



PUBLIC DISCLOSURE

JULY 27, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**COBIZ BANK
RSSD# 56557**

**821 17TH STREET
DENVER, COLORADO 80202**

**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.

TABLE OF CONTENTS

Institution Rating	
Institution's CRA Rating	2
Table of Performance Test Ratings	2
Summary of Major Factors Supporting Rating	2
Institution	
Description of Institution.....	3
Scope of Examination	4
Conclusions With Respect to Performance Tests	5
State of Colorado	
State Rating	10
Scope of Examination	10
Description of Institution's Operations.....	11
Conclusions With Respect to Performance Tests	11
Metropolitan Area (Full Review)	
Description of Institution's Operations (Denver AA).....	14
Conclusions With Respect to Performance Tests (Denver AA)	16
Metropolitan Area (Full Review)	
Description of Institution's Operations (Boulder AA)	22
Conclusions With Respect to Performance Tests (Boulder AA).....	24
Nonmetropolitan Area (Limited Review)	
Description of Institution's Operations (Eagle County, CO)	29
Conclusions With Respect to Performance Tests (Eagle County, Colorado)	29
State of Arizona	
State Rating	30
Scope of Examination	30
Description of Institution's Operations (Phoenix AA).....	30
Conclusions With Respect to Performance Tests (Phoenix AA).....	33
Appendices	
CRA Appendix A: Scope of Examination Table	39
CRA Appendix B: Summary of State and Multistate Metropolitan Area Ratings	41
CRA Appendix C: Glossary.....	42

INSTITUTION RATING

INSTITUTION'S CRA RATING: CoBiz Bank (CoBiz) is rated "**Satisfactory**"

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

PERFORMANCE LEVELS	COBIZ BANK		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
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:

- Good responsiveness to assessment area (AA) credit needs;
- A substantial majority of the bank's loans were originated within the bank's AAs;
- The geographic distribution throughout the bank's AAs was good;
- The distribution of loans among businesses of different revenue sizes and to individuals of different income levels was adequate;
- The level of community development loans was excellent;
- The level of qualified community development investments was significant;
- The level of community development services was relatively high; and,
- Delivery systems were accessible to essentially all portions of the AAs while products, services, and hours did not vary by branch location.

INSTITUTION

DESCRIPTION OF INSTITUTION

CoBiz has \$2.5 billion in total assets and is a full-service business bank serving two markets, Colorado and Arizona. In Colorado, CoBiz operates under the name Colorado Business Bank and in Arizona, under the name Arizona Business Bank. The bank is a wholly-owned subsidiary of CoBiz Financial Inc., a diversified financial holding company headquartered in Denver, Colorado. CoBiz has a branching network with 12 locations in Colorado and eight locations in Arizona. Since the last evaluation, the bank has opened two locations, one in Denver, Colorado, and one in Scottsdale, Arizona, while one location in Boulder, Colorado was closed.

CoBiz provides a broad range of commercial and retail lending services, including commercial loans, commercial and residential real estate construction loans, commercial and residential real estate mortgage loans, consumer loans, revolving lines of credit, and equipment lease financing. Financial information from the bank's June 30, 2009 Consolidated Report of Condition and Income (Call Report) indicates that the bank is primarily a commercial lender as commercial loans represented 86.4 percent of the total loan portfolio. The remaining portfolio is comprised of residential real estate loans of 4.3 percent, real estate open-end products of 5.5 percent, agricultural loans of 0.7 percent, other loans of 2.3 percent, and consumer products comprising 0.8 percent. The bank does not typically engage in retail lending other than accommodation loans for current business relationships. CoBiz is not a high volume real estate lender as reflected on its Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LAR), and the bank is not engaged in secondary market lending activities.

Based on the bank's asset size, product offerings, and financial condition, it has the ability to meet the credit needs of its AAs. No financial or legal impediments exist that would negatively impact the institution's ability to meet the credit needs of its AAs. CoBiz received a satisfactory rating at the previous Community Reinvestment Act (CRA) evaluation on October 1, 2007, performed by the Federal Reserve Bank of Kansas City (Reserve Bank).

Under the CRA, a financial institution's performance is evaluated within the context of each AA it has delineated and within each state in which it operates a branch. Each state is assigned a separate rating, and an overall rating is assigned for the bank. CoBiz has delineated the four AAs listed below that are discussed separately throughout this performance evaluation. All census tracts and counties within designated Metropolitan Statistical Areas (MSAs) are based on 2000 Census Data and 2004 Office of Management and Budget (OMB) designations.

1. STATE OF COLORADO

- MSA 19740 (Denver – Aurora, Colorado), consisting of the entire Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park Counties and referred to as the Denver AA.

- MSA 14500 (Boulder, Colorado), consisting of the entire Boulder County and referred to as the Boulder AA.
- Eagle County, Colorado, a nonmetropolitan area consisting of the entire Eagle County and referred to as the Eagle AA.

2. STATE OF ARIZONA

- MSA 38060 (Phoenix – Mesa – Scottsdale, Arizona), consisting of the entire Maricopa County which is one of two counties in the MSA. Referred to as the Phoenix AA.

SCOPE OF EXAMINATION

CoBiz's CRA performance was reviewed using the Federal Financial Institutions Examination Council's (FFIEC) Interagency CRA procedures for large institutions. Loan products evaluated included residential real estate loans reported under the HMDA, including home purchase, refinance, home improvement, and multifamily loans; and all small business loans reported under the CRA; and loans meeting the definition of community development lending under the CRA and its supplementary guidance. Full reviews were performed for the following AAs: Denver, Boulder, and Phoenix with the other AA receiving a limited review.

The evaluation period for HMDA-related and small business loans covers the bank's CRA performance from July 1, 2007 through December 31, 2008. To accommodate the bank's reporting mechanism, community development activities were reviewed through various quarter or year-end periods. Qualified community development loans were reviewed from October 2, 2007 through March 31, 2009, and qualified investments, grants, and donations were reviewed through June 30, 2009. Community development services were reviewed for the period January 1, 2007 through December 31, 2008, and all other service test criteria were reviewed from the date of the last evaluation through July 27, 2009.

A comparative review of the bank with other commercial banks operating within its AAs was also performed. More specifically, the review included 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 (referred to as aggregate or peer data).

Only loans inside the bank's AAs were analyzed with respect to geographic and borrower distribution. To reach a conclusion about CoBiz's overall performance regarding geographic and borrower characteristics in each AA, greater weight was given to certain loan products. The comparison of a product's volume with total lending volume in each AA determined the weight of a product's performance in the overall conclusion.

For the evaluation of the geographic distribution of loans, geographies were classified on the basis of 2000 Census data. CoBiz's performance was rated based on its penetration in all geographies, particularly LMI geographies. For the evaluation of borrower characteristics, borrower income levels were based on 2007 and 2008 estimated median family income (MFI)

figures from the U.S. Department of Housing and Urban Development (HUD). The performance was rated based on penetration to all individual income categories, particularly LMI individuals. For the evaluation of lending to small businesses, the bank's performance was rated based on the penetration to small businesses with gross annual revenues (GAR) under \$1 million and compared to Dun & Bradstreet (D&B) demographic information for the years 2007 and 2008. CoBiz reported only two small farm loans in 2008 and none for the second half of 2007. Therefore, farm loans were not provided weight in the analysis of the bank's lending.

CoBiz's performance in the State of Colorado, particularly the Denver AA, received greater weight than the other AAs in determining the overall rating based on the concentration of loans, deposits, and branch locations in that area. The State of Colorado accounted for 81.4 percent of the bank's deposits and 67.9 percent of all loans originated between October 2, 2007 and June 18, 2009.

Interviews with members of the communities within the bank's AAs were conducted during the examination to ascertain the credit needs of the communities, the availability of community development opportunities, and local economic conditions. Additional community contacts previously conducted in the bank's AAs by the Reserve Bank and other regulatory agencies were also referenced.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

CoBiz's record of meeting the credit needs of its AAs through its lending activities is considered high satisfactory based on the bank's performance in the Colorado and Arizona State AAs. While the lending analysis reflected a good performance, the excellent level of community development lending was significant to the bank's overall performance rating.

Lending Activity:

Based on a review of CoBiz's loan products and information gathered from bank management and community contacts, the bank's lending activity reflects good responsiveness to retail credit needs in its AAs. This conclusion was based on good lending activity in both states, with the greatest weight given to the bank's performance in Colorado. Exhibit 1 shows the breakdown of the loans originated by the bank during the evaluation period.

Exhibit 1 Summary of Lending Activity				
Loan Type	#	%	\$('000s)	%
HMDA home purchase	74	58.8	28,280	40.3
HMDA refinancings	27	21.4	19,447	27.7
HMDA home improvement	11	8.7	3,028	4.3
HMDA multifamily	14	11.1	19,426	27.7
Total HMDA-related	126	4.8	70,181	10.3
Total Small Business	2,488	95.2	612,204	89.7
TOTAL LOANS	2,614	100.0	682,385	100.0

Assessment Area Concentration:

Exhibit 2 shows that CoBiz originated a substantial majority, or 93.8 percent of its loans throughout its delineated AAs. Only loans made within the bank's AAs are considered for the remaining loan distribution tests. Furthermore, the analysis and remaining tables in this document will focus on the number of originations as opposed to dollar volume, as this better represents the number of affected applicants.

