FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2004-08-12** | Period of Report: **2004-06-30**
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FILER

FRONT RANGE CAPITAL CORP

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For quarter ended June 30, 2004 Commission file number 333-40028

Front Range Capital Corporation

(Exact name of registrant as specified in its charter)

Colorado	84-0970160
(State or other jurisdiction incorporation or organization)	(I.R.S. Employer Identification No.)
1020 Century Drive, Suite 202, Louisville, Colorado	80027
(Address of principal executive offices)	(Zip code)
Registrant' s telephone number, including area code	(303) 926-0300

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer' s classes of common stock, as of the latest practicable date.

Title of Class: Common stock, Class A Voting, $0.001 par value

Outstanding shares as of August 12, 2004, were 1,849,264

Title of Class: Common stock, Class B Non-voting, $0.001 par value

Outstanding shares as of August 12, 2004, were 38,105

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FORWARD-LOOKING STATEMENTS

This report on Form 10-Q contains forward-looking statements about Front Range Capital Corporation (the "Company") for which it claims the protection of the safe harbor provisions contained in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on management' s current knowledge and belief and include information concerning the Company' s possible or assumed future financial condition and results of operations. When you see any of the words "believes", "expects", "anticipates", "estimates", or similar expressions, it means we are making forward-looking statements. A number of factors, some of which are beyond the Company' s ability to predict or control, could cause future results to differ materially from those contemplated. These factors include but are not limited to:

- a continued slowdown in the national and Colorado economies;
- increased economic uncertainty created by the recent war in Iraq;
- the prospect of additional terrorist attacks in the United States and the uncertain effect of these events on the national and regional economies;
- changes in the interest rate environment;
- changes in the regulatory environment;
- significantly increasing competitive pressure in the banking industry;
- operational risks including data processing system failures or fraud;
- volatility of rate sensitive deposits; and
- asset/liability matching risks and liquidity risks.

Additional risk factors are described in the Company' s Form 10-KSB/A for the year ended December 31, 2003.

PART I - FINANCIAL INFORMATION

Item 1. Unaudited Consolidated Financial Statements

FRONT RANGE CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	At June 30,		At December 31,
	2004	2003	2003
	(unaudited)		(unaudited)
Assets:			
Cash and due from banks	$ 13,611,000	$ 14,307,000	$ 16,304,000
Federal funds sold	–	–	–
Cash and cash equivalents	13,611,000	14,307,000	16,304,000
Investment securities available for sale	63,945,000	58,721,000	62,591,000
Nonmarketable securities	4,018,000	3,373,000	3,434,000
Loans			
Real estate-construction	58,854,000	60,291,000	62,879,000
Real estate-commercial	129,927,000	123,903,000	129,482,000
Real estate-residential	53,909,000	54,740,000	52,656,000
Commercial	33,451,000	34,424,000	34,733,000
Consumer	6,856,000	7,012,000	7,056,000
Total loans	282,997,000	280,370,000	286,806,000
Less unearned income	(1,238,000)	(1,236,000)	(1,174,000)
Loans, net of unearned income	281,759,000	279,134,000	285,632,000
Allowance for loan losses	(2,849,000)	(2,649,000)	(2,872,000)
Loans, net of allowance for loan losses	278,910,000	276,485,000	282,760,000
Premises and equipment, net	10,331,000	10,260,000	10,355,000
Cash value of life insurance	8,156,000	7,082,000	7,962,000
Other real estate owned	8,420,000	10,240,000	9,714,000
Foreclosed assets	63,000	86,000	614,000
Accrued interest receivable	1,242,000	1,333,000	1,326,000
Deferred income taxes	2,481,000	1,142,000	1,804,000
Other assets	1,546,000	1,731,000	1,598,000
Total Assets	$ 392,723,000	384,760,000	$ 398,192,000
Liabilities:			
Deposits:			
Noninterest-bearing demand	$ 56,008,000	$ 54,476,000	$ 53,609,000
Interest-bearing demand	113,972,000	117,098,000	121,904,000
Savings	15,941,000	13,312,000	14,160,000
Time certificates, $100,000 and over	71,769,000	55,540,000	56,403,000
Other time certificates	72,643,000	69,054,000	57,437,000
Total deposits	330,333,000	309,480,000	303,513,000
Short-term funds borrowed	11,815,000	23,775,000	41,075,000
Long-term debt	14,290,000	18,372,000	16,981,000
Trust preferred securities	–	9,200,000	9,200,000
Subordinated debentures	9,485,000	–	–
Accrued interest payable	491,000	575,000	521,000
Other liabilities	3,363,000	3,085,000	3,730,000
Total Liabilities	$ 369,777,000	$ 364,487,000	$ 375,020,000
Shareholders' Equity:			

Convertible preferred stock, $.001 par value; authorized 100,000,000 shares, issued and outstanding 14,117 shares	–	–	–
Additional paid-in capital, preferred stock	3,670,000	3,670,000	3,670,000
Common stock, Class A (voting) and Class B (non-voting), $.001 par value; authorized 200,000,000 shares, issued and outstanding 1,887,369 shares (6/30/04 and 12/31/03) and 1,665,144 shares (6/30/03)	2,000	2,000	2,000
Additional paid-in capital, common stock	11,282,000	8,521,000	11,282,000
Retained earnings	8,899,000	7,953,000	7,975,000
Accumulated other comprehensive income (loss), net	(907,000)	127,000	243,000
Total Shareholders' Equity	22,946,000	20,273,000	23,172,000
Total Liabilities and Shareholders' Equity	$ 392,723,000	$ 384,760,000	$ 398,192,000

See accompanying notes to unaudited consolidated financial statements

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FRONT RANGE CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

	Three months ended June 30, 2004	Three months ended June 30, 2003	Six months ended June 30, 2004	Six months ended June 30, 2003
	(unaudited)		(unaudited)	
Interest Income:				
Interest and fees on loans	$ 5,078,000	$ 5,192,000	$ 10,216,000	$ 10,545,000
Interest on investment securities available for sale				
Taxable	385,000	360,000	793,000	736,000
Tax exempt	196,000	144,000	371,000	281,000
Dividends	39,000	33,000	83,000	71,000
Interest on federal funds sold	2,000	3,000	4,000	39,000
Total interest income	5,700,000	5,732,000	11,467,000	11,672,000
Interest Expense:				
Interest on interest-bearing demand deposits	259,000	329,000	533,000	674,000
Interest on savings	8,000	17,000	17,000	34,000
Interest on time certificates of deposit $100,000 & more	468,000	440,000	847,000	972,000
Interest on time certificates of deposit under $100,000	448,000	516,000	824,000	1,089,000
Total deposit interest expense	1,183,000	1,302,000	2,221,000	2,769,000
Interest on short-term borrowing	49,000	60,000	162,000	131,000
Interest on long-term debt	182,000	225,000	379,000	450,000
Interest on trust preferred securities	–	254,000	–	507,000
Interest on subordinated debt	274,000	–	549,000	–
Total interest expense	1,688,000	1,841,000	3,311,000	3,857,000
Net Interest Income	4,012,000	3,891,000	8,156,000	7,815,000
Provision for loan losses	293,000	592,000	403,000	848,000
Net Interest Income After Provision for Loan Lossea	3,719,000	3,299,000	7,753,000	6,967,000
Noninterest Income:				
Service charges and customer service fees	614,000	343,000	1,199,000	928,000
Gain on sale of securities available for sale	–	54,000	207,000	54,000
Mortgage referral fees	177,000	339,000	285,000	594,000
Other	120,000	260,000	307,000	211,000
Total Noninterest Income	911,000	966,000	1,998,000	1,787,000
Noninterest Expense:				
Salaries and employee benefits	2,333,000	2,370,000	4,570,000	4,664,000
Occupancy expense	419,000	397,000	846,000	778,000
Furniture and equipment	197,000	220,000	389,000	440,000
Data processing	202,000	187,000	401,000	374,000
Marketing	192,000	154,000	324,000	250,000
Printing and supplies	67,000	71,000	134,000	149,000
Loan and collection	106,000	16,000	217,000	131,000
Other real estate - Heritage Place	125,000	57,000	281,000	91,000
Loss on sale of OREO and other foreclosed assets	(65,000)	86,000	34,000	95,000
Other	695,000	443,000	1,279,000	920,000
Total Noninterest Expense	4,271,000	4,001,000	8,475,000	7,892,000
Income Before Income Taxes	359,000	294,000	1,276,000	862,000
Provision for income taxes	48,000	43,000	280,000	182,000
Net Income	$ 311,000	$ 251,000	$ 996,000	$ 680,000
Comprehensive Income (loss):				

