

PUBLIC DISCLOSURE

April 22, 1996

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Professional Bank
10-08-0474
917751

4100 East Mississippi Avenue
Denver, Colorado 80222

Federal Reserve Bank of Kansas City
925 Grand Avenue
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.

GENERAL INFORMATION

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

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Professional Bank prepared by the Federal Reserve Bank of Kansas City, Denver Branch, the institution's supervisory agency, as of April 22, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

INSTITUTION'S CRA RATING: *Satisfactory*

The bank's performance with the CRA is considered satisfactory. The bank's loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and assessment area credit needs. Additionally, a substantial majority of loans were found to be in the bank's assessment area and the distribution of loans reflects a reasonable dispersion among geographies and individuals of different income levels and businesses of different sizes.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	PROFESSIONAL BANK PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not Meet Standards for Satisfactory Performance
Loan-to-Deposit Ratio	X		
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	The bank has not received any complaints about its CRA performance.		

DESCRIPTION OF INSTITUTION

Professional Bank has two full-service facilities in the Denver metropolitan area. The main bank is located in Glendale, Colorado, at 4100 Mississippi Avenue. The branch is located south of Denver in Englewood, Colorado, at 5299 Denver Tech Center Boulevard.

The bank reported total assets of \$88,214,000 in its March 31, 1996 Report of Condition and Income ("Call Report"). The following table reflects the distribution of the bank's loan portfolio as of that date.

DISTRIBUTION OF LOANS IN THE LOAN PORTFOLIO		
Type of Loan	\$ Amount (in Thousands)	Percentage of Total Loans
Commercial Loans	14,385	22.2
Loans Secured by Real Estate:		
Construction and land development	2,001	3.1
Revolving, open-end loans secured by 1- to 4- family residential properties	7,500	11.6
All other loans secured by 1- to 4-family residential properties	13,744	21.2
Secured by multifamily (5 or more) residential properties	126	0.2
Secured by nonresidential properties	4,343	6.7
Installment Consumer Loans	18,721	28.9
Other	2,775	4.3
Lease Financing Receivables	1,159	1.8
Total	\$64,754	100

DESCRIPTION OF THE BANK'S ASSESSMENT AREA

The bank's assessment area does not arbitrarily exclude any low- and moderate-income areas, taking into account the bank's size, structure, and financial condition. The bank's assessment area, which is the geographic area the bank has designated as its primary service area, includes the entire Denver Metropolitan Statistical Area ("MSA"). The Denver MSA encompasses a five county area, including the counties of Adams, Arapahoe, Denver, Douglas and Jefferson. The median family income for the Denver MSA is \$48,600.

There are a total of 498 census tracts in the assessment area. The following table shows the distribution of those tracts among the four income categories.

INCOME CLASSIFICATION OF CENSUS TRACTS IN THE DENVER METROPOLITAN STATISTICAL AREA				
	Low ¹	Moderate ²	Middle ³	Upper ⁴
Number of Tracts	120	109	162	107
Percentage of Total Tracts	24	22	33	21

- 1 Less than 50 percent of the Denver MSA median family income
- 2 At least 50 percent and less than 80 percent of the Denver MSA median family income
- 3 At least 80 percent and less than 120 percent of the Denver MSA median family income
- 4 120 percent or more of the Denver MSA median family income

The Denver metropolitan area has experienced substantial growth. According to community contacts, the population in the area has more than doubled since 1960. The population for the Denver MSA is currently estimated to be over 1.8 million.

The local economy is strong, benefitting from a diverse employer sector. The largest private employers in the area include: U S West, Columbia/HealthONE, AT&T, United Airlines, King Soopers, Lockheed Martin Corp., Coors Brewing Company, Kaiser-Hill (Rocky Flats), Safeway, and Public Service Company of Colorado.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's performance under the CRA is satisfactory. The bank's performance under each of the five small institution assessment criteria is summarized as follows.

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio, which indicates the level of the bank's lending activity relative to its deposits, is more than reasonable given the bank's size, financial condition, and assessment area credit needs. The bank's average loan-to-deposit ratio for the last four quarters is 84 percent. This ratio is higher than for other banks of similar size and capacity located in the assessment area.

Lending in Assessment Area

A substantial majority of the loans sampled during this examination were in the bank's assessment area. Two loan types were reviewed, resulting in a sample of 62 consumer installment and 47 small business loans. Overall, 81 percent of the total number and dollar of loans sampled were in the bank's assessment area. The following table shows the percentage of loans in the assessment area for each loan type sampled.

