PUBLIC DISCLOSURE

OCTOBER 19, 2009

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

COMMUNITY BANKS OF COLORADO
RSSD# 785259

5570 DTC PARKWAY
GREENWOOD VILLAGE, COLORADO 80111

Federal Reserve Bank of Kansas City
1 Memorial Drive
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 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 CRA RATING: *This institution is rated **"Satisfactory"***

The following table indicates the performance level of Community Banks of Colorado (CBC) with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	COMMUNITY BANKS OF COLORADO 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:

- A majority of loans were originated within the bank's five designated assessment areas (AAs);
- The volume of Home Mortgage Disclosure Act (HMDA), small business, and small farm lending reflected good responsiveness to AA credit needs;
- Excellent distribution of home mortgage, business and farm loans by income level of census tracts in the bank's AAs;
- Good distribution of loans among individuals of different income levels and businesses and farms of different revenue sizes;
- A low level of community development lending;
- An adequate level of qualified investments in the Rural Colorado AA, but a poor level in the Denver-Aurora Metropolitan Statistical Area (MSA) AA;
- Accessible delivery systems to geographies and individuals of different income levels; and
- An adequate level of community development services in the Rural Colorado and Denver AAs.

INSTITUTION

DESCRIPTION OF INSTITUTION

CBC is a wholly-owned subsidiary of Community Bankshares, Inc., a Colorado based multibank holding company. The bank operates 36 full-service branches in the Denver, Colorado Springs, Grand Junction, and Pueblo MSAs, and in nonmetropolitan counties throughout southern Colorado. The bank operated two mortgage divisions under the trade names Affiliated Financial Group, Inc., Greenwood Village, Colorado (AFG) and Bankers Mortgage Corp. (BMC) in Breckenridge, Alamosa, and Aspen, Colorado. In May 2008 the BMC loan servicing office was moved to Greenwood Village, Colorado, from Aspen and AFG was sold. Since the last evaluation, the bank closed one branch in a middle-income tract and opened a branch in an upper-income tract.

CBC is a full-service bank offering a wide range of credit products within all of its AAs. As of September 30, 2009, the bank's total assets of $1.8 billion represented a 29 percent increase since the previous evaluation, when total assets of $1.4 billion were reported. The June 30, 2009 Consolidated Report of Condition and Income (Call Report) indicated the bank's primary business focus is commercial and residential real estate lending. Commercial loans comprise nearly 75.0 percent of total loans, followed by residential real estate at 14.4 percent. The percentage of residential real estate loans as a portion of the total loan mix is somewhat diluted, however, by loans sold to the secondary market, which represented nearly 45.0 percent of all originated loans reported on the bank's 2008 HMDA Loan Application Register (LAR).

The bank's delineated AAs comply with the requirements of the Community Reinvestment Act (CRA) and do not arbitrarily exclude low- and moderate-income (LMI) geographies. The bank has delineated five AAs listed below that are based on 2000 U.S. Census data and 2004 MSA designations.

Rural Colorado – The Rural Colorado AA stretches across southern Colorado and includes 30 of the state's 47 nonmetropolitan counties.

MSA 19740 (Denver-Aurora, Colorado) – Comprised of Adams, Arapahoe, Denver, Douglas, and Jefferson Counties. These counties constitute half of the ten counties that make up the Denver-Aurora MSA.

MSA 17820 (Colorado Springs, Colorado) – Comprised of Teller County, one of two counties that are included in the Colorado Springs MSA.

MSA 24300 (Grand Junction, Colorado) – Comprised of Mesa County, which makes up the entire Grand Junction MSA.

MSA 39380 (Pueblo, Colorado) - Comprised of Pueblo County, which makes up the entire Pueblo MSA.

The bank and its holding company entered into an agreement with the Federal Reserve Bank of Kansas City which requires additional capital. As a result of this agreement, the bank has some constraints on its ability to lend and invest. The bank received a satisfactory rating at the previous CRA evaluation dated August 13, 2007.

SCOPE OF EXAMINATION

The institution's CRA performance was reviewed using the Federal Financial Institutions Examination Council's (FFIEC) Interagency CRA procedures for large institutions. Loan products evaluated included all residential real estate loans reported under the HMDA requirements, including home purchase, refinance, and home improvement loans; all small business and small farm loans reported under the CRA requirements; and, all loans meeting the definition of community development lending under the CRA and its supplementary guidance. Full reviews were performed for the Rural Colorado and Denver AAs. The remaining three AAs received a limited review. Examiners reviewed the integrity of HMDA-related and CRA loan data reported by CBC for 2007 and 2008; both were found to have acceptable data integrity.

The evaluation period for HMDA-related, small business, and small farm loans includes the bank's CRA performance from January 1, 2007 to December 31, 2008. Community development lending, service test criteria, investments, grants, and contributions were reviewed for the period beginning on August 13, 2007 and ending on October 19, 2009. A comparative review of the bank with other banks operating in its respective AAs was also performed. This review exclusively focused on a comparison of the bank's lending performance to the 2008 aggregate lending performance of all other financial institutions that report HMDA and CRA loan data within the bank's AAs, hereby referred to as aggregate data.

The evaluation of the geographic distribution of loans was based on tract income levels that were classified on the basis of 2000 Census data. The bank's performance in this area was based on its distribution of lending in all tracts, particularly LMI geographies. For the evaluation of distribution by income level of borrowers, the income levels were based on 2007 and 2008 median family income (MFI) figures from the US Department of Housing and Urban Development (HUD). Bank performance was rated on the distribution to all income categories, particularly LMI individuals.

The focus of the evaluation was narrowed to loans originated inside the AAs with respect to geographic and borrower distribution. Conclusions regarding the bank's overall performance for geographic and borrower characteristics in each AA were based on the relative weight of certain loan products as a portion of CBC's total lending volume in each AA.

Multifamily loans were not considered for analysis, as CBC only reported 11 multifamily loans in three of the five AAs during the evaluation period. Only small farm loans originated within the Rural Colorado AA were considered in the analysis, as the bank only reported a small number of farm originations in the other four designated AAs during the evaluation period.

The institution's performance in the Rural Colorado AA received the greater weight in determining the overall rating based on the concentration of deposits, loans, and branch locations in that area. The Rural Colorado AA contained 52.7 percent of CBC's total deposits and 73.2 percent of the HMDA, small business, and small farm loans that were included in the review, based on the number of originations. Furthermore, 28 of the bank's 36 locations are located in the nonmetropolitan AA.

Interviews with members of the communities within the bank's AAs were also conducted during the evaluation to ascertain the credit needs of the communities, the availability of community development investment opportunities, and local economic conditions. Additional community contacts previously conducted in the bank's AA's by the Federal Reserve Bank of Kansas City and other regulatory agencies were also referenced. Emphasis was placed on those contacts conducted in AAs where the majority of the bank's loans were originated.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The bank's record of meeting the credit needs of its AAs is rated "high satisfactory" based on the overall lending test performance in its five designated AAs. Loan data reported in accordance with CRA and HMDA collection requirements was analyzed under the lending test to determine the bank's performance with respect to its concentration of lending within its AAs, distribution of lending by income level of census tract, and distribution of lending to borrowers of different income levels, and businesses and farms of different revenue sizes. Other factors taken into consideration included community development lending and the use of innovative loan products to meet the credit needs of LMI individuals, small businesses, and small farms.

Lending Activity:

Based on a review of CBC's loan products and information gathered from bank management and community contacts, the institution's lending activity reflected favorable responsiveness to AA credit needs. This conclusion was based on excellent lending activity in the nonmetropolitan AA and good lending activity in the Denver AA. The Rural Colorado AA performance received considerably more weight in the overall analysis, based on the level of lending, deposit activity, and location of bank branches in that area. As previously noted, multifamily loans were not considered for analysis in the overall evaluation due to the modest level of originations, while farm loans were only considered in the Rural Colorado AA.

