



PUBLIC DISCLOSURE

April 24, 2000

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**THE BANK IN BOULDER
RSSD# 888758**

**3033 Iris Avenue
Boulder, Colorado 80301**

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

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

The Community Reinvestment Act requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of The Bank in Boulder, Boulder, Colorado, prepared by the Federal Reserve Bank of Kansas City (Reserve Bank), the institution's supervisory agency, as of April 24, 2000. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

Definitions for many of the terms used in this performance evaluation can be found in Section 228.12 of Regulation BB. For additional convenience, a "Glossary of Common CRA Terms" is attached at the end of this performance evaluation.

INSTITUTION'S CRA RATING: *This institution is rated **Satisfactory***

As demonstrated by the types of products and services offered at the bank's locations, The Bank in Boulder is responsive to the credit and community development needs of its assessment area, including low- and moderate-income individuals, as well as small businesses. The bank's lending performance during 1998 and 1999 was considered in this evaluation. In addition, management's participation in community development investments and services from May 18, 1998, to April 24, 2000, was considered under the investment and service tests. Individual ratings for each test are summarized below and displayed on the matrix on the following page.

Lending Test

The overall rating for The Bank in Boulder under the lending test is "Low Satisfactory." The bank's lending levels reflect good responsiveness to assessment area credit needs, as demonstrated by a high percentage of loans originated within the bank's assessment area. Additionally, the bank's level of community development lending is relatively high. It also makes use of flexible lending practices in serving assessment area credit needs.

The bank's geographic distribution of loans reflects adequate penetration throughout the assessment area, and the distribution of borrowers also reflects adequate penetration among retail customers of different income levels and businesses of different sizes. Finally, The Bank in Boulder exhibits an adequate record of serving the credit needs of low-income individuals and areas and very small businesses.

Nearly half of the bank's loan portfolio consists of credit card participations purchased from an affiliate located outside the bank's assessment area. These participations were not considered in the lending test analysis since the purchases do not reflect individual loans; rather they represent participations in a pool of loans.

Investment Test

The overall rating for The Bank in Boulder under the investment test is "Low Satisfactory." Bank management exhibits good responsiveness to credit and community development needs and occasionally makes use of innovative investments to support community development initiatives. In addition, the bank displays an adequate level of qualified community development investments and grants, but is rarely in a leadership position, particularly for those investments and grants not routinely provided by private investors.

Service Test

The overall rating for The Bank in Boulder under the service test is "Outstanding." The bank's delivery systems are readily accessible to all portions of its assessment area. The bank's services are tailored to the convenience and needs of the assessment area, particularly low- and moderate-income geographies. Finally, management provides a relatively high level of community development services.

The table on the following page indicates the performance level of The Bank in Boulder with respect to the lending, investment, and service tests.

THE BANK IN BOULDER			
Performance Levels	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
<i>Outstanding</i>			X
<i>High Satisfactory</i>			
<i>Low Satisfactory</i>	X	X	
<i>Needs to Improve</i>			
<i>Substantial Noncompliance</i>			

*Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The bank's performance under the CRA was last evaluated at the May 18, 1998 examination, at which time it was considered Satisfactory. That examination was conducted using the small bank assessment procedures.

DESCRIPTION OF INSTITUTION

The Bank in Boulder is a subsidiary of First National of Nebraska, Inc. (FNNI), a multibank holding company headquartered in Omaha, Nebraska, with assets of \$8.6 billion. The bank's direct parent is First National of Colorado, Inc., located in Fort Collins, Colorado, with assets of \$1.5 billion. The Bank in Boulder had assets of \$345 million as of December 31, 1999, and has no financial or legal impediments that might affect the institution's ability to meet the credit needs of its assessment area.

The Bank in Boulder's main office and a branch are located in Boulder, Colorado. The bank also owns and operates branches in Broomfield, Longmont, and Louisville, Colorado. The main office and each of the branches have a full-service automated teller machine (ATM). In addition, The Bank in Boulder operates cash-dispensing ATMs at a local grocery store and in a local office building. On the University of Colorado's Boulder campus, the bank operates two cash-dispensing ATMs.

