



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

July 31, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Colorado Business Bank, N.A.
Charter Number 16723**

**821 Seventeenth Street
Denver, Colorado 80202**

**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 31, 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 substantial majority of loans within its assessment area. 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 area. And its loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.

DESCRIPTION OF INSTITUTION:

Colorado Business Bank, N.A. (CBB) is a community bank located within the central business district of Denver, Colorado. Small- to medium-size businesses, professionals, and real estate construction customers are the focus of CBB's services. CBB operates one drive-up facility but has no branch offices or automated teller machines. The bank also offers commercial cash management, investment and courier services. As of June 30, 1997, CBB reported total assets of \$161 million. Colorado Business Bankshares, Inc. (CBBI), a two-bank holding company with total consolidated assets of \$249 million, is controlling owner of CBB. CBBI also owns Colorado Business Bank, N.A., Littleton, Colorado, a \$67 million bank.

Colorado Business Leasing, Inc. (CBLI) is an operating subsidiary of CBB. CBLI provides equipment leases to businesses. To the extent that this activity helps meet the credit needs of the bank's assessment area, it is part of CBB's CRA performance.

Since the last CRA examination on January 21, 1994, the bank changed its name from *The Women's Bank*. CBB changed the name in March 1997 to more accurately reflect the bank's customer base and commercial loan focus. The table below reflects the composition of the bank's loan portfolio by loan type. The table shows that 88% of the portfolio is related to commercial customers.

LOAN PORTFOLIO COMPOSITION		
July 18, 1997		
Loan Type	\$ Amount (In millions)	Percentage of Total Loans
Commercial	\$32.5	36%
Real Estate - Commercial	22.3	25%
Real Estate - Commercial Construction	15.9	17%
Leases	9.1	10%
Real Estate - Owner Occupant Construction	7.6	8%
Installment & Other Consumer	3.6	4%
Total Loans	\$91.0	100%

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

DESCRIPTION OF ASSESSMENT AREA:

Colorado Business Bank (CBB) defines its assessment area by the six counties comprising the Denver Metropolitan Statistical Area (MSA) and the Boulder - Longmont MSA. Counties included in this area are Adams, Arapahoe, Boulder, Denver, Douglas, and Jefferson.

CENSUS TRACT CHARACTERISTICS						
Census Tract Type	Denver MSA		Boulder-Longmont MSA		Combined MSA	
	#	% of Total	#	% of Total	#	% of Total
Low Income	34	7%	2	3%	36	6%
Moderate Income	109	22%	9	16%	118	21%
Middle Income	162	33%	28	48%	190	34%
Upper Income	107	21%	18	31%	125	23%
N/A	86	17%	1	2%	87	16%
Total Tracts	498	100%	58	100%	556	100%

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

PERCENTAGE OF FAMILIES WITHIN ALL TRACTS BY INCOME LEVEL				
Income Level	Denver MSA		Boulder-Longmont MSA	
	#	% of Total	#	% of Total
Low Income	79,690	19%	9,935	18%
Moderate Income	79,342	19%	9,936	18%
Middle Income	104,144	24%	14,033	26%
Upper Income	160,888	38%	21,026	38%
Total	424,064	100%	54,930	100%

DESCRIPTION OF MSAs WITHIN THE ASSESSMENT AREA:

Denver MSA

This is the largest MSA and population center in Colorado with 49% of the state's total population. Geographically, the assessment area comprises Denver County and the primarily suburban Adams, Arapahoe, Douglas, and Jefferson Counties. This area is the hub of Colorado's Front Range corridor.

Denver is one of the nation's fastest growing metropolitan areas. Because of the strong growth, cultural attractions, high-tech industries, and outdoor activities, the metro-Denver area is rated among the best in the country in which to live and work. The unemployment rate is low at 3.0%. U.S. West, Inc., TeleCommunications, Inc., and King Soopers, Inc. are the largest employers. The largest public sector employers are the federal government, state government, and the University of Colorado.

The fast growth rate is increasingly affecting quality of life issues. Rapid development has resulted in under funded schools, shortages of labor and community space, and outdated infrastructure. Denver suburbs are facing water limitations and the funds needed to repair and build roads. Traffic, housing costs, and office costs are out pacing the population growth. The economic boom has also affected the housing market, both affordable rental and owner-occupied units are needed.

Boulder-Longmont MSA

Boulder, Colorado, located at the base of the Rocky Mountains and about 30 miles northwest of Denver, is the largest city in Boulder County. Located within the city is the University of Colorado at Boulder, the state's largest university, with a student population of over 25,000. Seventy-nine percent of the census tracts in this MSA 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, computer 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 region in the state. And the per capita income is the highest at \$28,244.

Similar to Denver, the rapid growth is affecting quality of life issues. Housing availability is strained, land prices are expensive, and development grade land is in short supply. No-growth sentiment within the community is strong. Identified community needs include affordable housing availability and creative financing for individuals and multi-family projects.

Community Credit Needs

Our review included identification of community credit needs throughout the bank's assessment area. This included contacts with public and community group representatives. In addition to these personal contacts, we reviewed information obtained through contacts made by other financial institution regulators within the bank's market during the past year. We analyzed this information in

conjunction with demographic and economic data and identified 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 area is outstanding. CBB makes a substantial majority of its loans and other lending related activities within the assessment area. We based our analysis on the bank's April 1, 1997, Geographic Loan Distribution Report and our verification of the report's accuracy. The report found that 95% of the number of customers engaged in lending and leasing with CBB reside in the assessment area. Additionally, the report concluded that 93% of the bank's outstanding dollar volume of loans and leases is within the assessment area.