EXHIBIT 1 SUMMARY OF LENDING ACTIVITY				
Loan Type	**#**	**%**	**$('000s)**	**%**
HMDA Home Purchase	475	15.5	95,642	17.2
HMDA Refinancings	181	5.8	54,253	9.8
HMDA Home Improvement	61	2.0	17,597	3.2
HMDA Multifamily	12	0.4	13,111	2.3
Total HMDA-Related	**729**	**23.7**	**180,603**	**32.5**
Total Small Business	**1,603**	**52.3**	**308,621**	**55.5**
Total Small Farm	**735**	**24.0**	**66,550**	**12.0**
TOTAL LOANS	**3,067**	**100.0**	**555,774**	**100.0**

Assessment Area Concentration:

As illustrated in Exhibit 2, the majority of CBC's lending for all loan products occurred within its AA. Only loans originated within the bank's AAs are considered for the remaining lending distribution tests. In addition, the analysis and remaining tables will focus on the number of originations as opposed to dollar volume, as this is more representative of the number of affected applicants.

EXHIBIT 2 LENDING INSIDE AND OUTSIDE THE ASSESSMENT AREA								
	Inside				**Outside**			
	#	**%**	**$('000s)**	**%**	**#**	**%**	**$('000s)**	**%**
HMDA Home Purchase	378	79.6	76,230	79.8	97	20.4	19,322	20.2
HMDA Refinancings	133	73.5	41,689	76.8	48	26.5	12,564	23.2
HMDA Home Improvement	58	95.1	17,512	99.5	3	4.9	85	0.5
HMDA Multifamily	11	91.7	12,283	93.7	1	8.3	828	6.3
Total HMDA-Related	**580**	**79.6**	**147,804**	**81.8**	**149**	**20.4**	**32,799**	**18.2**
Total Small Business	**1,490**	**93.0**	**274,900**	**89.1**	**113**	**7.0**	**33,721**	**10.9**
Total Small Farm	**702**	**95.5**	**63,904**	**96.0**	**33**	**4.5**	**2,646**	**4.0**
TOTAL LOANS	**2,772**	**90.4**	**486,608**	**87.6**	**295**	**9.6**	**69,166**	**12.4**

Geographic and Borrower Distribution:

The overall geographic distribution of HMDA-related, small business, and small farm loans reflected a favorable distribution throughout all geographies in the Rural Colorado and Denver AAs, including LMI geographies. The bank's level of performance in the LMI AA tracts often exceeded the demographic data as well as the aggregate lending data submitted by other HMDA and CRA reporters. The penetration of small farm loans in the Rural Colorado AA's moderate-income tracts in 2008 was excellent and also supported the overall rating.

Additional details of the geographic distribution are discussed in the analyses of individual AAs that follow.

The overall distribution of lending to borrowers of different income levels and businesses and farms of different revenue sizes was good. Substantially greater weight was placed on the bank's performance in the Rural Colorado AA, due to the higher proportion of lending, deposits and bank locations in that area. Performance was adequate in the Denver AA, and good in the Rural Colorado AA, where the bank's performance exceeded that of other HMDA and CRA reporters.

Community Development Lending:

Overall, two community development loans totaling $3.1 million were originated during the evaluation period, representing a low level of performance by the bank. Competition for community development loans is often strong, although there are numerous opportunities to originate community development loans, specifically within the Denver-Aurora MSA, and Rural Colorado AAs, where the overwhelming majority of bank lending occurs. State and local governments have identified a number of enterprise zones within the bank's AAs that offer a broad venue for bank participation in loans that would provide for the revitalization and stabilization of LMI areas, and are consistent with the definition of community development lending.

Although the bank's community development lending was noncomplex, it demonstrated flexibility in its underwriting practices. The following programs are available throughout CBC's lending areas and were considered in evaluating its flexible lending practices to address AA credit needs.

- Small Business Administration (SBA) – From August 13, 2007 to October 19, 2009, the bank originated 3 SBA loans totaling $1.3 million.

- Farm Service Agency Loans (FSA) – From August 13, 2007 to October 19, 2009, the bank originated 19 FSA loans totaling $3.6 million.

- Secondary Market Lending – CBC originated 385 loans totaling $69.2 million for placement on the secondary market between January 1, 2007 and December 31, 2008.

- Federal Housing Administration (FHA) and Veterans Administration (VA) Lending – The bank originated 70 FHA/VA loans totaling $10.9 million from January 1, 2007 to December 31, 2008. These loans are included in the bank's secondary market lending volume noted directly above.

INVESTMENT TEST

The bank's overall investment test performance was rated "low satisfactory" in response to area credit and community development needs. The level of qualified investments in the Denver AA was poor and had declined from $107,000 in donations and grants at the last evaluation to $40,000 during this evaluation period, representing a 63 percent decrease. Despite this decline, the overall rating was weighted heavily toward the bank's performance in the Rural Colorado AA, where adequate levels of qualifying investments were noted. In addition, recent regulatory actions have hampered the bank's ability to participate in investment opportunities.

As noted in the table to the right, the bank had $796,000 in total qualified investments, with the substantial majority benefiting the Rural Colorado AA. Within the nonmetropolitan AA, the investments were primarily comprised of three school bonds totaling $745,000. The bank also made $51,000 in grants and donations to 10 organizations throughout its AAs that had a community development purpose.

COMMUNITY BANKS OF COLORADO COMMUNITY DEVELOPMENT QUALIFIED INVESTMENTS				
Purpose	Debt/Equity Investments		Grants & Donations	
	#	$('000s)	#	$('000s)
Affordable Housing	0	0	2	22
Revitalize and Stabilize	3	745	3	5
Community Services	0	0	4	20
Economic Development	0	0	1	4
Totals	**3**	**745**	**10**	**51**

The bank's investments were not considered complex or innovative, and a majority of total investments, by number, were grants or donations. Nearly 94 percent of all bank investment dollars were represented by 3 school bonds where the majority of students participate in free and reduced lunch programs.

SERVICE TEST

The bank's overall rating under the service test was "high satisfactory" and remains unchanged from the prior examination. The institution's branches are readily accessible to all portions of its AAs, including LMI geographies. The bank operates 36 full-service branch offices within its five designated AAs, with eleven offices (30.6 percent) located in moderate-income tracts. In addition, the bank also operates 40 automated teller machines (ATMs), with eleven ATMs (27.5 percent) located in moderate-income geographies. Business hours and products do not vary among the bank's branches in a way that inconveniences certain portions of the AAs, particularly LMI geographies or LMI individuals.

Since the prior evaluation, the bank opened a branch (upper-income tract) and closed a branch (middle-income tract) within the Rural Colorado AA. This activity did not adversely impact the level of services provided by CBC throughout its AAs. Overall, bank personnel provided an adequate level of community development services.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

An evaluation of the bank's fair lending activities was conducted during the examination to determine its level of compliance with the substantive provisions of the antidiscrimination laws and regulations, including the Equal Credit Opportunity Act and the FHA. No apparent signs of discrimination were identified and the bank was not engaged in any illegal credit practices inconsistent with helping to meet community credit needs.

NONMETROPOLITAN AREA
(Full Review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE RURAL COLORADO ASSESSMENT AREA

The Rural Colorado AA extends across the southern portion of the state and consists of 30 of the 47 rural counties in Colorado. The bank presently operates 28 full-service branch offices in the AA, comprising 77.8 percent of all bank offices. According to the Federal Deposit Insurance Corporation (FDIC) Market Share Report from June 30, 2009, CBC's deposit market share for the Rural Colorado AA was 7.2 percent, ranking the bank third among 58 financial institutions operating in the area.

A substantial majority of the bank's lending and community development investments and services occurred in this AA; therefore, the performance in this area weighs significantly on the overall results of the evaluation.

DESCRIPTION OF THE RURAL COLORADO ASSESSMENT AREA

The area covers a large geographic area and contains many diverse economies. The western portion of the AA is in the heart of the Rocky Mountain Range and includes several ski and tourist resort areas and some of the state's largest national parks. The southwest corner of the state contains portions of three Indian Reservations. Moving east, area economies are increasingly reliant on agriculture. The bank's AA contains 74.0 percent of total businesses located in all statewide rural Colorado counties, but only 51.3 percent of total statewide rural farms. The strength of area regional economies varies based on local farm conditions and tourism conditions. Several counties' economies are also reliant upon colleges, prisons, the mining industry, and regional health care services.

In 2000, the AA population totaled 452,717, which represents 10.5 percent of the total state population, and 71.5 percent of the state non-MSA population. The area's concentration of families as a percentage of households varied throughout the Rural AA, and varied significantly from the AA figure and the rural statewide figure in six counties. In Pitkin and San Miguel Counties, the percentage of households that were families was quite low as of 2000 Census data (approximately 48 percent, compared to 66 percent AA and state averages). These counties contain the resort towns of Aspen and Telluride, and also had much higher populations of upper-income households, populations 25 to 64 years old and in the labor force, lower unemployment rates, and very high median housing values. The counties of Archuleta, Conejos, Custer, and Rio Grande had higher concentrations of families, ranging from 72.3 percent to 74.5 percent of area households.