Change in unrealized gain (loss) on securities available for sale, net		(1,393,000)		(406,000)		(1,150,000)		(368,000)
Comprehensive Income	$	(1,082,000)	$	(155,000)	$	(154,000)	$	312,000
Average Common Shares Outstanding		1,887,369		1,665,144		1,887,369		1,665,144
Diluted Average Common Shares Outstanding		1,897,869		1,675,644		1,897,869		1,675,644
Per Share Data								
Basic earnings	$	0.15	$	0.13	$	0.49	$	0.36
Diluted earnings	$	0.15	$	0.13	$	0.49	$	0.36
Dividends paid on common stock	$	0.00	$	0.00	$	0.00	$	0.00

See accompanying notes to unaudited consolidated financial statements

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FRONT RANGE CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Preferred Stock	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income, Net	Total
			(unaudited)		
Balance, December 31, 2002	$ 3,670,000	$ 8,523,000	$ 7,348,000	$ 495,000	$ 20,036,000
Net income for the period			680,000		680,000
Net change in realized gain on securities available for sale, net				(368,000)	(368,000)
Dividends declared on 2000 Series B preferred stock			(75,000)		(75,000)
Balance June 30, 2003	$ 3,670,000	$ 8,523,000	$ 7,953,000	$ 127,000	$ 20,273,000
Balance, December 31, 2003	$ 3,670,000	$ 11,284,000	$ 7,975,000	$ 243,000	$ 23,172,000
Net income for the period			996,000		996,000
Net change in realized gain on securities available for sale, net				(1,150,000)	(1,150,000)
Dividends declared on 2000 Series B preferred stock			(72,000)		(72,000)
Balance June 30, 2004	$ 3,670,000	$ 11,284,000	$ 8,899,000	$ (907,000)	$ 22,946,000

See accompanying notes to unaudited consolidated financial statements

FRONT RANGE CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the six months ended June 30, 2004	2003
	(unaudited)	
Cash Flows from Operating Activities:		
Net income	$ 996,000	$ 680,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	476,000	525,000
Amortization of investment securities premium, net	165,000	178,000
Investment security gains, net	(207,000)	(54,000)
Provision for loan losses	403,000	848,000
Loss on sale of OREO and foreclosed assets	133,000	120,000
Net change in assets and liabilities:		
Decrease (increase) in accrued interest receivable	84,000	52,000
Decrease (increase) in other assets	(127,000)	134,000
Increase (decrease) in accrued interest payable	(30,000)	(307,000)
Increase (decrease) in other liabilities	(367,000)	(199,000)
Net Cash Provided by Operating Activities	1,526,000	1,977,000
Cash Flows from Investing Activities:		
Proceeds from sale of securities available-for-sale	17,309,000	6,796,000
Proceeds from maturities, payments and calls of securities available-for-sale	3,164,000	20,984,000
Purchases of securities available-for-sale	(23,612,000)	(35,953,000)
Purchases of non-marketable securities	(584,000)	(21,000)
Net decrease (increase) in loans	3,003,000	(15,495,000)
Disposal (Purchases) of property and equipment	(452,000)	2,000
Proceeds from sale of other real estate owned	1,647,000	1,978,000
Proceeds from sale of foreclosed assets	509,000	33,000
Net Cash Provided by (Used in) Investing Activities	984,000	(21,676,000)
Cash Flows from Financing Activities:		
Net increase (decrease) in deposits	26,820,000	(13,645,000)
Net increase in (decrease) in short-term borrowings	(29,260,000)	11,275,000
Payments of principal on long-term debt	(2,691,000)	(191,000)
Dividends paid on 2000 Series B Preferred Stock	(72,000)	(75,000)
Net Cash (Used in) Financing Activities	(5,203,000)	(2,636,000)
Net (Decrease) in Cash and Cash Equivalents	(2,693,000)	(22,335,000)
Cash and Cash Equivalents and Beginning of Period	16,304,000	36,642,000
Cash and Cash Equivalents at End of Period	$ 13,611,000	$ 14,307,000
Supplemental Disclosure of Noncash Activities:		
Net change in unrealized gain (loss) on securities available for sale	$ (1,150,000)	$ (368,000)
Loans transferred to other real estate owned	$ 382,000	$ 2,073,000
Supplemental Disclosure of Cash Flow Activity:		
Cash paid for interest expense	$ 3,341,000	$ 4,164,000
Cash paid for Income taxes	$ 380,000	$ 45,000

See accompanying notes to unaudited consolidated financial statements

Notes to Unaudited Consolidated Financial Statements

Note 1: General Summary of Significant Accounting Policies

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. The results of operations reflect interim adjustments, all of which are of a normal recurring nature and which, in the opinion of management, are necessary for a fair presentation of the results for the interim period presented. The interim results for the three and six month periods ended June 30, 2004 and 2003 are not necessarily indicative of the results expected for the full year. The unaudited balance sheet information for December 31, 2003, is derived from the Company' s audited financial statements for the year ended December 31, 2003.These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes as well as other information included in the Company' s Annual Report on Form 10-KSB/A for the year ended December 31, 2003. The June 30, 2003 balance sheet has been restated for the adjustments described in Form 10-KSB/A for the year ended December 31, 2003.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company, and its wholly owned subsidiary, Heritage Bank (the "Bank"). All significant intercompany accounts and transactions have been eliminated in consolidation.

Nature of Operations

Front Range Capital Corporation (the "Company"), is a registered bank holding company under the Bank Holding Company Act of 1956 (the "BHCA") headquartered in Louisville, Colorado, southeast of Boulder along the Denver-Boulder business corridor. Incorporated under the laws of the State of Colorado on January 7, 1985, the Company derives the majority of its income from, and its principal asset is, all of the common stock of its wholly owned subsidiary bank, Heritage Bank. The Bank has 12 full-service branches in the Denver-Boulder metropolitan area and plans to open one additional branch in 2004. The Bank also offers investment services through its investment division, Heritage Investments, and mortgage loans through its mortgage division, Heritage Bank Mortgage Division. The Company operates under a community banking philosophy with emphasis on local small to medium-sized businesses and individual customers.

Earnings per Common Share

Basic earnings per share represents income available to common stockholders divided by the weighted-average number of common shares outstanding during the period. Diluted earnings per share is computed using additional common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustment to income that would result from the assumed issuance.

Basic and diluted earnings per common share have been computed based on the following as of June 30, 2004 and 2003:

	For the three months ended June 30,		For the six months ended June 30,	
	2004	2003	2004	2003
Numerator:				
Net income	$ 311,000	$ 251,000	$ 996,000	$ 680,000
Less preferred stock dividends	36,000	37,000	72,000	75,000
Net income applicable to common stock	$ 275,000	$ 213,000	$ 924,000	$ 605,000
Denominator:				
Average number of common shares outstanding used to calculate basic earnings per common share	1,887,000	1,665,000	1,887,000	1,665,000
Effect of dilutive convertible preferred stock	11,000	11,000	11,000	11,000
Average number of common shares used to calculate diluted earnings per common share	1,898,000	1,676,000	1,898,000	1,676,000
Basic earnings per common share	$ 0.15	$ 0.13	$ 0.49	$ 0.36
Diluted earnings per common share	$ 0.15	$ 0.13	$ 0.49	$ 0.36
Dividends paid on common stock	$ 0.00	$ 0.00	$ 0.00	$ 0.00

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, the Company evaluates its estimates, including those related to the adequacy of the allowance for loan losses, investments, intangible assets, income taxes and contingencies. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The one accounting estimate that materially affects the financial statements is the allowance for loan losses.

Reclassifications

In December 2000 the Company formed Front Range Capital Trust I (the “Trust”) for the purpose of issuing trust preferred securities. Following generally accepted accounting principles in effect as of December 31, 2003, the financial statements of the Trust were consolidated with the Company and any intercompany transactions were eliminated. As of March 31, 2004, generally accepted accounting principles have been modified to state that the financial statements of the Trust should not be consolidated with the Company’ s and intercompany transactions should not be eliminated. The result of this change is that the balance of subordinated debt/trust preferred securities has increased by $285,000 which represents debt issued by the Company to the Trust. In addition, other assets increased by $285,000 which represents the Company’ s investment in the common stock of the Trust. The results of the Trust are recorded on the books of the Company using the equity method of accounting. There was no impact to net income or shareholders' equity as a result of this change.

