



Park State Bank & Trust

2002 ANNUAL REPORT

**MEMBER FEDERAL DEPOSIT
INSURANCE CORPORATION**

**EACH DEPOSITOR INSURED TO
\$100,000.00**

Dear Shareholder

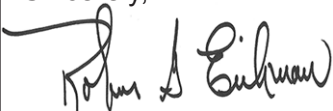
A lot has transpired since last year. Construction has commenced on our new bank facility. Information pertaining to the construction is available for your review later in this report. The Hayman fire has had its affect on the community and will for sometime. Our Senior Vice President, Ken Moore, retired as of year-end. He will continue with us as an outside director where we will be able to utilize his vast experience. His contribution to the bank for over nineteen years has been much appreciated.

We continue to grow with an increase of eight million in assets. Loans have increased four million as well. For 2003 continued growth is expected. Through GevityHr, with which a contract has been signed as of mid-year of 2002, we have restructured our human resource program, payroll, benefits, and personnel training. By doing so all accrued sick leave and vacation time has been paid. In the future all paid time off must be taken prior to year-end, thus eliminating any future liability. This is reflected in our salary expense.

Our Annual Shareholders meeting is scheduled for Wednesday, January 29th at our bank facility. Proxy materials are enclosed for your review and completion. Please return the proxy prior to our annual meeting. A self-addressed envelope is enclosed for your convenience.

A dividend check is also enclosed in the amount of \$5.00 per share as declared by the Bank Board. We wish you every happiness throughout this new year.

Sincerely,



Robert G. Eichman
President

RGE:cjb

Enclosures: 2

NET INCOME

2002 \$511,080

2001 \$710,113

CASH DIVIDENDS

2002 \$240,000

2001 \$240,000

BOOK VALUE

2002 \$267.35

2001 \$246.77

CAPITAL ACCOUNTS

2002 \$6,416,308

2001 \$5,922,483

RECONCILEMENT OF LOAN LOSS RESERVES

	<u>2001</u>	<u>2002</u>
Balance Beginning of Year	\$204,768	\$334,368
Additions -Recoveries Credited to Reserve	\$3,122	\$11,910
-Provisions Charged to Operating Income	\$170,000	\$135,000
Deductions -Losses Charged to Reserve	(\$43,522)	(\$103,980)
Balance at End of Year	\$334,368	\$377,298

RECONCILEMENT OF CAPITAL ACCOUNTS

	<u>2001</u>	<u>2002</u>
Balance Beginning of Year	\$5,378,410	\$5,922,483
Additions - Net Income	\$710,113	\$511,080
Deductions - Dividends Declared	(\$240,000)	(\$240,000)
Unrealized Gain/Loss on Securities	\$76,413	\$299,158
Adjust Prior Year Unrealized Gain/Loss	(\$2,453)	(\$76,413)
Balance at End of Year	\$5,922,483	\$6,416,308

TRUST ASSETS

Securities and other property held by the Trust Division in a fiduciary or agency capacity are not included in the consolidated financial statements as such items are not assets of the bank. Values are approximate.	2002	\$41,174,062
	2001	\$36,596,291
	2000	\$39,201,010

Revenues for the Trust Division services are reported on the cash basis in accordance with customary banking practice.	1999	\$36,602,995
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COMPARATIVE BALANCE SHEET

ASSETS:	<u>December 31, 2001</u>	<u>December 31, 2002</u>
Cash and Due from Banks	\$2,149,181	\$2,686,856
U.S. Treasury Securities	\$0	\$0
U.S. Government Agencies and Corporations	\$19,828,089	\$19,940,052
Obligations of State and Political Subdivisions	\$3,342,687	\$3,653,292
Other Securities	\$396,801	\$1,396,801
Federal Funds Sold	\$3,900,000	\$4,000,000
Loans	\$32,888,933	\$36,637,952
Bank Equipment	\$206,866	\$257,646
Bank Premises	\$1,148,812	\$1,130,607
Other Assets	\$504,322	\$2,823,338
TOTAL ASSETS	\$64,365,691	\$72,526,544
LIABILITIES:		
Demand Deposits	\$7,410,822	\$7,796,900
Interest Bearing Deposits	\$19,612,464	\$24,263,084
Time Deposits	\$31,066,529	\$33,139,283
TOTAL DEPOSITS	\$58,089,815	\$65,199,267
Federal Funds Purchased	\$0	\$0
Mortgage Indebtedness	\$0	\$0
Other Liabilities	\$353,393	\$910,969
TOTAL LIABILITIES	\$58,443,208	\$66,110,236
Capital Stock	\$1,200,000	\$1,200,000
Surplus	\$2,400,000	\$2,400,000
Undivided Profits	\$2,246,070	\$2,517,150
Unrealized Gain/Loss on Securities	\$76,413	\$299,158
TOTAL CAPITAL ACCOUNTS	\$5,922,483	\$6,416,308
TOTAL LIABILITIES, RESERVE AND CAPITAL ACCOUNTS	\$64,365,691	\$72,526,544