The Bank in Boulder's December 31, 1999 Report of Condition and Income (Call Report) reflected total loans of \$279,825,000 and deposits of \$301,159,000. According to bank management, the bank focuses primarily on consumer and small- to mid-sized business lending. The following table, which distributes the bank's loan portfolio as reported in the December 31, 1999 Call Report, also reflects this focus.

THE BANK'S LOAN PORTFOLIO AS OF DECEMBER 31, 1999		
Loan Type	Amount (\$000)	Percent of Total
<i>Real Estate</i>		
Construction	23,041	8.2
Multiple and 1- to 4-Family Real Estate	24,944	8.9
Nonfarm Nonresidential	52,661	18.8
Farmland or Agricultural	559	0.2
Commercial	17,438	6.3
Consumer	35,304	12.6
Credit Card Participations	125,000	44.7
Other	1,377	0.5
Less: Unearned Income	(499)	(0.2)
TOTAL	279,825	100.0

DESCRIPTION OF ASSESSMENT AREA

The Bank in Boulder has designated Boulder County as its assessment area. (Please refer to Attachment B for a map of the bank's assessment area.) This area coincides with the Boulder Metropolitan Statistical Area (MSA), and includes the cities or towns of Boulder, Jamestown, Lafayette, Longmont, Lyons, Nederland, Niwot, Superior, Ward and part of Broomfield.

The table on the following page details the general demographic and economic characteristics of the bank's assessment area as of the 1990 census, unless otherwise stated.

BOULDER COUNTY CHARACTERISTICS	
<i>Tract Summary</i>	
Total Number of Tracts	58
Number of Low-Income Tracts	3
Number of Moderate-Income Tracts	9
Number of Middle-Income Tracts	28
Number of Upper-Income Tracts	18
<i>Income Summary</i>	
Median Family Income (1999)	\$68,700
Percent Low-Income Families	18.1
Percent Moderate-Income Families	18.1
Percent Middle-Income Families	25.5
Percent Upper-Income Families	38.3
<i>Unemployment Summary (1998)</i>	
Percent Unemployment (Assessment Area)	3.3
Percent Unemployment (State)	3.8
Percent Unemployment (U. S. Average)	4.5
<i>Miscellaneous Information</i>	
Total Population	225,339
Percentage of Families Below Poverty Level	5.6
Total Housing Units	94,621
Percentage Owner-Occupied Units to Total Units	57.1
Percentage Rental Units to Total Units	36.3
Percentage Vacant Units to Total Units	6.6

Members of the community were contacted to determine the credit needs of the communities served by the bank and to ascertain the bank's level of achievement in helping to meet those needs. Contacts were made with a housing organization and a trade newspaper for Boulder County businesses. From those contacts, it was determined that affordable housing is the area's primary community development need. The relocation of many high-tech firms to Boulder County in the early 1990s caused significant increases in the workforce and population, resulting in dramatic increases in real estate values.

More than 23 percent of Colorado's high-technology work force is located in Boulder County. The five largest employers in Boulder County are IBM, Storage Technology, Sun Microsystems, Boulder Community Hospital and Centrobe. Level 3 Communications moved to Boulder in 1998 from Omaha, Nebraska, and is quickly moving toward the top five, with plans to be the largest employer in the county in the next few years. According to an update for the year 2000 to Boulder Valley's Comprehensive Plan, job growth is expected to continue to outpace residential housing growth, exacerbating the jobs-to-housing imbalance.

Boulder County's population is estimated to have grown to 265,857 in 1998. The income characteristics have also changed significantly, with low-income families declining to 9.7 percent and upper-income families increasing to 49.0 percent. Although Boulder County's median-family income is the second highest in Colorado, the city of Boulder is in danger of losing its middle-income workforce, e.g., teachers, nurses, police, and fire fighters, as they often have too much income to qualify for subsidized housing, yet cannot afford market prices.

