

PUBLIC DISCLOSURE

OCTOBER 26, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

THE COLORADO BANK AND TRUST COMPANY OF LA JUNTA RSSD# 285151

301 COLORADO AVENUE LA JUNTA, COLORADO 81050

Federal Reserve Bank of Kansas City 1 Memorial Drive Kansas City, Missouri 64198

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING

The Colorado Bank & Trust Company of La Junta (the bank) is rated Satisfactory. This rating is based on the following conclusions with respect to the performance criteria:

- The bank's net loan-to-deposit ratio (NLTD) is reasonable given the bank's size, financial condition, and assessment areas (AAs) credit needs.
- A majority of the bank's loans are originated inside the AAs.
- A reasonable dispersion of loans occurs throughout the bank's AAs.
- Lending reflects a reasonable penetration among individuals of different income levels, including low- and moderate-income (LMI), and businesses of different sizes.
- Neither the bank nor the Federal Reserve Bank of Kansas City received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation.

SCOPE OF EXAMINATION

The Federal Financial Institutions Examination Council's *Interagency Examination Procedures for Small Institutions* were utilized to evaluate the bank's CRA performance. The evaluation considered CRA performance context, including the bank's asset size, financial condition, business strategy and market competition, as well as AA demographic and economic characteristics, and credit needs. Lending performance was assessed within the bank's Pueblo, Colorado Metropolitan Statistical Area (MSA) AA and the Otero County AA. The following data was reviewed:

- The bank's 18-quarter average NLTD ratio,
- The universe of 73 home mortgage loans reported on the bank's 2018 and 2019 Home Mortgage Disclosure Act Loan/Application Register; a statistical sample of 111 small business loans from a universe of 245 loans originated between January 1, 2019 and December 31, 2019; and a statistical sample of 63 motor vehicle loans from a universe of 94 loans originated between January 1, 2019 and December 31, 2019.
- The bank's performance in the Pueblo, Colorado MSA AA was weighted more heavily due to higher loan volume. In addition, small business lending was weighted more heavily in the analysis due to the bank's strategic focus, higher portfolio volume, and higher origination volume.

While conclusions with respect to home mortgage lending performance were evaluated for multiple years in the Pueblo, Colorado MSA AA, only 2019 lending tables are reflected in the body of the report, with comparisons made to 2018 performance. The bank's 2018 lending data is located in the tables in Appendix B of this report. In addition, home mortgage lending within the Otero County AA was not evaluated for the geographic or borrower distribution based on a very low volume of originations.

DESCRIPTION OF INSTITUTION

The bank is a community bank headquartered in La Junta, Colorado. The bank's characteristics include:

- The bank had total assets of \$175.1 million (MM) as of June 30, 2020.
- In addition to its main office in La Junta, Colorado, the bank has an additional office located in Pueblo, Colorado.
- The bank operates two cash-dispensing automated teller machines, one in the Pueblo office, and one in the La Junta office.
- The bank's primary business focus is commercial and residential real estate lending.

TABLE 1 COMPOSITION OF LOAN PORTFOLIO AS OF JUNE 30, 2020						
Loan Type \$(000) %						
Commercial	58,256	56.6				
Residential Real Estate	21,711	21.1				
Agricultural	9,663	9.4				
Other	9,158	8.9				
Consumer	4,247	4.1				
Gross Loans 103,005 100.0						
Note: Percentages may not total 100.0 percent due to rounding.						

The bank was rated Satisfactory under the CRA at its April 25, 2016 performance evaluation. There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its communities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Net Loan-to-Deposit Ratio

This performance criterion evaluates the bank's average NLTD ratio to determine the reasonableness of lending in light of performance context, such as the bank's capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AAs, and in comparison to similarly situated Federal Deposit Insurance Corporation (FDIC)-insured institutions. The similarly situated institutions were selected based on asset size, product offerings, and the area in which they operate.

The bank's NLTD ratio is reasonable. Although the bank's NLTD ratio is below the similarly situated institutions, the bank's loan portfolio has experienced significant growth of 78.7 percent when compared to the other institutions whose growth ranged from 19.5 percent to 54.6 percent for the same time period. Furthermore, the NLTD ratio has been trending upward since the prior evaluation; demonstrating the bank's willingness to lend.

TABLE 2 COMPARATIVE NLTD RATIOS								
Institution Location Asset Size (\$000s) NLTD Ratio (%) 18-Quarter Avera								
The Colorado Bank & Trust Company of La Junta	La Junta, CO	175,132	56.9					
Rocky Mountain Bank & Trust Company	Florence, CO	84,606	66.2					
Park State Bank & Trust	Woodland Park, CO	118,269	65.9					
Farmers State Bank of Calhan	Calhan, CO	317,506	63.0					
Integrity Bank & Trust	Monument, CO	257,052	75.4					

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AAs. A majority of the bank's loans, by number and dollar, are originated inside the AAs.