In 2000, the MFI equaled $43,530. There were several outliers that included counties well above the AA MFI, including Eagle ($68,226), Pitkin ($75,048), and San Miguel ($60,417) in the mountain region of the state. There were also outliers well below the AA MFI, including three moderate-income counties in south-central Colorado, Conejos ($29,066), Costilla ($25,509), and Saguache ($29,405). These three counties had the highest concentrations of low-income families (ranging from 36 percent to 44 percent compared to the 19.8 percent AA average) and families below the poverty level (from 19 percent to 21 percent compared to the AA average of 9.3 percent). Eagle, Hinsdale, and Pitkin Counties had the lowest family poverty rates, equaling 3.9 percent, 4.5 percent, and 3.0 percent, respectively.

Exhibit 3 displays key AA demographic characteristics including information related to housing and income. The AA had a slightly higher concentration of single-family units (66.9 percent of area housing stock compared to 65.3 percent for statewide nonmetropolitan areas) and owner-occupied housing units (55.4 percent compared to 52.7 percent). Rental units were also slightly higher than the statewide average (24.1 percent versus 23.2 percent), and vacant units are lower (20.5 percent versus 24.1 percent). Single-family and owner-occupied housing stocks generally have higher credit demand than multifamily and rental units; however, these slight variances would not likely have a significant impact on credit demand.

Several mountain counties have very unique housing characteristics due to the presence of seasonal/vacation homes. The census bureau treats these homes as vacant instead of owner-occupied. Therefore, Hinsdale County had a 17.9 percent owner-occupancy rate and a 72.5 percent vacancy rate; Mineral County equaled 24.7 percent and 66.3 percent, respectively; San Juan County equaled 28.6 percent and 57.4 percent, respectively; San Miguel County equaled 29.9 percent and 42.0 percent, respectively; Gunnison County equaled 36.1 percent and 38.2 percent, respectively; Custer County equaled 39.1 percent and 50.5 percent, respectively; and, Pitkin County equaled 39.8 percent and 32.6 percent, respectively. Gunnison, Pitkin, and San Miguel Counties also had high concentrations of rentals, equaling 25 percent to 28 percent versus the statewide non-MSA average of 23.2 percent. The other four counties had low numbers of rental units, ranging from 9 percent to 14 percent. The demand for residential mortgages in these seven counties is dependent on the frequency that vacation homes resell. When considering the low owner-occupancy rates, the bank's performance in this AA will be compared to the total number of housing units in lieu of using owner-occupied homes as the comparative measure. Counties with the highest concentrations of owner-occupied homes above 64 percent were Crowley, Delta, Fremont, Montezuma, and Montrose.

The median housing value for the AA ($122,409), mirrored the overall state non-MSA median figure ($119,022) according to 2000 Census data. The median housing values in Eagle ($300,900), Hinsdale ($218,100), Pitkin ($497,000), Ouray ($238,600), and San Miguel ($297,900) Counties were well above the AA average figure. These were some of the counties with above-average vacancy rates, indicating a high number of seasonal/vacation homes.

The counties with the largest stock of mobile homes were Dolores, Montezuma, and Montrose, located in the southwest corner of the state, and Saguache County located east of the aforementioned counties. The concentration of mobile homes in these four counties equaled 25 percent to 27 percent of total housing units, compared to 15.6 percent for the entire AA.

The presence of mobile homes may serve to provide affordable housing alternatives in these counties.

The Colorado housing market has a very low housing affordability ratio[1] compared to other Tenth District states. The statewide affordability ratio equaled 29 percent, according to 2000 Census data, while statewide non-MSA areas equaled 32 percent. The bank's Rural Colorado AA mirrored the state, at 29 percent. The most affordable counties in this AA were Baca (56 percent) and Prowers (45 percent) in the southeast corner of the state, and Conejos (45 percent) in the south-central portion. Six counties had a ratio at or below 20 percent, including Eagle, Gunnison, Hinsdale, Ouray, Pitkin, and San Miguel.

As noted in Exhibit 3, it is expected that a great deal of bank lending would be in middle-income tracts, which contained approximately 57 percent of the AA population, housing units, and businesses. As previously noted, the bank's branching in moderate-income census tracts appears reasonable, with 28.6 percent of the bank's branches in moderate-income tracts, while such tracts make up 21 percent of total AA tracts. These moderate-income tracts contain 18.5 percent of the area population and only 12 percent of area businesses.

Members of the community were contacted in order to ascertain local perspectives on the area's economic status and potential credit needs. One of the contacts in Montrose County discussed weakening economic conditions and increasing unemployment, consistent with conditions nationwide. The contact also discussed the difficulty area LMI individuals have qualifying for home loans, indicating a need for affordable housing initiatives.

A second contact in La Plata County discussed the declining economy and the need for affordable housing due to high housing costs. The lack of affordable housing was apparently due to the area's status as a popular resort community with an abundance of high cost vacation homes and secondary residences. The contact also indicated that upper-income individuals migrating into the area from other parts of the country, due to its resort status, are driving up home prices to a level that is not affordable for the local population working in the area at low paying jobs.

Despite the identified needs, both contacts indicated that the local financial institutions were adequately meeting area credit needs.

[1] The housing affordability ratio is calculated by dividing the median household income by the median housing value. A lower ratio reflects less affordable housing.

EXHIBIT 3
RURAL COLORADO 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	1	0.8	371	0.3	129	34.8	22,753	19.8
Moderate-Income	26	21.0	21,068	18.3	3,656	17.4	21,896	19.1
Middle-Income	73	58.9	69,366	60.4	5,896	8.5	25,514	22.2
Upper-Income	20	16.1	24,115	21.0	1,012	4.2	44,757	38.9
Unknown-Income	4	3.2	0	0.0	0	0.0	0	0.0
Total Assessment Area	**124**	**100.0**	**114,920**	**100.0**	**10,693**	**9.3**	**114,920**	**100.0**

	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-Income	521	281	0.2	53.9	182	34.9	58	11.1
Moderate-Income	37,467	21,049	17.5	56.2	10,079	26.9	6,339	16.9
Middle-Income	123,024	73,249	60.8	59.6	27,220	22.1	22,555	18.3
Upper-Income	56,389	25,917	21.5	46.0	14,856	26.3	15,616	27.7
Total Assessment Area	**217,401**	**120,496**	**100.0**	**55.4**	**52,337**	**24.1**	**44,568**	**20.5**

	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-Income	20	0.1	15	0.0	2	0.1	3	0.3
Moderate-Income	3,871	11.8	3,484	11.6	236	13.1	151	16.8
Middle-Income	17,807	54.4	16,485	54.9	827	46.0	495	54.9
Upper-Income	11,039	33.7	10,055	33.5	732	40.8	252	28.0
Tract Not Reported	8	0.0	8	0.0	0	0.0	0	0.0
Total Assessment Area	**32,745**	**100.0**	**30,047**	**100.0**	**1,797**	**100.0**	**901**	**100.0**
	Percentage of Total Businesses:			**91.8**		**5.5**		**2.8**

	Total Farms by Tract		Farms 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	467	26.6	453	26.4	13	34.2	1	100.0
Middle-Income	1,102	62.8	1,078	62.8	24	63.2	0	0.0
Upper-Income	186	10.6	185	10.8	1	2.6	0	0.0
Tract Not Reported	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	**1,755**	**100.0**	**1,716**	**100.0**	**38**	**100.0**	**1**	**100.0**
	Percentage of Total Farms:			**97.8**		**2.2**		**0.1**

Based on the 2000 Census data, 2004 MSA designations, and 2008 Dun & Bradstreet (D&B) data.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE RURAL COLORADO ASSESSMENT AREA

LENDING TEST

The bank's performance with respect to the lending test in the Rural Colorado AA was good.

Lending Activity:

CBC's responsiveness to area credit needs was excellent. The bank's lending activity within the area represented 73.2 percent of its total 2007 and 2008 HMDA-related, small business, and small farm loan originations. Small farm loans that were originated in the Rural Colorado AA comprised 96.9 percent of all farm loans made by the bank inside its five designated AA's.

