



Office of the  
Comptroller of the Currency  
Washington, DC 20219

# INTERMEDIATE SMALL BANK

## PUBLIC DISCLOSURE

December 9, 2010

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Armed Forces Bank, National Association  
Charter Number 8796

320 Kansas Avenue, Ft. Leavenworth, KS 66027-3400

Office of the Comptroller of the Currency

Special Supervision Division,  
250 E Street, S.W. Mail Stop 7-4  
Washington, D.C. 20219

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.

## GENERAL INFORMATION

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

This document is an evaluation of the CRA performance of **Armed Forces Bank, National Association (AFB)** prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency. The agency rates the CRA performance of an institution consistent with the provisions set forth in 12 C.F.R. § Part 25 Appendix A.

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

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Satisfactory.**

The major factors that support this rating include:

- AFB's distribution of consumer loans to borrowers of different income levels is satisfactory. We used 2009 US Census information as a proxy to determine household income levels.
- A substantial majority of the bank's loans are to military personnel.
- AFB's loan-to-deposit ratio is reasonable.
- AFB's responsiveness to community development activities throughout the military assessment area (AA) is adequate. Qualified investments total \$4 million and represents 3.6 percent of Tier 1 Capital. AFB conducted several financial training sessions at the various military installations during the evaluation period. In addition, the majority of the bank's offices and ATMs are in low- and moderate-income tracts.

## Scope of Examination

The CRA Evaluation determines the bank's record of meeting community credit needs through lending activities. Based on the bank's asset size, the evaluation also includes an assessment of the bank's community development lending, services, and investment activities. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. The bank's entire assessment area (AA) received a full-scope review and is the basis for its rating due to the uniqueness of its defined AA.

AFB defines its AA as all active or reserve military personnel and their dependents, retired military personnel, persons enrolled in military academies, and persons participating in college ROTC programs throughout the world. The CRA regulation allows this option to banks whose business predominantly consists of serving the needs of military personnel or their dependents

that are not located within a defined geographic area. We used a combination of bank and examiner generated loan and demographic reports to evaluate the bank's CRA performance.

We contacted 18 organizations/individuals to assist with the CRA evaluation process. The contacts included realtors, community state and regional organizations, including a Garrison Commander responsible for a facility and its day-to-day operations. The primary credit need of the military is consumer loans. Most military service members are provided housing or housing subsidies, which hampers mortgage loan originations. The bank's business strategy is consistent with meeting the primary credit need of the military, which is the origination of general consumer loan products.

The evaluation period for the Lending Test is January 1, 2007 through September 30, 2010. For the Community Development (CD) Test, the evaluation period is September 18, 2007 to December 9, 2010. The bank's primary product is consumer credit. Consumer loans include vehicle, unsecured personal loans, credit card, and home equity loans. The number of HMDA and small business loans is small and was not included in the Lending Test evaluation. This reflects the primary credit need in the AA, as well as loan volumes by product type over the evaluation period.

As part of the CRA evaluation, we reviewed AFB's publicly filed information on HMDA loans and internal information collected and maintained for consumer loans. We conducted a data integrity examination to evaluate the reliability of the bank's lending information. We reviewed a sample of 30 consumer loans for each year beginning 2008 through year to date September 2010, for a total of 90 loans. Data used to evaluate the bank's performance in its AA is accurate and reliable. Therefore, we were able to use the bank's consumer portfolio lending analysis of loans originated during the evaluation period for the CRA performance assessment.

## **Description of Institution**

AFB is a military interstate bank headquartered in Fort Leavenworth, Kansas. Using financial data as of September 30, 2010, total assets were \$811 million. AFB is a full-service institution offering various loan and deposit products. The bank's primary business strategy during the evaluation period was to serve the needs of current and former military personnel throughout the world. The bank's primary loan product is consumer loans, consistent with the credit needs in military communities.

Based on loans originated during the evaluation period, consumer loans represent 99 percent by number and 53 percent by dollar volume. HMDA loans represent one percent in number. Commercial loans represent less than one percent of the volume of loans originated during the evaluation period. By dollar volume, HMDA and commercial loans represent 44 percent and 3 percent of the total dollar volume originated during the evaluation period, respectively.

At the time of this evaluation, AFB operated 53 branches in 17 states: Alabama, Arizona, California, Colorado, Florida, Georgia, Illinois, Kansas, Kentucky, Missouri, New Jersey, Nevada, North Dakota, Texas, Virginia, Washington, and Wyoming. The state locations cover 30 military installations. AFB has two off-post branches in Leavenworth and Junction City, Kansas where installations are located.

The bank's ability to lend has been impacted by the terms of a consent order with the Comptroller of the Currency. The terms of the consent order call for reductions in the level of

problem assets, maintenance of minimum capital ratios, and additional requirements to be met prior to funding of new loans. The bank's CRA performance was previously evaluated on September 17, 2007, and found to be "Outstanding".