TABLE 3 LENDING INSIDE AND OUTSIDE THE AAs								
	Inside				Outside			
Loan Type	#	\$(000)	#%	\$%	#	\$(000)	#%	\$%
Home Mortgage Loans	60	5,367	82.2	66.5	13	2,700	17.8	33.5
Motor Vehicle Secured Loans	46	790	73.0	70.1	17	337	27.0	29.9
Small Business Loans	78	5,758	70.3	77.6	33	1,662	29.7	22.4
Total Loans	184	11,915	74.5	71.7	63	4,700	25.5	28.3
Note: Percentages may not add to 100.0 percent due to rounding.								

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of lending within its AAs by income level of census tracts. The bank's overall geographic distribution reflects reasonable distribution and dispersion throughout the AAs.

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

This performance criterion evaluates the bank's lending to borrowers of different income levels and businesses of different revenue sizes. The bank's lending has an overall reasonable penetration among individuals of different income levels and businesses of different sizes.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

An evaluation of the bank's fair lending activities was conducted during the examination to determine compliance with the substantive provisions of antidiscrimination laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act. No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

PUEBLO, COLORADO METROPOLITAN STATISTICAL AREA ASSESSMENT AREA METROPOLITAN AREA

(Full Scope Review)

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE PUEBLO, COLORADO MSA AA

The bank's AA is comprised of the Pueblo, Colorado MSA, which includes Pueblo County in its entirety (see Appendix A for an AA map).

- The Pueblo, Colorado MSA AA consists of 3 low-, 16 moderate-, 18 middle-, 15 upperand 3 unknown-income census tracts. Although the number of census tracts remains the same at 55, at the prior evaluation, the AA consisted of 4-low, 16 moderate-, 17 middle-, 15 upper-, and 3 unknown-income census tracts.
- The bank's sole branch in the AA is located in a middle-income census tract.
- Based on the June 30, 2019 FDIC Deposit Market Share Report, the bank's AA market share, at 3.5 percent, ranks 9th of 14 FDIC-insured institutions operating from a total of 41 offices within the AA.
- One interview with a member of the community within the bank's AA was conducted, and one previously conducted interview as part of the CRA evaluation of another institution was used to ascertain the credit needs of the community, the responsiveness of area banks in meeting those credit needs, and the local economic conditions. The community members included a representative from a housing authority organization and a representative from a government agency.

TABLE 4 POPULATION CHANGE							
Area	Area 2010 Population 2015 Population Percent Change						
Pueblo, CO MSA	159,063	161,519	1.5				
State of Colorado	State of Colorado 5,029,196 5,278,906 5.0						
Source: 2010 U.S. Census Bureau Decennial Census 2011-2015 U.S. Census Bureau: American Community Survey							

• The AA has a somewhat older population, with 16.5 percent of individuals being 65 and older, compared to only 12.2 percent of the statewide population.

TABLE 5 MEDIAN FAMILY INCOME CHANGE							
Area	2010 Median Family Income	2015 Median Family Income	Percent Change				
Pueblo, CO MSA	50,503	51,986	2.9				
State of Colorado 70,046 74,826 6.							
Source: 2006-2010 U.S. Census Bureau: American Community Survey 2011-2015 U.S. Census Bureau: American Community Survey							

- According to 2015 American Community Survey (ACS) data, Pueblo County was comprised of 22.6 percent low- and 17.6 percent moderate-income families, which is comparable to the state of Colorado.
- In 2015, 15.1 percent of families in the AA were below the poverty level which is greater than the statewide poverty percentage at 8.5 percent. In addition, a significant portion of families living in low-, and moderate-income census tracts are living below the poverty level at 45.7 percent and 23.1 percent, respectively.
- In 2015, 18.5 percent of households in the AA were considered below the poverty level, and 19.2 percent of households in the AA had rent costs greater than 30.0 percent of their income.

TABLE 6 HOUSING COSTS CHANGE								
Area	Median Hou	sing Value	Percent	Median G	ross Rent	Percent		
Aled	2010	2015	Change	2010	2015	Change		
Pueblo, CO MSA	140,686	138,628	(1.5)	652	774	18.7		
State of Colorado	State of Colorado 236,600 247,800 4.7 852 1,002 17.6							
Source: 2006-2010 U.S. Census Bureau: American Community Survey 2011-2015 U.S. Census Bureau: American Community Survey								

- Homes in the AA are older with a median age of housing stock at 48 years compared to the statewide median age of housing at 33 years. In addition, the median age of housing stock in the low-, and moderate-income census tracts is 61 years.
- Based on 2015 ACS data, the AA had 69,959 total housing units with 57.7 percent of those units being owner-occupied. In addition, 32.2 percent of the total housing units were rental units, and 10.1 percent of the total housing units were vacant.
- A community contact indicated the availability of local housing stock is low, and the condition is generally poor and older.