Geographic Distribution:

The geographic distribution of HMDA-related, small business, and small farm loans reflected excellent loan penetration. Performance context issues, including lending opportunities reflected in the number and percentage of housing units, numbers of businesses and farms, as well as aggregate data collected from other reporting lenders in the bank's AAs, were considered. Exhibit 4 illustrates the details regarding bank, demographic, and aggregate data for the bank's lending activities within each census tract type in the AA.

EXHIBIT 4
DISTRIBUTION OF LENDING WITHIN THE RURAL COLORADO ASSESSMENT AREA BY INCOME LEVEL OF CENSUS TRACT[1]

Loan Type	Percentage of Bank Lending by # of Loan Originations							
	Low-Income		Moderate-Income		Middle-Income		Upper-Income	
HMDA Loans[2]	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**
Home Purchase	0.0	0.0	31.3	33.0	39.2	37.5	29.5	29.5
Refinance	0.0	0.0	27.5	27.8	42.0	27.8	30.4	44.4
Home Improvement	0.0	0.0	30.3	44.4	39.4	27.8	30.3	27.8
Total HMDA Loans	0.0	0.0	30.0	33.1	39.9	34.3	30.0	32.5
Percentage of total housing units by tract[3]	0.2		17.2		56.6		25.9	
2008 aggregate HMDA data[4]	0.1		7.6[5]		55.3		36.8	
Commercial Loans[6]	0.2	0.5	22.1	21.5	44.4	44.4	33.3	33.6
Percentage of businesses by tract[7]	0.1		11.8		54.4		33.7	
2008 aggregate CRA data[4]	0.0		7.4		43.6		35.9	
Agricultural Loans[6]	0.0	0.0	18.0	51.9	18.3	47.3	3.6	0.9
Percentage of farms by tract[7]	0.0		26.6		62.8		10.6	
2008 aggregate CRA data[4]	0.0		22.4		59.9		8.7	

1 Low-income census tracts are those geographies with MFI < than 50 percent of the non-MSA statewide MFI based on 2000 Census data; moderate-income = 50 percent to 80 percent; middle-income = 80 percent to 120 percent; and upper-income is > than 120 percent.

2 Total HMDA loans in the Rural AA equaled 283 in 2007 and 166 in 2008 and were mainly home purchase loans.

3 The percentage of housing units located in each tract category is based on 2000 Census data. This figure was used for comparison, as 31 percent of the bank's AA HMDA loans were for nonowner-occupied purpose.

4 Aggregate loan data reflects all loan originations in the AA reported by all HMDA/CRA filers. (Note: The tract category is unknown for 13.0 percent of aggregate business loans and 9.0 percent of aggregate farm loans.)

5 Aggregate percentage (7.6%) includes all HMDA loans. Aggregate distribution in moderate-income tracts by loan type includes home purchase at 9.1%, refinance at 6.3%, and home improvement at 13.6%.

6 Total CRA reported loans in the Rural AA: 2007 – 471 business and 333 farm; 2008 – 428 business and 347 farm.

7 The percentage of businesses/farms located in each tract category is based on 2008 D&B business data; tract categories are based on 2000 Census tract designations and 2009 MSA designations.

Home Purchase Loans

The distribution of home purchase loans by geographic income level reflected excellent penetration throughout the AA, particularly in the moderate-income geographies. CBC originated no home purchase loans in the area's only low-income geography. Aggregate data reflected an insignificant level of lending in this area, which is generally consistent with the percentage of housing units (0.2 percent) inside this geography. Performance context issues indicated lenders had few opportunities to originate loans in the low-income tract. Bank performance in the moderate-income geographies (33.0 percent) was nearly double the area demographics and greatly exceeded the aggregate data (9.1 percent). CBC's performance in

2007 was also strong in the moderate-income geographies (31.3 percent) when compared to the demographic figure.

Refinance Loans

Mortgage refinance lending across geographies of different income levels reflected excellent penetration in LMI geographies. The bank did not originate any loans in the low-income tract during the evaluation period, which closely mirrors the performance of other HMDA reporters in the area. CBC’s performance for 2008 in the moderate-income tracts (27.8 percent) was excellent, comparing favorably with the percentage of total housing units (17.2 percent) and significantly above the aggregate lenders (6.3 percent). In 2007, the bank demonstrated similar performance in the LMI geographies.

Home Improvement Loans

The distribution of home improvement lending across geographies of different income levels was excellent in LMI geographies. Consistent with other loan types, CBC did not originate any loans in the low-income tract during 2007 and 2008. The performance of the aggregate lenders during 2008 (0.0 percent) was identical for home improvement loans, which is indicative of the low percentage of housing units in the low-income tract (0.2 percent). Again, performance context issues indicated lenders had few opportunities to originate loans in this tract. The bank's activity in moderate-income tracts in both years was excellent, but particularly high in 2008, at 44.4 percent. The 2008 volume exceeded the percentage of housing units in moderate-income tracts (17.2 percent) and the aggregate data (13.6 percent). Bank performance in 2007 was lower (30.3 percent), but well above the demographic data.

Small Business Loans

The geographic distribution of small business loans was excellent in LMI geographies. The bank's 2008 performance within the low- and moderate-income geographies (0.5 percent and 21.5 percent, respectively) was significantly above the aggregate lenders (0.0 percent and 7.4 percent, respectively) and the percentage of small businesses (0.1 percent and 11.8 percent, respectively). In 2007, the bank's performance in LMI geographies (0.2 percent and 22.1 percent, respectively) again exceeded area demographics, at 0.1 percent and 11.8 percent, respectively.

Small Farm Loans

The distribution of small farm loans by income level of geography was excellent throughout the Rural Colorado AA during 2008. According to demographic data, there were no farms located in the area's only low-income geography during the evaluation period. CBC's performance in the moderate-income geographies (51.9 percent) greatly exceeded area demographics and the aggregate data (26.6 percent and 22.4 percent, respectively). Bank performance in 2007 was substantially lower (18.0 percent) than the 2008 performance and the demographic figure (26.6 percent), although performance for both years was strong.

Distribution by Borrower Income and Revenue Size of the Business:

The distribution of loans by borrower income levels reflected good performance. The number and percentage of LMI families, high cost of housing relative to low incomes in Colorado's nonmetropolitan resort areas, performance context issues, sizes of businesses and farms, and aggregate performance data in the AA were all factored into the analysis. Exhibits 5 and 6 offer details of the bank's performance for this test.

EXHIBIT 5
DISTRIBUTION OF LENDING WITHIN THE RURAL COLORADO ASSESSMENT AREA BY INCOME LEVEL OF BORROWER [1]

Loan Type	Percentage of Bank Lending by # of Loan Originations							
	Low-Income		Moderate-Income		Middle-Income		Upper-Income	
HMDA Loans[2]	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**
Home Purchase	8.6	2.8	18.4	18.9	26.3	31.1	46.6	47.2
Refinance	10.9	0.0	12.5	24.2	29.7	21.2	46.9	54.5
Home Improvement	13.3	41.2	26.7	0.0	23.3	11.8	36.7	47.1
Total HMDA Loans	9.7	6.4	17.9	17.9	26.8	26.9	45.5	48.7
Percentage of families[3]	19.8		19.7		22.2		38.9	
2008 aggregate HMDA data[4]	3.7		12.1		21.3		62.9	

1 Low-income level borrowers are those with annual incomes < than 50 percent of the statewide nonmetropolitan MFI; moderate-income = 50 percent to 80 percent; middle-income = 80 percent to 120 percent; and upper-income is > than 120 percent. The statewide nonmetropolitan MFI is based on the annual HUD-adjusted MFI, which for 2007 and 2008 equaled $52,400 and $53,800, respectively. Percentages were calculated after excluding borrowers without reported incomes.

2 Total HMDA loans in the Rural AA equaled 283 in 2007 and 166 in 2008; predominantly home purchase loans.

3 The percentage of households/families in each income category is based on 2000 Census data.

4 Aggregate loan data reflects all loan originations in the AA reported by all HMDA filers, aggregate performance to LMI borrowers equaled 14.1 percent for home purchase loans, 12.3 percent for refinance loans, and 20.7 percent for home improvement loans.

Home Purchase Loans

The bank's distribution of home purchase loans to LMI borrowers was good. CBC's distribution to low-income borrowers (2.8 percent), although below demographics, was comparable to aggregate reporters (3.4 percent). Performance was stronger for moderate-income lending, especially when compared to aggregate reporters (18.9 percent versus 10.7 percent). In 2007, the bank's performance was more favorable for lending to low-income borrowers, although the moderate-income distribution was similar to the 2008 level, as noted in Exhibit 5.