## **Description of Assessment Area**

AFB defines its AA as all active or reserve military personnel and their dependents, retired military personnel, persons enrolled in military academies, and persons participating in college ROTC programs throughout the world. The CRA regulation [12 C.F.R. §25.41(f)] allows this option for banks whose business predominantly consists of serving the needs of military personnel or their dependents that are not located within a defined geographic area.

## **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

### **Lending Test**

#### **Loan-to-Deposit Ratio**

AFB's quarterly three-year average loan-to-deposit (LTD) ratio is reasonable at 62 percent. We calculated the bank's quarterly average LTD ratio from September 30, 2007 to September 30, 2010, using financial information from the Report of Condition. The LTD continues to trend down and was 35.3 percent at September 30, 2010. The quarterly average peer ratio for the same time period as peer group is 60 percent, with the highest peer ratio at 84 percent and the lowest at 14 percent.

The asset size of the institutions included in the peer analysis ranges from \$223 million to \$1.9 billion. The primary comparison factors were military clientele and location. We selected institutions with a main office in AFB's primary states of operation, including Kansas, Arizona, Kentucky, Washington, and Colorado, based on AFB's distribution of deposits. The deposit distribution for these five states makes up 59 percent of the AFB's deposit base. Two of the financial institutions are military banks, two have a main office near military installations, and two are traditional commercial banks.

The following factors impacted AFB's LTD ratio during the evaluation period:

- AFB must maintain high levels of liquidity to accommodate military paydays. The volume of military payroll deposits average \$130 million a month.
- The primary credit need of military personnel is consumer loans, which are originated for lower dollar amounts.
- Slowing economic activity, regulatory changes, and the consent order have impacted the bank's lending activities.

#### **Lending in the Assessment Area**

A substantial majority of the bank's consumer loans are in its AA with the majority of the originations to military personnel. By number the percentage of loans to military personnel is 94 percent. By dollar the percent is 89.

## **Lending to Borrowers of Different Incomes and to Businesses of Different Sizes**

The bank's overall distribution of loans to borrowers of different income levels is satisfactory. Based on U.S. Census Reports for household income, the bank's performance slightly exceeds the demographic data for the low-income category although it significantly exceeds the area demographic data for the moderate-income category.

Since the bank's customer base primarily consists of military personnel, we used the 2009 estimated median annual household income for the United States of \$49,777 as determined by the U.S. Census Bureau as a proxy to determine the percentage of bank consumer loans to borrowers at different income levels. For comparison purposes, we also used information from the U.S. Census Bureau to determine the percentage of households by income level. While this information does not detail the actual number of low-, moderate-, middle-, and upper-income households in the U.S., it provides a good approximation of these numbers.

Based on an analysis of the bank's consumer loan portfolio, 28.2 percent represents loans originated to low-income borrowers with household income levels of \$25 thousand or less. The bank's performance compares favorably to the U.S. Census data for low-income households. Approximately 25 percent of the households in the U.S. have income levels of \$25 thousand or less. According to the U.S. Census Bureau 2010 Population Survey, approximately 11 percent of the U.S. households live below the poverty level and 52 percent of those in the \$25 thousand or less household income category have incomes that are at \$15 thousand or less, making it difficult to qualify for credit.

Based on an analysis of the bank's consumer loan portfolio, AFB originated 28.3 percent of the loans to moderate-income borrowers with incomes levels ranging from \$25 to \$40 thousand. The bank's performance compares favorably to the U. S. Census data for moderate-income households and significantly exceeds the demographic data with 16.2 percent of the U.S. households having income levels at this range.

## **Geographic Distribution of Loans**

An analysis of the geographic distribution of loans is not meaningful since the bank's community is not defined by geography.

## **Responses to Complaints**

AFB has not received any complaints regarding its performance in meeting community credit needs.

## **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## **COMMUNITY DEVELOPMENT TEST**

The bank's performance under the community development test is rated "Satisfactory".

### **Responsiveness to Community Development Needs**

Community development opportunities for financial institutions are limited at military installations. AFB's performance shows adequate responsiveness to community development needs of military personnel

- Qualified investments totaled \$4 million which represents 3.6 percent of the bank's September 30, 2010 Tier 1 capital.
- AFB conducted several financial training sessions at the various military installations during the evaluation period. Topics included understanding the credit report, financing options, and debt reduction. AFB also offers financial expertise to non-profit organizations that primarily serve low- and moderate-income (LMI) individuals.
- In addition, 64 percent of the branches and 67 percent of ATMs locations are in low- or moderate-income census tracts. Service hours are readily accessible to accommodate banking needs.