TABLE 7 UNEMPLOYMENT RATES							
Region	2015	2016	2017	2018	2019		
Pueblo, CO MSA	5.7	4.9	4.4	4.9	3.6		
State of Colorado 3.9 3.3 2.8 3.2 2.8							
Source: Bureau of Labor Statistics: Local Area Unemployment Statistics							

- A community contact indicated that there are organizations in the area that are focused on small business development. Two of these organizations offer financial support to small businesses; which includes the use of angel investors or incentive programs.
- Major employers in the AA include: Parkview Medical Center, St. Mary-Corwin Medical Center, Colorado State University-Pueblo, Pueblo Community College, and the La Vista and San Carlos Correctional Facilities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE PUEBLO, COLORADO MSA AA

Geographic Distribution of Loans

The bank's geographic distribution of loans reflects reasonable dispersion among the different census tracts within the AA.

Home Mortgage Lending

The geographic distribution of home mortgage lending is excellent. As illustrated in Table 8, the bank's performance in both low- and moderate-income census tracts was above the percentage of owner-occupied housing units and aggregate lending data. The bank's distribution of home mortgage lending in 2018 reflected a weaker lending performance in low-income census tracts, and stronger lending performance in moderate-income census tracts when compared to 2019 lending.

In addition, the evaluation of the dispersion of home mortgage lending in 2018 and 2019 did reveal some gaps in lending among geographies in the AA, but these gaps were not considered significant due to the location of competitor banks within the AA.

TABLE 8 DISTRIBUTION OF 2019 HOME MORTGAGE LENDING BY INCOME LEVEL OF GEOGRAPHY PUEBLO, COLORADO MSA AA								
Census Tract	Bank Loans				Aggregat Da		% of Owner- Occupied	
Income Level	#	\$(000)	#%	\$%	#%	\$%	Units	
Low	2	260	13.3	12.7	2.2	1.3	3.5	
Moderate	5	347	33.3	17.0	20.8	14.9	23.6	
Middle	5	891	33.3	43.6	25.2	21.4	30.7	
Upper	3	547	20.0	26.7	51.7	62.3	42.2	
Unknown	0	0	0.0	0.0	0.1	0.1	0.0	
Not Reported	0	0	0.0	0.0	0.0	0.0	0.0	
Source: 2019 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey NOTE: Percentages may not add up to 100.0 due to rounding.								

Small Business Lending

The geographic distribution of small business lending is reasonable. As noted in Table 9, the bank's lending in the low-income census tracts is comparable to the percentage of AA businesses operating in low-income census tracts. However, the bank's lending in moderate-income census tracks is below the demographic figure.

As stated previously, a community member identified organizations in the area focused on small business development, which offer use of angel investors or incentive programs. These programs may be desirable to small businesses and diminish the bank's opportunity to originate small business loans.

A review of area competition identified several financial institutions that have offices located in and around the concentration of moderate-income census tracts in the Pueblo MSA AA, which could diminish the bank's opportunity to originate loans in those areas.

In addition, loan dispersion was evaluated and although some gaps were identified in low- and moderate-income census tracts located in the city of Pueblo, loan dispersion is acceptable given the competitive banking conditions.

TABLE 9 DISTRIBUTION OF 2019 SMALL BUSINESS LENDING BY INCOME LEVEL OF GEOGRAPHY PUEBLO, COLORADO MSA AA								
Census Tract		Bank	Loans		% of			
Income Level	#	\$(000)	#%	\$%	Businesses			
Low	1	250	1.5	4.8	3.2			
Moderate	6	168	9.0	3.2	28.3			
Middle	41	4,039	61.2	77.3	30.0			
Upper	19	769	28.4	14.7	38.2			
Unknown	0	0	0.0	0.0	0.0			
Not Reported	0	0	0.0	0.0	0.4			
Source: 2019 FFIEC Census Data 2019 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey NOTE: Percentages may not add up to 100.0 due to rounding.								

Motor Vehicle Secured Lending

The geographic distribution of motor vehicle secured lending is poor. As noted in Table 10, the bank's lending in low- and moderate-income census tracts is below the percentage of AA households within those tracts.

In addition, loan dispersion was also evaluated. Although some gaps were identified in low- and moderate-income census tracts located in the city of Pueblo, the location of competitor banks within the geographical area where the gaps were identified and the location of the bank may contribute to the lack of loans in these areas.

TABLE 10 DISTRIBUTION OF 2019 MOTOR VEHICLE SECURED LENDING BY INCOME LEVEL OF GEOGRAPHY PUEBLO, COLORADO MSA AA								
Census Tract		Bank I	Loans		% of			
Income Level	#	\$(000)	#%	\$%	Households			
Low	0	0	0.0	0.0	5.6			
Moderate	4	55	12.1	9.4	30.9			
Middle	15	261	45.5	44.5	30.9			
Upper	14	270	42.4	46.0	32.6			
Unknown	0	0	0.0	0.0	0.0			
Not Reported	0	0	0.0	0.0	0.0			
Source: 2019 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey NOTE: Percentages may not add up to 100.0 due to rounding.								

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

The bank's lending has a reasonable penetration among individuals of different income levels and businesses of different sizes.