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

The bank shows reasonable loan activity with small businesses. This is reflected in the charts below which was developed from a random sample of 31 commercial loans representing approximately 17% of the total commercial loans originated from January 1997 through June 1997. The following chart shows 55% of the loans by number and 53% by dollar volume were made to small business borrowers. These results show that loans to small businesses comprise the majority of the bank's commercial loan transactions. However the percentage of loans originated to businesses with revenues less than \$1 million is less than the corresponding percentage of small businesses in the assessment area. According to current Dunn & Bradstreet business demographic data, 73% of the businesses in the assessment area have revenues less than \$1 million. We do note that the bank serves small homebuilding businesses that have revenues exceeding \$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)	17	55%	\$3,292	53%
Loans to Businesses (Revenues > \$1,000,000)	14	45%	2,960	47%
Total	31	100%	\$6,252	100%

Also, 39% of the number of business loans were in amounts less than \$100,000. This illustrates reasonable loan activity to small businesses. Further, the following table reflects the volume of home construction loans that by normal size fall within the \$100,000 to \$250,000 tier.

DISTRIBUTION OF BUSINESS LOANS BY SIZE		
Original Balance of Business Loans (\$000's)	# of Business Loans	% of Business Loans
Loans > = \$1,000	0	0%
Loans > = \$500 < \$1,000	3	10%
Loans > = \$250 < \$500	6	19%
Loans > = \$100 < \$250	10	32%
Loans < \$100	12	39%
Total	31	100%

The following table shows reasonable loan penetration among individuals of different income levels. Income level is defined by the borrower’s income as a percent of the 1990 Census median-family income for the borrower’s respective MSA. We sampled 26 Home Mortgage Disclosure Act (HMDA) reportable loans originated from January 1996 through June 1997.

HMDA REPORTABLE LOANS ORIGINATED IN ASSESSMENT AREA BY BORROWER INCOME					
Income Designation of Borrower	% of Families in Assessment Area	SFR Loan (#)	% of Loans (#)	SFR Loans (\$000's)	% of Loans (\$)
Low < 50% of Median	19%	1	4%	\$ 49	3%
Moderate 50-79% of Median	19%	1	4%	3	0%
Middle 80-119% of Median	24%	5	19%	472	27%
Upper > 120% of Median	38%	19	73%	1,229	70%
Total	100%	26	100%	\$1,753	100%

The results of our sample show that eight percent of the HMDA reportable loans by number and three percent by dollar volume were made to low- and moderate-income borrowers. This is less than the proportion of low- and moderate-income families in the assessment area. The low level of loan activity to low- and moderate-income borrowers is attributed by management to the bank’s strong business focus. Also, the bank makes loans to moderate- and upper-income individuals who purchase and refurbish residential properties for the benefit of low- and moderate-income families. Further, CBB’s office in Denver’s central business district is well located for serving commercial banking customers in the metro area. But the single drive-up location and absences of ATMs and branch offices makes access to consumer services inconvenient for customers of all income levels. Finally, CBB’s consumer loan activity is primarily with the people who are principals of the businesses served by the bank.

CBB strives to make affordable housing loans. The bank’s Construction Loan Department provides financing for local redevelopment efforts and multi-family residential development programs. The financing indirectly benefits low- and moderate-income individuals, and first time home buyers. Loans range from less than \$100,000 to \$5 million.

Geographic Distribution of Loans

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

Commercial loans show good geographic distribution throughout the assessment area. Our sample of 31 commercial loans found that the bank made 32% of the number of loans and 28% of the dollar amount of these loans in low- and moderate-income areas.

<p align="center">GEOGRAPHIC DISTRIBUTION OF COMMERCIAL LOANS BY CENSUS TRACT TYPE January 1997 through June 1997</p>					
Income Designation of Census Tract	% of Assessment Area	Loans in Tracts (#)	% of Loans (#)	Loans in Tracts (\$000's)	% of Loans (\$)
Low	6%	5	16%	\$1,256	20%
Moderate	21%	5	16%	488	8%
Middle	34%	8	26%	1,172	19%
Upper	23%	13	42%	3,336	53%
No Income Reported	16%	0	0%	0	0%
Total	100%	31	100%	\$6,252	100%

The lending pattern of HMDA reportable loans shows reasonable dispersion throughout the assessment area, including low- and moderate-income areas. See the following table. Management states these results are influenced by the bank's focus on lending to businesses. Further, consumer lending is generally in response to the personal credit needs of the people associated with the businesses served by the bank. Many of these people reside in middle- and upper-income census tracts.

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	6%	2	7%	\$ 249	13%
Moderate	21%	2	7%	207	11%
Middle	34%	16	57%	1,122	57%
Upper	23%	8	29%	370	19%
No Income Reported	16%	0	0%	0	0%
Total	100%	28	100%	\$1,948	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 62%. 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 ratio for each similarly situated bank was 65%, 61%, 59%, 59%, and 41%. In addition, the loan-to-deposit ratio for community banks in Colorado averaged 65% over the same period.

CBB normally sells commercial loan participations. Considering that the bank has sold participations in 45 loans amounting to \$6.6 million, the loan-to-deposit ratio would increase approximately 6% if the bank had retained the loans.

CBB has a mortgage loan department that initiates residential and commercial real estate loan applications. As various investors provide funding for the loans at closing, these loans are not shown on the bank's balance sheet. If during the past 18 months the bank had funded the loans, the loan-to-deposit ratio would have been bolstered by \$13 million.

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.

Community Investments

CBB purchased stock in Denver Capital Corporation (DCC), a multi-bank community development corporation formed to promote the welfare of neighborhoods. DCC makes loans to existing small businesses in Denver and Jefferson County that can not qualify for conventional bank financing. As of January 1997, DCC had 38 active loans with an average size of \$20,386.