Exhibit 2 Lending Inside and Outside the Assessment Area								
	Inside				Outside			
	#	%	\$('000s)	%	#	%	\$('000s)	%
HMDA home purchase	60	81.1	17,843	63.1	14	18.9	10,437	36.9
HMDA refinancings	26	96.3	18,695	96.1	1	3.7	752	3.9
HMDA home improvement	10	90.9	2,813	92.9	1	9.1	215	7.1
HMDA multifamily	11	78.6	11,883	61.2	3	21.4	7,543	38.8
Total HMDA-related	107	84.9	51,234	73.0	19	15.1	18,947	27.0
Total Small Business	2,344	94.2	571,423	93.3	144	5.8	40,781	6.7
TOTAL LOANS	2,451	93.8	622,657	91.2	163	6.2	59,728	8.8

Geographic and Borrower Distribution:

The overall geographic distribution of HMDA-related and small business loans reflects a good penetration throughout all the bank's AAs. While the greatest weight for this conclusion is based on the bank's Colorado performance, the concentration of the bank's loans generally exceeded the demographic data and the lending performance by aggregate lenders.

The overall distribution of lending among borrowers of different income levels and businesses of different sizes is adequate. The bank's small business lending performance in the Colorado and Arizona markets continues to decline in relation to demographic data and at a faster rate than the decline in loans made by aggregate lenders. The majority of HMDA loans were non-owner occupied, and according to bank management, most HMDA-related loans were made as accommodation loans to existing businesses where borrower income information was not required to be obtained (53.1 percent). Moreover, the business revenue captured does not correlate to the HUD MFI demographic data. As a result, the borrower analysis of HMDA-related loans was not given much weight in the analysis. A detailed analysis of the geographic distribution and borrower income distribution is provided with the analysis of each AA.

Community Development Lending:

CoBiz's overall community development lending performance is excellent and is given significant weight in the assessment of the overall lending test rating. CoBiz originated 35 community development loans totaling \$71.7 million. CoBiz is considered a leader in providing community development loans in both Colorado and Arizona at 51.4 and 48.6 percent, respectively. The bank's community development lending is also responsive to the needs of the communities it serves by providing loans for diverse community development purposes. Twelve community development loans in the amount of \$34.3 million were for affordable housing purposes with five made to affordable housing organizations and four for the development of affordable housing units. Another 10 loans in the amount of \$13.2 million were made to businesses in redevelopment areas identified by state and local governments signifying a need for revitalization and stabilization. Eight loans in the amount of \$17.8 million were made for the purpose of economic development with seven of the loans made as part of the Small Business Administration (SBA) 504 loan program. The bank also made five loans for a total of \$6.4 million for community service programs that predominantly assist LMI individuals and families. In addition, the bank originated two loans in Arizona for revitalization and stabilization of distressed tracts totaling \$10.5 million that provide greater statewide benefit, but did not directly impact the bank's Phoenix AA.

Although the bank did not offer complex community development lending, it demonstrates flexibility in its underwriting practices by offering the following programs throughout the bank's market areas.

- SBA loans – CoBiz is a certified and preferred SBA lender. From October 2, 2007 to July 26, 2009, the bank originated 37 new loans for \$17.1 million while extending or renewing another 23 loans in the amount of \$17.9 million.
- United States Department of Agriculture (USDA) Lending – From October 2, 2007 to July 26, 2009, the bank originated two USDA loans totaling \$8.3 million.

INVESTMENT TEST

CoBiz's overall investment test performance is rated high satisfactory, which remains unchanged from the prior examination. While the bank did not make any new investments since the last examination, the majority of qualified investments during the last examination remains on its balance sheet. CoBiz has a total of 13 investments with \$13.2 million outstanding and \$3.4 million in unfunded commitments. Investments include six mortgage-backed securities (MBS) issued by two Government Sponsored Enterprises (GSE), three government housing revenue bonds, and four Small Business Investment Corporation bonds (SBIC).

While the bank offered no investments that were considered complex or innovative, CoBiz is responsive to area community development needs through its donation activities. The bank's holding company, CoBiz Financial, recently created its own foundation, CoBiz Cares, to encourage employee involvement by providing dollar for dollar matching of employee contributions. CoBiz also continues to sponsor an annual community-wide fundraising event, Biz Bash, in both Colorado and Arizona that typically have benefited organizations serving LMI families. For the evaluation period, CoBiz made 125 donations in the amount of \$416 thousand that benefited 78 different organizations. The breakdown includes 26 donations for affordable housing, 96 donations for community service programs, two for revitalization and stabilization efforts, and one for economic development.

SERVICE TEST

CoBiz's overall rating under the service test is high satisfactory, which remains unchanged from the prior examination. In both states, CoBiz's banking offices are accessible to its various geographies and to individuals of different income levels in each AA. CoBiz currently operates 20 full-service branch locations with five offices (20.0 percent) located in LMI geographies. The bank opened two locations in upper-income tracts, one in the Denver AA and another in the Phoenix AA. The bank also closed an office located in a moderate-income tract in the Boulder AA, but the closure did not adversely affect the accessibility to banking services as the bank has an existing location one mile away. Only five of the branch locations provide automated teller machines (ATMs), but the bank has an agreement with two different ATM networks, one in each state, to provide access to bank customers. Both networks are available, free of charge, to all bank customers and provide for a more enhanced delivery system than the bank's own proprietary system. Business hours and products do not vary throughout the bank's branches in a way that inconveniences certain portions of the AAs, particularly LMI geographies or LMI individuals.

CoBiz provides a relatively high level of community development services in both the Colorado and Arizona markets. While the primary markets in Denver and Phoenix show a high level, community development services in the Boulder and Eagle AAs are at an adequate level.

Overall, the bank provided 47 community development services to 34 different organizations. Generally, bank employee's time commitment was also noteworthy, volunteering 3,150 hours for an average commitment of nearly 93 hours per organization.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

STATE OF COLORADO

CRA RATING FOR COLORADO: "SATISFACTORY"

The lending test is rated: High Satisfactory

The investment test is rated: High Satisfactory

The service test is rated: High Satisfactory

Major factors supporting the rating include:

- Good responsiveness to AA credit needs;
- Good geographic distribution of loans in the bank's AAs;
- Adequate distribution of loans among businesses of different revenue sizes and to individuals of different income levels;
- An excellent level of community development lending;
- A significant level of qualified investments;
- A high level of community development services; and,
- Accessible delivery systems to geographies and individuals of different income levels.

SCOPE OF EXAMINATION

The scope of the examination for the state of Colorado was consistent with the overall scope for the entire institution, including evaluations under the lending, investment, and service tests. A full-scope review was conducted for the Denver and Boulder AAs with a limited review conducted for the Eagle AA.

Overall lending activity was greatest in the Denver AA which accounted for 63.0 percent of CoBiz's total lending volume in the state followed by the Boulder AA with 30.6 percent and the Eagle AA with 6.4 percent. The total lending activity in Colorado was 67.9 percent of the bank's total lending. Accordingly, CoBiz's performance in the Colorado market, particularly the Denver AA, is given greater weight in the assessment of the bank's overall CRA rating.

During the evaluation, community contact interviews were conducted in both the Denver and Boulder AAs, and community contacts conducted over the previous year in each respective AA in Colorado were referenced.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN COLORADO

CoBiz operates 12 of its 20 full-service locations in the Colorado market that held 81.4 percent of all bank deposits as of June 30, 2008. According to the Federal Deposit Insurance Corporation (FDIC) Market Share Report as of the same date, the bank has a market share of 1.52 percent and ranked 16th of 198 other depository institutions located in Colorado.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN COLORADO

LENDING TEST

CoBiz's performance with respect to the lending test in the state of Colorado is rated high satisfactory. The bank's level of lending demonstrates a good responsiveness to area credit needs. CoBiz's geographic distribution of lending based on income level of census tracts is considered good, while the distribution of lending to borrowers of different income levels and to businesses of different sizes is considered adequate. The bank's lending test rating was also influenced by the excellent level of community development loans. A more in-depth discussion of performance in each AA is contained in other sections of this report.

Lending Activity:

Overall, the bank's lending activity reflects a good responsiveness to retail credit needs of the AA in relation to the bank's capacity, strategic direction, and performance context issues.

Geographic and Borrower Distribution:

CoBiz's overall geographic distribution of HMDA-related loans was excellent, while the distribution of small business loans showed a good penetration throughout the three AAs in Colorado. Given the higher volume of small business loans, greater emphasis was placed on this product. Generally, the bank's performance slightly exceeded or compared similarly to the demographic data while consistently exceeding that of other CRA reporters.