Home Mortgage Lending

The borrower distribution of home mortgage lending is reasonable. As noted in Table 11, lending to low-income borrowers was above aggregate lending data and below the percentage of low-income families in the AA. Lending to moderate-income borrowers was below both aggregate lending data and the demographic figure. The bank's distribution of home mortgage lending in 2018 reflected weaker performance to low-income borrowers, and stronger performance to moderate-income borrowers, and stronger performance to moderate-income borrowers which has contributed to the overall reasonable assessment of home mortgage lending.

A significant portion of the bank's home mortgage loans reflect unknown income levels which impacts the overall percentages. These loans to borrowers with unknown income are for investment purposes and originated by entities other than a natural person. Additionally, the bank's opportunity to originate home mortgage loans to LMI borrowers may be impacted by the advanced age of the housing stock in the AA. This presents challenges for many low- and moderate-income borrowers who do not have the available capital required to fix or repair these homes. A community member stated, the availability of local housing stock is low, and the condition is generally poor and older.

TABLE 11 DISTRIBUTION OF 2019 HOME MORTGAGE LENDING BY BORROWER INCOME LEVEL PUEBLO, COLORADO MSA AA								
Borrower Income Level		Bank L	oans		Aggregat Dat		Families by Family Income	
Income Level	#	\$(000)	#%	\$%	#%	\$%	%	
Low	2	78	13.3	3.8	8.3	4.5	22.6	
Moderate	1	115	6.7	5.6	21.2	16.6	17.6	
Middle	1	25	6.7	1.2	22.1	21.7	18.7	
Upper	5	730	33.3	35.7	30.1	35.2	41.1	
Unknown 6 1,097 40.0 53.6 18.2 22.0 0.0								
Source: 2019 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey NOTE: Percentages may not add up to 100.0 due to rounding.								

Small Business Lending

The borrower distribution of small business lending is reasonable. As noted in Table 12, the bank's lending to small businesses is below the percentage of small businesses in the AA. Given the significant volume of small business loans without revenue size, the analysis of loans utilized the loan amount as a proxy for estimating the revenue size of the business. Typically, smaller entities do not have the need or capacity to borrow large amounts. As such, greater weight was given to the bank's lending by number volume due to the substantial number of small dollar loans.

Analysis of the 26 loans without revenue information indicated that 24 of the 26 loans are in amounts of \$50,000 or less, and all 26 loans were under \$100,000. Using the loan amount as a proxy for estimating the revenue size of businesses, the bank's lending to businesses with \$1MM or less in gross annual revenues is 85.1 percent by number and 51.8 percent by dollar.

Lastly, a community member identified nonprofit organizations in the area that are providing financing to small businesses such as the Colorado Enterprise Fund and the Colorado Lending Source. Loans and microloans from the nonprofits may be desirable to small businesses that do not meet the credit requirements of area financial institutions.

TABLE 12 DISTRIBUTION OF 2019 SMALL BUSINESS LENDING BY REVENUE SIZE OF BUSINESSES PUEBLO, COLORADO MSA AA										
		Bank	Loans		Total Businesses					
	#	\$(000)	#%	\$%	%					
		By Reve	nue							
\$1 Million or Less	31	2,241	46.3	42.9	93.6					
Over \$1 Million	10	2,520	14.9	48.2	5.9					
Not Known	26	466	38.8	8.9	.5					
Total	67	5,227	100.0	100.0	100.0					
		By Loan	Size							
\$100,000 or less	56	1,347	83.6	25.8						
\$100,001 - \$250,000	4	596	6.0	11.4						
\$250,001 – \$1 Million	7	3,284	10.4	62.8						
Total	67	5,227	100.0	100.0						
	By Loan	Size and Reven	ue \$1 Million or I	Less						
\$100,000 or less	27	718	87.1	32.0						
\$100,001 - \$250,000	1	140	3.2	6.2						
\$250,001 – \$1 Million	3	1,383	9.7	61.7						
Total										
Source: 2019 FFIEC Census Data 2019 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey NOTE: Percentages may not add up to 100.0 due to rounding.										

Motor Vehicle Secured Lending

The borrower distribution of motor vehicle secured lending is reasonable. As noted in Table 13, the bank's lending to low-income borrowers is below the percentage of low-income households in the AA; while the bank's lending to moderate-income borrowers was comparable to the demographic figure.

The bank's ability to originate loans to LMI borrowers may be reduced due to the high percentage of households within the AA that are living below the poverty level and households receiving public assistance.

TABLE 13 DISTRIBUTION OF 2019 MOTOR VEHICLE SECURED LENDING BY BORROWER INCOME LEVEL PUEBLO, COLORADO MSA AA									
Borrower Income		Bank L	oans		% of				
Level	#	\$(000)	#%	\$%	Households				
Low	3	43	9.1	7.4	24.1				
Moderate	7	109	21.2	18.6	16.3				
Middle	4	68	12.1	11.6	16.9				
Upper	7	189	21.2	32.3	42.7				
Unknown	12	177	36.4	30.1	0.0				
2011-2015 U.S.	Source: 2019 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey								

OTERO COUNTY ASSESSMENT AREA NONMETROPOLITAN AREA

(Full Scope Review)

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE OTERO COUNTY AA

The bank's AA is comprised of Otero County in its entirety (see Appendix A for an AA map).