UNAUDITED STATEMENT

COMPARATIVE EARNINGS STATEMENT

OPERATING INCOME:	<u>December 31, 2001</u>	<u>December 31, 2002</u>
Interest and Fees on Loans	\$3,082,049	\$3,015,523
Income on Federal Funds Sold	\$163,032	\$103,081
Interest on U.S. Government Securities	\$7,622	\$0
Interest on Securities of U.S. Gov. Agencies & Corp.	\$1,079,763	\$888,209
Interest on Obligations of State & Political Subdivisions	\$169,451	\$163,305
Interest on Other Securities	\$20,727	\$23,051
Service Charges on Deposit Accounts	\$337,846	\$338,049
Other Service Charges, Collection Fees,		
Commissions & Trust Income	\$528,415	\$606,775
TOTAL	\$5,388,905	\$5,137,993
OPERATING EXPENSES:		
Salaries and Wages	\$1,105,790	\$1,310,116
Employee Benefits	\$369,079	\$381,497
Interest on Deposits	\$1,592,719	\$1,218,690
Occupancy Expense	\$121,601	\$116,771
Furniture & Equipment/Depreciation/Rental/Servicing	\$152,341	\$182,599
Provision for Loan Losses	\$170,000	\$135,000
Other Operating Expenses	\$937,029	\$1,071,490
TOTAL	\$4,448,559	\$4,416,163
OTHER EXPENSES:		
Income Before Income Taxes & Securities Losses	\$940,346	\$721,830
Provisions for Income Taxes	(\$321,550)	(\$210,750)
Deferred Tax Expense	\$0	\$0
TOTAL	\$618,796	\$511,080
EXTRAORDINARY ITEMS:		
Fixed Assets Losses or Gains	\$0	\$0
Securities Losses or Gains	\$91,317	\$0
NET INCOME	\$710,113	\$511,080

UNAUDITED STATEMENT

Mission Statement

As an independent, locally-owned and professionally managed financial institution, Park State Bank & Trust shall continue to provide personal, dependable, and innovative financial services to our community. Our goal is to remain safe, secure and profitable for our customers, employees and shareholders.

DIRECTORS

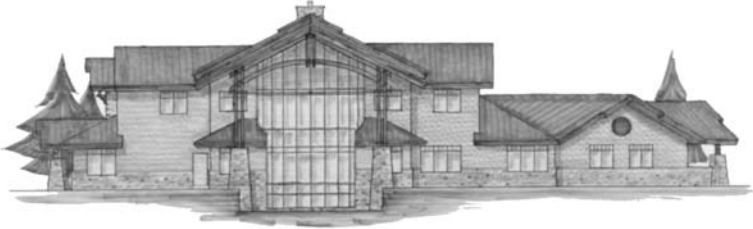
M. Louise Bauer	Investments, Woodland Park, CO
A.E. Born	Business Owner, Woodland Park, CO
Derrick L. Carpenter	Business Owner, Woodland Park, CO
Robert G. Eichman	President of Park State Bank & Trust, Woodland Park, CO
Lucile Fehn	Teller County Commissioner, Woodland Park, CO
Martin H. Lays	Business Chief Financial Officer, Manitou Springs, Colorado
M.E. MacDougall	Attorney, Colorado Springs, CO
Kenneth W. Moore	Retired Sr. V.P., Park State Bank & Trust, Woodland Park, CO
Peter R. Spahn	Investments, Colorado Springs, CO

OFFICERS

Robert G. Eichman	President
Kenneth W. Moore	Senior Vice President / Compliance
Scott E. Hughes	Vice President Loans
Joseph E. Walnofer	Vice President Investment & Trust
Tony L. Perry	Vice President Loans / Operations
Judi Nootbaar	Assist VP Accounting / Cashier
Marcie Kiefer	Assist VP Support Services
Linda Bentley	Community Resource Officer
Crystal Blunt	Installment Loan Officer / Loan Operations Manager

EMPLOYEES

Annie Adams	Personal Banker	Justin Hutchcraft	Account Administrator
Brenda Alvarez	Personal Banker	Debbie Johnson	Support Services
Colleen Bass	Teller	Lindsay Koscielecki	Teller
Tammy Chambers	Support Specialist	Jamie Lindholm	Support Services
Francis Chandler	Teller	Ann McCann	Teller
Michelle Crandal	Teller	Linda McCormack	Personal Banker
Darla Crippen	Personal Banker	Petra Nott	Personal Banking Manager
Andra Cummins	Teller	Diane Ripley	Teller
Chris Davis	Loan Specialist	Marilyn Russ	Support Services
Terry Freeman	Loan Specialist	Julie Sampson	Teller
Lyn Glugla	Support Services	Jan Selby	Personal Banker
Kimberly Hamilton	Teller	Pat Spencer	Personal Banker
Tara Hanlon	Personal Banker	Robin Thompson	Personal Banking Manager
Liz Hargett	Support Services	Renae Ulbarri	Teller
Shannon Harrison	Teller	Joyce Wachter	Loan Specialist
Michelle Hendren	Personal Banker	Penny Wallin	Personal Banker



The above artist renditions are of our new bank facility, which is scheduled for completion by August 2003. The main and upper levels of the bank total approximately 19,000 square feet. In addition the building will have a full, unfinished basement that will be utilized for future expansion.

We are quite pleased with the progress made and the positive comments by the community and staff. We are proud that many local contractors were able to successfully bid and work on the project.

Announcements for our opening celebration will be forwarded to you and we would be honored by your presence.