa is located about 250 miles south of Denver in the San Luis Valley. The Valley is bordered by the San Juan Mountains on the west and the Sangre de Cristo Mountains on the east. The bank services most of the San Luis Valley. The bank has one office and a detached drive-up facility. The bank does not operate any remote Automated Teller Machines (ATMs). The bank is a subsidiary of a one-bank holding company, Alamosa Bancorporation, Ltd.

The bank offers a full range of credit products including business, consumer, and home mortgage loans. As of October 31, 1996, the bank's loan and lease portfolio was comprised of 29% real estate (12% residential mortgages), 27% consumer loans, 23% agricultural loans, and 20% business loans. There are no financial or legal impediments to the bank's ability to meet the credit needs of its assessment area.

**DESCRIPTION OF ASSESSMENT AREA:**

Alamosa National Bank has designated most of the San Luis Valley as its assessment area. Specifically, the assessment area includes the counties of Alamosa, Conejos, Costilla, Rio Grande, and Saguache. These counties are not in a Metropolitan Statistical Area (MSA). Seventeen block numbering areas (BNAs) are included in this assessment area. Two of the BNAs are designated low-income, ten are designated moderate-income, four are designated middle-income, and one has no designation. This assessment area meets the requirements of the CRA and does not exclude low- and moderate-income areas.

Following is a chart depicting the make-up, by income, of the assessment area:

| <b>Family Income for the Assessment Area - Median Income is \$36,300</b> |                           |                   |
|--------------------------------------------------------------------------|---------------------------|-------------------|
| <b>Income Category</b>                                                   | <b>Number of Families</b> | <b>Percentage</b> |
| <b>Low-income</b> (Less than \$18,150)                                   | 3,518                     | 33.47             |
| <b>Moderate-income</b> (At least \$18,150 but less than \$29,040)        | 2,336                     | 22.23             |
| <b>Middle-income</b> (At least \$29,040 but less than \$43,560)          | 1,966                     | 18.71             |
| <b>Upper-income</b> (At least \$43,560)                                  | 2,690                     | 25.59             |
| <b>Total</b>                                                             | 10,510                    | 100.00            |

The population of the five counties in the assessment area totals 39,649 based on the 1990 U.S. Census. According to the Census data, over one-half of the population is considered low- to moderate-income. The median income (updated in 1996 by the Department of Housing and Urban Development) for the assessment area is \$36,300. According to the 1990 Census data, the median housing value for the area is \$39,559 with Alamosa County having the highest median value at \$45,925 and Conejos County having the lowest median value at \$31,700. Updated information for 1994 shows housing costs range from \$35,700 to \$95,000 in the San Luis Valley.

The economy in the assessment area is heavily dependent upon agriculture and related businesses, but is also driven by government spending and tourism. Potato and alfalfa farming, along with cattle production, are the main agricultural businesses. Alamosa is also home to Adams State College with a student population of approximately 2,500. As of 1992, there were 981 farms and businesses operating in the assessment area. Sixty-one percent of these farms and businesses employ 4 people or less.

Competition among financial institutions is strong in the Valley and within the town of Alamosa. In the assessment area, there are five banks, three savings and loans, and eight credit unions. Most of the banks have branches. The financial institution most similar in characteristics to this bank is a bank located in Monte Vista which is about 15 miles west of Alamosa.

We reviewed one community contact in Alamosa performed by the Office of the Comptroller of the Currency in October 1995. This contact revealed the need for small business loans. We also conducted one community contact in Alamosa in November 1996. This contact indicated a continued need for small business loans, but stated low-income housing needs are being met.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

### ***Loan-to-Deposit Ratio***

Alamosa National Bank's loan-to-deposit ratio is reasonable given the competitive operating environment. The bank's loan-to-deposit ratio, averaged for the eight quarters ending June 30, 1996, is 67%. This ratio is slightly above the average for the state of Colorado (for banks with assets less than \$250,000) and is within the high (97%) and low (46%) range of other financial institutions in the assessment area. The one bank most similarly situated to this bank has an average loan-to-deposit ratio for the same time period of 46%.

***Lending in Assessment Area***

Alamosa National Bank originates a majority of its loans and leases within its assessment area. This conclusion is based on our limited sample of 8% of all types of loans and leases made in 1996. This review showed 88% of the number of loans made are within the bank’s assessment area. This lending pattern was fairly consistent for all types of loans.