CoBiz's distribution of loans to small businesses of different sizes was considered adequate. The distribution of HMDA-related loans to borrowers of different income levels could not be adequately assessed as 53.0 percent of the 100 reportable loans in Colorado did not have income information, which was further stratified by loans that were non-owner occupied and captured business revenues. Generally, the bank's performance in the three Colorado AAs was below demographic data but compared similarly to aggregate lenders. Bank performance was higher than the aggregate lenders within the Boulder AA.

Community Development Loans:

CoBiz is a market leader in making community development loans, showing good

responsiveness and flexibility to the credit needs of the community in each of its Colorado AAs. The bank originated 18 loans totaling \$36.9 million, of which 14 loans were new originations. Seven of the loans in the amount of \$25.0 million provided affordable housing; five loans totaling \$6.5 million provided support to community service organizations that benefit LMI individuals and families; five loans for \$4.0 million were made to businesses with operations in enterprise zones; and, one SBA 504 loan for \$1.4 million supported economic development. Two of the qualified loans for affordable housing were made in the Eagle AA which was assessed as a limited review. One loan in the amount of \$18 million is notable, as it provided development funding of a 47 acre affordable housing project in a "high cost" area that has a critical need for affordable housing. Two-thirds of the project units are deed-restrictive to those meeting the county's affordable housing guidelines and residency standards.

INVESTMENT TEST

The state of Colorado investment test rating is high satisfactory and remains unchanged from the last examination. During the evaluation period, the bank did not make any new investments in Colorado, but the bank continues to have eight investments for \$10.3 million outstanding with another 3.4 million in unfunded commitments. Four of these investments are SBIC investments in which the commitment increased by \$1.5 million since the last examination. SBIC investments provide funds for size eligible businesses in a greater regional area including the bank's AA. These types of investments put together a pool of loans to make up a qualified investment. The other four investments were MBS that funded LMI borrowers in the Denver and Boulder AAs.

The bank's donation and grant activities show an excellent responsiveness, primarily in the Denver AA with improvement noted in the Boulder AA since the last examination. For the evaluation period, the bank made 100 donations in the amount of \$343 thousand to 59 different organizations. The bank has been consistently recognized as a top performer in the community, having been recognized annually by the Denver Business Journal as one of the "Top Corporate Philanthropists" in the state of Colorado. In 2008, the bank ranked seventh, and in 2007 ranked tenth among all Colorado-based corporations.

SERVICE TEST

CoBiz's performance under the service test is rated high satisfactory and remains unchanged since the last evaluation. The conclusion was based on accessible delivery systems, reasonableness of business hours, the effect of branch openings and closings, and the level of community development services. Three of the 12 banking offices in Colorado (25.0 percent) are located in LMI geographies. Each office is accessible to all portions of the AAs, including LMI geographies, with a wide array of products and services offered and business hours that do not vary in a way that inconveniences certain portions of its AAs or LMI individuals.

The bank continues to provide a relatively high level of community development services in its

Denver market, while the level is adequate in the Boulder and Eagle AAs. In Colorado, CoBiz provided 34 community development services to 25 different organizations with volunteer time of 2,484 hours. Twenty-nine services supported community service organizations, four assisted affordable housing organizations, and one supported small business development.

Statewide, the bank participates in the Colorado Lawyers Trust Fund Account Foundation (COLTAF) and the Colorado Association of Realtors Housing Opportunity Foundation (CARHOF) where escrow money paid by clients is held on deposit. The interest earned on these accounts is used to provide legal services and affordable housing to the state's low-income citizens. To date, the bank has 111 COLTAF and one CARHOF account.

**METROPOLITAN AREA
(Full Review)**

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE DENVER ASSESSMENT AREA

CoBiz has delineated all 10 counties that comprise the Denver – Aurora, Colorado MSA as an AA. CoBiz operates eight branches in the MSA, having opened a new location since the last evaluation. Three branches are in moderate-income tracts, two are in middle-income tracts, and the remaining three offices are in upper-income tracts. With the exception of the new office location, the bank's seven other locations held 62.1 percent of the bank's deposits according to the June 30, 2008 FDIC Market Share Report. This represented a 2.1 percent share of the MSA market, which ranked 11th of 90 FDIC-insured financial institutions. The bank faces strong competition from several large and regional banks in addition to several community banks. The top five banks in the MSA were large, nationwide institutions, with market shares ranging from 5.5 percent to 18.5 percent, totaling 47.1 percent of area deposits.

DESCRIPTION OF THE BANK'S AA¹

CoBiz is headquartered in Denver, Colorado, which is located along the Front Range of the Rocky Mountains in the north central portion of the state. The Denver – Aurora MSA, with an estimated population of 2,464,866 in 2007, is the largest metropolitan area in the state.

Up until the end of 2007, the Denver economy had defied national trends, when employment began to fall. As of the first quarter of 2009, the area's unemployment rate was 7.8 percent, an increase of two percentage points from a year ago. Over the last three years, the MSA unemployment rate has mirrored the statewide rate, yet lagged the nationwide rate, currently at 8.8 percent. The predominant industries in the area, energy and technology, have not been immune to the recession. The energy sector has been affected by falling oil and natural gas prices, while the technology sector is experiencing reduced revenues on account of reduced consumer spending, particularly consumption of technologically-intensive durable goods. Job losses in the area have been most acute in manufacturing.

The housing sector has also seen a slight deceleration in sales volume, and prices have been flat. However, building permits have rebounded slightly and are expected to increase further. The rebound has overwhelmingly focused on the multifamily market with a strong demand for apartments. Commercial real estate demand is also declining as overall business activity slows down. Vacancy rates, particularly in downtown Denver, have been increasing over the last year. The Denver economy is expected to rebound from the national recession quickly as the area is well-diversified and shows strong demographic trends.

¹ Sources of economic and demographic data include the Commerce Department's Bureau of Economic Analysis, the U.S. Census Bureau, FDIC Regional Economic (RECON) data, Moody's Economy.com, and Metro Denver Economic Development Council.

The Denver MSA has attracted viable growth industries such as aerospace, bioscience, energy (including renewable energy), financial services, and information technology/software companies. The professional and business services industry comprises the largest sector of employment in the MSA, equaling 17.0 percent, followed by government at 13.7 percent, and educational and health services, leisure and hospitality services, and retail trade each at 10.3 percent. The MSA's largest private employers include Qwest Communications, King Soopers, Inc. (a local grocery chain), HealthONE, Lockheed Martin, Wal-Mart Stores, Inc., Exempla Healthcare, Safeway, Inc., University of Denver, Centura Health, and United Airlines. Federal, state, county, and city governments, as well as area school districts and universities, also provide much public-sector employment.

The AA is unique in its large concentration of owner-occupied and multifamily housing units. Of total housing units, 25.7 percent are multifamily units. The AA's lowest owner occupancy rates are in Denver County with 49.9 percent, yet with the highest concentration of multifamily units at 37.6 percent. Denver County also has the oldest housing stock with a median age of 42 years and a higher vacancy rate at 4.9 percent. Conversely, Douglas County has the highest concentration of owner-occupied units at 84.5 percent and a median housing age of six years suggesting new housing development is very active. The area also has a very low housing affordability ratio compared to other surrounding states. The Denver MSA affordability ratio is 30.0 percent, which mirrors the statewide rate. The least affordable county as of 2000 Census data was Denver County due to its low-median family income. It may be difficult for LMI families to afford home ownership, especially in Denver County.

The tract distribution within the AA revealed that low-income tracts contained small concentrations of area families and businesses and were primarily industrial, although there were small areas of commercial and residential. The concentration of owner-occupied housing units in the LMI tracts equaled 27.7 percent and 49.4 percent, respectively, with a larger percentage of rental units. As of 2000, the family poverty rate of 27.4 percent in the low-income tracts was nearly five times that of the overall MSA rate, and the poverty rate in moderate-income tracts was two times higher at 10.4 percent. Absent special credit programs, many residents in the LMI tracts may be unable to obtain substantial credit.

Members of the community were contacted to gain a perspective of the area economic conditions and possible credit needs. Recent interviews confirmed that local economic conditions continue to be weak in the Denver MSA with high unemployment, tight credit conditions, a stagnant housing market, and over building in commercial real estate. There is cautious optimism that the economy may improve by 2010, but there are still a number of economic red flags. Contacts indicate there continues to be a need for funding for affordable housing and small business development, but credit remains frozen for the most part.

Exhibit 3, based on 2000 Census data, 2004 MSA designations, and 2008 D&B data, shows the general income, housing, and business characteristics of area tracts by tract income level.

