PUBLIC DISCLOSURE

November 29, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

HERITAGE BANK
RSSD# 283054

390 INTERLOCKEN CRESCENT, SUITE 600
BROOMFIELD, COLORADO, 80021

Federal Reserve Bank of Kansas City
925 Grand Boulevard
Kansas City, Missouri 64198

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 (LMI) 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.**

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INSTITUTION RATING

INSTITUTION'S COMMUNITY REINVESTMENT ACT (CRA) RATING: Heritage Bank is rated **"Satisfactory"**

The following table indicates the performance level of **Heritage Bank** with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	HERITAGE BANK PERFORMANCE TESTS		
	Lending Test*	**Investment Test**	**Service Test**
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests in determining the overall rating.

Major factors supporting the institution's rating include:

Lending:

- Loan volume showed the bank is responsive to assessment area credit needs, with a high proportion of loans being made inside the bank's designated assessment areas;
- The geographic distribution of real estate and small business loans reflected good penetration among the various income geographies that comprise the assessment areas, including low- and moderate-income (LMI) geographies;
- The distribution of the real estate and small business loans reflected good penetration among individuals of different income levels and among businesses and farms of different revenue sizes;

- The bank exhibited an adequate record of serving the credit needs of LMI individuals and geographies as well as small businesses; and,
- The bank made an adequate level of community development loans.

Investments:

- The bank made an adequate level of qualified community development investments and grants, particularly those not routinely provided by private investors, although rarely in a leadership position;
- The bank exhibited adequate responsiveness to credit and community development needs; and,
- The bank rarely made innovative or complex investments to support community development initiatives.

Services:

- Delivery systems were accessible to essentially all portions of the bank's assessment area;
- The bank's record of opening and closing branches did not adversely affect the accessibility of its delivery systems, particularly in low- or moderate-income geographies;
- Services did not vary in a way that inconvenienced certain portions of the assessment area, particularly LMI geographies; and
- The bank provided an adequate level of community development services.

INSTITUTION

DESCRIPTION OF INSTITUTION

Heritage Bank, with $411,023M in total assets as of September 30, 2004, is a wholly owned subsidiary of Front Range Capital Corporation, a one-bank holding company. The institution was started in Lafayette, CO, as a state-chartered industrial bank in the late 1980s. Front Range acquired a controlling interest in 1990 with a primary focus on meeting the credit and deposit needs of consumers and local small- to medium-sized businesses. In 1991, the bank name was changed to Lafayette State Bank and again in 1998 to Heritage Bank to reflect the bank's geographic expansion. The bank's corporate office was recently relocated from Louisville, Colorado, to Broomfield, Colorado, a move of about five miles.

Banking locations included the main office and one full-service branch in Louisville, and full-service branches in Boulder (2), Broomfield (1), Denver (2), Erie (1), Lafayette (2), Longmont (1), and Niwot (1). A thirteenth location is scheduled to open in Firestone, Colorado, in December 2004. The bank's mortgage division was consolidated into a (nondeposit-taking) mortgage lending office located at 15th and Platte streets in Denver. Investment services (in association with the Financial Network Investment Corporation) were provided at one of the Lafayette branch locations. The main office and eight branch locations have full-service automated teller machines (ATMs), while two branches offered cash-dispensing ATMs and night depository services. The bank operates cash-dispensing ATMs at the Renaissance Hotel in Broomfield and the Tattered Cover bookstore in lower downtown Denver. All but two locations offered drive-up teller service, and all locations offered half-day service on Saturdays.

As shown in Exhibit 1, primary banking focus is on lending to small businesses. Major loan products included commercial real estate loans, construction and land development loans, commercial and industrial loans, and 1- to 4-family revolving open-ended credit. The mortgage division acted mainly as an agent for Washington Mutual to originate mortgage loans, although it did occasionally originate conventional mortgage loans for the bank.

Exhibit 1 Portfolio Distribution By Loan Type as of December 31, 2003		
Type of Loan	**Amount $(000s)**	**Percent of Total Loans**
Commercial Purpose Loans (54.0 percent):		
Commercial Loans	31,278	10.5
Secured by nonfarm, nonresidential properties	128,597	43.5
Other Loans Secured by Real Estate: (42.2 percent)		
Construction and Land Development	59,862	20.3
Loans secured by 1- to 4-family residential properties	27,722	9.4
Revolving, Open-end Loans	24,323	8.2
Multifamily	12,705	4.3
Agriculture (0.9 percent)		
Loans to Finance Agriculture Production	651	0.2
Secured by Farmland	1,903	0.7
Consumer Loans	6,560	2.2
Other Loans	2,014	.07
TOTAL	295,615	100.0

Evaluation of CRA performance was considered in the context of financial capacity, legal impediments, competitive and economic conditions, and demographic changes that may have affected the bank's ability to extend credit or invest in community development projects. Although a number of financial institutions competed for loans within the assessment areas served by the bank, no legal impediments or financial constraints were identified that restricted the bank's ability to lend. Heritage Bank's CRA performance was last evaluated on January 16, 2003. The bank was rated "Satisfactory" using the small-bank examination procedures. Beginning on January 1, 2003, Heritage Bank became a large bank for CRA purposes following two consecutive year-ends when its total assets exceeded $250 million. Consequently, large bank examination procedures were used at this examination to evaluate the bank's 2003 CRA performance.

The bank has designated three assessment areas as its primary service areas under the CRA. The assessment areas were Boulder County, which is comprised of the entire Boulder-Longmont Metropolitan Statistical Area (MSA); southwestern Weld County, which contained a small portion of the tracts, population, and housing units of the Greeley MSA; and the northwestern Denver MSA, which contained parts of Denver, Adams, and Jefferson counties and includes downtown Denver.

The bank's most significant presence was in Boulder County where eight of its twelve branches are located. As of June 30, 2004, these eight branches accounted for 62 percent of the bank's total deposits. The three branch offices in the Denver MSA (including Broomfield) accounted for 33 percent of deposits, while the Erie branch in Weld County made up the remaining 5 percent.

As required by the CRA and its implementing Regulation BB, all deposit-taking branches were located within the designated assessment areas. The assessment areas consisted of entire geographies (whole counties or whole census tracts) and did not appear to arbitrarily exclude any low- or moderate-income areas.

SCOPE OF EXAMINATION

Evaluation of Heritage Bank's CRA performance was conducted as of November 29, 2004, using the Lending, Investment, and Service Tests required for large banks under Interagency Examination Procedures developed by the Federal Financial Institutions Examination Council (FFIEC). Performance under the Investment and Service tests was evaluated for the period between January 16, 2003 and November 29, 2004.

Performance under the lending test evaluated loans originated between January 1, 2003 and December 31, 2003. The evaluation included all commercial and residential real estate loans reported by the bank pursuant to the data collection requirements of the CRA and Home Mortgage Disclosure Act (HMDA). Also considered in the evaluation were community development loans originated by the bank between January 16, 2003 and November 29, 2004. Farm loans, although reported for CRA purposes, were not included in the analysis since they accounted for only a small percentage of the bank's loan portfolio. The analysis also excluded loans from the mortgage division since these loans were originated and closed in the name of a purchasing investor rather than the bank. For analytical purposes, the volume of lending activity was compared to lending activity reported by other commercial banks operating locally that originated home mortgage and small business loans.