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

Alamosa National Bank’s distribution of loans reflects a good penetration among individuals, businesses, and farms of different income levels and sizes. Based on our sample of loans made in 1996, 90% of commercial and agricultural loans are made to businesses and farms with revenues less than \$1 million. This lending pattern is consistent with the type and size of businesses operating within the San Luis Valley.

The following table summarizes our findings:

| <b>Distribution of Loans to Farms and Businesses Based on Annual Revenues</b> |                                |                                   |
|-------------------------------------------------------------------------------|--------------------------------|-----------------------------------|
|                                                                               | <b>Number of Loans Sampled</b> | <b>Percentage of Total Sample</b> |
| Annual Revenues ≤ \$1 million                                                 | 27                             | 90.00                             |
| Annual Revenues < \$1 million                                                 | 3                              | 10.00                             |
| Total                                                                         | 30                             | 100.00                            |

The bank extends a large percentage of consumer loans to low- and moderate-income borrowers. This pattern of lending shows a concerted effort to meet the needs of lower income families. Approximately 57% of mortgage loans are made to low- and moderate-income borrowers. This lending pattern is consistent with the characteristics of the assessment area.

The following table summarizes our findings based on our loan sample of lending to individuals of different income levels:

| <b>DISTRIBUTION OF CONSUMER AND MORTGAGE LOANS BY INCOME LEVEL</b> |                                               |                             |                             |                             |                             |
|--------------------------------------------------------------------|-----------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>Income Designation of Borrower</b>                              | <b>Percent of Families in Assessment Area</b> | <b>Mortgage Loan Sample</b> |                             | <b>Consumer Loan Sample</b> |                             |
|                                                                    |                                               | <b>Number of Borrowers</b>  | <b>Percent of Borrowers</b> | <b>Number of Borrowers</b>  | <b>Percent of Borrowers</b> |
| <b>Low</b>                                                         | 33.47                                         | 8                           | 28.57                       | 15                          | 60.00                       |
| <b>Moderate</b>                                                    | 22.22                                         | 8                           | 28.57                       | 5                           | 20.00                       |
| <b>Middle</b>                                                      | 18.71                                         | 5                           | 17.86                       | 3                           | 12.00                       |
| <b>Upper</b>                                                       | 25.59                                         | 7                           | 25.00                       | 2                           | 8.00                        |
| <b>Total</b>                                                       | 100.00                                        | 28                          | 100.00                      | 25                          | 100.00                      |

#### *Geographic Distribution of Loans*

The bank's lending throughout its assessment area and across BNAs is good. Our sample showed loans made in BNAs designated low-, moderate-, and middle-income. The distribution of loans in BNAs is consistent with the characteristics of the assessment area. Refer to the following table for specifics:

| <b>GEOGRAPHIC DISTRIBUTION OF 1996 LOAN ORIGINATIONS</b>   |                       |                        |                                |                                 |
|------------------------------------------------------------|-----------------------|------------------------|--------------------------------|---------------------------------|
| <b>Income Characteristic of Block Numbering Area (BNA)</b> | <b>Number of BNAs</b> | <b>Percent of BNAs</b> | <b>Number of Loans Sampled</b> | <b>Percent of Total Sampled</b> |
| <b>Low-income</b>                                          | 2                     | 11.77                  | 9                              | 12.33                           |
| <b>Moderate-income</b>                                     | 10                    | 58.82                  | 48                             | 65.75                           |
| <b>Middle-income</b>                                       | 4                     | 23.53                  | 16                             | 21.92                           |
| <b>Upper-income</b>                                        | 0                     | 0.00                   | 0                              | 0.00                            |
| <b>N/A</b>                                                 | 1                     | 5.88                   | 0                              | 0.00                            |
| <b>Outside of Assessment Area</b>                          | -----                 | -----                  | 10                             | -----                           |

| <b>GEOGRAPHIC DISTRIBUTION OF 1996 LOAN ORIGINATIONS</b>   |                       |                        |                                |                                 |
|------------------------------------------------------------|-----------------------|------------------------|--------------------------------|---------------------------------|
| <b>Income Characteristic of Block Numbering Area (BNA)</b> | <b>Number of BNAs</b> | <b>Percent of BNAs</b> | <b>Number of Loans Sampled</b> | <b>Percent of Total Sampled</b> |
| <b>Total</b>                                               | 17                    | 100.00                 | 83                             | 100.00                          |



***Response to Complaints***

No complaints have been received regarding the bank's CRA performance since the last CRA Performance Evaluation dated January 29, 1993.

***Record of Compliance with Antidiscrimination Laws***

At our last Fair Lending examination, we did not find any evidence of discrimination or practices intended to discourage applicants from applying for credit.