Exhibit 3 Assessment Area Demographics - Denver AA								
Income Categories	Tract Distribution		Families By Tract Income		Families < Poverty Level as a % of Families by Tract		Families By Family Income	
	#	%	#	%	#	%	#	%
Low-Income	21	3.9	19,794	3.6	5,426	27.4	100,308	18.2
Moderate-Income	145	26.6	139,026	25.2	14,492	10.4	104,021	18.9
Middle-Income	216	39.6	223,663	40.6	7,472	3.3	131,442	23.9
Upper-Income	152	27.9	168,314	30.6	2,726	1.6	215,026	39.0
Unknown-Income	11	2.0	0	0.0	0	0.0	0	0.0
Total AA	545	100.0	550,797	100.0	30,116	5.5	550,797	100.0
	Housing Units By Tract	Housing Type By Tract						
		Owner-Occupied			Rental		Vacant	
		#	% By Tract	% By Unit	#	% By Unit	#	% By Unit
Low-Income	38,793	10,760	1.9	27.7	25,943	66.9	2,090	5.4
Moderate-Income	252,708	124,839	21.9	49.4	117,021	46.3	10,848	4.3
Middle-Income	373,416	245,107	43.0	65.6	110,894	29.7	17,415	4.7
Upper-Income	226,112	189,706	33.2	83.9	27,882	12.3	8,524	3.8
Unknown-Income	11	0	0.0	0.0	11	100.0	0	0.0
Total AA	891,040	570,412	100.0	64.0	281,751	31.6	38,877	4.4
	Total Businesses by Tract	Businesses By Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-Income	4,538	3.9	3,952	3.7	428	4.7	158	6.3
Moderate-Income	28,810	24.5	25,069	23.7	3,030	33.0	711	28.3
Middle-Income	43,405	37.0	39,654	37.5	2,836	30.9	915	36.4
Upper-Income	39,652	33.8	36,315	34.4	2,645	28.9	692	27.6
Unknown-Income	954	0.8	694	0.7	226	2.5	34	1.4
Total AA	117,359	100.0	105,684	100.0	9,165	100.0	2,510	100.0
Percent of Total Businesses:				90.1		7.8		2.1

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE DENVER AA

LENDING TEST

CoBiz's level of lending demonstrates a good responsiveness to area credit needs. Exhibit 4 shows the bank's level of lending by geographic and borrower distribution compared to area demographic data and peers originating similar loans within the AA. The bank's distribution of loans to geographies of different income levels is good while the distribution of small business loans to businesses of different sizes is adequate. CoBiz's level of making community development loans is excellent. The bank's performance in the Denver AA received the greatest weight in the bank's state and overall CRA rating.

Lending Activity:

CoBiz's lending activity reflects a good responsiveness to retail credit needs of the AA in relation to the bank's capacity, strategic direction, and performance context issues.

Geographic Distribution:

The geographic distribution of HMDA-related and small business loans reflects a good loan penetration, overall. Performance context issues, including lending opportunities reflected in the number and percentage of owner-occupied units, businesses, and other lender's aggregate performance were considered.

HMDA-Related Loans

The geographic distribution of HMDA-related loans reflects an excellent penetration throughout the AA. Exhibit 4 shows that 40.7 percent of the bank's HMDA loans are in LMI tracts. This compares favorably to the 23.8 percent of owner-occupied units in these tracts and also exceeds the 19.6 percent of loans made by the bank's peers.

Small Business Loans

The geographic distribution of small business loans, especially in LMI geographies, shows a good dispersion as shown in Exhibit 4. The bank originated 35.6 percent of its small business loans in LMI tracts which exceeds the 28.4 percent of small businesses located in these same tracts. The bank's lending is also higher than the 22.0 percent of peer lending.

Distribution by Borrower Income and Revenue Size of the Business:

The distribution of loans to businesses of different revenues sizes reflects an adequate penetration. The analysis of HMDA-related loans could not be adequately assessed. The revenue size of businesses, other lender's aggregate performance, and performance context issues were considered in the analysis.

HMDA-Related Loans

The bank originated 59 HMDA-related loans during the evaluation period. However, 57.6 percent of the loans did not have revenue information reported as the bank frequently makes accommodation loans to existing business customers without considering income. Moreover, the majority of HMDA-related loans are non-owner occupied and for business purposes. The income reported is business revenue, which does not correlate with the demographic data of MFI that associates more closely with a borrower's personal gross income.

Exhibit 4 Loan Analysis - Denver AA			
Geographic Distribution			
Tract Income Levels	HMDA-Related Loans		
	% Owner Occupied Units	% Bank Loans	% Peer Loans
Low	1.9	6.8	2.6
Moderate	21.9	33.9	17.0
Middle	43.0	30.5	41.1
Upper	33.2	28.8	38.4
Unknown	0.0	0.0	0.8
Total	100.0	100.0	100.0
Total #	59		
Tract Income Levels	Small Loans to Small Businesses		
	% Small Businesses	% Bank Loans	% Peer Loans
Low	3.9	4.5	2.8
Moderate	24.5	31.1	19.2
Middle	37.0	30.2	34.3
Upper	33.8	32.7	40.1
Tract Unknown	0.8	1.5	2.6
Total	100.0	100.0	100.0
Total #	1,197		
Borrower Distribution			
Borrower Income Levels	HMDA-Related Loans		
	% of Families	% Bank Loans	% Peer Loans
Low	18.2	0.0	6.2
Moderate	18.9	1.7	18.0
Middle	23.9	6.8	22.5
Upper	39.0	33.9	37.0
Unknown	0.0	57.6	16.2
Total	100.0	100.0	100.0
Revenue / Loan Size	Small Loans to Businesses		
	% Small Businesses	% Bank Loans	% Peer Loans
Rev. \$1million or less	90.1	39.1	36.9
Rev. Over \$1million	7.8	55.3	
Rev. Not Known	2.1	5.6	
Total	100.0	100.0	
\$100k or less		47.0	96.5
>\$100k -250k		24.3	1.6
\$250 - \$1 Million		28.7	1.9

Small Business Loans

The distribution of small business loans to businesses of different revenue sizes shows an

adequate distribution as shown in Exhibit 4. The bank originated 39.1 percent of small business loans to businesses with GAR of \$1 million or less, which is less than the 90.1 percent of small businesses in the AA. However, the aggregate lending data provides a better comparison because not all businesses have the financial capability to qualify for traditional bank loans. The aggregate data reflects the market demand for credit from qualified borrowers. CoBiz's performance is similar to the aggregate lending at 36.9 percent. The bank's loans were further stratified by loan size. By number, 71.3 percent of total small business loans were made in the amount of \$250 thousand or less. Smaller loan amounts are generally applied for by smaller businesses.

Community Development Lending:

CoBiz made a high level of community development loans and its performance in this component is considered very good. In the Denver market, the bank originated 12 loans in the amount of \$8.1 million and represents a 150 percent increase from the previous evaluation. CoBiz's community development lending was dispersed for activities that provide affordable housing, community services targeting LMI individuals, and activities that revitalize or stabilize LMI geographies, and provide economic development. Examples of CoBiz's community development lending included:

- A \$1.7 million loan made to a company to renovate a commercial property housing a manufacturing company in a designated enterprise zone. The borrower qualified for the New Market Tax Credit (NMTC) program under the Community Reinvestment Fund.
- A \$1.4 million loan for the acquisition and improvements for a building located in a designated enterprise zone. The loan was in participation with Colorado Lending Source under the SBA 504 Loan program.
- A \$1.0 million construction loan to an organization for the purpose of building a 50 unit transitional housing complex for homeless individuals and couples.
- A \$300 thousand loan for land development of a new center for a nonprofit community service organization serving at-risk children.

INVESTMENT TEST

The bank has a significant level of qualified investments and grants representing similar results from the last evaluation. The bank exhibits a good responsiveness to community development needs and occasionally uses innovative investments to support community development initiatives. Overall, CoBiz provided 89 qualified investments and grants totaling \$14.0 million. During the evaluation period, the bank did not make any new investments, but prior period investments increased by \$1.5 million through unfunded commitments. The bank has eight investments for \$10.3 million outstanding with another 3.4 million in unfunded commitments.

Four of the investments are SBIC investments totaling \$6.9 million for economic development that benefit the state of Colorado and the Denver AA. The other four prior-period investments, with an amount outstanding of \$3.4 million, were in MBS that funded LMI borrowers primarily in the Denver AA. A small amount, \$115 thousand, of the MBS was attributable to borrowers in the Boulder AA.

CoBiz is extremely charitable in the Denver AA giving to numerous organizations and causes. While not all donations qualified under the CRA definition of community development, the bank did make 81 donations in the amount of \$290 thousand to 46 different organizations, mostly those providing affordable housing or community services to LMI individuals and families. Listed below are examples of the bank's donations.

- \$97.3 thousand in donations to three different qualifying charitable organizations through Biz Bash, an annual fundraising event that identifies beneficiary organizations that have historically supported at-risk youth whom the majority is from LMI families.
- \$54.0 thousand in donations to a day school program for LMI students in grades K-8 who require medical assistance during a normal school day. The school is approved by the Colorado Department of Education and supported by a local hospital foundation.
- \$18.8 thousand in donations to an organization that offers 30 different programs to low-income families and children, homebound seniors, and women and children seeking refuge from domestic violence.
- \$10.2 thousand in donations to a nonprofit community development service organization that provides services to underserved youths in violent relationships.