- The Otero County AA consists of one low-, four moderate-, and two middle-income census tracts which remains unchanged since the prior evaluation.
- Based on the June 30, 2019 FDIC Deposit Market Share Report, the bank's AA market share, at 15.4 percent, ranks 3rd of 7 FDIC-insured institutions operating from a total of 12 offices within the AA.
- The bank's sole branch in the market is located in a moderate-income census tract.
- Two interviews with members of the community within the bank's AA were conducted and used to augment the evaluation, to ascertain the credit needs of the community, the responsiveness of area banks in meeting those credit needs, and to obtain perspectives on local economic conditions. One community member was a representative of an economic development organization, and one was a representative of a government agency.

TABLE 14 POPULATION CHANGE										
Area 2010 Population 2015 Population Percent Change										
Otero County, CO	18,831	18,572	(1.4)							
State of Colorado	5,029,196	5,278,906	5.0							

• The AA has an older population, with 18.7 percent of individuals being 65 and older, compared to only 12.2 percent of the statewide population.

TABLE 15 MEDIAN FAMILY INCOME CHANGE									
Area 2010 Median Family 2015 Median Family Percent Change Income Percent Change									
Otero County, CO	41,269	42,088	2.0						
State of Colorado	70,046	74,826	6.8						
Source: 2006-2010 U.S. Census Bureau: American Community Survey 2011-2015 U.S. Census Bureau: American Community Survey									

- In 2015, Otero County was comprised of 38.1 percent low-, and 19.3 percent moderate-income households.
- In 2015, 24.0 percent of households in the AA were below the poverty level.

TABLE 16 HOUSING COSTS CHANGE										
Area	ross Rent	Percent								
Alea	2010	2015	Change	2010	2015	Change				
Otero County, CO	93,800	91,900	(2.0)	560	655	17.0				
State of Colorado	236,600	247,800	4.7	852	1,002	17.6				
	Census Bureau: Am Census Bureau: Am									

• A majority of renters at 52.8 percent have rent costs that are greater than 30.0 percent of their income. Of the renters with rent costs greater than 30.0 percent of their income, the largest percentage at 71.2 percent are living in moderate-income census tracts.

TABLE 17 UNEMPLOYMENT RATES										
Region 2015 2016 2017 2018 2019										
Otero County, CO	5.8	4.8	4.0	5.0	3.3					
State of Colorado 3.9 3.3 2.8 3.2 2.8										
Source: Bureau of Labor Statistics: Local Area Unemployment Statistics										

- A community member identified that the small business lending market is largely saturated. Most small businesses have been present in the area for a while and have existing long-term relationships with their financial institutions.
- Major employers in the AA include: Arkansas Valley Medical Center, Lewis Bolt & Nut Company, DeBourgh Manufacturing Company - All American Steel Lockers, and Walmart.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN THE OTERO COUNTY AA

Geographic Distribution of Loans

The bank's geographic distribution of loans reflects reasonable dispersion among the different census tracts within the AA.

Small Business Lending

The geographic distribution of small business lending is reasonable. As noted in Table 18, the bank's lending in low-income census tracts was above the percentage of AA businesses in low-

income census tracts, while lending in moderate-income census tracts was below the demographic figure.

As stated previously, a community member identified that the small business lending market is largely saturated, and these businesses have already formed long-term relationships with their financial institution. Additionally, there are economic development organizations in the area that help provide small business loans within the community.

In addition, loan dispersion was evaluated and although some gaps were identified in moderateincome census tracts located to the south and west of the bank, loan dispersion is acceptable given the distance of these census tracts to the bank. In addition, a community member stated this area is predominantly comprised of the Comanche National Grasslands and is not populous.

	TABLE 18 DISTRIBUTION OF 2019 SMALL BUSINESS LENDING BY INCOME LEVEL OF GEOGRAPHY OTERO COUNTY AA											
Census Tract	sus Tract Bank Small Business Loans % of											
Income Level	#	\$(000)	#%	\$%	Businesses							
Low	2	283	18.2	53.3	12.8							
Moderate	5	98	45.5	18.5	65.4							
Middle	4	151	36.4	28.4	21.8							
Upper	0	0	0.0	0.0	0.0							
Unknown	0	0	0.0	0.0	0.0							
Not Reported	0	0	0.0	0.0	0.0							
2019 Dun & Bi 2011-2015 U.S	Source: 2019 FFIEC Census Data 2019 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey											

Motor Vehicle Secured Lending

The geographic distribution of motor vehicle secured lending is reasonable. As noted in Table 19, the bank's lending in low-income census tracts is comparable with the percentage of households in low-income census tracts; while lending in moderate-income census tracts exceeds the demographic figure.