The rating of overall CRA performance reflected mainly banking performance in the Boulder and Denver MSAs. These assessment areas contained 11 of the bank's 12 offices, accounting for 95 percent of deposits and 96 percent of loans. A limited review of the lending, investment, and service activities of the Erie branch was conducted, but these activities carried less weight in determining the overall rating.

Members of the community were interviewed to ascertain the credit needs of the communities served by the bank, the availability of community development opportunities, and local economic conditions.

DEMOGRAPHIC CHANGES

Because of demographic changes that affected the comparability of census data, HMDA and small business loans originated in 2004 were not considered in evaluating CRA performance. In November 2001 the City of Broomfield became the City and County of Broomfield. Because the change occurred after the 2000 census was taken, the census bureau will not be able to provide demographic information about Broomfield County until the next decennial census in 2010. Furthermore, the Office of Management and Budget (OMB) changed MSA designations nationwide and made the changes effective on January 1, 2004. Where formerly the City of

Broomfield was spread over parts of the Denver, Boulder, and Greeley MSAs and parts of four counties (Adams, Boulder, Jefferson, and Weld Counties), the new City and County of Broomfield was designated to lie entirely within the Denver-Aurora MSA. Meaningful comparison of 2004 data with 2003 loan and aggregate peer data, therefore, was not possible. Since only two quarters of the 2004 HMDA and CRA data were available, there was also an insufficient number HMDA loans to attempt a meaningful analysis.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Conclusions regarding the Lending, Investment, and Service Tests are summarized at the beginning of each section followed by supporting information.

LENDING TEST

Performance under the Lending Test was considered High Satisfactory. The bank offered a variety of loan and deposit products that showed it is highly responsive to the credit needs of the assessment area. A high percentage of the loans were concentrated inside the assessment areas, with good penetration among census tracts, consumers, and businesses of various income levels. The bank also originated community development loans consistent with its resources and capabilities.

Lending Activity:

The bank offered a full range of credit products including home equity loans, construction loans, land development loans, consumer loans, open-ended loans (credit cards, overdraft protection, and home equity lines of credit), commercial and industrial loans, and agriculture loans. Its mortgage division also offered conventional, Veterans Administration (VA), and Federal Housing Administration (FHA) mortgage loans and a variety of down payment assistance programs. In most cases, the mortgage division acted as a mortgage broker for Washington Mutual, which originated the loans. In 2003 and 2004, the division brokered 384 mortgage loans totaling $86,274,380. These loans were not eligible to be reported in the bank's HMDA data since the bank did not originate and close these loans in its own name. Although the bank did not originate these loans, its activity in bringing mortgage loan applicants together with the ultimate lender helped to meet the credit demands of home buyers in the assessment area. Finally, the bank participated in government-guaranteed loan programs through the Small Business Administration (SBA). Since the previous examination, the bank originated five SBA loans totaling $398,500.

As shown in Exhibit 2 below, the evaluation of lending performance included a review of 69 HMDA reportable loans and 592 small business loans originated from January 1, 2003 through December 31, 2003. Under the Lending Test, these loans were evaluated to determine the proportion made inside the assessment areas of the bank and their relative distribution among census tracts and borrowers of varying income levels. The analysis also took into consideration community development loans.

Exhibit 2 Summary of Lending Activity				
Loan Type	**#**	**%**	**$('000s)**	**%**
HMDA home purchase	17	25	1,864	20
HMDA refinancings	30	43	4,150	46
HMDA home improvement	17	25	642	7
HMDA multifamily	5	7	2,418	27
Total HMDA-related	**69**	**10**	**9,074**	**10**
Total small business	**592**	**89**	**83,847**	**90**
Total small farm	**8**	**1**	**567**	**<1**
TOTAL LOANS	**669**	**100**	**93,488**	**100**

Assessment Area Concentration:

This performance criterion evaluates the relative proportion of loans originated to borrowers inside the assessment areas.

As shown in Exhibit 3, 82 percent of the number of loans and 80 percent of the dollar amount of loans were made inside the bank's assessment areas. This concentration of loans to borrowers or for use within the assessment areas was considered good.

Exhibit 3 Lending Inside and Outside the Assessment Area								
	Inside				**Outside**			
	#	**%**	**$('000s)**	**%**	**#**	**%**	**$('000s)**	**%**
HMDA home purchase	13	77	1,485	80	4	23	379	20
HMDA refinancings	27	90	3,983	96	3	10	167	4
HMDA home	11	65	304	47	6	35	338	53
HMDA multifamily	2	40	1,746	72	3	60	672	28
Total HMDA-related	**53**	**77**	**7,518**	**83**	**16**	**23**	**1,556**	**17**
Total small business	**488**	**82**	**66,729**	**80**	**104**	**18**	**17,118**	**20**
Total small farm	**8**	**100**	**567**	**100**	**0**	**0**	**0**	**0**
TOTAL LOANS	**549**	**82**	**74,814**	**80**	**120**	**18**	**18,674**	**20**

Geographic and Borrower Distribution:

Geographic distribution focuses on the distribution of loans among the different income geographies (low-, moderate-, middle-, and upper-income) that may comprise an assessment area, with particular emphasis on lending to meet the needs of low-and moderate-income geographies. Borrower distribution evaluates the distribution of loans among borrowers of different income levels and among businesses of different revenue sizes. This distribution is compared to the demographic and business composition of the assessment area to determine if the legitimate borrowing needs of all segments of the population are being considered, *particularly those of low- and moderate-income individuals and small businesses (annual revenues of $1 million or less).*

Penetration among the various income geographies comprising the bank's assessment areas was considered reasonable. The relative distribution of home mortgage and small business loans, particularly in low- and moderate-income census tracts, was comparable to the proportion of housing units and small businesses located in these areas. This distribution of loans among low-and moderate-income tracts was also comparable to aggregate loan distributions reported by other banks within the assessment areas.

The distribution of home mortgage loans to consumers of different income levels was considered excellent. Demographic information showed that 22 percent of the families residing within the assessment areas were considered low- and moderate-income in 2000. By comparison, 40 percent of the home mortgage loans originated by the bank during 2003 went to low- and moderate-income families. Since these families often have income, down payment, or credit constraints, this distribution was considered strong.

The distribution of loans among small businesses, while slightly less than the percentage of small businesses reported to be operating in the assessment areas, exceeded the aggregate performance of other lenders and was considered reasonable.

Community Development Lending:

This performance criterion evaluates the bank's responsiveness to community development lending opportunities in its assessment area.

The bank extended an adequate amount of community development loans consistent with its resources, abilities, and opportunities. Since the prior CRA evaluation in January 2003, the bank approved four community development loans totaling $3,409,929. Three community development loans made prior to 2003 have a current balance of $980,722. Details of community development loans are provided in the *Community Development Lending* section for each assessment area.

INVESTMENT TEST

This test evaluates the degree to which the bank's qualified investments serve affordable housing needs, assist community services targeted to low- and moderate-income individuals, or enhance economic development in areas served by the bank. This test also evaluates the bank's responsiveness to available investment opportunities and the use of innovative or complex investments not routinely provided by other institutions.