Refinance Loans

CBC's level of refinance loans to LMI borrowers was also considered good. In 2008, the bank did not originate any loans to low- income borrowers, although it is important to note that there were only seven loans made to low-income borrowers during 2007. This pattern is generally consistent with the national downturn in demand for mortgage loans over the past two years. Performance to moderate-income borrowers in 2008 (24.2 percent) exceeded both the demographic and aggregate figures (19.7 percent and 9.5 percent, respectively). Bank performance in 2007 for LMI borrowers (10.9 percent and 12.5 percent respectively) was below demographics (19.8 percent and 19.7 percent, respectively) and above the aggregate data (3.7 percent and 12.3 percent, respectively), although moderate-income performance was very similar to the aggregate reporters.

<u>Home Improvement Loans</u>

The bank's distribution of home improvement loans reflected good performance, overall. During 2007 and 2008, a total of 51 home improvement loans were originated in the Rural AA. The bank's distribution to low-income borrowers in 2008 (41.2 percent) was excellent, exceeding the area demographics (19.8 percent) and significantly exceeding the aggregate data (7.2 percent). Performance in 2007 was lower (13.3 percent), but good, when compared to the demographic percentage of families by income level (19.8 percent). CBC did not report any loans to moderate-income borrowers during 2008, and only eight loans were made to this income category during 2007 (26.7 percent). This performance is good when compared to the demographic of 19.7 percent

The bank’s level of mortgage lending across loan types to LMI borrowers is also considered strong when considering the low affordability of housing in many communities in the AA, as well as the low owner-occupancy status of many housing units.

EXHIBIT 6 DISTRIBUTION OF LENDING WITHIN THE RURAL COLORADO ASSESSMENT AREAS BY BUSINESS/FARM SIZE AND LOAN SIZE		
By Business Size	**2007**	**2008**
Percentage of loans to small businesses[1]	73.4	66.0
Percentage of small businesses in AA[2]	94.4	
2008 aggregate CRA data[3]	36.1	
By Loan Size – Business Loans		
$250,000 or less	83.0	86.0
2008 aggregate CRA data[3]	98.0	
By Farm Size		
Percentage of loans to small farms[1]	93.4	90.3
Percentage of small farms in AA[2]	97.8	
2008 aggregate CRA data[3]	72.1	
By Loan Size – Farm Loans		
$250,000 or less	91.9	90.5
2008 aggregate CRA data[3]	93.9	

1 Small businesses/farms, as defined by the CRA, are those with gross annual revenues of $1 million or less.
2 The percentage of small businesses/farms in the AA is based on 2008 D&B business data, and based only on those with reported revenues.
3 Aggregate loan data reflects all small business and small farm loan originations in the AA reported by all CRA filers.

Small Business Loans

CBC's overall distribution of loans to businesses of different revenue sizes was good in the Rural Colorado AA, as noted in Exhibit 6 above. The bank's 2008 performance (66.0 percent) was less than the percentage of businesses with gross annual revenues (GAR) of $1 million or less (94.4 percent); however, the bank's lending was substantially above the aggregate lenders (36.1 percent). The business loans were also stratified by loan size, and 86.0 percent of the total number of CBC's small business loans made during 2008 was in amounts of $250,000 or less, which are considered to be amounts typically needed by smaller businesses.

Performance in 2007 was slightly better than 2008 performance. The bank's lending to businesses with GAR of $1 million or less (73.4 percent) was lower than the demographic percentage of small businesses, but was still considered good. Furthermore, 83.0 percent of these loans were made to businesses for amounts of $250,000 or less.

While the bank's performance is lower than the overall percentage of small businesses within this revenue category, its performance exceeded that of the aggregate lending data. The aggregate lending data provides a better comparison because not all businesses have the financial capacity to qualify for traditional bank loans. The aggregate data reflects the market demand for credit from qualified borrowers. The bank's performance relative to the market data demonstrated CBC actively grants credit to small businesses.

Small Farm Loans

The overall distribution of loans to farms of different revenue sizes was also good. The 2008 percentage of loans to farms with GAR of $1 million or less equaled 90.3 percent, compared to the area aggregate figure of 72.1 percent. Demographic data noted that 97.8 percent of area farms had revenues less than $1 million. The bank's loans were further stratified by loan size. As a result, 90.5 percent, by number, of the bank’s total small farm loans originated in 2008 were in amounts of $250,000 or less, amounts typically needed by smaller farms. The bank's lending activity in 2007 reflected similar performance. CBC's lending to farms with GAR of $1 million or less (93.4 percent) was slightly higher than 2008 levels. In addition, 91.9 percent of these loans were made to businesses in amounts of $250,000 or less.

Community Development Lending:

CBC reported two qualified community development loans totaling $3.1 million in the Rural Colorado AA. The purpose of one loan was to finance the infrastructure of a subdivided mobile home park to be occupied by local workers. The property was previously owned by the Aspen-Pitkin County Housing Authority (APCHA), whose purpose is to ensure the existence of a supply of desirable and affordable housing for persons currently employed in Pitkin County. The park will have restrictions stipulated by the APCHA, which require that the units be owner-occupied and targeted to LMI individuals with limited assets and income levels. The second loan was to finance the development of 63 condominium units that will provide affordable housing to area workers, with condominium sales prices starting at a level specifically targeted to LMI borrowers.

INVESTMENT TEST

The bank had a reasonable level of qualified investments and grants in the Rural Colorado AA, although they were not considered particularly innovative or complex, nor beyond the ability of private investors to routinely provide. CBC provided five qualified investments in the area totaling $755,000.

The table at the right indicates that the majority of CBC’s investments by number and dollar volume are debt/equity instruments. These investments are comprised of three local school bonds that benefit schools in which a majority of the student are enrolled in the free and reduced lunch program. The bank’s grants and donations include:

RURAL COLORADO AA COMMUNITY DEVELOPMENT QUALIFIED INVESTMENTS				
Purpose	Debt/Equity Investments		Grants & Donations	
	#	$(‘000s)	#	$(‘000s)
Affordable Housing	0	0	1	7
Revitalize and Stabilize	3	745	1	3
Community Services	0	0	0	0
Economic Development	0	0	0	0
Totals	**3**	**745**	**2**	**10**

- $2,585 to a community foundation operating within an AA county that was declared a disaster area by the Federal Emergency Management Agency after a fire destroyed a number of homes and thousands of acres of forest. The funds provided relief to victims that lost homes or suffered other property damage resulting from the fire.

- $6,850 to a nationally recognized housing organization that provides affordable housing to LMI individuals.

SERVICE TEST

Performance under the service test was good based primarily on the accessibility of delivery systems.

Retail Services:

CBC operates 28 offices within the Rural Colorado AA, eight of which (28.6 percent) are located in moderate-income tracts. Of the remaining branch offices, 11 are located in middle-income tracts and nine are in upper-income tracts. Since the prior evaluation, CBC opened one branch in an upper-income tract and closed a branch in a middle-income tract. Banking offices are readily accessible to all portions of the AA, and the wide array of services offered do not vary in a way that inconveniences certain portions of the AA or LMI individuals. Business hours of offices are relatively consistent throughout the AA and allow for adequate accessibility to retail banking services.

Community Development Services:

Management and staff provided an adequate level of community development services in the Rural Colorado AA. A total of seven services were provided in the rural area that were diversified across community development purposes. Examples of community development services include:

- San Luis Valley Small Business Development Corporation – One bank employee provided training and counseling to the clients of this organization on management skills, marketing, credit, and finance.

- Eagle Valley Economic Forum – One bank employee serves this organization by providing financial expertise to support the provision of affordable housing and economic data used by the county.

METROPOLITAN AREA
(Full Review)

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN MSA 19740 (DENVER-AURORA, COLORADO)

CBC has designated Adams, Arapahoe, Denver, Douglas, and Jefferson Counties, which are part of the Denver MSA, as one of its AAs. The bank operates five full-service branch offices in the Denver MSA AA. As of June 30, 2009, the AA branch offices held $672 million of the bank's total deposits, or 41.8 percent of the bank's total deposits in all of its AAs. According to the FDIC Market Share Report of the same date, CBC's deposit market share for the Denver MSA was 1.4 percent and the institution ranked 17 among 88 financial institutions in the area.