According to county assessor numbers, the median price for a new single-family home in Boulder was \$347,450 in November 1999, with the median resale price at \$314,500. In addition, housing prices increased in other communities between 1997 and 1999 by the following: Lafayette - 33 percent, Louisville - 27 percent, Longmont - 10 percent and unincorporated areas - 32 percent.

August 1999, however, marked the beginning of a decline in Boulder County home sales. In addition to a temporary interruption in new construction, the listings for existing homes dropped dramatically. Homes are currently so scarce that many listings are conditioned on the seller being able to find a replacement home.

A housing needs assessment performed for the city of Boulder by a consulting firm in 1999 further emphasizes the community's need for affordable housing. According to the assessment, on a net basis, 22,660 more persons commute into Boulder for work than commute to jobs in other communities. The assessment estimated that only 884 of the 40,108 housing units within Boulder's city limits are permanently affordable. Approximately, 1,030 housing units were affordable at the time of the assessment, but may not be affordable in the future. An additional 334 permanently affordable units were under construction or planned.

The Bank in Boulder operates in a competitive banking environment. Fifteen banks have offices in the bank's assessment area, with five headquartered in Boulder County. In addition, the assessment area contains offices of eight credit unions, three savings and loans, and one industrial bank.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The overall rating for The Bank in Boulder under the lending test is Low Satisfactory. To determine the bank's performance under the lending test, seven characteristics were evaluated and are summarized on the following pages.

Lending Activity

As identified in its Community Reinvestment Act (CRA) Public File, the bank offers a full range of credit products, including home improvement loans, home equity lines of credit, consumer loans, and small business loans. In addition, the bank offers long-term, fixed-rate residential mortgages through its secondary market department.

The bank's overall lending activity within its assessment area included 324 small business loans totaling \$40,319,000, and 202 residential loans totaling \$8,984,000 for 1998 and 1999. Additionally, 2,002 consumer vehicle loans totaling \$32,694,000 were made between May 18, 1998, and December 31, 1999. These levels reflect good responsiveness to assessment area credit needs.

The bank's average net loan-to-deposit ratio for the previous eight quarters ending December 31, 1999, was 84.5 percent. The average net loan-to-deposit ratio for five local competing banks with headquarters in the bank's assessment area was 62.3 percent for the same time period, ranging from 31.1 percent to 85.5 percent. The Bank in Boulder's ratio is high, in part, because the bank's loan portfolio includes participations purchased in an affiliate's credit card pool. As previously mentioned, these participations were not considered in the lending test analysis.

Since it is the intent of the CRA to consider the bank's performance relative to accepting deposits from its community and lending those deposits back to the community, bank management was interviewed regarding the bank's level of credit card participations. According to management, only excess funds are placed in credit card participations, and the level of participations is capped at the current level of \$125,000,000. In addition, any unexpected increase in loan demand can be funded by borrowing from the Federal Home Loan Bank, securing short-term borrowings from correspondent banks, or from liquidation of a portion of the credit card portfolio. After reviewing the bank's CRA activity, it was determined that the level of credit card participations does not adversely affect the bank's ability to comply with the CRA.

Assessment Area Concentration

This performance criterion evaluates the concentration of loans originated by the bank in its assessment area. An analysis was performed based on data compiled by the bank on its small business and Home Mortgage Disclosure Act (HMDA)-reportable loans for 1998 and 1999, and a sample of its consumer vehicle lending from May 18, 1998, through December 31, 1999. The overall analysis revealed that a large percentage of the bank's loans were made in the assessment area. The results reflect management's commitment to help meet the credit needs of the communities it serves. The numbers for the sample of vehicle loans show less assessment area concentration. This is due to the fact that a substantial portion of the bank's vehicle lending is done indirectly through dealers, and a substantial number of the bank's dealers are located in Longmont, Colorado. Because of their proximity to Interstate 25, these dealers attract a significant portion of their customers from Adams, Larimer, and Weld Counties. The following table reflects the bank's record of lending in the assessment area by product type.