Performance under the Investment Test was Low Satisfactory. The rating reflected adequate participation in qualified community development investments and grants, although the investments were rarely innovative or complex. While opportunities to invest in development projects were available in the Boulder and Denver MSAs, a number of banks competed for these investment opportunities. The bank donated a total of $91,401 to 22 organizations that provided community development services, two agencies that provided affordable housing, and two organizations devoted to economic development. The bank also purchased $500,000 of a municipal school bond whose proceeds benefited mainly students who qualified for the federal government's Title 1 Free and Reduced Lunch Program.

While the bank gave charitably to other worthy organizations, these organizations did not have community development as their primary purpose. Consequently, the contributions were not considered qualified donations for CRA purposes.

SERVICE TEST

Performance under the Service Test was High Satisfactory. Systems for delivering retail services made banking accessible to all portions of the assessment area. The bank did not close any branches, and the opening of branches did not adversely affect the delivery of banking services, particularly among low- and moderate-income geographies and individuals. Services and business hours did not vary in a way that inconvenienced the assessment areas served by the bank. Bank personnel also volunteered their financial expertise to several organizations that benefited small businesses and low- and moderate-income individuals.

Retail Services:

This performance criterion evaluates the accessibility of branch locations (including branch openings and closings), availability of alternative delivery systems, and services and hours.

Systems for delivering banking services were available to essentially all portions of the assessment areas served by the bank. The bank had one branch in a low-income census tract, three branches in moderate-income tracts, five branches in middle-income tracts, and three branches in upper-income tracts. Each branch operated cash dispensing ATMs, and all locations offered half-day teller service on Saturdays. Two other ATMs were available at off-premise locations within the assessment areas. The bank also offered 24-hour banking services through Internet and telephone banking.

Community Development Services:

This criterion evaluates the extent to which bank personnel are involved in providing community development services, the innovativeness of those services, and the degree to which those services serve the needs of low- and moderate-income individuals. A qualified community development service is required to have community development as its primary purpose, must involve the provision of financial services, and must not have been considered in the evaluation of the bank's other retail banking services.

Bank personnel assisted 15 community organizations by providing financial and operating expertise, fundraising assistance, and leadership. These organizations serve low- and moderate-income individuals, promote economic development, or provide financial education and training to small businesses.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS

An evaluation of the bank's fair lending activities was conducted during the examination to determine compliance with the broad, nondiscriminatory provisions of the Equal Credit Opportunity Act. The FFIEC Interagency Fair Lending Examination Procedures were used for the analysis. No violations of the substantive provisions of the antidiscrimination laws and regulations were identified. Satisfactory policies, procedures, and training programs have been developed to prevent discriminatory lending practices. The bank has not engaged in any other illegal credit practices inconsistent with helping to meet community credit needs.

METROPOLITAN ASSESSMENT AREA CONCLUSIONS
Full Review

BOULDER COUNTY ASSESSMENT AREA

DESCRIPTION OF INSTITUTION'S OPERATIONS IN BOULDER COUNTY, COLORADO ASSESSMENT AREA

The Boulder County assessment area included the bank's main office, administrative offices and eight of the twelve branch locations. As of June 30, 2003, assessment area branches held nearly 62 percent of the bank's deposits and originated 65 percent of its loans. Boulder County comprised the Boulder-Longmont MSA[1] and included all of the MSA's 68 census tracts. Based on 2000 census data, the MSA was comprised of two low-income, 16 moderate-income, 30 middle-income, and 20 upper-income census tracts. Three of the branches were located in moderate-income tracts, three were located in middle-income tracts, and two were located in upper-income tracts.

Major competitors in the assessment area included national and regional banks such as Wells Fargo Bank, Bank One, U.S. Bank, Key Bank, Community First, Compass Bank, and Vectra Bank. State and local banks including First National Bank of Colorado, FirstBanks, Horizon Banks, First National Bank of Longmont and Valley Bank & Trust also competed to provide banking services.

Boulder County is located in north-central Colorado approximately 25 miles northwest of Denver and includes the cities of Boulder, Longmont, Louisville, Superior, Lafayette, Niwot, and portions of Broomfield[2]. In 2000, the county had a population of 291,288, including a large college student population. The county had high concentrations of young adults (18-24 years old) and working age individuals (25-64 years old), and proportionally fewer families than the rest of the state. The assessment area's low-income tracts are located in and around the University of Colorado. Only 12 percent of housing units within these two tracts are owner-occupied. Of the households within the county, 60.6 percent were family households compared to 65.8 percent statewide. Overall, the county is primarily an upper-income area with a median family income ($70,572) that is 126.3 percent of the median family income statewide ($55,883). However, it also had a higher concentration of low-income families than the rest of the state.

Services, government, and manufacturing industries employed half of the county's labor force. Major employers include the University of Colorado, IBM, Boulder Valley School District, Sun Microsystems, Storage Tek, St. Vrain School District, Ball Corporation, Kaiser Hill, Level 3 Communications and Hunter Douglas.

[1] According to the 2003 Office of Management and Budget 2003 MSA designations.
[2] In November 2001 Broomfield was incorporated into the City and County of Broomfield. However, 2000 census data does not reflect the addition of the county and, therefore, the city is still designated as a part of four separate counties for loan data year 2003.

Over the past two years, the Boulder economy suffered significant job losses in its major industries. According to the Federal Deposit Insurance Corporation's Regional Economic Conditions report (FDIC RECON), total payroll employment decreased by 3.6 percent in 2002 and 14.3 percent in 2003. The largest decreases occurred in manufacturing, where 21.9 percent of workers were laid off in 2003. Because many of the workers left the area, county unemployment rates of 5.7 percent in 2002 and 5.8 percent in 2003 remained below unemployment rates statewide.

Boulder County also had a weaker housing market resulting in a substantial decline in housing permits issued in 2002, 2003, and the first half of 2004. Single-family units accounted for 68.1 percent of the housing stock, while a large concentration of multi-family units (21.9 percent) helped to provide housing for college students. Because demand for housing remained high, vacancy rates were substantially lower than the rest of the state, where 8.3 percent of the housing stock stood vacant in 2000.

Despite the demand for housing, affordability remained a significant concern. In 2000, the median cost of a home in Boulder County was $231,000, substantially more than the statewide median housing cost of $160,100. The affordability ratio for housing in Boulder County was 24.0 percent compared to 29.0 percent statewide.

In an effort to understand local economic conditions and possible credit needs in the assessment area, two directors of local economic development authorities were interviewed. Both directors stated that the local economy continues to rebound from the economic decline of the last three years. Although office vacancies are well above 20 percent, inquiries from out of area businesses and newer small businesses indicated renewed interest. Affordable housing and the gap between wages and home prices remain significant concerns for planners and developers in Boulder County and the surrounding areas.

Additional assessment area demographics and characteristics based upon 2000 U.S. Census Data are summarized in Exhibit 4 on the following page.