Impact of Recently Issued Financial Accounting Pronouncements

The Accounting Standards Executive Committee has issued Statement of Position 03-3, *Accounting for Certain Loans or Debt Securities Acquired in a Transfer*. This Statement applies to all loans acquired in a transfer, including those acquired in the acquisition of a bank or a branch, and provides that such loans be accounted for at fair value with no allowance for loan losses, or other valuation allowance, permitted at the time of acquisition. The difference between cash flows expected at the acquisition date and the investment in the loan should be recognized as interest income over the life of the loan. If contractually required payments for principal and interest are less than expected cash flows, this amount should not be recognized as a yield adjustment, a loss accrual, or a valuation allowance. For the Company, this Statement is effective for calendar year 2005 and, early adoption, although permitted, is not planned. No significant impact is expected on the consolidated financial statements at the time of adoption.

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FRONT RANGE CAPITAL CORPORATION AND SUBSIDIARIES
Financial Summary

(unaudited)

	Three months ended June 30, 2004	Three months ended June 30, 2003	Six months ended June 30, 2004	Six months ended June 30, 2003
Net interest income (FTE) *	$ 4,135,000	$ 3,985,000	$ 8,389,000	$ 7,997,000
Provision for loan losses	(293,000)	(592,000)	(403,000)	(848,000)
Noninterest income	911,000	996,000	1,998,000	1,787,000
Noninterest expense	(4,271,000)	(4,001,000)	(8,475,000)	(7,892,000)
Provision for income taxes (FTE) *	(171,000)	(137,000)	(513,000)	(364,000)
Net income	$ 311,000	$ 251,000	$ 996,000	$ 680,000
Average common shares outstanding	1,887,369	1,665,144	1,887,369	1,665,144
Diluted average common shares outstanding	1,897,869	1,675,644	1,897,869	1,675,644
Common shares outstanding at period end	1,887,369	1,665,144	1,887,369	1,665,144
As Reported:				
Basic earnings per common share	$ 0.15	$ 0.13	$ 0.49	$ 0.36
Diluted earnings per common share	$ 0.15	$ 0.13	$ 0.49	$ 0.36
Return on assets (annualized)	0.32 %	0.27 %	0.51 %	0.37 %
Return on equity (annualized)	5.34 %	4.90 %	8.50 %	6.65 %
Net interest margin	4.59 %	4.74 %	4.68 %	4.71 %
Net loan charge-offs (recoveries) to average loans	0.12 %	0.17 %	0.15 %	0.22 %
Efficiency ratio (FTE) *	84.64 %	80.33 %	81.59 %	80.66 %
Average Balances:				
Total assets	$ 392,125,000	$ 374,852,000	$ 392,630,000	$ 374,852,000
Earning assets	348,047,000	325,922,000	348,010,000	331,406,000
Total loans	284,236,000	273,376,000	285,459,000	274,359,000
Total deposits	323,959,000	303,969,000	312,644,000	310,266,000
Shareholders' equity	23,412,000	20,784,000	23,548,000	20,620,000
Balances at Period End:				
Total assets			$ 392,723,000	$ 384,760,000
Earning assets			349,086,000	339,146,000
Total loans			281,759,000	279,134,000
Total deposits			330,333,000	309,480,000
Shareholders' equity			22,946,000	20,273,000
Financial Ratios at Period End:				
Allowance for loan losses to loans			1.01 %	0.95 %
Book value per common share			$ 10.66	$ 9.86
Equity to assets			5.84 %	5.27 %
Regulatory total capital to risk-weighted assets			10.97 %	9.91 %
Dividends paid per common share			$ 0.00	$ 0.00

* **Presented on a fully tax equilvalent (FTE) basis**

Item 2. Management' s Discussion and Analysis of Financial Condition and Results of Operations

As the Company has not commenced any business operations independent of the Bank, the following discussion pertains primarily to the Bank. Average balances, including such balances used in calculating certain financial ratios, are generally comprised of average daily balances for the Company. Within Management' s Discussion and Analysis of Financial Condition and Results of Operations, interest income and net interest income are generally presented on a fully tax-equivalent (FTE) basis.

The following discussion and analysis is designed to provide a better understanding of the significant changes and trends related to the Company and the Bank' s financial condition, operating results, asset and liability management, liquidity and capital resources and should be read in conjunction with the unaudited consolidated financial information of the Company and the notes thereto under Item 1 of this report.

Critical Accounting Policies and Estimates

The Company' s discussion and analysis of its financial condition and results of operations are based upon the Company' s consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, the Company evaluates its estimates, including those related to the adequacy of the allowance for loan losses, intangible assets, and contingencies. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. (See caption "Allowance for Loan Losses" for a more detailed discussion).

Net Income

Following is a summary of the components of fully taxable equivalent ("FTE") net income for the periods indicated:

	Three months ended June 30,		Six months ended June 30,	
	2004	2003	2004	2003
Net interest income (FTE)	$ 4,135,000	$ 3,985,000	$ 8,389,000	$ 7,997,000
Provision for loan losses	(293,000)	(592,000)	(403,000)	(848,000)
Noninterest income	911,000	996,000	1,998,000	1,787,000
Noninterest expense	(4,271,000)	(4,001000)	(8,475,000)	(7,892,000)
Provision for income taxes (FTE)	(171,000)	(137,000)	(513,000)	(364,000)
Net income	$ 311,000	$ 251,000	$ 996,000	$ 680,000

Net income for the second quarter of 2004 was $60,000 (23.97%) more than for the second quarter of 2003. An increase in fully taxable equivalent net interest income (up $150,000 or 3.8%), and a decrease in provision for loan losses (down $299,000 or 50.5%) more than offset an increase in noninterest expenses (up $270,000 or 6.7%). The increase in net interest income (FTE) was due to an increase in the average balance of interest-earning assets (up $22.1 million or 6.8%) and an increase in interest-bearing liabilities (up $14.3 million or 4.8%). This was partially offset by a 34 basis point decrease in interest expense cost compared to a 52 basis point decrease in the yield on interest-earning assets. The $299,000 (50.5%) decrease in provision for loan losses was due to stable loan quality and the maintenance of an adequate allowance level. The decrease in noninterest income from the second quarter of 2003 was mainly due to an increase in service charges and customer service fees (up $271,000 or 79.0%). Offsetting this increase in noninterest income were decreases in mortgage referral fees (down $162,000 or 47.8%). The increase in noninterest expense was mainly due to an increase in expenses for other real estate-Heritage Place, described at Part II – Item 5 of this report, (up $68,000 or 119.3% to $125,000).

Net income for the six months ended June 30, 2004 was $316,000 (46.5%) more than for the same period of 2003. An increase in fully taxable equivalent net interest income (up $392,000 or 4.9%), an increase in noninterest income (up $211,000 or 11.8%) and a decrease in provision for loan losses (down $445,000 or 52.5%) more than offset an increase in noninterest expenses (up $583,000 or 7.4%). The increase in net interest income (FTE) was due to an increase in interest-earning assets (up $16.6 million or 5.0%) and an increase in the average balance of interest-bearing liabilities (up $10.4 million or 3.4%). This was partially offset by a 44 basis point decrease in interest expense cost compared to a 45 basis point decrease in the yield on interest-earning assets. The $445,000 (52.5%) decrease in provision for loan losses was due to stable loan quality and the maintenance of an adequate allowance level. The increase in noninterest income was mainly due to an increase in service charges and customer service fees (up $271,000 or 29.2%) and a gain on the sale of investment securities ($207,000 in 2004 from $54,000 in 2003). Offsetting these increases in noninterest income were decreases in mortgage referral fees (down $309,000 or 52.0%). The increase in noninterest expense was mainly due to an increase in expenses for other real estate-Heritage Place, described at Part II – Item 5 of this report, (up $190,000 or 208.8% to $281,000).

Net Interest Income

Following is a summary of the components of net interest income for the periods indicated:

	Three months ended June 30,		Six months ended June 30,	
	2004	2003	2004	2003
Interest income	$ 5,700,000	$ 5,732,000	$ 11,467,000	$ 11,672,000
Interest expense	(1,688,000)	(1,841,000)	(3,311,000)	(3,857,000)
FTE adjustment	123,000	94,000	233,000	182,000
Net interest income (FTE)	$ 4,135,000	$ 3,985,000	$ 8,389,000	$ 7,997,000
Average earning assets	$ 348,047,000	$ 325,922,000	$ 348,010,000	$ 331,406,000
Net interest margin (FTE)	4.78 %	4.96 %	4.85 %	4.87 %

The Company’ s primary source of revenue is net interest income, or the difference between interest income on interest-earning assets and interest expense on interest-bearing liabilities. Net interest income (FTE) during the second quarter of 2004 increased $150,000 (3.8%) from the same period in 2003 to $4.1 million. The decrease in interest income (FTE) ($3,000 or 0.5%) was due to the increase in average balances of interest-earning assets (up $22.1 million or 6.8% to $348.0 million) and a 52 basis point decrease in yield on interest-earning assets (6.73% from 7.25%). Interest expense decreased $153,000 (8.3%) from the same period in 2003 and was due to a decrease in the interest cost on interest-bearing liabilities of 34 basis points from 2.51% to 2.17% and offset by an increase in interest-bearing liabilities of $14.3 million (4.8%) to $312.0 million.