DISTRIBUTION OF LOANS IN AND OUT OF THE ASSESSMENT AREA								
	Inside the Assessment Area				Outside the Assessment Area			
	Number of Loans	%	\$ Amount of Loans	%	Number of Loans	%	\$ Amount of Loans	%
Small Business	324	86	40,319	84	54	14	7,793	16
Home Mortgage	202	80	8,984	83	51	20	1,790	17
Consumer Vehicle	53	59	694	58	37	41	504	42
Total	579	80	49,997	83	142	20	10,087	17

Geographic Distribution of Loans

This performance criterion evaluates the reasonableness of the institution’s geographic distribution of lending, particularly in low- and moderate-income geographies. Institutions are not required to lend in every geography; however, conspicuous gaps should be explainable by demographic information or information obtained from community contacts. As all of the low-income census tracts in the bank’s assessment area are associated with the University of Colorado as either campus buildings or multifamily student housing, the analysis will focus on lending to borrowers in moderate-income geographies.

Small Business Loans

As illustrated in the table on the following page, the bank’s record of making loans to small businesses in moderate-income census tracts compares favorably to the percentage of businesses located in those tracts, and is therefore considered good.

Home Mortgage and Home Improvement Loans

The table on the next page also shows the bank’s record of real estate lending to borrowers residing in different income tracts. The bank’s lending performance does not compare favorably to the percentage of owner-occupied units in those census tracts. Five of the nine moderate-income tracts are located in and around Longmont, and another is located just north of Broomfield. The bank did not have branches in these locations for the entire analysis period. The bank’s Longmont branch was opened in the middle of 1998, and the Broomfield branch was not opened until 1999. After accounting for these factors, the bank’s real estate lending in moderate-income geographies is considered adequate.

Consumer Vehicle Loans

The bank's record of making vehicle loans to borrowers in the various income geographies is compared to the percentage of families residing in these census tracts as illustrated in the table below. As reflected, the bank's lending activity in moderate-income census tracts is comparable to the percentage of families living in those tracts, particularly in the moderate-income geographies. This performance is considered adequate.

DISTRIBUTION OF LOANS ACROSS THE ASSESSMENT AREA BY INCOME LEVEL OF CENSUS TRACT (CT)								
Loan Type	Low-Income		Moderate-Income		Middle-Income		Upper-Income	
	#	\$	#	\$	#	\$	#	\$
Small Business	2.2%	1.2%	27.1%	35.7%	45.4%	39.1%	25.3%	24.0%
Real Estate	0.0%	0.0%	8.4%	7.9%	59.4%	55.0%	32.2%	37.1%
Consumer Vehicle	0.0%	0.0%	18.9%	17.5%	54.7%	58.6%	26.4%	23.9%
Percentage of Businesses Located in Each CT	1.3		24.3		54.1		20.3	
Percentage of Owner-Occupied Units in Each CT	0.0		15.4		52.2		32.4	
Percentage of Families in Each CT	1.3		17.2		51.3		30.2	

Borrower's Profile

This performance criterion evaluates the bank's loan originations to borrowers of different income levels, particularly low- and moderate-income individuals, and to businesses of different sizes. The overall distribution of loans in the bank's assessment area revealed an adequate dispersion to retail customers of all income levels and to businesses of all sizes.

Small Business Loans

The bank's small business lending activity demonstrates management's commitment to help meet small business credit needs in the assessment area. Nearly 70 percent of the bank's small business originations, by number, were extended to businesses with gross annual revenues of \$1 million or less. Dun & Bradstreet information collected as of July 1998, showed that 90 percent of the assessment area's businesses had gross annual revenues of \$1 million or less.

Additionally, as the table below illustrates, the majority of the bank's small business loans are made in amounts of \$100,000 or less. The table also reflects a reasonable distribution of the originations based upon dollar amount.