DESCRIPTION OF THE DENVER MSA ASSESSMENT AREA

All of Adams, Arapahoe, Denver, Douglas, and Jefferson Counties comprise the AA. These counties constitute only half of the ten counties that make up the Denver-Aurora MSA, but constitute approximately 95.0 percent of total MSA population, families, housing units, and businesses.

The population of the entire Denver-Aurora MSA equaled 2,179,240 as of the 2000 Census, equaling half the state's population. The MSA's population increased by 15 percent to 2,507,040, according to July 2008 estimates. Douglas County, the southernmost suburban county in the AA, had the smallest population of the five counties, with 8.4 percent of the total AA population in 2000; however, this has increased to 11.7 percent as of July 2008. The other four counties each contained 17.0 percent to 24.0 percent of the AA 2008 population. The AA's age composition and concentration of families as a percentage of total households were similar to that of the entire MSA and the state. The area contained no large group quarters or institutions. No anomalies were noted regarding population demographics that would substantially affect credit demand in the AA. (2000 Census data; 2008 U.S. Census bureau QuickFacts)

The Denver MSA attracts viable growth industries, such as aerospace, bioscience, energy, financial services, and information technology/software. The city of Denver has the second highest concentration of research scientists and engineers and the third highest number of science and engineering graduate students in the country. The MSA's largest private employers include Qwest Communications (9,000 employees), King Soopers, Inc. (8,600), HealthONE (8,500), Lockheed Martin (8,200), Wal-Mart Stores, Inc. (7,900), Exempla Healthcare (7,100), Safeway, Inc. (6,700), University of Denver (5,900), Centura Health (5,600), and United Airlines (5,200). Federal, state, city, and county governments, as well as area school districts and universities also provide much public-sector employment. (Source: Metro Denver Electronic Data Center April 2008; Moody's Economy.com, 2005 and 2008)

The AA 2000 vacancy rate of 3.7 percent was low compared to the 8.3 percent statewide vacancy rate. The area contained a higher concentration of multifamily units, equaling 25.9 percent of total housing units, compared to 19.9 percent for the state. Conversely, there is a lower concentration of 1- to 4-family units, which could affect housing credit demand. The AA also has a small concentration of mobile homes. Of total area housing stock, mobile homes constituted 2.1 percent, compared to the statewide figure of 5.7 percent.

The age of housing stock mirrors the state figures for each income tract category and overall state levels. As is typical, housing stock is much older in the LMI tracts, so there may be a need for more housing rehabilitation loans in these tracts. Housing stock age also varied greatly by county, with the oldest housing in Denver County, where the median age was 42 years. Denver County also had a lower concentration of owner-occupied units (50.0 percent compared to 64 percent for the AA), more rentals (45.0 percent versus 32.0 percent), and a slightly higher vacancy rate (4.9 percent compared to 3.7 percent). In Douglas County, housing demographics suggest newer housing development. As of 2000 data, the median age of housing stock was only six years. This county has the highest concentration of owner-occupied units (84.5 percent) and few rentals (11.7 percent). Douglas County may likely have higher demand for construction and development loans.

As noted in Exhibit 7, area low- and moderate-income tracts contained significant concentrations of area families; however, economic and housing characteristics may restrict mortgage lending in these tracts. The concentration of owner-occupied housing units in the low-income tracts equaled only 27.7 percent, compared to the AA figure of 63.9 percent, while the concentration of rental units was double the AA figure. As of 2000 data, the family poverty rate in the low-income tracts was nearly five times the overall AA rate, and the unemployment rate equaled 9.6 percent, more than twice the overall AA rate of 4.0 percent. Absent special credit programs, many residents in the LMI tracts may be unable to obtain substantial credit.

The breakdown of AA families by income category mirrored the statewide figures, and the number of families in the AA below the poverty level was slightly lower than the statewide figure of 6.2 percent. No anomalies were noted regarding family or tract income demographics that would substantially affect credit demand in the AA.

Three community contacts provided additional information regarding community credit needs and the condition of the local economy. One contact noted that Arapahoe and Douglas County were experiencing economic growth, unlike other counties in the Denver-Aurora MSA, which have generally followed step with the nationwide economic downturn. Another contact noted an above-average economy in Douglas County evidenced by several construction projects for commercial buildings and office space. Two of the three contacts noted that credit for commercial purposes has been more difficult to obtain since the onset of the recent economic decline.

EXHIBIT 7 DENVER MSA 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	21	4.1	19,794	3.8	5,426	27.4	97,254	18.5
Moderate-Income	143	27.9	137,927	26.2	14,402	10.4	99,762	18.9
Middle-Income	198	38.7	207,723	39.4	7,078	3.4	124,734	23.7
Upper-Income	146	28.5	161,044	30.6	2,612	1.6	204,738	38.9
Unknown	4	0.8	0	0.0	0	0.0	0	0.0
Total Assessment Area	**512**	**100.0**	**526,488**	**100.0**	**29,518**	**5.6**	**526,488**	**100.0**
	Housing Units By Tract	**Housing Types by Tract**						
		Owner-occupied			**Rental**		**Vacant**	
		#	**%**		**#**	**%**	**#**	**%**
Low-Income	38,793	10,760	2.0	27.7	25,943	66.9	2,090	5.4
Moderate-Income	249,760	123,577	22.7	49.5	116,759	46.7	9,424	3.8
Middle-Income	345,970	227,968	41.9	65.9	105,996	30.6	12,006	3.5
Upper-Income	216,224	181,550	33.4	84.0	26,962	12.5	7,712	3.5
Total Assessment Area	**850,747**	**543,855**	**100.0**	**63.9**	**275,660**	**32.4**	**31,232**	**3.7**
	Total Businesses by Tract		**Businesses by Tract & Revenue Size**					
			Less Than or = $1 Million		**Over $1 Million**		**Revenue Not Reported**	
	#	**%**	**#**	**%**	**#**	**%**	**#**	**%**
Low-Income	4,538	4.0	3,952	3.9	428	4.7	158	6.5
Moderate-Income	28,573	25.1	24,849	24.2	3,024	33.3	700	28.8
Middle-Income	40,969	35.9	37,346	36.4	2,770	30.5	853	35.1
Upper-Income	38,980	34.2	35,664	34.8	2,630	29.0	686	28.2
Tract Not Reported	954	0.8	694	0.7	226	2.5	34	1.4
Total Assessment Area	**114,014**	**100.0**	**102,505**	**100.0**	**9,078**	**100.0**	**2,431**	**100.0**
	Percentage of Total Businesses:			**89.9**		**8.0**		**2.1**

Based on 2000 Census data, 2004 MSA designations, and 2008 D&B data.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE DENVER ASSESSMENT AREA

LENDING TEST

CBC's performance with respect to the lending test in the Denver AA was good.

Lending Activity:

The bank's responsiveness to AA retail credit needs was good. Lending activity for the MSA represented 19.7 percent of total HMDA-related and small business loan originations made by the bank within all of its AAs during the evaluation period.

Geographic Distribution:

The geographic distribution of HMDA-related and small business loans reflected good loan penetration in the AA. Performance context issues, including lending opportunities reflected in the number and percentages of owner-occupied housing units and businesses, and the performance of aggregate HMDA and CRA reporters in the AA were considered. Exhibit 8 illustrates the details regarding bank, demographic, and aggregate data for the bank's home mortgage and commercial loans.