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	%
Consumer Installment Loans	50	81	\$ 648,685	81	12	19	\$151,290	19

Small Business Loans	43	91	\$5,362,626	86	4	9	\$880,000	14
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Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The distribution of loans shows reasonable penetration among individuals of different income levels, including low- and moderate-income individuals, and businesses of different sizes, given the demographics of the assessment area, the environment in which the bank operates, and the financial capacity of the bank.

The sample showed that the bank is making loans to borrowers of different income levels, including low- and moderate-income individuals. The distribution of consumer loans by the income level of borrowers also compares favorably with the demographics of the population in the assessment area. The following table shows the income dispersion of the consumer loan sample by number and dollar amount and compares it to the demographics of the community.

DISTRIBUTION OF CONSUMER LOANS ACROSS ASSESSMENT AREA BY INCOME LEVEL OF BORROWER				
	Low- Income¹	Moderate -Income²	Middle- Income³	Upper- Income⁴
Number of loans	12	9	12	17
<i>Percent of total number of loans</i>	24	18	24	34
Amount of loans	\$72,840	\$101,294	\$152,867	\$321,684
<i>Percent of total amount of loans</i>	11	16	24	49
<i>Demographic breakdown of families inside the assessment area categorized by income</i>	19%	19%	24%	38%

<i>levels</i>				
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- 1 Less than 50 percent of the Denver MSA median family income
- 2 At least 50 percent and less than 80 percent of the Denver MSA median family income
- 3 At least 80 percent and less than 120 percent of the Denver MSA median family income
- 4 120 percent or more of the Denver MSA median family income

All of the commercial loans sampled were small business loans. Small business loans are those loans having an original amount of \$1,000,000 or less. As shown on the following table, the distribution of small business loans by annual revenues indicates that the bank is making loans to businesses of different sizes. The sample also showed that 77 percent of the small business loans sampled were to businesses with annual revenues less than \$1 million.

DISTRIBUTION OF BUSINESS LOANS SAMPLED WITHIN THE ASSESSMENT AREA		
Annual Revenue	Number of Loans	%
Less than \$100,000	9	21
Greater than or equal to \$100,000 but less than \$250,000	11	25
Greater than or equal to \$250,000 but less than \$500,000	8	19
Greater than or equal to \$500,000 but less than \$1,000,000	5	12
Greater than or equal to \$1,000,000	10	23

Geographic Distribution of Loans

The bank's overall geographic distribution of loans reflects reasonable dispersion throughout the assessment area given the bank's size, branching structure, and financial capacity. As the following table reflects, the consumer and small business loan sample are concentrated in middle- and upper-income tracts. The dispersion in low- and moderate-income tracts is disproportionately lower than the demographics of the assessment area; however, such dispersion is not unreasonable given the location of the bank and its branch, the structure and focus of the bank's operations, and the financial capacity of the bank.

DISTRIBUTION OF LOANS ACROSS THE ASSESSMENT AREA BY INCOME LEVEL OF CENSUS TRACT								
	Low-Income ¹		Moderate-Income ²		Middle-Income ³		Upper-Income ⁴	
	#	\$	#	\$	#	\$	#	\$
Consumer Loans	2	17,881	12	103,229	14	165,457	22	362,118
<i>Percent of Total</i>	4	3	24	16	28	25	44	56
Small Business Loans	3	430,000	2	105,000	6	165,509	32	4,662,117
<i>Percent of Total</i>	7	8	5	2	14	3	74	87
% of total census tracts in each income category	24		22		33		21	

- 1 Census tracts having less than 50 percent of the Denver MSA median family income
- 2 Census tracts having at least 50 percent and less than 80 percent of the Denver MSA median family income
- 3 Census tracts having at least 80 percent and less than 120 percent of the Denver MSA median family income
- 4 Census tracts having 120 percent or more of the Denver MSA median family income

Response to Complaints

The bank has received no complaints about its performance in meeting assessment area credit needs. Therefore, no assessment of the bank's performance in responding to complaints was made.

Compliance with Antidiscrimination Laws and Regulations

The examination identified no violations of antidiscrimination laws and regulations

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relating to discriminatory practices. Violations of Regulation B (Equal Credit Opportunity Act) were noted during the examination, but they were nondiscriminatory in nature and are easily correctable by management. These findings would not lower the bank's overall CRA rating.