DISTRIBUTION OF SMALL BUSINESS ORIGINATIONS BY LOAN AMOUNT				
Loan Amount	Number of Loans in Assessment Area	Percent of Loans in Assessment Area	\$ Amount to Businesses with Revenues < \$1 Million (in 000's)	Percent of Total Small Business Loan Originations
< or = \$100,000	169	52.3	5,942	15.1
>\$100,000 - <=\$250,000	33	10.2	5,394	13.7
>\$250,000 - <=\$1,000,000	23	7.1	13,217	33.6
>\$1,000,000	98	30.4	14,766	37.6
Total	323	100.0	39,319	100.0

Home Mortgage and Home Improvement Loans

The U.S. Census Bureau and Department of Housing and Urban Development (HUD) update median-family income levels for statewide areas and individual counties on an annual basis. The median-family income for the Boulder MSA, updated for 1999 (\$68,700), was used to analyze the bank's real estate and consumer lending performance. It should be noted that the median-family income for Boulder County is the second highest for any county in the state.

As presented in the table on the following page, the bank's lending to low-income borrowers did not compare favorably to demographic figures from 1990. According to 1998 estimates, however, the percentage of low-income families in the assessment area

declined to 9.7 percent. While the bank's level of lending still falls below the revised estimates for low-income borrowers, the bank's opportunities to make residential loans in these areas are hampered by the availability of affordable housing and the high price of real estate in the assessment area. In addition, there is a high demand for rental properties in the assessment area's low- and moderate-income census tracts by the large university student population.

DISTRIBUTION OF LOANS ACROSS THE ASSESSMENT AREA BY INCOME LEVEL OF BORROWER (\$ in 000's)								
Loan Type	Low-Income		Moderate-Income		Middle-Income		Upper-Income	
	#	\$	#	\$	#	\$	#	\$
Real Estate	12	341	34	924	47	1,383	92	3,850
Percent of Total	6.5	5.3	18.4	14.2	25.4	21.3	49.7	59.2
Number of Families by Income Level	9,935		9,929		14,041		21,027	
Percentage	18.1		18.1		25.5		38.3	

Consumer Vehicle Loans

As presented in the table below, the bank's lending to low- and moderate-income borrowers compares favorably by number of loans to the 1990 demographic figures, but do not compare quite so favorably by loan amount. The bank's lending compares more favorably to the 1998 estimates, but this is to be expected since many of the vehicle loans are initiated through dealers who often help lower-income borrowers find financing.

DISTRIBUTION OF LOANS ACROSS THE ASSESSMENT AREA BY INCOME LEVEL OF BORROWER (\$ in 000's)								
Loan Type	Low-Income		Moderate-Income		Middle-Income		Upper-Income	
	#	\$	#	\$	#	\$	#	\$
Consumer	13	97	10	127	10	125	20	346
Percent of Total	24.5	13.9	18.9	18.3	18.9	18.0	37.7	49.8
Number of Families by Income Level	9,935		9,929		14,041		21,027	
Percentage	18.1		18.1		25.5		38.3	

Responsiveness to Credit Needs of Highly Economically Disadvantaged Geographies and Low-Income Persons and Small Businesses

The bank exhibits an adequate record of serving the credit needs of economically disadvantaged individuals and areas and very small businesses. During the period reviewed for consumer loans since the previous examination, the bank made 21 loans to consumers with original balances of \$1,000 or less. The bank also offers overdraft protection accounts, which can assist low- and moderate-income individuals. In addition, for individuals who lack a credit history, lending personnel will consider nontraditional payment histories to evaluate and individual's creditworthiness, such as rent or utility payments.

One of the bank's lenders has been aggressively seeking opportunities for the bank to lend for the development of affordable housing, which is the primary credit need in the bank's assessment area. The lender has been submitting proposals to the area's affordable housing organizations with characteristics that would assist in the acquisition of properties by speeding up the funding process. This is important because, as indicated by a community contact, sellers are sometimes willing to accept a lower price for a property in exchange for an offer of cash. In these circumstances, the bank's proposals could be useful, as the properties would not be sold while the community development organizations procure funding.