SERVICE TEST

CoBiz's performance under the service test in the Denver AA is good based on the accessibility of delivery systems and the high level of community development services.

Retail Services:

CoBiz operates eight branch locations in the Denver MSA, in which three are in moderate-income tracts, two in middle-income tracts, and three in upper-income tracts. Only three locations have in-house ATMs, but CoBiz has an agreement with an ATM network that provides free withdrawals and deposits to bank customers at ATMs across Colorado. Since the last examination, the branch has opened one new location in an upper-income geography. Banking offices are accessible to LMI geographies, and business hours and services do not vary in a way that inconveniences certain portions of the AA, particularly LMI individuals.

Community Development Services:

CoBiz provides a high level of community development services throughout the Denver AA. The bank provided a total of 31 qualified community development services to 23 different organizations in the Denver area with the majority targeting community service organizations that benefit LMI individuals and families. Examples of the bank's community development services include:

- CoBiz Biz Bash – An officer of the holding company created an annual event to benefit at-risk youth and LMI families. Since its inception in 2001, the event has raised nearly \$1.7 million for various qualifying organizations. The bank officer is chairman of the board overseeing the operating budget and attending regular meetings throughout the year.
- Volunteers of America – The nonprofit organization seeks to identify and serve the basic needs of the most vulnerable individuals and families in the Denver community. Over 30 programs sponsored by the organization help low-income families and children, homebound seniors, and women and children seeking refuge from domestic violence. One of the bank's officers is actively involved providing 165 hours as a board member, serving on a committee providing technical assistance on financial matters, assisting in financial planning, and helping with fundraising and assisting on grant applications.
- Women's Foundation of Colorado – The nonprofit foundation supports women and girls to achieve economic self-sufficiency through either direct services or donations to other local organizations that target LMI individuals. A bank officer served as a board trustee; served on the finance, audit, investment, and executive committees; provided technical assistance on financial and accounting matters; and, helped with recruitment of new donors and volunteers.
- Adams County School District 14 Education Foundation – The mission of the foundation is to enhance the quality of education in Commerce City, Colorado, by raising and distributing money to support literacy, student achievement, and expanded learning opportunities for students. The school district is located in an area that includes all moderate-income tracts and nearly 80 percent of students qualify for free or reduced lunches. A bank officer has provided 340 hours of time serving as president and helping with accounting, marketing, budgeting, and financial planning activities of the foundation.

**METROPOLITAN AREA
(Full Review)**

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE BOULDER ASSESSMENT AREA

The Boulder MSA AA consists of the entire MSA which is comprised of Boulder County. The bank did operate three branch locations in the area, but recently closed an office on March 17, 2009, that was located in a moderate-income tract in the northeast part of the city of Boulder. The remaining two branches are located in a middle-income tract in the city of Boulder and in an upper-income tract in Louisville, Colorado. According to the June 30, 2008 market share report, the three branches held 20.7 percent of the bank's deposits in Colorado and 16.8 percent of the bank's total deposits. The bank's MSA market share was 4.5 percent, making it the 8th largest of 34 financial institutions in the area. Again, the bank faces significant competition, especially from regional and nationwide branching networks. The top three banks in the MSA were large, nationwide institutions, with market shares ranging from 8.3 percent to 15.3 percent, totaling 37.4 percent of area deposits.

DESCRIPTION OF THE BANK'S AA²

The Boulder MSA is made up of the communities of Boulder, Longmont, Louisville, Lafayette, and Superior. The area is adjacent to the Denver – Aurora MSA to the northwest and lies directly below the foothills of the Rocky Mountains. The 2007 population of the area is estimated at 290,262 with a growth of 7.6 percent from 2000. The Boulder AA has a large student population due to the presence of the University of Colorado, with the concentration of young adults (18-24 years old) measuring 13.8 percent of the total population.

Despite the national economic downturn, the Boulder MSA is still showing moderate growth. The area has been historically affluent with a highly educated workforce and an ideal location. The only threat to the local economy has been the decreasing demand for advanced-technology products resulting in declining revenues and some evidence of downsizing. Unemployment of 4.3 percent at the end of 2008 lags the increasing national and statewide trends.

The housing market also continues to defy national trends because of a stable employment base and excellent credit quality. Residents are less likely to be delinquent on their mortgages compared to the rest of the country, and the area had one of the lowest rates of subprime loan originations in the country with only 4.4 percent of area mortgages.

The AA's largest employers include the University of Colorado, IBM Corporation, Sun Microsystems, Ball Corporation, Boulder Community Hospital, Level 3 Communications,

² Sources of economic and demographic data include the Commerce Department's Bureau of Economic Analysis, the U.S. Census Bureau, RECON data, Moody's Economy.com, Boulder Colorado Book of Lists, 2006.

Covidien, and Seagate Technology. In addition to government and services, key industries in the area include aerospace, biosciences, computer storage and peripherals, natural and organic products, renewable energy, and software development.

The Boulder AA has one of the state's lowest housing affordability ratios at 23.6 percent coupled with a higher concentration of rentals with lower vacancy rates, suggesting a tight housing market. As of 2007 estimates, the median household value increased to \$342.4 thousand and the AA affordability ratio decreased to 18.5 percent. As a result, it may be difficult for LMI families to afford homeownership in the area.

The majority of area families, owner-occupied housing units, and businesses are located in the MSA's middle-income tracts. A substantial majority of the area's college population, 62.5 percent of low-income tract residents, live in college dormitories. Because of the high student population, owner occupancy was low, and multifamily units equaled 83.7 percent of housing stock in the low-income tracts. In all likelihood, there is a very low demand for commercial and residential real estate loans within these tracts. Housing stock composition in the moderate-income tracts also suggests a lower home loan demand due to higher concentrations of rental and multifamily housing units. In addition, the 2000 Census data family poverty rate of 9.5 percent in moderate-income tracts exceeds the overall MSA poverty rate of 4.8 percent.

Interviews with members of the community were conducted to determine local economic conditions. According to community contacts, the Boulder economy is mixed. Some industries such as energy and advanced-technology are thriving despite the economic downturn, but the service and retail sectors are struggling. One contact noted that credit availability continues to be tight and is restricting economic growth. Contacts agreed there were numerous opportunities in the community for affordable housing and assistance of small businesses. However, competition for investment opportunities is strong given the number of banks in the community.

Exhibit 5, based on 2000 Census data, 2004 MSA designations, and 2008 D&B data, shows the general income, housing, and business characteristics of area tracts by tract income level.

Exhibit 5 Assessment Area Demographics - Boulder AA								
Income Categories	Tract Distribution		Families By Tract Income		Families < Poverty Level as a % of Families by Tract		Families By Family Income	
	#	%	#	%	#	%	#	%
Low-Income	2	3.1	699	1.1	134	19.2	12,166	19.1
Moderate-Income	15	23.4	13,906	21.8	1,328	9.5	11,609	18.2
Middle-Income	26	40.6	27,969	43.9	1,050	3.8	14,242	22.3
Upper-Income	20	31.3	21,206	33.2	563	2.7	25,763	40.4
Unknown-Income	1	1.6	0	0.0	0	0.0	0	0.0
Total AA	64	100.0	63,780	100.0	3,075	4.8	63,780	100.0
	Housing Units By Tract	Housing Type By Tract						
		Owner-Occupied			Rental		Vacant	
		#	% By Tract	% By Unit	#	% By Unit	#	% By Unit
Low-Income	1,531	182	0.2	11.9	1,318	86.1	31	2.0
Moderate-Income	29,825	13,287	19.4	44.5	14,955	50.1	1,583	5.3
Middle-Income	47,146	30,878	45.0	65.5	14,405	30.6	1,863	4.0
Upper-Income	32,910	24,289	35.4	73.8	7,220	21.9	1,401	4.3
Unknown-Income	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	111,412	68,636	100.0	61.6	37,898	34.0	4,878	4.4
	Total Businesses by Tract	Businesses By Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-Income	174	0.9	153	0.9	14	1.1	7	1.9
Moderate-Income	5,801	30.1	5,170	29.4	502	37.7	129	35.4
Middle-Income	7,251	37.6	6,703	38.2	408	30.7	140	38.5
Upper-Income	5,830	30.3	5,340	30.4	402	30.2	88	24.2
Unknown-Income	206	1.1	201	1.1	5	0.3	0	0.0
Total AA	19,262	100.0	17,567	100.0	1,331	100.0	364	100.0
Percent of Total Businesses:				91.2		6.9		1.9

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE BOULDER AA

LENDING TEST

The banks level of lending in the Boulder AA shows a good responsiveness to area credit needs. Exhibit 6 shows the bank's level of lending by geographic and borrower distribution compared to area demographic data and peers originating similar loans within the AA. The bank's distribution of loans to geographies of different income levels and the distribution of small business loans to businesses of different sizes are good. CoBiz's level of community development loans in the AA was strong.

Lending Activity:

CoBiz's lending activity reflects a good responsiveness to retail credit needs of the AA in relation to the bank's capacity, strategic direction, and performance context issues.