EXHIBIT 8
DISTRIBUTION OF LENDING WITHIN THE DENVER MSA ASSESSMENT AREA BY INCOME LEVEL OF CENSUS TRACT[1]

Loan Type	Percentage of Bank Lending by # of Loan Originations							
	Low-Income		Moderate-Income		Middle-Income		Upper-Income	
HMDA Loans[2]	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**
Home Purchase	5.9	5.3	47.1	21.1	23.5	34.2	23.5	39.5
Total HMDA Loans	6.8	8.2	43.2	22.4	22.7	28.6	27.3	40.8
Percentage of total housing units by tract [3]	4.6		29.3		40.7		25.4	
2008 aggregate HMDA data[4]	3.0		20.0		41.4		34.6	
Commercial Loans	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**
Commercial Loans	5.7	2.9	21.9	24.1	36.2	31.5	34.8	41.1
Percentage of businesses by tract[5]	4.0		25.1		35.9		34.2	
2008 aggregate CRA data[4]	3.0		20.0		33.3		40.5	

1 Low-income census tracts are those geographies with MFI less than 50 percent of the MSA MFI based on 2000 Census data; moderate-income equals 50 percent – 80 percent; middle-income is 80 percent – 120 percent; and upper-income is greater than 120 percent.
2 Too few HMDA loans in refinance, home improvement, and multifamily categories to analyze separately, but those numbers are included in totals.
3 The percentage of housing units located in each tract category is based on 2000 Census data. Total housing units was used for comparison rather than owner-occupied housing units, as 55 percent of the bank's HMDA loans were for nonowner-occupied purpose.
4 Aggregate loan data reflects all loan originations in the AA reported by all HMDA/CRA filers. (Note: The tract category is unknown for 1.0 percent of aggregate business loans.)
5 The percentage of businesses located in each tract category is based on 2008 D&B business data; tract categories are based on 2000 Census tract designations and 2009 MSA designations.

Home Purchase Loans

The bank's geographic distribution of home purchase loans across geographies of different income levels reflected good penetration in low- and moderate-income geographies. Of the 93 total HMDA loans originated by CBC during 2007 and 2008, 72 were home purchase loans. The bank's 2008 performance in LMI geographies (5.3 percent and 21.1 percent, respectively) was roughly similar to demographics (4.6 percent and 29.3 percent, respectively) and aggregate reporters (3.0 percent and 20.0 percent, respectively). CBC's performance in 2007 (5.9 percent) was similar to 2008 performance in low-income tracts, and was stronger in the moderate-income tracts (47.1 percent).

Although the bank's performance was slightly below demographic levels in 2008, as discussed previously, the LMI tracts in the AA had higher levels of poverty and unemployment than other tracts throughout the state. These factors make mortgage lending in these tracts more difficult.

During 2007 and 2008, the bank reported a total of 13 refinance, three home improvement, and five multifamily loans on its HMDA LAR. Although this volume of lending is considered too low to analyze separately, it should be noted that the distribution by income level of census tract for these 21 loans was generally consistent with CBC's performance for home purchase loans.

<u>Small Business Loans</u>

The geographic distribution of small business loans was good in LMI geographies. In 2008, the bank's performance for low- and moderate-income geographies (2.9 percent and 24.1 percent, respectively) was similar to the aggregate reporters (3.0 percent and 20.0 percent, respectively) and the percentage of small businesses operating in the AA (4.0 percent and 25.1 percent, respectively). During 2007, the bank's performance was considered good (5.7 percent and 21.9 percent, respectively) in the LMI geographies.

Distribution by Borrower Income and Revenue Size of the Business:

The distribution of loans across borrower income levels and by revenue size of businesses reflected adequate performance. The number and percentage of LMI families, high cost of housing relative to incomes, performance context issues, size of businesses, and aggregate performance in the AA were considered in the analysis.

EXHIBIT 9
DISTRIBUTION OF LENDING WITHIN THE DENVER MSA ASSESSMENT AREA
BY INCOME LEVEL OF BORROWER [1]

Loan Type	Percentage of Bank Lending by # of Loan Originations							
	Low-Income		Moderate-Income		Middle-Income		Upper-Income	
HMDA Loans[2]	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**
Home Purchase	0.0	0.0	35.3	27.8	5.9	27.8	58.8	44.4
Total HMDA Loans	4.3	0.0	26.1	25.0	8.7	20.8	60.9	54.2
Percentage of families by income category[3]	18.5		18.9		23.7		38.9	
2008 aggregate HMDA data[4]	9.5		24.9		26.2		39.4	

1 Low-income level borrowers are those with annual income less than 50 percent of the MSA MFI; moderate-income equals 50 percent – 80 percent; middle-income is 80 percent – 120 percent; and, upper-income is greater than 120 percent.
The MSA MFI is based on the annual HUD-adjusted MFI, which for 2007 and 2008 equaled $71,400 and $71,800, respectively.
Percentages were calculated after excluding borrowers without reported incomes.
2 Too few HMDA loans in refinance, home improvement, and multifamily categories to analyze separately, but those numbers are included in totals.
3 The percentage of families in each income category is based on 2000 Census data.
4 Aggregate loan data reflects all loan originations in the AA reported by all HMDA filers.

<u>Home Purchase Loans</u>

As noted in Exhibit 9, CBC's distribution of home purchase loans to LMI borrowers in the AA was adequate in consideration of the low AA housing affordability ratio of 29.9 percent. The bank did not originate any home purchase loans in the area's low-income tracts during 2007 and 2008, which is reflective of the area's high housing costs in relation to area household incomes. Performance in the moderate-income tracts (27.8 percent) during 2008 was significantly better when compared to the demographic (18.9 percent) and similar to aggregate lenders (24.9 percent). Furthermore, CBC's 2007 distribution of home purchase loans to moderate-income borrowers was nearly twice the demographic at 35.3 percent.

As noted in the previous section, the volume of mortgage refinance and home improvement loans was too low to conduct a separate analysis by income level of the borrower, although bank performance for the two product lines was consistent with its distribution of home purchase loans.

<u>Small Business Loans</u>

The bank's overall distribution of loans to businesses of different revenue sizes was adequate. CBC's performance in 2008 (61.2 percent) was less than the percentage of businesses with GAR of $1 million or less (91.9 percent), but considerably above the level of lending by aggregate reporters (36.8 percent). These loans were further stratified by loan size. As a result, 69.3 percent, by number, of total small business loans originated during 2008 by the bank were made to businesses in amounts of $250,000 or less.

EXHIBIT 10 DISTRIBUTION OF LENDING WITHIN THE DENVER MSA ASSESSMENT AREA BY BUSINESS SIZE AND LOAN SIZE		
By Business Size	**2007**	**2008**
Percentage of loans to small businesses[1]	64.4	61.2
Percentage of small businesses in AA[2]	91.9	
2008 aggregate CRA data[3]	36.8	
By Loan Size		
$250,000 or less	61.4	69.3
2008 aggregate CRA data[3]	98.1	

1 Small businesses, as defined by the CRA, are those with gross annual revenues of $1 million or less.
2 The percentage of small businesses in the AA is based on 2008 D&B business data, and based only on businesses with reported revenues.
3 Aggregate loan data reflects all loan originations in the MSA reported by all CRA filers.

Although the bank's performance was much lower than the overall percentage of small businesses within this revenue category, its performance exceeded that of the aggregate lending data. The aggregate lending data provides a more accurate comparative measure, as not all businesses have the financial capability to qualify for traditional bank loans. The aggregate data collected from CRA reporting institutions reflects the market demand for credit from qualified borrowers. The bank's performance relative to the market data demonstrated that CBC actively grants credit to small businesses.

The bank's lending activity in 2007 reflected similar performance, with 64.1 percent of bank loans made to businesses with GAR of $1 million or less. In addition, 61.4 percent of the CBC loans were made to businesses in amounts of $250,000 or less during 2007.

Community Development Lending:

The bank reported no qualifying community development loans during the evaluation period.

INVESTMENT TEST

The bank had a poor level of qualified investments and grants in the Denver MSA AA. Performance decreased from $107,000 in grants and donations at the last evaluation to a total of $40,000 in donations to six qualified entities during this evaluation period. Four of the donations targeted community services, one targeted affordable housing, and one targeted economic development. This level of investments is considered poor when compared to the number of community development investment opportunities available within this AA. It should be noted, however, that beginning in 2009, the bank was subject to regulatory restrictions that inhibit its ability to invest.

SERVICE TEST

CBC's performance under the service test was good based primarily on the accessibility of delivery systems and the impact of branch openings.

Retail Services:

CBC operates five full-service branch locations with ATMs in this AA. One branch location is located in a moderate-income area, three branches are located in middle-income areas, and one is located in an upper-income area. Since the prior examination, the bank has not opened or closed any branches in the Denver AA. Banking offices are readily accessible to all portions of the AA and the wide array of services offered do not vary in a way that inconveniences certain portions of the AA or LMI individuals. Business hours are also reasonable at all branch locations.

Community Development Services:

CBC provided three qualifying community development services during the evaluation period. Performance in this area is considered adequate and improved from the prior evaluation period when no community development services were reported. Examples of community development services include:

- Adams County Housing Authority – One bank employee served on the board of directors, as well as the finance and strategic planning committees, of this organization whose mission is to seek and provide affordable housing to LMI individuals.