Net interest income (FTE) during the first six months of 2004 increased $392,000 (4.9%) from the same period in 2003 to $8.4 million. The decrease in interest income (FTE) ($154,000 or 1.3%) was due to the increase in average balances of interest-earning assets (up $16.6 million or 6.8% to $348.0 million) and a

45 basis point decrease in yield on interest-earning assets (6.76% from 7.21%). Interest expense decreased $546,000 (14.2%) from the same period in 2003 and was due to a decrease in the interest cost on interest-bearing liabilities of 44 basis points from 2.56% to 2.12% and offset by an increase in interest-bearing liabilities of $10.4 million (3.4%) to $313.8 million.

Interest and Fee Income

Interest and fee income (FTE) for the second quarter of 2004 decreased $3,000 (0.5%) from the second quarter of 2003. The change in interest-earning assets was made up of a $10.9 million (4.0%) increase in average loan balances to $284.2 million, and a $12.1 million (22.5%) increase in average investment balances. The average balance of federal funds sold decreased $488,000 (100%) to $0 in order to fund loans and investments.

The average yield on the Company' s interest-earning assets decreased to 6.73% for the quarter ended June 30, 2004, from 7.25% for the quarter ended June 30, 2003. This downward trend in yields was reflective of general interest rate markets during much of the previous twelve months.

Interest and fee income (FTE) for the six months ended June 30, 2004 decreased $154,000 (1.3%) from the same period of 2003. The change in interest-earning assets was made up of an $11.1 million (4.0%) increase in average loan balances to $285.5 million, and an $11.8 million (22.4%) increase in average investment balances. The average balance of federal funds sold decreased $5.9 million (100%) to $0 in order to fund loans and investments.

The average yield on the Company' s interest-earning assets decreased to 6.76% for the six months ended June 30, 2004, from 7.21% for the same period of 2003. This downward trend in yields was reflective of general interest rate markets during much of the previous twelve months.

Interest Expense

Interest expense decreased $153,000 (8.3%) to $1.7 million in the second quarter of 2004 compared to $1.8 million in the quarter ended June 30, 2003. The average balance of interest-bearing liabilities increased $14.3 million (4.8%) to $312.1 million in the second quarter of 2004 compared to $297.8 million in the quarter ended June 30, 2003. The increase in interest-bearing liabilities was concentrated in time certificates of deposit (up $14.5 million or 11.3%) and in lower earning short-term borrowings (mostly overnight) (up $2.0 million or 15.7%). In addition, the average balance of noninterest-bearing deposits increased $4.1 million (8.6%) from the year-ago quarter, and the average balance of long-term debt decreased $4.1 million (22.1%) to $14.3 million in the quarter ended June 30, 2004 compared to $18.4 million in the year-ago quarter. The average rate paid for all categories of interest-bearing liabilities (2.17%) decreased in the second quarter of 2004 from the average rate paid in the second quarter of 2003 (2.51%) as a result of general market interest rate changes.

Interest expense decreased $546,000 (14.2%) to $3.3 million in the six months ended June 30, 2004 compared to $3.9 million in the same period of 2003. The average balance of interest-bearing liabilities increased $10.4 million (3.4%) to $313.8 million in the six months ended June 30, 2004 compared to $303.4 million in the same period of 2003. The increase in interest-bearing liabilities was concentrated in lower earning short-term borrowings (mostly overnight) (up $14.9 million or 121.27%) and interest-bearing demand deposits (up $1.5 million or 1.3%). The average balance of the higher interest-earning time deposits was down $3.5 million (2.6%) from the same period of 2003. In addition, the average balance of noninterest-bearing deposits increased $4.2 million (9.0%) from the year-ago quarter, and the average balance of long-term debt decreased $3.3 million (17.8%) to $15.2 million in the six months ended June 30, 2004 compared to $18.5 million in the same period of 2003. The average rate paid for all categories of interest-bearing liabilities (2.12%) decreased in the six months ended June 30, 2004 from the average rate paid in the year-ago six month period (2.56%) as a result of general market interest rate changes.

Net Interest Margin (FTE)

The following table summarizes the components of the Company' s net interest margin for the periods indicated:

	Three months ended June 30,		Six months ended June 30,	
	2004	2003	2004	2003
Yield on interest-earning assets	6.73%	7.25%	6.76%	7.21%
Rate paid on interest-bearing Liabilities	2.17%	2.51%	2.12%	2.56%
Net interest spread	4.56%	4.74%	4.64%	4.65%
Impact of all other net noninterest-bearing funds	0.22%	0.22	0.21%	0.22%
Net interest margin	4.78%	4.96%	4.85%	4.87%

Net interest margin in the second quarter of 2004 decreased 18 basis points compared to the second quarter of 2003. Average balances on time deposits increased during the quarter ended June 30, 2004 by $14.5 million (11.3%) compared to the same period ended June 30, 2003 and the cost of these funds decreased 44 basis points to 2.57% from 3.01%. Average balances on loans increased during the second quarter ended June 30, 2004 by $10.9 million (4%) compared to second quarter ended June 30, 2003 and the yield decreased 52 basis points to 7.20% from 7.72%.

Net interest margin in the six months ended June 30, 2004 decreased 2 basis points compared to the six months ended June 30, 2003. Average balances on short-term borrowings (mostly overnight) increased during the six months ended June 30, 2004 by $14.9 million (121.2%) compared to the same period ended June 30, 2003 and the cost of these funds decreased 96 basis points to 1.18% from 2.14%. Average balances on loans increased during the six months ended June 30, 2004 by $11.1 million (4.0%) compared to six months ended June 30, 2003 and the yield decreased 55 basis points to 7.21% from 7.76%.

Summary of Average Balances, Yields/Rates and Interest Differential

The following table presents, for the periods indicated, information regarding the Company' s consolidated average assets, liabilities and shareholders' equity, the amounts of interest income from average interest-earning assets and resulting yields, and the amount of interest expense paid on interest-bearing liabilities. Average loan balances include nonperforming loans. Interest income includes proceeds from loans on nonaccrual only to the extent cash payments have been received and applied to interest income. Yields on securities and certain loans have been adjusted upward to reflect the effect of income thereon exempt from federal income taxation at the current statutory tax rate.

	For the three months ended					
	June 30, 2004			June 30, 2003		
	(Dollars in thousands)					
	Average Balance	Interest Income/ Expense	Rates Earned/ Paid	Average Balance	Interest Income/ Expense	Rates Earned/ Paid
Assets:						
Loans	$ 284,236	$ 5,086	7.20 %	$ 273,376	$ 5,201	7.72 %
Investment securities − taxable	47,071	424	3.62 %	41,435	393	3.85 %
Investment securities − nontaxable	18,875	311	6.63 %	12,384	229	7.50 %
Federal funds sold and due from banks (interest-bearing)	795	2	1.01 %	1,282	3	0.95 %
Allowance for loan loss	(2,930)			(2,555)		
Total earning assets	348,047	5,823	6.73 %	325,922	5,826	7.25 %
Other assets	44,078			44,856		
Total assets	$ 392,125	$ 5,823		$ 370,778	$ 5,826	
Liabilities and shareholders' equity:						
Interest-bearing demand deposits	$ 114,046	$ 259	0.91 %	$ 113,126	$ 329	1.18 %
Savings deposits	14,331	8	0.22 %	13,913	17	0.50 %
Time deposits	143,259	916	2.57 %	128,750	956	3.01 %
Other short-term borrowed funds	16,713	49	1.18 %	14,449	60	1.68 %
Long-term debt	14,360	182	5.10 %	18,439	225	4.95 %
Subordinated debentures	9,485	274	11.62%	9,200	254	11.20%
Total interest-bearing liabilities	$ 312,194	$ 1,688	2.17 %	$ 297,877	$ 1,841	2.51 %
Noninterest-bearing deposits	52,323			48,180		
Other liabilities	4,196			3,937		
Shareholders' equity	23,412			20,784		
Total liabilities and shareholders' equity	$ 392,125			$ 370,778		
Net interest spread[1]			4.56 %			4.74 %
Net interest income and interest margin[2]		$ 4,135	4.78 %		$ 3,985	4.96 %

(1) Net interest spread represents the average yield earned on interest-earning assets minus the average rate paid on interest-bearing liabilities.