In addition, loan dispersion was evaluated and although some gaps were identified in moderateincome census tracts located to the south and west of the bank, loan dispersion is acceptable given the distance of these census tracts to the bank, and as mentioned previously, this area is predominantly comprised of the Comanche National Grasslands and is not considered populous.

TABLE 19 DISTRIBUTION OF 2019 MOTOR VEHICLE SECURED LENDING BY INCOME LEVEL OF GEOGRAPHY OTERO COUNTY AA										
Census Tract		Bank	Loans		% of					
Income Level	#	\$(000)	#%	\$%	Households					
Low	2	16	15.4	7.8	14.5					
Moderate	10	148	76.9	72.5	60.9					
Middle	1	40	7.7	19.6	24.6					
Upper	0	0	0.0	0.0	0.0					
Unknown	0	0	0.0	0.0	0.0					
Not Reported	0	0	0.0	0.0	0.0					
2011-2015 U.S	Source: 2019 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey									

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

The bank's lending has a reasonable penetration among individuals of different income levels and businesses of different sizes.

Small Business Lending

The borrower distribution of small business lending is reasonable. As noted in Table 20, the bank's performance was below the percentage of businesses with revenues of \$1MM or less.

However, when reviewing business loans by loan size, 100.0 percent of the bank's loans were originated in loan amounts of \$250,000 or less. This indicates the bank's willingness to loan to small businesses. Typically, smaller businesses do not have the need or capacity to borrow large amounts, and as such, smaller loan amounts are used as a proxy to estimate the bank's support of smaller businesses.

As mentioned previously, a community member identified that the small business lending market is largely saturated. Additionally, there are several organizations in the area that help provide small business loans within the community.

TABLE 20 DISTRIBUTION OF 2019 SMALL BUSINESS LENDING BY REVENUE SIZE OF BUSINESSES OTERO COUNTY AA										
		Bank	Loans		Total Businesses					
	#	\$(000)	#%	\$%	%					
		By Reve	nue							
\$1 Million or Less	7	468	63.6	88.1	89.9					
Over \$1 Million	1	44	9.1	8.2	7.4					
Not Known	3	19	27.3	3.6	2.7					
Total	11	531	100.0	100.0	100.0					
		By Loan								
\$100,000 or less	9	249	81.8	46.8						
\$100,001 - \$250,000	2	283	18.2	53.2						
\$250,001 – \$1 Million	0	0	0.0	0.0						
Total	11	531	100.0	100.0						
	By Loan	Size and Reven	ue \$1 Million or L	_ess						
\$100,000 or less	5	186	71.4	39.7						
\$100,001 - \$250,000	2	283	28.6	60.3						
\$250,001 – \$1 Million	0	0	0.0	0.0						
Total										
Source: 2019 FFIEC Census Data 2019 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey NOTE: Percentages may not add up to 100.0 due to rounding.										

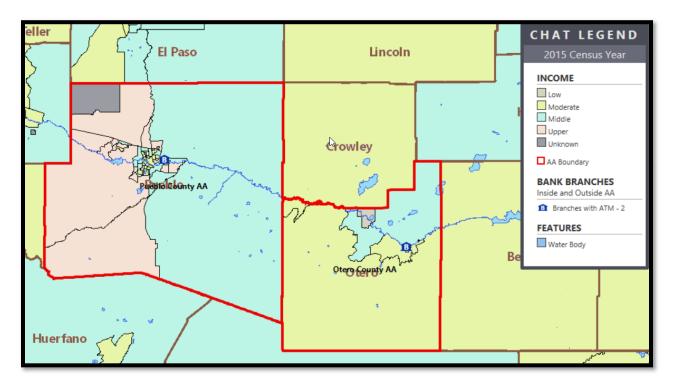
Motor Vehicle Secured Lending

The borrower distribution of motor vehicle secured lending is poor. As noted in Table 21, the bank's lending to low-, and moderate-income borrowers is below the percentage of low-, and moderate-income households.

TABLE 21 DISTRIBUTION OF 2019 MOTOR VEHICLE SECURED LENDING BY BORROWER INCOME LEVEL OTERO COUNTY AA									
Borrower Income		Bank	Loans		% of				
Level	#	\$(000)	#%	\$%	Households				
Low	2	24	15.4	11.6	38.1				
Moderate	0	0	0.0	0.0	19.3				
Middle	3	50	23.1	24.6	14.9				
Upper	4	98	30.8	48.2	27.7				
Unknown	4	32	30.8	15.6	0.0				
2011-2015 U.S.	Source: 2019 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey								