### **Number and Amount of Community Development Loans**

The bank did not originate CRA qualified community development loans during this evaluation period primarily due to limited opportunities on the military installations. While qualified investments are made near various military installations, no qualified community development loans were made near military bases.

### **Number and Amount of Qualified Investments**

During the evaluation period, qualified investments totaled \$4 million and represented 3.6 percent of the bank's Tier 1 capital using financial information as of September 30, 2010. The investments primarily consist of affordable housing bonds with a CRA Qualified Investment Fund to provide financing programs for affordable housing to low- and moderate-income individuals near various military installations throughout the AA. The properties potentially assist in providing affordable housing for qualified service members that need off post housing. This fund allows geographical areas with a limited supply of qualified investments to purchase shares in a CRA-dedicated fund. Banks are allowed to specify direct underlying securities located in its AA. AFB invested in the following bond programs that help provide affordable housing in areas that have military installations and may benefit from these programs:

- \$1.5 million in six bonds consisting of mortgage loans to low- and moderate-income families and multifamily loans with primarily low- and moderate-income tenants. These are located in Phoenix, AZ and Sun City West, AZ, near the Luke Air Force Base military installation.
- \$1 million in two bonds consisting of multifamily loans with primarily low- and moderate-income tenants in Wilcox, AZ, near the Fort Huachuca military installation.

- \$285 thousand in a bond that consists of SBA loans to small business in low- and moderate-income communities in Lompoc, CA, near the Travis Air Force Base military installation
- \$355 thousand in three bonds consisting of mortgage loans to low- and moderate-income families in Arvin, CA and Bakersfield, CA, near the Edwards Air Force Base military installation.
- \$161 thousand in a bonds consisting of mortgage loans to low- and moderate-income families in Colorado Springs, CO, near the United States Air Force Academy.
- \$120 thousand in a bond consisting of mortgage loans to low- and moderate-income families in Libertyville, IL, near the Great Lakes Naval Base military installation.
- \$235 thousand in four bonds consisting of mortgage loans to low- and moderate-income families in Leavenworth, KS, near the Fort Leavenworth military installation.
- \$274 thousand in two bonds consisting of mortgage loans to low- and moderate-income families in Las Vegas, NV, near the Nellis Air Force Base military installation.

In addition, Armed Forces Bank invested in an \$87 thousand bond that consists of small business loans in Iowa City, IA. The loan is a part of the Patriot Express Loan Initiative, which helps veterans and members of the military community wanting to establish or expand a small business. The remaining balance of \$26 thousand consists of donations to various organizations in the AA that provide targeted services for low-and moderate-income individuals and programs to stabilize or revitalize low-and moderate-income areas.

### **Extent to Which the Bank Provides Community Development Services**

AFB continues to provide financial expertise that benefits service members. During the evaluation period, AFB provided 32 financial training activities, many with multiple sessions over the three-year evaluation period at 19 various military installations where branches are located. The frequency of training varies based on need. At Fort Riley, basic financial training is provided daily for entry level soldiers. Monthly training is provided at Bangor Sub Base, MacDill Air Force Base, and McChord Air Force Base to enlisted personnel. Service members are educated on credit reports, reducing debt, loan options, investment opportunities, and financing concepts. Service members are afforded the opportunity to ask questions regarding financial issues.

AFB also offers financial expertise to non-profit organizations that primarily serve low- and moderate-income (LMI) individuals. Bank personnel provided financial expertise to:

- Help the United Way allocate funds to community service agencies that primarily serve LMI individuals. This chapter targets LMI organizations first in order to best serve their community.
- Prepare budgets for the Alliance Against Family Violence, a domestic violence shelter.
- Serve as treasurer for the Youth Achievement Center, which targets youth from LMI families.

- Help raise money for the Fort Knox chapter of the American Red Cross, which provides food, clothing, and utility assistance to low-income persons.

In addition, 34 of the 53 branches, or 64 percent, and 141 of 211 ATM locations, or 67 percent, are in low- or moderate-income census tracts. Services hours are readily accessible to accommodate banking needs during the weekday and weekends. Extended banking hours are available at exchanges to as late as 9:00 p.m., depending on the location.

## State of Alabama

**CRA Rating for Alabama: Satisfactory.**

**The Lending test is rated: Satisfactory.**

**The Community development test is rated: Satisfactory.**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of Alabama, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

## State of Arizona

**CRA Rating for Arizona: Satisfactory.**

**The Lending test is rated: Satisfactory.**

**The Community development test is rated: Satisfactory.**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of Arizona, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

## State of California

**CRA Rating for California: Satisfactory.**

**The Lending test is rated: Satisfactory.**

**The Community development test is rated: Satisfactory.**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of California, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

## State of Colorado

**CRA Rating for Colorado: Satisfactory.**

**The Lending test is rated: Satisfactory.**

**The Community development test is rated: Satisfactory.**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of Colorado, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