Exhibit 4
Boulder County Assessment Area Demographics

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	2	2.9	699	1.0	134	19.2	13,331	19.2
Moderate-income	16	23.5	14,818	21.3	1,373	9.3	12,821	18.4
Middle-income	30	44.1	31,363	45.1	1,123	3.6	15,766	22.7
Upper-income	20	29.4	22,666	32.6	560	2.5	27,628	39.7
Total Assessment Area	68	100.0	69,546	100.0	3,190	4.6	69,546	100.0

	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%		#	%	#	%
Low-income	1,531	182	0.2	11.9	1,318	86.1	31	2.0
Moderate-income	31,277	14,029	18.9	44.9	15,636	50.0	1,612	5.2
Middle-income	52,461	34,074	45.9	65.0	16,292	31.1	2,095	4.0
Upper-income	34,631	25,964	35.0	75.0	7,185	20.7	1,482	4.3
Total Assessment Area	119,900	74,249	100.0	61.9	40,431	33.7	5,220	4.4

	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	106	0.9	82	0.8	14	1.1	10	3.2
Moderate-income	3,941	32.6	3,341	31.8	499	39.2	101	32.4
Middle-income	4,941	40.9	4,324	41.2	503	39.5	114	36.5
Upper-income	3,090	25.6	2,747	26.2	256	20.1	87	27.9
Tract not reported	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	**12,078**	**100.0**	**10,494**	**100.0**	**1,272**	**100.0**	**312**	**100.0**
	Percentage of Total Businesses:			**86.9**		**10.5**		**2.6**

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN BOULDER, COLORADO ASSESSMENT AREA

Conclusions regarding the Lending, Investment, and Service Tests are summarized at the beginning of each section followed by supporting information.

LENDING TEST

Lending performance in the Boulder County assessment area was rated High Satisfactory. The distribution of loans by income level of census tract and by borrower income or business revenue was considered good. The three community development loans in Boulder County indicated an adequate level of responsiveness to community development needs and available lending opportunities.

Geographic Distribution:

Geographic distribution focuses on the distribution of loans among the different income geographies (low-, moderate-, middle-, and upper-income) that may comprise an assessment area, with particular emphasis on lending to meet the needs of low-and moderate-income geographies.

The distribution of home mortgage loans was excellent, particularly in moderate-income census tracts, while the distribution of small business loans was reasonable relative to other lenders and to the proportion of small businesses operating in Boulder County, as reported by Dun and Bradstreet. Exhibit 5 shows the geographic distribution for home mortgage and small business loans.

Exhibit 5
Distribution of Loans by Income Level of Geographies
Boulder County Assessment Area

Geographic Distribution	% Bank Loans				% Owner Occupied Units[3]				% Aggregate Peer Lending			
	Low	Mod	Mid	Upp.	Low	Mod	Mid	Upp.	Low	Mod	Mid	Upp.
Home Purchase (13)	0.0	53.8	38.5	7.7	0.2	18.9	45.9	35.0	0.4	18.7	46.8	34.2
Home Refinance (17)	0.0	41.2	35.3	23.5	0.2	18.9	45.9	35.0	0.3	15.6	45.1	38.9
Home Improvement (6)	0.0	33.3	33.3	33.3	0.2	18.9	45.9	35.0	0.3	19.4	49.5	30.7
Multi-Family (0)	0.0	0.0	0.0	0.0	0.2	18.9	45.9	35.0	6.1	34.7	49.0	10.2
Total HMDA	0.0	44.4	36.1	19.4	0.2	18.9	45.9	35.0	0.3	16.3	45.5	37.9
	% Bank Loans				% of Small Businesses in AA[4]				% Aggregate Peer Lending			
Small Business (320)	0.3	27.8	44.1	27.8	0.8	31.8	41.2	26.2	0.8	28.0	41.7	28.26

Home Mortgage Loans

Home mortgage loans in Exhibit 5 reflected an excellent distribution throughout the assessment area. Over 44 percent of the loans were made in moderate-income tracts. The percentage compared favorably to the proportion of owner-occupied units in low-and moderate-income tracts (19.1 percent) and the proportion of aggregate loans made in low- and moderate-income tracts by other lenders in the area (16.6 percent). While the bank did not lend in the two low-income tracts, the demographic data mentioned earlier indicated that these tracts are located in and around the University of Colorado, where there is little owner-occupied housing.

[3] Based on 2000 Census Data.
[4] Based on 2003 Dun and Bradstreet Data.

Small Business Loans

The distribution of small business loans within the assessment area was reasonable. The percentage of small business loans in low- and moderate-income tracts was 28.1 percent, or slightly less than the proportion of small businesses in these tracts (32.6 percent). Other peer lenders reported similar results as the bank.

Distribution by Borrower Income and Revenue Size of the Business:

Borrower distribution evaluates the distribution of loans among borrowers of different income levels and among businesses of different revenue sizes. This distribution is compared to the demographic and business composition of the assessment area to determine if the legitimate borrowing needs of all segments of the population are being considered, particularly those of low- and moderate-income individuals and small businesses (annual revenues of $1 million or less).

The distribution of home mortgage loans was excellent, particularly among low- and moderate-income borrowers, while the distribution of loans to small businesses compared favorably to other lenders.

Exhibit 6
Loans Made to Borrowers of Different Income Levels and Small Business and Farms of Different Revenue Size

	% Bank Loans					% of Families[5]				% Aggregate Peer Lending				
Borrower's Distribution	Low	Mod	Mid	Upp.	Ukn.	Low	Mod	Mid	Upp.	Low	Mod	Mid	Upp.	Ukn.
Home Purchase (13)	30.8	23.1	7.7	23.1	15.4	1.0	21.3	45.1	32.6	2.2	14.7	27.1	41.7	14.3
Home Refinance (17)	23.5	17.6	11.8	41.2	5.9	1.0	21.3	45.1	32.6	2.7	11.6	22.5	43.3	19.9
Home Improvement (6)	33.3	33.3	16.7	16.7	0.0	1.0	21.3	45.1	32.6	5.9	15.6	26.3	48.0	4.2
Multi-Family (0)	0.0	0.0	0.0	0.0	0.0	1.0	21.3	45.1	32.6	0.0	0.0	0.0	0.0	100.0
Total HMDA	27.8	22.2	11.1	30.6	8.3	1.0	21.3	45.1	32.6	2.7	12.9	24.3	42.8	17.4

Small Business	% Bank Loans	% of Small Business[6]	% Aggregate Lending	% of loans under $250MM to small business	
				Bank	Aggregate
	75.6	86.9	36.6	86.6	48.7

5 Based on 2000 Census Data.
6 Based on 2003 Dun & Bradstreet Data.

Home Mortgage Loans

The distribution of home mortgage loans reflected excellent penetration among borrowers of different income levels. Penetration was especially strong among low- and moderate-income borrowers who received over 50 percent of home purchase loans, over 60 percent of home improvement loans, and over 40 percent of refinance loans. Proportions were considerably lower in aggregate among other peer lenders. Demographically, low- and moderate-income families accounted for only about 22 percent of families residing in Boulder County.

Small Business Loans

Loans to small businesses amounted to 75.6 percent of the business loans sampled, or less than the percentage of small businesses operating in Boulder County (86.9 percent). The ratio nevertheless compared favorably to aggregate data reported by other lenders showing they extended only 36.6 percent of their loans to small businesses. The peer data may be understated since loans to businesses that do not report their annual revenues are classified as loans to large businesses. Compared to other lenders, the bank also made a higher percentage of loans for amounts of $250,000 or less, signifying it did considerably more lending to small-revenue businesses. Loans in smaller amounts are typically made to small businesses.