Product Innovation

This criterion evaluates whether the institution's performance under the lending test is enhanced by offering innovative and/or flexible loan products to meet the credit needs of low- and moderate-income individuals. The bank offers some flexible, but not innovative loan products. In addition to the low dollar amount loans previously mentioned, the bank offers some credit products allowing smaller down payments than conventional mortgages through its secondary market department to assist low- and moderate-income homebuyers. In addition, the bank has recently established or proposed lines of credit with community development organizations that contain several below-market features not generally offered to for-profit businesses by the bank.

Community Development Lending Activities

This performance criterion evaluates the bank's level of community development loans originated in the assessment area. A community development loan, as defined by Regulation BB, is a loan that has as its primary purpose community development. Such loans may be considered if they have not been reported by the institution for consideration in the bank's assessment area as a home mortgage loan, a small business loan or a small farm loan. The community development loan also must benefit the bank's

assessment area or a broader statewide area that includes the bank's assessment area. The regulation defines community development as (1) affordable housing (including multifamily housing) for low- and moderate-income individuals; (2) community services targeted to low- and moderate-income individuals; (3) activities that promote economic development by financing businesses or farms that meet the size eligibility requirements or have gross annual revenues of \$1 million or less; or (4) activities that revitalize or stabilize low- and moderate-income geographies.

Considering the limited opportunities available in the assessment area for community development lending, the bank makes a relatively high level of community development loans. The planning process for construction of community development projects is especially slow in the city of Boulder due to growth restrictions and the zoning process. Information on the community development lending for The Bank in Boulder's peer banks is only available for 1998 and for banks headquartered in the assessment area. The reported figures reflected little community development lending for the bank's "true" peers.

During the review period, the bank made a construction loan in excess of \$6.6 million. The proceeds were used to construct a 57-unit housing development, of which 49 units were designated as "permanently affordable", while 8 units could be sold at market value. In addition, the bank committed to a \$4 million guidance line of credit. The proceeds of the line will be used to acquire property and construct affordable housing in Boulder County. Although the line has not yet been drawn on, the borrower has requested an advance for the development of an affordable housing project scheduled to close in June 2000.

Compliance with Anti-Discrimination Laws and Regulations

There were no violations of antidiscrimination laws or regulations identified during the fair lending component of the compliance examination. Overall, excellent policies, procedures, and training programs have been developed to support nondiscrimination in the bank's lending activities.

INVESTMENT TEST

The overall rating for The Bank in Boulder under the investment test is Low Satisfactory. To determine the bank's performance under the investment test, three characteristics were evaluated and are summarized below.

Investment and Grant Activity

This criterion evaluates the degree to which the institution's qualified investments serve low- and moderate-income individuals. Regulation BB defines a qualified investment as a lawful investment, deposit, membership share or grant (donation) that has as its primary purpose community development. Community development investments encompass affordable housing, community services, or activities that promote economic development.

The Bank in Boulder provides an adequate level of qualified community development investments and donations; however, the bank is rarely in a leadership position, particularly for those investments and grants not routinely provided by private investors. Although bank management has not purchased any investments that qualify as community development investments since the last examination, an outstanding balance of \$200,000 remains on Parkside Village, Ltd. revenue bonds previously purchased. The bonds were issued to provide funding for the acquisition and construction of rental units to be occupied by persons of low- and middle-income. The Bank in Boulder also provided \$7,000 in qualified community development donations since the last examination. Bank management provided financial support to the following local organizations that have community development as their primary purpose:

- ✍ *The Boulder Technology Incubator* assists small businesses with funding sources, including SBA loans and venture capital.
- ✍ *I Have a Dream Foundation of Boulder County* provides educational scholarships for low- and moderate-income youth.
- ✍ *Habitat for Humanity of Boulder County* assists in providing housing for low-income residents.
- ✍ *Family Self-Sufficiency Program* is sponsored by the Housing Authority for the City of Boulder and is designed to help low-income families gain education and job skills.
- ✍ *Hospice of Boulder County* provides hospice care to patients with six months or less to live and skilled medical home care. The services are billed on a sliding scale based on the patient's financial condition, so that care for low-income individuals is subsidized.
- ✍ *Thistle Community Housing* develops affordable housing in Boulder County.
- ✍ *Food Bank Fund of the Association of Senior Citizens* provides assistance to low-income senior citizens.
- ✍ *Community Food Share* distributes food to organizations in Boulder County serving low-income individuals.
- ✍ *Colorado Association of Realtors Housing Opportunity Foundation* provides services to low-income individuals. The bank waives fees associated with the accounts escrowed for the individuals.
- ✍ *Colorado Lawyer Trust Account Foundation* provides services to low-income individuals. The bank waives fees associated with the accounts escrowed for the individuals.

Responsiveness to Credit and Community Development Needs

This criterion evaluates the degree to which the institution is responsive to available opportunities for qualified investments. The Bank in Boulder demonstrates good responsiveness to credit and community economic development needs. Although there are only limited community development opportunities available in the bank's assessment area, community contacts stated that bank management has recently turned its attention to the affordable housing issue and has become more involved.

Community Development Initiatives

This criterion evaluates the institution's use of innovative or complex investments and, in particular, those not routinely provided by other investors. The Bank in Boulder occasionally uses innovative and/or complex investments to support community development initiatives; however, management and community contacts stated that there are few, if any, investments available for the bank's participation. Management was encouraged to explore investments that may benefit a broader statewide or regional area that includes the bank's assessment area.

SERVICE TEST

The overall rating for The Bank in Boulder under the service test is Outstanding. To determine the bank's performance under the service test, four characteristics were evaluated and are summarized below:

Accessibility of Delivery Systems

The bank's delivery systems are accessible to all portions of the assessment area and to individuals of different income levels. The following list shows examples of the bank's commitment to provide accessible delivery systems:

- ✍ The bank maintains offices in four communities in its assessment area and has an additional branch located in Boulder, Colorado. Since the last examination, the bank opened two full-service branches. All offices have 24-hour full-service ATMs, and all offices have drive-up facilities, with the exception of the Boulder branch.
- ✍ The bank owns and operates nine ATMs. The bank has added a cash-dispensing ATM in an office building. In addition to the ATMs located at each office, the bank also owns and operates ATMs at a Boulder grocery store and on the University of Colorado's campus, where it has two ATMs.
- ✍ The ATMs in the office building and on the University of Colorado's campus are located in low-income census tracts, while the bank's main office and the ATM in the grocery store are located in moderate-income census tracts.
- ✍ As alternative delivery systems, the bank also offers a free 24-hour automated telephone banking service, and 24-hour online banking, which allows customers to review account

activity, transfer funds between accounts and make bill payments. In addition, customer service representatives are available between 8:00 a.m. and 7:00 p.m. on Monday through Friday, and 9:00 a.m. and 12:00 p.m. on Saturdays.

Changes in Branch Locations

The Bank in Boulder has not closed any branches since the last examination. Branches were opened in the communities of Broomfield and Longmont, Colorado. These branches expanded further into the bank's assessment area; however, the new branches are all located in middle-income census tracts. Therefore, the bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income individuals and/or low- and moderate-income geographies.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

The bank's hours and services are tailored to the convenience and needs of small businesses and individuals of different income levels. The following list shows examples of the bank's commitment to providing reasonable business hours and flexible services to bank customers:

- ✍ The lobbies of each office open at 9:00 a.m., but vary in their closing times between 5:00 p.m. and 6:00 p.m. on Monday through Friday. However, all drive-up facilities are open between 7:00 a.m. and 7:00 p.m. on Monday through Friday.
- ✍ The lobbies and drive-up facilities of each office have Saturday hours from 9:00 a.m. until 12:00 p.m.
- ✍ Deposits received by 7:00 p.m. at the drive-ups will be given same-day credit.