(2) Net interest margin is computed by calculating the difference between interest income and expense, divided by the average balance of interest-earning assets.

	For the six months ended					
	June 30, 2004			June 30, 2003		
	(Dollars in thousands)					
	Average Balance	Interest Income/ Expense	Rates Earned/ Paid	Average Balance	Interest Income/ Expense	Rates Earned/ Paid
Assets:						
Loans	$ 285,459	$ 10,231	7.21 %	$ 274,359	$ 10,562	7.76 %
Investment securities − taxable	47,083	876	3.74 %	40,903	807	3.98 %
Investment securities − nontaxable	17,578	589	6.74 %	11,947	446	7.53 %
Federal funds sold and due from banks (interest-bearing)	798	4	1.01 %	6,703	39	1.17 %
Allowance for loan loss	(2,908)			(2,506)		
Total earning assets	348,010	11,700	6.76 %	331,406	11,854	7.21 %
Other assets	44,620			43,446		
Total assets	$ 392,630	$ 11,700		$ 374,852	$ 11,854	
Liabilities and shareholders' equity:						
Interest-bearing demand deposits	$ 115,705	$ 533	0.93 %	$ 114,247	$ 674	1.19 %
Savings deposits	14,085	17	0.24 %	13,891	34	0.49 %
Time deposits	131,787	1,671	2.55 %	135,262	2,061	3.07 %
Other short-term borrowed funds	27,529	162	1.18 %	12,328	131	2.14 %
Long-term debt	15,199	379	5.01 %	18,497	450	4.91 %
Subordinated debentures	9,485	549	11.64%	9,200	507	11.11%
Total interest-bearing liabilities	$ 313,790	$ 3,311	2.12 %	$ 303,425	$ 3,857	2.56 %
Noninterest-bearing deposits	51,067			46,866		
Other liabilities	4,225			3,941		
Shareholders' equity	23,548			20,620		
Total liabilities and shareholders' equity	$ 392,630			$ 374,852		
Net interest spread(1)			4.64 %			4.65 %
Net interest income and interest margin(2)		$ 8,389	4.85 %		$ 7,997	4.87 %

(1) Net interest spread represents the average yield earned on interest-earning assets minus the average rate paid on interest-bearing liabilities.

(2) Net interest margin is computed by calculating the difference between interest income and expense, divided by the average balance of interest-earning assets.

Summary of Changes in Interest Income and Expense due to Changes in Average Asset & Liability Balances and Yields Earned & Rates Paid

The following table sets forth a summary of the changes in interest income (FTE) and interest expense from changes in average asset and liability balances (volume) and changes in average interest rates for the periods indicated. Changes not solely attributable to volume or rates have been allocated in proportion to the respective volume and rate components.

	Three months ended June 30, 2004 compared with three months ended June 30, 2003		
	Volume	Rate	Total
Increase (decrease) in interest income:			
Loans	$ 207,000	$ (322,000)	$ (115,000)
Investments − taxable	53,000	(22,000)	31,000
Investments − nontaxable	96,000	(14,000)	82,000
Federal funds sold & due from banks	(1,000)	(−)	(1,000)
Total earning assets	355,000	(358,000)	(3,000)
Increase (decrease) in interest expense:			
Interest-bearing demand deposits	3,000	(73,000)	(70,000)
Savings deposits	1,000	(10,000)	(9,000)
Time deposits	108,000	(148,000)	(40,000)
Federal funds purchased	−	(−)	−
Other short term borrowings	9,000	(20,000)	(11,000)
Long-term debt	(50,000)	7,000	(43,000)
Trust preferred securities/subordinated debentures	8,000	12,000	20,000
Total interest-bearing liabilities	79,000	(232,000)	(153,000)
Increase (decrease) in net interest income	$ 276,000	$ (126,000)	$ 150,000

	Six months ended June 30, 2004 compared with six months ended June 30, 2003		
	Volume	Rate	Total
Increase (decrease) in interest income:			
Loans	$ 427,000	$ (758,000)	$ (331,000)
Investments − taxable	122,000	(53,000)	69,000
Investments − nontaxable	798,000	(655,000)	143,000
Federal funds sold & due from banks	(34,000)	(1,000)	(35,000)
Total earning assets	1,313,000	(1,467,000)	(154,000)
Increase (decrease) in interest expense:			
Interest-bearing demand deposits	9,000	(150,000)	(141,000)
Savings deposits	−	(17,000)	(17,000)
Time deposits	(53,000)	(337,000)	(390,000)
Federal funds purchased	2,000	−	2,000
Other short term borrowings	159,000	(130,000)	29,000
Long-term debt	(80,000)	9,000	(71,000)
Trust preferred securities/subordinated debentures	16,000	26,000	42,000
Total interest-bearing liabilities	53,000	(599,000)	(546,000)
Increase (decrease) in net interest income	$ 1,260,000	$ (868,000)	$ 392,000

Provision for Loan Losses

The Company provided $293,000 for loan losses in the second quarter of 2004 versus $592,000 in the second quarter of 2003. During the second quarter of 2004, the Company recorded $334,000 of net loan charge offs versus $458,000 of net loan charge offs in the second quarter of 2003. The decrease of $299,000 in the provision for loan losses was due to a decrease in net charge-offs. The ratio of the allowance for loan losses to total loans was 1.01% at June 30, 2004 and 0.95% at June 30, 2003.

The Company provided $403,000 for loan losses during the six months ended June 30, 2004 versus $848,000 during the six months ended June 30, 2003. During the six months ended June 30, 2004, the Company recorded $426,000 of net loan charge offs versus $593,000 of net loan charge-offs in the year earlier six-month period.

Noninterest Income

The following table summarizes the components of noninterest income for the periods indicated.

	Three months ended June 30,		Six months ended June 30,	
	2004	2003	2004	2003
Service charges on deposit accounts	$ 614,000	$ 343,000	$ 1,199,000	$ 928,000
Gain on sale of investments	–	54,000	207,000	54,000
Mortgage referral fees	177,000	339,000	285,000	594,000
Other noninterest income	120,000	260,000	307,000	211,000
Total noninterest income	$ 911,000	$ 996,000	$ 1,998,000	$ 1,787,000

Noninterest income for the second quarter of 2004 decreased $85,000 (8.5%) to $911,000 from $996,000 in the year-ago quarter. The decrease in noninterest income from the year-ago quarter was due to an increase in service charges on deposit accounts of $271,000 (79.0%) to $614,000 but was offset by decreases in gain on the sale of investment securities of $54,000 (100%) for the second quarter of 2004 from the same quarter in 2003 and mortgage referral fees of $162,000 (47.8%) from the second quarter of 2003 to the second quarter of 2004 due to a slower mortgage market. The increase in service charge income was mainly due to the introduction of an overdraft privilege deposit product in January 2004 that has added a new stream of recurring noninterest income.

Noninterest income for the six months ended June 30, 2004 increased $211,000 (11.8%) to $1,998,000 from $1,787,000 in the same period in 2003. The increase in noninterest income from the year-ago period was due to an increase in service charges on deposit accounts (up $271,000 or 29.2% to $1,199,000) and an increase in gain on the sale of investment securities (up $153,000 or 283.3% to $207,000). The increase in service charge income was mainly due to the introduction of an overdraft privilege deposit product in January 2004 that has added a new stream of recurring noninterest income. Mortgage referral fees for the six months ended June 30, 2004 decreased $309,000 (52.0%) to $285,000 from $594,000 for the six months ended June 30, 2003 due to a slower mortgage market.

Noninterest Expense

The following table summarizes the components of noninterest expense for the periods indicated.