Community Development Lending:

This performance criterion evaluates the bank's responsiveness to community development lending opportunities in its assessment area.

The amount of community development loans and the bank's responsiveness to community development needs was rated low satisfactory. The bank originated two affordable housing loans for $880,000 and one loan in a revitalization area for $2,479,915. Proceeds of one of the affordable housing loans were used to refinance a bond that had been held by the bank for several years. In addition, three prior period community loans totaling $980,722 remained on the bank's balance sheet.

INVESTMENT TEST

This test evaluates the degree to which the institution's qualified investments serve affordable housing needs, assist community services targeted to LMI individuals, or enhance economic development in the assessment area. In addition, this criterion evaluates the bank's responsiveness to available opportunities and the use of innovative or complex investments.

Community development grants in the form of charitable donations indicated the bank is responsive to credit and community economic development needs, though it rarely invested in innovative or complex community development initiatives. Bank management continued to express its desire to participate in local investment opportunities, but acknowledged that investment activity is dominated by the larger regional banks. As a result, the bank has not participated in any community development investments in Boulder County. However, between January 16, 2002 and November 29, 2004, the bank did contribute $69,474 to 16 community development organizations involved in providing food, shelter and other services to the homeless; providing affordable housing to local low- and moderate-income families; constructing a day-care center that provides emergency day care for infants of low- and moderate-income families; providing medical, health, social services, and educational assistance to the economically disadvantaged; and providing support and financial assistance targeted to abused women and children of low- and moderate-income families.

The bank also provided no fee, interest-bearing accounts to lawyers and realtors representing the Colorado Lawyer Trust Account Foundation (COLTAF) and the Colorado Association of Realtors Housing Opportunity Foundation (CARHOF). Interest earned on these accounts was used to provide legal services and affordable housing assistance to the state's low-income citizens. Branch locations in the other assessment areas shared in the credit for providing these accounts based on their deposit size.

SERVICE TEST

The Boulder County assessment area's rating under the Service Test was High Satisfactory. Delivery systems were accessible to essentially all portions of the assessment area. Services, products, and business hours did not vary in a way that inconvenienced the needs of certain portions of the assessment area. Bank officers and employees contributed financial expertise to a number of community development service organizations.

Retail Services:

This criterion evaluates the accessibility of the bank's branches, availability of alternative delivery systems, services, hours of operation, and changes in branch locations.

The bank had eight branches in Boulder County located in the cities of Boulder (2), Louisville (2), Lafayette (2), Longmont, and Niwot. Each branch operated a cash-dispensing ATM. There was also an off-premise ATM in a local hotel. Three branches are located in middle-income tracts and two are in upper-income tracts. Besides physical locations, delivery systems also included 24-hour service through Internet and telephone banking. Internet banking allows customers to check deposit balances, transfer funds between accounts, apply for mortgage loans, obtain statement records and check copies, and pay bills. The Internet banking product also offers cash management services to business clients. Telephone banking is available in both English and Spanish, and permits deposit account inquiry, balance transfers, and inquiry about deposit and loan rates.

The bank did not open or close any branches in the assessment area since the last examination. Overall, loan and deposit products and services, alternative banking products, and business hours did not vary in way that inconvenienced the assessment area, including low- and moderate-income geographies and individuals. Hours of operation did not vary between branch locations. Hours of operation were from 9:00 A.M. to 5 P.M. Monday through

Friday and 9:00 A.M. to 12 P.M. on Saturdays at six branches. Extended service hours were available at the drive-up teller windows. The Boulder-West End and downtown Louisville branches, that do not have drive-up teller facilities, offered extended branch lobby hours.

Community Development Services:

This criterion evaluates the extent to which bank personnel are involved in providing community development services, the innovativeness of those services, and the degree to which those services serve the needs of low- and moderate-income individuals. A qualified community development service is required to have community development as its primary purpose, must involve the provision of financial services, and must not have been considered in the evaluation of the bank's other retail banking services.

Bank personnel provided a high level of community development service in the Boulder County assessment area. Officers and staff donated time to seven qualified organizations, serving on boards of directors and organizational committees and providing financial expertise in various areas of operations, fundraising, financial planning, and management. The services included:

- Helping an affordable housing agency to prepare low- and moderate-income families for home ownership
- Financial planning and fund raising to provide shelter, food, clothing, and other basic needs of low- and moderate-income individuals and families
- Reviewing expenditures and funding for programs involved in assisting families in need and youths at risk
- Assisting in business retention and economic revitalization efforts of an economic development committee.

METROPOLITAN ASSESSMENT AREA CONCLUSIONS
Full Review

DENVER, COLORADO ASSESSMENT AREA

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE DENVER, COLORADO ASSESSMENT AREA

As of June 30, 2003, the three branches in the Denver assessment area held 33 percent of the bank's total deposits and originated 24 percent of the total loans. The assessment area contained portions of Denver, Adams, and Jefferson counties. That portion of Denver County in the assessment area included downtown Denver, extended west to Federal Boulevard, south to Sixth Avenue, east to Colorado Boulevard, and north to Interstate 270. That portion of Adams County in the assessment area included census tracts north of downtown Denver and west of Interstate 25. It included parts of the cities of Northglenn, Broomfield, Westminster, Commerce City, and Federal Heights. Finally, that portion of Jefferson County included in the assessment area covered a small section north of Interstate 70 and extending west to State Highway 93. It included the cities of Arvada, Golden, and the remaining part of Westminster. The assessment area was considered reasonable since it included rural and unincorporated areas and did not exclude any low- or moderate-income tracts.

The Denver assessment area contained 126 census tracts. By income category, there were 12 low-income tracts, 44 moderate-income tracts, 49 middle-income tracts, and 21 upper-income tracts. Two of the branches are located in downtown Denver area, one in a low-income and one in a middle-income tract. The Broomfield branch is located in a middle-income tract of Jefferson County approximately 15 miles northwest of downtown.

Low- and moderate-income census tracts near the two downtown locations were sparsely populated and offered few lending opportunities. The three moderate-income tracts north of the York Street branch location included several gas refineries and were zoned primarily for heavy industrial activity. In lower downtown, the LoDo location was surrounded by sparsely populated low-income tracts. One of the tracts is occupied by the three colleges of the Auraria Campus (University of Colorado at Denver, Metro State College, and Colorado Community College). The other low-income tracts are occupied by Six Flags-Elitch Gardens amusement park and the sports complexes of Coors Field and the Pepsi Center.

A constraint to lending opportunities is the number of financial institutions in the downtown area that offered significant competition for home mortgage and business loans. These included large regional banks, smaller community banks, and a number of mortgage companies, some of which received secondary market referrals from the bank's mortgage division.

Population of the Denver assessment area was 495,378 in 2000, or 23.5 percent of the total Denver MSA population. The assessment area had a smaller proportion of families (60.1 percent) and a larger college age population (9.9 percent aged 18 to 24 years old) than the

MSA as a whole. There were proportionally fewer children and teenagers and individuals 25-64 years old, but a comparable percentage over the age of 64.