APPENDIX A – MAP OF THE ASSESSMENT AREAS

2019 Pueblo, Colorado MSA AA and the 2019 Otero County AA



	2019 PI			LE B-1 O MSA AA		RAPHICS	\$	
Income Categories	Tra Distrit	ict	Famili Tract I	ies by	Families Level a Families	< Poverty is % of	Families by Family Income	
Ū	#	%	#	%	#	%	#	%
Low	3	5.5	1,876	4.6	858	45.7	9,187	22.6
Moderate	16	29.1	10,789	26.5	2,493	23.1	7,160	17.6
Middle	18	32.7	12,183	30.0	1,755	14.4	7,616	18.7
Upper	15	27.3	15,808	38.9	1,025	6.5	16,697	41.1
Unknown	3	5.5	4	0.0	4	100.0	0	0.0
Total AA	55	100.0	40,660	100.0	6,135	15.1	40,660	100.0
	Hausian			Housir	ng Type by [·]	Tract		
	Housing Units by	Ov	vner-occupi	ed	Rer	ntal	Vaca	ant
	Tract	#	% by tract	% by unit	#	% by unit	#	% by unit
Low	3,961	1,418	3.5	35.8	2,084	52.6	459	11.6
Moderate	21,983	9,541	23.6	43.4	9,908	45.1	2,534	11.5
Middle	21,420	12,377	30.7	57.8	7,032	32.8	2,011	9.4
Upper	22,585	17,033	42.2	75.4	3,485	15.4	2,067	9.2
Unknown	10	0	0.0	0.0	10	100.0	0	0.0
Total AA	69,959	40,369	100.0	57.7	22,519	32.2	7,071	10.1
	Tetel Du			Busines	sses by Tra	ct & Revenu	e Size	
		Total Businesses by Tract		Less Than or = 01		Over \$1 Million		ie Not rted
	#	%	#	%	#	%	#	%
Low	206	3.2	196	3.2	10	2.6	0	0.0
Moderate	1,824	28.3	1,688	27.9	125	32.6	11	33.3
Middle	1,935	30.0	1,800	29.8	125	32.6	10	30.3
Upper	2,464	38.2	2,333	38.6	119	31.1	12	36.4
Unknown	27	0.4	23	0.4	4	1.0	0	0.0
Total AA	6,456	100.0	6,040	100.0	383	100.0	33	100.0
Percentag	je of Total B	usinesses:		93.6		5.9		0.5
	Total F			Farms	s by Tract &	Revenue S	ize	
	by Tr		Less Tha \$1 Mil		Over \$1	Million	Revenue Repor	
	#	%	#	%	#	%	#	%
Low	1	0.5	1	0.5	0	0.0	0	0.0
Moderate	10	5.1	10	5.2	0	0.0	0	0.0
Middle	89	45.4	86	44.8	3	75.0	0	0.0
Upper	95	48.5	94	49.0	1	25.0	0	0.0
Unknown	1	0.5	1	0.5	0	0.0	0	0.0
Total AA	196	100.0	192	100.0	4	100.0	0	0.0
	entage of To			98.0		2.0		0.0
2011-2015 L	Census Data Bradstreet Data J.S. Census Bui s may not add uj	eau: American		irvey				

APPENDIX B – DEMOGRAPHIC INFORMATION

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	2018 PL	JEBLO, C		LE B-2 O MSA AA	A DEMOG	RAPHIC	6	
Income Categories	Tra Distrib			Families by Tract Income		< Poverty is % of by Tract	Familie Family I	
•	#	%	#	%	#	%	#	%
Low	3	5.5	1,876	4.6	858	45.7	9,187	22.6
Moderate	16	29.1	10,789	26.5	2,493	23.1	7,160	17.6
Middle	18	32.7	12,183	30.0	1,755	14.4	7,616	18.7
Upper	15	27.3	15,808	38.9	1,025	6.5	16,697	41.1
Unknown	3	5.5	4	0.0	4	100.0	0	0.0
Total AA	55	100.0	40,660	100.0	6,135	15.1	40,660	100.0
				Housir	ng Type by	Tract		
	Housing	Ov	vner-occupi		Rer		Vaca	ant
	Units by Tract	#	% by tract	% by unit	#	% by unit	#	% by unit
Low	3,961	1,418	3.5	35.8	2,084	52.6	459	11.6
Moderate	21,983	9,541	23.6	43.4	9,908	45.1	2,534	11.5
Middle	21,420	12,377	30.7	57.8	7,032	32.8	2,011	9.4
Upper	22,585	17,033	42.2	75.4	3,485	15.4	2,067	9.2
Unknown	10	0	0.0	0.0	10	100.0	0	0.0
Total AA	69,959	40,369	100.0	57.7	22,519	32.2	7,071	10.1
	, , , , , , , , , , , , , , , , , , ,			Busines	,			
	Total Bus by T			nan or = illion	Over \$1		Revenu Repo	
	#	%	#	%	#	%	#	%
Low	228	3.2	218	3.3	10	2.5	0	0.0
Moderate	1,900	27.0	1,763	26.8	124	30.7	13	24.1
Middle	2,063	29.4	1,910	29.1	137	33.9	16	29.6
Upper	2,807	40.0	2,654	40.4	128	31.7	25	46.3
Unknown	28	0.4	23	0.4	5	1.2	0	0.0
Total AA	7,026	100.0	6,568	100.0	404	100.0	54	100.0
	ge of Total B		0,000	93.5		5.8	• •	0.8
					s by Tract &	Revenue S	ize	
	Total F by Tr		Less Th \$1 Mi	an or =	Over \$1	L	Revenue Repor	
	#	%	#	%	#	%	#	%
Low		0.5		0.5		0.0		0.0
Moderate	12	6.3	12	6.4	0	0.0	0	0.0
Middle	90	47.4	87	46.5	3	100.0	0	0.0
Upper	86	45.3	86	46.0	0	0.0	0	0.0
Unknown	1	0.5	1	0.5	0	0.0	0	0.0
Total AA	190	100.0	187	100.0	3	100.0	0	0.0
	entage of To			98.4		1.6	Ŭ	0.0
Source: 2018 FFIEC 2018 Dun &		1	Community St					