	Three months ended June 30,		Six months ended June 30,	
	2004	2003	2004	2003
Salaries and employee benefits	$ 2,333,000	$ 2,370,000	$ 4,570,000	$ 4,664,000
Occupancy	419,000	397,000	846,000	778,000
Furniture and Equipment	197,000	220,000	389,000	440,000
Data processing	202,000	187,000	401,000	374,000
Advertising and marketing	192,000	154,000	324,000	250,000
Printing and supplies	67,000	71,000	134,000	149,000
Loan and collection	106,000	16,000	217,000	131,000
Other real estate- Heritage Place	125,000	57,000	281,000	91,000
Net loss (gain) on sale of OREO and other foreclosed assets	(65,000)	86,000	34,000	95,000
Other	695,000	443,000	1,279,000	920,000
Total	$ 4,271,000	$ 4,001,000	$ 8,475,000	$ 7,892,000
Average full time equivalent staff	152	149	153	149
Noninterest expense to revenue (FTE)	84.64 %	80.33 %	81.59 %	80.66 %

Noninterest expense for the second quarter of 2004 increased $270,000 (6.7%) to $4.3 million from $4.0 million in the second quarter of 2003. The increase in noninterest expense was mainly due to a $90,000 (562.5%) increase in the loan and collection expense to $106,000 from $16,000. The increase in loan and collection expense was mainly due to an increase in OREO expense (up $59,000 or 359.8% to $75,000). Expense for other real estate-Heritage Place increased $68,000 (119.3%) to $125,000 from $57,000. The increase in the Heritage Place expense was mainly due to an accrual on the bonds issued by the City of Broomfield for an urban renewal project in the area where Heritage Place is located, as further described at Part II − Item 5 of this report.

Noninterest expense for the six months ended June 30, 2004 increased $583,000 (7.4%) to $8.5 million from $7.9 million in the first six months of 2003. The increase in noninterest expense was mainly due to a $190,000 (208.8%) increase in the expense for other real estate-Heritage Place to $281,000 from $91,000. The increase in the Heritage Place expense was mainly due to an accrual on the bonds issued by the City of Broomfield for an urban renewal project in the area where Heritage Place is located, as further described at Part II − Item 5 of this report.

Provision for Income Tax

The effective tax rate for the three months ended June 30, 2004 was 13.4% and reflects a decrease from 14.6% for the three months ended June 30, 2003. The effective tax rate for the six months ended June 30, 2004 was 21.9% and reflects an increase from 21.1% for the six months ended June 30, 2003. The provision for income taxes for all periods presented is primarily attributable to the respective level of earnings and the incidence of allowable deductions, particularly from tax-exempt loans, state and municipal securities, and bank owned life insurance.

Classified Assets

The Company closely monitors the markets in which it conducts its lending operations and continues its strategy to control exposure to loans with high credit risk. Asset reviews are performed using grading standards and criteria similar to those employed by bank regulatory agencies. Assets receiving lesser grades fall under the "classified assets" category, which includes all nonperforming assets and potential problem loans, and receive an elevated level of attention to ensure collection.

Classified assets, net of guarantees of the U.S. Government, including its agencies and its government-sponsored agencies at June 30, 2004, decreased $3.9 million (26.4%) to $10.9 million from $14.8 million at December 31, 2003. Allowance for loan losses to classified loans was 26.1% as of June 30, 2004 and 19.4% as of December 31, 2003.

Nonperforming Loans

Loans are reviewed on an individual basis for reclassification to nonaccrual status when any one of the following occurs: the loan becomes 90 days past due as to interest or principal, the full and timely collection of additional interest or principal becomes uncertain, the loan is classified as doubtful by internal credit review or bank regulatory agencies, a portion of the principal balance has been charged off, or the Company takes possession of the collateral. Loans that are placed on nonaccrual even though the borrowers continue to repay the loans as scheduled are classified as "performing nonaccrual" and are included in total nonperforming loans. The reclassification of loans as nonaccrual does not necessarily reflect management' s judgment as to whether they are collectible.

Interest income is not accrued on loans where management has determined that the borrowers will be unable to meet contractual principal and/ or interest obligations, unless the loan is well secured and in the process of collection. When a loan is placed on nonaccrual, any previously accrued but unpaid interest is reversed. Income on such loans is then recognized only to the extent that cash is received and where the future collection of principal is probable. Interest accruals are resumed on such loans only when they are brought fully current with respect to interest and principal and when, in the judgment of management, the loans are estimated to be fully collectible as to both principal and interest.

Interest income on nonaccrual loans, which would have been recognized during the six months ended June 30, 2004, if all such loans had been current in accordance with their original terms, totaled $44,000. Interest income actually recognized on these loans during the six months ended June 30, 2004 was $4,000.

The Company' s policy is to place loans 90 days or more past due on nonaccrual status. In some instances when a loan is 90 days past due management does not place it on nonaccrual status because the loan is well secured and in the process of collection. A loan is considered to be in the process of collection if, based on a probable specific event, it is expected that the loan will be repaid or brought current. Generally, this collection period would not exceed 30 days. Loans where the collateral has been repossessed are classified as OREO or, if the collateral is personal property, the loan is classified as other assets on the Company' s financial statements.

Management considers both the adequacy of the collateral and the other resources of the borrower in determining the steps to be taken to collect nonaccrual loans. Alternatives that are considered are foreclosure, collecting on guarantees, restructuring the loan or collection lawsuits.

As shown in the following table, total nonperforming assets decreased $2.1 million (60.0%) to $1.4 million during the first six months of 2004. Nonperforming assets net of guarantees represent 0.35% of total assets. All nonaccrual loans are considered to be impaired when determining the need for a specific valuation allowance. The Company continues to make a concerted effort to work with problem and potential problem loan customers to reduce risk of loss.

	At June 30, 2004	At December 31, 2003
	(unaudited) (dollars in thousands)	
Performing nonaccrual loans	$ 316	$ 337
Nonperforming, nonaccrual loans	652	948
Total nonaccrual loans	968	1,285
Loans 90 days past due and still accruing	103	19
Total nonperforming loans	1,071	1,304
Other real estate owned	249	1,543
Foreclosed assets	63	614
Total nonperforming assets	$ 1,383	$ 3,461
Nonperforming loans to total loans	0.38 %	0.46 %
Allowance for loan losses/nonperforming loans	266.01%	220.25%
Nonperforming assets to total assets	0.35 %	0.87 %
Allowance for loan losses to nonperforming assets	206.00%	82.98 %

Allowance for Loan Losses

Credit risk is inherent in the business of lending. As a result, the Company maintains an Allowance for Loan Losses to absorb losses inherent in the Company' s loan portfolio. This is maintained through periodic charges to earnings. These charges are shown in the Consolidated Income Statements as provision for loan losses. All specifically identifiable and quantifiable losses are immediately charged off against the allowance. However, for a variety of reasons, not all losses are immediately known to the Company and, of those that are known, the full extent of the loss may not be quantifiable at that point in time. The balance of the Company' s Allowance for Loan Losses is meant to be an estimate of these unknown but probable losses inherent in the portfolio. For purposes of this discussion, "loans" shall include all loans and lease contracts that are part of the Company' s portfolio.

The Company formally assesses the adequacy of the allowance on a quarterly basis. Determination of the adequacy is based on ongoing assessments of the probable risk in the outstanding loan portfolio, and to a lesser extent the Company' s loan commitments. These assessments include the periodic re-grading of credits based on changes in their individual credit characteristics including delinquency, seasoning, recent financial performance of the borrower, economic factors, changes in the interest rate environment, growth of the portfolio as a whole or by segment, and other factors as warranted. Loans are initially graded when originated. They are re-graded as they are renewed, when there is a new loan to the same borrower, when identified facts demonstrate heightened risk of nonpayment, or if they become delinquent. Re-grading of larger problem loans occur at least quarterly. Confirmation of the quality of the grading process is obtained by independent credit reviews conducted by consultants specifically hired for this purpose and by various bank regulatory agencies.

The Company' s method for assessing the appropriateness of the allowance includes specific allowances for identified problem loans and leases as determined by SFAS 114, formula allowance factors for pools of credits, and allowances for changing environmental factors (e.g., interest rates, growth, economic conditions, etc.). Allowance factors for loan pools are based on the previous 5 years historical loss experience by product type. Allowances for specific loans are based on SFAS 114 analysis of individual credits. Allowances for changing environmental factors are management' s best estimate of the probable impact these changes have had on the loan portfolio as a whole. This process is explained in detail in the notes to the Company' s Consolidated Financial Statements in its Annual Report on Form 10-KSB for the year ended December 31, 2003.

Based on the current conditions of the loan portfolio, management believes that the $2,849,000 allowance for loan losses at June 30, 2004 is adequate to absorb probable losses inherent in the Company' s loan portfolio. No assurance can be given, however, that adverse economic conditions or other circumstances will not result in increased losses in the portfolio.