Though considered middle-income, the assessment area was less prosperous than the MSA as a whole. In 2000, the median family income ($54,695) was 89.4 percent that of the MSA median family income ($61,185). The assessment area also had higher concentrations of low- and moderate-income families and families living in poverty, which could further affect the area's credit capacity.

Service, government and retail industries are the Denver MSA's primary employment sectors. Among its largest employers are King Soopers, Qwest Communications, Centura Health Systems, Safeway, Inc., Columbia HealthONE, Lockheed Martin Corporation, United Airlines, and Wells Fargo Bank.

According to the FDIC RECON, the Denver MSA economy declined in 2002 and 2003 due to job losses and unemployment growth. Payroll employment decreased by 2.8 percent in 2002 and 0.2 percent in 2003. Annualized unemployment was 5.9 percent in 2002 and 6.3 percent in 2003. Despite the weak economy, the Denver MSA labor force grew over the past two years, which exacerbated the unemployment rate. The labor force increased by 1.4 percent in 2002 and 3.3 percent in 2003.

Office vacancy rates increased substantially in 2002 (16.6 percent) and 2003 (19.0 percent), while vacancy rates for industrial space decreased from 9.0 percent in 2002 to 7.7 percent in 2003. The Denver housing market weakened with a 20 percent decline in housing permits in 2002 and 24.3 percent decline in 2003. Fewer housing permits affected both single- and multi-family housing.

A member of an economic development organization in Adams County was interviewed during the examination to determine possible credit needs. Information recently obtained in connection with a performance evaluation of another financial institution located in Denver County was also referenced. Interviewees confirmed that population trends and economic conditions are improving. As in the other assessment areas, affordable housing continues to be a significant concern.

Additional assessment area demographics and characteristics based upon 2000 U.S. Census Data are summarized in Exhibit 7.

Exhibit 7
Denver Assessment Area Demographics

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	12	9.5	8,373	7.0	2,476	29.6	27,203	22.9
Moderate-income	44	34.9	40,200	33.8	4,803	11.9	24,391	20.5
Middle-income	49	38.9	50,190	42.2	1,572	3.1	28,422	23.9
Upper-income	21	16.7	20,157	17.0	382	1.9	38,904	32.7
Total Assessment Area	**126**	**100.0**	**118,920**	**100.0**	**9,233**	**7.8**	**118,920**	**100.0**

	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%		#	%	#	%
Low-income	18,170	5,493	4.5	30.2	11,444	63.0	1,233	6.8
Moderate-income	71,314	36,874	30.4	51.7	31,839	44.6	2,601	3.6
Middle-income	88,484	55,120	45.5	62.3	30,102	34.0	3,262	3.7
Upper-income	27,701	23,695	19.6	85.5	3,324	12.0	682	2.5
Total Assessment Area	**205,669**	**121,182**	**100.0**	**58.9**	**76,709**	**37.3**	**7,778**	**3.8**

	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	1,865	10.5	1,445	10.0	363	12.8	57	10.7
Moderate-income	6,667	37.4	5,161	35.7	1,299	45.9	207	38.8
Middle-income	6,942	39.0	5,762	39.9	983	34.8	197	37.0
Upper-income	2,330	13.1	2,076	14.4	182	6.4	72	13.5
Tract not reported	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	**17,804**	**100.0**	**14,444**	**100.0**	**2,827**	**100.0**	**533**	**100.0**
	Percentage of Total Businesses:			**81.1**		**15.9**		**3.0**

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE DENVER ASSESSMENT AREA

Conclusions regarding the Lending, Investment, and Service Tests are summarized at the beginning of each section followed by supporting information.

LENDING TEST

Rating of the bank's performance under the Lending Test in the Denver assessment area was High Satisfactory. Loans were reasonably distributed among low-, moderate-, middle-, and upper-income tracts, and among businesses of varying revenue sizes. The distribution of loans by borrower income level reflected adequate performance, despite a low volume of home mortgage loans to low- and moderate-income borrowers. Through its mortgage division, the bank helped to broker mortgage loan originations by bringing mortgage loan applicants together with secondary market lenders. The bank also originated some community development loans.

Geographic Distribution:

Geographic distribution focuses on the distribution of loans among the different income geographies (low-, moderate-, middle-, and upper-income) that may comprise an assessment area, with particular emphasis on lending to meet the needs of low-and moderate-income geographies.

As shown in Exhibit 8, the geographic distribution of home mortgage and small business loans reflected good penetration among all census tracts, especially low- and moderate-income tracts. Due to the overall low volume of home mortgages actually originated by the bank, the analysis gave more weight to the bank's performance in lending to small businesses.

Exhibit 8
Distribution of Loans by Income Level of Geographies
Denver Assessment Area

	% Bank Loans				% Owner Occupied Units[7]				% Aggregate Peer Lending			
Geographic Distribution	Low	Mod	Mid	Upp	Low	Mod	Mid	Upp.	Low	Mod	Mid	Upp.
Home Purchase (0)	0.0	0.0	0.0	0.0	4.5	30.4	45.5	19.6	6.9	25.1	43.8	24.2
Home Refinance (8)	0.0	50.0	50.0	0.0	4.5	30.4	45.5	19.6	5.0	24.0	45.9	25.2
Home Improvement (2)	0.0	50.0	0.0	50.0	4.5	30.4	45.5	19.6	4.5	31.8	45.5	18.1
Multi-Family (1)	0.0	0.0	0.0	100.0	4.5	30.4	45.5	19.6	25.1	43.3	27.5	4.1
Total HMDA (11)	0.0	54.5	36.4	9.1	4.5	30.4	45.5	19.6	5.5	24.4	45.3	24.8
	% Bank Loans				% of Small Business in AA[8]				% Aggregate Peer Lending			
Small Business (124)	18.5	32.3	33.1	16.1	10.5	37.4	39.0	13.1	9.5	35.6	40.5	14.4

Home Mortgage Loans

Despite the low volume of home mortgage loans originated by the bank, the geographic distribution of loans reflected a good penetration throughout the assessment area. While the bank did not extend credit in low- income tracts, over 54 percent of the loans sampled were made in moderate- income tracts. This was a favorable percentage given both the demographics of the assessment area - 35 percent of owner-occupied homes were in low- or moderate-income tracts – and the aggregate performance of other lenders in extending credit to low- and moderate-income tracts (30 percent).

Small Business Loans

7 Based on 2000 Census Data.
8 Based on 2003 Dun and Bradstreet Data.

Over half of the small business loans sampled were in low- and moderate-income tracts. This was a favorable ratio since only about 48 percent of small businesses were located in low- and moderate-income tracts. Furthermore, peer lenders reported they originated only about 45 percent of their loans in these tracts.

Distribution by Borrower Income and Revenue Size of the Business:

Borrower distribution evaluates the distribution of loans among borrowers of different income levels and among businesses of different revenue sizes. This distribution is compared to the demographic and business composition of the assessment area to determine if the legitimate borrowing needs of all segments of the population are being considered, particularly those of low- and moderate-income individuals and small businesses (annual revenues of $1 million or less).

As shown in Exhibit 9, home mortgage and small business loans were adequately distributed among borrowers of various income levels and businesses of different revenue sizes. While the proportion of mortgage loans to low- and moderate-income borrowers was below the performance of other peer lenders, much of the loan volume the bank helped to generate was brokered to the secondary market and was not reflected in the bank's loan portfolio. As a result of the low volume of home mortgages actually originated by the bank, the analysis gave more weight to the bank's performance in lending to small businesses.