Geographic Distribution:

The bank's geographic distribution of HMDA-related loans reflects an excellent penetration throughout the AA, especially in LMI geographies, while the geographic distribution of small business loans demonstrates a good penetration.

HMDA-Related Loans

The geographic distribution of HMDA-related loans reflects an excellent penetration throughout the AA. Exhibit 6 shows that 45.5 percent of the bank's HMDA loans were originated in LMI tracts and exceeds the 19.6 percent of owner-occupied units and 18.9 percent of lending by peers in the AA.

Small Business Loans

The geographic distribution of small business loans, especially in LMI geographies, shows a good dispersion as shown in Exhibit 6. The bank originated 27.8 percent of its small business loans in LMI tracts. This result compares similarly with the 31.0 percent of small businesses and slightly more favorable than the 25.1 percent of loans made by other CRA reporters.

Distribution by Borrower Income and Revenue Size of the Business:

The distribution of borrowers reflects an adequate penetration among businesses of different revenues sizes. As noted in the Denver AA performance analysis, HMDA-related loans could not be adequately assessed. The revenue size of businesses, other lender's aggregate performance, and performance context issues were considered in the analysis.

HMDA-Related Loans

In the Boulder AA, CoBiz only originated 22 HMDA-related loans for the evaluation period. Gross income information was not available for 12 (54.5 percent) of these loans and 91.0 percent of the loans are non-owner occupied. As mentioned previously, most non-owner occupied loans are for business purpose and business revenue does not correlate to the borrower demographic data. As a result, an analysis of HMDA-related loans was not provided weight in the analysis of the bank's lending.

Exhibit 6			
Loan Analysis - Boulder AA			
Geographic Distribution			
Tract Income Levels	HMDA-Related Loans		
	% Owner Occupied Units	% Bank Loans	% Peer Loans
Low	0.2	0.0	0.2
Moderate	19.4	45.5	18.7
Middle	45.0	40.9	45.7
Upper	35.4	13.6	35.4
Unknown	0.0	0.0	0.0
Total	100.0	100.0	100.0
Total #	22		
Tract Income Levels	Small Loans to Small Businesses		
	% Small Businesses	% Bank Loans	% Peer Loans
Low	0.9	1.1	0.8
Moderate	30.1	26.7	24.3
Middle	37.6	43.8	38.7
Upper	30.3	28.4	32.6
Tract Unknown	1.1	0.0	3.5
Total	100.0	100.0	100.0
Total #	281		
Borrower Distribution			
Borrower Income Levels	HMDA-Related Loans		
	% of Families	% Bank Loans	% Peer Loans
Low	19.1	0.0	8.0
Moderate	18.2	0.0	16.9
Middle	22.3	9.1	22.3
Upper	40.4	36.4	38.7
Unknown	0.0	54.5	14.1
Total	100.0	100.0	100.0
Revenue / Loan Size	Small Loans to Businesses		
	% Small Businesses	% Bank Loans	% Peer Loans
Rev. \$1million or less	91.2	53.7	33.4
Rev. Over \$1million	6.9	37.4	
Rev. Not Known	1.9	8.9	
Total	100.0	100.0	
\$100k or less		50.2	96.0
>\$100k -250k		23.5	1.8
\$250 - \$1 Million		26.3	2.1

Small Business Loans

The distribution of small business loans to businesses of different revenue sizes shows a good

distribution to businesses of different sizes. The bank originated 53.7 percent of small business loans to businesses with GAR of \$1 million or less, which is less than the 91.2 percent of small businesses in the AA. However, the aggregate lending data provides a better comparison because not all businesses have the financial capability to qualify for traditional bank loans. The aggregate data reflects the market demand for credit from qualified borrowers. CoBiz's performance compares much better to the aggregate lending of 33.4 percent. Stratifying the bank's loans by loan size reveals that 73.7 percent of loans were made in amounts of \$250 thousand or less. Smaller loan amounts are usually required by businesses with lower revenues.

Community Development Lending:

Given the bank's presence in the Boulder AA, CoBiz made a high level of community development loans. The bank made four loans in the amount of \$7.9 million. Two of the loans in the amount of \$2.4 million were renewals for the construction of affordable housing provided to a local medical clinic serving LMI individuals. A new line of credit was extended to a Boulder-based foundation that supports other nonprofit organizations serving LMI individuals and families. In addition, a five-year loan to finance a low-income multifamily rental property in the amount of \$474.6 thousand was renewed.

INVESTMENT TEST

CoBiz has an adequate level of qualified investments and grants in the Boulder AA. While the bank does not have any specific investments made on behalf of the branch locations within this area, the AA does benefit from the statewide SBIC investments and approximately \$115.4 thousand of the Denver AAs MBS are attributable to loan locations within the Boulder AA. The bank's responsiveness to credit needs is adequate with the number and dollar amount of donations improving since the last evaluation. CoBiz provided 15 donations totaling \$49.5 thousand to 10 different organizations. Thirteen of the donations were made to community service organizations while the other two were for a local homeless shelter. Listed below are a few examples of the bank's donations made within the AA.

- \$15.0 thousand to a local foundation that supports programs to benefit clients who have cognitive, developmental, physical, and health related needs. 100 percent of clients served are LMI individuals.
- \$15.0 thousand to a local YMCA for child care facilities and programs for families of limited means that cannot afford child care expense.
- \$8.7 thousand to a community partnership for the benefit of the Boulder Valley School District. Funds are used to provide opportunities and support classroom projects for students considered at-risk due to their family's low socio-economic status.

SERVICE TEST

Performance under the service test is reasonable based on the branch distribution, accessibility of delivery systems, the impact of branch closings, and the level of community development services.

Retail Services:

CoBiz has two branch locations in this AA, one located in a middle-income tract and the other located in an upper-income tract. In March 2009, the bank closed a branch that was located in a moderate-income geography due to an expired lease. However, the closure did not adversely affect the accessibility to banking services as the bank has an existing location only one mile away. While the bank had an ATM at the closed facility, one ATM remains at the location in the middle-income tract. With its modest presence in the area, banking officers are reasonably accessible to all portions of the AA, and business hours and services do not vary in a way that inconveniences certain portions of the AA or LMI individuals.

Community Development Services:

CoBiz provided a low level of qualified community development services. The bank provided 250 hours of services over a two-year time frame to a local YMCA whose programs target low-income, high-risk families. A bank officer serves as a board member providing financial assistance, financial planning, budgeting, and assistance with capital development.

**NONMETROPOLITAN STATEWIDE AREA
(Limited Review)**

DESCRIPTION OF INSTITUTION'S OPERATIONS IN EAGLE COUNTY, COLORADO

The Eagle County AA is the bank's only nonmetropolitan AA. Eagle County is located in the heart of the Rocky Mountains surrounding the heavily traveled Interstate 70 corridor. The county has one of the highest median housing values in the country and includes several ski and tourist resort destinations, including the city of Vail, Colorado.

The bank has two branches in upper-income tracts in the towns of Eagle and Edwards. As of June 30, 2008, the FDIC Market Share Report shows the bank's market share equaled 2.6 percent, making it the 9th largest of 13 financial institutions in the county.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN EAGLE COUNTY, COLORADO

CoBiz has a limited portion of its loan and deposit activities within the AA. The bank's two locations account for 2.5 percent of the bank's total deposits and 4.3 percent of the bank's loan originations since the last evaluation. Therefore, the conclusion for the Eagle AA was performed as a limited review. The bank's lending and service test performance in the area is consistent with the bank's performance overall for the state of Colorado, while the bank's performance under the investment test was below the bank's performance in the state.

STATE OF ARIZONA

CRA RATING FOR ARIZONA: "SATISFACTORY"

The lending test is rated: High Satisfactory

The investment test is rated: High Satisfactory

The service test is rated: High Satisfactory

Major factors supporting the rating include:

- Good responsiveness to AA credit needs;
- Good geographic distribution of loans in the bank's AAs;
- Adequate distribution of loans among businesses of different revenue sizes;
- An excellent level of community development lending;
- A significant level of qualified investments;
- A high level of community development services; and,
- Accessible delivery systems to geographies and individuals of different income levels.

SCOPE OF EXAMINATION

For the state of Arizona rating, examiners conducted a full review of CoBiz's only AA in the state. The statewide performance will be discussed concurrently with CoBiz's performance in the Phoenix AA. The scope of the examination for the state of Arizona was generally consistent with the overall scope of the examination for the institution, including an evaluation under the lending, investment, and service tests.

During the evaluation, a community contact interview was conducted in the Phoenix AA to ascertain performance context. Previous community contacts conducted over the past year conducted within the Phoenix AA were also referenced.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE PHOENIX AA

CoBiz has designated Maricopa County, one of two counties that make up the Phoenix – Mesa – Scottsdale, Arizona MSA, as an AA. CoBiz operates eight branches in the AA with two located in moderate-income census tracts, one in a middle-income tract, and five in upper-income census tracts, including a new branch recently opened on September 8, 2008. The

Phoenix AA represents the bank's second largest market comprising 18.6 percent of the bank's total deposits and 32.1 percent of the bank's loan originations since the last evaluation. According to the June 30, 2008 Market Share Report, the bank has a deposit market share in the area of 0.5 percent making it the 17th largest of 77 financial institutions with a presence in Maricopa County. The bank faces strong competition from several banks of various sizes.