NOTE: Percentages may not add up to 100.0 due to rounding.

	20	19 OTER		LE B-3 Y AA DEN	IOGRAPI	HICS			
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low	1	14.3	692	13.7	219	31.6	1,702	33.7	
Moderate	4	57.1	3,058	60.5	607	19.8	1,141	22.6	
Middle	2	28.6	1,303	25.8	68	5.2	1,053	20.8	
Upper	0	0.0	0	0.0	0	0.0	1,157	22.9	
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	
Total AA	7	100.0	5,053	100.0	894	17.7	5,053	100.0	
	Housing		Housing Type by Tract						
		Owner-occupied		ed	Rental		Vacant		
	Units by Tract	#	% by tract	% by unit	#	% by unit	#	% by unit	
Low	1,358	652	13.7	48	431	31.7	275	20.3	
Moderate	5,537	2,698	56.8	48.7	1,838	33.2	1,001	18.1	
Middle	2,025	1,403	29.5	69.3	432	21.3	190	9.4	
Upper	0	0	0.0	0.0	0	0.0	0	0.0	
Unknown	0	0	0.0	0.0	0	0.0	0	0.0	
Total AA	8,920	4,753	100.0	53.3	2,701	30.3	1,466	16.4	
	Businesses by Tract & Revenue Size								
	Total Businesses by Tract		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%	
Low	90	12.8	81	12.8	6	11.5	3	15.8	
Moderate	459	65.4	410	65.0	36	69.2	13	68.4	
Middle	153	21.8	140	22.2	10	19.2	3	15.8	
Upper	0	0.0	0	0.0	0	0.0	0	0.0	
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	
Total AA	702	100.0	631	100.0	52	100.0	19	100.0	
Percentag	e of Total B	usinesses:		89.9		7.4		2.7	
	Total Farms by Tract		Farms by Tract & Revenue Size						
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%	
Low	2	2.9	2	3.0	0	0.0	0	0.0	
Moderate	30	43.5	30	44.8	0	0.0	0	0.0	
Middle	37	53.6	35	52.2	2	100.0	0	0.0	
Upper	0	0.0	0	0.0	0	0.0	0	0.0	
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	
Total AA	69	100.0	67	100.0	2	100.0	0	0.0	
	entage of To			97.1		2.9	-	0.0	
Source: 2019 FFIEC 2019 Dun & 2011-2015 L	-	a reau: American		ırvey					

TABLE B-4 DISTRIBUTION OF 2018 HOME MORTGAGE LENDING BY INCOME LEVEL OF GEOGRAPHY PUEBLO, COLORADO MSA AA								
Census Tract Income Level	Bank Loans				Aggregat Da	% of Owner- Occupied		
	#	\$(000)	#%	\$%	#%	\$%	Units	
Low	2	153	6.7	5.8	2.3	1.4	3.5	
Moderate	13	802	43.3	30.4	21.9	15.7	23.6	
Middle	9	970	30.0	36.7	25.5	21.4	30.7	
Upper	6	715	20.0	27.1	50.3	61.5	42.2	
Unknown	0	0	0.0	0.0	0.0	0.0	0.0	
Not Reported	0	0	0.0	0.0	0.0	0.0	0.0	
Source: 2018 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey								

NOTE: Percentages may not add up to 100.0 due to rounding.

TABLE B-5 DISTRIBUTION OF 2018 HOME MORTGAGE LENDING BY BORROWER INCOME LEVEL PUEBLO, COLORADO MSA AA								
Borrower Income Level	Bank Loans				Aggregate HMDA Data		Families by Family Income	
	#	\$(000)	#%	\$%	#%	\$%	%	
Low	1	55	3.3	2.1	6.1	3.5	22.6	
Moderate	6	440	20.0	16.7	16.5	12.2	17.6	
Middle	5	334	16.7	12.7	23.7	22.3	18.7	
Upper	12	1,301	40.0	49.3	39.4	46.0	41.1	
Unknown	6	510	20.0	19.3	14.3	16.0	0.0	
Not Reported	1	55	3.3	2.1	6.1	3.5	22.6	
Source: 2018 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey NOTE: Percentages may not add up to 100.0 due to rounding.								

APPENDIX C – GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income geographies.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-scope review: Performance is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such

activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.