Exhibit 9
Loans Made to Borrowers of Different Income Levels and Small Business and Farms of Different Revenue Size

	% Bank Loans					% of Families[9]				% Aggregate Peer Lending				
Borrower's Distribution	Low	Mod	Mid	Upp.	Ukn.	Low	Mod	Mid	Upp.	Low	Mod	Mid	Upp.	Ukn.
Home Purchase (0)	0.0	0.0	0.0	0.0	0.0	7.0	33.8	42.2	17.0	6.9	24.7	24.0	29.2	14.3
Home Refinance (8)	0.0	12.5	78.0	12.5	0.0	7.0	33.8	42.2	17.0	7.0	19.4	21.8	28.7	23.1
Home Improvement (2)	0.0	0.0	50.0	50.0	0.0	7.0	33.8	42.2	17.0	10.4	26.8	30.1	28.7	4.0
Multi-Family (1)	0.0	0.0	0.0	0.0	100.0	7.0	33.8	42.2	17.0	0.0	0.0	0.0	0.0	100.0
Total HMDA (11)	0.0	9.1	63.6	18.2	9.1	7.0	33.8	42.2	17.0	7.0	20.7	22.4	28.8	21.0

Small Business (124)	% Bank Loans	% of Small Business[10]	% Aggregate Lending	% of loans under $250MM to small business: Bank	% of loans under $250MM to small business: Aggregate
	64.5	81.1	32.1	89.3	96.2

9 Based on 2000 Census Data.
10 Based on 2003 D&B Data.

Home Mortgage Loans

The distribution of home mortgage loans reflected an adequate penetration among borrowers of different income levels, in spite of the fact that only nine percent of the loans were to low- and moderate-income borrowers. Demographically, over 41 percent of families within the assessment area were classified as low- or moderate-income. Furthermore, aggregate lending statistics showed that among peer banks 28 percent of mortgage loans were to low- and moderate-income borrowers. The bank suffered in comparison to demographic and peer statistics largely because it brokered a significant volume of mortgage loans to the secondary market. Also, because the small volume of home mortgage loans originated by the bank within the assessment area did not allow for meaningful statistical analysis, little weight was given to this loan product in evaluating borrower distribution.

Small Business Loans

The sample of business loans reflected an adequate distribution among businesses of varying revenue sizes, including small businesses. Loans to small businesses amounted to 64.5 percent of the business loans sampled, or somewhat less than the percentage of small businesses operating in the Denver assessment area (81.1 percent). The ratio nevertheless compared favorably to aggregate data reported by other lenders showing they extended only 32.1 percent of their loans to small businesses. The peer data may be understated since loans to businesses that do not report their annual revenues are classified as loans to large businesses.

Community Development Lending:

This performance criterion evaluates a bank's responsiveness to community development lending opportunities in its assessment area.

The bank originated one community development loan for $50,014 to a micro-lending program that provides funding and educational support for small business start-ups in the assessment area. For the bank's size and competitive market conditions, the bank's community development lending and initiatives were considered adequate.

INVESTMENT TEST

This test evaluates the degree to which the institution's qualified investments serve affordable housing needs, assist community services targeted to LMI individuals, or enhance economic development in the assessment area. In addition, this criterion evaluates the bank's responsiveness to available opportunities and the use of innovative or complex investments.

For its resources and capabilities, the bank was responsive to community development credit needs in the form of investments and grants within the Denver assessment. However, because the number of investments was limited and generally lacked innovativeness or complexity, performance under the investment test was rated low satisfactory.

Since the last CRA performance evaluation in January 2003, the bank invested $512,045 in community development initiatives in the Denver area. Investments included a $500,000 school bond for the Adams 50 School District. Over half of the district's student enrollment qualified for the government's free and reduced lunch program, and most of the district's schools were in low- and moderate-income neighborhoods. The bank also donated to two community development services to sponsor a need-based scholarship program and a local food bank for the homeless and disadvantaged.

Community investment credit was also given for payment of premium rates on COLTAF and CARHOF accounts. These accounts were explained earlier under the Investment Test for the Boulder County assessment area.

SERVICE TEST

Performance rating under the Service Test in the Denver assessment area was High Satisfactory. Delivery systems provided reasonable access to essentially all parts of the assessment area. Services, products, and business hours did not vary in a way that inconvenienced the needs of certain portions of the assessment area. Bank officers and employees contributed financial expertise to a number of community development service organizations.

Retail Services:

This criterion evaluates the accessibility of the bank's branches, availability of alternative delivery systems, services, hours of operation, and changes in branch locations.

Within the Denver assessment area, the bank has two branches and a mortgage loan production office in downtown Denver and one branch in Broomfield, CO. All branches have cash dispensing ATMs, and the bank operates an off-premise cash dispensing ATM at a downtown bookstore. The branches are located in one low-income and two middle-income tracts.

Besides physical locations, delivery systems also included 24-hour service through Internet and telephone banking. Internet banking allows customers to check deposit balances, transfer funds between accounts, apply for mortgage loans, obtain statement records and check copies, and pay bills. The Internet banking product also offers cash management services to business clients. Telephone banking is available in both English and Spanish, and permits deposit account inquiry, balance transfers, and inquiry about deposit and loan rates.

The bank did not open or close any branches in the assessment area since the last examination. Overall, loan and deposit products and services, alternative banking products, and business hours did not vary in way that inconvenienced the assessment area, including low- and moderate-income geographies and individuals. Hours of operation did not vary between branch locations. Each branch offered extended drive-through hours on weekdays and Saturdays.

Community Development Services:

This criterion evaluates the extent to which bank personnel are involved in providing community development services, the innovativeness of those services, and the degree to which those services serve the needs of low- and moderate-income individuals. A qualified community development service is required to have community development as its primary purpose, must involve the provision of financial services, and must not have been considered in the evaluation of the bank's other retail banking services.

Bank personnel provided a high level of community development service in the Denver assessment area. Officers and staff donated time to seven qualified organizations, providing financial expertise in various areas of operations, fundraising, financial planning, and management. The services included:

- Providing financial education to small businesses and elementary school students
- Participating as board members or on executive committees of economic development organizations to attract and retain small business
- Providing tax preparation services for low-income individuals
- Participating on the loan committee of a community service organization that provides down payment assistance or other bill payment assistance to low-income families and individuals.

METROPOLITAN AREAS
Limited-Scope Reviews

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE ERIE, COLORADO ASSESSMENT AREA

The Erie assessment area contained one branch located in an upper- income geography. As of June 30, 2003 the Erie branch held only 5 percent of the bank's total deposits and 11 percent of total loans. The assessment area is part of the Greeley MSA and is located in the southwestern Weld County adjacent to Boulder and Adams counties. The town of Erie is 20 miles north of Denver and 15 miles east of Boulder. The assessment area consisted of four middle- income and one upper-income tracts and included the cities of Erie, Firestone, Frederick, Fort Lupton, and Dacona.