DESCRIPTION OF THE BANK'S AA³

Maricopa County is located in the south-central part of Arizona. The 2007 estimated population is 3,330,181, an increase of 26.3 percent since 2000. The county is the state's most populous county, encompassing well more than half of the state's residents and ranks fourth in size among the nation's many counties. The MSA encompasses a relatively large area that is mostly harsh and rugged desert landscape and is generally uninhabitable. Maricopa County includes 94.5 percent of the MSA population with Pinal County, predominantly rural, comprising the remainder.

The Phoenix MSA economy has gone from strong in 2006 to suffering a severe housing-driven recession, as it is a direct recipient of the weaknesses from the largest housing bubble in the country. Job losses in housing-related industries have been ongoing for two years with layoffs becoming more widespread. Weak consumer spending has created declining tax revenues resulting in budget shortfalls in state and local governments. Credit quality has deteriorated significantly in the area and will continue to impede the housing, financial, and consumer industries. Foreclosure sales have added to an excess supply of homes, with non-owner occupied homes at the most risk. Mortgage delinquency rates are 5 percent above the average from the first half of the decade. The MSA's unemployment rate was 6.9 percent at the end of the first quarter of 2009 having increased by three percentage points from one year ago. However, the rate lags the statewide unemployment rate of 7.4 percent and the national rate of 8.8 percent.

Nonetheless, the MSA economy is fairly diverse and offers an attractive location destination for migrating businesses and residents. The area also boasts a vibrant workforce with several value-added industries. The area's leading industries were professional and business services representing 17.0 percent of the market, government at 12.6 percent, retail trade at 12.2 percent, and education and health services at 10.7 percent. The MSA's largest employers include Banner Health System, US Airways, Intel Corporation, Basha's Inc., American Express, Boeing, and Sun Health.

The housing market remains the center of the weakness in the MSA's economy. Home prices fell 26 percent between May 2007 and May 2008 with a significant decline in single-family housing permits. Most of the housing market characteristics, including housing stock, median age, and affordability mirror the percentages at the state level. The primary variances were

³ Sources of economic and demographic data include the Commerce Department's Bureau of Economic Analysis, the U.S. Census Bureau, FDIC Regional Economic (RECON) data, Moody's Economy.com, City-Date.com, and Phoenix BizJournal's Book of Lists, 2008.

the lower vacancy rate of 9.4 percent compared to 13.2 percent statewide and a slightly higher concentration of multifamily units than the rest of the state's other metropolitan areas. As of 2007 Census estimates, the AA's affordability ratio was 20.4, a decline from the ratio of 37.2 in 2000. Given the housing market, many residents, particularly LMI individuals, may have difficulty qualifying for home mortgage loans.

The AA's tract distribution shows that 37.5 percent of families living in low-income tracts and 15.6 percent of families living in moderate-income tracts are below the poverty level. The low-income tracts contain only a small percentage of area families and businesses with only 25.4 percent of owner-occupied units in the area.

Members of the community were contacted to gain a perspective of this area's economic conditions and possible credit needs. According to a recent contact, the Phoenix economy has been impacted more than other parts of the country primarily due to the housing issues. The area had an extraordinary build-up in inventory from heavy investment outside the state and substantial price appreciation. When the housing bubble imploded in 2007, home prices dropped dramatically with a ripple effect to the overall local economy. Furthermore, the state government is facing one of the biggest budget shortfalls in the country. The contact indicated that Phoenix is a small business city and there are continuing needs for small business credit. The contact admitted that there was tightening of credit initially, but banks have done a good job in making more loans available.

Exhibit 7, based on 2000 Census data, 2004 MSA designations, and 2008 D&B data, shows the general income, housing, and business characteristics of area tracts by tract income level.

Exhibit 7 Assessment Area Demographics - Phoenix AA								
Income Categories	Tract Distribution		Families By Tract Income		Families < Poverty Level as a % of Families by Tract		Families By Family Income	
	#	%	#	%	#	%	#	%
Low-Income	40	6.0	27,007	3.5	10,117	37.5	145,776	19.0
Moderate-Income	181	27.3	197,858	25.8	30,837	15.6	141,674	18.4
Middle-Income	230	34.7	290,767	37.8	14,844	5.1	167,107	21.7
Upper-Income	208	31.4	253,168	32.9	5,721	2.3	314,243	40.9
Unknown-Income	4	0.6	0	0.0	0	0.0	0	0.0
Total AA	663	100.0	768,800	100.0	61,519	8.0	768,800	100.0
	Housing Units By Tract	Housing Type By Tract						
		Owner-Occupied			Rental		Vacant	
		#	% By Tract	% By Unit	#	% By Unit	#	% By Unit
Low-Income	46,175	11,725	1.5	25.4	30,414	65.9	4,036	8.7
Moderate-Income	361,845	164,132	21.5	45.4	150,260	41.5	47,453	13.1
Middle-Income	478,388	308,438	40.3	64.5	131,622	27.5	38,328	8.0
Upper-Income	363,823	280,268	36.7	77.0	56,027	15.4	27,528	7.6
Unknown-Income	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	1,250,231	764,563	100.0	61.1	368,323	29.5	117,345	9.4
	Total Businesses by Tract	Businesses By Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-Income	7,535	5.7	5,932	5.1	1,295	11.1	308	9.1
Moderate-Income	32,450	24.6	27,824	23.8	3,702	31.8	924	27.4
Middle-Income	41,732	31.6	37,860	32.3	2,803	24.1	1,069	31.7
Upper-Income	50,255	38.0	45,361	38.7	3,827	32.8	1,067	31.6
Unknown-Income	107	0.1	74	0.1	26	0.2	7	0.2
Total AA	132,079	100.0	117,051	100.0	11,653	100.0	3,375	100.0
Percent of Total Businesses:				88.6		8.8		2.6

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE PHOENIX AA

LENDING TEST

The bank's performance with respect to the lending test within the state of Arizona is rated high satisfactory. The bank's lending activity demonstrates a good responsiveness to retail credit needs of the AA. Exhibit 8 shows the bank's level of lending by geographic and borrower distribution compared to area demographic data and by other lenders. There were only seven HMDA-related loans originated during the evaluation period and therefore, not provided weight in the analysis of the bank's lending. The geographic distribution of small business loans is good while the distribution to businesses of different revenue size is

adequate. CoBiz also shows a significant volume of community development loans making the bank a leader in providing these types of loans.

Exhibit 8 Loan Analysis - Phoenix AA			
Geographic Distribution			
Tract Income Levels	HMDA-Related Loans		
	% Owner Occupied Units	% Bank Loans	% Peer Loans
Low	1.5	0.0	1.1
Moderate	21.5	0.0	16.2
Middle	40.3	0.0	41.3
Upper	36.7	100.0	41.5
Unknown	0.0	0.0	0.0
Total	100.0	100.0	100.0
Total #	7		
Small Loans to Small Businesses			
Tract Income Levels	% Small Businesses	% Bank Loans	% Peer Loans
Low	5.7	12.3	3.3
Moderate	24.6	24.2	16.5
Middle	31.6	29.6	30.3
Upper	38.0	33.9	47.5
Tract Unknown	0.1	0.0	2.3
Total	100.0	100.0	100.0
Total #	749		
Borrower Distribution			
Borrower Income Levels	HMDA-Related Loans		
	% of Families	% Bank Loans	% Peer Loans
Low	19.0	0.0	5.2
Moderate	18.4	0.0	17.5
Middle	21.7	0.0	21.7
Upper	40.9	71.4	39.1
Unknown	0.0	28.6	16.5
Total	100.0	100.0	100.0
Small Loans to Businesses			
Revenue / Loan Size	% Small Businesses	% Bank Loans	% Peer Loans
Rev. \$1million or less	88.6	23.1	31.6
Rev. Over \$1million	8.8	71.8	
Rev. Not Known	2.6	5.1	
Total	100.0	100.0	
\$100k or less		37.5	96.8
>\$100k -250k		27.1	1.5
\$250 - \$1 Million		35.4	1.7

Lending Activity:

CoBiz's lending activity reflects a good responsiveness to retail credit needs of the AA in relation to the bank's capacity, strategic direction, and performance context issues.

Geographic Distribution:

The geographic distribution of small business loans reflects a good penetration throughout the AA, especially in LMI geographies. Exhibit 8 shows that 36.5 percent of the bank loans were made in LMI geographies comparing favorably with the 30.3 percent of small businesses located in these same tracts. Similarly, the bank's performance compared to peer originations of 19.8 percent is much better.