## State of Florida

**CRA Rating for Florida: Satisfactory.**

**The Lending test is rated: Satisfactory.**

**The Community development test is rated: Satisfactory.**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of Florida, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

## State of Georgia

**CRA Rating for Georgia: Satisfactory.**

**The Lending test is rated: Satisfactory.**

**The Community development test is rated: Satisfactory.**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of Georgia, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

## State of Illinois

**CRA Rating for Illinois: Satisfactory.**

**The Lending test is rated: Satisfactory.**

**The Community development test is rated: Satisfactory.**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of Illinois, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

## State of Kansas

**CRA Rating for Kansas: Satisfactory.**

**The Lending test is rated: Satisfactory.**

**The Community development test is rated: Satisfactory.**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of Kansas, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

## State of Kentucky

**CRA Rating for Kentucky: Satisfactory.**

**The Lending test is rated: Satisfactory.**

**The Community development test is rated: Satisfactory.**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of Kentucky, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

## State of Missouri

**CRA Rating for Missouri: Satisfactory.**

**The Lending test is rated: Satisfactory.**

**The Community development test is rated: Satisfactory.**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of Missouri, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

## State of New Jersey

**CRA Rating for New Jersey: Satisfactory.**

**The Lending test is rated: Satisfactory.**

**The Community development test is rated: Satisfactory.**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of New Jersey, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

## State of Nevada

**CRA Rating for Nevada: Satisfactory.**

**The Lending test is rated: Satisfactory.**

**The Community development test is rated: Satisfactory.**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of Nevada, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

## State of North Dakota

**CRA Rating for North Dakota: Satisfactory.**

**The Lending test is rated: Satisfactory.**

**The Community development test is rated: Satisfactory.**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of North Dakota, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

## State of Texas

**CRA Rating for Texas: Satisfactory.**

**The Lending test is rated: Satisfactory.**

**The Community development test is rated: Satisfactory.**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of Texas, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

## State of Virginia

**CRA Rating for Virginia: Satisfactory.**

**The Lending test is rated: Satisfactory.**

**The Community development test is rated: Satisfactory.**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of Virginia, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

## State of Washington

**CRA Rating for Washington: Satisfactory.**

**The Lending test is rated: Satisfactory.**

**The Community development test is rated: Satisfactory.**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of Washington, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

## State of Wyoming

**CRA Rating for Wyoming: Satisfactory.**

**The Lending test is rated: Satisfactory.**

**The Community development test is rated: Satisfactory.**

AFB was evaluated using its entire deposit customer base as its AA, which is specifically allowed in the CRA regulation [12 C.F.R. §25.41(f)] for banks serving military populations. AFB's performance is based on its lending activity and distribution of loans to a population of military personnel, regardless of that population's geographic location. For such a bank, a geographic distribution analysis of loans is not meaningful. However, because the bank has a branch in the state of Wyoming, the CRA statute requires a state rating. AFB's performance in this state is not inconsistent with its overall performance.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test: January 1, 2007 to September 30, 2010 Community Development Test: September 18, 2007 to December 9, 2010	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Armed Forces Bank, National Association (AFB) Fort Leavenworth, Kansas	HMDA loans Small loans to businesses Consumer loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
No CRA credit requested	N/A	N/A
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Entire Bank	Full-Scope	AFB defines its assessment area as “all active or reserve military personnel and their dependents, retired military personnel, persons enrolled in military academies, and persons participating in college ROTC programs throughout the world”. The assessment area is not limited to geography.

## Appendix B: Summary of State Ratings

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Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State/Multistate Rating
<b>Armed Forces Bank, National Association</b>	<b>Satisfactory</b>	<b>Satisfactory</b>	<b>Satisfactory</b>
Alabama	Satisfactory	Satisfactory	Satisfactory
Arizona	Satisfactory	Satisfactory	Satisfactory
California	Satisfactory	Satisfactory	Satisfactory
Colorado	Satisfactory	Satisfactory	Satisfactory
Florida	Satisfactory	Satisfactory	Satisfactory
Georgia	Satisfactory	Satisfactory	Satisfactory
Illinois	Satisfactory	Satisfactory	Satisfactory
Kansas	Satisfactory	Satisfactory	Satisfactory
Kentucky	Satisfactory	Satisfactory	Satisfactory
Missouri	Satisfactory	Satisfactory	Satisfactory
Nevada	Satisfactory	Satisfactory	Satisfactory
New Jersey	Satisfactory	Satisfactory	Satisfactory
North Dakota	Satisfactory	Satisfactory	Satisfactory
Texas	Satisfactory	Satisfactory	Satisfactory
Virginia	Satisfactory	Satisfactory	Satisfactory
Washington	Satisfactory	Satisfactory	Satisfactory
Wyoming	Satisfactory	Satisfactory	Satisfactory