- Colorado Community Land Trust – One bank employee serves as treasurer on the board of directors and on the finance and growth committees of this organization that seeks to provide affordable housing for moderate-income individuals and families.

METROPOLITAN AREAS
(Limited Review)

MSA 17820 (COLORADO SPRINGS, COLORADO)

MSA 24300 (GRAND JUNCTION, COLORADO)

MSA 39380 (PUEBLO, COLORADO)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MSA 17820 (COLORADO SPRINGS, COLORADO), MSA 24300 (GRAND JUNCTION, COLORADO), AND MSA 39380 (PUEBLO, COLORADO)

Colorado Springs MSA

CBC operated one branch located in a middle-income geography in the Colorado Springs MSA. This branch accounted for 1.3 percent of the bank's deposits as of June 30, 2009 and less than 1.0 percent of its overall HMDA and CRA loans reported in 2007 and 2008. According to the FDIC Market Share Report of the same date, the bank's presence in the Colorado Springs AA is fairly significant as the bank is one of only six banks located in the area and has a 10.0 percent deposit market share.

The Colorado Springs MSA AA consists only of Teller County, one of two counties that make up the MSA. This was a rural county before being added to the MSA on January 1, 2004. The bank's branch is located in Cripple Creek, Colorado, approximately 45 miles west of Colorado Springs. Teller County contains only 3.8 percent of the total MSA population, and less than 6 percent of MSA families, housing units, and businesses. The Colorado Springs MSA is located immediately south of the Denver-Aurora MSA, and directly north of the Pueblo MSA. The MSA is home to four military bases, primarily located in El Paso County, including the Air Force Academy, which spills into Pueblo County to the south.

In 2000, the city of Cripple Creek had 1,115 residents, Teller County's population equaled 20,555, and the Colorado Springs MSA population equaled 537,484. Families represented only 57.1 percent of Cripple Creek households, but 74.5 percent of AA households, compared to the statewide figure of 65.8 percent. As of July 1, 2008, Teller County's population increased 5.4 percent to 21,661. Compared to statewide averages, the AA had a higher concentration of residents from 25 to 64 years old, and a slightly lower concentration of senior citizens and residents under age 25. As of 2000, the AA's concentration of families living in poverty was well below the statewide figure, equaling 3.4 percent compared to 6.2 percent statewide. Housing affordability as of 2000 Census data was only slightly more affordable for the AA (31.2 percent) and the overall MSA (32.5 percent) than the state average (29.5 percent). Teller County's median housing value equaled $160,600.

Grand Junction MSA

The bank operated one branch located in a moderate-income geography in the Grand Junction MSA, which is located in the western side of the state, along the Utah state line. This branch accounted for 2.1 percent of the bank's deposits as of June 30, 2009, and 2.3 percent of its total HMDA and CRA loans reported in 2007 and 2008. According to the FDIC Market Share Report of the same date, the bank's presence in the Grand Junction AA is relatively small (14 out of 15 banks located in the area) with 1.5 percent of the total deposit market share.

The bank's Grand Junction MSA AA is comprised of Mesa County, which makes up the entire MSA. The total AA population equaled 116,255 in 2000, increasing 23.2 percent to approximately 143,171 as of July 1, 2008. The AA had a slightly higher concentration of families, representing 69.2 percent of total area households compared to the statewide figure of 65.8 percent. The AA had a higher concentration of senior citizens, equaling 15.2 percent of its total population, compared to 9.7 percent statewide. The area's concentration of individuals from 25 to 64 years old was slightly smaller than the statewide figure.

Overall, the MSA was considered a moderate-income area of the state in 2000, as the area's MFI ($43,014) equaled 77.0 percent of the state MFI ($55,883). According to the annual HUD adjusted MFI for 2009, the MSA's MFI increased to $57,200. The area had a slightly higher concentration of families living in poverty in 2000, equaling 7.0 percent compared to 6.2 percent of family's statewide living in poverty. Area housing was slightly more affordable than the state average, with a median housing value of $113,773 and an affordability rate of 31.5 percent, compared to 29.5 percent statewide. The area housing stock age mirrored the statewide figure, with a median age of 24 years.

Pueblo MSA

The bank operated one branch in the Pueblo AA located in a moderate-income geography. This branch accounted for 2.8 percent of the bank's deposits as of June 30, 2009 and 4.1 percent of its reported HMDA and CRA loans in 2007 and 2008. According to the FDIC Market Share Report of the same date, CBC's deposit market share for the Pueblo AA was 3.1 percent and the bank ranked ninth among 17 financial institutions in the area.

The Pueblo AA is comprised of Pueblo County, which makes up the entire Pueblo MSA. The total AA population equaled 141,472 in 2000, increasing to approximately 156,737 as of July 1, 2008. The AA had a slightly higher concentration of families, representing 68.9 percent of total area households compared to the statewide figure of 65.8 percent. The institutionalized population in this area is slightly higher than the state average due to a higher concentration of residents in nursing homes, but the total figure was not nearly as high as the statewide rural average, which is boosted by the large prison population in rural counties. Reflective of its larger nursing home population, the AA had a higher concentration of senior citizens, equaling 15.2 percent of its total population, compared to 9.7 percent statewide. The area's concentration of individuals from 25 to 64 years old was smaller than the statewide figure.

Overall, the MSA was considered a moderate-income area of the state in 2000, as the area's MFI ($40,122) equaled 71.8 percent of the state MFI ($55,883). According to the annual HUD adjusted MFI for 2009, the MSA's MFI increased to $51,300, which is the lowest MFI of the bank's four MSA AAs. The area had a large concentration of families living in poverty in 2000, equaling 11.2 percent compared to 6.2 percent of family's statewide living in poverty.

Assessment Area	Lending Test	Investment Test	Service Test
Colorado Springs	Consistent	Consistent	Consistent
Grand Junction	Consistent	Below	Consistent
Pueblo	Consistent	Consistent	Consistent

CRA APPENDIX A

SCOPE OF EXAMINATION

<table>
<tr><th colspan="3">COMMUNITY BANKS OF COLORADO</th></tr>
<tr><td colspan="3"></td></tr>
<tr><td>TIME PERIOD REVIEWED</td><td colspan="2"><u>HMDA and CRA Loans</u>
January 1, 2008 to December 31, 2008 – Analysis
January 1, 2007 to December 31, 2007 – Performance Context

<u>Services, Investments, and Community Development Loans</u>
August 13, 2007 to October 19, 2009</td></tr>
<tr><td colspan="3"></td></tr>
<tr><td>FINANCIAL INSTITUTION

Community Banks of Colorado
Greenwood Village, Colorado</td><td></td><td>PRODUCTS REVIEWED

• Home Purchase
• Refinancings
• Home Improvement
• Small Business
• Small Farm
• Community Development</td></tr>
<tr><td colspan="3"></td></tr>
<tr><td>AFFILIATE(S)</td><td>AFFILIATE RELATIONSHIP</td><td>PRODUCTS REVIEWED</td></tr>
<tr><td>Community Bankshares, Inc.</td><td>Holding Company</td><td>None</td></tr>
<tr><td>Bankers Mortgage Corp.</td><td>Sub of Community Banks of Colorado</td><td>Secondary Market Loans</td></tr>
<tr><td colspan="3"></td></tr>
</table>

(Appendix A continued on next page)

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION		
Assessment Area	**Type of Examination**	**Branches Visited**
Rural Colorado	**Full review**	**None**
MSA 19740 (Denver-Aurora, Colorado)	**Full review**	**5570 DTC Parkway Greenwood Village, Colorado 80111**
MSA 17820 (Colorado Springs, Colorado)	**Limited Review**	**None**
MSA 24300 (Grand Junction, Colorado)	**Limited Review**	**None**
MSA 39380 (Pueblo, Colorado)	**Limited Review**	**None**

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.

Census tract: A small, relatively permanent statistical subdivision of a county. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons and average about 4,000 inhabitants.

Community development: Includes affordable housing (including multifamily rental housing) for low- and moderate-income individuals; community services targeted to low- and moderate-income individuals; activities that promote economic development by financing businesses or farms that have gross annual revenues of $1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, designated distressed or underserved nonmetropolitan middle-income areas or designated disaster areas.

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 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 business: A business with gross annual revenues of $1 million or less.

Small farm: A farm with gross annual revenues of $1 million or less.

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"). 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.

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.