Distribution by Borrower Income and Revenue Size of the Business:

The overall distribution of small business loans to businesses of different revenue sizes shows an adequate distribution as shown in Exhibit 8. The bank originated 23.1 percent of small business loans to businesses with GAR of \$1 million or less, which is significantly less than the 88.6 percent of small businesses in the AA and less than the 31.6 percent of originations by peer lenders. While the bank's performance was less than the number of small businesses in the area, the aggregate lending data provides a better comparison as it reflects the market demand for credit from qualified borrowers. Since smaller loan amounts are generally applied for by smaller businesses, the bank's loans were further stratified by loan size. Of the bank's small business loan originations, 64.6 percent were made in the amount of \$250 thousand or less.

Community Development Lending:

CoBiz is a leader within the Phoenix AA in making community development loans available throughout the AA. Overall, the bank produced 17 qualified community development loans totaling \$34.9 million, an increase of 46.7 percent since the last examination. A majority of the loans are renewals from the previous examination period, but were not presented as community development loans for that evaluation. Seven of the community development loans were for loans to community service organizations, five for affordable housing purposes, and another five loans for businesses located in identified areas for revitalization and stabilization. Examples of CoBiz's community development lending in Arizona follow:

- A \$6.5 million loan was made to a company to term-out a construction loan made under the SBA 504 loan program and partially guaranteed by the Business Development Finance Corporation, a Certified Development Company.
- A \$1.8 million dollar loan for the redevelopment of a historic warehouse property into professional office use. The project was assessed through the use of New Market Tax Credits and the location is in a low-income tract designated as an enterprise zone.

- Three renewed loans in the amount of \$3.0 million for a revolving line of credit that provides working capital to a nonprofit organization that provides housing to LMI families throughout the state of Arizona.

In addition, the bank originated the following loans that provide a greater statewide benefit in Arizona, but that do not directly impact the bank's Phoenix AA.

- An \$8.0 million loan to a minority-owned organization to construct a 90 room hotel on the Navajo reservation located in a distressed middle-income tract. The hotel will create 60 new jobs in the area.
- A \$2.5 million loan to the Navajo Nation to upgrade an existing shopping center in a distressed middle-income tract within the Navajo reservation. Unemployment in the area is nearly 40 percent, and the project will create or retain 500 jobs.

INVESTMENT TEST

The state of Arizona investment test rating is a high satisfactory and remains unchanged since the last examination. CoBiz has a significant level of investment and grant activity showing a good responsiveness to community development needs and occasional use of innovative investments to support community development initiatives. Overall, CoBiz had five prior-period investments totaling \$2.9 million. All investments support affordable housing which has been identified as a strong need in the Phoenix area. Three of the investments were revenue bonds issued by local governments to provide for multifamily residences. The other two investments were in GSE mortgage-backed securities that provided funding for LMI borrowers.

The bank's donation and grant activities in the AA show a good responsiveness to community needs. In addition to the bank's high level of investments, the bank provided a total of \$73.0 thousand made through 25 donations to 19 different organizations qualifying for CRA community development. Eighteen donations were given to community service organizations, five were provided to organizations providing temporary shelter and housing, and two donations were made to an organization supporting redevelopment of the city downtown core. Listed below are examples of the bank's donations:

- \$35.0 thousand to a community service organization that provides support to children with disabilities from families that are at or below the federal poverty level. The organization is qualified by the state of Arizona as a charity assisting LMI individuals and families. This organization was the primary beneficiary of the bank's "Biz Bash" fundraising event in which a total of \$107.0 thousand was raised in 2008.
- A \$6.8 thousand donation to an organization providing food and services to the homeless.

- A \$6.7 thousand grant to a nonprofit organization providing services to children ages 5-18 who come from economically disadvantaged families.
- A \$3.5 thousand donation to a nonprofit organization providing shelter to women and children threatened with abuse, neglect, or homelessness.

SERVICE TEST

CoBiz's performance under the service test is rated high satisfactory in Arizona and remains unchanged from the last evaluation. The conclusion was based on accessible delivery systems, reasonableness of business hours, the effect of branch openings and closings, and the high level of community development services within the bank's Phoenix AA.

Retail Services:

CoBiz now operates eight locations in the Phoenix AA with the opening of a new branch in September 2008 in an upper-income tract. Two of the locations are in moderate-income tracts, one in a middle-income tract, and five in upper-income geographies. The bank operates only two ATMs within the AA, but has an agreement with an ATM network that provides access for all bank customers to numerous ATMs throughout the state for withdrawals and deposits at no charge. Banking offices are accessible to all portions of the bank's AA, and services and bank hours do not vary in a way that inconveniences certain portions of the AA, particularly LMI individuals.

Community Development Services:

Throughout the AA, the bank provides a significant level of community development services. CoBiz employees provided 13 services to nine different organizations for a total of 666 hours of volunteered time. Eight services supported community service organizations, four supported economic development programs, and one service supported a partnership spearheading revitalization and stabilization projects. Examples of the bank's community development services include:

- Arizona Biz Bash – Similar to the program for the state of Colorado, the Arizona Biz Bash was started in 2007. The annual event supports fundraising for a pre-determined local organization that benefits at-risk children and families in need. The bank officer is chairman of the board, oversees the operating budget, and attends regular meetings throughout the year.
- Centers for Habitation – The organization helps people with disabilities to live purposeful and rewarding lives. Clients served are on Medicaid and of limited financial means. A bank officer devoted 100 hours by serving on the organization's board and providing technical assistance on budgeting, financial planning, and credit counseling.

- Salvation Army – The Phoenix chapter of the Salvation Army is listed by the state of Arizona as a qualifying charity providing support for LMI individuals and families. The organization provides numerous programs including residential services, medical facilities, shelters for battered women and children, substance abuse rehabilitation, and vocation training. A local bank officer devoted 250 hours in support, serving as a board member and participating on committees providing budgeting and financial planning.
- Gilbert Chamber of Commerce – The local chamber’s mission is to serve as a business advocate and strengthen the business climate in the community. In addition to supporting small business economic development, the chamber provides community development programs including utility assistance and community development block grants that assist the area’s underserved population. A bank officer is a committee chairman on the community development program devoting 60 hours of service.

Statewide, the bank’s Arizona branches also participate in the Arizona Foundation for Legal Services and Education Interest on Lawyers’ Trust Accounts (IOLTA) program. The program is similar in nature to the COLTAF program in Colorado where money paid by clients is held in an escrow deposit account. The interest earned on these accounts is used to provide legal services and affordable housing to the state’s low-income citizens. To date, the bank has 44 accounts.

**CRA APPENDIX A
SCOPE OF EXAMINATION**

COBIZ BANK		
TIME PERIOD REVIEWED	<ul style="list-style-type: none"> • <u>HMDA and CRA Loans:</u> July 1, 2007 to December 31, 2008 • <u>Community Development Loans:</u> October 2, 2007 to March 31, 2009 • <u>Investments and Donations:</u> October 2, 2007 to June 30, 2009 • <u>Community Development Services:</u> January 1, 2007 to December 31, 2008 	
FINANCIAL INSTITUTION CoBiz Bank Denver, Colorado	PRODUCTS REVIEWED <ul style="list-style-type: none"> • Home Purchase • Home Refinance • Home Improvement • Multifamily • Small Business • Community Development 	
AFFILIATE(S)	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED
CoBiz Financial Inc.	Holding Company	None
Wagner Investment Management Inc.	Sub of Holding Company	None
CoBiz Statutory Trust I	Sub of Holding Company	None
CoBiz Capital Trust II	Sub of Holding Company	None
CoBiz Capital Trust III	Sub of Holding Company	None
CoBiz Insurance	Sub of Holding Company	None
CoBiz GMB Inc.	Sub of Holding Company	None
Green Manning & Bunch, LTD	Sub of CoBiz GMB Inc.	None
Newco Subsidiary, LLC	Sub of CoBiz GMB Inc.	None
CoBiz ACMG	Sub of Holding Company	None
Alexander Capital Management Group	Sub of CoBiz ACMG	None
Financial Designs, LTD	Sub of Holding Company	None
Colorado Business Leasing	Sub of CoBiz Bank	None
Western Real Estate Investors, LLC	Sub of CoBiz Bank	None

(Appendix A continued on next page)

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED⁴	OTHER INFORMATION
<u>COLORADO</u>			
MSA 19740 (Denver-Aurora, CO)	Full Review	821 17th Street Denver, CO 80202	
MSA 14500 (Boulder, CO)	Full Review	None	
MSA 99999 (Eagle County, CO)	Limited	None	
<u>ARIZONA</u>			
MSA 38060 (Phoenix – Maricopa, AZ)	Full Review	None	

⁴ There is a statutory requirement that the written evaluation of a multistate institution's performance must list the individual branches examined in each state.

CRA APPENDIX B

SUMMARY OF STATE AND MULTISTATE MSA RATINGS

State or Multistate Metropolitan Area Name	Lending Test Rating	Investment Test Rating	Service Test Rating	Overall State Rating
Colorado	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
Arizona	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory

CRA APPENDIX C

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.