Community Development Services

This criterion evaluates the extent of bank personnel's involvement in community development services. Regulation BB defines a community development service as a service that has as its primary purpose community development, is related to the provision of financial services, and has not been considered in the evaluation of the bank's other retail banking services. Bank management and lending personnel provide a relatively high level of community development services. Bank personnel serves on the boards of the following organizations:

- ✍ *Thistle Community Housing Board* develops affordable housing in Boulder County.
- ✍ *I Have a Dream Foundation* provides educational scholarships for low- and moderate-income youth.
- ✍ *Inn Between Family Extension, Inc. of Longmont* provides transitional housing and emergency assistance to homeless, battered women and their children, displaced senior citizens, and pregnant teenagers.
- ✍ *Habitat for Humanity of Boulder Valley* assists in providing housing for low-income residents.
- ✍ *Habitat for Humanity of the St. Vrain Valley* assists in providing housing for low-income residents.
- ✍ *Boulder Technology Incubator* assists small businesses with funding sources, including SBA loans and venture capital.
- ✍ *The Colorado Enterprise Fund* provides micro loans in the Boulder area. The proceeds are matched by the SBA and loaned to small businesses, which do not otherwise qualify. The typical loan size is under \$25,000.
- ✍ *Funding Partners for Housing Solutions* is a nonprofit Community Development Financial Institution that provides gap financing for organizations developing affordable housing and down payment assistance for low-income individuals in Colorado.

In addition, bank employees serve on the following committees:

- ✍ *Boulder Chamber of Commerce (Economic Council)*
- ✍ *Longmont Area Economic Council (Existing Industry Committee)*

APPENDIX A

SCOPE OF EXAMINATION		
TIME PERIOD REVIEWED	January 1, 1998 – December 31, 1999 Lending Test May 18, 1999 – April 24, 2000 Investment and Service Tests	
FINANCIAL INSTITUTION		PRODUCTS REVIEWED
The Bank in Boulder		Small Business Loans HMDA Residential Loans Consumer Vehicle Loans
AFFILIATE(S)	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED
First National of Nebraska, Inc. (FNNI) Omaha, Nebraska First National of Colorado, Inc. (FNCI) Fort Collins, Colorado	Bank Holding Companies	None
First National Bank of Kansas Overland Park, Kansas First National Bank & Trust Company of Columbus Columbus, Nebraska The Fremont National Bank & Trust Company Fremont, Nebraska Platte Valley State Bank & Trust Company Kearny, Nebraska First National Bank North Platte, Nebraska First National Bank of Omaha Omaha, Nebraska First National Bank South Dakota Yankton, South Dakota	Bank Subsidiaries of FNNI	None
Credit Card Finance Corporation Omaha, Nebraska Data Management Products, Inc. Omaha, Nebraska First National Buildings Omaha, Nebraska First National Credit Corporation Omaha, Nebraska First National Services Corporation Omaha, Nebraska First Technology Solutions, Inc. Omaha, Nebraska	Nonbank Subsidiaries of FNNI	None

First National of Nebraska, Inc. Omaha, Nebraska Insync Investments, LTD. Omaha, Nebraska MCV Acceptance Corporation Omaha, Nebraska Platinum Recovery Solutions, Inc. Omaha, Nebraska			
Union Colony Bank Greeley, Colorado (State Member Bank) First National Bank Fort Collins, Colorado	Bank Subsidiaries of FNNI		None
FNC Trust Group Boulder, Colorado Professional Career Services, Inc. Omaha, Nebraska	Nonbank Subsidiaries of FNCI		None

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION

Assessment Area	Type of Examination	Branches Visited	Other Information
Boulder County	Large Bank	None	NA

The Bank in Boulder

April 24, 2000