The following table summarizes the loan loss provision, net credit losses and allowance for loan losses for the periods indicated (dollars in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2004	2003	2004	2003
Balance, beginning of period	$ 2,890	$ 2,515	$ 2,872	$ 2,394
Loan loss provision	293	592	403	848
Loans charged off	(384)	(501)	(492)	(689)
Recoveries of previously charged-off loans	50	43	66	96
Net (charge-offs) recoveries	(334)	(458)	(426)	(593)
Balance, end of period	$ 2,849	$ 2,649	$ 2,849	$ 2,649
Allowance for loan losses/loans outstanding			1.01 %	0.94 %

Capital Resources

The current and projected capital position of the Company and the impact of capital plans and long-term strategies are reviewed regularly by management. The Company' s primary capital resource is shareholders' equity, which was $22.9 million at June 30, 2004. This amount represents a decrease of $226,000 (1.0%) from December 31, 2003. The change is the result of net income of $996,000 and a $1.5 decrease in the net market value of available sale securities.

The following summarizes the regulatory capital ratios for the periods indicated:

	At June 30,		At	Minimum	To Be Well Capitalized Under
	2004	2003	December 31, 2003	Regulatory Requirement	Prompt Corrective Action Provisions
Tier I Capital (to risk-weighted assets)					
Consolidated	8.2 %	6.8 %	7.8 %		
Bank	9.9 %	9.5 %	9.5 %	4.0%	6.0 %
Total Capital (to risk-weighted assets)					
Consolidated	11.0%	9.9 %	10.6%		
Bank	10.8%	10.3%	10.4%	8.0%	10.0%
Tier I Leverage (to average assets)					
Consolidated	6.8 %	5.9 %	6.6 %		
Bank	8.2 %	8.2 %	8.0 %	4.0%	5.0 %

Off-Balance Sheet Item

The Company is a party to credit related financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, stand-by letters of credit and commercial letters of credit. The Company has not entered into any contracts for financial derivative instruments such as futures, swaps, options, etc. Loan commitments increased $12.0 million to $61.0 million at June 30, 2004, from $49.0 million at December 31, 2003. The commitments represent 21.6% and 17.3% of the total loans outstanding at June 30, 2004 and at December 31, 2003, respectively.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Asset and Liability Management

The goal for managing the assets and liabilities of the Company is to maximize shareholder value and earnings while maintaining a high quality balance sheet without exposing the Company to undue interest rate risk. The Board of Directors has overall responsibility for the Company' s interest rate risk management policies and monitors guidelines to control the sensitivity of earnings to changes in interest rates.

Activities involved in asset/liability management include but are not limited to lending, accepting and placing deposits, investing in securities and issuing debt. Interest rate risk is the primary market risk associated with asset/liability management. Sensitivity of earnings to interest rate changes arises when yields on assets change in a different time period or in a different amount from that of interest costs on liabilities. To mitigate interest rate risk, the structure of the balance sheet is managed with the goal that movements of interest rates on assets and liabilities are correlated and contribute to earnings even in periods of volatile interest rates. The asset/liability management policy sets limits on the acceptable amount of variance in net interest margin, net income and market value of equity under changing interest environments. Market value of equity is the net present value of estimated cash flows from the Company' s assets, liabilities and off-balance sheet items. The Company uses simulation models to forecast net interest margin, net income and market value of equity.

Simulation of net interest margin, net income and market value of equity under various interest rate scenarios is the primary tool used to measure interest rate risk. Using computer-modeling techniques, the Company is able to estimate the potential impact of changing interest rates on net interest margin, net income and market value of equity. A balance sheet forecast is prepared using inputs of actual loan, securities and interest-bearing liability (i.e. deposits/borrowings) positions as the beginning base.

In the simulation of net interest margin and net income under various interest rate scenarios, the forecast balance sheet is processed against seven interest rate scenarios. These seven interest rate scenarios include a flat rate scenario, which assumes interest rates are unchanged in the future, and six additional rate ramp scenarios ranging from +300 to -300 basis points around the flat scenario in 100 basis point increments. These ramp scenarios assume that interest rates increase or decrease evenly (in a "ramp" fashion) over a twelve-month period and remain at the new levels beyond twelve months.

In the simulation of market value of equity under various interest rate scenarios, the forecast balance sheet is processed against seven interest rate scenarios. These seven interest rate scenarios include the flat rate scenario described above, and six additional rate shock scenarios ranging from +300 to -300 basis points around the flat scenario in 100 basis point increments. These rate shock scenarios assume that interest rates increase or decrease immediately (in a "shock" fashion) and remain at the new level in the future.

At June 30, 2004 and 2003, the results of the simulations noted above indicate that the balance sheet is slightly liability sensitive (earnings decrease when interest rates rise). The magnitude of all the simulation results noted above is within the Company' s policy guidelines. The asset liability management policy limits aggregate market risk, as measured in this fashion, to an acceptable level within the context of risk-return trade-offs.

The simulation results noted above do not incorporate any management actions, which might moderate the negative consequences of interest rate deviations. Therefore, they do not reflect likely actual results, but serve as conservative estimates of interest rate risk.

At June 30, 2004 and 2003, the Company had no derivative financial instruments.

Liquidity

The Company' s principal source of asset liquidity is cash and amounts due from banks, federal funds sold, and marketable investment securities available for sale. At June 30, 2004, cash and due from banks, federal funds sold and investment securities available for sale totaled $77.6 million, representing a decrease of $1.3 million or 1.7% from December 31, 2003, and an increase of $4.5 million or 6.2% from June 30, 2003. The Company generates additional liquidity from its operating activities. The Company' s profitability during the first six months of 2004 generated cash flows from operations of $1.5 million compared to $2.0 million during the first six months of 2003. Additional cash flows may be provided by financing activities, primarily borrowings from banks and the Federal Home Loan Bank. Sales and maturities of investment securities produced cash inflows of $20.5 million during the six months ended June 30, 2004 compared to $27.8 million for the six months ended June 30, 2003. During the six months ended June 30, 2004, the Company invested $24.1 million in securities and experienced a decrease of $3.0 million in net loan growth, compared to $36.0 million and $15.5 million used to purchase investments and net loan growth, respectively, during the first six months of 2003. These changes in investment and loan balances contributed to net cash provided by investing activities of $1.0 million during the six months ended June 30, 2004, compared to net cash used in investing activities of $21.7 million during the six months ended June 30, 2003. Financing activities used net cash of $5.2 million during the six months ended June 30, 2004, compared to net cash used by financing activities of $2.6 million during the six months ended June 30, 2003. Increases in deposit balances accounted for $26.8 million of financing sources of funds during the six months ended June 30, 2004, compared to deposit balance decreases that accounted for $13.6 million of the funds used for financing activities during the six months ended June 30, 2003. Also, the Company' s liquidity is dependent on dividends received from the Bank. Dividends from the Bank are subject to certain regulatory restrictions. On July 7, 2004, the Company declared a dividend of $0.27 per share on its common stock and a dividend of $0.40 per share on its 1987 Series A 8% Non-cumulative Convertible Preferred Stock and its 1988 Series A 8% Non-cumulative Convertible Non-voting Preferred Stock. The aggregate dividends of $514,000 were paid on July 22, 2004 to holders of record at the close of business on July 8, 2004.

Item 4. Controls and Procedures

The Company' s principal executive officer, William A. Mitchell, Jr., and the principal financial officer, Alice M. Voss, evaluated the effectiveness of the Company' s disclosure controls and procedures as of June 30, 2004 ("Evaluation Date"). Based on that evaluation, they concluded that as of the Evaluation Date the Company' s disclosure controls and procedures are effective to allow timely communication to them of information relating to the Company and the Bank required to be disclosed in its filings with the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as amended ("Exchange Act"). Disclosure controls and procedures are Company controls and other procedures that are designed to ensure that information required to be disclosed by the Company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC' s rules and forms.

There were no changes in the Company' s internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company' s internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1 – Legal Proceedings

Due to the nature of the banking business, the Bank is at times party to various legal actions. All such actions are of a routine nature and arise in the normal course of business of the Bank.

Item 5 – Other Information

Heritage Place

In August 2001, the Bank purchased three parcels of undeveloped property in Broomfield, Colorado. The first transaction involved a purchase of property from Joseph J. Fuentes and Christine R. Fuentes of undeveloped property located at 9590 Coalton Drive, Broomfield, Colorado 80020, also known as 604 Interlocken Boulevard, Broomfield, Colorado 80020, for a purchase price of approximately $2,423,900. The second transaction involved the Bank' s purchase from Coalton Acres, LLC of two parcels comprising 161,094 square feet of undeveloped property adjacent to 9590 Coalton Drive and part of the development known as "The FlatIron," for a purchase price of approximately $3,942,495. The aggregate combined purchase price for the properties was approximately $6,367,000. The parcels are collectively referred to as "Heritage Place." When the Bank purchased the parcels that now comprise Heritage Place, the Bank intended to sell Heritage Place to an investor or group to develop Heritage Place and thereafter the Bank intended to purchase a pad within the newly developed property to open a new branch and relocate some of the Company' s and the Bank' s administrative offices.