Economic conditions have improved over the last year in this predominantly rural area that is fast becoming a bedroom community for the Denver and Boulder metropolitan areas. Major economic activity consisted of farming and a number of small businesses. There are no prominent employers in this part of the Greeley MSA.

The assessment area population was 25,488 in 2000, or 14.1 percent of the Greeley MSA population. It contained a large concentration of families with children (78.2 percent). Median family income was $52,068, or 105.0 percent that of the Greeley MSA median family income ($49,569).

Area housing contained high concentrations of owner-occupied, single-family homes, including a large number of mobile homes. Demand for housing remained high as reflected in low vacancy rates and high median values. The median value of a home was $142,709, slightly above the MSA median of $136,600. Housing was slightly less affordable with an affordability ratio of 32.0 percent, compared to 30.0 percent for the entire MSA.

Due to the limited analysis of the assessment area, member of the community were not interviewed to determine credit area needs.

Additional assessment area demographics and characteristics based upon 2000 U.S. Census Data are summarized in Exhibit 10 on the following page.

Exhibit 10 ERIE Assessment Area Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	1,170	17.6
Moderate-income	0	0.0	0	0.0	0	0.0	1,122	16.9
Middle-income	4	80.0	5,718	86.1	429	7.5	1,548	23.3
Upper-income	1	20.0	924	924	44	4.8	2,802	42.2
Total Assessment Area	**5**	**100.0**	**6,642**	**100.0**	**473**	**7.1**	**6,642**	**100.0**
	Housing Units by Tract	**Housing Types by Tract**						
		Owner-occupied			**Rental**		**Vacant**	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	0	0	0.0	0.0	0	0.0	0	0.0
Middle-income	7,591	5,729	84.8	75.5	1,566	20.6	296	3.9
Upper-income	1,250	1,028	15.2	82.2	181	14.5	41	3.3
Total Assessment Area	**8,841**	**6,757**	**100.0**	**76.4**	**1,747**	**19.8**	**337**	**3.8**
	Total Businesses by Tract		**Businesses by Tract & Revenue Size**					
			Less Than or = $1 Million		**Over $1 Million**		**Revenue Not Reported**	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	669	83.4	551	82.6	95	91.3	23	74.2
Upper-income	133	16.6	116	17.4	9	8.7	8	25.8
Tract not reported	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	**802**	**100.0**	**667**	**100.0**	**104**	**100.0**	**31**	**100.0**
	Percentage of Total Businesses:			**83.2**		**13.0**		**3.9**

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE WELD COUNTY ASSESSMENT AREA

Facts and data reviewed including performance can be found in Exhibit 11 on the following page. Conclusions regarding performance in the Erie assessment area did not affect the overall CRA rating of the bank.

Exhibit 11
Distribution of Loans by Income Level of Geographies
Denver Assessment Area

Geographic Distribution	% Bank Loans				% Owner Occ. Units				% Aggregate Peer Lending			
	Low	Mod	Mid	Upp.	Low	Mod	Mid	Upp.	Low	Mod	Mid	Upp.
Home Purchase (0)	0.0	0.0	0.0	0.0	0.0	0.0	84.8	15.2	0.0	0.0	79.8	20.2
Home Refinance (2)	0.0	0.0	50.0	50.0	0.0	0.0	84.8	15.2	0.0	0.0	86.5	13.5
Home Improvement (3)	0.0	0.0	66.7	33.3	0.0	0.0	84.8	15.2	0.0	0.0	87.0	13.0
Multi-Family (1)	0.0	0.0	100.0	0.0	0.0	0.0	84.8	15.2	0.0	0.0	100.0	0.0
Total HMDA	0.0	0.0	66.7	33.3	0.0	0.0	84.8	15.2	0.0	0.0	84.2	15.8
	% Bank Loans				% of Small Businesses in AA				% Aggregate Peer Lending			
Small Business (44)	0.0	0.0	36.4	63.6	0.0	0.0	83.4	16.6	0.0	0.0	81.9	18.1

Loans Made to Borrowers of Different Income Levels and Small Business and Farms of Different Revenue Size

Borrower's Distribution	% Bank Loans					% of Families				% Aggregate Peer Lending				
	Low	Mod	Mid	Upp.	Ukn.	Low	Mod	Mid	Upp.	Low	Mod	Mid	Upp	Ukn.
Home Purchase (0)	0.0	0.0	0.0	0.0	0.0	17.6	16.9	23.3	42.2	4.5	13.1	26.0	41.8	14.6
Home Refinance (2)	50.0	0.0	50.0	0.0	0.0	17.6	16.9	23.3	42.2	2.2	10.9	21.3	41.8	23.8
Home Improvement (3)	33.3	0.0	67.7	0.0	0.0	17.6	16.9	23.3	42.2	8.7	16.5	20.9	49.6	4.3
Multi-Family (1)	0.0	0.0	0.0	0.0	100.0	17.6	16.9	23.3	42.2	0.0	0.0	0.0	0.0	100.0
Total HMDA	33.3	0.0	50.0	0.0	16.7	17.6	16.9	23.3	42.2	3.1	11.7	22.9	41.9	20.3

Small Business (44)	% Bank Loans	% of Small Businesses	% Aggregate Lending	% of loans under $250MM to small business	
				Bank	Aggregate
	72.7	86.7	40.0	81.8	95.5

	Number of Loans	Dollar Amount
Community Development Loans	0	$0.00
Investment Activity	4	$4,132.00
Community Development Services	1	NA

CRA APPENDIX A

SCOPE OF EXAMINATION

Time Period Reviewed	Lending	January 1, 2003 to December 31, 2003
	Investment, Services, and CD Loans -	January 16, 2003 to November 29, 2004

Financial Institution	**Products Reviewed**
Heritage Bank Louisville, Colorado 80027	Home Mortgage Loans, Small Loans to Businesses

Affiliate(s)	**Affiliate Relationship**	**Products Reviewed**
Front Range Capital Corporation (FRCC)	Financial Holding Company	None
Front Range Capital Trust	Subsidiary of FRCC	None

List of Assessment Areas and type of Examination

Assessment Area	**Type of Exam**
Boulder County Assessment Area	Full-Scope
Denver Assessment Area	Full-Scope
Weld County Assessment Area	Limited-Scope

CRA APPENDIX B

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Block numbering area ("BNA"): A statistical subdivision of a county for grouping and numbering blocks in nonmetropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status and living conditions to allow for statistical comparisons.

Community development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of $1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage or adoption. The number of family households always equals the number of families; however, a family household may also include nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

Full review: Performance under the lending, investment and service tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity and responsiveness).

Geography: A census tract or a block numbering area delineated by the U.S. Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act ("HMDA"): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include data such as race, gender and income of applications, amount of loan requested, and disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited review: Performance under the lending, investment and service tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area ("MA"): Any primary metropolitan statistical area ("PMSA"), metropolitan statistical area ("MSA"), or consolidated metropolitan statistical area ("CMSA"), as defined by the Office of Management and Budget, with a population of 250 thousand or more, and any other area designated as such by the appropriate federal financial supervisory agency.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business(es): A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income ("Call Report") and the Thrift Financial Reporting ("TFR") instructions. These loans have original amounts of $1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in "loans to small farms" as defined in the instructions for preparation of the Call Report. These loans have original amounts of $500 thousand or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.