The Bank entered into a letter of intent in September 2002 with Heritage Place Holdings, LLC and Heritage Place Partners, LLC (together, the "Developers") that discussed the proposed sale of Heritage Place to the Developers along with the Bank' s right to purchase a pad inside Heritage Place once the development was complete. At the time the Bank executed the letter of intent, the individual members of the Developers included Mr. Beauprez, as well as others unaffiliated with the Company or the Bank. In September 2002, officers of the Bank and the Company met with representatives of the Federal Reserve Bank and the Colorado Division of Banking to discuss the relationship of the proposed transaction to federal and state banking laws and regulations and to provide an opportunity for federal and state banking regulators to comment upon the letter of intent. In November 2002, the Bank and the Developers terminated the letter of intent because the development project was no longer economically feasible to the Developers due to market conditions.

Following termination of the letter of intent, the Bank continues to consider its best course of action regarding Heritage Place including, but not limited to, structuring a similar transaction with developers if market conditions improve in the future; preparing Heritage Place for sale to different investors, except for the pad the Bank could develop for a new branch location; or selling Heritage Place including the pad. Of the approximately 8.2 acre Heritage Place site, a bank pad of approximately 1.5 acres has been "carved out" for a potential branch building. In July 2003, the remaining 6.7 acres were listed for sale with a commercial broker. If a potential buyer would have an interest in purchasing the entire 8.2 acres, the Bank would be willing to consider this also.

The Bank has incurred and continues to incur costs while holding the Heritage Place property for sale. As of June 30, 2004, the Bank had capitalized total costs of $9,952,550 relating to preparing Heritage Place for sale and development, including fees for a site plan, annexation, zoning, architectural and tap fees. These costs are capitalized and are reflected as an asset on the Company' s unaudited consolidated balance sheet as presented in this report. In addition, the Bank has incurred related expenses of $280,759 for the six months ended June 30, 2004, largely related to holding the property. Of this amount, $63,923 was accrued for real estate taxes and $204,173 was accrued pursuant to a development and reimbursement agreement with the City and County of Broomfield (“City”) relating to bonds issued by the City for an urban renewal project in the area where Heritage Place is located. These costs are not capitalized and are reflected as non-interest expense on the Company’ s unaudited consolidated statements of income presented in this report. The Bank expects to incur additional non-capitalized costs related to holding Heritage Place. Based on an opinion letter from an independent certified general appraiser in May 2003, the Bank’ s management believes that the value of Heritage Place equals or exceeds the costs capitalized to date. The Bank’ s management believes that the location of Heritage Place will become an important commercial site for a new banking and office location. The capitalized and non-capitalized costs incurred and to be incurred in the future to prepare the property for development represent an investment in the property in order to obtain that site. The Bank’ s management also believes that it can receive a favorable price for the sale of Heritage Place to recoup its investment and ongoing carrying costs.

Other Property

In October 2002, the Bank purchased undeveloped property located at 8080 Weld County Road 13, Firestone, Colorado 80520, for a purchase price of $600,000. An application for a new branch was approved by the Federal Reserve and the CDB. The Bank has started construction on a new branch on this property with an anticipated opening in the fourth quarter of 2004.

In December 2002, the Bank purchased undeveloped property located at the Home Depot Center, South Hover Road, Longmont, Colorado 80501, for $550,000. The Bank sold this property at a profit in July 2004.

In April 2004, the Bank entered into a non-binding letter of intent to purchase undeveloped property located in Longmont, Colorado. The Bank intends to build a new branch on this property. The purchase is contingent upon the parties entering into an acceptable purchase agreement.

Item 6 – Exhibits and Reports on Form 8-K

a. Exhibits.

The following documents are included or incorporated by reference in this quarterly report on Form 10-Q, and this list includes the Exhibit Index.

Exhibit No.	Description
3.1*	Articles of Incorporation of Front Range Capital Corporation.
3.2**	Articles of Third Amendment to the Articles of Incorporation.
3.3*	Bylaws of Front Range Capital Corporation
4.1*	Form of Indenture by and between Front Range Capital Corporation and Wilmington Trust Company
4.2*	Form of Subordinated Debenture (included as an exhibit to Exhibit 4.1)
4.3*	Certificate of Trust of Front Range Capital Trust I, as amended and restated
4.4*	Trust Agreement between Front Range Capital Corporation, Wilmington Trust Company and the Administrative Trustees named therein
4.5*	Form of Amended and Restated Trust Agreement between Front Range Capital Corporation and Wilmington Trust Company and the Administrative Trustees named therein
4.6*	Form of Trust Preferred Securities Certificate (included as an exhibit to Exhibit 4.5)
4.7*	Form of Trust Preferred Securities Guarantee Agreement between Front Range Capital Corporation and Wilmington Trust Company
4.8*	Revised Form of Agreement of Expenses and Liabilities (included as an exhibit to Exhibit 4.5)
10.1*	Lease Agreement between Lafayette State Bank and Fruehauf Investments Ltd.
10.2*	Promissory Note by Front Range Capital Corporation payable to Bankers' Bank of the West
10.3*	Amendment and Restatement of Executive Retirement Plan of Heritage Bank
10.4*	Indexed Salary Continuation Plan of Heritage Bank
10.5*	Flexible Premium Life Insurance Endorsement Method Split Dollar Plan Agreement
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
32.1	Section 1350 Certification of Chief Executive Officer
32.2	Section 1350 Certification of Chief Financial Officer

* Previously filed with the Company's Registration Statement on Form SB-2 (333-40028 and 333-40028-01) and incorporated herein by reference.

** Previously filed with the Company' s Annual Report on Form 10-KSB for the year ended December 31, 2000 and incorporated herein by reference

b. Reports on Form 8-K

During the quarter ended June 30, 2004, the Company filed the following Current Reports on Form 8-K:

Description	Date of Report
Delay of Form 10-Q Filing	May 26, 2004
Quarterly Earnings & Restatement of 2003 and 2002 Financial Statements	June 24, 2004.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

	FRONT RANGE CAPITAL CORPORATION (Registrant)
Date: August 12, 2004	By: /s/ William A. Mitchell, Jr. William A. Mitchell, Jr. Chief Executive Officer and President (Principal Executive Officer)
Date: August 12, 2004	By: /s/ Alice M. Voss Alice M. Voss Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit Index

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* Previously filed with the Company' s Registration Statement on Form SB-2 (333-40028 and 333-40028-01) and incorporated herein by reference.

** Previously filed with the Company' s Annual Report on Form 10-KSB for the year ended December 31, 2000 and incorporated herein by reference

Exhibit 31.1

Certification Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as Amended

I, William A. Mitchell, Jr., certify that;

1. I have reviewed this quarterly report on Form 10-Q of Front Range Capital Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant' s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and
5. The registrant' s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of the registrant' s board of directors:
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

Date: August 12, 2004

/s/ William A. Mitchell, Jr.
William A. Mitchell, Jr.
Chief Executive Officer

Exhibit 31.2

Certification Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as Amended

I, Alice M. Voss, certify that;

1. I have reviewed this quarterly report on Form 10-Q of Front Range Capital Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant' s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and

5. The registrant' s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of the registrant' s board of directors:

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

Date: August 12, 2004

/s/ Alice M. Voss

Alice M. Voss
Chief Financial Officer

Exhibit 32.1

Certification Pursuant to 18 U.S.C. Section 1350.

In connection with the Quarterly Report of Front Range Capital Corporation (the “Company”) on Form 10-Q for the period ending June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, William A. Mitchell, Jr. Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ William A. Mitchell, Jr.
William A. Mitchell, Jr.
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Front Range Capital Corporation and will be retained by Front Range Capital Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Certification Pursuant to 18 U.S.C. Section 1350.

In connection with the Quarterly Report of Front Range Capital Corporation (the “Company”) on Form 10-Q for the period ending March 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Alice M. Voss, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Alice M. Voss
Alice M. Voss
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Front Range Capital and will be retained by Front Range Capital Corporation and furnished to the Securities and Exchange Commission or its staff upon request.